

Communities Overview and Scrutiny Committee

28 April 2011

Agenda

A special meeting of the Communities Overview and Scrutiny Committee will be held at **SHIRE HALL, WARWICK** on **THURSDAY, 28 APRIL 2011** at **10:00 a.m.**

1. General

(1) Apologies

(2) Members' Disclosures of Personal and Prejudicial Interests.

Members are reminded that they should disclose the existence and nature of their personal interests at the commencement of the relevant item (or as soon as the interest becomes apparent). If that interest is a prejudicial interest the Member must withdraw from the room unless one of the exceptions applies.

'Membership of a district or borough council is classed as a personal interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration'.

(3) Minutes of the meetings of the Communities Overview and Scrutiny Committee held on 1 March 2011 and 15 March 2011

(4) Chair's Announcements

2. Public Question Time (Standing Order 34)

Up to 30 minutes of the meeting is available for members of the public to ask questions on any matters relevant to the business of the Communities Overview and Scrutiny Committee.

The public reports referred to are available on the Warwickshire Web
www.warwickshire.gov.uk/committee-papers

Questioners may ask two questions and can speak for up to three minutes each.

For further information about public question time, please contact Ann Mawdsley on 01926 418079 or e-mail annmawdsley@warwickshire.gov.uk.

3. Questions to the Portfolio Holders (Customers, Workforce and Partnership and Community Safety)

**Councillor Alan Cockburn (Lead Portfolio Holder for Environment and Economy), Councillor Colin Hayfield (Lead Portfolio Holder, Customers, Workforce and Partnership)
Councillor Richard Hobbs (Community Safety)**

Up to 30 minutes of the meeting is available for Members of the Committee to put questions to the Portfolio Holders on any matters relevant to the Communities remit.

4. Preventing Speed Related Road Casualties

To consider how Warwickshire can best prevent people being killed or injured in speed related road crashes in the context of the present financial restraints.

Recommendation

The Committee is invited to comment on the existing balance of measures used to influence traffic speed and, if appropriate make recommendations to Cabinet.

For further information please contact Estyn Williams, Group Manager – Transport for Warwickshire, Tel. 01926 412712 email estynwilliams@warwickshire.gov.uk or Stephen Rumble, Road Safety Intelligence Team Leader, Tel. 01926 412740 E-mail stephenrubble@warwickshire.gov.uk.

5. Implementing the Fire and Rescue Service Improvement Plan

The Fire and Rescue Service is making good progress on delivering its Improvement Plan. All projects are on track. Benefits delivered to date include:

- Capacity released from changing our response to Automatic Fire Alarms (AFAs) – turnouts reduced by 67 per cent;
- Meeting the target of 10,000 home fire safety checks to help local people be safer in their homes and reduce accidental dwelling fires;
- Increased training for firefighters to improve firefighter safety; and

The public reports referred to are available on the Warwickshire Web
www.warwickshire.gov.uk/committee-papers

- Reduced days lost to sickness absence.

Recommendation

The Communities Overview and Scrutiny Committee consider the report and make recommendations as appropriate.

For further information please contact Gary Phillips, Deputy Chief Fire Officer,
Tel: 01926 423231 E-mail garyphillips@warwickshire.gov.uk.

6. Fire Sprinkler Systems

The Fire and Rescue Service (FRS) in Warwickshire have made excellent progress over recent years in reducing the number of deaths and injuries from fire. Whilst the figures remain relatively low, there are few emergencies which can have such an immediate and major impact as a fire in a home, school, industrial premise or business. Fire can and does bring significant disruption to communities, the environment and the local economy. Fire sprinklers protect buildings; they protect the contents of buildings, reduce risk to the occupants and more critically they reduce risk to firefighters. Warwickshire Fire and Rescue Service now seek to promote the installation of fire sprinklers in residential premises, schools commercial and industrial premises.

This report was deferred from the 1 March 2011 meeting.

Recommendation

That the Communities Overview and Scrutiny Committee considers the report and resolves to support the Fire and Rescue Service in promoting Fire Sprinkler Systems

For further information please contact Gary Phillips, Deputy Chief Fire Officer,
Tel: 01925 423231 E-mail garyphillips@warwickshire.gov.uk.

7. Update on Financial Inclusion

In April 2009 and following a scrutiny review by the Community Protection Overview and Scrutiny Committee a set of recommendations were made with the objective of making long term improvements both in terms of the County Council's contribution to individual financial well-being, and in the contribution of partner organisations, such as the Citizens Advice Bureaux and Credit Unions.

This report provides an update to members of progress made towards these recommendations

Recommendation

Members are asked to:-

1. Note the work undertaken to date following the review
2. Comment and agree on the way forward outlined in section 3
3. Note that a further update report will be submitted in October 2011

For further information please contact Mark Ryder, Head of Localities and Community Safety, Tel. (01926) 412811 E-mail markryder@warwickshire.gov.uk.

8. Scrutiny of the Rugby Western Relief Road

REPORT TO FOLLOW

This report outlines the proposed findings and recommendations from Select Committee in relation to the Rugby Western Relief Road.

Recommendation

The Committee is recommended to consider the proposed findings and recommendations from Select Committee in relation to the Rugby Western Relief Road and consider the independent report from Stradia (which was not available at the select committee meeting) and amend the Committee's report as appropriate.

Agree a final report to be submitted to the Cabinet for consideration at the 12th May meeting.

Agree that following Cabinet consideration of the report on the 12th May, the report is then considered by full Council

For further information please contact Michelle McHugh, Overview and Scrutiny Manager, Tel: 01926 412144 E-mail michellemchugh@warwickshire.gov.uk or Ann Mawdsley, Principal Committee Administrator, Tel: 01926 418079 E-mail annmawdsley@warwickshire.gov.uk.

9. Committee Work Programme

Forward Plan

For information:

Cabinet – 12 May 2011

The public reports referred to are available on the Warwickshire Web
www.warwickshire.gov.uk/committee-papers

Rugby Western Relief Road
Capital Programme for Transport 2011/12

This report outlines the draft work programme for the Committee.

Recommendation

The Committee is recommended to agree the work programme, to be reviewed and reprioritised as appropriate.

For further information please contact Michelle McHugh, Overview and Scrutiny Manager, Tel: 01926 412144 E-mail michellemchugh@warwickshire.gov.uk or Ann Mawdsley, Principal Committee Administrator, Tel: 01926 418079 E-mail annmawdsley@warwickshire.gov.uk.

10. Any Other Items

which the Chair decides are urgent.

JIM GRAHAM
Chief Executive

Communities Overview and Scrutiny Committee

County Councillors

Sarah Boad, Richard Chattaway, Jeff Clarke, Barry Lobbett, Mike Gittus, Phillip Morris-Jones, Martin Shaw, Ray Sweet, John Whitehouse (Chair), Chris Williams

Cabinet Members

Councillor Alan Cockburn (Lead Portfolio Holder for Environment and Economy)
Councillor Colin Hayfield (Lead Portfolio Holder for Customers, Workforce and Partnerships)
Councillor Richard Hobbs (Lead Portfolio Holder for Community Safety)

The reports referred to are available in large print if requested

General Enquiries: Please contact Ann Mawdsley on 01926 418079

E-mail: annmawdsley@warwickshire.gov.uk

Enquiries about specific reports: Please contact the officers named in the reports.

The public reports referred to are available on the Warwickshire Web
www.warwickshire.gov.uk/committee-papers

Minutes of the Meeting of the Communities Overview and Scrutiny Committee held on 1 March 2011

Present:-

Members of the Committee Councillor Sarah Boad
“ Richard Chattaway
“ Barry Lobbett
“ Mike Gittus
“ Phillip Morris-Jones
“ Martin Shaw
“ Ray Sweet
“ John Whitehouse (Chair)
“ Chris Williams

Other County Councillors Councillor Alan Cockburn (Portfolio Holder for Environment and Economy)
Councillor Michael Doody
Councillor Colin Hayfield (Portfolio Holder for Customers, Workforce and Partnerships)
Councillor Richard Hobbs (Portfolio Holder for Community Safety)

Officers Elizabeth Abbott, Performance and Improvement Officer
Vanessa Belton, Business Analyst
Kushal Birla, Head of Customer Service and Communications
David Carter, Strategic Director for Customers, Workforce and Governance
Monica Fogarty, Assistant Chief Executive
Ayub Khan, Head of Libraries - Strategy
Ann Mawdsley, Principal Committee Administrator
Andy McDarmaid, Improvement and Development Manager
Michelle McHugh, Overview and Scrutiny Manager
Lisa Mowe, Deputy Communications Manager – Media & Public Relations
Helen Murphy, Financial Services Manager
Kate Nash, Head of Community Safety and Localities
Chris Nason, Group Manager – Transport for Warwickshire
Greta Needham, Head of Law and Governance
Linda Smith, Head of Libraries - Operations
Julie Sullivan, Corporate Community Safety Manager

Also in

Attendance Mike Downes, Kenilworth Resident

(The order of these minutes is as they appear on the agenda and do not reflect the order in which they were considered).

1. General

The Chair welcomed everyone to the meeting, including Councillor David Johnston who was attending the meeting as an observer.

(1) Apologies for absence

Apologies for absence were received on behalf of Councillor Jeff Clarke.

(2) Members Declarations of Personal and Prejudicial Interests

Councillor Richard Hobbs declared a prejudicial item in the relation to the update on High Speed 2, as one of his relatives could potentially be severely affected by the proposed route.

Councillor Martin Shaw declared a personal interest in item 3 as he carried out a risk assessment on Safe Water and Asbestos on behalf of the County Council approximately 10 years ago.

(3) Minutes of the meetings of the Communities Overview and Scrutiny Committee held on 19 January 2011

The minutes of the meeting of the Communities Overview and Scrutiny Committee held on 19 January 2011 were agreed as a true record and signed by the Chair.

Page 5 – Matters Arising – Page 4 – 2.9 Rugby Western Relief Road (RWRR)

Councillor Phillip Morris-Jones clarified the point he had made that the contract had been bought by Carillion with an explanation at the time that there had been no time to put the contract out for re-tendering. A re-tendering exercise would not have been necessary and the County Council could have awarded the contract to the next best of the other six companies who had originally tendered. This was a lesson that should be learnt for the future.

Matters Arising

None.

(4) Chair's Announcements

Update on the Launch of the public consultation on High Speed Rail 2 (HS2)

The Chair invited Councillor Michael Doody and Chris Nason, Group Manager – Transport for Warwickshire, Environment and Economy Directorate, to give an update on the meeting held on

28 February 2011, where Philip Hammond, the Transport Secretary, launched the public consultation on HS2.

Councillor Michael Doody noted the proposed route would cut straight through his county division, damaging a number of areas including Stoneleigh. He highlighted the following points from the meeting:

1. With an improving economy it was anticipated there would be 60% more travellers by 2024, and if HS2 did not go ahead this would result in increased road congestion and pressure on airports.
2. HS2 would bring 40,000 new jobs.
3. The current travelling time by train from London to Birmingham would be cut by 49 minutes and in the next stage the travelling time from London to Leeds would be cut by 70 minutes.
4. There would be 14 trains per hour and each train would be 400 metres long with a capacity to carry 1,000 passengers. Although the point had not been made at the meeting, it was understood that the HS2 would be for passengers only, but would free up the existing network for more freight.
5. Two million trees would be planted along the route.
6. The full economic and business case was given, with an emphasis on the ability to join up with the continent. It was however pointed out that the gauge of rail between HS2 and the continent would be different.
7. While this would ultimately be a political decision, Councillor Doody noted that meetings of representatives of all Councils along the line had held two meetings, one in Leamington Spa and the other in Aylesbury, with a third planned in High Wycombe next week to discuss a strategy in moving forward on this.
8. The extra runway in Birmingham had only briefly been mentioned at the meeting.
9. Although the financial benefits would go to Birmingham, these were expected to “cascade” down to the Shires and Government believed that the benefits would be balanced against the impacts.

Chris Nason, Group Manager – Transport for Warwickshire added the following:

- i. The consultation would run until 29 July. Roadshows would take place in towns and villages along the proposed route, the details of which were available through the Warwickshire website. There would also be strategic regional seminars, but dates for these had not yet been set.
- ii. Attendees at the meeting were given copies of the “High Speed Rail: Investing in Britain’s Future Consultation

Document”, “High Speed Rail: Investing in Britain’s Future Consultation Summary” and “The Y Network – London and the West Midlands”. These could all be accessed through the internet.

- iii. Out of the 100 people in attendance, it was estimated that approximately 95% were fully in support of HS2, including Birmingham City Council and the Chamber of Commerce.
- iv. Common themes running through the meeting were the stimulus and platform for economic growth and the potential for changing the north/south divide.
- v. David Frost, Director General of the Chamber of Commerce stated that HS2 needed to move forward, but not at the expense of the existing network. One of Warwickshire County Council concerns was also the need to ensure that the existing network is kept and maintained at a level acceptable to the County.
- vi. There had been an increasing growth in rail passengers in recent years and the existing network was expected to reach full capacity in the next decade.
- vii. The Business Case had been downgraded based on lower demand projections.
- viii. Members were recommended to read the reports prepared by Greengauge21 and The Tax Alliance, both of which could be linked to through the Warwickshire website.

In response to a query from the Chair, it was noted that HS2 Ltd had failed to deliver on their promise to include an appraisal of sustainability or an environmental impact report.

The Chair thanked Councillor Doody and Chris Nason for their updates and informed Members that the Committee would have to decide how to address their role in the consultation exercise.

Change to the order of the meeting

The Chair noted that he had agreed to take Item 5. (Warwickshire Community Safety Agreement Progress Report) before Item 4. (Changing Times - A New Chapter for Warwickshire Library and Information Services) due to officer availability.

Crown Prosecution Service (CPS) Announcement in relation to the Atherstone fire deaths

Greta Needham updated Members of the Committee on the events that had unfolded the previous day (28 February 2011) following the notification by the CPS that Warwickshire County Council would face a charge of failing to ensure the health and safety at work of its employees, under section 2 of the Health and Safety at Work Act 1974 and the subsequent news that three Warwickshire Fire and Rescue Service managers would

face charges of manslaughter by gross negligence for the deaths of four firefighters in a warehouse in Atherstone-on-Stour in 2007. She highlighted the following points for Members:

1. Graeme Smith, Warwickshire County Council's Spokesperson, had released a statement, and any queries from the media were to be referred to the Communications team.
2. There was currently no detail or information available regarding the charges and this was expected to be received over the next few weeks.
3. The announcements had followed a complex three-year investigation, initially by the police and then by the CPS from September 2010.
4. Every effort had been made to inform Members as soon as possible of events, both on 28 February and previously in relation to bail dates. It was noted that the County Council had not been privy to any information prior to the CPS statement being made.
5. The court date set for both charges was 1 April, but it was not yet clear whether the two charges would proceed in line with each other.
6. In terms of the charges against the County Council, a solicitor would be nominated to appear in court.
7. Greta Needham undertook to provide advice to all Members on the implications for the Council.

The Chair moved, Councillor Martin Shaw seconded and it was Resolved unanimously to move the meeting into a confidential session.

8. The charges against the County Council and the three firefighters were under the old law, and as stated in 7. above Greta Needham would provide a briefing note to all Members setting out exactly what the charges meant and any potential implications.
9. Each public sector organisation had due process, and the County Council would not have expected to be told about the charges made to other parties or individuals.
10. In response to a query about having a duty holder in place for the Fire Service, Greta Needham stated that this was not appropriate or necessary for this purpose, and this would be included in the briefing note.
11. Members stated that their thoughts were with the three officers and their families and the need to support them where possible.

The meeting moved back into public session.

Rugby Western Relief Road

The Chair announced that the reconvened special meeting to consider the Rugby Western Relief Road would take place on

15 March. He suggested that the meeting should be built around a structure of key themes and questions and asked Members to forward any questions they had to Michelle McHugh by the end of this week to allow groupings to be set under logical headings. The Chair confirmed that this would not form an exclusive list.

The Chair confirmed that, in response to the Members' wishes, arrangements had been made for a full day meeting with lunch provided.

2. Public Question Time

There were no public questions.

3. Questions to the Portfolio Holder

It was agreed that in future, where possible, technical questions be forwarded to Portfolio Holders ahead of meetings to enable responses to be made at meetings.

Councillor Alan Cockburn

1. Councillor Richard Chattaway asked the Portfolio Holder for an update on the situation regarding the proposed diamond at New Town Road to ease traffic congestion into Bedworth. He added that this development was supported by himself and Councillor Barry Lobbett and had been identified as a possible development from Section 106 funding. It was suggested that this was an issue that should be raised at the Nuneaton and Bedworth Area Committee.
2. The Chair asked the Portfolio Holder for an update on the Warwickshire's position following Government's undertaking to give local authorities in England an extra £100m to repair potholes caused by last year's freezing conditions.

Councillor Alan Cockburn confirmed that Warwickshire would be applying for a share of this. He added that on a similar scheme last year money had been apportioned on a pro rata basis and Warwickshire had gratefully received approximately £1m.

Councillor Colin Hayfield

1. Councillor Martin Shaw stated that in respect to County Council buildings, that the budget line referring to Safe Water and Asbestos should be split into two separate budget lines for "Control of Legionella" and "Asbestos" as these were separate and operated on different timescales. He added that these budget headings needed to be reviewed to ensure the County

Council were getting value for money and that people were being properly looked after.

Councillor Colin Hayfield undertook to have a written response sent to Members

Councillor Richard Hobbs

1. Councillor Mike Gittus asked the Portfolio Holder what was being done as a county for employees of the Fire Service in light of the detrimental affect on the morale of staff the fire deaths and subsequent investigations and charges have had.

Councillor Richard Hobbs assured Members that the Chief Fire Officer and his senior officers were doing everything possible to support staff.

2. Councillor Martin Shaw thanked the Portfolio Holder and the County Fire Officer for their support in setting up the Junior Firefighters group in Atherstone, which was due to hold their first session on 2 March
3. Councillor Richard Chattaway asked the Portfolio Holder for a breakdown of how the Fire Service proposed to make the savings agreed within the annual budget.

Councillor Richard Hobbs undertook to provide this to all Members of the Committee. He added that it would make more sense for the Chief Fire Officer to brief groups of Members rather than individual Members, and the event at the Fire Service College on 4 March would provide such an opportunity.

The Chair thanked the Portfolio Holders for their responses.

4. Changing Times – A New Chapter for Warwickshire Library and Information Services

The Committee considered the report of the Strategic Director for Customers, Workforce and Governance explaining the proposed changes to the way library services are delivered throughout Warwickshire

Councillor Colin Hayfield introduced the report, adding that any options for making the savings of £2m would be considered and that the County Council would work with communities to find solutions.

David Carter stated that while it was inevitable that attention would focus on the savings, this exercise was also about modernising the library service, which needed to further embrace new technology. The library service budget had been reduced annually since 2006/07, with

reductions being managed within the staff and management for the service without any reduction in the network, and was also carrying a £1m deficit, which the County Council had agreed should be paid back over the next three years. He added that this was a consultation exercise and the Council was open-minded about working with anybody to find effective solutions to making savings.

During the discussion that ensued the following points arose:

1. The whole library network had been reviewed, with proposals for substantial reductions in opening hours for some libraries, and an increase in one library. There was still a need to talk to communities about possible alternatives and also to talk to partners about rationalising the provision of services, and where possible working together to find solutions. The proposals on the table had been driven by County Council cost requirements, with a view to meeting the needs of partners, but this dialogue was yet to be held.
2. There had been some difficulties experienced in extracting the libraries budget from Adult Services, but the Library Service had been an ongoing budget issue due to reduced income over a number of years.
3. Bulkington community had queried why their library was included on the list of Libraries not sustainable in its current form, whilst there were Libraries with poorer performance that were not. It was explained that the criteria was an aggregate of visits and issues and current or potential partnership arrangements. Communities could express an interest in providing a volunteer-run service; another option is to deliver library services from another building in the community. They would need to come forward with a robust business case to cover all the associated costs and would need to take account of ongoing costs. There was also the possibility of a small amount of capital funding towards relocation of services
4. In response to a question asking what extent the continued reduction in funding to libraries had subsequent reduction in the number of books had contributed to the decline in library usage, David Carter stated that it had been fed into the review of libraries, that books, in electronic or paper form, were the product of libraries, and the book fund should not be further depleted. He added that if there was any room to manoeuvre, that the book fund should be increased.
5. There were a number of factors influencing the County Council's change programme, and while libraries were trying to make savings, Property Services were in a similar position and there would be pressure to release buildings. These pressures from different services would place a greater responsibility on individual Councillors to take the lead in finding community solutions. It was noted however that across the public sector there needed to be a rationalisation of property instead of each building operating in isolation.

6. There was a countywide audit being carried out on the mobile library fleet and there were a number of areas that would have to be reviewed such as access to community needs and particular audiences. Kushal Birla added that the Library Service would be entering into a partnership with Solihull Metropolitan Council to deliver their mobile library service. A future aspiration was a larger mobile library vehicle which could potentially provide a wider range of services-
7. An electronic and paper pack were being prepared for the consultation process which would include templates for groups considering alternative solutions, setting out the questions they would need to answer and financial information they would need to gather to guarantee sustainability over the long-term. Officers would be available to support communities in preparing viable, sustainable solutions.
8. There was broad agreement that the review of library services had been taking place in different forms for many years, and that the decline in the service had been worsened by the placement of the service within the Adult Social Care Directorate. Concern was also raised that reduced hours would result in less people using the service.
9. The proposed list of closures and reduced hours had been the result of an assessment of all libraries against the same criteria, using an aggregate of visitor and loan numbers per hour and if there were existing or planned partnerships with an integrated way of delivering services (eg Stockingford and Wolston).
10. Where communities became involved in taking over the responsibilities of running libraries, they would still be part of the network and any changes or developments made to the rest of the network would have to be reflected.
11. Concern was raised, using Kenilworth as an example, that the Police had started a front desk arrangement with Warwickshire Direct on 28 February. The proposed reduction in hours would result in fewer hours of public access than the previous service to Kenilworth residents. Kushal Birla acknowledged that this was going to be an uncomfortable process, but that the financial problems had to be addressed. Without a reduction in opening hours, there would have been more than 16 closures proposed. Everything would be done to try to balance solutions through dialogue and to end up with a mix of solutions.
12. The consultation document identified how savings would be made, but any solutions put forward to increase opening hours, would be considered.
13. Councillor Ray Sweet noted that there were two potential library closures within his Division and that he was working with the community looking at putting four services into one building to maintain those services. The Portfolio Holder welcomed this approach and noted that this would be a genuine consultation and that the County was open to viable solutions.

14. All consultation responses would be collated and it was hoped that a report could be brought to the Cabinet meeting on 14 July 2011, with the possibility of a further report. Progress would be predicated on getting the library service on an even keel by October. Losses had been underwritten until then.
15. No decisions had been made regarding any library buildings that may become empty, but it was noted that if no productive public use could be found for empty buildings, these would be sold.
16. It was noted that the report did not include the consultation document programme, but was to receive the approval from Cabinet to begin the consultation. Once this had been done, discussions would be held with Members and communities. The Localities teams were advising on the best way to consult with communities.
17. Comparisons between services offered by different libraries was difficult as each library was different. For example, bigger libraries were able to offer a wider range of services, and some libraries buildings were not owned by the Council and therefore had rental costs. A baseline was needed for each library to ensure like for like comparisons and it was agreed that where a cost incurred covered the cost for a service amongst a number of libraries within an area, a breakdown would be useful. An example of this was Rugby Library providing the overdue service for the rest of the county.
18. The potential future service offer would include three categories of library:
 - Library Hubs – offering a wider range of books and services with longest opening hours and specialised services
 - Local Libraries – a more tailored approach, supported by Hubs
 - Community Libraries – potentially supported by Hubs.Running alongside these libraries would be Library Direct, a virtual service, offering e-book services. Ayub Khan added that the service would also have to meet the needs of the vulnerable and this could be achieved through developing more outreach services that were less building-based.
19. Members were broadly concerned that some areas were affected more adversely than others and it appeared that the north of the county was being denuded of libraries.
20. Members understood the rationale behind the need to make savings, but felt that the process had been too cost-driven, and that more focus should have been put on growing the number of services locally to demonstrate that libraries were still relevant and vital and focusing on the value that libraries provide to communities, particularly in deprived areas. David Carter added that part of the change to the offer would be to make the service more relevant to ensure communities used their libraries more effectively.

21. The possibility of raising revenue was discussed, but it was noted that it was not possible to charge customers for e-book as the contract with the provider prevented this. Additionally, the practicalities of accepting payments, particularly e-payments remained a corporate issue.
22. It was felt that the timing put in place to deliver the full level of savings effectively was not realistic to achieve individual solutions for each of the 34 libraries and to put these in place later this year. David Carter added that the savings were only expected from November 2011 onwards, any delay would worsen the situation.
23. In response to a query regarding any progress that had been made in relation to other service models, for example working with companies like Starbucks. David Carter added that there had been several meetings with the Museums, Libraries & Archive Association where a number of different models had been considered. This was a big picture issue, but experience in other local authorities had suggested a service with no social balance. Officers undertook to provide all available information to local groups and to look at the wider opportunities outside of libraries.

The Chair summed up the main themes as follows:

- There was strong support and appreciation of the value of the library service.
- Members recognised that the prime driver for progress were the cost pressures facing the service but recognised that there was a need to modernise the service.
- Strong assurances had been received about the consultation process and the engagement with Members, Community Fora and local communities.
- Local Members needed to play a pivotal role in their areas, supporting communities to explore options for their local library.
- Assurances of support by officers, including the provision of templates, advice and information, was given.
- Libraries could become part of "community hubs" of services.

The Committee noted their concern about the timetable and the unrealistic aspirations for finding 34 solutions parallel with each other with huge demands on officer time to get the consultation completed in July for implementation in October 2011.

5. Warwickshire Community Safety Agreement Progress Report

The Committee considered the report of the Strategic Director for Customers, Workforce and Governance presenting progress made against each of the priorities within the 2010-11 Warwickshire Community Safety Agreement.

Councillor Richard Hobbs introduced the report and highlighted the following:

- crime throughout Warwickshire had decreased over the last 6 years, largely due to the good partnership working between the County, District/Borough Councils and the Police.
- The exception to this was violent crime, which had increased and this target was not expected to be met this year. Councillor Hobbs added that this could be due to over.

During the ensuing discussion the following points were noted:

1. In response to a question about whether it would be more efficient to have one Community Safety Partnerships rather than four. Councillor Hobbs noted that there was an over-arching Warwickshire Safer Communities Partnership which met regularly, but that he felt having one Community Safety Partnership would be more efficient.
2. A working group of the countywide Partnership Board was developing proposals in relation to the governance structure around community safety, taking into account the changes to the policing landscape and the introduction of Police and Crime Commissioners and Police and Crime Panels.
3. There would be a significant decrease in funding from 2012.
4. In response to assurances being sought that the budget reduction in road safety would not reverse the good work that had been done to reduce the numbers of “killed or severely injured”. Councillor Hobbs noted that the County Council had an excellent relationship with the Police and even though Government were not funding any road safety, the County had put some funding into this area and would continue to work with the Police to reduce this target. The Chair noted that there would be a report on this item to the next Committee.
5. There was some concern noted that the cuts would have a significant and real impact on the progress that had been made in reducing crime. Councillor Hobbs responded that it was challenge to all partners to make this work and to continue to reduce crime and casualties. He added that these were difficult times but with the cuts came an opportunity to streamline services, while keeping the important frontline services strong and to invest in police and not buildings. As an example of this he used the reduction in numbers of safer neighbourhood teams, which was being balanced by a change to their roles with the requirement to do detailed investigative work being taken away.
6. In response to a request for a breakdown of the headline figures set out in the budget, Kate Nash clarified the following:
 - the main cut was from community safety and the funding given to Police for PCSOs, for the next year though this would be covered from an underspend that would be rolled over and there would be a full review of all PCSOs.

- Kit Leck had retired from the DAAT team and his replacement would be jointly funded by the Health service, enabling a saving of 50% and the ability to continue to deliver services at the same level.
 - It was not yet clear what the funding contribution from Supporting People would be in relation to reducing domestic abuse, but the County Council budget for this area had been protected at the same level as last year.
7. In response to concern raised at the lack of emphasis on the business community within the report, Councillor Hobbs responded that the business community was encouraged to attend Community Fora, where they had a valuable contribution to make to the priority setting of Police and the County Council services on a local level. At a more strategic level, it was policy not to categorise different sectors of society as all crime was treated in accordance with severity. Within the countywide crime unit however, there would be expertise to deal with business crime.
 8. The consultation on the Review of Domestic Support Services in Warwickshire would close on 26 April 2011, and proposals would then be developed. The Chair and Party Spokespersons would consider the best options for these proposals going to O&S.
 9. As part of the modernisation programme, front line police officers would all carry mobile data terminals, which would give them the ability to identify the location of other officers, call up information such as property histories, as well as the ability to make reports at the scene, reducing the amount of paperwork having to be produced, without impacting on the recording of incidents.
 10. In response to a query regarding the reason behind changing the target base at this point, Kate Nash pointed out that for the last two years the Police had agreed to target a reduction rather than a % reduction and the County Council had agreed to align our community safety targets with those of the Policer. The service would still be in a position to produce trend data.

The Chair thanked the Portfolio Holder and Kate Nash for their contributions.

The Committee endorsed the progress made against each of the priorities within the Community Safety Agreement.

6. Fire Sprinkler Systems

The Chair stated that in light of the events yesterday, he had agreed to this report being deferred to the meeting on 28 April 2011.

7. Development of Draft Measures and Targets in Support of the CBP 2011-13

The Committee considered the report of the Head of Community Safety & Localities, Head of Environment & Resources, Head of Finance, Fire & Rescue, Head of Children, Young People & Families and Head of Performance Management presenting the proposed measures and targets for inclusion relevant to the remit of the Communities Portfolio.

During the discussion that ensued the following points arose:

1. The Committee agreed that it would be difficult to give any meaningful comment on this document as there were a lot of gaps and no targets or baseline information.
2. Looking at targets without the context of historical trend data was meaningless.
3. Councillor Hobbs stated that the ambition within community safety was to reduce crime levels year on year, in partnership with the Police. He pointed out that the reduced budget and economic difficulties could result in an increase in crime, with less money to combat this.
4. The word “preventable” had been added to the target relating to the number of fire deaths. Councillor Hobbs added that there had been two fire deaths in Warwickshire in the past year, but these had not been considered preventable, as both were attributed to suicide.
5. A new outcome had been introduced for “Reduced number and severity of fires, and related injuries and deaths” per 100,000 population. This would be measured this year with an aim to then reduce year on year.
6. Andy McDarmid tabled a revised page 7 to the report.
7. Members asked for clarification as to why the “Warwickshire is clean and green” outcome had only been set for 2011/12 and not the full three years. Andy McDarmid undertook to e-mail a response to this to members of the Committee.
8. Andy McDarmid agreed to clarify whether the aims for recycling reflected the more ambitious 60% target for recycling by 2015 that had been agreed by the Warwickshire Waste Partnership.
9. Members asked when Overview and Scrutiny would have a further opportunity to review these targets, should they be agreed by the Cabinet in April.
10. It was noted that Appendix A showed the reduced list of targets that had been agreed by the Corporate Performance Group and were intended to give a flavour of the direction of travel for the County Council. Business Unit Plans would sit beneath this and would include greater detail.
11. The Committee agreed to receive a report at the end of the first quarter (end of June 2011) setting out all measures and targets at Corporate Plan and Business Unit level.
12. All future updates should, where the information was not included, signpost to the appropriate business level plans.

13. Members acknowledged the challenges Directorates would face in continuing to achieve targets with reduced budgets.

The Committee agreed that their comments, as set out above, should be forwarded to the Overview and Scrutiny Board for their meeting on 10 March, and requested a further report after the first quarter.

7. Committee Work Programme

The Committee agreed the Work Programme items with the following additions/clarifications:

- The special meeting on the Rugby Western Relief Road would take place on 15 March at the Town Hall in Rugby, with a 10:00 a.m. start.
- The report on Fire Sprinkler Systems would be considered at the meeting on 28 April.
- High Speed Railway (HS2) – The Chair confirmed, that following discussions with Councillor Alan Cockburn, Councillor Bob Stevens and Mandy Walker, it had been agreed that the working party already in existence would continue to work with officers to prepare the draft response to the Consultation, which would be considered by O&S at their meeting on 30 June. At this meeting, Members would have an opportunity to influence the consultation response.

Members agreed the proposed scope for the Task and Finish Group to consider Waste Disposal, including technologies. This would be forwarded to the Overview and Scrutiny Board for consideration at their meeting on 10 March 2011.

It as agreed that a note should go to all Members alerting them to the Fire Sprinkler Systems Report to the meeting on 28 April 2011.

8. Any Other Items

There were no urgent items.

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Chair

The Committee rose at 2:55 p.m.

Minutes of the Meeting of the special meeting of the Communities Overview and Scrutiny Committee held on 15 March 2011

Present:-

Members of the Committee	Councillor Sarah Boad “ Richard Chattaway “ Jeff Clarke “ Barry Lobbett “ Phillip Morris-Jones “ Martin Shaw “ Ray Sweet “ John Whitehouse (Chair) “ Chris Williams
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Other County Councillors	Councillor Alan Cockburn (Portfolio Holder for Environment and Economy) Councillor Robin Hazelton Councillor John Vereker
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Officers	Dave Clarke, Strategic Director of Resources Graeme Fitton, Head of Transport and Highways Paul Galland, Strategic Director of Environment and Economy Chris Jukes, Head of Projects Ian Marriott, Community & Environment Legal Services Manager Ann Mawdsley, Principal Committee Administrator Michelle McHugh, Overview and Scrutiny Manager Roger Newham, County Transport Planner
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Also in Attendance:	Nigel Barr, Stradia Ltd Howard Blackmore David Draper, Long Lawford Parish Council Pete Horton, Rugby Advertiser Laura Payne, Rugby Observer Mike Whittingham
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There were 12 further members of the public in attendance.

1. General

The Chair welcomed everyone to the meeting.

(1) Apologies for absence

An apology for absence was received on behalf of Councillor Mike Gittus.

(2) Members Declarations of Personal and Prejudicial Interests

None.

(3) Chair's Announcements

The Chair set out the background to this meeting, the documentation that had been provided for Members and the structure the meeting would take. He noted that both Member and public questions received had been integrated under key themes.

2. Rugby Western Relief Road (RWRR)

The Committee considered the report of the Strategic Director for Environment and Economy setting out the Rugby Western Relief Road scheme history and outturn costs for the project.

2.1 Route Choice for Southern Section

Lead question: Mr David Draper

"To learn lessons for the future one complete aspect is missing. We are all seeing the benefit of the whole scheme – the northern section from Newbold Road to Lawford Road is excellent but the southern section from Lawford Road to Potsford Dam is a disaster, destroying greenbelt land and unnecessarily costly. I shudder every time I drive down it.

The original consultation in 1998 had this section on the disused railway. This was agreed generally by all, including the land owners. There was a suggestion that Rugby Cement might reopen the disused railway. A revised plan was produced routing the road on greenbelt farm land. The land owners objected and this resulted in the first Public Inquiry in 2003. To many people's surprise the Inspector found in favour of the objectors and recommended building the Northern Section first and re-planning the Southern Section on the Railway.

In June 2004 a meeting of Rugby Area Committee of both Rugby County and Borough councillors rejected these proposals and pressed for a 2nd Public Inquiry, which was bound to cause extra delay and cost. I was present but the public were unable to speak.

As a Parish Councillor I represented Long Lawford at both Inquiries and we demonstrated that practically there was no prospect of re-opening the railway and this was accepted by both Inspectors.

Now that it is clear that there is no prospect of reopening the disused railway line does Warwickshire County Council regret being misled by Rugby Cement suggesting they might reopen the line and agree they should have investigated this more

thoroughly? This would have allowed the southern section to go on the route of the disused railway as agreed in the 1998 public consultation thus avoiding two Public Inquiries, about 6 years delay and traffic disruption and saving about 40 million pounds. Carillion would not have been involved.”

Roger Newham responded by saying that the scheme referred to above had been in place in the late 1990s and was for a much shorter scheme than currently. The two changes that had brought about the change to the scheme were:

- i. The introduction of the Local Transport Plan by Government in 2000, which enabled Local Authorities to bid for funding, had influenced the County Council’s decision to achieve the full length of road in one go to Potsford Dam to divert traffic away from the Cawston Housing Estate.
- ii. Rugby Cement, under political pressure, had yielded to the idea of reopening the railway line in question to take trucks off the road network, which was a driver for moving the RWRR into the countryside. Rugby Cement had later decided reopening the line would not be economically justifiable for them and decided against this option. At this stage the County Council took the view that in line with their aspirations, they would preserve the possibility of the rail line being reopened at some stage in the future. Since then the ownership of the disused line has transferred to Sustrans, where it is held under a covenant by the Secretary of State limiting any use to rail or cycle routes.

He added that the combination of these events had increased the controversy surrounding the project, resulting in the need to have two public inquiries, causing further delay to the project. It was also noted that had the road been built along the railway line, this would have brought ecological and engineering challenges to the project.

Councillor Alan Cockburn, when asked if there was any political regret about the decision, in principle, not to use the disused railway line, stated that while this was an attractive idea at the time, this choice may not have been a cheaper option.

Follow-up question: Mr David Draper

“Warwickshire County Council persisted in maintaining that there would be no cost saving in using the railway, but we can now see clearly the extra items of cost and the negative environmental impact of the greenbelt route:

- 1) *Purchase of land*
- 2) *Extra earth moving and balancing ponds*
- 3) *Complex junction at Bilton Lane involving traffic lights, Pegasus crossing for horses, extensive street lighting (60 tall columns) and sound deflecting fencing. The new road would have gone under Bilton Lane using the existing bridge.*

4) *Special bridleway bridge near Cawston.*

A rough estimate of these extra costs is £10 million.

What would have been the extra factors and cost of using the disused railway?"

Roger Newham noted that potential differences in cost could only be speculation as the engineering and ecological difficulties on the railway line were unknown, but it was unlikely that there would have been a saving of £10m using the railway line. The cost of acquiring the additional land had not been high, but the impact of the intrusion into the land was understood.

In relation to the junction, Roger Newham noted that the existing highways needed to link to a new road scheme so there would still have been a junction at Bilton Lane to allow traffic from the Housing Estate to use the relief road, so either option would have required a junction.

During the discussion that ensued the following points were raised:

1. RWRR arose from Rugby's Local Plan adopted in the mid 1990s, which planned for major development and associated transport in Rugby. The cost of the original section of road planned was expected to be fully funded from the development, but this amount was insufficient to build the full length.
2. Rugby Area Committee had considered the project in great detail and were involved in the debate about reopening the disused railway. Roger Newham added that there was a considerable uncertainty regarding whether it was viable or not for Rugby Cement Works to reopen the line. Rugby Cement sought grants from Government to assist with costs, but they made a firm decision in July 2002 not to open the line. At that point the County Council had been working for two years on "off line" plans and a decision had to be made whether to start again or as a matter of principle to continue "off line" so that the future viability of the railway could be preserved. The County Council decided that it wished to preserve the route of the railway to allow for potential reopening even though it was known that there was no foreseeable prospect of that.
3. Roger Newham undertook to provide the costs involved in planning for work that was not carried out during the changes between 1998 and 2002.

The Chair thanked Mr Draper for his questions.

2.2 Procurement process and contract award

Lead Question: Councillor John Whitehouse

“What is the evidence that a target price contract with early contractor involvement was industry best practice in 2003?”

Graeme Fitton set out the background to The *Rethinking Construction* report produced by Sir John Egan in July 1998 aimed at raising standards in the UK construction industry, and a shift from an adversarial to a collaborative partnership approach to contracts. The NEC suite of contracts resulted and these were adopted by a large number of organisations including the Highways Agency and British Airports Authority, and were recommended by the Office of Government Commerce.

“Were any senior-level meetings held with Carillion when they acquired Mowlem? What investigation of Carillion’s reputation/track record on ECI contracts was made by WCC, or assurances sought on continuity of staff?”

Most of the project management team continued to work for Carillion for up to 18 months following the takeover of Mowlem, and meetings continued to be held at senior level during this period.

“When making the decision to award the construction contract to Carillion in 2007 without competitive tendering, were the potential risks identified and balanced against the funding and member pressures mentioned in the report?”

At the time of Mowlem’s buyout, Carillion was on Warwickshire County Council’s list of approved tenderers, which was produced in line with a robust process, covering areas including financial stability of an organisation and quality of submissions. In 2007 the County Council were already partners with Carillion in relation to a different contract and where the Council had a good working relationship with the company.

Graeme Fitton added that the risks considered at the time were all about price, and the target price submitted by Carillion in 2007 was independently verified by ARUP as a reasonable price. Member pressure at the time was in response to potential loss of Section 106 funding, continuity of contractual involvement, loss of time and high inflation, all of which it were real concerns.

Councillor Alan Cockburn was asked what decision might be made in future under similar circumstances. He stated that he personally did not favour target price contracts, and the risks involved with the RWRR, particularly in terms of the Western Coast Mainline and the Cemex quarries. He outlined the dates when overspends had been reported to the Cabinet and the

actions put in place. Paul Galland added that in circumstances where one company took over another during the build up to letting a contract, this involved risk and how that risk was dealt with was important. He noted that takeovers were a fact of life mentioning that Carillion also took over Alfred McAlpine in 2008. As the County Council moved forward it was important that both senior officers and Members were clear about every risk attached to a project and where there was a takeover involving a big project, there needed to be close scrutiny of the culture of the new company to allow a balanced decision to be made against the costs of a retendering exercise.

A discussion followed and these points were raised:

1. In response to a request for greater clarity about Member pressure, Graeme Fitton stated that a Notice of Motion had been made to Council in November 2006, and in light of the external pressures (loss of s106 funding, continuity of contractual involvement, loss of time and high inflation) and the delays that had occurred, it was clear that Members were keen to see the RWRR project start as soon as possible. Paul Galland stated that there was no evidence to suggest that Members had applied undue pressure on officers.
2. Reference was made to a scrutiny exercise that had been carried out by the former Environment Overview and Scrutiny Committee in 2005 to scrutinise the Highways Maintenance Contract with Carillion. It was agreed that the Chair and Party Spokespersons would look at the outcomes from this review.
3. In hindsight there was a lack of experience in relation to this type of contract, which was not uncommon at the time. The aim of this type of contract was to drive down costs by working in partnership and identifying where improvements could be made, but in order for this to work there needed to be close partnership and collaborative working.
4. The original tender (2003) had been for early contractor involvement with the expectation that if a reasonable price was submitted for the construction element of the contract, it would be awarded to that company. It would not have been possible at the stage of construction (2007) to have gone back to other companies who tendered originally, unsuccessfully as this would have been a fresh tender exercise. There were extensive legal requirements and strict qualifications to the tender process, which could result in penalties if not adhered to.
5. In response to a query regarding the level of expertise within the County Council to deal with contracts of this size, it was noted that there had been no contracts of this scale within the Directorate in recent times, although there had been other large projects, such as the Barford Bypass, which it was pointed out, had been completed on time and within budget.

Follow-up question: Councillor Richard Chattaway

“What needed to happen to make a target price contract a success?”

Graeme Fitton responded that while there were differing views in relation to Target Contracts, the key to the success of these contracts was the ability to keep targets ahead of implementation at all times. In the case of RWR, the large number of unvalued compensation claims had made it impossible to do this. He added that his opinion, repetitive contracts such as Highway Maintenance worked well as they involved repeat work year on year, but for one-off spot tenders, target contracts were less appropriate.

Follow-up question: Councillor Richard Chattaway

“Who allowed the contractor to run the contract in a ‘traditional’ form, rather than the agreed ‘open book’ approach?”

Graeme Fitton responded that two years after the takeover by Carillion (six months into the contract), the County Council were still working with the same project team and the expectation was that this would continue. When Carillion took over Mowlem, it could have been a positive step with the possibility of synergies due to the maintenance contract which could result in a reduction in costs. This had not materialised, and as soon as it became clear that there had been a change in culture back to an adversarial approach and once the extent of the compensation events began to materialise, CAL and then Stradia were brought in to review the contract and provide commercial support respectively.

In response to a question put forward by Mr Howard Blackmore, it was confirmed that the signed contract between Warwickshire County Council and Carillion defined the scope of work and the completion date for the project.

2.3 Contingency

Lead Question: Councillor Richard Chattaway

“The level of contingency allowed in the estimate for this project was low, and with hindsight should have been much higher. How was the level of contingency decided? What justification was there for such a low contingency? Why were no additional contingencies put aside for the obvious risks relating to Network Rail?”

Graeme Fitton acknowledged that, in hindsight, the contingency in the order of 2% of the total budget had been too low, but even the 10%

suggested in the CAL report would not have been enough for the RWRR. This was an exercise that was carried out on an evaluation of the risk and there had been an expectation that incentives for the target contract would lead to it being brought in below the independently verified target.

Lead Question: Councillor Richard Chattaway

“Higher contingencies will reduce the number of projects that can be included in capital programmes. From the lessons of this project, what is an appropriate level of contingency and was the County Council satisfied that the risk and contingency levels were right?”

Paul Galland noted that there was always tension around the capital programme with Members looking to achieve as much as possible for their communities. He added that there needed to be an evaluation done, setting out a financial cost to all risks identified to a project. This involved a certain amount of estimation in identifying an appropriate sum, and it was agreed that in the future, for larger projects, there needed to be closer working between Members and officers to assess the risk around major capital programmes and to agree an appropriate level of contingency.

During the ensuing discussion the following points were raised:

1. Extensive discussions had taken place with Network Rail around possession of the track and progress, resulting in greater flexibility and opportunity for work to be progressed on the RWRR. However, in January 2008 Network Rail experienced problems with operations and the West Coast Main Line, resulting in a change to shorter possession and in some cases no possession.
2. During the life of major projects, the risk register needed to be constantly reviewed and updated, and where appropriate, contingencies adjusted to an equivalent level, but it was noted that there was no realistic, foolproof way of assessing risks to any major project.
3. The capital programme was flexible and Members could decide to increase the resources available if they chose to. There was no implicit pressure to understate costs, but there was implicit pressure to get costs as close as possible to the final costs.
4. At the time that Carillion took over the contract, some Section 106 funding had already been lost, partly due to delays, and the Council stood to lose a considerable amount if the project did not move forward.
5. At the time the original contract was let, best practice was sourced in terms of the type of contract and the industry generally. It was also confirmed that a risk register had been

produced, quantified and valued, although in hindsight this was lower than it should have been.

2.4 Design

Lead Question: Councillor John Whitehouse

“Why was construction started before design of major project elements had been completed (e.g. Cemex tunnel, street lighting, traffic signs etc)?”

Graeme Fitton confirmed that the main reason for progressing the scheme without a complete design had been to avoid further delay with the risk of loss of significant Section 106 funding. He confirmed that this was common practice in the industry, and this would happen with an identification of the risks involved and judgement made on a realistic value of the risk.

Follow-up question: Councillor Richard Chattaway

“Did we prepare well enough in terms of design before letting the contract and what are the lessons to be learnt from our approach towards design work on this contract?”

The bulk of design was complete before the contract was let. At the start of the contract, for a few elements of the project that were not fully designed (e.g. street lighting) and an estimate of cost was prepared for these. It was acknowledged that in areas such as street lighting, a more complete design would have produced a more realistic cost, but timing was crucial and these savings had to be offset against potential loss of external funding.

Second follow-up question: Mr Howard Blackmore

“Are specific design elements of the road appropriate?”

Street lighting – What criteria was used to identify those roads where street lighting would be installed and those that were deemed rural and did not require street lightening?

Fencing - Why is the fencing adjacent to the gates approx 600/900mm higher as each timber post has a metal inward facing cranked arm fixed, with 2 No strands of barbed wire running through these cranks parallel with the fence rails?

Notwithstanding that acoustic fencing has been installed at the Bilton Road junction to mitigate the effect of traffic noise on adjacent properties, at the Eastern side between the road and those properties is the line of the old disused railway line, in a cutting, with much dense and overgrown woodland/bushes. Does that not act as a screen against traffic noise? And

regarding the acoustic fence on the other side of the road – what research was carried out to ascertain what the effects of traffic noise would be on the very few properties there?

Footpath – *Why is the footpath just Northwards of the Cawston Island crossing the road by a bridge?*

Roger Newham stated that decisions and investments in the scheme, in terms of areas such as street lighting and footpaths were made in line with design standards, County Council policy and in response to issues that arose from the public inquiry.

During the discussion that followed, these points were noted:

1. In response to a comment regarding the original contract, which must have required the contractor to submit a realistic estimate in order to be awarded the contract, which was subsequently not borne out by the level of compensation events, Graeme Fitton drew Members' attention to 7.5 of the report, stating that an investigation into the design errors was underway. He added that the CAL report referred to the incomplete nature of the traffic sign designs, rather than errors in design. Ideally, and in future contracts, as much design as possible needed to be done before a contract was let.
2. In response to concern raised regarding the Committee making judgments on the CAL report alone, Paul Galland noted that this report had been commissioned at a time when many of the compensation claims had not been costed. Appendix B to the Strategic Director's report contained more up to date information and was therefore more accurate.
3. The fundamental review that was taking place in response to events that had occurred with the RWRR would shape services and design of services in the future.

2.5 Project Management

Lead Question: Councillor Richard Chattaway

“Does WCC have sufficient capacity and skills for managing major projects in the future?”

Paul Galland noted that while there was a lot of capacity and skills within the organisation, this did not all have to be in-house and external experts could be called upon when appropriate and in relation to RWRR specifically, the input of commercial skills would have been invaluable. He added that all major projects should include a full skills analysis to identify the best people for the project management team and the appropriate resources, and once identified, this project management team should be released from their day job roles in order to manage the project full time or as needed.

Further Question: Councillor Richard Chattaway

“Why were no efforts made to mitigate the rising costs when they were first noticed?”

Councillor Cockburn stated that as soon as the overspend was identified in the summer of 2008 this was brought to the attention of the Strategic Director and the Portfolio Holder and an internal review was carried out. It was noted that much of the overspend at this time was as a result of the problems experienced by Network Rail over the Christmas 2007 and into January 2008. A report was then taken to the Cabinet in the early autumn of 2008 and Internal Audit was brought in late autumn 2008 and a Systems Project Team put together to review the situation.

First Follow-up Question: Councillor John Whitehouse

“Does WCC accept the CAL view that insufficient staff resources were provided by the Council particularly during the early stage of construction to deal with design issues and compensation events?”

Paul Galland responded that at this stage the County Council were still operating on the basis that the client and contractor were working together to identify efficiencies and drive down costs and that as soon as they became aware of the issues arising, more resources were put in. So from that point of view, the report reflected an accurate picture.

Second follow up question: Mr Mike Whittingham

“In Paragraph 6.8 of the main report it states that 'CAL have said that it is impossible, even with the benefit of hindsight, to link conclusively any of the problems to what they consider to be weaknesses in control exercised by the Strategic Management Board (SMB)'

- *How does the report come to this conclusion as the CAL report does not make that reference? Is it not a more accurate statement, given the majority of the statements in the CAL report are damning to the project management and refer in places specifically to the SMB'?*
- *Would WCC accept that gross mismanagement of the project is a prime cause of the overspend?”*

Paul Galland made reference to the acceptance in the report that there were areas that could have been handled better, but that the majority of the increase in costs had been out of the control of both the County Council and Carillion, as evidenced in the report. He added that every effort had been made to bring costs under control, including bringing in

experts to help and disputing the value of compensation claims where appropriate.

The following points were discussed:

1. When asked if Prince2 Project Management was followed as a rule by WCC, Paul Galland noted that with major projects every effort was made to followed Prince2, but that this was a bureaucratic and time-consuming process and therefore not always suitable, especially for smaller projects, but WCC had a methodology for this. There were currently sufficient officers trained in Prince2, but as these officers left the authority, more people needed to be trained. It was agreed that Members needed to play a more active role on Project Boards and should be trained in Prince2 for that purpose.
2. In response to comments relating to the failures of management, and specifically the SMB, it was noted that during the period from spring 2006 to November 2007 when the SMB were not meeting , meetings of the internal project management board were taking place. In the future there needed to be more emphasis placed on project governance and risk management.
3. Members acknowledged that consultant reports could interpret situations in a specific way and it would be useful to know what areas of the CAL report were deemed not to be accurate and if these areas could be presented in a tabulated form for easy comparison.
4. Councillor Ray Sweet, stated, that in his experience as a mining engineer, the issues that had arisen on site in terms of the retaining wall, tunnel sewerage etc had been extremely difficult engineering conditions that had been unavoidable.

2.6 Project Governance

Lead Questions: Councillor Richard Chattaway

“Was the governance of the project adequate?”

Paul Galland acknowledged that in hindsight, there was an issue with the project governance and that in the future major projects more senior officers and elected Members should be involved. RWRP did not initially have a Project Governance Board, which would have enabled greater challenge to the Project Management Team and in particular, greater focus on risk.

“Should elected Members be on Project Boards for all future major schemes?”

Paul Galland noted that while briefings had been held with the Portfolio Holder, that a formal governance team, including Members, should be in place for all future major schemes. Councillor Alan Cockburn stated

that historically the Cabinet had not been involved in this level of management, but that Paul Galland had encouraged Councillor involvement on governance teams.

“The report refers to discussions between the Strategic Management Board and the Contractor to resolve the ‘relatively few compensation events that account for 80% of the increased costs’. What were the outcomes of these discussions?”

Paul Galland stated that the point of bringing Stradia in, with their commercial expertise, was to deal with Carillion on issues that had been identified in the CAL report. Nigel Barr, Stradia Ltd noted that Stradia had become involved in January 2010 to look at the number of unresolved compensations against the costs incurred. Stradia had taken 8-9 months to pull together targets and costs to put the accounts in good order, to be in a position to sort out issues.

During the ensuing discussion the following points were noted:

1. A question was put to officers and the Portfolio Holder, asking who was making decisions during the period that the SMB was dormant. Graeme Fitton noted that during this time feedback was being received from the Project Manager, who also reported into the two monthly meetings of the Warwickshire Engineering Board. This in turn led to Cabinet reports in the spring and winter of 2007. Concern was expressed that once the contract was let, there was a period of one year before the Cabinet were made aware of the financial issues. Paul Galland confirmed that there had been no indication prior to June 2008 that there were major financial problems with the project.
2. There had not been any criticism at any time of the management on site.
3. While the original contract type was a contributing factor to the increasing costs, this had not been the only factor.

2.7 Risk Management

Lead Questions: Councillor John Whitehouse

“Why did work on developing a comprehensive risk register not continue beyond 2006?”

Paul Galland noted that at the time of the RWRR contract was let there was a structured approach to risk registers and when CAL came in they had taken a very strict and structured view of what the process should have been. He added that whilst there had been a risk assessment process undertaken there was a need for a more dynamic approach to updating and costing risks. How to dynamically value

commercial risks was not well understood across the public sector and was a big issue for Local Authorities.

“Did some E&E officers not accept the CAL report criticism of the risk management process? Has the Strategic Director now achieved staff “buy-in” for a more structured approach in future?”

Roger Newham pointed out that during the period of the RWRR contract, 60 meetings took place around the management of risk. The CAL report raised issue with the way these meetings were documented. Paul Galland added that there needed to be an ability to put a financial evaluation on risk to achieve a clear understanding about the way a contract was developing, and that there would always be room for error in this process. Paul Galland added that he did believe there was ‘buy in’ for a more structured approach in future.

First follow-up question: Cllr Chattaway

“Why was it deemed acceptable to take a retrospective / reactionary approach to risk, as opposed to a proactive/ preventative approach? Has WCC now changed its approach to risk management to prevent future failures?”

Graeme Fitton noted that the majority of risks referred to had been included, but in hindsight the value of these had been underestimated. An example of this was Network Rail, where dozens of meetings had taken place to agree possessions and it was thought that the risks had been assessed realistically, until the exceptional happened. It was noted that there needed to be a balanced approach to assessing risk, as the contingency costs to cover “the worst scenario” would mean most projects would be considered too expensive.

“What lessons on risk management need to be learned by WCC corporately as a result of the project?”

Paul Galland reported that senior management had been kept up to date on the contract and once issues had been identified, and advice had been sought from the Strategic Directors for Resources and Customers, Workforce & Governance. He added that there was no formal mechanism in place for SDLT (Strategic Directors Leadership Team) to formally automatically monitor the progress of major projects as a programme. It was suggested that in the future SDLT should be part of the monitoring and appraisal processes of all major projects.

A discussion followed and it was noted:

1. It was agreed that design work needed to be completed as much as possible before the project started, and where this was not possible, risks needed to be identified and a contingency put in place. It was noted however that the Council had ultimate

control for signing off contracts and there was a limited capital programme for the county. Paul Galland stated that officers would not bring in unrealistic costs to ensure contracts were agreed.

2. The scheme had not been ill-prepared and every effort had been made to identify risks, particularly in relation to Network Rail and the Utility Companies, and in both instances costs had increased substantially.
3. At the Early Contract Involvement Stage, the County Council had worked with the contractor to iron out risk, in line with the principles of early contractor involvement target contracts.

2.8 Network Rail and public utilities

Lead question: Mr Howard Blackmore

“Were any agreed times/ durations/days when access would be given agreed in writing with Network Rail when Carillon would be able to mobilise to carry out specific defined works? Were they adhered to by Network Rail? If not, has a counterclaim been agreed with them for the Breach of Contract?”

Notwithstanding the contractual value of the bridge works agreed with Carillon, what additional monies have had to be paid to Carillon within their agreed Final Account to cover the costs they incurred which were not provided for within their contract with the Council to construct the bridge? (uneconomical working etc)

By how long was the road works completion extended due to the delays in completing the bridge due the lack of access? And what costs have the Council incurred? (staff/site/accommodation/ etc costs?)”

Roger Newham responded that the County Council has to negotiate with Network Rail, under the terms of a national agreement negotiated between the Local Government Association and Network Rail. This national agreement requires the County Council to accept all risk associated with the contract, other than negligence. Councillor Alan Cockburn noted that he had lobbied local MPs to have this changed, so that Network Rail could no longer act with impunity.

First Follow-Up Question: Councillor John Whitehouse

“Should WCC have anticipated the level of inaccurate information from the Public Utilities and the impact on PU diversion costs (+78%, +£2.7m)?”

Roger Newham stated that the scale of this problem for the County Council was exceptional but that in hindsight, a higher level of contingency should have been allowed for risk. Paul Galland added that until this issue was addressed nationally there was no incentive on the utility companies to “get their house in order”.

Second follow-up question: Cllr Chattaway

“WCC has incurred substantial costs as a result of acts and omissions by these bodies. We have no comeback on them as the law and national agreements stand. Is this something that WCC should take up at national level?”

Members agreed that a letter should be sent to the Secretary of State, copied to local MPs lobbying this point, and that, where possible, other Local Authorities should be invited to sign this letter.

2.9 Value for money

Lead question: Councillor John Whitehouse

“Early analysis of the new road points to a cost-benefit ratio of 4.5:1, supporting the claim that it represents good value for money even though costing far more than originally budgeted. However, many other worthwhile and valuable projects across the county have had to be cancelled or deferred to fund the budget overrun. Would the Portfolio Holder still recommend the project today at a total cost of £60.5 million?”

Councillor Alan Cockburn responded that had the cost to the County Council been known at the time, he would not have recommended the project go ahead, but in terms of the value for money the completed project represented, he would have recommended the project. Roger Newham added that if the project had been ready for submission to the Department for Transport at 4.5:1, there would have a good chance that funding would have been given. In that sense the project represented high value for money and would still stand up to scrutiny. Paul Galland pointed out that these types of projects could not be fully funded by DfT any longer.

A discussion followed and the following points were raised:

1. In response to a query relating to what attention was being given to the rest of the road system in Rugby and in particular road surface and layout of roads linking the RWRR to the town centre, Graeme Fitton noted that priority routes would continue to be maintained. He undertook to provide to the Committee, a copy of the maintenance plan for Rugby roads.

2. Value for money was estimated using the formula used by the DfT. It was thought that while better value for money could have been achieved, feedback from the local community had been extremely positive.
3. The overspend would delay the capital programme, and whilst other projects would be delayed they need not be lost as a result.
4. Councillor Chris Holman (Rugby Borough Council) asked whether there had been an objective assessment of the completed road and whether the expected reduction in motor vehicles and lorries had been achieved. Roger Newham noted that the reduction in traffic flow was broadly in line with predictions, as shown in the following examples:

Main Street, Bilton	24% reduction
Bilton Road (near LIDL supermarket)	27.8% reduction
Newbold Road	15.7% reduction.

 He added that these figures were from October 2010 and that usage of the RWRR was expected to have increased significantly since then.

2.10 Wider lessons for the Council

Lead question: Councillor John Whitehouse

“Has WCC accepted the CAL recommendations on risk management and project governance (paras 8.15 to 8.22 of CAL report), and the Stradia outline advice for future contracts (para 8.5 of main report)? How will this good practice be embedded in the policies and procedures of the Council?”

Paul Galland noted that some of the recommendations in the CAL report had been related to ongoing issues at the time, and therefore that there was expected to be greater value on the findings on contract and commercial issues that would be in the Stradia report, which was expected this week.

Nigel Barr, Stradia Ltd noted that the draft of the report was ready to be shared with the County Council and set out the following headlines from the report on lessons to be learnt:

Areas that had worked well

- This was an extremely complex project, involving difficulties encountered with Network Rail
- The difficulties anticipated by ARUP and others were overcome faster than planned
- The quality of construction work was good, with only a few defects identified on handover

- The accounts were settled quickly, which was difficult to achieve with more commercial contracts.
- There had been good liaison with local businesses and schools with no antagonism.

Areas needing improvement

- There needed to be greater clarity of project objectives and a better understanding of what was meant by value for money in terms of specific projects.
- There was not enough design certainty at the onset of the project.
- Greater involvement with contractual partners was needed.
- There needed to be a clearer strategy for interface with other partners such as Network Rail.
- With target contracts, which were cost reimbursable, cost management needed to be more rigorous with more involvement from the Authority to ensure there was one set of numbers and not two.
- A robust reporting system needed to be in place, to allow for early alarm bells and an opportunity to take out “nice to haves” if necessary.
- There needed to be collaborative risk management from inception of the project, through all stages, including contractually, early warnings and good financial management systems to deal with cost overrun.
- There needed to be a more integrated team in terms of management and decision-making.
- The authority needed greater power with governance in place to drive performance and monitor against KPIs.
- There needed to be more robust budget management.
- There needed to be more rigorous change control to allow for adjustment of the target where there was change.
- In terms of compensation events, costs had to be monitored against targets to enable true measurement in a commercial sense.
- The level of skills and resources was underestimated, which was a problem most Local Authorities struggled with.

During the ensuing discussion the following points were noted:

1. The register of approved contractors needed to be maintained and limited to companies with the following:
 - a high standard of performance
 - a record of completing contracts
 - a record of not overrunning costs
 - an acceptable, reasonable level of contract risks
 - a no previous involvement in any discreditable conduct in preparing tenders.

Recommendations

The Committee concluded that the delays and overspends of the project were not attributable to a single cause, but were rather the result of multiple factors and systemic failure. The Committee identified a number of lessons that need to be learnt for future projects, recommendations were likely to include:

1. Ensuring that both senior officers and Members were clear about every risk attached to a project and where there was a takeover involving a big project, there needed to be close scrutiny of the culture of the new company to allow a balanced decision to be made against the costs of a retendering exercise.
2. There needed to be closer working between Members and officers to assess the risk around major capital programmes and to agree an appropriate level of contingency.
3. In future contracts, as much design as possible needed to be done before a project was let.
4. Major projects should include a full skills analysis and identify any gaps in the internal skill base, where external experts maybe required. Officers selected to manage projects should be release from their role to work on a project full time.
5. Need to ensure an appropriate level of officers were fully trained and experienced in using Prince2 and that Prince2 training should be available to members to enable member to play a more active role in major projects
6. More emphasis needs to be placed on project governance and risk management, a Project Board should be established and meet regularly throughout the lifetime of a project.
7. Identifying and costing risk needs to be better managed.
8. In the future SDLT should be part of the monitoring and appraisal processes of major projects.
9. A letter should be sent to the Secretary of State, copied in to MPs lobbying for a change to statutes and agreements that allow Network Rail and utilities, to generate costs for local authorities, and that, where possible, other Local Authorities should be invited to sign this letter.

Members agreed that the issues highlighted during the meeting should form the basis of a draft report to be considered by the Chair and Party Spokesperson. A series of recommendations, agreed by the Committee, would then be made to the Cabinet or Council, informed by the final version of the Stradia report. The Chair noted that this would be a public report.

The Chair thanked Members, officers and members of the public for their contributions

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Chair

The Committee rose at 2:55 p.m.

AGENDA MANAGEMENT SHEET

Name of Committee Communities Overview and Scrutiny Committee

Date of Committee 28 April 2011

Report Title Preventing Speed Related Road Casualties

Summary To consider how Warwickshire can best prevent people being killed or injured in speed related road crashes in the context of the present financial restraints.

For further information please contact

Estyn Williams Road Safety Manager Tel. 01926 412712 estynwilliams@warwickshire.gov.uk	Stephen Rumble Road Safety Intelligence Team Leader Tel. 01926 412740 stephenrumble@warwickshire.gov.uk
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Would the recommended decision be contrary to the Budget and Policy Framework? No

Background Papers

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

- Other Committees
- Local Member(s)
(With brief comments, if appropriate)
- Other Elected Members Councillor A Cockburn
- Cabinet Member Councillor R Hobbs
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)
- Chief Executive
- Legal I Marriott – Comments incorporated.
- Finance

- Other Chief Officers
- District Councils
- Health Authority
- Police Warwickshire Police
- Other Bodies/Individuals

FINAL DECISION

NO (If 'No' complete Suggested Next Steps)

SUGGESTED NEXT STEPS :

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet This Committee may wish to make recommendations to cabinet.
- To an O & S Committee
- To an Area Committee
- Further Consultation

**Communities Overview and Scrutiny Committee
– 28 April 2011**

Preventing Speed Related Road Casualties

Recommendation

The Committee is invited to comment on the existing balance of measures used to influence traffic speed and, if appropriate make recommendations to Cabinet.

1. Introduction

‘Tackling excessive and inappropriate speeding is possibly the biggest challenge currently facing road safety.’

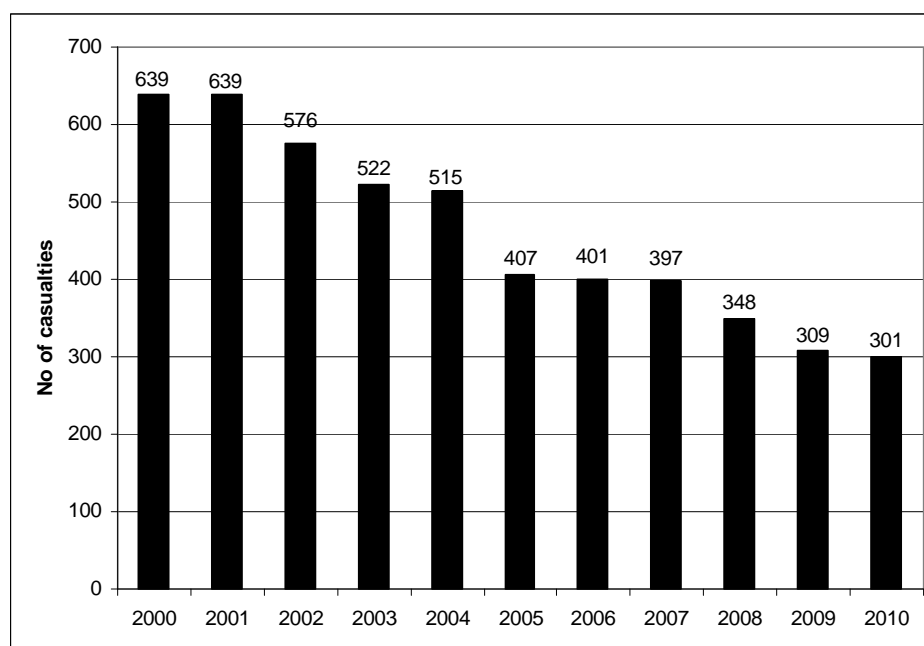
(The Parliamentary Advisory Council for Transport Safety¹)

- 1.1 This report has been prepared in response to a request from the Chair of this Committee to enable the Committee to scrutinise the Council’s approach to speed management in light of budget reductions.
- 1.2 Warwickshire Police have expressed agreement with the content of this report.
- 1.3 Road traffic collisions are a major cause of death, injury and human suffering. In 2010, 301 people were killed or seriously injured on Warwickshire’s roads and a further 1,790 were slightly injured. The economic cost of Warwickshire’s road traffic collisions in 2010 was estimated to be £104M².
- 1.4 Over the last decade the number of deaths and serious injuries on Warwickshire’s roads has more than halved (figure 1), with the rate of reduction exceeding the national average and government targets.

¹ Gwilliam, R. (2008) Behave Yourself – Road Safety Policy in the 21st Century. Parliamentary Advisory Council for Transport Safety

² Figure based on Department for Transport estimates for the costs associated with road accidents and casualties in Reported Road Casualties Great Britain: 2009. Department for Transport.

Figure 1: Road users killed or seriously injured in Warwickshire 2000 to 2010



2. Speeding and Road Collisions

- 2.1 Speeding is a major cause of road collisions and contributes significantly to the severity of the consequences of crashes. Nationally in 2009, exceeding the speed limit or travelling too fast for the conditions was recorded as a factor in 27% of fatal collisions³. The prevalence of speeding in fatal collisions has led Warwickshire Police to label speeding as one of the ‘fatal four’ causes of road death⁴.
- 2.2 Many of our communities are concerned about speeding traffic and the Council receives over 500 complaints about the issue every year. Nationally, speeding traffic is rated as a significantly greater problem than any other antisocial behaviour⁵. In Warwickshire’s Citizen Panel (May 2008) speeding traffic was the most commonly mentioned form of anti-social behaviour to be a problem in respondent’s local areas.

3. Speed Management Strategy

- 3.1 Speed management is a vital component of our road safety strategy. Measures that have reduced traffic speed such as speed cameras and the speed limit review have also contributed to casualty reduction. This is not unexpected given

³ Department for Transport (2010) Reported Road Casualties GB: 2009 Annual Report.

⁴ The others are impairment (alcohol, drugs, etc), distraction (mobile phones, passengers etc), and the failure to wear seatbelts.

⁵ Poulter, D.R., & McKenna, F.P. (2007). Is speeding a “real” antisocial behaviour? A comparison with other antisocial behaviours, *Accident Analysis & Prevention*. The authors found that 43% of the population regarded speeding traffic as a ‘very’ or ‘fairly big’ problem in their area

that research has established that reducing average speed by 1mph cuts injury collisions by 5%⁶.

- 3.2 The Council agreed a Speed Management Strategy in 2007 (see **Appendix A**). The strategy consists of a number of objectives and policies covering the 3 Es of road safety; Education, Engineering and Enforcement. The strategy recognises that no one approach to speed management will work in isolation and therefore advocates using a range of methods to persuade motorists to comply with speed limits, and drive at an appropriate speed. The Speed Management Strategy is broadly consistent with Warwickshire Police's road safety strategy.
- 3.3 Engineering interventions are effective at reducing vehicle speeds at specific locations or along routes. Visible enforcement through speed cameras and roads policing creates a threat of detection and prosecution that deters speeding. Education helps motorists understand the dangers associated with speed and can change attitudes towards speeding and positively influence driver behaviour, resulting in improved speed limit compliance. However, providing speed education to drivers is difficult because the message is complex, driving attitudes and behaviours are entrenched and there are relatively few opportunities to engage with the public.
- 3.4 A significant dilemma facing road safety is the need to balance the competing priorities of casualty reduction and responding to community concerns about speeding traffic. People tend to highlight speeding problems in the areas in which they live or frequent, but most serious casualties tend to occur outside residential areas. The current approach is to prioritise interventions that will prevent the greatest number of casualties for the funding available.

4. Funding Speed Management

- 4.1 The funding available for road safety, including speed management, has reduced significantly. Speed camera enforcement, which was previously funded by Area Based Grant (ABG) and had an original allocation of approx £1.2M in 2010/11, is now funded by a Council revenue budget of £250k supplemented by surplus from running the Speed Awareness Workshops. Consequently enforcement has been scaled back significantly compared to previous years. The budget restrictions have also reduced the funding available for other measures that can address speeding such as safety engineering schemes and education, training and publicity initiatives. Some road safety services designed to combat speeding are now being charged for and others utilise volunteers.

5. Speed Management Techniques

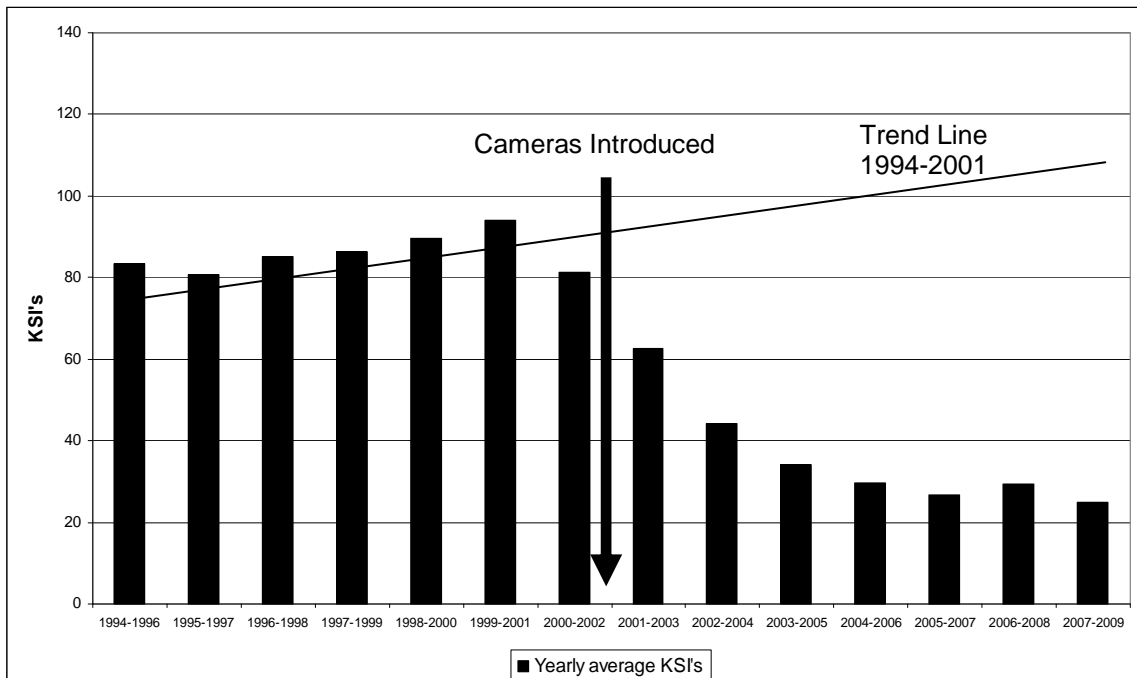
- 5.1 This section outlines the speed management techniques used by the Council. More detailed information relating to these techniques, including a summary of available evidence on effectiveness is provided in **Appendix B**.

⁶ Taylor M C, Lynam D A and Baruya A (2000) The effects of drivers' speed on the frequency of road accidents. Transport Research Laboratory and Taylor M C, Baruya A and Kennedy J V (2002) The relationship between speed and accidents on rural single-carriageway roads. Transport Research Laboratory.

Speed Cameras

- 5.2 Speed cameras have been highly effective and made a significant contribution to casualty reduction in Warwickshire. There has been a 77% cut in the number of people killed or seriously injured (KSI) at camera sites between the baseline (1994-98 average) and 2009. This is significantly greater than the 46% KSI reduction experienced on Warwickshire's road network not covered by speed cameras during the same period.⁷ Speed readings show that vehicle speeds have been reduced in the vicinity of cameras and evidence also shows that the introduction of speed cameras has positively influenced driver speed across the entire road network. There is significant public support for speed cameras both locally and nationally and the Coalition Government has stated that it supports the use of speed cameras⁸.

Figure 2: People killed or seriously injured at Warwickshire camera sites



⁷ KSI casualties at camera sites reduced from a baseline of 86 (annual average 1994-98) to 20 in 2009.

Warwickshire's total KSI casualties fell from 711 to 309 during the same period..

⁸ See for example letter to Local Authorities from the Road Safety Minister, Mike Penning, dated June 2010.

Speed Awareness Workshops

- 5.3 Warwickshire Police prefer to educate rather than penalise less serious speeding offenders because these drivers are often highly responsive to education. Drivers whose speed is not reckless are offered the opportunity to attend a Speed Awareness Workshop (SAW) as an alternative to prosecution.
- 5.4 Speed Awareness Workshops present an unparalleled opportunity to challenge the norm of speeding and persuade motorists to drive at safer speeds. SAWs have been proven to positively influence driver attitude and reduce reoffending rates⁹. The Parliamentary Advisory Council for Transport Safety suggest that SAWs 'may provide the key to achieving a critical mass of compliant drivers'¹⁰.
- 5.5 In Warwickshire SAWs are run by the County Council under a Service Level Agreement with the Police and the courses follow an approved national model¹¹. Attendee feedback highlights that the workshops are viewed positively with clients awarding the workshops an overall average rating of 4.6 out of 5. SAWs have a 70% take up amongst eligible drivers in Warwickshire and are predicted to be delivered to approx 10,000 motorists during 2011/12. Without speed cameras SAWs would not be delivered and this opportunity to educate motorists would be lost.

Vehicle Activated Signs (VAS)

- 5.6 Vehicle activated signs (VAS) provide individual feedback and advice to drivers by flashing up a message or warning to influence their behaviour. The signs are popular with motorists and communities alike. Permanent VAS were initially used in Warwickshire as part of casualty reduction schemes, but are now used more widely with purposes including encouraging speed limit compliance to support speed limit changes and in response to community concern. Temporary VAS are made available to local communities through the SpeedAware programme. VAS can reduce vehicle speeds, however the impact varies according to the type and size of sign, location, and scale of the initial problem. It is likely that the impact of VAS has reduced as the signs have become more common place and that drivers response to VAS lessens over time.
- 5.7 With approximately 300 VAS in Warwickshire, the annual maintenance and renewal cost has grown significantly and is predicted to increase further. Any increase in the number of VAS will increase costs at a time when budgets are declining.

⁹ Various examples highlighted in Dr F Fylan et al (Brainbox Research) and Prof. M Conner et al (University of Leeds) Road Safety Research Report No 66: Effective Interventions for Speeding Motorists. Department for Transport.

¹⁰ R Gwilliam (2008) Behave Yourself – Road Safety Police in the 21st Century. Parliamentary Advisory Council for Transport Safety.

¹¹ The SAW national model is designed by the Association of Chief Police Officers.

Community Based Initiatives

- 5.8 Interventions are available to help communities who are concerned about traffic speed that are not eligible to receive enforcement or engineering interventions because other sites with a worse casualty history have to take priority for funding. The Council run Community SpeedAware scheme and Police facilitated Community Speed Watch harness the enthusiasm of the community and involve them in the promotion of safer driving in their area. The initiatives also help to address the public's fear of the dangers posed by speeding traffic and reinforce drivers' awareness of their speed. However, the schemes concentrate on residential areas which are not where most serious casualties usually occur.

Lowering Speed Limits

- 5.9 The County Council's speed limit policy is based on Department for Transport guidance. The general policy is that speed limits should be self-sustainable, that is a speed limit that will be generally adhered to without needing enforcement. Lowering a speed limit will not normally reduce vehicle speeds by itself. Enhanced speed limit signing or additional engineering or enforcement measures are normally required.
- 5.10 Speed limits have been lowered through the following programmes:-
- (i) **Speed Limit Review.** A review of all A and B road speed limits required by the Government led to 120 speed limit changes.
 - (ii) **Village Speed Limit Review.** A systematic review of village speed limits on rural roads that aims to introduce 30mph speed limits in all villages. More than 40 villages have benefited from the scheme.

Physical Traffic Calming Measures

- 5.11 Physical traffic calming measures such as road humps, speed cushions, chicanes and narrowings can be effective at reducing road casualties, but are best suited to residential/suburban roads with low traffic volumes and speed limits of 30mph or less. Such techniques can be expensive, have high maintenance costs and are sometimes unpopular with motorists and residents once installed.

Driving Ambitions

- 5.12 Driving Ambitions is a programme offered through secondary schools to educate pre-drivers about driving, including the dangers and consequences of speeding. Driving Ambitions seeks to deliver positive messages about safe driving at a time when young people are forming opinions that will shape their future driving behaviour. The programme is a cost effective method of educating future drivers and is delivered to 85% of secondary schools.

Public Information and Education Campaigns

- 5.13 Information campaigns targeting road users set the context for other speed management activities and help the public understand the risks and dangers associated with speeding. Campaigns have been shown to influence the speed at which motorists drive. However, they require significant investment and there is currently no budget available to support campaigns that target speeding.

Roads Policing

- 5.14 Visible roads policing encourages compliance with traffic law by signifying a threat of detection and prosecution across the entire road network. It ensures that the threat of speeding detection still exists for motorists on roads not covered by cameras. Warwickshire Police prioritise enforcement which targets high harm offenders who pose the greatest risks to the safety of others. This includes targeting routes with historic road safety issues and locations where high risk road user groups such as powered two wheel riders and young drivers are present.
- 5.15 Physical policing is labour intensive, expensive and cannot deliver the same level of enforcement and presence on the roads offered by speed cameras for a much lower cost. A reliance on police enforcement on its own would have a far lower deterrent effect on speeding than when combined with cameras because the chance of apprehension would be significantly less. In light of reductions to police budgets, roads policing could not be relied upon to address the speeding problem in isolation.

6. Conclusion

- 6.1 The Council's policy is to target the resources available to prevent the greatest number of casualties so that we can provide Warwickshire's residents with the safest road network possible.
- 6.2 The Speed Management Strategy adopted by the Council utilises the whole range of techniques in the 3E's of road safety (engineering, education and enforcement) to combat excessive and inappropriate speed. This approach has served the Council well and contributed to its record of halving the number of road deaths and serious injuries and reducing them at a rate which exceeds the national average and government targets over the last decade.

6.3 Within this overall approach the correct solution will vary according to the problem, location and available resources and may change over time. The Council needs to constantly fine tune the way it deploys its resources in the light of changing circumstances. The Committee is invited to comment on the existing balance of measures used to influence traffic speed and if appropriate, make recommendations to Cabinet.

Report Authors:	Estyn Williams and Stephen Rumble
Head of Service:	Graeme Fitton
Strategic Director:	Paul Galland
Portfolio Holder:	Councillor R Hobbs

Communities Overview and Scrutiny Committee – 28 April 2011

Preventing Speed Related Road Casualties

Speed Management Strategy

1. Introduction

This strategy is a coordinated approach to the issue of speed which states objectives and develops proposals to address the management of speed in ways that result in roads that are safer for all, and takes into account the needs of local communities.

2. Speed Management

- 2.1 Successful management of speed will be achieved only by the County Council, Warwickshire Police, Borough and District Councils, Parish Councils and other community organisations working together.

The benefits of managing speed to better suit the local environment are:-

- (i) A reduction in the number of casualties on the road.
- (ii) A reduction in demands on the emergency services.
- (iii) Improvements to the quality of life in local communities.
- (iv) Encouragement of more environmentally friendly methods of travel.

Improvements in the environment for walking, cycling and horse riding.

To do this, we need to utilise a combination of the three 'E' s.

- (i) Education – to influence for the better the ways in which people drive, walk and cycle
- (ii) Engineering – to design and improve roads in a way that encourages safer and more responsible driving.
- (iii) Enforcement – to work with the Police to carry out targeted enforcement where there are significant road casualties or where unacceptable speeding is a problem

- 2.2 The overall objective is to attempt to alter the culture of the many drivers who consider that they alone can judge what speed is appropriate, into one in which a more responsible attitude prevails.

3. Why is Speed a Problem?

- 3.1 Speeding and accidents are closely related. When a hazardous situation arises the greater the speed, the greater the risk that an accident will occur. And the greater the speed of those involved in an accident the more serious the consequences will be.
- 3.2 Research shows that speed was a major contributory factor in around one third of all traffic accidents.
- 3.3 Drivers travelling too fast do not just put themselves at greater risk. They also endanger more vulnerable road users and adversely affect the environment of the communities through which they pass.
- 3.4 The great challenge is to change the culture of drivers. Many drivers view their speed as a matter for their personal decision based on their own values. We need to change this so that they give due consideration to the impact it has on the communities through which they pass.

4. The Role of the Driver

- 4.1 Influencing the attitude of drivers is therefore a key element of any strategy. Research at the University of Manchester categorised those drivers who are most likely to be involved in speed related accidents into three groups:-
 - (i) Error makers: those who do not look.
 - (ii) Lapsers: those who do not think.
 - (iii) Violators: those who do not care.
- 4.2 It is these three groups of drivers who most need to alter their approaches to driving by taking a more responsible attitude to other road users. This requires a culture change, so that the community finds driving too fast as socially unacceptable as drink driving.
- 4.3 However, it is not just these drivers who are the problem. We all drive too fast at times. There is a collective feeling that it is acceptable because everyone else does it and the chances of being detected and prosecuted, except at camera sites, is very small. Once again, it is necessary to change the culture, as this attitude can be passed on to our children when they start driving.
- 4.4 The majority of drivers do not speed significantly through their own communities, since they have an affinity with the people who live and work there. Many however, do so through other communities.

5. The Strategy Objectives and Their Implementation

- 5.1 The Strategy is formed of a set of objectives, each aimed at a particular problem associated with speed that is encountered in Warwickshire. This is followed with a statement setting down the Council's policy with respect to the objective.

- 5.2 The Strategy acknowledges and builds on many of the existing initiatives with regard to vehicle speeds and safety in the county. It then aims to add to and improve on these existing initiatives.
- 5.3 The Strategy is set out in a way that new developments, guidance and technologies can be accommodated and taken account of in the future.
- 5.4 In order that each policy can be followed, the Strategy identifies a number of actions that would need to be approved and funded for implementation in future years.
- 5.5 The timescale for delivering the strategy will depend on the funding available.

6. The Objectives and Policies

6.1 Objective SMS 1 - Education

To increase the awareness of drivers to the problems caused by inappropriate speed, and foster a more responsible attitude to driving at an appropriate speed for the road conditions.

Policy SMS 1

The County Council, with the support of Warwickshire Police, will continue to support national speed campaigns by local initiatives, with local campaigns and events aimed at raising the profile of the use of appropriate speed.

6.2 Objective SMS 2 - Education

To work with young drivers to improve their understanding of speed issues.

Policy SMS 2

The County Council will continue work with its partners to promote programmes to make young drivers, and those approaching driving age, more aware of the problems caused by inappropriate speed, and to foster a more responsible driving attitude.

6.3 Objective SMS 3 - Education

To assist communities with perceived speeding problems to take ownership of local issues.

Policy SMS 3

The County Council will work with Warwickshire Police, other local councils, and other bodies to give support to local communities that wish to promote safer driving and reduced speeds in their areas.

6.4 Objective SMS 4 - Education

To encourage drivers detected speeding to undergo training as an alternative to prosecution.

Policy SMS 4

The County Council will continue to work with the police to provide Speed Awareness workshops for drivers detected speeding as an alternative to prosecution.

6.5 Objective SMS 5 - Education

To encourage local businesses and employers to implement an Occupational Road Risk Policy, which will include speed issues.

Policy SMS 5

The County Council will offer training:-

- (i) To help local employers to fulfil their health and safety obligations by managing occupational road risk.
- (ii) To help occupational drivers to adopt safer driving practices.

6.6 Objective SMS 6 Engineering

To ensure that new and improved roads within the County are constructed so that their layout encourages responsible driving and more appropriate speeds.

Policy SMS 6

The County Council will continue to require that new and improved roads are designed and built to appropriate standards. In addition, they will require that the layout of these roads will encourage safer driving generally, and will generally discourage inappropriate speeds in environmentally sensitive areas.

6.7 Objective SMS 7 - Engineering

To gather data on road accidents to assist in the reduction in the number of speed related road casualties.

Policy SMS 7

The County Council will continue to work with Warwickshire Police to provide and analyse all available road accident data for those working towards reducing road casualties within the county, and where appropriate, to identify problems associated with inappropriate speed.

6.8 Objective SMS 8 - Engineering

To reduce casualties at those sites where significant numbers of accidents have occurred where speed was a factor.

Policy SMS 8

The County Council will work to reduce casualties at those sites with the worst records. At the sites where significant numbers of the accidents were speed

related, particular attention will be paid to using methods to reduce speeds to more appropriate levels.

6.9 Objective SMS 9 – Engineering

To have in place a policy for the setting of local speed limits

Policy SMS 9

The County Council will use the guidance in DfT Circular 01/2006 to assess and set local speed limits.

6.10 Objective SMS 10 - Engineering

To have in place appropriate speed limits on all county roads.

Policy SMS 10

The County Council will follow the recommendation of DfT Circular 01/2006 that 'Consistent with their duty in respect of road safety, traffic authorities will wish to focus on the use of speed management measures, including more appropriate speed limits, or a combination of these measures, on those roads (not just on A and B roads) with the most pressing problems of collisions and injuries, or where there is a widespread disregard for current speed limits'.

6.11 Objective SMS 11 - Engineering

To reduce the environmental impact of speeding traffic in villages.

Policy SMS 11

The County Council aims to ensure all villages in the County have a 30 mph speed limit where this can be achieved in accordance with its speed limit policy. Engineering measures will be employed where necessary to help reduce speeds to levels appropriate for a lower speed limit.

6.12 Objective SMS 12 – Engineering

To reduce the environmental impact of traffic in towns through an Urban Speed Limit Review.

Policy SMS 12

The County Council will develop an initiative for reviewing speed limits on the main road network of urban areas not covered by the A and B roads review. This will have a particular emphasis on achieving workable 30 mph limits on roads that currently have 40 mph limits. It is intended, however, that this should commence after the Village Speed Limit Review is substantially complete.

6.13 Objective SMS 13 - Engineering

To take advantage of opportunities which arise to further reduce speeds in certain environmentally sensitive areas by considering the introduction of 20mph speed limits or 20 mph zones where appropriate.

Policy SMS 13

The County Council will consider the use of 20 mph speed limits or 20 mph zones where appropriate in accordance with the speed limit policy. Engineering measures will be employed where necessary to help reduce speeds to levels appropriate for a lower speed limit.

6.14 Objective SMS 14 – Engineering

To ensure that drivers are at all times aware of the speed limit of the road on which they are travelling

Policy SMS 14

The County Council will regularly review and, where necessary update, the type, number and locations of all speed limit signs.

6.15 Objective SMS 15 - Enforcement

To provide improved levels of speed enforcement.

Policy SMS 15

The County Council will continue to press Warwickshire Police to carry out an increased level of speed enforcement, particularly where there are justifiable community concerns over speeding.

6.16 Objective SMS 16 – Enforcement

To reduce speeds where high levels of casualties have occurred, but where the installation of more conventional methods of casualty reduction treatment are not possible, or have been tried and significant levels of casualties continue to occur.

Policy SMS 16

The County Council will use safety cameras as part of its integrated strategy to reduce casualties. We will use them as a last resort where the evidence shows they are the most cost effective way of reducing casualties at a particular site or route.

We will adopt the recommendations of DfT Circular 1/2007 subject to the following amendments and additions:-

- (i) Sites and routes will be prioritised on the basis of their casualty history and safety cameras will be considered as part of any engineering treatment or measure where it is the most effective method of reducing road casualties.
- (ii) Safety camera enforcement will be carried out in an entirely open and conspicuous way, but advance signing will only be used where it is likely to help reduce casualties.

Communities Overview and Scrutiny Committee – 28 April 2011

Preventing Speed Related Road Casualties

Speed Management Techniques

B1. Speed Cameras

B1.1 Funding Arrangements

Speed cameras were first used in the UK in 1992. Following a series of successful trials the National Safety Camera Programme was launched in 2001 to pave the way for a national roll out of cameras. Warwickshire joined the programme at the end of 2001.

Safety camera enforcement was originally funded through a process known as hypothecation or 'netting-off'. This allowed safety camera partnerships to recover the costs of operating cameras and conducting education programmes from fines paid by speeding motorists. This system was replaced in 2007 by the road safety grant which was allocated to Local Authorities through the Local Transport Plan initially and more recently through the Area Based Grant. The introduction of the grant provided local areas with new freedoms to make local decisions on how to use the funding to support road safety or other local priorities. In Warwickshire part of the grant was used to support initiatives targeting young drivers¹ and motorcyclists², as well as funding the community based SpeedAware project.

In 2011/12 camera enforcement is funded by Council funding (£250k) supplemented by surplus from running Speed Awareness Workshops (SAWs). This type of funding model has the approval of the Road Safety Minister. The approach ensures the deterrent effect of speed cameras are maintained, but also enables us to educate less serious speeders through SAWs. It would cost an estimated £500 to £750k to discontinue all speed camera enforcement in Warwickshire due to redundancies, decommissioning sites, building costs etc.

The amount of camera enforcement in Warwickshire in 2011/12 has reduced in response to funding cuts. All fixed speed camera sites have been retained, but the number of cameras that are operational at any one time has been reduced. In addition, Warwickshire Police have reduced the number of mobile enforcement units. Speed camera deployment is prioritised on the basis of the severity of the casualty and speeding problem.

¹ 17% of drivers/riders killed or seriously injured in Warwickshire in 2010 were aged 17-21.

² Power two wheel users represent approximately 1% of road traffic but made up 18% of road users killed or seriously injured in Warwickshire in 2010.

B1.2 Fixed Cameras

Although initially expensive to install, fixed speed cameras have low ongoing operating costs. This is particularly the case with newer digital fixed cameras where the digital process negates the need to load, collect and process wet film. By nature of being in position permanently fixed cameras offer a greater number of hours deterrent than mobile cameras.

B1.3 Mobile Cameras

The temporary nature of mobile cameras enable enforcement at a greater number of locations compared to fixed cameras and contribute to the overall deterrent to speeding through the unpredictable nature of their deployment. Mobile camera operating costs are higher than fixed cameras because they require a vehicle and operator to undertake the enforcement.

B1.4 Impact of Cameras on Speeding

A survey undertaken in 2006 revealed that 37% of respondents were less likely to speed following the recent increase in the number of cameras and only 17% said they just slow for cameras³. This is supported by national statistics collected by permanent automatic traffic counters at locations away from any form of speed management⁴. The figures show that average speeds in free-flowing traffic fell from 33mph to 30mph and the percentage of vehicles exceeding the limit all fell from 72% to 48% between 1996 and 2009. The greatest change took place between 2001 and 2005, which coincides with roll-out of the national safety camera programme.

Evidence shows that vehicle speeds increase when fixed cameras are decommissioned. There was, for example, a significant increase in vehicle speeds in the vicinity of the fixed speed camera at Greenmoor Road, Nuneaton after it was put out of action by vandalism. The proportion of vehicles exceeding the speed limit increased from 1% to 14%.

The decision to switch off all cameras in Oxfordshire in August 2010 led to an increase in speeding traffic at camera sites with rises in speeding offences of up to 400% being recorded at camera sites⁵. This ultimately led to Oxfordshire County Council reversing its decision to switch off cameras and camera enforcement was reinstated in April 2011.

B1.5 Public Opinion of Speed Cameras

Two-thirds of respondents to a 2006 public opinion survey of Warwickshire households said they supported the use of safety cameras and just 20% said they opposed their use.⁶

³ Survey by Warwickshire Casualty Reduction Partnership. 1,002 postal questionnaires distributed to Warwickshire addresses selected at random from the electoral register. 24.7% response rate.

⁴ Department for Transport (2010). Road Statistics 2009: Traffic Speed and Congestion.

⁵ R Owen (2010) The Speed Camera Switch-off: One Month On. Thames Valley Safer Roads Partnership & Daily Mail (24/11/10) 'Police to restore safety cameras as speeding soars 400% following the big switch-off'.

⁶ Survey by Warwickshire Casualty Reduction Partnership. 1,002 postal questionnaires distributed to Warwickshire addresses selected at random from the electoral register. 24.7% response rate.

The Council's Citizen's Panel survey of October 2009 included questions on road safety. Asked which measures were the most important in reducing accidents 52% nominated enforcing speed limits. Asked which methods were the most effective at reducing speeds 41% nominated cameras in residential areas and 45% nominated cameras on main roads.

In an annual survey of members the AA asks 'It is now common for the police to use speed cameras at the side of the road to identify vehicles in speeding offences. How acceptable do you think this is?'. In 2010 75% of respondents answered 'quite acceptable' or 'very acceptable'.⁷

B1.6 Key studies assessing the effectiveness of speed cameras.

Prof. Richard Allsop (2010): The Effectiveness of Speed Cameras: A Review of the Evidence. RAC Foundation

Camera type	Average speed reduction	Average reduction in proportion of vehicles exceeding speed limit (%)	Average reduction in Proportion of vehicles exceeding speed limit by 15mph+ (%)
Fixed camera – urban	5.3mph	72%	94%
Fixed camera - rural		51%	62%
Mobile urban	1.4mph	18%	36%
Mobile rural	1.0mph		

Allsop concludes that speed cameras have been preventing approximately 800 KSI casualties per year nationally.

Other robust studies to conclude that speed cameras have a positive impact on vehicle speeds and road casualties include:-

- (i) Wilson C, Willis C, Hendrikz JK, Le Brocque R, Bellamy N. (2010) Speed cameras for the prevention of road traffic injuries and deaths. Cochrane Database of Systematic Reviews.
- (ii) Gains, M. Nordstrom, Prof B. Heydecker, J. Shrewsbury (2005): The National Safety Camera Programme: Four Year Evaluation Report. DfT 2005.

⁷ Prof R Allsop (2010) The Effectiveness of Speed Cameras: A Review of Evidence. RAC Foundation.

B2. Vehicle Activated Signs (VAS)

Vehicle Activated Signs (VAS) provide individual feedback and advice to drivers by flashing up a message or warning in order to alter driver behaviour. The signs have two primary functions:-

- (i) To encourage drivers to approach hazards such as bends and junctions at a safe speed.
- (ii) To encourage speed limit compliance to support speed limit changes or in response to public concerns over perceived speed or accident issues.

Transport Research Laboratory⁸ study published in 2002 found that:-

- (i) Junction and bend warning signs reduced average speed by up to 7mph.
- (ii) Average speeds were reduced by an average of 4.5 mph at 30mph sites using VAS that displayed speed roundels.
- (iii) Accidents across 24 sites in Norfolk reduced by one-third compared with the number of accidents that would have been expected without signs.

Study conducted by South Gloucestershire Council⁹ of 33 VASs found that:

- (i) average speeds reduced by 4mph
- (ii) 3 year accident numbers were estimated to have reduced by 7%.

These studies were conducted when VAS were a recent innovation, sparsely used, and focused on locations where there was a clear link between the message displayed and behaviour requested. It is likely that some of the VAS were used in conjunction with other engineering techniques as larger safety schemes.

In more recent research, Prof. Allsop¹⁰ found that on a 30mph road with high traffic volume, speed increased significantly when a VAS was installed to replace a fixed speed camera:-

- (i) Average speeds rose by over 4mph
- (ii) The daily number of vehicles exceeding 35mph increased from less than 100 per day with the camera in action, to over 1,000.

The Transport Research Laboratory found that VAS had little effect on speeds when used to encourage compliance with temporary 20mph limits outside schools. Added to this, the cost of installation (a VAS would be required on all approach roads as well as the road on which the school is situated) led to the conclusion that they offered poor value for money. The Department for Transport have indicated that requests for authorisation to conduct similar work is unlikely to receive approval.¹¹

⁸ M Winnett and A Wheeler (2002) Vehicle-activated signs – a large scale evaluation. Transport Research Laboratory

⁹ South Gloucestershire Council (2002) Vehicle Activated Signs in South Gloucestershire.

¹⁰ Prof R Allsop (2010) The Effectiveness of Speed Cameras: A Review of Evidence. RAC Foundation.

¹¹ Department for Transport (2003) Traffic Advisory Leaflet 1/03.

There is overwhelming public support for VAS. A survey by MORI for the County Surveyors Society in 2006 found that VAS were supported by 80% of the public, compared to speed cameras 62% and humps 53%.

B2.1 Temporary Vehicle Activated Signs

Two studies that have measured the impact of temporary vehicle activated signs found the signs have a limited (at best a 1.9mph reduction in average speed) and short-lived impact on vehicle speeds. The studies also revealed that vehicle speeds return to normal levels as soon as the signs are removed.¹²

B3. Community Based Initiatives

B3.1 SpeedAware

SpeedAware helps communities to combat speeding and promote safe driving through the provision of a two-week package of measures. SpeedAware is available at a cost of £250 and provides:-

- (i) Visits from an operator using a Speed Indicator Device (displays a vehicle's speed followed by either a smiling or frowning face).
- (ii) Small vehicle activated signs mounted to posts.
- (iii) Wheelie bin stickers and other promotional materials.
- (iv) Temporary posters displayed along the roadside.

The scheme can operate on roads with 30 or 40mph limits.

B3.2 Community SpeedAware

Community SpeedAware utilises community volunteers by loaning out portable VAS (Smiley Speed Indicator Device flashing signs) to those areas where there is a strong local concern over traffic speeds. The scheme consists of a tripod mounted flashing sign which is loaned out for two weeks. Full training and Health & Safety equipment is given out free of charge. The scheme is ideal for small groups, Neighbourhood Watch groups or local councils.

B3.3 Community Speed Watch

Community Speed Watch enables volunteers to monitor traffic speed. Community volunteers are trained by Warwickshire Police to monitor vehicle speeds with laser speed guns at approved sites within 30 or 40mph speed limits. The Police issue letters to speeding drivers to encourage them to comply with speed limits. Repeat offenders may be targeted with enforcement. The visible presence of Community Speed Watch can have a positive impact on the traffic speed.

Equipping a Community Speed Watch programme typically costs £3,000. There are also additional training and monitoring costs. The back office activity of writing to speeding drivers is performed by Police volunteers. Warwickshire Police have

¹² LK Walter and J Knowles (2008) Effectiveness of Speed Indicator Devices on reducing vehicle speeds in London. Transport Research Laboratory. Poulter and McKenna (2005) Long-term SID report. University of Reading project report for Royal Borough of Kensington.

purchased eight sets of equipment through a grant from Community Cash Back¹³ which are lent to Community Speed Watch Groups on a rotational basis. In addition three groups (Kenilworth, Long Marston and Warwick Woodloes) have purchased their own equipment to enable them to operate on a permanent basis. There has been considerable interest in the scheme in Stratford and Warwick Districts, but less involvement from community groups from the north of the county.

B4 - Lowering Speed Limits

Citizen's Panel (Wave 31, October 2009), 66% of respondents supported the introduction of lower speed limits to improve safety.

B4.1 The Speed Limit Review

The review of speed limits on all Warwickshire A and B class roads as required by the Government followed guidance set by the Department for Transport (DfT Circular 1/2006) and led to more than 120 speed limit changes. Limits were not changed on routes where it was determined that a lower limit would be unrealistic without additional engineering measures.

One year evaluation results showed:-

- (i) Average speeds reduced on 85% of the roads where speed limits were lowered.
- (ii) 22% reduction in injury crashes.
- (iii) 35% reduction in crashes resulting in death or serious injury.

B4.2 Village Speed Limit Review

The Village Speed Limit Review has conducted a systematic review of village speed limits on rural roads with the aim of introducing 30mph speed limits in all villages. More than 40 villages have benefited from the scheme with speed reductions of up to 10mph being experienced in some villages. All villages on A or B class roads have been reviewed and the review of villages on C roads is almost complete.

B5 - Physical Traffic Calming Measures

A study by the University of Leeds looked at 35 British traffic calming schemes, the majority of which included vertical shifts such as speed humps or cushions and found that:-

- (i) The 85th percentile speed (speed at or above which 85% of vehicles travel) fell by an average 12mph across all sites.
- (ii) Accident levels fell by up to 40%.

B6 – Driving Ambitions

Driving Ambitions was independently evaluated by Brainbox Research in 2009. The summary findings were:-

¹³ Community Cash Back Grants allocates a proportion of money recovered from criminals back in communities.

- (i) Young people experience a significant positive change in attitudes following Driving Ambitions, particularly towards speeding and using mobile phones while driving.
- (ii) Driving Ambitions causes a change in how young people feel about taking risks and an increase in their awareness of how they are personally at risk. Young people become more aware that if they take risks or make mistakes they can be in a serious collision with severe consequences.
- (iii) Driving Ambitions encourages greater confidence amongst young people in their ability to behave safely, even if their friends do not.
- (iv) Young people who have experienced Driving Ambitions have significantly greater knowledge of risks on the road, and they understand how they can stay safe on the roads.
- (v) Following Driving Ambitions, young people are more aware of how state of mind influences driving, and they can recognise when other people are not driving safely.
- (vi) The presentation material and the presenters' personal accounts help young people to understand the severity of being involved in a collision. Being in a collision is made to seem much more real to them and they gain a greater understanding of the need for drivers to take responsibility for themselves and their passengers.

B7 Publicity Campaigns

A 2006 Midlands wide publicity campaign targeted young drivers with the message that by speeding they could kill or injure someone close to them. The evaluation¹⁴ showed:-

- (i) 45% of respondents recalled seeing or hearing the campaign.
- (ii) 27% said the posters would encourage them to ask a fast driver to slow down.
- (iii) 39% said the posters would make them drive more slowly.
- (iv) 45% said the adverts would make them more aware of their speed.

Think Road Safety National Campaigns

Funding of national Government road safety campaigns through the Think! brand has been cut. We anticipate there being less national high profile road safety campaigns.

¹⁴ 599 interviews with target age group conducted across Midlands by independent market research agency.

Agenda No 5

AGENDA MANAGEMENT SHEET

Name of Committee	Communities Overview and Scrutiny
Date of Committee	28th April 2011
Report Title	Implementing the Fire and Rescue Service Improvement Plan
Summary	<p>The Fire and Rescue Service is making good progress on delivering its Improvement Plan. All projects are on track. Benefits delivered to date include:</p> <ul style="list-style-type: none">• Capacity released from changing our response to Automatic Fire Alarms (AFAs) – turnouts reduced by 67 per cent;• Meeting the target of 10,000 home fire safety checks to help local people be safer in their homes and reduce accidental dwelling fires;• Increased training for firefighters to improve firefighter safety; and• Reduced days lost to sickness absence.
For further information please contact:	Gary Phillips, Deputy Chief 01926 423231 Fire Officer
Would the recommended decision be contrary to the Budget and Policy Framework?	No
Background papers	Cabinet Paper 20 th July 2010 'Improving Warwickshire Fire and Rescue Service' Communities Overview & Scrutiny Report 3 rd November 2010 'Implementing the Fire and Rescue Service Improvement Plan'

Appendices

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

Other Committees

Local Member(s)

Councillor Heather Timms, Councillor Angela Warner

- | | | |
|---------------------------|-------------------------------------|--|
| Other Elected Members | <input checked="" type="checkbox"/> | Councillor John Whitehouse, Councillor Richard
Chattaway, Councillor Chris Williams, Councillor
Sarah Boad |
| Cabinet Member | <input checked="" type="checkbox"/> | Councillor Richard Hobbs |
| Chief Executive | <input type="checkbox"/> | |
| Legal | <input checked="" type="checkbox"/> | Greta Needham |
| Finance | <input checked="" type="checkbox"/> | Helen Murphy |
| Other Strategic Directors | <input checked="" type="checkbox"/> | David Carter, Monica Fogarty |
| District Councils | <input type="checkbox"/> | |
| Health Authority | <input type="checkbox"/> | |
| Police | <input type="checkbox"/> | |
| Other Bodies/Individuals | <input checked="" type="checkbox"/> | Michelle McHugh, Kate Nash |

FINAL DECISION

SUGGESTED NEXT STEPS:

Details to be specified

- | | |
|--|--------------------------|
| Further consideration by
this Committee | <input type="checkbox"/> |
| To Council | <input type="checkbox"/> |
| To Cabinet | <input type="checkbox"/> |
| To an O and S Committee | <input type="checkbox"/> |
| To an Area Committee | <input type="checkbox"/> |
| Further Consultation | <input type="checkbox"/> |

Communities Overview and Scrutiny

28th April 2011

Implementing the Fire and Rescue Service Improvement Plan

Recommendation

The Communities Overview and Scrutiny Committee consider the report and make recommendations as appropriate.

1.0 Introduction

- 1.1 Warwickshire County Council is committed to providing the best possible Fire and Rescue Service for its communities, delivering value for money and ensuring firefighter safety. The Improvement Plan is helping increase the pace of change in delivering a fitter, stronger Fire and Rescue Service.
- 1.2 This report provides an update on progress made by the Fire and Rescue Service since the last report to the Overview and Scrutiny Committee on 3rd November 2010.

2.0 Governance Arrangements

- 2.1 Governance arrangements continue to be applied in line with PRINCE 2 principles. Project teams have produced project initiation documents, project plans and risk registers and report progress monthly to the Programme Manager. Standard templates are used for project reporting in line with the County Council's approach. The programme board, the Fire and Rescue Strategic Leadership Team, receive a monthly progress report from the Programme Manager and presentations from project teams as required. Training has been provided for Programme Board members and Project Managers to ensure their roles and responsibilities are understood.

3.0 Programme Plan

- 3.1 The programme plan is shown in Appendix A. The following table summarises the programme plan.

Project	When
STEP 1: Duty systems and Resources <ul style="list-style-type: none"> • New Duty System to improve Firefighter availability • Managerial and Support Function Rationalisation • Decommission Warwick and Brinklow stations • Convert Alcester to a Wholetime station • Decommission Studley 	January 2012 By September 2011 September 2011 By December 2012 By March 2013
STEP 2: New false alarm policy	March 2011 ACHIEVED
STEP 3: Increase Home Fire Safety Checks	10,000 by 31/3/11 ACHIEVED
STEP 4: Additional firefighter training	Annually PHASE 1 ACHIEVED
STEP 5: Improved attendance management	March 2011 ACHIEVED
STEP 6: Enhanced Flood Response	March 2012
STEP 7: Road Traffic Collision Units/Specialist Rescue	March 2012
STEP 8: Deploy Small Fires Unit at Bedworth	March 2012

4.0 Progress to date

- 4.1 Step 1:** We are changing **duty systems** to improve our ability to respond. This will be supported by the procurement of an IT system to help manage crewing levels for wholetime and retained duty staff. The restructure of managerial and support functions is underway. Plans to decommission Warwick, Brinklow and Studley, and convert Alcester to a wholetime station by March 2013 are all on track. We are consulting staff and Unions on all these changes.
- 4.2 Step 2:** Since its introduction last September the new **AFA policy** has resulted in over 1000 fewer vehicle movements. This is a reduction of **67%** compared with the same period in the previous 12 months and a predicted saving of £100,000 a year. The new policy is releasing capacity for more firefighter training and delivering home fire safety checks. It has also reduced unnecessary journeys which reduces our impact on the environment.
- 4.3 Step 3:** We have met the target of delivering **10,000 home fire safety checks**, an increase of **33%** on last year. Most of them (88%) were delivered by firefighters. We are now reviewing our approach to ensure our efforts are targeted to the most vulnerable people in our communities.
- 4.4 Step 4:** All firefighters up to Area Manager level have received 'hot fire' **training** to ensure they have a realistic awareness of the heat and smoke that is experienced in fires. A second round of training is now underway at the Fire Service College which will include experience of fire in high rise buildings.
- 4.5 Step 5:** Fewer days are being lost to **sickness** as we have improved how we manage sickness absence and are helping people return to work. In 2010/11 over a six month period 170 fewer days were lost to sickness, a reduction in absence costs of £26,010. We also have a new Fitness Service Order and are purchasing more fitness equipment for stations.

- 4.6 Step 6:** We have procured rescue poles to enhance our **water rescue** response. We also plan to strengthen water rescue training and provide additional equipment to improve our response to flooding incidents.
- 4.7 Step 7:** We are improving our response to **road traffic collisions** (RTCs) by procuring a refurbished unit (to be based at Coleshill), more equipment on appliances and firefighter training. We are reviewing our response to animal rescue including improving procedures and providing better equipment.
- 4.8 Step 8:** Plans are progressing for a new **small fires unit** at Bedworth. Vehicle specifications have been prepared and trials of new water fogging equipment have taken place.

5.0 Project Risks

- 5.1 Project risks are recorded and managed by all projects in line with the new County Council approach. Project risks are held in a central register and reviewed regularly by project managers and escalated to SLT as required. Higher level risks include the following:
- Insufficient resources on projects and lack of continuity through loss of key people to deliver other key work e.g. work required following the outcome of the Atherstone-on-Stour tragedy, and the need to provide our own Fire Control service following the demise of the Regional Control Centre project;
 - Insufficient procurement capacity to support project implementation;
 - The workforce and Unions are not supportive of the changes and the possibility of industrial action by the Fire Brigades Union; and
 - Failure to procure and implement the required IT to support the projects e.g. new duty systems and Home Fire Safety Check system.

6.0 Programme Communication

- 6.1 A communication framework has been developed and is being managed by the Programme Manager to meet the needs of each project. Regular updates are provided to all staff through the monthly team brief and presentations. Consultation is progressing with staff on stations due for decommissioning and those involved with crewing changes. The Unions are involved on all projects. External communication is being managed with the support of Lisa Mowe.

7.0 Improvement Plan Support

- 7.1 We are undertaking a pilot on 'system thinking' to provide additional support for the Improvement Plan. Systems thinking is a methodology that radically challenges the way we currently think about the design of work. This work will enable us to take an outside in view of our service to understand what causes us to work the way we do and identify opportunities to deliver improvements to the communities we serve, our staff who do the work and the taxpayers who fund us.

8.0 Recommendation

8.1 The Communities Overview and Scrutiny committee consider the report and make recommendations as appropriate.

Report Author: Gary Phillips

Head(s) of Service: n/a

Strategic Director(s): Graeme Smith

Portfolio Holder(s): Councillor Richard Hobbs

AGENDA MANAGEMENT SHEET

Name of Committee

Communities Overview And Scrutiny

Date of Committee

28 April 2011

Report Title

Fire Sprinkler Systems

Summary

The Fire and Rescue Service (FRS) in Warwickshire have made excellent progress over recent years in reducing the number of deaths and injuries from fire. Whilst the figures remain relatively low, there are few emergencies which can have such an immediate and major impact as a fire in a home, school, industrial premise or business. Fire can and does bring significant disruption to communities, the environment and the local economy. Fire sprinklers protect buildings; they protect the contents of buildings, reduce risk to the occupants and more critically they reduce risk to firefighters. Warwickshire Fire and Rescue Service now seek to promote the installation of fire sprinklers in residential premises, schools commercial and industrial premises.

This report was deferred from the 1 March 2011 meeting.

For further information please contact:

Gary Phillips
Deputy Chief Fire Officer
Tel: 01925 423231
garyphillips@warwickshire.gov.uk
No.

Would the recommended decision be contrary to the Budget and Policy Framework?

Building Research Establishment - Effectiveness of Sprinklers in Residential Premises
http://www.bre.co.uk/filelibrary/rpts/sprinkler/sprinkler_exec_summary.pdf

And

http://www.bre.co.uk/filelibrary/rpts/sprinkler/sprinkler_section2.pdf

Background papers

Communities and Local Government - Provision of Sprinklers to Existing Residential Premises - The Preparation of a Regulatory Impact Assessment
<http://www.rmd.communities.gov.uk/project.asp?intProjectID=11790>

East Ayrshire Council – Consultation on the Introduction of Automatic Life Safety Fire Suppression Systems within the Building Regulations

<http://www.east-ayrshire.gov.uk/crpadmmin/agendas/dev%20serv/june%202004/consultation%20on%20the%20introduction%20of%20automatic%20life%20safety%20fire%20suppression%20systems.pdf>

Article - Fire Department Scottsdale - Saving Lives, Saving Money: Automatic Fire Sprinklers: A 10 Year Study

http://findarticles.com/p/articles/mi_qa3737/is_200507/ai_n14823548/

House of Commons Library – Sprinkler Systems in Schools Report 15th May 2009

<http://www.parliament.uk/commons/lib/research/briefings/snsc-05070.pdf>

National Assembly for Wales (Legislative Competence) (No7) Order 2008

<http://www.assemblywales.org/lco-ld6962-e.pdf?langoption=3&tll=LCO-LD6963%20-%20The%20National%20Assembly%20for%20Wales%20%28Legislative%20Competence%29%20%28Domestic%20Fire%20Safety%29%20Order%202008>

And

<http://www.assemblywales.org/lco-ld6962-em-e.pdf?langoption=3&tll=LCO-LD6963-EM%20-%20The%20National%20Assembly%20for%20Wales%20%28Legislative%20Competence%29%20%28Domestic%20Fire%20Safety%29%20Order%202008%20-%20Explanatory%20Memorandum>

National Fire Sprinkler Network – Minutes of Last Meeting

<http://www.nfsn.co.uk/meetings/2009/june/02-09%20NFSN%20Minutes%2004.06.08.pdf>

Copper Residential Sprinklers Systems for Life safety and Property Protection, Wiltshire Fire and Rescue Service

<http://www.copperinfo.co.uk/plumbing-heating-and-sprinklers/downloads/pub-147-copper-residential-sprinkler-systems.pdf>

Wiltshire Fire and Rescue Service Case Study – Residential Sprinklers Save House

<http://www.bckcontractingltd.co.uk/Wiltshire%20Fire%20Brigade%20Media%20Release.htm>

Local Government Association: Automatic Fire Sprinklers – A Guide for Domestic Properties
<http://www.lga.gov.uk/lga/aio/283729>

Local Government Association: Fire Sprinklers and Schools – A Survey of Fire and Rescue Services and Local Authorities 2008
<http://www.lga.gov.uk/lga/aio/814297>

Local Government Association: Automatic Fire Sprinklers – A Toolkit for Schools
<http://www.lga.gov.uk/lga/aio/283732>

Local Government Association: The Benefits of Automatic Water Suppression Systems – A Quick Guide for Councillors
<http://www.lga.gov.uk/lga/aio/1094744>

Department for Children, Schools and Families Building Bulletin 100: Design for Fire Safety in Schools

http://www.teachernet.gov.uk/doc/12199/BuildingBulletin100_onlineversion.pdf

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

- Other Committees
- Local Member(s)
- Other Elected Members Cllr John Whitehouse, Cllr Richard Chattaway,
- Cabinet Member Cllr Richard Hobbs
- Chief Executive
- Legal Greta Needham
- Finance Helen Murphy
- Other Chief Officers
- District Councils
- Health Authority
- Police

Other Bodies/Individuals

FINAL DECISION NO

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee

To Council

To Cabinet X

To an O & S Committee

To an Area Committee

Further Consultation

Communities Overview And Scrutiny - 1st March 2011.

Fire Sprinkler Systems

Recommendation

That the Communities Overview and Scrutiny Committee considers the report and resolves to support the Fire and Rescue Service in promoting Fire Sprinkler Systems

1. Introduction

- 1.1 This report details information in relation to fire sprinklers and how Warwickshire Fire and Rescue Service (WFRS) is approaching the promotion of sprinklers in schools, residential, commercial and industrial premises.
- 1.2 Within the WFRS draft Service Plan 2011/12 three proposals have been made in relation to fire sprinklers:
 - (i) Work with building developers, district and borough councils and housing associations to help them understand the benefits of installing sprinklers in new homes across Warwickshire.
 - (ii) Encourage building developers to install sprinklers in new, large or high-risk industrial or commercial premises, that do not currently have sprinklers installed.
 - (iii) Make sure that sprinklers are installed in new or substantially refurbished schools in Warwickshire, in accordance with central government guidance.
- 1.3 There are few emergencies which can have such an immediate and major impact as a fire in a home, school, industrial premises or business. Fire can and does bring significant disruption to communities, the environment and the local economy.
- 1.4 It is believed that too few businesses appreciate the extent and cost of fires. Some indication of this can be seen from the fact that each year in the UK thousands of businesses are affected by fire. Where a business is the victim of a serious fire, the consequences can be very severe. Enforced closures while premises are rebuilt and moves made to temporary premises inevitably lead to a loss of customers, trade and employees. It may take years for businesses to regain their pre-fire trading levels and the local economy and community is impacted as a result. Research has shown that up to 80% of businesses which suffer a serious fire close-down within 18 months.
- 1.5 The cost of fire in residential buildings remains one of the largest contributors to the total economic cost of fire in the UK, accounting for 28% of the overall cost. The average cost of a domestic fire in the UK is estimated by Government at

£25,000; of which approximately £14,600 is accounted for by the economic cost of injuries and fatalities, the remainder being property damage and the costs associated with the agencies involved in dealing with the fire i.e. the fire and rescue service, local authorities and police etc. In 2010, WFRS attended 239 dwelling fires which equates to approx £6Million.

- 1.6 Every year approximately 1,300 schools in the UK suffer from fires. Nationally school fires in the UK cost approximately £58 million per year. On average each school fire costs £44,000. Most school fires are started deliberately by young people. Sprinkler systems have great potential to help prevent the impact that a fire can have in a school. In March 2007, Jim Knight, The Minister of State for Schools and Learners, announced that it was the Department for Children Schools and Families (DCSF) expectation that all new schools will have sprinklers fitted, and exceptions to this would have to be justified by demonstrating that a school is low risk and that the use of sprinklers would not be good value for money.
- 1.7 There are many reported benefits associated with the installation of fire sprinklers: They protect buildings; they protect the contents of buildings; and they reduce risk to the occupants of buildings. They also reduce risk to firefighters: sprinklers detect and control fires when they are small, and activate an evacuation alarm. On this basis they frequently negate the need for firefighters to tackle, what would otherwise become large fires, or engage in hazardous search-and-rescue operations.
- 1.8 The installation of sprinkler systems also achieves environmental benefits. The volume of water needed for fire-fighting is reduced as is the run-off water from fire-fighting operations, which may contain chemicals. Firefighters often use 20 times more water from hoses to do the same job as a sprinkler. In tackling the Windsor Castle fire 7-million litres of water was used. As fire sprinklers limit fire size, the smoke and products of combustion from a fire are also reduced significantly. These can be a significant pollutant and cover wide areas of a community.

2. Evidence to support that the assertion that sprinkler systems have been proven to protect lives and prevent serious damage to property

- 2.1 A number of reports have been produced on the subject of fire sprinklers. The issue has been under much debate in the UK because sprinklers offer a means of saving lives in commercial and industrial premises, schools and residential properties. However, a cost is attached to their installation. The key question raised within reports often appears to be: can a sprinkler system provide adequate fire control to allow escape and/or rescue at a reasonable cost?
- 2.2 The use of sprinklers in commercial and industrial buildings is now widely accepted in the UK and internationally. However, prior to 2004 there was a lack of information regarding the overall effectiveness of sprinklers in a residential setting. As a result the Government commissioned the Building Research Establishment (BRE) to carry out a study to ascertain the effectiveness of sprinklers designed for installation and use in residential property.

- 2.3 The study reported that there was a strong correlation between the risks of death and injury per fire, and the ultimate fire size. This provided for an indirect indication of sprinkler effectiveness i.e. the larger the fire the more likely it was to kill or injure – sprinklers where fitted are shown to restrict fire growth, thus reducing this risk.
- 2.4 Estimates of sprinkler effectiveness at reducing deaths or injuries were made for residential categories of premises. The report makes the following observations in connection with the presence of sprinklers:
- (i) Reduction in the number of deaths of 70% (+/- 15%)
 - (ii) Reduction in the number of injuries of 30% (+/- 15%)
 - (iii) Reduction in the number of rescues required of 35% (flats 50%) (+/- 15%)
 - (iv) Reduction in the average property damage of 50% (+/- 15%)
- 2.5 The report also reviewed other countries' experiences with domestic sprinklers and indicated that there was a reduction in deaths and injuries as a result of their use. However, the BRE report also identified that residential sprinklers were not always deemed to be cost effective for all types of residential buildings but were most cost effective for residential care homes, multi-storey blocks of flats or other premises whose structural characteristics or occupancy-type generated additional risk (it should be noted that, in terms of value-for-money, recent research conducted by Communities and Local Government (CLG) indicates the cost of sprinkler systems for a typical house have now been reduced significantly, to between £1000 and £2000 per house depending on water pressure (there is a requirement for a pump to be installed in low pressure areas) - this is thought to bring their use within affordability limits).
- 2.6 The BRE report outlined the results of practical tests comparing eight un-sprinklered and sprinklered lounge fires within two-storey detached houses of traditional construction. Sprinklers operated within 7-minutes from ignition, controlled all the fires and confined them to 30-50% of the item ignited first (for example a television set was used for test purposes). For un-sprinklered fires, the fire damage area was greater. The main conclusions from the practical tests were:
- (i) With sprinklers, the fire gases were cooled sufficiently that the occupants of the room of origin of the fire would not have experienced extreme pain from the heat.
 - (ii) With sprinklers death would not have occurred.
 - (iii) Sprinklers would maintain tenable conditions throughout the house affected.
 - (iv) Without sprinklers the fire would eventually cause untenable conditions throughout the house.
 - (v) Sprinklers reduced convected heat from the fire.

- 2.7 Wiltshire Fire and Rescue Service successfully worked in partnership with local housing associations and planners in relation to the installation of fire sprinkler installations in 212 houses within an estate in Studley Green, Wiltshire. This is providing long lasting protection for a vulnerable community. Last year one fire on the estate was confined to the room of origin and damage was minor. Only one fire sprinkler activated. In this case, the smoke detectors in the house were inoperable and the fire started at 02.00 hours when all occupants were asleep.
- 2.8 The Fire Protection Association (FPA) reports that every year approximately 2000 schools in the UK suffer from fires. According to the latest estimates made by CLG there are 1,300 fires in schools per year where the fire and rescue service attends to extinguish the fire. This builds in significant costs related to the deployment of fire and rescue service assets and incurs direct costs related to building damage and injury by fire etc.
- 2.9 The research indicates that the cost of school fires is in the region of £58 million per year (2000-04 figures). Around 56% of school fires are started deliberately. It is reported that about one-third of arson attacks are carried out during school time, when children are at school. This trend is reported to be increasing.
- 2.10 The short-term effects of loss of facilities and equipment can be calculated, but the longer-term effects of loss of coursework and the disruption of classes are intangible and harder to quantify. However, a major fire is likely to disrupt a child's education for many months.
- 2.11 The Local Government Association (LGA) has published a leaflet titled; "The benefits of automatic water suppression systems – a quick guide for councillors". This contains interesting facts in connection with sprinkler systems. In addition, it outlines a three point plan for councillors, which includes recommending that councillors ensure: "Their council is following the DCSF risk assessment tool and policy which expects almost all new build and major refurbished schools are to be fitted with sprinkler systems". The LGA has adopted a lobbying stance with Government in seeking to extend and develop legislation in England which supports the wider use of sprinklers in buildings.
- 2.12 A report published by the National Fire Protection Association (NFPA) in 2007 concluded that in properties in the United States of America where sprinklers are fitted:
- (i) The death rate per fire is lower by at least 57%.
 - (ii) For most property uses, damage per fire is lower by one-third to two-thirds.
 - (iii) 89% of reported structure fires have flame damage confined to the room of origin, compared to 57% when no automatic extinguishing system is present.
- 2.13 Reportedly the most comprehensive study into the effectiveness of residential fire sprinklers to date was carried out by the Fire Department, Scottsdale, Arizona, USA. In 1997 a report was published titled: "Saving Lives, Saving Money: Automatic Fire Sprinklers: A 10 Year Study". This analysed the impact of legislation enacted in 1985, which required all new residential flats and commercial structures built to be fitted with a fire sprinkler system, and all new

single family residences built after 1 January 1986 to be able to accommodate fire sprinklers.

2.14 The Scottsdale study included a review of 109 fires that occurred in sprinklered structures, 44 of those being residential structures. In more than 90 percent of these incidents, one or two sprinkler heads controlled the fires, and the average amount of water used to suppress each fire was 209 gallons, compared to 3,290 gallons estimated for manual suppression in residential properties. It was considered that 8 lives were saved over the period as a direct result of the installation of fire sprinkler systems, 4 of these in residential properties, and that up to \$25.4m was saved based on the total potential loss due to fire in sprinklered residential properties.

2.15 Summary and general overview of facts and information about sprinklers from the British Automatic Fire Sprinkler Association (BAFSA):

- (i) There have been no multiple fire deaths in the UK as a result of a fire in a dwelling with a working sprinkler system.
- (ii) US experience shows that 98% of all fires in sprinklered dwellings are extinguished with only one sprinkler head operating. The same data suggests that there is a 57% reduction in the likelihood of death for those in the room of origin.
- (iii) Only the sprinkler heads in the immediate vicinity of the fire actually operate.
- (iv) Sprinkler heads can be completely concealed.
- (v) Sprinkler systems do not need pumps or tanks if mains pressure is adequate.
- (vi) Sprinklered buildings prevent firefighter deaths.
- (vii) Sprinklers do not 'false alarm' - they will only operate if there is an actual fire. There is only a 1 in 16,000,000 chance of 'false alarm' operation
- (viii) For a small additional cost, an alarm switch can be built-in to the system to call the fire and rescue service automatically should the sprinklers operate.
- (ix) Maintenance costs for sprinklers are very low.
- (x) Sprinklers save lives - and property - and are the only devices which can detect a fire, sound the alarm, call the fire and rescue service and extinguish or control the fire.
- (xi) Despite many preconceptions and misinformation, sprinklers are not difficult, unsightly or expensive to install in homes or dwellings of any size.
- (xii) Since the UK started to take the idea of sprinklered homes seriously in the late 1990's, it has been estimated that 25 lives have already been saved by the systems.

2.16 Even where sprinklers are not required to be installed, there may be significant benefits for developers in seeking compliance with the standards detailed within

the Building Regulations. For example; the installation of sprinklers can allow buildings to be built closer together (half the spacing is required where sprinklers are fitted) to adjoining premises. This is a major benefit for developers where site space is limited. Other requirements regarding travel distances for escape may also be extended and certain requirements in respect of access for the fire service may also be relaxed. Savings in construction and building cost related to the relaxation of certain fire protection measures and freedoms to allow 'open plan' design in three-storey dwellings and apartments can also be achieved where sprinklers are incorporated into a design.

- 2.17 In retail premises, sprinklers can be taken into account when calculating fire growth and smoke volume. This in turn allows the approval of longer distances of travel to exits which allows greater flexibility in the design of buildings.
- 2.18 For existing buildings the Regulatory Reform (Fire Safety) Order 2005 which replaced most existing fire legislation in England and Wales requires employers and others (the Responsible Person in the Order) to consider whether the duties imposed by the Order could be better discharged by fitting fixed fire suppression systems. The guidance documents published in support of the legislation recognise this. For example, residential care homes fitted with sprinkler protection can adopt a policy of delayed evacuation in the event of a fire alarm and the usual requirements to fit self-closers to all bedroom doors may be relaxed.
- 2.19 One of the most often ignored benefits of sprinklers is the additional flexibility which they provide to designers, developers and builders. In unconventional, unusual or historical buildings including sprinklers in a specification will often enable Building Regulations compliance to be achieved in a very cost-effective and sensitive manner. Where changes of building use are being anticipated, utilising sprinklers is often the only way in which means of escape requirements can be provided.
- 2.20 One of the most important advantages of a sprinkler system is that they can be at the centre of a Business Continuity Plan. They allow for a business to recover rapidly from a fire and restore full operations/services quickly. Recently a fire in tumble-dryer in a major entertainment complex in East Anglia was stopped from spreading by the activation of only one sprinkler head in a laundry building. As a result the laundry facility was operating again within three-hours. Without the sprinkler system serious disruption would have been inevitable.
- 2.21 Leaving aside the human casualties avoided, a major benefit of fitting a sprinkler system is reduced insurance cost. Zurich Municipal suggests sprinkler installation in schools could reduce their insurance premiums by around 75% per year, and lower the excess close to zero.

3. The statutory position in relation to the installation of sprinkler systems

- 3.1 The Building Regulations 2006 (as amended) and approved documents accompanying the Regulations in England and Wales form the legislative framework governing the installation of sprinklers in new buildings. These make specific reference to the use of sprinklers in buildings in England. The

Regulations for Scotland, Wales and Northern Ireland differ slightly from those in England.

- 3.2 In England for life safety, new residential blocks over 30m high must be fitted with sprinklers to meet Building Regulations Approved Document B standards. Similarly an un-compartmented area in a shop or self-storage building over 2000 square metres now requires sprinkler protection. There are corresponding regulations applying to large single storey buildings for industrial or storage use where the largest permitted un-sprinklered compartment is 20,000 square metres. There is a strong belief within the Fire and Rescue Service nationally that the large compartment sizes specified within the Building Regulations for the provision of sprinklers, in warehouses in particular, creates significant risks for firefighters in dealing with large un-compartmented building fires where no sprinklers are fitted – This is particularly pertinent to Warwickshire Fire and Rescue Service because this is the type of building where four firefighters died in Atherstone-on-Stour.
- 3.3 In connection with residential sprinkler systems no statutory provision is made in England at present within the Building Regulations other than the requirement for installation in new flats over 30m in height. Sprinklers are not presently required in new hotels and guest houses despite the risk to life associated with sleeping accommodation. At present the Government has no plans to review the Building Regulations in England until 2013. It is for this reason that the LGA and fire and rescue service is lobbying for a change to the Building Regulations.
- 3.4 Despite the absence of legislation, the use of sprinklers is growing. Small businesses operating for example as hotels or bed and breakfasts are themselves increasingly using domestic sprinklers as opposed to the more complex commercial installations to compensate for or to avoid the requirement to carry out works to improve structural fire safety arrangements which may detract from the use of the premises or require significant structural alterations with related costs etc.
- 3.5 The installation of sprinklers in schools is not mandatory at present. However, DCSF introduced a policy on sprinkler systems in schools in March 2007. This reinforced the need for sprinklers in schools from the earlier policy position. DCSF now reports that it expects the majority of new state-funded schools to be fitted with sprinkler systems. However, the decision to install sprinklers should be based on a risk analysis of the particular school concerned. To help local authorities and design teams assess the level of risk and make the right decisions, DCSF has developed two practical aids: a simple fire risk assessment tool to assess the need for sprinklers in the proposed school building; and a spreadsheet based cost benefit analysis tool to help users decide whether sprinklers represent good value for money.
- 3.6 Despite the publication of the most recent DCSF policy, research conducted in 2008 by the British Automatic Fire Sprinkler Association (BAFSA) for the LGA reports that 24% of local authorities have no informal or formal policy position on the installation of sprinklers in schools.
- 3.7 Nationally, of the first seven schools built under the Building Schools for the Future programme, only one (Bristol Brunei Academy) was fitted with a sprinkler system, although five of the remaining six were refurbishment projects.

4. Data in relation to the number and operation of sprinkler systems installed in premises

- 4.1 CLG maintain fire statistics for all fire and rescue services. Table 1 below details the extent to which sprinkler systems (all types and property groups) have been involved in controlling fires in England over a three-year period to 2008. This shows how sprinklers work effectively on all but a small number of occasions (44 occasions where the system did not control or contain the fire for 1508 fires).
- 4.2 Where Table 1 indicates that sprinklers did not operate, this in general is as a result of the following reasons; the temperature in the area of the sprinkler heads was not sufficient for activation of the sprinkler system; the fire was in another part of the building and away from the sprinkler system; the fire self-extinguished before it grew large enough to operate the sprinkler; the occupier noticed the fire and extinguished this before it became large enough to operate the sprinkler.

Year & Sprinkler Operation		Fires
2005	Total	515
	Operated and extinguished fire	83
	Operated and contained/controlled fire	119
	Operated but did not contain/control fire	18
	Did not operate	295
	Unspecified	0
2006	Total	466
	Operated and extinguished fire	74
	Operated and contained/controlled fire	133
	Operated but did not contain/control fire	10
	Did not operate	249
	Unspecified	0
2007	Total	527
	Operated and extinguished fire	85
	Operated and contained/controlled fire	163
	Operated but did not contain/control fire	16
	Did not operate	263
	Unspecified	0

Table 1: Sprinkler System Operation 2005, 2006 and 2007.

5. Key features of sprinkler systems

- 5.1 All areas of the building to be protected are covered by a grid of pipes with sprinkler heads fitted into them at regular intervals. Water from a tank via pumps or from the service (town) main (if it can give enough flow) fills the pipes.
- 5.2 Each sprinkler head operates only when it reaches its predetermined operating temperature and will then spray water onto a fire. The hot gases from a fire are usually enough to make the thermal element in the head operate. Only the sprinklers in the immediate area of the fire open. The others remain closed. This ensures that no water is applied to areas where there is no fire and reduces the amount of water needed.
- 5.3 The sprinkler heads are spaced, generally on the ceiling, so that if one or more operate there is always sufficient flow of water. The flow is calculated so that there is always enough to control a fire taking into account the size and construction of the building and the goods stored in it or its use.
- 5.4 Sprinkler heads can be placed in enclosed roof spaces and into floor ducts to protect areas where fires can start unnoticed. In a large warehouse sprinklers may be placed within the storage racks as well as the roof. Sprinkler heads are designed to evenly distribute water from the sprinkler pipework in a spray pattern onto the fire in the most efficient manner. Sprinkler heads are in general small and neat and where required, can be made to blend in with the décor. They are available with a range of finishes and colours and in some cases can be completely concealed.
- 5.5 At the point where the water enters the sprinkler system there is a valve. This can be used to shut off the system for maintenance. For safety reasons it is kept locked open and only authorised persons should be able to close it. If a sprinkler head opens and water flows through the valve it lets water into another pipe that causes a mechanical gong to sound. In this way, the sprinkler system generates an alarm at the same time as controlling or extinguishing the fire. Modern sprinkler systems are linked into a buildings fire alarm system and can be connected by telephone to a remote monitoring station.
- 5.6 The pipework may be concealed or left exposed depending on the type of building and use i.e. industrial buildings and warehouses – pipework is often left exposed and in residential property such as a home or bed and breakfast this is normally concealed within the ceiling. Pipework can be in copper, steel or in CPVC (chlorinated polyvinyl chloride), which is not expensive and easy to fit.
- 5.7 Most rooms in a house only require one or at most two sprinkler heads to afford complete protection. However, in a large compartment i.e. a warehouse, many sprinkler heads may be required depending on the nature of the building and fire loading of the stored contents.
- 5.8 While there are a range of different types of sprinkler systems used in a range of premises it is considered that only wet systems (permanently charged with water) should be specified in domestic premises. These systems are the simplest, easiest to maintain and are also the most cost effective.

6. Engagement with central government in lobbying for installation of sprinklers in a wide range of buildings

- 6.1 As a result of property loss over the years and the death of firefighters across the Country there have been a series of campaigns, petitions and lobbying by the fire and rescue service nationally to try and make the installation of fire sprinkler systems in a range of commercial and industrial buildings a mandatory requirement. WFRS is actively engaged in support of this campaign.
- 6.2 In England, Lord Harrison of Chester has introduced two Private Members Bills in the House of Lords related to domestic sprinklers. This is supported by the Chief Fire Officers Association (CFOA) of which senior managers in WFRS are active members. The Bill has received a second reading on the 22nd October 2010 and has been committed to a committee of the whole house.

7. Progress in other Countries in Great Britain in introducing a Statutory Duty for installation of sprinklers in all new houses

- 7.1 The Welsh Assembly is considering a Legislative Competence Order (LCO) which if enacted would require the installation of sprinklers in a wide range of new dwellings. The proposed new law which would compel house builders to fit fire sprinklers into new homes built in Wales has been backed by the National Assembly following a four month enquiry in which evidence was heard from the fire service, house builders and representatives the water industry. The legislation is currently passing through the Assembly and it is hoped it will be enacted soon.
- 7.2 This Order is fully supported by the three fire and rescue services in Wales and fire and rescue services in England, as well as the Fire Brigades Union, the Fire Industry Association and the various professional bodies associated with sprinkler design and installation.
- 7.3 The Welsh LCO comes after changes to legislation made in Scotland in May 2005 which now requires the installation of sprinklers in all new care homes, sheltered housing and high-rise residential accommodation above 18 metres high. In addition, sprinklers are now required in all covered shopping centres.

8. What WFRS will do to promote the use of fire Sprinklers

- 8.1 WFRS will work with approved installers for domestic fire sprinklers with a view to supporting the installation of systems. As installations need to be properly designed and fitted by accredited installers WFRS will also be working with suppliers to help them to meet professional and technical standards and to better understand the principles around fire safety in buildings. The service's role in this area will be primarily to seek the adherence to agreed standards and to identify opportunities for developers and installers to work in partnership on the installation of systems.
- 8.2 WFRS will seek to enter into partnership with all local authorities in Warwickshire which will be aimed at encouraging the installation of sprinklers in Houses in Multiple Occupation (HMO).

- 8.3 WFRS is formally consulted by local authorities prior to any significant building development being approved by them. During consultations Fire Safety Officers ensure that where it is believed sprinklers may have a positive impact in reducing risk, they proactively liaise with Building Control Officers and developers to communicate the benefits of sprinklers.
- 8.4 In 2011/12 WFRS intends to visit all district and borough councils' Planning Committees in Warwickshire to discuss plans to promote the installation of sprinklers in schools, commercial, industrial properties and homes. These visits will be part of a wider consultation and communications exercise designed to raise awareness for the benefits fire sprinklers have and to discuss opportunities to use Section 106 arrangements and planning conditions to influence the installation of sprinklers in appropriate residential and other buildings. In this respect, regard is being had for the creation of MoU with local authorities, which lay out the criteria for the installation of sprinklers as part of the planning process in Warwickshire. Here, the installation of sprinklers may be used to compensate for extended travel time from a fire station, particularly in rural areas or to mitigate the risk in social housing or HMO etc.
- 8.5 Partnerships will be established where possible with Housing Associations in Warwickshire. The aim is too influence and create a willingness to consider the installation of domestic sprinkler systems in new social housing at construction stage.
- 8.6 Where plans for new housing developments are presented to the Service for consultation, every effort will be made to influence local authorities and the developers, particularly of social housing and client Housing Associations to consider the installation of sprinklers.

9. Creation of a register of buildings with sprinkler systems installed in Warwickshire

- 9.1 Currently there is no formal register of buildings in Warwickshire where sprinklers have been installed. However, performance information regarding sprinklers is to be collected to help establish a database showing their location and the type fitted as part of the work WFRS is now doing in this area.
- 9.2 Sprinkler systems are normally designed with an audible alarm. An automatic connection to a premises fire alarm panel and central monitoring station is also more common in modern buildings. When the sprinkler system activates the alarm is sounded. The alarm is normally located to provide both a warning to occupants inside a building and also to passers by. This ensures that the alarm is raised even when the premises are not occupied. It also acts to make firefighters aware of the operation and presence of a sprinkler system in a building, which influences their approach to tackling the incident.
- 9.3 When firefighters conduct risk information gathering visits to higher risk buildings in Warwickshire, they record details of a buildings structure, internal layout, contents and the presence of fire-fighting installations such as sprinklers. This information is captured in the form of a plan, which is held centrally and at local fire stations. This helps firefighters identify the high risk

buildings in an area and locate fire-fighting installations such as sprinklers where installed.

- 9.4 Commercial buildings fitted with sprinkler systems normally have an external marker plate located adjacent to the sprinkler alarm. This identifies the presence of sprinklers inside a building.
- 9.5 Sprinkler systems can play an important and valuable role in meeting the safety needs of vulnerable people and marginalised groups. Effectively, where fire risk is highest in Warwickshire will determine the priority for the installation of sprinklers

10. Maintenance of Fire Sprinkler systems

- 10.1 Generally in the United Kingdom, sprinkler systems are designed to BS EN 12845 and BS 9251. There are times where specific insurers or customers also require systems to be designed and installed to comply with other international standards, such as NFPA (USA standards) or Factory Mutual (FM Global - insurance company) requirements.
- 10.2 Sprinklers are installed to industry agreed standards. Certification schemes are supported by government, fire authorities, BAFSA, insurers and the Confederation of British Industry (CBI). This provides for an enhanced level of quality assured sprinkler protection which is delivered through specifying minimum requirements for installers and includes the number of experienced design staff required, appropriate training for fitters and sub-contractors, use of listed equipment and the ability to provide an adequate maintenance service.
- 10.3 On completion of a sprinkler installation, a Certificate of Conformity will be issued by the installer. A copy of this is kept on the premises where the system has been installed and made available for inspection by fire authorities and insurance companies. A further copy of the Certificate is held by the accreditation scheme which maintains a master reference for all certificated installations.
- 10.4 At regular intervals, surveillance visits are carried out by the members of the scheme. These ensure that approved companies are complying with agreed minimum standards and include the inspection of completed installations and installers' premises.
- 10.5 To make sure that a sprinkler installation will work it must be properly designed and installed. There are presently two independently accredited organisations which undertake the certification of sprinkler installers. WFRS will be recommending that developers and partner organisations select systems installers who are accredited and will be working with these organisations to promote their ongoing technical development and use.
- 10.6 Where Fire Safety Officers visit premises as part of the WFRS fire safety risk based audit and inspection programme of buildings they will be looking for evidence that sprinkler systems meet agreed standards and are serviceable.

11. Recommendations

- 11.1 That the Committee acknowledges the evidence to support Warwickshire Fire and Rescue Service's claims, that sprinkler systems have been proven to protect lives and prevent serious damage to property.

- 11.2 That the Committee note the current statutory position in relation to the installation of sprinkler systems.
- 11.3 That the Committee consider supporting lobbying activity aimed at introducing a statutory requirement for the installation of sprinkler systems in all new homes in England.
- 11.4 That the Committee consider supporting lobbying activity aimed at reducing the compartment size in large single storey buildings used for storage, beyond which sprinklers are mandatory
- 11.5 That, in the absence of a current programme for legislative change, the Committee consider supporting WFRS in:
- (i) Working with building developers, district and borough councils and housing associations to help them understand the benefits of installing sprinklers in new homes across Warwickshire.
 - (ii) Encouraging building developers to install sprinklers in new, large or high-risk industrial or commercial premises that do not currently have sprinklers installed.
 - (iii) Making sure that sprinklers are installed in new or substantially refurbished schools in Warwickshire, in accordance with central government guidance.
- 11.6 That the Committee note the key features of sprinkler systems
- 11.7 That the Committee consider supporting the approach being taken by WFRS, in developing a register of building fitted with sprinkler systems in Warwickshire.
- 11.8 That the Committee consider the appropriateness of WFRS approach in targeting installation of sprinkler systems at the most vulnerable.
- 11.9 That the Committee consider the efficacy of arrangements used to promote the effective maintenance of sprinkler systems, once installed.

Glossary

APB – Arson Prevention Bureau

BAFSA – British Automatic Fire Sprinkler Association

BS – British Standard

BRE – Building Research Establishment

CBI - Confederation of British Industry

CFOA – Chief Fire Officers Association

CLG – Communities and Local Government

CYP – Children and Young People

DCSF – Department for Children, Schools and Families

FPA – Fire Protection Association

HMO - Houses in Multiple Occupancy

LCO - Legislative Competence Order

LGA – Local Government Association

NFPA – National Fire Protection Association

Report Author: Gary Phillips

Head(s) of Service: n/a

Strategic Director(s): Graeme Smith

Portfolio Holder(s): Councillor Richard Hobbs

AGENDA MANAGEMENT SHEET

Name of Committee **Communities Overview and Scrutiny Committee**

Date of Committee **28 April 2011**

Report Title **Update on Financial Inclusion**

Summary
 In April 2009 and following a scrutiny review by the Community Protection Overview and Scrutiny Committee a set of recommendations were made with the objective of making long term improvements both in terms of the County Council's contribution to individual financial well-being, and in the contribution of partner organisations, such as the Citizens Advice Bureaux and Credit Unions.

This report provides an update to members of progress made towards these recommendations

For further information please contact Mark Ryder
 Head of Localities and Community Safety
 Tel. (01926) 412811
 markryder@warwickshire.gov.uk

Would the recommended decision be contrary to the Budget and Policy Framework? NA

Background Papers Financial Inclusion Activity Report

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

Other Committees

Local Member(s)
 (With brief comments, if appropriate)

Other Elected Members Councillor R Chattaway, Councillor R Hobbs, Councillor Whitehouse and Councillor C Williams,

Cabinet Member Councillor A Cockburn, Councillor C Hayfield
 (Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

Chief Executive

- Legal I Marriott
Ann Belcher
- Finance
- Other Chief Officers E Featherstone
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals The Financial Inclusion Partnership

FINAL DECISION **YES/NO** *(If 'No' complete Suggested Next Steps)*

SUGGESTED NEXT STEPS :

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation

**Communities Overview and Scrutiny Committee
28 April 2011**

Financial Wellbeing Progress Report

Recommendation

Members are asked to:-

1. Note the work undertaken to date following the review
2. Comment and agree on the way forward outlined in section 3
3. Note that a further update report will be submitted in October 2011

1. Background

- 1.1 Financial well-being is a huge and complex subject area. A range of Government initiatives exist in support of financial well-being, and a multitude of public, private and voluntary sector services reside at the local and national level to provide advice and support to citizens in times of financial difficulty. Financial well-being, also referred to as financial inclusion, is defined as ensuring that everyone has access to appropriate financial services, enabling them to:-
 - (i) Effectively manage their money on a day-to-day basis;
 - (ii) Plan for the future and cope with financial pressure; and
 - (iii) Deal effectively with financial difficulty and distress.
- 1.2 Whilst the UK has one of the largest, most sophisticated and competitive financial services sectors in the world, evidence suggests that the financial services market is not meeting everyone's needs. Given the current economic climate there will be an increased need for and increased pressure on those agencies which provide financial inclusion services.
- 1.3 In 2008 an Overview and Scrutiny review panel was set up and the key objectives of the review were established to make recommendations that would lead to:-
 - (i) Optimum service delivery across all agencies;
 - (ii) Ensuring that there is sufficient capacity to deliver services by reviewing how services are currently delivered, and identifying opportunities to streamline services and improve efficiency;
 - (iii) To ensure that the most vulnerable are aware of the services available and can access them easily, addressing the restrictions imposed by poor levels of literacy or the inability to communicate and be understood;
 - (iv) To make recommendations that add value; and
 - (v) To identify good practice.

- 1.4 The findings from the review were reported to the Community Protection Overview and Scrutiny Committee in April 2009. A set of recommendations were agreed with the objective of making long term improvements both in terms of the County Council's contribution to individual financial well-being, and in the contribution of partner organisations, such as the Citizens Advice Bureaux and Credit Unions.

2. Update on Recommendations and Current Situation

- 2.1 This report provides an update to Members on the progress made towards the recommendations identified in the review. Attached as **Appendix A**, is a table detailing the progress made against each recommendation. Progress needs to be set in the context of the economic climate, change in government and the severe financial challenges facing the public, private and third sector.
- 2.2 Positive working relationships have been built with partners over the last two years resulting in the establishment of the Warwickshire Financial Inclusion Partnership in 2010. This was one of two projects (the other being the Family Intervention Project) which was successful in accessing LPSA2 reward grant funding. In June 2010 the amount of funding available for the project suffered a significant "in year" cut following the comprehensive spending review. Total available funding for 2010 – 2011 is £157,000, and the Financial Inclusion activities delivered during this period relate to the following themes;
- (i) Increased access to affordable financial services.
 - (ii) Provide co-ordinated access to free debt advice and to increase benefit take up.
 - (iii) Improve financial capability (budgeting and money management skill).
- 2.3 The final tranche of LPSA2 funding will enable an extension of the Financial Inclusion Project to April 2012.
- 2.4 The work of the partnership to date shows that it has had a positive impact on residents lives, for example;
- (i) From April 2010-March 2011, 392 people received a range of advice on money management, budgeting, basic bank accounts and Credit unions, and 5 credit unions received support on, loan portfolios, credit collection, directors and collection training (Coventry & Warwickshire Co-operative Development Agency).
 - (ii) Between April and July 2010, 30 clients were advised and assisted to claim additional benefits in the sum of £51,679. The money raised for clients will be spent in the local economy and will also lead to increased amounts of funding for Local Authorities under the Formula Grant. Anecdotal evidence has shown that the increased benefit entitlement has assisted clients to have an increased standard of living and has enabled them to better manage their financial affairs and stay more in control of their household bills.(Warwickshire Welfare Rights Advice Service).

- (iii) The B.O.B bus (Branching Out Bus pilot) and has been a major success. The service is used widely in schools supporting the 23 school banks set up over the last 18 months, signposting and working with a wide and diverse number of organisations and has identified significant levels of help to “hard to reach” groups who have indicated they would not have accessed services provide by the bus via the more traditional routes of telephone or accessing the services face to face (NWBC).
- (iv) From September 2010 to March 2011 Financial Capability workers have delivered a series of courses and one to one sessions in community venues targeting vulnerable people such as lone parents, families on low income, unemployed people, the elderly, disabled people and those with mental health problems. During this period 928 people attended financial capability sessions either through group training or one to one sessions and additionally 117 front line workers from community organisations attended courses and can cascade the information they received to their service users. (Bedworth, Rugby and Nuneaton Citizens Advice Bureau).

2.5 Key links exist with other Countywide Strategies, most notably the Child Poverty Strategy. This strategy seeks to reduce and mitigate the negative impacts of child poverty in Warwickshire. This is a statutory duty for Warwickshire County Council and one of its overarching objectives is to “provide support to families which will prevent them from falling into poverty”. A one off fund pot of £50,000 from the Child Poverty budget has recently been used to commission the Financial Inclusion Partnership, in conjunction with Borough and District colleagues, to help deliver this objective of the strategy. This joint work includes training for front line staff from all partner agencies and the following key activities:

- (i) Five county wide financial inclusion events, delivered during June 2011.
- (ii) Targeted event aimed at teens/young people/NEETS.
- (iii) 5 or 6 smaller bespoke events per borough/district, delivered by Autumn 2011.

2.6 To accompany the training a website and promotional literature will be produced.

2.7 The Financial Inclusion Partnership is currently co-ordinating this work and it will be delivered during the early part of 2011-12.

3. Next Steps

3.1 It should be noted that progress against the recommendations has varied due to changing circumstances and the political and economic environment. However, what has remained constant is the increasing importance of the outcomes that financial inclusion is seeking to achieve to improve the quality of life for the communities of Warwickshire.

3.2 It is in recognition of this importance that the Financial Inclusion Partnership is being strengthened and broadened to ensure that it has the expertise and capability to update the strategic aims and objectives of Financial Inclusion and ensure that its work is supplemented by robust measures and actions that ensure that work of the partnership is making a difference.

- 3.3 A key issue going forward is the sustainability of the work of the partnership. There is a need to ensure relationships are well established and embedded, public and voluntary sector funding is secured, resulting in the work not being viewed as a one off project but part of a mainstreamed service. The Review was a significant driver for this and it has enabled us to form a solid foundation for future delivery.
- 3.4 The Financial Inclusion Strategy will be reviewed taking into account the current climate and acknowledging changes in the partnership landscape. Key work-streams including communications, performance management/delivery, funding and reporting structures, will be established to ensure strategic outcomes are achieved.
- 3.5 A co-ordinator has been allocated to the project until March 2012. The main duties of the role will include:-
- (i) Achievement of project outcomes.
 - (ii) Enhance multi agency working.
 - (iii) Ensuring linkages with complementary projects/strategies.
 - (iv) Demonstrate cost and value for money.
 - (v) Identifying opportunities arising from national developments.
 - (vi) Ensuring sustainability.
- 3.6 An event will be held in September 2011 to re-launch the Financial Inclusion Partnership, the Financial Inclusion Strategy and action plan.
- 3.7 A more detailed follow up report will be submitted to this committee in October 2011, which will give greater clarity on the future of the Warwickshire Financial Inclusion Partnership, and on the vision, priorities, and actions which have been established.

Report Author: Louise Richards - LPSA2 Project Manager (Family Intervention & Financial Inclusion)

Head of Service: Mark Ryder

Strategic Director: Monica Fogarty

Portfolio Holder Richard Hobbs – Community Safety

1 April 2011

Communities Overview And Scrutiny Committee April 29 2011

Update on Recommendations

No	Recommendation	Action to Date
1.	The Chief Executive urgently identifies a responsible officer to lead on the County Council's contribution to the financial well-being agenda and delivery of the recommendations included within this report. Progress and outcomes against the recommendations should be reported to the Community Protection Overview and Scrutiny Committee on a six-monthly basis. The panel should be reconvened to monitor progress if required	Mark Ryder Head of Trading Standards, Heritage & Culture, recently appointed Head of Service for Localities and Community Safety is the responsible officer for the financial well-being agenda.
2. a. b.	<p>Warwickshire County Council's Cabinet agrees to the establishment of a countywide strategic Financial Well-Being Partnership and requests that the Public Service Board takes forward this piece of work. The Partnership should</p> <p>a. Invite participation from all public, private and voluntary sector agencies with a stake in the financial well-being of Warwickshire's residents, including Housing Associations;</p> <p>b. Develop a Financial Well-Being Strategy addressing the following four priority areas:</p> <ol style="list-style-type: none"> 1. Financial literacy 2. Debt management 3. Income maximisation 4. Access to financial services 	<p>a & b) The Financial Inclusion Partnership was established in 2010 and chaired by Mark Ryder.</p> <p>Aim:</p> <p>To reduce levels of financial exclusion in Warwickshire. To provide a seamless package of advice and support to financially excluded people in Warwickshire</p> <p>Purpose:</p> <ul style="list-style-type: none"> • To be recognised as the leading source of knowledge and good practice in the region • To set an example and demonstrate that tackling financial exclusion benefits from the active participation of everyone • To endorse the aims and objectives of the Financial Inclusion Partnership amongst own sector and networks • To deliver financial inclusion projects in partnership with others • Linking with key policy and strategic partnerships to help inform, influence and eradicate financial exclusion in Warwickshire • To achieve these aims within a coherent Financial Inclusion strategy and action plan.

No	Recommendation	Action to Date
	<p>Encourage relevant partners to lead theme groups to deliver these four priorities;</p> <p>d. Develop a stand alone website and associated literature providing a comprehensive guide to all service providers, both locally and nationally based, which are available to Warwickshire's residents in the pursuit of financial well-being. Literature should be made available in all appropriate community centres, including libraries, one-stop-shops, GP surgeries, supermarkets, children's centres, village halls, etc. Community Forums and Parish Councils should also be used to disseminate information;</p>	<p>A Financial Strategy and action plan have been developed, with lead agencies taking responsibility for priority areas.</p> <p>Membership: The Partnership Steering Group currently consists of: Warwickshire County Council (Mark Ryder) Warwick District CAB (Hilary Holland) BRANCAB (David Gooding) CWCDCA (Mandy Bygrave and Tamy Matanky) Warwickshire Welfare Rights Advice Service (Mark Stanyer) Warwickshire Trading Standards (Davinder Pangli) Local Council, Revenue and Benefits Representative (Bob Trahern NWBC)</p> <p>c) Partners lead on the following priorities</p> <ul style="list-style-type: none"> • Financial Literacy – led by CAB (BRANCAB) • Debt Management – led by Warwickshire CABx • Income Maximisation – led by WWRAS • Access to financial information – development to Credit Unions / Money Guidance led by CWCDCA (development of Credit Unions) and CWCDCA & CABx (money guidance) <p>A progress report from the above agencies has been included as a background document.</p> <p>d) Linked to the delivery of the Child Poverty Strategy a sub group of the partnership together with Borough and District colleagues are developing a county wide Financial Inclusion training programme which will be rolled out to front line staff of all partners. The work will also involve the development of promotional literature and a signposting website.</p>

No	Recommendation	Action to Date
<p>e.</p> <p>f.</p> <p>3a.</p> <p>b.</p> <p>c.</p>	<p>Within the debt management theme, review debt recovery processes across the local public sector to ensure that customers are treated consistently and to identify opportunities for achieving a 'one-stop-shop' approach; and.</p> <p>Within the income maximisation theme, adopt a countywide benefit take up strategy.</p> <p>Funding for the Citizens Advice Bureaux be considered as part of the forthcoming review into how Warwickshire County Council funds the voluntary and community sector.</p> <p>As part of this review the Strategic Director of Customers, Workforce and Governance designs a new and sustainable funding model for Citizens Advice services in Warwickshire, which aims to deliver equity of provision across the county, alongside an emphasis on 'narrowing the gaps'.</p> <p>To improve efficiency and optimize the use of resources, the new model should take an integrated approach, bringing together funding streams from key stakeholders including existing funders of Citizens Advice services such as the District, Borough, and Town/Parish Councils, and exploring opportunities to involve other public sector partners such as Health and Police. Funding should be provided on a minimum three-year basis, in compliance with the Warwickshire Compact to ensure consistency and transparency, and should be set against agreed priorities and outcomes. The new funding model should be designed by the end of March 2010 with implementation in the 2011/12 financial year</p>	<p>e) still to be done there are some instances of good practice across Warwickshire needs co-ordinating and should have CAB input</p> <p>f) WWRAS lead blown off course by LPSA2 grant reduction.</p> <p>a&c) We are working with other public sector funders to bring together a single funding package for Financial Inclusion and Advice Services in Warwickshire. Alongside this we are working with the existing providers to develop a new vision for this service and a change programme to achieve this.</p> <p>We are looking to have agreed the change programme with all partners by June 2011</p>
4.	Warwickshire County Council works with Warwickshire's Citizens Advice Bureaux to promote and publicise Advice Guide and the forthcoming countywide Citizens Advice telephone service.	WCC are actively supporting the development of Legal Advice Warwickshire (LAW) and helping to promote county telephone service

No	Recommendation	Action to Date
5.	Warwickshire's Citizens Advice Bureaux be asked to build on the development of Legal Advice Warwickshire and the opportunity it creates for further collaboration on Citizens Advice initiatives.	<p>This is on-going. Collaboration through LAW has included a single gateway to advice services, and a shared training programme for advice workers.</p> <p>Legal Advice Warwickshire with 11 partners providing social welfare law advice and casework services continues to develop and align some of its activities to Warwickshire Financial Inclusion Partnership work some developments hampered by loss of funding due to economic climate such as reduction of LPSA2 funding and loss of Community Legal Services funding for social welfare law in the south of the county.</p>
6a.	<p>Warwickshire County Council, through the proposed Financial Well-Being Partnership (identified in recommendation 2), supports Coventry and Warwickshire Cooperative Development Agency and Warwickshire's Credit Unions to develop a clear business case for the development and sustainability of Credit Unions in the county.</p> <p>b. As part of this business case, Warwickshire's Citizens Advice Bureaux be asked to investigate opportunities around how they could support Credit Unions, for instance in terms of sharing their experience and practice around the recruitment and management of volunteers.</p>	<p>a) Coventry and Warwickshire Cooperative Development Agency is a member of the Financial Inclusion Partnership and the Warwickshire FI Strategy has been drafted with Credit Unions as an integral part. Since April 2010 the CWCDA have been delivering support through the Warwickshire Financial Inclusion Partnership to increase the sustainability of Credit Union services in Warwickshire, as none of the Warwickshire Credit Unions have reached sustainability. To this end have helped prepare a submission to the Financial Services Authority to extend the Coventry West Credit Unions' common bond to cover all of Coventry and Warwickshire.</p> <p>The current economic climate has caused many problems for Credit Unions. We are supporting them to review their lending and credit control systems. We have provided training in loan products and credit control and we have developed new training re loan portfolios and loan costing.</p> <p>b) Some local engagement between CABx and Credit Unions but a co-ordinated approach to partnership working needs to be developed</p>

No	Recommendation	Action to Date
7	<p>Upon its satisfaction with the business case for Credit Union development (identified in recommendation 6), Warwickshire County Council in partnership with Warwickshire's Credit Unions and the Coventry and Warwickshire Cooperative Development Agency</p> <p>a. Embarks on a high profile publicity campaign, both internally to staff and externally to the public and partner agencies, to promote membership of the Credit Unions and encourage volunteering. The County Council operates a payroll deduction scheme with Credit Unions which should be promoted to all staff, particularly at induction;</p> <p>b. Explores how the County Council can work with Credit Unions, and Warwickshire's District Councils, to establish a structured programme of school banking projects alongside the financial capability module within the PSHE curriculum.</p>	<p>a) A campaign is currently underway to promote the membership of the Credit Unions including within WCC. The CWCDA have also been instrumental in extending the boundaries in the Coventry west area and have established a further 5 credit unions.</p> <p>b) CWCDA have undertaken work with North Warwickshire Borough Council and has established a programme of school banking projects. Unfortunately due to funding cuts the service has not been extended to other areas.</p> <p>A representative from the school sector has been invited to join the FIP.</p>
8.	<p>Warwickshire County Council via the Warwickshire Direct Partnership works with Warwickshire's Credit Unions and Citizens Advice Bureaux to consider the co-location of services within appropriate premises, such as one-stop-shops, libraries and children's centres, as opportunities arise.</p>	<p>A one stop shop approach had been adopted by the Warwickshire Credit Union and services are being offered at Leamington, Atherstone, Nuneaton, Stratford and Rugby. Services include a referral service to the Citizens Advice Bureaux.</p> <p>Locally there is some co-location of services between Warwickshire Direct Partnerships and CABx mainly as outreach advice sessions in Town Hall buildings. Since August 2009 a weekly surgery has been running at Warwickshire Direct – Warwick, the same surgery is offered every Thursday at Warwickshire Direct – Kenilworth. Job Centre Plus have also been running surgeries at Warwick and Kenilworth weekly since July 2010. Libraries have also been used for drop in sessions – Lillington, Coleshill and Southam</p> <p>No co-ordinated approach has been developed countywide and outreach work comes at a cost which is currently not funded. This is because to make it sustainable outreach sessions need experienced paid advice workers rather than volunteers. The trainee solicitor project that was part of the original funded proposals of the Warwickshire FIP but was shelved due to the LPSA2 reduction could have developed services with WDP across the county. By using trainee solicitors to deliver services this would have been a cost effective solution.</p>

No	Recommendation	Action to Date
9.	<p>The Public Service Board evaluates the North Warwickshire Child Poverty Reach Out Service after 12 months to establish:</p> <ul style="list-style-type: none"> i) the outcomes achieved; ii) the value of continuing the service in North Warwickshire and options for funding any continuation of the project; and iii) whether the project should be extended across other areas of the county. 	<p>The B.O.B bus (Branching Out Bus pilot) comes to an end in March 2011 and has been a major success. This is demonstrated by the fact that the NWBC have committed at least a further 12 months funding to retain the service albeit on a reduced level as the it now can only support a 30 hour driver/advisor and a part time CAB officer. The service is used widely in schools supporting the 23 school banks set up over the last 18 months, is now signposting and working with a wide and diverse number of organisations and has identified significant levels of help to “hard to reach” groups who have indicated they would not have accessed services provide by the bus via the more traditional routes of telephone or accessing the services face to face. It is likely a similar service under a non stigmatised and umbrella brand would be successful in other parts of the county although funding to set up and run would need to be evaluated</p>
10.	<p>The Warwickshire Observatory works with the District and Borough Councils regarding the application and analysis of customer and other administrative data to ensure consistency across the county in identifying customers in most need.</p>	<p>There are examples of ad hoc activity in this area in support of specific projects. For example, the Observatory reached an agreement with all five District and Borough Councils to receive data on Council Tax and Housing Benefit claimants to support the production of the Child Poverty Needs Assessment. However, there is no shared work programme in place to ensure that data consistency and the application of customer insight is routinely applied across all partner organisations. A recent development which may facilitate closer working on this theme is the acquisition of a joint Mosaic licence between Warwickshire County Council, Coventry City Council, North Warwickshire Borough Council, Nuneaton & Bedworth Borough Council and Rugby Borough Council. Mosaic is a customer segmentation tool that allows us to develop a better understanding of our customers, their service needs and channel preferences. We will all be using the same customer insight tools and, as part of the Mosaic contract, will have access to five consultancy days to develop a specific partnership project.</p>

No	Recommendation	Action to Date
11.	<p>Warwickshire PCT be requested to work with health professionals and GP practices to publicise and communicate information about the availability of benefits to patients</p> <p>Trading Standards works with the Illegal Money Lending Team and its partner agencies to design and deliver a high profile campaign on the issue of loan sharking and a training programme for all front-line staff dealing with vulnerable residents. The campaign should include publicity of the Illegal Money Lending hotline and promotion of Warwickshire's Credit Unions. It should also encourage those in debt to seek advice from the appropriate agencies. The Warwickshire County Council website should be developed to this effect, and include an online reporting mechanism.</p>	<p>Since 2010 key changes to health have affected implementation. However the Health & Well-being Board could be an option via the health inequality</p> <p>12 & 13 Warwickshire Trading Standards held a Financial Well-Being Awareness morning on the 1st October 2009 at Ryton Organic Gardens. Over 50 delegates from different organisations (Warwickshire County Council, district/borough councils, CABx, Age Concern, Credit Unions, Welfare Rights, and Illegal Money Lending Team etc.) were in attendance. This event laid down the foundations for partnership working and highlighting issues around Financial Inclusion in Warwickshire.</p>
13	<p>Trading Standards raises awareness amongst residents that intimidating behaviour from legal money lenders is unlawful and should be reported.</p>	<p>In the run up to Christmas 2010, Warwickshire County Council's Trading Standards Service, working with the Illegal Money Lending Team, delivered a high profile campaign on loan sharking. The campaign raised awareness of loan shark issues, sign-posted people to appropriate organisations for advice and promoted the Illegal Money Lending hotline, Warwickshire's Credit Unions and the Warwickshire Financial Inclusion Partnership. The campaign explained how loan shark activities were illegal and encouraged people to report them.</p> <p>The service issued press releases and promoted the campaign in council/organisation/charity publications and on plasma screens etc. The campaign received widespread press coverage and was featured on local television.</p> <p>On the four Saturdays before Christmas, the service ran loan shark events at shopping centre locations across the county which drew interest from over 500 people. These were supported by local credit unions and the Illegal Money Lending team. Information and advice was handed out.</p>

No	Recommendation	Action to Date
		<p>A dedicated WCC web page provided more information and links to appropriate organisations to enable residents to report loan sharks online. To date, the webpage has recorded over 1000 visits.</p> <p>To further support the campaign, the service organised a loan shark awareness training session for frontline staff. Almost 100 staff attended the event representing a wide range of organisations including the County, District and Borough Councils, Police, CABx, the Rowan Organisation, Warwickshire Domestic Violence Support, Independent Advocacy, Orbit Housing and Bromford Support.</p> <p>The free training session was designed to assist frontline staff dealing with clients facing debt issues (including doorstep lenders and loan sharks).</p>
14	Trading Standards works with the Office of Fair Trading to inspect high risk credit licence applicants.	The work with the Office of Fair Trading to inspect high risk credit licence applicants is ongoing.

Communities Overview And Scrutiny Committee April 29 2011

Financial Inclusion Project – Activity Report

LPSA2 Warwickshire FIP

Bedworth, Rugby & Nuneaton Citizens Advice Bureau (BRANCAB)

Background

As part of the developing Warwickshire Financial Inclusion Partnership funded through LPSA2 money BRANCAB is leading on two specific strands of work:

1. To co-ordinate and expand on the financial capability community training that BRANCAB already deliver in Nuneaton and Bedworth so course opportunities are available throughout the county.
2. To develop social welfare law casework services across the county by providing outreach advice delivered by trainee solicitors and, where appropriate, refer to Legal Advice Warwickshire (LAW) partner advice providers. These services would be targeted at areas where there is little or no access to advice casework for people eligible for Legal Aid. It was expected that the success of this project could inform the Legal Services Commission about demand and attract future funding.

As a result of the 50% cut in the expected LPSA2 Reward Grant it was agreed by the Warwickshire FIP Steering Committee that the second project to utilise trainee solicitors to provide outreach casework services would be put on hold.

The Steering Committee also agreed that the first project to provide financial capability training across the county should be one of the strands of the FIP that should continue particularly as the work is countywide and 4 x 0.5 financial capability trainers have been employed one in each of the following bureaux, BRANCAB (Rugby office), North Warwickshire CAB, Stratford upon Avon CAB and Warwick District CAB.

Attached to this paper is a detailed timetable regarding the aims outputs and timetable for the project. I can confirm to date that 4 x 0.5 FC trainers have been appointed, inducted and received training from BRANCAB's established Financial Capability Development Worker to ensure co-ordinated delivery across the county.

Each locally based FC trainer has been marketing their services through meetings with community based groups such as Children's Centres and course delivery and one to one sessions are being planned and delivered. It takes a little time to establish courses as community groups have to fit these in with other

planned activities and this may not be able to be done immediately. However the groundwork they are doing will produce results in the future. I do not have details to hand of the numbers of courses/one to one sessions delivered and beneficiaries attending but hope to have these available for our meeting on 8th December.

Funding

We have received funding from WCC for our LPSA2 projects in June the amounts we received were £22,898 in respect of the Financial Capability Project expenditure first quarter payment (1 July to 30 September 2010), £20,439 for the first quarter expenditure of the trainee solicitor outreach project and £2225 capital for the outreach project. This makes a total of £45,562.

During the first quarter of project activity 1 July to 30 September each of the 4 x CABx in Warwickshire received £5,544 to cover salary costs of their newly appointed FC Worker, management/supervision costs and associated expenditure such as travel expenses, venue hire for delivering courses, stationery, printing , postage etc. This amounted to £22,176 and recruitment costs were £722 making a total expenditure of £22,898.

As we had not started the trainee solicitor project we utilised this money to cover the costs of the project from 1 October to 31 December 2010 (second quarter). This amounted to payments being made to the 4 x CABx of £5,544 making a total of £22,176. This is in excess of the grant which was £20,439 making an overspend of £1,737 unless this was taken from the capital grant in which case this would leave a balance unspent of £488.

David Gooding
District Manager, BRANCAB
2 December 2010

**LPSA2 Warwickshire FIP
Bedworth, Rugby & Nuneaton Citizens Advice Bureau (BRANCAB)
Financial Capability Project**

Foreword

4 x 0.5 FC Workers have been employed and will be in post from 1 July 2010 based in North Warwickshire CAB, Stratford upon Avon CAB, Warwick District CAB and BRANCAB. The workers were employed on the basis that the funding would be for 2 years but because there was no expenditure in quarter one of 2010/11 there is a potential saving on this project of £22,898 by reducing the project by 3 months.

Revised timetable

April – June 2010	Recruit 5 x 0.5 FTE Financial Capability Trainers
July – August 2010	FC Worker Induction
July - August 2010	Plan project training programme with delivery partners
July - August 2010	Establish course programme with partners in each borough/district area
July – August 2010	Develop project marketing plan/communication strategy
Sept 2010	FC training starts
October 2010	Quarterly review/evaluation
Oct – Dec 2010	FC training continues
January 2011	Quarterly review evaluation
Jan – Mar 2011	FC training continues
April 2011	Quarterly review/evaluation
April – June 2011	FC training continues
June 2011	Quarterly review/evaluation
July – Sept 2011	FC training continues
July – Sept 2011	Start project final evaluation report/enter discussions with possible future funders
October 2011	Quarterly review/evaluation
Oct – Dec 2011	FC training continues
January 2012	Quarterly review/evaluation
Jan – Mar 2012	FC training continues
Jan – Mar 2012	Continue with final evaluation report
April/May 2012	Final evaluation report completed and publicised/widely circulated

Outputs

Each financial capability worker will be expected to undertake the delivery of courses on money matters such as identifying the difference between wants and needs, budgeting, saving, using credit responsibly and opening/managing a bank account. Additionally they will offer one to one sessions for people to help them build confidence in dealing with their financial affairs. The FC workers will also work alongside workers employed by CWEDA to deliver generalist money guidance advice on issues such as mortgages, insurances, pensions, savings and associated issues. This will prepare us for the expected roll out of the FSA (now called the Consumer Financial Education Body) money guidance pilot which could lead to future funding opportunities.

Based on a 18.5 hour week each worker will be expected to deliver at least one group money matters course each week, offer 3 one to one sessions and 3 money guidance appointments per week. Assuming an average attendance of 6 people per course this gives 12 contacts per week. Based on a 48 week working year this works out as follows per worker:

People attending group FC courses	288
People attending 1-2-1 FC sessions	144
People referred for money guidance	144
Total per worker	576

Allowing for time to establish the delivery programme these are calculated from 1st September 2010 giving 19 months of frontline delivery to 31st March 2012. This means that the FC project will have contact with 3,648 beneficiaries over this period. Some courses will be delivered to frontline workers who will be able to cascade the information they have received to other service users giving the project further reach. Citizens Advice calculates that each frontline worker will cascade this knowledge to an additional 15 people. On this basis assuming 50 frontline workers attend training during the course of the project this gives an extended reach of say 750 people.

Outcomes

1. 4 people are employed and gain additional skills and knowledge.
2. A total of 3,648 beneficiaries gain confidence, skills and knowledge to manage their financial affairs. This enables people to recognise possible financial problems caused by change of circumstances and to act on this to prevent debt problems from escalating which has a positive impact on physical and mental health. (£50.35 per client).
3. 50 frontline workers gain knowledge and skills on money matters that can be cascaded to a further 750 service users.
4. Beneficiaries feel better informed about the choices of financial services they can access leading to an increase in people opening bank and credit union accounts and a reduction of people entering into extortionate credit arrangements or borrowing from loan sharks.
5. Financial capability working and money guidance is established in each borough/district in Warwickshire leading to future funding opportunities.

6. Partnership working is developed giving better access to services.
7. Through an increased profile we can raise money management issues by using the local media giving people tips and guidance on how to manage their money and seek help.

Conclusion

The austerity measures, which have been outlined by the coalition government, and with significant cuts in public expenditure still to be announced is going to have an impact on everybody, including those who are already vulnerable. It is likely to increase unemployment, put more people at risk of losing their homes through rent and mortgage arrears and leave more people in debt having suffered a reduction in household income. In many ways this project is more necessary now than it was when it was first conceived and it is essential that this project continues particularly as our work will be targeted on those most at risk of financial exclusion.

David Gooding
District Manager, BRANCAB
30 June 2010

**LPSA2 Warwickshire FIP
Bedworth, Rugby & Nuneaton Citizens Advice Bureau (BRANCAB)
Trainee Solicitor Project**

Foreword

The reduction in Legal Aid in areas of social welfare law (debt, welfare benefits, housing, employment and family matters) has meant that areas of Warwickshire such as Stratford upon Avon, North Warwickshire and smaller market towns have little or no access to casework services to resolve more complex advice issues. Additionally the Legal Services Commission is moving towards contracting, via competitive tendering, with organisations who can deliver legal aid casework over a wider area. This project was conceived to address the issue of gaps in provision to ensure that access to social welfare law casework services is available locally to all communities in Warwickshire. Additionally it would inform the demand for these services and the categories of law which would help to plan future delivery, help with future commissioning bids, argue the case for additional funding using statistical information about demand, and keep services delivered by local organisations with local knowledge.

The most cost effective way of delivering outreach casework services is to utilise trainee solicitors. BRANCAB is one of a handful of Citizens Advice Bureaux nationally approved by the Solicitors Regulation Authority to offer solicitor training contracts. By working with our Legal Advice Warwickshire (LAW) specialist advice providers, LDJ Solicitors, Warwickshire Employment Rights, Warwickshire Welfare Rights Advice Service and Warwick District CAB we are able to provide support, back up and supervision for this service.

The original intention was to employ 2 x trainee solicitors on 2 year training contracts to provide services initially in Stratford and North Warwickshire and extending the services to other market towns. It is essential that the project is funded for two years to cover the costs of the training contracts of the two trainees. We could still deliver a scaled back project by employing just one trainee solicitor to cover just Stratford and North Warwickshire which would mean that at least casework services are available in each borough/district in the county.

Options

Project is scaled down by just employing one trainee instead of two saving half the costs, £60,055.

Project is scrapped as there is insufficient funding for 2 years saving £120,110

Original Outcomes for project

1. 2 x trainee solicitors employed and qualify as solicitors

2. 500 outreach casework advice sessions over 2 years
3. 2,000 clients given help to resolve complex social welfare law problems (£60.00 per client)
4. Increased local access to advice services for those on low income
5. Enhanced partnership working between advice providers and other local community organisations
6. Gaining the experience and knowledge of need for local advice organisations to successfully tender for future Legal Services Commission funded work.

Conclusion

This project gives the opportunity to address the issue of 'advice deserts' bringing specialist casework services to local communities. As with the financial capability project the austerity measures being introduced are likely to have an adverse affect on many people and lead to increased demand for debt casework, casework to stop repossession and eviction, casework to challenge unfair dismissal and other employment issues, challenging welfare benefits decisions particularly those around disability and capability and family matters where a change in circumstances puts families under stress and pressure. Again the changing economic climate makes this project even more relevant than when it was first conceived.

David Gooding

District Manager, BRANCAB
30 June 2010

**LPSA2 Warwickshire FIP
Coventry and Warwickshire Co-operative Development Agency (CWCD)**

Milestones

Milestone	Target Completion Date	Actual Completion Date	Comments
Redeploy Staff	March 2010	March 2010	
Coventry West Common Bond extension to deliver Child Trust Fund services to Warwickshire approved by FSA	April 2010	March 2010	
Savings Gateway Introduced in Warwickshire Credit Unions	April 2010	N/A	The proposed Savings Gateway was not introduced as expected as the new Government has cut this programme.
Legal paperwork complete for common bond extension	June 2010	March 2010	
Quarterly credit union forum meeting to coordinate joint working between Coventry West and the Warwickshire Credit Unions	June 2010 and every quarter thereafter	12th May 2010 27th October 2010	Meetings held and follow up work completed.
Begin development work on joint back office systems	June 2010	May 2010	Costings obtained and potential systems analysed.
Hold first financial inclusion awareness raising session with Local Authority staff and quarterly thereafter	June 2010 and every quarter thereafter	16th September 2010 23rd September 2010 9th November 2010	Presentations to Warwick County council staff In Children's Services.
Funding secured for joint back office systems	December 2010		
Open additional financial inclusion service access point at One Stop Shops	December 2010	We are currently running 4 access points in one stop shops.	Points are operational at Nuneaton, Rugby, Leamington and North Warwickshire.
Joint back office system in place and operational	March 2011		
Child Trust Fund becomes available throughout Warwickshire	June 2011	May 2010	The Coalition Government intends to reduce and then stop all Government contributions to Child

Milestone	Target Completion Date	Actual Completion Date	Comments
			Trust Funds.
New Credit Union products and services introduced e.g. ISA's	December 2011	November 2010	Rugby Credit Union have introduced a new savings facility to enable people to access rent bonds.
Second additional financial inclusion service access point at One Stop Shop opened	December 2011		
Eight new school banks are opened	March 2012	1 school banks have been opened to date	Galley Common, Nuneaton
Credit Unions have become an integral part of all District, Borough and County Council's financial inclusion strategies	March 2012		The Warwickshire Financial Inclusion Partnership strategy has been drafted with Credit Unions as an integral part.

Total Project Outputs

Output	Achieved at 31 October 2010	Comments
4 Credit Unions will be assisted to move towards sustainability	Ongoing during life of project	Technical support or training has been given to South Warwickshire Credit Union, Rugby and New Way Credit Union. Promotion work has taken place re Nuneaton & Bedworth credit union.
8% increase in credit union loan portfolio		A base line figure has been obtained
10% increase in credit union membership		A base line figure has been obtained
8 school banks opened	1 opened	Galley Common, Nuneaton
20% increase in child trust fund take up		This can now not be achieved as the Government have stopped Child Trust Funds.
450 customers interviewed and provided with budgeting advice	181 customers given budgeting advice to date	
150 customers referred to other financial inclusion services	257 customers have been referred to date	

Output	Achieved at 31 October 2010	Comments
100 basic bank accounts opened	43 basic bank accounts to date	
150 new credit union accounts opened	31 credit union accounts to date	
60 bill paying accounts opened		We have a technical issue with this service and have temporarily suspended it.
225 Heart of England loan applications submitted	33 Heart of England applications have been submitted to date	

This extension has been agreed and the extensive paperwork completed. We have organised and facilitated Credit Union Forum meetings as part of this process to provide a vehicle that enables all of the credit unions to work in partnership and discuss common issues. Through the Forum we have provided training session on the proposed changes in credit union legislation. We have also undertaken research on back office software which would enable the credit unions to increase efficiency and work more closely together. We have presented our findings to the credit unions and a system has been chosen and funding is now being sought.

We have also promoted credit union services extensively to frontline Council staff and have trained approximately 40 staff members. We have also promoted the credit unions to community services in particular children centres.

The school bank service has been promoted and has been well accepted by schools. We have made presentations to numerous schools and cluster groups. This has resulted in one new school bank. We now have a waiting list of schools that want to use this service.

The current economic climate has caused many problems for Credit Unions. We are supporting them to review their lending and credit control systems. We have provided training in loan products and credit control and we have developed new training re loan portfolios and loan costing that we will be delivering in January. We have also trained Financial Capability Workers in mortgages, savings and loans and insurance. This will enable the delivery of a wider service across the county.

The money advice/budgeting service we are delivering has proved very popular with clients; its extensive use makes it excellent value for money for funders. The service has been very successful at securing funds for house bonds thereby assisting client with their housing needs as well as helping them improve their budgeting skills. The service is currently very busy providing access to Heart of

England loans for Xmas. Without this service clients would be obtaining loans from companies such as the Provident at a minimum of 272%.

CWCDA FIP expenditure April to November
2010

Income Received to Date	13,582.00
M Bygrave salary + on costs	9,122.00
L Mogg salary + on costs	8,592.00
Telephone	105.00
Office supplies	31.88
Publicity & Promotion	55.81
Staff travel	1,307.10
Accommodation overheads	2,995.00
Management & admin	4,680.00
Total expenditure	26,888.79
Income outstanding	13,306.79

Mandy Bygrave
CWCDA

LPSA2 Warwickshire FIP Warwickshire Welfare Rights Advice Service (WWRAS)

As part of the Warwickshire Financial Inclusion Partnership (FIP), WWRAS will employ two FTE Benefit Take Up workers to promote and maximise clients' entitlement to state benefits within key priority groups (as determined in conjunction with FIP Steering Group). This work should also fit with WCC's Narrowing the Gaps policy, help meet other key LAA targets and also work towards helping Local Authorities meet some of its obligations under the forthcoming Child Poverty Bill.

Although we feel that it is important for the FIP Steering Group to decide collectively which priority groups it is best to target with our financial inclusion work we offer some insight into our thinking behind possible target groups and methods of delivery for benefits take up work over the initial two year lifetime of the project.

Research and evidence has shown that families with the following characteristics have a higher than average risk of poverty:-

- (i) children in workless families, where the risk of poverty remains high, at 58 per cent, which is considerably above the average of 22 per cent;
- (ii) children in couple families where one adult works part-time have a 44 per cent risk of poverty;
- (iii) more than a third of all ethnic minority families live in poverty;
- (iv) children in families with one or more disabled adults face a high risk of poverty at 31 per cent;
- (v) children in families with 4 or more children have a 40 per cent risk of poverty.

Given that a significant proportion of the FIP's work will be concentrated on assisting vulnerable families who are deemed to be financially excluded, we would suggest that our benefits take up work should concentrate on the higher risk families who may traditionally be more difficult to access and whom may require an increased level of multi agency assistance. Our benefit take up workers will act as a front line filter and will be able to diagnose whether there are any additional problems that the client may need help with. If this is indeed the case then a referral will be made to the most appropriate agency/professional to assist with that aspect of their problem.

In order to effectively measure the impact of our take up work we will require some baseline data, which could be current HB/CTB Caseloads prior to the project commencing and numbers of current benefit claimants, by benefit type,

for each Local Authority area (is this easily obtained from DWP/HMRC?) We will also need to establish key outcomes for the FIP as a whole (which will incorporate benefit outcomes), as well as the impact the advice has made on the client, which will inevitably be more subjective, but nevertheless will provide cogent evidence.

Targeted Take Up Work Children's Centres

We already carry out take up work in nine Children's Centres in Nuneaton and Bedworth and this has proved to be an excellent source of referrals with significant financial gains being made for families and children. We already have some links with Children's Centres outside this area, but our capacity to deliver an increased service has been limited as we are only funded for two days a week to carry out this work. We feel that important anti-poverty work could be undertaken by the take up workers if the service in Nuneaton and Bedworth were replicated in Children's Centres in other parts of the county. We would, however, need to carry out a mapping exercise initially in order to establish whether there were already other advice services working out of those centres. We are aware, for instance, that the CAB are working with some Children's Centres in North Warwickshire and that Warwick District CAB has a presence in some centres in the south of the county.

At present we have a direct referral centre in the Nuneaton and Bedworth Children's Centres with Family Support Workers being able to make referrals to our take up worker either by phone, email or by completing a referral form. We could also carry out promotional talks to staff in order to "de-mystify the benefits system" and to encourage the workers to promote take up of benefits amongst the families that they work with.

Targeting families with disabled children

Families with disabled children are, as a group, at high risk of living in poverty. This is often due to the associated high costs of caring for a child with a disability, coupled with the fact that often the earning potential of these families is diminished, especially in single parent households, either because they have to care full time for their child or because they are only able to work part-time due to caring commitments. In order to effectively target this group we would need to identify families in each locality across the county and ascertain whether they were already in receipt of benefits and then a targeted mail shot could be sent out to them inviting them to complete a Freepost reply slip so that our take up worker could contact them to arrange a benefit check.

County Wide Benefits Take Up Strategy

Part of the remit of the Take Up component of the FIP is to agree a common county wide Take Up Strategy. A County Take Up Strategy was devised previously by Lynn Webster of WWRAS and will need the commitment and co-operation of all Local Authorities to adopt this strategy and to work towards implementing its recommendations. In order to be a success it will require the

assistance of all Senior Local Authority Benefits Managers across the county to ensure that this strategy becomes embedded in local and county policy and decision making and that all Council staff are familiar with its aims and are coherently promoting benefits take up at all appropriate access points within key services such as housing, social care, benefits delivery etc. Work will need to be undertaken to ensure that the strategy is acted upon and not simply looked upon as an aspirational target. However, it is accepted that resources may well be an issue for some/all local Councils in order to fully implement all aspects of the Take Up strategy.

Linking with other FIP Partners

We intend to promote benefits take up through as many of our FIP partners as possible. Obvious links can be made with the county CABx and also CWCDAs in promoting referrals from Credit Unions to WWRAS for benefit checks, as the credit unions will often be seeing clients in areas of high deprivation. We will look to promote the take up service (and no doubt other FIP services) through the Legal Advice Warwickshire (LAW) website and will ensure that we work with other :LAW partners to eradicate duplication of service and to maximise the take up of benefits for clients through effective partnership working.

Targeting families in low-paid employment

We could aim to target local employers or local areas which have lower than average earnings levels (data could be available from Warwickshire Observatory) and promote in-work benefits such as HB/CTB, Working Tax Credits. The target groups would be families where only one adult was in part time work, or single parent working households. This data may be available through Local Authority sources or available through Warwickshire Observatory. We will need to be guided as to what information Local Authorities and Warwickshire Observatory are able to supply us with.

Targeting LA employees

We could look at promoting in-work benefits for Local Authority employees. This could be by including a message on pay slips, promotion through LA websites, staff notice boards or via Trade Unions. This could also be coupled with information handed out to new starters at induction stage.

Ethnic Minorities and Financial Exclusion

Within all the groups above, research has shown that ethnic minorities are more likely to not be claiming their full entitlement to benefit. A Joseph Rowntree study "Poverty and Ethnicity in the UK" states the following:

"A recent review of poverty and ethnicity research conducted by Essex University concluded that there are stark differences in poverty rates according to ethnic group. Risks of poverty are highest for Bangladeshis, Pakistanis and Black Africans, but are also above average for Caribbean, Indian and Chinese people. Muslims face much higher poverty risks than other religious groups.

The differences in poverty rates are found across poverty measures (income poverty, material deprivation) and across sub-populations (older people, children). Over half of Pakistani, Bangladeshi and Black African children are growing up in poverty compared with 19% of white children. This is closely linked to labour market disadvantage and in particular the significant barriers that some ethnic minority groups face in entering and progressing in work. There are also differences in the characteristics of poor families in different ethnic groups. For example, lone parent families account for only a small share of Indian, Pakistani and Bangladeshi children in poverty, but they make up over two-thirds of Black Caribbean and Black African children in poverty. When the contribution of individual characteristics (such as fewer qualifications) to employment disadvantage is analysed, there are some unexplained outcomes. For example, Black Africans have very high rates of higher education qualifications, but also suffer from high rates of unemployment and poor occupational outcomes. This 'ethnic penalty' includes the effects of discrimination. There also appear to be 'ethnic penalties' in access to social security benefits and other financial support. “

Traditionally, these groups have also been hard to reach, which is why our take up work should aim to target such people. We could work with Warwickshire Race Equality Partnership and faith groups in order to effectively target our campaign.

Data/information needed by WWRAS and potential source

We would need access to Local Authority data in order to target some of the above groups (Council Tax or HB data), but it may well be that other departments of the Local Authority may be able to assist e.g. Children Young People and Families Directorate, Family Information Service. Would we also be able to use MOSAIC in conjunction with other data that Warwickshire Observatory may be able to provide us with? The PCT may also be able to assist with access to such data. We would of course have to ensure in every case that Data Protection legislation was complied with, but access to this information by our staff would be key to the success of this project and Local Authorities in particular have been extremely co-operative in this respect previously.

Promotional/Mail shot costs

If we were to use mail shots to target some of the above groups then the following costs would be incurred by WWRAS. We have £1800 per annum allocated to printing/stationery and postage costs. Based on the previous HB/CTB take up model of sending out 5000 mail shots (1000 from each Council), the total cost to WWRAS of paying for envelopes, paper, labels, second class postage and freepost returns would be £1833.20. This is based on a 30% return rate of the freepost reply slips. This is a higher than expected return rate, but if we target clients more effectively then we should expect a higher return rate than

previous campaigns. I understand that previously local Councils have sent out our mail shots together with their own materials and so we have not paid for postage costs. The above figures do not take account of any other printing, stationery or postage required by the project workers throughout the year and so we would ask that any mail shots be sent with the Councils' existing mail, so as not to incur additional costs. If we excluded the second class postage costs then this would total £583.20, which is within budget. Bearing in mind that the remit of this take up work is wider than the previous HB/CTB project it is anticipated that we will need to allocate resources to promote the project with other partners and so for this reason as well we will have to allocate resources more sparingly. Alternatively, we could scale down the number of mail shots sent out in order to come within budget. If postage costs could be borne by local Councils by combining our mail shots with their own material then we would be able to afford to pay for more leaflets and promotional material on the take up project with a wider variety of partners.

In addition, we would aim to promote our take up work across the county at FIP events, with the BOB project in North Warwickshire, where this was appropriate, offer promotional talks to key community groups and relevant agencies staff meetings and at Local Authority events such as roadshows. However, experience has shown us that these events would need to be carefully selected as relevant to our target audience as otherwise it has not proved cost or time efficient to attend events carte blanche in the past.

Mark Stanyer,
Chief Executive, WWRAS
February 2010

Date	Milestones	Performance
April – June 2010	Recruit and induct staff	0.6 FTE take up worker already in post as at April 2010 0.4 FTE Take Up worker recruited April 2010 and started employment 4/5/10.
June 2010	Recruitment of 1 additional (FTE) TU worker to take place at beginning of June, with a view to the start date being end of June beginning of July 2010.	Recruitment of additional 1 FTE TU worker not commenced due to funding cuts to LPSA2 and subsequent recruitment freeze.
April - June 2010	Establish take up services. Discuss priorities and take up strategy with Rev & Ben Managers across county. There will already be one WWRAS Take Up worker in post due to continuation of previous project who will be ready to start on day one.	Meeting took place with all Borough and District Council Revenues and benefits Managers and priorities subsequently mapped out in WWRAS Take Up work Proposal document
April-June 2010	Establish Take Up Priorities/target groups in conjunction with FIP Steering Group and Local Authorities Sustainable Communities Strategy/LAA	See above and further discussion with some county Children's Centres re take up service. Further discussion within FIP steering group re target client group.
April-June 2010	Agree Take Up promotion strategy/ send out mail shots to agreed client groups. Develop project marketing plan/communication strategy Develop Common Take Up Strategy and consult with key stakeholders	See above
June/July 2010	1 FTE Take Up worker starts. Full staffing in place. Quarterly review/evaluation	Recruitment frozen (see above)
June/July 2010	Discussions with key partners re adoption of Common Benefits Take Up Strategy	This piece of work was not undertaken due to having no staff in post.
July - Sept 2010	Take Up work continues county wide in agreed priority areas.	0.4 FTE left employment 0.6 FTE left employment (dismissed from post) No further work undertaken on project beyond July 2010.
April-July 2010	Continue to work on new referrals coming in from previous LPSA2 Take Up Project (HB/CTB-Claim It Project) and start taking on referrals for new FIP cases	30 clients advised and assisted to claim additional benefits. Between April and July 2010, £51,679 in additional benefits raised for clients which will be spent in the local economy.

Date	Milestones	Performance
		<p>First quarter performance slightly less than anticipated (based on original milestones and performance figures we expected to see 59 clients in first quarter). However this was due to 0.4 FTE not starting until May 2010 and then requiring initial training throughout May. This person then unfortunately left employment mid July and 0.6 FTE TU worker dismissed July. This obviously affected performance. This also explains lower than expected financial gains.</p>

AGENDA MANAGEMENT SHEET

Name of Committee Communities Overview And Scrutiny Committee
Date of Committee 28th April 2011
Report Title Scrutiny of the Rugby Western Relief Road

Summary This report outlines the proposed findings and recommendations from Select Committee in relation to the Rugby Western Relief Road.

For further information please contact:

Michelle McHugh Overview and Scrutiny Manager Tel: 01926 412144 michellemchugh@warwickshire.gov.uk	Ann Mawdsley Principal Committee Administrator Tel: 01926 418079 annmawdsley@warwickshire.gov.uk
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Would the recommended decision be contrary to the Budget and Policy Framework?
 No.

Background papers None

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s) N/A
- Other Elected Members
- Cabinet Member
- Chief Executive
- Legal Ian Marriott
- Finance
- Other Strategic Directors David Carter, Strategic Director for Resources Group, Paul Galland, Strategic Director for Environment and Economy
- District Councils
- Health Authority

Police

Other Bodies/Individuals

FINAL DECISION NO

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee

To Council *To be confirmed*

To Cabinet 12th May Cabinet meeting

To an O & S Committee

To an Area Committee

Further Consultation

Agenda No 8

Communities Overview And Scrutiny Committee - 28th April 2011.

Scrutiny of the Rugby Western Relief Road

Report of the Chair of the Communities Overview and Scrutiny Committee

Recommendation

The Committee is recommended to consider the proposed findings and recommendations from Select Committee in relation to the Rugby Western Relief Road and consider the independent report from Stradia (which was not available at the select committee meeting) and amend the Committee's report as appropriate.

Agree a final report to be submitted to the Cabinet for consideration at the 12th May meeting.

Agree that following Cabinet consideration of the report on the 12th May, the report is then considered by full Council.

Attached as Appendix A is the draft report following the Select Committee meeting held on the 15th March in relation to the Rugby Western Relief Road. The report outlines some proposed findings and recommendations which the Committee is asked to consider.

The Committee will recall that at the meeting on the 15th March, reference was made to a report by Stradia, an external specialist cost consultant, which was not available at the time of the meeting. This report has since been published and is attached as Appendix B. The Committee is asked to take the findings from the Stradia report into consideration whilst discussing the Committee's report, findings and recommendations.

CLLR JOHN WHITEHOUSE
Chair of the Communities
Overview and Scrutiny
Committee

Shire Hall
Warwick

12 April 2011

Communities Overview and Scrutiny Committee

Scrutiny of the Rugby Western Relief Road

April 2011

Foreword by Chair of the Communities OSC, Cllr John Whitehouse

This has been a very important scrutiny exercise undertaken by the Committee, and has been unprecedented in a number of key respects.

The scale of the Rugby Western Relief Road project, the time and money spent delivering it, and the delays and budget overruns incurred during its construction, all meant that a major scrutiny review was justified. In order to retain public confidence in the council and its processes, it was essential that all the evidence considered by the Committee could be made freely available to the public. In our select committee meeting we were able to involve members of the public fully, both through questions submitted in advance and via questions and answers at the meeting. I pay tribute to the helpful contributions and perspectives from members of the public during our whole review process.

I would like to thank all the members of the Committee for their work in absorbing the details of this matter, and contributing to a very clear set of recommendations. In this they were assisted greatly both by the professional support of the Democratic Services and Legal teams, and also by the open-book approach of both the Portfolio Holder and the Strategic Director for Environment & Economy. A shared determination to get all the facts on the table, and to extract the key lessons to be learned for the future, has underpinned the whole review process.

The Committee has made a number of key recommendations for the future management of large, complex projects undertaken by the Council. These are lessons for the whole Council to take on board, not just an individual directorate. We make these recommendations for Cabinet to consider, with the further recommendation that our report should be referred on to a full Council meeting. This will enable the key changes we recommend to gain the widest possible support, and to allow all elected members to contribute their views on the many important perspectives on the ways in which the Council operates that this review has highlighted so clearly.

1. Introduction

- 1.1 On the 15th March 2011, the Communities Overview and Scrutiny Committee held a select committee meeting in Rugby in relation to the Rugby Western Relief Road (RWRR). The Committee sought to explore and understand the

factors that contributed to the delays and overspend experienced in the project and to identify learning points in order to ensure that future projects do not experience similar issues. The Committee invited the following individuals to attend the select committee meeting to share their views and experiences in relation to the RWRR project.

- Cllr Alan Cockburn, Portfolio Holder for Environment and Economy
- Paul Galland, Strategic Director for Environment and Economy
- Graeme Fitton, Head of Transport and Highways
- Roger Newham, County Transport Planner
- Dave Clarke, Strategic Director for Resources
- Chris Juckes, Head of Projects, Resources
- Nigel Barr, Stradia Ltd.

1.2 Recognising that the issue was one of significant local importance, members of the public were invited to participate in the scrutiny exercise by submitting questions in advance.

1.3 The Committee used the following evidence to inform their deliberations of the issues at the Select Committee meeting:

- Strategic Director for Environment and Economy's Report to the Committee
- Independent report by Contractauditline Ltd

1.4 Following the Select Committee meeting, the Committee also considered a report by Stradia, an external specialist cost consultant, which was not available at the time of the meeting.

1.5 The Committee concluded that the delays and overspends of the project were not attributable to a single cause, but were rather the result of multiple factors which were indicative of systemic failure in both project management and governance. This report summarises the Committee's findings and recommendations.

2. Background to RWRR

2.1 In 1997, Rugby Local Plan identified the Western Relief Road as a key infrastructure requirement to support major developments at Cawston, Malpass Farm, Swift Valley and Coton. The development of the project spanned several years and included two public inquiries prior to the contract for construction being awarded in 2007.

2.2 In July 2007, the Council entered into a target cost contract with Carillion JM Ltd for the construction of the RWRR. The target cost for the contract was set at £24.16m and included a projected end date of September 2009. The total cost of the project at the time the contract was awarded to Carillion JM Ltd was an estimated £36.57m. However, the project experienced significant delays and overspends. The RWRR finally opened to traffic in September 2010, with the outturn costs of the project having increased to £60m. The

costs for the construction contract had increased from the target cost of £24.16m to £39.75 m.

2.3 In the summer of 2008 the significant increase in the construction costs was brought to the attention of both the Council and the Cabinet. A partially successful bid was made to the Department for Transport (DfT) for additional funding. At this time the County Council's Internal Audit Team and specialist financial support from the Resources Directorate were brought in to assist the Environment and Economy Directorate in managing the project. Following a confidential report to Cabinet in October 2009 setting out an estimate of the predicted costs at that time and recording concern at the escalating costs, the Cabinet established a Board of Members and Strategic Directors to oversee a review of the project and to establish reasons for the increased costs. Cabinet asked the Board to consider the following questions:

- i) Was the procurement process robust enough?
- ii) Was this the right contract for the scheme?
- iii) Could any of the increased costs have been foreseen?
- iv) Are the increased costs justified?
- v) Has the project management been robust enough?
- vi) Are there any wider lessons for the Council?

2.4 Contractauditline (CAL), a specialist audit and contract consultant, was brought in to assist with the review. The report from CAL identified a number of issues and areas for improvement and formed part of Communities OSC consideration of the matter.

2.5 In response to a recommendation made in the CAL report, Stradia, an external specialist cost consultant, was appointed in January 2010 to provide dedicated commercial expertise to the Council in relation to RWRR. Stradia also produced an independent report, which was published in April.

2.6 A timeline of the development of the project is attached as Appendix A.

3. Key findings and recommendations of the Committee

Route Choice for the Southern Section

3.1 The Committee's first consideration was to explore whether the route choice for the southern section of the RWRR had been appropriate. The original public consultation for the RWRR in 1998 proposed that the southern section of the route would be on the disused railway between Leamington and Rugby. However, the context surrounding the scheme subsequently changed, leading to changes to the original proposals. The introduction of the Local Transport Plan in 2000 enabled Local Authorities to bid for funding and consequently influenced the Council's decision to extend the scheme the full length of the road to Potsford Dam to divert traffic away from the Cawston Housing Estate. Additionally, at this stage Rugby Cement were considering reopening the disused railway line in order to divert trucks off the road network. This

subsequently led the Council to re-plan the southern section of the route on greenbelt land. Whilst Rugby Cement later decided that re-opening the line would not be economically viable and decided against this option, the Council decided that the possibility of re-opening the railway line at some stage in the future should be preserved.

- 3.2 Changes to the original proposal increased the controversy surrounding the project and prompted the first Public Inquiry in 2003. The outcome of that inquiry supported the original proposal for the southern section to be on the disused railway. In June 2004, Cabinet considered the views of Rugby Area Committee, rejected the outcome of the first Public Inquiry and called for a second Public Inquiry. This was subsequently held in 2005 and led to the Secretary of State approving the revised plans, subject to some minor modifications.
- 3.3 The OSC sought to understand whether pursuing the original proposal for the southern section of the route would have avoided significant delays and expenditure. It is not clear whether the cost of the scheme would have been substantially less if the southern section of the road had been built on the disused railway line. The ecological and engineering challenges of using the disused railway line for the southern section are unknown, but it is unlikely that this approach would have saved £10m. The cost of acquiring the additional land for the southern section had not been high, but inevitably there was an environmental impact that cannot be easily quantified. Additionally, the ownership of the disused railway line has since transferred to Sustrans, where it is held under a covenant by the Secretary of State limiting use to rail or cycle routes only.
- 3.4 Overall, there is no evidence to suggest that using the disused railway line would have been more cost effective. Costs associated with planning work between 1998 and 2002 that was subsequently not carried out, whilst regrettable, could not have been foreseen.

Finding	Recommendation
<p>The decision to move away from the original proposal to use the disused railway line for the southern section of the route was influenced by changing context and circumstances which could not have been foreseen at the time that the original proposal was published. There is no evidence to suggest that using the disused railway line would have substantially reduced the overall costs of the project.</p>	<p>None</p>

Procurement process and contract

- 3.5 The *Rethinking Construction* report produced by Sir John Egan in July 1998 sought to raise standards in the UK construction industry and shift from an adversarial approach to a collaborative partnership approach to contracts. Target cost contracts, where clients and contractors develop a partnership approach seeking to achieve cost savings and subsequently sharing any savings (gain) or increases (pain) in expenditure, became common practice. Organisations such as the Highways Agency and British Airports Authority began adopting such contracts. Therefore, following advice from ARUP and Warwick Business School, the Council decided to adopt a target cost contract for the RWRR with early contractor involvement (ECI), with the aim of benefits being realised in the construction stage. Mowlem were awarded the professional services contract (ECI) in 2003, which included an expectation that the construction contract would subsequently be awarded to Mowlem, if the Council chose to do so and subject to the agreement of an acceptable price. The Committee is satisfied that at the time of letting the contract, target cost contracts were considered best practice in the industry and that the initial procurement process for the ECI was robust and in-line with required standards. However, it is now possible to conclude that the perceived benefits of ECI and a target cost contract were not realised.
- 3.6 Mowlem were acquired by Carillion in 2006 and at this point the Council decided to continue the professional services contract (ECI) with Carillion on the basis that Carillion were, and still are, on the Council's approved tenderers list. Moreover, the Council had experience of working with Carillion on the highways maintenance contract, where a good working relationship had been developed with the company. There were no identified risks at the time in continuing with Carillion as there was an expectation that key staff within Mowlem would remain on the project. Indeed, the majority of the Mowlem project team continued to work on the project for 18 months following the takeover and meetings continued to be held at a senior level during this time.
- 3.7 Carillion submitted an acceptable price for the construction element of the contract, which the Council awarded to them in July 2007. However, the evidence suggests that following the award of the construction contract to Carillion, the nature of the relationship between the Council and Carillion shifted to a traditional adversarial style of contract, rather than a partnership approach. The high level of compensation events that were submitted by Carillion (over 1,400) were indicative of this shift. The Council had insufficient experience with target cost contracts on major capital projects, which was not uncommon at the time, but limited the ability of the Council to effectively manage the contract and the shift in relationship that occurred.
- 3.8 Consideration needed to be given as to whether, at the point at which Carillion acquired Mowlem, the Council made the right decision to continue with the ECI contract with Carillion and subsequently award the construction contract to Carillion. It appears that throughout the project there was a strong desire to start the construction of the road and to avoid any further delays. Indeed, elected members expressed a desire for the construction to start as soon as

possible and were concerned about the potential loss of Section 106 funding and implications of high inflation if the project was delayed any further. This is illustrated by the motion to Council on 12th December 2006. These were reasonable concerns, which were symptomatic of the circumstances surrounding the project at that time. The desire to progress the construction influenced the Council's decision not to re-tender the ECI at the point when Mowlem was acquired by Carillion. It would not have been possible for the Council to revert to the other companies who submitted tenders for the ECI contract at the construction stage of the project, as at it would have been a substantially different contract. Re-tendering at this stage would have required an entirely separate tendering process.

3.9 Whilst it was reasonable for the Council to seek to continue the contract with Carillion, this decision should have been informed by a robust risk assessment, including consideration of the culture within Carillion, to allow a balanced decision to be made against the costs of a retendering exercise. Instead, it appears focus was placed on the costs and delays to the project if a retendering exercise was carried out, rather than whether the assumptions upon which the original contract was awarded to Mowlem would or could change if the contract was transferred to Carillion.

Findings	Recommendations
<p>The Committee is satisfied that at the time of letting the contract, target cost contracts were considered best practice in the industry. However, the experience of the RWRR project has illustrated the difficulties and challenges involved with this type of contract for major capital projects and programmes.</p>	<p>A) Target costs contracts should not be awarded for major construction projects going forward.</p>
<p>The Committee recognises that there was a strong desire for the construction of the road to be started as soon as possible and re-tendering the construction element of the project would have inevitably led to further delays and increased costs associated with the potential loss of section 106 funding and rises in inflation. It was reasonable for the Council to seek to continue the contract with Carillion as the company was on the approved tenderers list and already had a good working relationship with the Council in</p>	<p>B) If presented with a similar situation in the future, where the original contractor is acquired by a third party during the contract, a detailed review should automatically be undertaken before awarding the contract to the third party to ensure that none of the assumptions upon which the choice of contractor was based have changed.</p>

relation to highways maintenance contract. However, this position should not be assumed and should have been informed by a robust risk assessment, including consideration of the culture of Carillion, to allow a balanced decision to be made against the costs of a retendering exercise.	
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Design

- 3.10 The contract for construction of the RWRR was let to Carillion without a complete design. Whilst progressing infrastructure projects without a complete design is common practice in the industry, this should be mitigated by the identification of the risks posed by this approach and a realistic estimation of the costs associated with these risks. However, in the case of the RWRR the impact and risks of progressing with an incomplete design had not been appropriately assessed and lacked appropriate levels of contingency. Again the desire to progress the scheme as soon as possible and concerns regarding potential loss of external funding, were the primary drivers for progressing the scheme without a complete design.
- 3.11 However, it is now clear that the incomplete design contributed to the increased costs and delays experienced by the project. A more complete design would have produced a more realistic cost and would have avoided some of the issues that arose. Indeed, the design of some elements of the project had to be altered due to design deficiencies that became apparent during construction. In some cases these design alterations were made after partial construction of the original design. For example, two of the roundabouts on the route required a major change in design and one other required a minor redesign. The CAL report identifies a number of compensations events valued at £200,000 or more that were directly attributable to the incomplete design or errors within the design, including:
- Error in drawings regarding existing and proposed location of Cemex Tunnel leading to an additional estimated cost of £900,000
 - Correction of error in traffic signs specified for the scheme leading to an additional estimated cost of £621,733
 - Design error resulting in extra setting out, drainage and traffic signage following remodelling of Cawston roundabout leading to an additional estimated cost of £400,000
 - Extra work, including design, following the introduction of the south west wing wall at Parkfield Road Rail Bridge leading to a cost of £324,000
- 3.12 The Committee acknowledges that the engineering issues that arose on the site were extremely difficult and unavoidable. In their consideration of the issues, Stradia are confident that the Council has not paid any unjustifiable costs. Nevertheless, a more complete design could have avoided some or all

of the additional costs. The Committee welcomes the internal investigation that is currently being undertaken in relation to the design of the scheme.

- 3.13 In addition to issues regarding the content of the design, the Committee also has concerns regarding the design process. The design was carried out by a combination of the Environment and Economy Directorate’s internal design team, its partner design consultant ARUP and the construction contractor under ECI (Mowlem and subsequently Carillion). However, the Council’s client role was potentially compromised by involvement in the design process. Such joint working inevitably creates blurred lines of responsibility and accountability. Therefore, on major projects it would be prudent for the entire design work to be contracted out to an external provider.

Findings	Recommendations
<p>Progressing the scheme without a complete design, although common practice in the industry, contributed to the increased costs and delays.</p> <p>The Council jointly working with external designers and the ECI contractor on the design work potentially compromised the Council’s client role.</p>	<p>C) As much design work as possible should be undertaken in future projects prior to contracts being let.</p> <p>D) Design work on major projects be entirely contracted out to avoid the Council’s role as a client being compromised.</p>

Risk Management and Contingency

- 3.14 Risk management and contingency for the project were inadequate. The CAL report highlights weaknesses in the risk management and cost reporting procedures that were in place and that these weaknesses resulted in an insufficient provision for contingencies and allowed a backlog of unresolved compensation events to occur.
- 3.15 Whilst the Strategic Director for Environment and Economy is confident that steps were taken to identify and manage risks throughout the project, the extent to which the risk management process effectively identified, logged, costed and appropriately dealt with risks is unclear as the approach to maintaining the risk register was not as robust as it should have been. The CAL report highlights that whilst ‘Risk Reduction’ meetings took place, these focussed on the mitigation of risks in respect to events that had already occurred, rather than focussing on potential future risks.
- 3.16 It appears that significant risks were effectively identified, but the judged impact and value of those risks was clearly underestimated. A low level of contingency, 2% of the tendered construction target cost, was allocated on

the basis that the combination of ECI and a target cost contract would lead to a lower risk of costs increasing. However, a 2% contingency budget was inadequate. The CAL report suggested that a 10% contingency budget would have been more appropriate for a project the size of the RWRR. However, it is now clear that 10% would have not been sufficient.

- 3.17 Ultimately, the experience of RWRR suggests that the Council needs to improve its approach to risk management and contingency, which will in turn improve projections of outturn costs. The CAL report proposes a more rigorous approach to risk management, however the approach advocated is at a higher level than has been traditionally operated within the Council and raises the question whether the Council has sufficient levels of skills and knowledge for the dynamic risk assessment envisaged. What is clear, is that there needs to be closer working between Members and Officers to assess the risk around major capital programmes and to agree an appropriate level of contingency. Members need to have a full understanding and appreciation of all risks involved within major capital programmes and projects.

Findings	Recommendations
<p>It appears that whilst significant risks had been effectively identified, judged impact and costing of these risks was inadequate, leading to an insufficient contingency budget being allocated. The approach to managing the risk registered was not as robust as it should have been.</p>	<p>E) A more rigorous and dynamic approach to risk management, in line with the approach advocated in the CAL report, needs to be introduced for all major projects. SDLT should be required to instigate the introduction of an improved approach to risk management as a matter of urgency.</p> <p>F) The improved approach to risk management should include a greater role for members to work with officers to assess the risk around major capital programmes and to agree an appropriate level of contingency.</p>

Project Management

- 3.18 Inevitably, given the significance of the delays and overspends experienced on the project, questions have been raised regarding the Council's project management of the scheme. The CAL report is critical of some aspects of the Council's project management, in particular the staff resources allocated during the early stage of construction to deal with design issues and compensation events, were considered insufficient. From the Council's perspective, the project was still being managed on the basis that the client

and contractor were working together to identify efficiencies and drive down costs. Therefore, additional resources were not deemed necessary.

- 3.19 The overspend on the project was identified in the summer of 2008 and was immediately brought to the attention of the Strategic Director and the Portfolio Holder. Extra resources were swiftly allocated and an internal review was instigated. Following this a report was taken to the Cabinet in early autumn 2008 and Internal Audit and a Systems Project Team were brought in late autumn 2008. The Committee is satisfied that the actions that followed the identification of the overspend were sufficiently prompt and robust. However, it is the Committee's view that recognition of the issues should have occurred sooner.
- 3.20 In managing major projects like the RWRR it is fundamentally important to ensure that the Council has the appropriate skills, knowledge and capacity to manage the project effectively. Whilst the Council has a lot of project management expertise, it needs to be recognised that the Council may not have all the required skills to effectively manage major projects. In the case of the RWRR, the Council lacked sufficient commercial skills to manage the challenging circumstances that arose during the project. Clearly, it is not expected that the Council should possess all the skills required to effectively manage a major project, but there needs to be an awareness of the skills gaps within the Council and knowledge of how to procure these skills externally as and when required. Therefore, the planning process for major projects should include a full skills analysis to identify the best individuals within the organisation to manage the project and to identify any gaps in the internal skills base where external expertise maybe required. Moreover, sufficient Council resources need to be allocated to manage projects from conception to implementation. Officers selected to manage major projects should be released from their role to work on the project full time.
- 3.21 With current reductions in the Council's workforce, there is a need to ensure that there remains an appropriate level of officers across the Council who are fully trained and experienced in applying the principles of Prince2, the Council's recognised project management tool.

Findings	Recommendations
<p>The Council had sufficient project management capabilities to manage the RWRR, but lacked sufficient commercial skills to manage the challenges that arose.</p>	<p>G) Major projects should include a full skills analysis as part of the planning process and identify any gaps in the internal skills base, where external expertise may be required.</p>
<p>Sufficient resources need to be allocated to projects from conception to implementation.</p>	<p>H) Officers selected to manage projects should be released from their role to work on the project full time.</p>

<p>Whilst the Council currently has sufficient skills and expertise in project management, the Council needs to ensure that during a period of workforce reduction an appropriate level of officers across the Council who are fully trained and experienced in applying the principles of Prince2 is maintained.</p> <p>The actions that followed the identification of the overspend were sufficiently prompt and robust.</p>	<p>l) A detailed audit of those officers qualified and experienced in applying the principles of Prince2 is undertaken and, where appropriate, staff are supported to undertake the qualification.</p> <p>None</p>
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Project Governance

- 3.22 There were inadequate project governance arrangements in place to oversee the project management of the RWRR. A Strategic Management Board (SMB), consisting of the Contractor's Regional Director and Senior Contract Manager, and the Council's Project Manager and the Design Services Group Manager was established. The Board met three times between July and December 2003 but became dormant when the scheme was put on hold following an adverse decision from the first public inquiry. The Board was reconvened in November 2007 following the start of construction in August. During the period that the SMB was dormant, the internal Warwickshire Engineering Board assumed the governance role for the project. The Project Manager provided update reports to that internal Board on a two monthly basis. However, the RWRR was just one aspect of the Warwickshire Engineering Board's work at this time. This arrangement was inadequate given the scale of the RWRR project.
- 3.23 Additionally, the CAL report highlights that when the Board did reconvene there were fewer formal reports presented than might have been expected for a project of this size. CAL also expressed the view that the minutes of the Board lacked sufficient evidence to confirm that the quantum of the increasing costs were being reported prior to July 2008 or that the actions being taken to address them were being recorded. In July 2008, the Board was advised that additional costs had accrued totalling some £3.3m, however the minutes from this meeting do not contain any comments or actions to be taken. By December 2008, the Board had been made aware that the increases in cost could be more than £12m. CAL recommended a number of actions for enhancing the cost reporting processes for the remainder of the project, which were then put in place.
- 3.24 Ultimately, a more rigorous approach to Project Governance, with a Project Board meeting regularly and continually throughout the project, would have

enabled greater challenge to the Project Management of the RWRR. Moreover, a level of corporate oversight would have also proved beneficial, enabling a degree of strategic challenge. SDLT should be part of the monitoring and appraisal processes of major programmes and projects.

3.25 The experience of the RWRR raises interesting questions regarding the role of elected members in the project governance of major projects. Concern was raised that following the letting of the contract, there was a period of a year before the Cabinet was made aware of the financial issues. Reports were made to Cabinet in the Spring and Winter of 2007. Whilst regular briefings were held with the relevant Portfolio Holder, this is insufficient mechanism for project governance or member involvement with major projects. All major programmes and projects should be governed by an Officer and Member Project Board, responsible for overseeing the project and challenging progress.

Findings	Recommendations
<p>The project governance arrangements were inadequate for a project of this size.</p> <p>There is a need for members to have greater exposure to, and involvement with the project governance of major programmes and projects.</p>	<p>J) Major projects and programmes should be overseen by an Officer and Member Project Board that meets regularly throughout the life of a project.</p> <p>K) SDLT should form part of the monitoring and appraisal processes of major projects.</p> <p>L) The Leader should review how relevant Portfolio Holders should discharge their responsibilities for major projects and programmes, and for ensuring full and timely reporting back to both Cabinet and Full Council as appropriate.</p> <p>M) Prince2 training should be available to members in the member development programme, subject to a learning need being identified through a Personal Development Plan.</p>

Network Rail and Public utilities

- 3.26 A significant amount of the increased costs on the RWRR were a direct result of issues that emerged in relation to gaining access to Network Rail's land. CAL's report provides an insight into these difficulties:
- Difficulties in getting Form A & B approved by Network Rail which caused uncertainty in predicting when work would restart for the removal of the south west wingwall at the Parkfield Road Rail Bridge costing £2,315,100
 - Reprogramming of work at Parkfield Road Rail Bridge, due to delays by Network Rail in the diversion of 25kv power supply and other apparatus, costing £634,918
- 3.27 The Council is required to negotiate with Network Rail to gain access to land, under the terms of a national agreement between the Local Government Association and Network Rail. This national agreement required the County Council to accept all risk associated with the contract, other than negligence. The Council is unable to seek redress from Network Rail for additional costs the Council incurred. The agreement with Network Rail needs to be challenged at a national level.
- 3.28 As part of the scheme design, detailed enquiries were made to all Public Utilities to determine how utilities would impact on the scheme and to determine the requirements for utility diversions. Legislation requires the Council to pay Public Utilities to design and execute service diversions. The Council is ultimately reliant on the Public Utilities for accurate information about the presence of services and diversion costs. However, the Public Utilities' estimates for work proved to be inaccurate which led to an underestimation of costs. During construction, difficulties with service diversions and inaccuracies in the Public Utilities records lead to a 78% rise in the costs associated with Public Utilities on the project. In addition to the direct costs paid to the Public Utilities, these difficulties also caused delays and disruptions, which inevitably increased costs.
- 3.29 Whilst the level of inaccurate information provided by Public Utilities was exceptional, the Council should have anticipated a higher level of risk than it did, with a substantially higher contingency to manage this. The inaccuracy of Public Utilities' records needs to be addressed at a national level.

Findings	Recommendations
A significant portion of the increased costs are attributable to problems faced in terms of getting access to network rail land and the inaccuracy of Public Utilities records.	N) The Leader and PH should write a letter to the Secretary of State, copying in local MPs, lobbying for a change to statutes and agreements that allow Network Rail and utilities, to generate costs for local authorities,

<p>The Council should have anticipated a high level of risk associated with public utilities records than it did and set aside a more substantial level of contingency to manage this risk.</p>	<p>and that where possible, other local authorities should be invited to sign this letter.</p> <p>As per recommendation E above.</p>
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Value for Money

- 3.30 Analysis of the new road indicates a cost-benefit ration of 4.5:1, (for every pound invested there is £4.50 worth of benefits), supporting the claim that the RWRR represents good value for money despite costing far more than originally budgeted. However, better value for money could have been achieved through the scheme and although the scheme stills stands up to the Government's calculation of Value for Money, this does not justify the substantial loss of value that has occurred due to the significant delays and increased costs. If the final costs of the project had been known at the outset, it is unlikely that the project would have been pursued.
- 3.31 In terms of the effectiveness of the scheme, an initial assessment of the impact of the RWRR on traffic flow undertaken in October 2010, indicated that there had been a reduction in traffic flow that was broadly in line with the predictions, including a 24% reduction in Main Street, Bilton, 27.8% reduction on Bilton Road (near Lidl Supermarket) and 15.7% reduction in Newbold Road. It is anticipated that these reductions will further increase as time progresses.

Findings	Recommendations
<p>Whilst the RWRR represents a cost-benefit ratio of 4.5:1, the value for money of the scheme has inevitably been reduced due to the significant delays and overspend.</p>	<p>None</p>

4. Conclusion

- 4.1 The Committee concludes that the delays and overspend experience on the RWRR cannot be attributed to a single cause. Rather multiple interrelated factors were responsible. These factors can be summarised as:
- Shift in the relationship between the Council and its contractor

- Lack of commercial skills within the Council and lack of experience of managing Target Cost Contracts for major construction projects
- Desire to progress the construction as soon as possible
- Incomplete design and design errors
- Inadequate risk management and contingency
- Inadequate project governance
- Problems associated with Network Rail and Public Utilities

4.2 The identification of multiple factors is symptomatic of systemic failure and illustrates weaknesses in the Council's approach to the management and governance of major projects. There are important lessons for the Council to learn from the experience of the RWRR and the Committee's recommendations are well placed to drive improvement in the Council's approach to project management and embed a corporate responsibility for major projects like the RWRR in the future.

DRAFT

Communities Overview and Scrutiny Committee – 29 November 2010

Rugby Western Relief Road

Rugby Western Relief Road – Development History

Date	Activity, Event or Decision	Estimate
1997	Rugby Local Plan adopted with the Western Relief Road as a key infrastructure requirement to support planned major developments at Cawston, Malpass Farm, Swift Valley and Coton.	
1997 to 2000	Negotiations with developers to secure S106 funding. Agreements gave 10 years for the money to be spent before refunds had to be made to developers. The amount of developer funding secured was insufficient to fund the full length of the scheme. WCC decided to implement a shortened first phase which utilised the primary distributor road of the Cawston housing estate.	
October 1999	Planning permission granted for the shorter scheme with alignment on the disused railway and utilising the primary distributor road of the Cawston housing estate at the southern end.	
August 2000	Rugby Cement announced its intention to reopen the disused railway line. Cabinet had previously agreed in March 2000 to support reopening if Rugby Cement decided to proceed.	
Autumn 2000	A bid was made to DfT for funds to extend the road to Potsford Dam and to move alignment off the disused railway. Provisional approval was granted by DfT in December 2000 with a provisional major scheme funding allocation of £8.06M.	£20.2M
October 2001	Cabinet approved a revised scheme with an alignment off the disused railway and extending to Potsford Dam. Approval given to commence statutory procedures for planning and Orders.	
April 2002	Further revisions to the outline scheme design and revised estimate approved by Cabinet.	£20.6M
May 2002	Planning application for current scheme submitted	
July 2002	Rugby Cement abandon plans to reopen railway.	
Sept 2002	Cabinet approve continuation with scheme off the disused railway to preserve the opportunity for reopening and a revised estimate	£21.4M
Spring 2003	Planning permission granted for full length scheme. First public inquiry held.	
July 2003	Cabinet approved award of Early Contractor Involvement (ECI) contract to Mowlem	
January 2004	Cabinet approved revised estimate	£23.9M

Feb-June 2004	Secretary of State (SoS) announced in February 2004 that he was minded to approved the Orders only the northern section of the road. Reports to Area Committee (May) and Cabinet (June) led to a decision to reject the SoS decision and to seek a second public inquiry.	
April 2005	Cabinet approved revised estimate	£26.8M
Spring 2005	Second public inquiry held	
Dec 2005	SoS approved the Orders for the full length scheme subject to a range of amendments	

Feb 2006	Cabinet approved : 1. scheme amendments to meet SoS requirements. 2. Continued employment of the ECI contractor	
May 2006	Cabinet approved revised estimate	£30.57M
May 2006	Mowlem taken over by Carillion	
July 2006	Revised planning permission granted incorporating the amendments required by the SoS	
Nov 2006	SoS gave final approval to the scheme Orders	
Dec 2006	Notice of Motion to Full Council expressing concern of lack of progress with the scheme	
Feb 2007	Cabinet approves 1. Revised estimate 2. Letting of a contract for construction subject to full approval of the scheme (funding) by DfT. 3. Letting of an advanced contract for site clearance. This work had to be carried out before the bird nesting season to avoid undue delay to the start of the scheme. It was necessary to let a low value advance contract due to the lack of final funding approval from DfT which prevented letting of the main contract.	£35.1M
Feb 2007	Planning permission granted incorporating further requirements of the SoS	
8 March 2007	DfT granted full approval and £17.083M funding	
29 March 2007	Cabinet approved revised estimate	£36.5M
June 2007	Cabinet approved award of main contract to Carillion	
August 2007	Work started on main construction contract	
January 2008	Cabinet approved earmarking of capital receipts for RWRR from sale of properties previously purchased for road improvements made redundant by the Western Relief Road	
Sept 2008	Cost increase reported to Cabinet. Network rail and Utilities were identified as the cause	£38.5M
January 2009	Cost increase and an 11 month delay reported to Cabinet. Additional costs and delays due to Network rail and Utilities were identified as the cause	£42.9M
January 2009	DfT granted an additional £4.179M to the scheme following a bid of £6.33M from WCC	
October 2009	Major report to Cabinet and Council. Council approved a revised estimate.	£55M



Warwickshire County Council

Rugby Western Relief Road Project Performance Review



28 March 2011

Warwickshire County Council

Project Performance Review

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1. Executive Summary

This report was commissioned to provide a review of the project management processes and procedures used in the delivery of the Rugby Western Relief Road (RWRR) project with the overriding objective of ensuring that any lessons learned in improving efficiency and avoiding pitfalls are available for future project delivery teams.

Due to the significant increase in the cost of the project the review focuses principally on the lessons that can be learnt from commercial management and the contractual relationship between Warwickshire County Council (the Council) and Carillion Civil Engineering Ltd (the Contractor). This report focuses on the Council and how it can draw lessons in relation to its role in future contracts. The report does not comment on the failing of the Contractor or improvements that the Contractor should consider.

In 2002/3, in an effort to maximise value for money for the taxpayer, the Council elected to adopt a procurement route embodying collaborative techniques such as Early Contractor Involvement (ECI) and a target price incentive arrangement using the NEC3 standard form of construction contract. This was a relatively new procurement method in 2002/3.

However the target price for this strategically important project increased considerably from approximately £24M at the time the contract was awarded in July 2007 to final target price of £39.75M. The reasons for this increase are fully considered and explained in this review.

In order to understand the detail behind why the final target price exceeded the Council's budget its Communities Overview and Scrutiny Committee held a special meeting on the 15 March 2011. The meeting highlighted several major areas of concern including:

- Was the procurement process robust enough?
- Was the NEC3 (Option D - Target Price with Bills of Quantities) the right contract for the scheme?
- Could any of the increased costs have been foreseen or avoided?
- Are the increased costs justified?
- Has the project management been robust enough?
- Are there any wider lessons for the Council?

1. Executive Summary

In undertaking this review it has been noted that despite the concerns set out above there has nevertheless been a number of successes recorded on the project which are also considered valuable in the lessons learned process.

Stradia was appointed by the Council in January 2010 to provide commercial management advice and support services in connection with the delivery of the RWRR project.

Following the settlement of the final account in December 2010 Stradia has been further commissioned to review project performance and report on any recommendations that should be considered in the delivery of any future projects or related situations.

The scope of this report concentrates on the processes and procedures adopted in the construction of the RWRR project and does not consider the wider implications of the project such as land acquisition costs, planning implications, etc.

Summary of Key Points Arising out of the Review

Project Achievements:

- Taking into account the need to overcome several major issues (e.g. Network Rail, Cemex Tunnel, changes in design, etc) this complex project was delivered within a reasonable time (ahead of the Council's expert planner's (ARUP) recommendations)
- Little or no remedial work (defects) on handover due to the quality of the finished construction work
- The final account for the project was settled within 3 months of completion
- Good liaison with local businesses, schools and other key local community stakeholders

Areas for improvement:

- Better understanding of collaborative procurement and the use of the NEC3 form of contract
- More detailed and robust design prior to commencement on site
- Projects should adopt more proactive strategies for managing risk associated with third parties who impact on the critical path activities (e.g. Network Rail, Utilities, etc)

1. Executive Summary

Summary of Key Points Arising out of the Review – continued

- Stronger project leadership to drive performance and the ability to challenge project performance as a whole
Proactive project management (linked to robust risk management and cost control processes)
- When appointing external consultants ensure they have the appropriate skills and resources
- A greater understanding within the Council in the use of the NEC3 suite of contracts is necessary, in particular improved understanding and skills for the following key project management processes
 - Integration of client and contractor teams
 - Cost management, control and reporting (when using target price options)
 - Decision making and problem resolution
 - Design development
 - Change control
 - Risk management
 - Value engineering

During the construction of the project there were many meetings and discussions on suggested improvement ideas in different areas which is commendable. However, we did not find evidence of a unified improvement strategy that co-ordinated suggested improvement ideas and their implementation across the project.

2. Background to this Report

At the time of commencing the procurement process for the RWRR project (2002/3), the Council wished to adopt a strategy that would deliver the best value for money for the taxpayer.

The Council was satisfied (through recommendations and advice it received from Warwick Business School, the Office of Government Commerce (OGC) and other leading authorities on construction best practice techniques) that the use of a collaborative form of contract incorporating a cost reimbursable payment mechanism linked to a performance related target would assist in achieving its value for money objectives.

The aim was to develop a partnering approach to promote innovative and cost saving solutions at the design and development stage of the RWRR project that would lead to an efficient and cost effective project outcome.

The form of contract which formed the basis of the legal relationship between the Council and the Contractor was the NEC3 (Option D) commonly known as a target cost contract.

Under this form of contract the Council was required to reimburse the Contractor all its demonstrable costs incurred in the delivery of the project; the total of which was to be measured against a pre-determined target. Any savings or over-spend measured against the target are then shared in the proportions stated in the contract thereby creating a mutual incentive for achieving cost efficiency. The Appendix to this report provides a more comprehensive explanation of a target cost contract.

The procedures required for the successful management of a target cost contract are recognised by experienced practitioners in the construction industry to be demanding and therefore require appropriate expertise, skills and resources. The NEC3 form of contract also relies heavily on a collaborative working arrangement between the Employer (the Council) and the Contractor to drive efficiency benefits. These key areas go to the root of several of the problems which the Council has experienced in the delivery of the project.

The target price for the original scheme design was approximately **£24M** with an associated contract period of **2 years**.

2. Background to this Report

In the summer of 2008 (approximately 1 year after commencement on site) the first significant increase in programme time and consequential construction costs were brought to the attention of both the Council and its Cabinet.

At the same time the difficulties in operating the contract in accordance with NEC3 principles were becoming apparent and it had become clear that resources on site were inadequate to properly administer the contract.

Although the NEC3 is a collaborative form of contract, at some point the nature of the working arrangements between the Council and the Contractor appear to have shifted to a more traditional adversarial approach. This had a consequential change in emphasis on the commercial management of the project by moving the focus away from cost efficiency and savings to attempting to control more than 1400 contractual changes (compensation events).

The project was completed in late September 2010 (approximately 1 year later than originally planned) and the final account was settled in December 2010 at **£39.75M** (approximately £15M above the original target price).

In administering the commercial processes independently of each other the Council and Contractor differed significantly in their respective assessments of amounts payable under the terms of the contract. This included, inter alia, assessments of Defined Cost, the Price of Work Done to Date and the Total of the Prices (the target).

Stradia was appointed by the Council in January 2010 to provide commercial management advice and support services in connection with the RWRR project.

Over a period of approximately 12 months Stradia worked closely with the Council and the Contractor to agree a definition of cost, improve commercial procedures on the site and to resolve matters of interpretation over the terms of the contract. Stradia's instructions from the Council were to ensure that the cost payable to the Contractor was properly incurred in accordance with the terms of the contract including the resolution of any commercial differences in the best interests of the taxpayer.

2. Background to this Report

At the time Stradia was appointed the Council's commercial advisors (ARUP) had assessed the final target price to be approximately £36M and the Contractor's assessment was approximately £48.5M. This had resulted in a difficult adversarial working relationship developing with the possible threat of formal dispute resolution proceedings to resolve the significant differences.

We extend our thanks to people who were kind enough to give up their time and share their views to assist in this review process.

3. Purpose of the Review

The primary purpose of the project review process is to capture and share knowledge and experiences from both a positive and negative perspective. The intention of the review is to enhance the Council's project processes.

Assistance with Corporate Governance

Robust corporate governance is critical to the success of any public body responsible for investing taxpayer's money. The recommendations made in this review should assist in providing a well-defined structure for administering and executing a consistent approach enabling the Council to optimise future project management decision making.

This is particularly so in the current economic climate where cost efficiency has become of paramount importance. The capture and understanding of experiences (positive and negative) can be viewed as key components in the success of future projects as it is recognised that employees are inclined to turn to lessons learned for guidance.

The experiences and lessons learned on the RWRR project will assist in the continued growth of corporate intelligence and assist in ensuring:

- More effective contract procurement strategies
- Improved taxpayer and customer value for money
- Increased efficiency in project delivery when using the NEC3 form of contract through the use of clearer processes
- Improved design quality

4. Project Achievements

In the course of Stradia's research into areas for improvements several achievements in the delivery of the project were noted which are set out below as a point of reference, but by no means represent an exhaustive list as this was not part of our Brief.

4.1 Completion within a Reasonable Time

Although the project clearly overran against the original programme and budget the Contractor completed the works within a reasonable timescale given the significant changes it had to deal with (in excess of 1400 compensation events)

This was evidenced by actual completion being certified before the Project Manager's assessed planned completion date. The Council managed the programme in an efficient manner and time did not become an issue in dispute with the Contractor. A lot of good work was done by the ARUP consultant responsible who worked with the Contractors planner.

4.2 Good Quality Construction

The quality of the as built works on the RWRR project was good. This was evidenced by the limited number of defects and minor snagging notified by the Project Manager at or before the completion date.

4.3 Reduced Demobilisation Costs

The Council omitted minor works such as outstanding landscaping works in order to be in a position to issue a Completion certificate as quickly as possible and thereby avoid any ongoing liability to the Contractor for ongoing demobilisation costs.

4. Project Achievements

4.4 Prompt Settlement of the Final Account

The Council secured a favourable settlement of the final account within 3 months which resulted in it:

- Not having to pay the Contractor a gain share, the Contractor would have potentially have pursued a target of £48.487M.
- Avoiding a dispute – the legal fees for the Council to pursue costs through adjudication may have been in the order of £500k.

4.5 Relationships with the Local Community

Good relations with the local community were fundamental during construction of the RWRR project. Regular meetings were held with community representatives to brief them on the progress and consult on any issues of concern.

5. Learning Outcomes

This section of the report sets out lessons to be learnt and recommendations that for completeness provides comprehensive advice for future projects, some of which is likely to already be in use in the Council generally and was used on the RWRR project.

5.1 Contract Negotiations Prior to Award

The Council elected to adopt a procurement process involving what is known as Early Contractor Involvement (ECI), which was a relatively recent initiative in 2002/3, aimed at using the contractor's expertise to manage and reduce risk, ensure buildability in the design, identify value engineering opportunities and reduce overall timescales by obtaining early familiarity with the project and securing key resources.

Following a competitive tender process the contract for *professional services*, the first stage (of a two-stage ECI approach), was awarded to a company called Mowlem Ltd (Mowlem) in 2003. Mowlem was later taken over by Carillion Civil Engineering Ltd (the Contractor) in 2006. The contract contained an option (and there was an expectation) to award the construction contract to Mowlem, without the need for a further competitive tendering process. The Council would only elect to enter into a construction contract with the Contractor if an acceptable price representing good value for money could be agreed

The Council continued with the Contractor under the *professional services* contract to execution of the construction contract in July 2007.

During the ECI process the project delivery team (Council and the Contractor) identified and managed several key project delivery risks that would potentially threaten the target price and programme. The risks identified included:

- Strengthening of existing bridges
- Industrial contaminants on land formerly owned by Cemex
- Working alongside operational commercial plant and equipment owed by Cemex and other local businesses
- Working alongside schools
- Maintaining traffic flows on existing roads
- Moving and working around existing services
- Accessing Network Rail's property

5. Learning Outcomes

5.1 Contract Negotiations Prior to Award - continued

Stradia has not investigated in detail how the financial impact of these risks was evaluated or calculated in either the target price or as part of any Council held budget. The risk allowance included in the agreed target price at commencement of the project was £325,000 (1.35% of the target price) In addition the risk contingency held by the Council for risks not transferred to the Contractor was £536,000 (2.2% of the contract target price). The combined contingency was therefore £861,000 (3.5% of the contract target price).

It later became evident that many key risks had not been identified or allowed for in the risk allowance.

No comment is offered in this review on the basis of the calculations for the provisions made against the project risks save to say that they later proved to be inadequate.

In addition to the key risks listed above the estimated cost had been increasing throughout the design development period, largely due to significant nationwide construction inflation and the further development of the project design. It is noted that this increasing cost was reported at the time to the Council.

Taking all these factors into account, the Council concluded contract negotiations on what it believed to be the optimum commercial terms which were in the best interests of the taxpayer and the local community.

The contract terms comprised:

Contractual Feature	Agreed Term
Target Price	£24,161,959.91
Fee (Contractor's off-site overhead and profit)	5.77%

5. Learning Outcomes

5.1 Contract Negotiations Prior to Award - continued

Contractual Feature	Agreed Term	
Incentive arrangements	<ul style="list-style-type: none"> ▪ Saving greater than 80% of the target price 	Contactor's Share – 0% Council' s Share – 100%
	<ul style="list-style-type: none"> ▪ Saving between 80 – 90% of the target price 	Contactor's Share – 25% Council' s Share – 75%
	<ul style="list-style-type: none"> ▪ Saving between 90 – 100% of the target price 	Contactor's Share – 50% Council' s Share – 50%
	<ul style="list-style-type: none"> ▪ Overspend between 100 – 110% of the target price 	Contactor's Share – 10% Council' s Share – 90%
	<ul style="list-style-type: none"> ▪ Overspend between 110 – 120% of the target price 	Contactor's Share – 50% Council' s Share – 50%
	<ul style="list-style-type: none"> ▪ Overspend over 120% of the target price 	Contactor's Share – 100% Council' s Share – 0%

The project originally consisted of:

- 6.3km of single carriageway
- 6 Major structures
- 6 Roundabouts
- 2 Signal controlled junctions

Construction of the road began in August 2007 with completion programmed for the end of 2009.

5. Learning Outcomes

5.1 Contract Negotiations Prior to Award - continued

Potential Benefits and Pitfalls of ECI

The potential benefits of ECI are considered to be to:

- Allow the incorporation of the Contractor's experience into the project designs and thereby minimise design change
- Improve integration of the project team, obtain familiarisation with the project and improve advanced planning and buildability
- Allow the Contractor additional time to secure key resources
- Provide a basis for a reduction in delivery timescales and costs
- Assist in identifying additional cost during design development phase

If ECI is to be an effective process there must be an acceptance of:

- A two-stage approach to the tendering process which will result in negotiated target price rather than lowest price
- An open approach to setting the target including risk identification, sharing and pricing

The risks of ECI are considered to be:

- It does not eliminate all of the cost and performance risk inherent in large, complex, projects or programmes of work as it is dependent upon the expertise of the respective parties personnel
- The parties do not adopt an honest, open and collaborative approach to developing a target price – this may not become apparent until after commencement of the project.
- The Contractor may not declare all the efficiencies prior to setting the target price which could lead to a *soft* target
- If the incentive mechanism (pain/gain share) is skewed in favour of the Contractor the behaviour it creates may not be in the best interests of the Council
- Requires a comprehensive risk register and a clear strategy for making cost provision within either the target price and/or the client's budget

5. Learning Outcomes

5.1 Contract Negotiations Prior to Award - continued

Area for Improvements 1 – Risk Identification and Mitigation

NEC3 contracts enable clients to identify, allocate and manage risk more effectively than traditional forms of construction contract. When times are tough and there is increasing uncertainty, focusing attention on construction risk and managing it sensibly can significantly increase predictability in cost and programme time.

The initial stages of an ECI process are critical. A comprehensive risk register needs to be established collaboratively and involve key representatives of the supply chain (Council, Contractor, Sub-contractors, Consultants, Suppliers, etc)

Failure to properly identify, evaluate, allocate and manage risk will result in increased and unmanageable uncertainty.

It is all too easy simply to pass the *risk parcel* and allocate risk 100% to one party or the other. Negotiating and agreeing the target price is not the time to ignore or start dumping risk as it will be paid for through delays and/or increased costs. This is often what happens in a traditional priced contract. Adopting a sensible approach to risk management is even more important in depressed market conditions.

Recommendations

The Council should apply rigour in the identification and mitigation of risk. This will require clear and consistent processes to be applied on all projects (particularly target contracts) prior to commencement when setting budgets and agreeing contract terms.

5. Learning Outcomes

5.1 Contract Negotiations Prior to Award - continued

Areas for Improvement 1 – Risk Identification and Mitigation – continued

Recommendations – continued

Once key risks have been identified the Council is recommended to explore risk response strategies for the high risk items identified in the risk register. The process should identify and assign individuals to take responsibility for each risk response. This will ensure that each risk requiring a mitigation plan has an owner. The owner of the risk could be a planner, engineer, project manager, etc, depending on the point in project development, or it could be the private sector contractor or partner, depending on the contracting method and risk allocation.

Risk identification, mitigation and planning efforts require the Council to set policies, procedures, goals, and responsibility standards. Formalising risk mitigation and planning throughout the Council will help establish a risk culture that should result in better cost management. Risk planning throughout the ECI and construction process and clear allocation of project risks will deliver better value for money.

5.2 Contract Selection and Award

For the reasons stated earlier the Council selected the NEC3 (Option D) form of contract commonly known as a target cost contract.

Although the promoters of the NEC are keen to portray the contract as the panacea to all time and expense issues, in truth Contractors and Employers are slow to change.

The use of this form contract has been proven to deliver significant benefits in experienced hands. From a Client's perspective, NEC3 introduces a range of options for risk management and incentivisation. It remains the most flexible and proactive suite of contracts amongst the standard forms of contract currently in

5. Learning Outcomes

5.2 **Contract Selection and Award – continued**

use and it contains robust processes for management of time and cost.

Target Price contracts such as NEC3 Options C and D combined with good open-book accounting provide Clients with visibility of what they are going to pay and when they are going to pay it. For example, if there is low inflation and even deflation, they will only pay for goods at current market rates.

With good open-book accounting there should be no nasty surprises with claims appearing out of thin air. No one can try to charge more for something under NEC3 contracts because there is a robust audit trail and clients can rely on provisions in the contract for disallowed cost.

However, the requirement to keep up to date with changes and issues as they occur requires both the Contractor and Client to work effectively and honestly in accordance with the contract methodology. Also both Contractor and Client must supply sufficient and competent resources in terms of commercial managers (quantity surveyors), administrators, engineers and field staff, and any failure by the contractor or Project Manager to operate rigorously to the contract may lead to a backlog of compensation events and programme issues. This will result in the target mechanism being spoiled and the contract being reduced to a cost reimbursable arrangement with no means of assessing cost efficiency.

Contract Execution

The contract contained specific terms, conditions and amendments that proved to detrimental to the Council. Weaknesses in the contract drafting significantly increased the Council's exposure to administrative problems risk. Several of the risks that were allocated to the Council would have been better shared or owned by the Contractor. These included the following:

5. Learning Outcomes

5.2 Contract Selection and Award – continued

Contract Execution - continued

(a) Incentives

The pain/gain share arrangement proved ineffective as it was heavily skewed towards the Contractor (Contract Data (Part 1)). Once the target had been exceeded there was little or no incentive for cost reduction strategies to be deployed by the Contractor until after 110% of the adjusted target. This is perhaps the most significant misjudgement in the award of the contract. The Contractor tendered the incentive arrangement and Council accepted it as part of the offer.

(b) Cost Management

The contract (Works Information) did not make adequate provision for open book cost management requirements (e.g. details of accounts and records to be provided by the Contractor and where is information to be kept) The Council were therefore unable to insist that the Contractor maintained records to its satisfaction as it was not a requirement of the contract.

(c) Contract Amendments

In attempting to put the Council in a stronger position poorly drafted amendments to the standard terms of contract proved damaging to administration of the contract.

(d) Contractor's Fee

The Contractor's Fee (Off-site overheads and profit) of 5.87% was not properly audited. For example, the Council did not obtain a list of the regional or head office staff provided by the Contractor.

5. Learning Outcomes

5.2 Contract Selection and Award – continued

Contract Execution - continued

(e) Risk Register

The risk register prepared during the contract negotiations was not incorporated into the contract documentation. It is now clear that the risk register did not provide a realistic assessment of the risk at the time the contract was executed (refer to paragraph 5.1).

Areas for Improvement 2 – Contract Selection

Recommendation

If the Council intends to use the NEC3 suite of contracts again it needs to think carefully about which procurement options to use: whether to employ the Fixed Price forms of contract Options A or B, Target Price Option C or D. Although generally considered unattractive a cost reimbursable contract is also available - Option E.

Option A would provide the greatest degree of certainty and should be used, if limited cost management resources are available. Option C is more suitable where design is not yet at a sufficiently advanced stage to allow a Fixed Price to be tendered.

The NEC3 has various mechanisms to assist in creating strong working relationships between the parties. It has, for example, a Partnering Option (X12) which provides for the use of KPIs which provide early goals for contractors to achieve. It also provides a team structure and communication strategy which can greatly assist in resolving the type of problems which tend to take place when the market hardens.

5. Learning Outcomes

5.2 Contract Selection and Award – continued

Contract Execution - continued

Areas for Improvement 2 – Contract Selection - continued

Recommendations - continued

Setting the pain/gain shares at commercial levels is also recommended. However, an over-reliance on the share of savings to achieve performance has proved ineffective, and strict cost management throughout the contract will need to be a feature of any successful use of Option C and D.

The Council requires a much deeper understanding of collaborative procurement strategy and it is recommended that training is provided within the organisation to ensure that its officers responsible for contract selection are fully aware of the implications of the choices they make.

5.3 Contract Administration

The cost on the RWRR project increased due to numerous changes including difficulties which could not accurately be assessed or were beyond the control of the Council and the Contractor.

The NEC3 creates a set of project management tools which must be complied with and which are identified up front in the main Contract conditions. The Council and its advisors were arguably under resourced (skills and experience) to adequately cope with the demands of the NEC3 requirements, particularly in the area of commercial management.

5. Learning Outcomes

5.3 **Contract Administration – continued**

It is unclear as to roles, responsibilities and accountability between the Council and its commercial advisors. There was evidence that there were some failings in following areas:

- Management of early warnings to mitigate the effects of changes
- Assessment of the Contactor's entitlement to time and cost for compensation events at the time that they occurred
- The Contractor proving that costs were properly incurred and payable by the Council through the use of the Schedule of Cost Components and the requirement to keep accounts and records up to date
- Proactively managing the cost of compensation events through early warnings and agreeing a price for the work in advance of it being undertaken. The target (and revised target) should always be ahead of the work being carried out. In order for this process to work the Contractor should have submitted quotations of its forecast cost in a timely manner which rarely happened. There were over 1400 compensation events and most related to changes to the Works Information The price for each change could not be agreed promptly and in advance with the Contractor. This resulted in:
 - The Contractor being able to adopt a claims mindset and submitting large volumes of notified compensation events, regardless of true entitlement
 - The Contractor being slow in obtaining quotations from its subcontractors and preferring to wait until the work is in progress before submitting invoices for incurred cost in place of quotations. The work then proceeded on a cost reimbursable basis
 - Inadequate control and agreement of records, reporting systems and storage/ location of information
 - Poor and unsatisfactory cost management and reporting

These difficulties and shortcomings became more difficult to resolve as the RWRR project progressed and inevitably resulted in global time and expense claims being submitted by the Contractor coupled with dissatisfaction and problems coordinating the Contractor and sub-contractors on site.

5. Learning Outcomes

5.3 Contract Administration - continued

Area for Improvement 3 –Contract Administration

Recommendations

The NEC3 contains significant project management tools as outlined above, and these require decisive (and unpopular) action to be taken quickly. The early warnings process requires the Project Manager and Contractor to work collaboratively to identify and mitigate issues and this collaboration requires strong leadership and direction from the Project Manager.

The Project Manager needs to ensure that he has sufficient and competent resources in terms of commercial managers, administrators and engineers.

The need to assess compensation events on an actual cost rather than a fair valuation basis needs to be fully understood.

Brain-storming sessions on all of these issues amongst prospective managers, cost accountants and programmers would be beneficial prior to setting any processes in stone.

The Council requires a much deeper understanding of use of the NEC3 in practice and it is recommended that if the Council intends to continue using the contract a training programme should be undertaken within organisation.

It is also recommended that the Council develops a contract management protocol to ensure that its officers who are responsible for contract strategy and selecting forms of contract are fully aware of the implications of the choices they make

5. Learning Outcomes

5.4 Design Development

There were over 1400 compensation events and most related to changes to the Works Information As reported in paragraph 4.1 of this review the risk register prepared during the first stage of the ECI process did not identify some potential problem areas.

It is accepted that costly delays can also be caused by events which both the Council or the Contractor may not be able to avoid (e.g. gaining access to land). There is no doubt that a significant amount of the increased costs on the RWRR are as a result of such factors. The completion date of September 2010 was 13 months later than the date envisaged at the start of the construction in August 2007 and this delay is responsible for a substantial part of the cost increase.

However, some of these compensation events were required as a result of inadequate design or design errors resulting from incomplete or incorrect information such as the late change at the intersection of Parkfield Road which changed from a round-about into a T Junction.

If the design is incomplete at the commencement of construction of a complex project, the Council runs the risk of claims by the Contractor for compensation event (variation) costs and extensions of time for each design adjustment or clarification.

ECI two-stage tendering has become a common procurement route, although it is beginning to become less popular in the current difficult market conditions, where contractors are now increasingly invited to enter into single-stage, lump-sum tenders.

While the two-stage approach promises programme acceleration and greater collaboration between designer and Contractor, the reality on many projects is that clients can go to market with incomplete design information. They also incur extra costs associated with negotiation premiums and additional risk allowances when agreeing the second stage and, if the design continues to develop while the contractor finalises his price, may continue to hold the financial risk of design changes.

5. Learning Outcomes

5.4 Design Development – continued

Under conventional two-stage procurement, problems also occur because insufficient integration takes place between the design and construction teams or if there is a lack of transparency in the Contractor's pricing.

Furthermore, specialist subcontractors may only become directly involved in finalising some aspects of the design once the contract is won. These issues and others can breed mistrust which can undermine the collaborative approach such as was experienced on the RWRR project. This did not achieve the trust the Council was seeking to encourage.

The OGC has a series of Gateways which have been devised to increase the likelihood that a project such as the RWRR project is completed to time and budget (These Gateways are mandatory for all Central Government projects).

Area for Improvement 4 – Design Development Recommendations

It is recommended that the Council adopts a procurement route that combines elements of develop and construct, two-stage tendering and partnering with a carefully managed design development, risk reduction and project procurement process. The close collaboration between the Council and its contractors that this method can promote would greatly assist in reducing potential design errors.

If this is coupled with a Gateway process in line with the OGC recommendations the likelihood of cost and time overruns due to incomplete poor design would be reduced further

Stradia has used this method and projects have been delivered to budget and on time which shows two-stage tendering can combine high project performance with a fair allocation of risk.

5. Learning Outcomes

5.4 Design Development – continued

Area for Improvement 4 – Design Development - continued

Recommendations - continued

The procurement process is known as a develop and construct approach in which the design team is, in most cases, novated to the main contractor before the fixed price is agreed. Specialist sub-contractors are formally involved in design development and pricing before the fixed price is agreed.

The preferred contract is NEC3 Engineering and Construction Contract Option A: Priced contract with activity schedule.

The main benefits associated with the approach are as follows:

- Effective management underpinning a fair allocation of design, performance and construction risk
- Full integration of design and construction through collaborative working
- Overlapping of design and procurement without risk of un-priced design development
- Reduced need for an additional shadow design team, where the original team is novated
- Progressive co-ordination of the work of specialist sub-contractors.

5. Learning Outcomes

5.5 Open Book Accounting

Regardless of the existence of a target or other performance incentives, the NEC3 Option D contract is, in essence, a cost reimbursable contract. Even under Option A (lump sum) the frequent failure to implement a compensation event in advance of costs being incurred, means that large parts of the works may proceed on a reimbursable basis.

As stated earlier there was a very high number of compensation events (over 1400) which illustrates the scale of the commercial administration involved in the project. When it became clear that the volume of compensation events was rapidly increasing both the Contractor and the Council deployed additional commercial management resources on site – but the backlog by this stage proved too difficult to resolve. This shift in the relationship with the Contractor was in part a result of the difficulty in managing the huge volume of changes and a lack of commitment to collaborative working by the contractor.

The only way to control costs under such circumstance, therefore, is to pay close attention to the Contractor's and sub-contractor's invoices, and to allow only those costs which are properly reimbursable by the Council. Costs must be supported by reference to detailed wage sheets, invoices, timesheets, receipts, etc. The NEC does not allow for a fair valuation to be made in the absence of this information.

In order for this process to work, the contract must operate on a truly open book basis so that the Council (Project Manager) can check and properly assess compensation events, forecast cost and check applications for payments.

The Project Manager must also assess whether the final cost is above or below the target price to evaluate and operate the gain or pain in accordance with the terms of the contract.

5. Learning Outcomes

5.5 Open Book Accounting - continued

All applications for payment were scrutinised in detail by the Council's commercial management team (ARUP) on site (on behalf of the Project Manager) to ensure they were justified. The Contractor was not entitled to recover costs which were:

- Contractor's mismanagement of Sub-contractors
- Unsupported by Accounts and Records
- Attributable to errors or work not in accordance with the Works Information
- Caused by inefficient use of Labour, Plant and Equipment
- Not market tested of prices. For example "internal" company owned equipment and plant used without competition in the market

However, in common with the other issues covered in this report, there appears to have been some reluctance to take decisions early in the contract and to disallow costs which later became the subject of a disagreement. As a result Contractor inefficiencies were not challenged effectively as they should have been. This was a major concern for the Council in respect of increased contractor staffing costs.

In order to identify and disallow these costs in a timely manner, the Project Manager required experienced and sufficient resources in terms of cost managers, contract administrators and engineers and it was necessary to ensure effective communication at all levels. The level of resource that ARUP were asked to supply was seemingly insufficient to meet the criteria required to adequately manage the rigorous requirements of the NEC3. Work not in accordance with the contract and inefficient working must not only be managed at a site level, but must be reported to the contract administration team for appropriate disallowances to be made.

In our view other good practice open book tools and techniques in managing project cost could have been used to greater effect on the project. These included:

- Collaborative procurement of subcontract packages before contracts were placed. Key strategic subcontractors and or suppliers could have been procured on a "back to back" basis using a target with appropriate incentive

5. Learning Outcomes

5.5 Open Book Accounting - continued

- Agree a process for recording staff time using a timesheet system in conjunction with the Project Manager to validate precisely what the Contractor's staff are doing on site
- Deal with rebates obtained by the Contractor i.e. challenge the Contractor in respect of national agreements with its suppliers

Costs may be disallowed at a later stage (a task undertaken by Stradia) but this can prove difficult. The RWRR project was heading towards a dispute between the Council and Contractor as the Contractor argued that disallowing costs at a late stage gave no opportunity to improve its performance in relation to the disallowed costs. However, it should be noted that there is an obligation on the contractor to work efficiently.

Area for Improvement 5 – Open Book Accounting

Open book accounting works best when there is a long term relationship between organisations that have a common ambition to collaborate with the aim of generating mutual efficiencies. Organisations contracting to deliver a construction project or service (including key members of the supply chain) must be willing to provide access to relevant accounting information in recognition of the full benefits that can be generated.

Used effectively, target contracts should provide an incentive to deliver a project or service on time and to budget. However, if project or service costs become out of control through poor cost management and reporting systems and processes, the contractor may take the opportunity to seek to increase the target price by constantly seeking variations. In this case, a greater burden of cost overrun risk may transfer to the client than had been intended.

Recommendations

It is vital that if the Council intends to use target contracts in the future it ensures that it has adequate resources with appropriate skills and expertise.

5. Learning Outcomes

5.5 Open Book Accounting - continued

Area for Improvement 5 – Open Book Accounting- continued

Recommendations – continued

The processes of successful open book accounting require at least:-

- A clear definition of actual cost
- What constitutes a disallowed cost
- The range of data which is needed - arrangements for access to cost data should be clear
- Regular cost reports and forecasts which are prepared and agreed jointly by the client, contractor and supply chain partners
- Clear targets with frequent performance reviews. Figures that are presented for interpretation and debate by management will always require the rationale behind them. This allows a full discussion between client and contractor and may lead to other suggestions or innovative ideas. It is this ability to discuss contractual issues in a consensual manner that helps set open book accounting apart from more adversarial forms of project management and monitoring
- Clarity on roles and responsibilities of the client, contractor and supply chain partner's respective commercial teams - it will be necessary to define who should be involved in the process.
- A culture of open and honest communication which will underpin the trust that is required for the process to be successful

The Council should review its existing selection procedures for appointing consultants. Ensure any criteria used for assessment is devised to test the skills and experience of potential organisations using appropriate criteria and weightings. Consultants should be able to demonstrate a detailed understanding of the commercial management of the particular type of contract to be used.

5. Learning Outcomes

5.6 **Risk Management**

Good practice is to identify, plan and cost for risks, although this is not an exact science. Traditional contracts with fixed risk mechanisms pass more of the risk onto the contractor but in the end it is the client that pays. Collaborative working using NEC3 Options C and D requires a comprehensive risk management process to be in place which is linked to cost management and reporting.

During the early stages of the RWRR project the Council did not implement procedures that were sufficient enough for the effective management and mitigation of risk. Although there was a project risk register and some identification of risk during the construction period, the process did not deal with all risk, evaluate the full impact on cost and provide for effective mitigation.

A problem illustrated by this contract is that bodies like Network Rail and Public Utilities are divested by statute or national agreements of risks arising from their acts or omissions and therefore have an unqualified influence over works where their land or other of its assets impacting on the RWRR project. This risk was always known to both the Council and the Contractor and significant effort was put into mitigating this risk prior to the start of construction. What was not known however was the extent to which this risk would impact on the project.

A mitigate plan for dealing with Network Rail and Public Utilities risks was not evident from looking at the risk register although it is understood that substantial work went into managing the interface with Network Rail and utilities during the design preparation stage. Also work was substantially reprogrammed in 2008 to minimise the impact of delays caused by Network Rail.

Risk management is a dynamic process which should be managed and maintained at all times to ensure all risks are actively being reviewed with any cost implications being linked to regular cost reports.

The risk management processes were overhauled and much improved during the last 12 months of the RWRR project. The Council and the Contractor started to work better as a team to address its exposure to risk. This included:

5. Learning Outcomes

5.6 **Risk Management – continued**

- Agreeing a definition of cost
- Validating the cost to be paid to the Contractor
- Improved commercial management procedures on site
- Resolved many matters of interpretation over the terms of the contract

Area for Improvement 6 – Risk Management

Recommendations

In a market that can be highly volatile, coupled with the notoriously risky business of construction activity, it should be the objective of clients, contractors and their supply chain partners to jointly eliminate or reduce as much risk as possible.

Effective risk management is an important tool in the use of target contracts and open book accounting. Too often, risk management is not used consistently – simply because it is not fully understood.

When working with target contracts, partner organisations must adopt a rigorous process for managing risk which should include the following key elements:

- Risk identification and assessment:
 - Understanding the objectives and vision for the project or framework agreement
 - Establishing a common understanding of the risks that may threaten the objectives and how they can be managed
 - Establishing a technique for assessing and prioritising risk (Likelihood, impact and consequence)
 - Agreeing mitigation action plans
 - Identifying risk owners

5. Learning Outcomes

5.6 Risk Management – continued

Area for Improvement 6 – Risk Management - continued

Recommendations - continued

- A joint risk register provides a good basis for making risks visible to all partners and gives the opportunity for agreed judgements, allocation of responsibility for action and trigger monitoring information. A shared risk register ensures better understanding of the risks which threaten a project or framework in both its implementation and any ongoing service delivery. It enables a joint approach to managing risks and provides clarity of who is responsible for, and manages, which risks.

6. Summary

The report summarises all of the key recommendations which have arisen out of Stradia's study of the project management of the RWRR project.

In addition to the recommendations made in this report Stradia has also made a number of technical recommendations relating to the detailed operation of the NEC3 which are to be provided in a separate report and which will be aimed at operational personnel such as project managers, quantity surveyors, engineers, etc

Appendix – Target Contracts

AGENDA MANAGEMENT SHEET

Name of Committee Communities Overview And Scrutiny Committee

Date of Committee 28 April 2011

Report Title Committee Work Programme

Summary This report outlines the draft work programme for the Committee

For further information please contact:

Michelle McHugh Overview and Scrutiny Manager Tel: 01926 412144 michellemchugh@warwickshire.gov.uk	Ann Mawdsley Principal Committee Administrator Tel: 01926 418079 annmawdsley@warwickshire.gov.uk
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Would the recommended decision be contrary to the Budget and Policy Framework? No.

Background papers None

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s) N/A
- Other Elected Members
- Cabinet Member
- Chief Executive
- Legal
- Finance
- Other Strategic Directors
- District Councils
- Health Authority

Police

Other Bodies/Individuals

FINAL DECISION NO

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Agenda No 9

Communities Overview and Scrutiny Committee – 1 March 2011

Committee Work Programme

Report of the Chair of the Communities Overview and Scrutiny Committee

Recommendation

The Committee is recommended to agree the work programme, to be reviewed and reprioritised as appropriate throughout the year

1. Summary

The Committee's Work Programme is attached as Appendix A. The Work Programme will be reviewed and reprioritised throughout the year so that the Committee can adopt a flexible approach and respond to issues as they emerge.

CLLR WHITEHOUSE
Chair of the Communities
Overview and Scrutiny
Committee

Shire Hall
Warwick

17 February 2011

Communities O & S Committee - Work Programme for 2011

MEETING DATE	ITEM AND RESPONSIBLE OFFICER	OBJECTIVE OF SCRUTINY	Holding e to Account	Policy Review/Development	Overview	Raising Levels of Educational Attainment	Maximising independence for older people and adults with disabilities.	Developing sustainable places and communities	Protecting the Community and making Warwickshire a safer place to live	Cross cutting themes/ LAA
30 June 2011	Questions to the Portfolio Holder									
	Enforcement Role of the Fire and Rescue Service (Gary Phillips)	To scrutinise the enforcement role of the Service		✓					High	
	High Speed Railway (HS2) (Mandy Walker)	To scrutinise proposed response to the High Speed Rail consultation		✓				High		
	Review of Library Service – Update (Kushal Birla)	Update on the Review of the Library Services review and outcome form the consultation proces	✓	✓					High	
	Alcohol Implementation Plan (Paul Hooper)	Report on the effectiveness and outcomes achieved through the Alcohol Implementation Plan			✓				High	
	Corporate Business Plan and Directorate Business Plan (Tricia Morrison)	Further report on CBP and Directorate Business Plans which sit beneath the CBP – requested at meeting on 1 st March	✓		✓			High	High	

MEETING DATE	ITEM AND RESPONSIBLE OFFICER	OBJECTIVE OF SCRUTINY	Holding e to Account	Policy Review/Development	Overview	Raising Levels of Educational Attainment	Maximising independence for older people and adults with disabilities.	Developing sustainable places and communities	Protecting the Community and making Warwickshire a safer place to live	Cross cutting themes/ LAA
	Work Programme									
31 st August 2011	Questions to the Portfolio Holder									
	Waste Disposal Task and Finish Group	To receive the final report and recommendations from the Waste Disposal Task and Finish Group		✓				High		
	Work Programme									
Briefing Notes										
	S106 Agreements Jasbir Kaur	<ul style="list-style-type: none"> ▪ To outline the extent to which local authorities adopt a consistent approach to S106 agreements ▪ To provide an update on S106 outlined in report presented to Environment OSC on 19/02/09 		✓				Med		Requested for week beginning 18 th Oct

MEETING DATE	ITEM AND RESPONSIBLE OFFICER	OBJECTIVE OF SCRUTINY	Holding e to Account	Policy Review/Development	Overview	Raising Levels of Educational Attainment	Maximising independence for older people and adults with disabilities.	Developing sustainable places and communities	Protecting the Community and making Warwickshire a safer place to live	Cross cutting themes/ LAA
	Community Empowerment Nick Gower Johnson	<ul style="list-style-type: none"> To review examples of best practice where communities are actively resolving local issues (relevant to the Committee's remit) and identify lessons learnt and key factors of success 		✓	✓			High		Circulated on 20-12-10
	Future of local economic / enterprise partnerships	<ul style="list-style-type: none"> To assess implications of the discontinuation of AWM To identify an organisational and partnership strategy for the future economic / enterprise agenda in light of the discontinuation of AWM 		✓				High		Requested for end of January 2011
	Review of Domestic Support Services in Warwickshire (Kate Nash/Sue Ingram)	<ul style="list-style-type: none"> Proposals following the outcomes of the Consultation on Review of Domestic Support Services in Warwickshire 								
Items to be timetabled										
	Climate Change	<ul style="list-style-type: none"> To scrutinise the effectiveness of the Climate Change Partnership To review the outcomes achieved by the Climate Change Partnership 	✓					Med		

MEETING DATE	ITEM AND RESPONSIBLE OFFICER	OBJECTIVE OF SCRUTINY	Holding e to Account	Policy Review/Development	Overview	Raising Levels of Educational Attainment	Maximising independence for older people and adults with disabilities.	Developing sustainable places and communities	Protecting the Community and making Warwickshire a safer place to live	Cross cutting themes/ LAA
Proposed Task and Finish Groups										
	Control of Alcohol - due to be reconsidered early 2011	<ul style="list-style-type: none"> ▪ To scrutinise the control of alcohol across the County – focussing on licensing, underage sales 		✓					High	
	Supporting the Local Economy - commissioned	<ul style="list-style-type: none"> ▪ To establish how the Council is working to minimise impact of the economic climate on local businesses, supporting new and established businesses, stimulating the local economy and ensuring appropriate skills base 		✓				High		