



Appendix A – Terms of Reference

Background and Scope

The contract for delivery of the replacement Cowes Floating Bridge represents a significant investment in the transport infrastructure by the Council. The replacement of the old floating bridge that had been in service for over 40 years has however been subject to a number of issues that have delayed the delivery of the new Floating Bridge and have resulted in adverse media coverage since start of service. The timeline for the project is indicated as follows:

- July 2014 - IOW Council and Solent Local Enterprise Partnership agree funding for a new £4.6m chain ferry and slipway work
- April 2016 - Work begins on the new vessel at Mainstay Marine in Pembroke Dock
- 3 January 2017 - The old chain ferry makes its final journey after operating for 40 years between Cowes and East Cowes.
- 27 February - The launch of the new chain ferry is delayed because of tidal issues.
- 14 May - The chain ferry begins operating but cars struggle to embark and disembark without scraping their bumpers.
- 15 May - The floating bridge breaks down due to electrical fault.
- 16 May - The Maritime and Coastguard Agency (MCA) suspends the service citing "training issues".
- 5 June - The Maritime and Coastguard Agency clears the ferry for use.
- 7 – 10 June – The Bridge runs aground four times leading to suspensions in services until it can be re-floated.
- 13 June – Fares on the bridge are suspended until 2nd July

The level of adverse publicity and challenge from the public has led to questions from Councillors and the public around the project for delivery of the Bridge and whether it is fit for purpose. This audit will understand the key project steps undertaken and identify if there are any areas for improvement. This review is intended to focus on compliance with the procurement procedures that were in place at the point of the project initiation and through the lifecycle to delivery.

This audit will therefore focus on the following key points of the project delivery process and the documentation that is available to support the decisions made to ensure that this is in line with the requirements of the Council's tendering, procurement and contracting Policy and procedures:

- *Project Specification and Tendering:* engagement with key stakeholders, development of clear specifications around the project requirements and identification of businesses who would be able to respond to the tender.
- *Tendering Review and Recommendation:* controlled receipt and overview of the tender documentation with specialist review of any technical specifications or changes to allow for assessment of any impact of changes identified and an appropriate recommendation to be made.
- *Contracting:* contract terms are in line with Council requirements for the contract and any technical requirements are reviewed and agreed by an individual independent of the process to ensure that they meet the original brief. Appropriate monitoring and progress review points are identified and included with penalty or rectification clauses in place



should there be issues around project delivery.

- *Communication/Oversight:* engagement and checkpoints are in place around the project delivery, risk management, oversight and reporting is in place.
- *Delivery:* testing and staff training requirements are specified and delivered before the bridge goes into service and there is a technical review and sign-off both from within the council and from any external agency e.g. MCA for delivery acceptance.

The control objectives and potential related risks included in this review are:

#	Control objective	Potential risks
1	<p>Project Specification and Tendering To effectively engage with stakeholders from across the council, local businesses and general public to understand the requirements and expectations for the Floating Bridge and incorporate these into a clear specification that covers off the technical requirements for delivery of the floating bridge.</p> <ul style="list-style-type: none"> • There is effective engagement with all key stakeholders as part of the development of a tender. • The tender covers off clear technical specifications around the delivery of the bridge itself and any adjustments to the docking slips and other on-site facilities that may be needed. • The tender clearly identifies oversight and update requirements so progress to delivery can be monitored and communicated to the council. 	<p>Engagement is insufficient leading to poor understanding of the requirements and expectations of stakeholders so that these are not effectively managed through incorporation into the tender or communication around the project:</p> <ul style="list-style-type: none"> • A core stakeholder is missed as part of the initial phase of the project so there is not a full understanding of the project requirements. • The tender document is inadequate and fails to cover off any technical specifications or regulatory requirements for the bridge. • There is no facility to check the progress of the Bridge and confirm that it is being delivered to time and specification.
2	<p>Tendering review and recommendation To confirm that the tenders are received in a controlled environment, appropriately reviewed to ensure that they meet the technical and regulatory requirements specified.</p> <p>The procurement is led by a suitably qualified person or team and subject to review and authorisation in line with the Council's procurement policy.</p> <p>The financial strength and business reputation of final tenderers is investigated and documented.</p>	<ul style="list-style-type: none"> • Tenders are lost or tampered with on receipt and late tenders are accepted. • Any technical amendments or specifications are not clearly understood so that the impact on the project cannot be clearly assessed. • There is no clear evaluation or recommendation that specifies the advantages and disadvantages of those tenders that meet the minimum specifications leading to an uninformed and / or poorly documented decision making process. • It is unclear who is responsible for procurement and whether they appropriately qualified. It is unclear or not understand how

#	Control objective	Potential risks
	<p>Confirm that any members who may have a personal interest or potential conflict in relation to the floating bridge specification, procurement and delivery have declared this in a conflicts register.</p>	<p>these requirements were determined.</p> <ul style="list-style-type: none"> • The tender was not procured in accordance with the Council’s procurement policy undermining the validity, approval and scrutiny of the process. • The Council did not set standard selection criteria that assessed quality, service and delivery as well as price. • Members have not declared potential interest on the conflicts register and are included in procurement or decision making process.
3	<p>Contracting The contracting process is aligned to the standard requirements of the council but also uses specialist support to ensure that any technical specifications and regulatory requirements are incorporated.</p>	<ul style="list-style-type: none"> • Technical requirements for the project are not specified in the contract and therefore have the potential not to be met. • The delivery schedule is insufficiently defined leading to poor delivery progress monitoring and flexibility in delivery dates. • Penalty and rectification clauses are insufficient to protect the council and ensure delivery costs do not escalate. • Members with a declared personal interest logged on the conflicts register are involved in the contracting process.
4	<p>Communication/ Oversight To confirm that the project had effective oversight and monitoring in place to allow for an overview of progress to completion and escalation of issues at an early stage so that they can be mitigated.</p> <p>To ensure that there was clear communication to stakeholders (including the public) around the service to be delivered and its timeframes.</p>	<ul style="list-style-type: none"> • Delivery timeframes slip leading to delays in the implementation of the service. • The bridge delivered and any local infrastructure changes do not meet the require regulations and technical specifications and are not fit for purpose. • The service delivered does not meet stakeholder expectations.
5	<p>Delivery To confirm that roles and responsibilities in delivery phase of the project are clear, testing and training are adequately completed and there is a clear acceptance/ sign-off for end delivery.</p>	<ul style="list-style-type: none"> • Responsibility for delivery and testing of the bridge and associated infrastructure and responsibility for delivery of any remedial actions is unclear. • Any external body sign-off to confirm that the bridge meets regulatory standards is not completed. • There are no clear acceptance criterial in place to allow the council to confirm the project has been appropriately delivered. • Remediation requirements for post-delivery snagging and other issues are not specified.



Audit approach

Our audit approach is as follows:

- Obtain the documentation to support the tender development process and review to confirm:
 - stakeholder engagement was specified, completed and there is evidence to support any requirements that have resulted from the consultation;
 - members have been asked to declare a personal interest or potential conflict in relation to the floating bridge specification, procurement and delivery have declared this in a conflicts register.
 - there is a clear tender requirement document in place that has specified the requirements for the Floating Bridge itself, any requirements for other infrastructure amendments and that this was reviewed by a specialist (this will be done via reference to the Council's own definition of what specialist support was required for this procurement) and internal agreement process to ensure it is fit for purpose.; and
 - the entities that have been requested to tender were assessed by an experienced team and / or individual to ensure that they could meet the technical specifications and the council tender requirements and have been appropriately approved.
- Obtain the recommendation documentation that has been presented for selection and check that:
 - there are clear options presented with any disadvantages of each highlighted and a recommendation indicated;
 - members indicated as being conflicted have not been engaged in the recommendation process; and
 - the analysis and recommendations are supported by an appropriate technical review that confirms that the tender responses meet the technical requirements of the project as specified in the tender document.
- Confirm that the contract in place complies with the Council's policy and for the technical and project specifications, communication requirements and any penalty and rectification clauses there was documented engagement with a commercial contract solicitor/ marine engineer or other specialist to ensure that the contract meets the tender requirements. Confirm that members indicated as being conflicted have not been engaged in the contracting process.
- Obtain the delivery and communication schedule and check to confirm that there was a named individual, with clear authority, in place to monitor progress. Confirm that a suitably qualified specialist (which will be assessed via to the Council's own definition of "suitably qualified" in regard to the Bridge) has completed independent inspection of the bridge and any infrastructure changes at agreed points through the delivery schedule. Review the issues log and any escalations to senior management to ensure that there is regular progress reporting to management and council members through the project delivery and any issues are escalated. Obtain the communication plan for public engagement and any communications with the public and confirm that these have been reviewed and agreed by appropriate council officials. Confirm that the communications have been checked as being aligned to the contract specified delivery.
- Confirm that there is a delivery plan in place that has been internally reviewed and documents engagement with individuals with specialist skills who are able to confirm that the bridge and associated infrastructure is fit for purpose. The plan should allow for any testing, training requirements, remediation and specific technical or regulatory sign-offs required by either third-party agencies or suitably qualified internal or council contracted specialists.



Information requested

Below is a list of information we expect to have available on the first day of the audit:

- Copies of the tender document and any technical specifications with supporting documents to confirm the review and sign-off process (technical and internal) has been completed in line with the Council's policies.
- Details of the selection process used to identify entities suitable to complete the tender and sign-off agreement of the final grouping selected.
- Documentation submitted to the selection committee to allow for a decision to be made and any supporting information to confirm that the document had been subject to appropriate technical/ specialist review and internal approval.
- Contract sign-off process, confirmation of the reviews completed and any independent assessments of the contracts to ensure that they are in line with council internal and legal requirements and are commercially robust.
- Delivery and communication schedule covering the communications on progress and delivery stages.
- Public communications plan, any communications completed and documentation supporting sign-off agreement in line with any council requirements.
- Any check points, independent review points where progress has been assessed.
- Project issues log and any escalations to senior management over the course of the project.
- Delivery plan and any documentation to support its development and agreement.
- Sign-off and delivery acceptance documents.

This is not a comprehensive list of the documentation which may be required, but production of the above documents is advisable at the outset of the audit.