

# Audit and Risk Committee

23 July 2018

<b>Report title</b>	Wolverhampton Interchange (Train Station) – Lessons Learned Update	
<b>Accountable director</b>	Claire Nye, Director of Finance	
<b>Originating service</b>	Audit	
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<b>Report to be/has been considered by</b>	Strategic Executive Board	12 July 2018

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## Recommendation for noting:

The Committee is asked to note:

1. That following consideration of the report at the Committee meeting of 25 June 2018, it has been confirmed that paragraph 4.1.9 of the audit report was factually correct resulting in no changes being required to the original report.

## **1.0 Purpose**

- 1.1 That the Audit and Risk Committee note the content of this report.
- 1.2 The report provides an update on the Wolverhampton Interchange (Train Station) lessons learned report that was presented to the Audit and Risk Committee on 25 June 2018. During the presentation of the report the Project Manager expressed concerns that paragraph 4.1.9 of the report was factually incorrect. Based on the concerns it was agreed the Audit Business Partner would review any evidence to support this assertion, and where appropriate make the necessary amendments to the report.

## **2.0 Background**

- 2.1 Wolverhampton is a principal station on the West Coast Mainline handling over 4.75 million passengers per annum. However, the existing station facilities and capacity are no longer fit for purpose. The Wolverhampton Interchange Programme proposes to deliver a multi-modal transport hub comprising a new train station, multi-storey car park extension and an extended tram connection.
- 2.2 The Council's former Managing Director commissioned Audit Services to undertake a lessons learned review for three capital projects, which included the Interchange project, that have been subject to highly publicised overspends. The Wolverhampton Interchange's budget in respect of the train station has increased from £12 million to £19 million. The total cost of funding in respect of the whole of the Interchange Programme at the time of the audit review amounted to £81.8 million, which included a capital investment of £16 million from the City of Wolverhampton Council.
- 2.3 The report in respect of the Interchange (Train Station) project was presented to the Council's Audit and Risk Committee on 25 June 2018. During the presentation the Project Manager expressed concerns over the accuracy of paragraph 4.1.9 in the report. It was agreed this would be reviewed the Audit Business Partner and where sufficient evidence could be provided the reports would be changed to rectify any factual inaccuracies.

## **3.0 Progress, options, discussion**

- 3.1 Paragraph 4.1.9 of the Wolverhampton Interchange (Train Station) – Lessons Learned report, reads as follows:

*Further, evidence was found regarding queries raised by Corporate Procurement which were not responded to during the re tendering exercise being undertaken to replace Supplier E. The then Head of Procurement raised the following observations after he was copied in on an email by the former Council's Head of Major Projects to ION about the tender position paper from Supplier M.*

- *Supplier M's tender submission assumed that hoarding could be erected on platform one to provide a physical barrier between the operational railway, the demolition and the new build site with works being undertaken without any special protection;*
- *hoarding on the rail platform would require Network Rail and train operators involvement and approvals;*
- *There did not appear to be any allowance in the Supplier M's management costs for rail possessions, isolations of the overhead line, signalling dis/re-connections of platform equipment.*
- *The suitability of the model used for inviting tenders from contractors.*

*No response was received from the former Head of Major Projects to the above and it is unclear if risks around these issues have been managed or mitigated.*

- 3.2 Having reviewed the above, and following discussions with the Project Manager, it appears there had been a misinterpretation of this paragraph. This section of the report makes specific reference to concerns raised by Corporate Procurement at that time and during the retendering of the contract following Supplier A being removed from the scheme. The purpose of the paragraph in the report was to highlight the failure to engage Corporate Procurement during the contractor procurement process.
- 3.3 The bullet points under this paragraph related to potential issues in respect of tender documentation reviewed by Corporate Procurement and do not reflect the current position of the scheme, which Supplier M are now delivering following their successful tender.
- 3.4 Based on the above being clarified there is no proposal to either remove this paragraph from the report or change it.

#### **4.0 Financial implications**

- 4.1 There are no direct financial implications arising from the recommendations in this report.  
[CN/11072018/S]

#### **5.0 Legal implications**

- 5.1 There are no legal implications arising from the recommendations in this report.  
[RB/13072018/F]

#### **6.0 Equalities implications**

- 6.1 There are no equalities implications arising from the recommendations in this report.

## **7.0 Environmental implications**

7.1 There are no environmental implications arising from the recommendations in this report.

## **8.0 Human resources implications**

8.1 The report outlines the absolute necessity of ensuring that qualified and competent people and organisations are employed and/or deployed onto large capital programmes.

## **9.0 Corporate landlord implications**

9.1 There are no Corporate Landlord implications arising from the recommendations in this report.

## **10.0 Schedule of background papers**

10.1 None.