

SURREY COUNTY COUNCIL AUDIT REPORT

**INTERNAL AUDIT OF THE KNOLL
ROUNDAABOUT IMPROVEMENT SCHEME AND
EPSOM ROAD, LEATHERHEAD SHARED
FOOTWAY AND CYCLEWAY SCHEME
(FUNDED BY DEVELOPER CONTRIBUTIONS
'SECTION 106 AGREEMENTS')**

Prepared for: Mole Valley Local Committee

Prepared by: George Atkin, Auditor

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November 2010

Background

1. At its meeting on 11th June 2008 Mole Valley Local Committee (MVLC) received a public petition requesting that safety measures be explored at the Knoll Roundabout in Leatherhead. The Chairman confirmed that a formal report on the subject would be brought to the next meeting. This report concluded that finances were not available at the time, however, MVLC would:

“decide next financial year when the necessary funding will be made available to investigate the location, subject to it being prioritised higher against other priorities”.

Subsequently, at its meeting on 24th June 2009 MVLC was asked to agree a package of works to be undertaken in Leatherhead funded from developers' contributions under Section 106 of the Town and Country Planning Act. This included a shared footway and cycleway on Epsom Road Leatherhead and works at Knoll Roundabout. The minutes of the meeting record the following decision:

RESOLVED

The Local Committee (Mole Valley) approved:

- (i) the scheme shown on Annexe 3 for cycle and pedestrian links from Leatherhead Road to the town centre, including Knoll Roundabout.

2. Concerns were later voiced by members of the MVLC when the final costs for the scheme were reported to be £626,852, more than double the original estimate provided to the Committee. Internal Audit were asked to examine the scheme and in particular to establish the reasons for the increased costs and ascertain whether these appeared to be reasonable.

Work Undertaken

3. Discussions with officers from Transportation Development Control, members of the Mole Valley Local Committee and local residents. Detailed examination of the final account for the scheme including comparison to original design to identify where additional costs had arisen. Rates charged by the contractor were checked for accuracy and compliance with their original tender.

Management Summary

4. The audit revealed a number of weaknesses which led to decisions being taken where officers were not in possession of the full facts in relation to costs and the extent of works needed. This was compounded by a failure to advise members of the Local Committee when it was apparent that the scope and costs of the works had increased significantly.
5. Having received the required explanations from the engineer Internal Audit are satisfied that the additional works on Knoll Roundabout which contributed to the higher than originally estimated costs were necessary for the scheme to be properly constructed and achieve the desired outcome. These works included additional resurfacing of approach roads, gully pots on the roundabout, new directional signing and electrical works.

6. Internal Audit are concerned that communication with the public on certain aspects of the scheme and the future of the Epsom Road site has been delayed, in some cases incomplete and at times contradictory. The Committee may wish to consider making a public statement on the future of the cycleway to clarify the position.
7. The anticipated transfer of the Special Projects engineer and contract management into the highways function may offer better scope to integrate Section 106 funded schemes and mainstream maintenance works going forward.
8. This report contains a number of recommendations and a Management Action Plan to address these has been agreed with the officers concerned. This is attached at Appendix 1.

Detailed Findings

Anticipated works costs

Finding

9. The report presented by the Local Highways Manager to the MVLC on 24th June 2009 (Annexe 2) gave an estimated cost of £300,000 for the Knoll Roundabout and Epsom Road scheme and stated that the design had been completed and safety audited. However, a second report by TDC to the Committee on the 13th September 2010 it is stated that the estimate originally provided:

“...was based upon the information available at that time and were indicative based upon the available drawings, which were those presented to the committee . Following committee approval a detailed scheme was drawn up and a further estimate was prepared based upon these. This estimate produced by the contractor for the Knoll Roundabout alone was £298,884 but included only a minimal amount of resurfacing as this was what was considered necessary at the time.”

This second report clearly appears to be at odds with the original information provided to MVLC.

Recommendation

10. Management should ensure that in future the information provided to Committees is as factually accurate and clear as possible. Where any reservations exist or caveats are required then these should be made explicit in the report.

Finding

11. Internal Audit examined the estimate referred to above with a view to verifying the accuracy of the rates submitted. It was noted that:

- in ten instances the rate varied from that originally tendered;
- six of the rates had been adjusted to reflect the Baxter indices increases;
- five of the rates used were as originally tendered, and
- the remaining rates were for items not originally specified in the contract's 'Schedule of Rates'.

A second detailed estimate was provided by the contractor on 21st July 2009. This showed a revised price of £424,554 for the works on the roundabout. However, after review and revision by the TDC engineer, again to correct repeated errors in rates, the cost had then risen to £440,217. Once again Internal Audit attempted to

check the accuracy of the rates used and a similar picture to that outlined above was noted.

Recommendation

12. Officers should be reminded of the need to ensure that estimates contain the correct rates prior to using the outturn figures to support any proposal for a scheme to be undertaken.

Draft final account – Knoll Roundabout

Finding

13. A number of items appearing on the draft final account were not originally specified in the contract tender for as they fell outside the expected range of work to be undertaken. Accordingly, these rates were agreed as required between the engineer and the contractor. Internal Audit attempted to check these rates for reasonableness by reference to other contracts. Unfortunately in the case of nine rates similar items could not be located and, therefore, we are unable to give categorical assurance as to their reasonableness.

Recommendation

14. Where rates and uplifts to costs are agreed outside of any contracted 'Schedule of Rates' then the engineer should seek the approval of line management before confirming these with the contractor.

Management of the Epsom Road works

Finding

15. The cycleway element of this scheme was fraught with problems all of which have featured prominently in the local press (*Surrey Advertiser* 8th and 16th April 2010) and at meetings of the MVLC. As the scheme was progressed as a segregated facility this required some form of delimiting markings to be placed on the ground leading to a number of problems which included:
 - incorrect width marked by the contractor and the positioning of items of street furniture within the cycleway routing making it unusable in places;
 - revised delimiting line painted by contractor but original white line still in place and considered a skid hazard by some users;
 - original lining then 'removed' by simply painting over it, and
 - total removal of any delimiting line effectively removing the cycleway.
16. In our view it should have been apparent to both contractor's staff and SCC engineers overseeing the works that the initial lining and the 'remedial' steps taken subsequently were inappropriate. It should also be noted that no safety audits were undertaken for this scheme. Had these audits taken place then there is a distinct possibility that the problems encountered may have been identified and addressed at an early stage before construction began.
17. Also of concern is the statement made by a senior officer in response to a query from a member of the public

*"The status of the Epsom Road Project is now complete, there is **NO** intention from officers to promote any cycle scheme on Epsom Road and I am not aware that elected members wish to promote such a project. Epsom Road has gained from a wider metalled surface which is to the benefit of parents with push chairs and those with mobility*

concerns, I note your own personal view of the removal of the grass verge. “ (7th June 2010 – Group Manager Surrey Highways East)

18. This is in direct contradiction to:

“The markings delineating a footway and a cycle way in Epsom Road were removed after it was recognised that their placement was not appropriate. The removal of the markings however does not prevent cyclists from using the pavement. The markings were part of the works to create a full cycle way in Epsom Road; these works can continue if appropriate once further consultation has been carried out. There has not been a decision to remove the cycle way, only the markings. This decision was taken by the project engineer.” (23rd April 2010 – on behalf of Chief Executive)

Recommendation

19. Management should conduct a review of the progression of this scheme to determine how such errors were allowed to occur leading to the removal of the cycleway. Steps should be taken to ensure that design processes are robust enough to prevent a repeat of the events associated with this particular scheme. In addition, MVLC should be asked to provide a definitive, public statement as to the future of any cycleway at the site.

General comments

20. The works covered in this report have been the subject of a number of complaints, Freedom of Information requests and questions at meetings of MVLC. Internal Audit has been provided with copies of correspondence between SCC and members of the public. It is acknowledged that it is sometimes less than clear what an individual requesting information actually requires from the council. However, having reviewed the correspondence provided it was noted that:

- there have sometimes been significant delays in responding to requests;
- information has not been provided in full therefore generating more correspondence;
- contradictory advice / information has been given at different times by different parties, and
- in some instances the tone of the response was less than conciliatory.

Recommendation

21. Management should ensure in future that where responses to requests for information have been completed then they should be subject to some form of internal review to ensure that they are timely, accurate, polite and as far as possible complete prior to their issue.

MANAGEMENT ACTION PLAN

Directorate:	Environment and Infrastructure
Audit report:	Knoll R/A, Epsom Road shared footway and cycleway
Dated:	November 2010

PRIORITY RATINGS

Priority High (H) - major control weakness requiring immediate implementation of recommendation

Priority Medium (M) - existing procedures have a negative impact on internal control or the efficient use of resources

Priority Low (L) - recommendation represents good practice but its implementation is not fundamental to internal control

I agree to the actions below and accept overall accountability for their timely completion. I will inform Internal Audit if timescales are likely to be missed.

The auditor agrees that the actions set out below are satisfactory.

Lead Responsible Officer (HOS) Iain Reeve,
Assistant Director Strategy, Transport and Planning

Auditor George Atkin

Date 12th November 2010

Date 12th November 2010

10	Management should ensure that in future the information provided to Committees is as factually accurate and clear as possible. Where any reservations exist or caveats are required then these should be made explicit in the report.	High	Officers will be reminded of the protocols relating to Committees and Area Managers will be responsible for the accuracy of information made available to members and committees	30 November 2010	Richard Bolton, Local Delivery and Customer Service Group Manager
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MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible
12	Officers should be reminded of the need to ensure that estimates contain the correct rates prior to using the outturn figures to support any proposal for a scheme to be undertaken.	Medium	The nominated scheme Project Manager will be responsible for ensuring rates are accurate and reflect those within the contract. This will be recorded within the scheme Contract File to ensure a clear audit trail.	30 November 2010	Richard Bolton, Local Delivery and Customer Service Group Manager Dominic Forbes, Planning and Development Group Manager
14	Where rates and uplifts to costs are agreed outside of any contracted 'Schedule of Rates' then the engineer should seek the approval of line management before confirming these with the contractor.	Medium	The nominated Contract manager is responsible for agreeing accuracy of rates and uplifts of cost outside of any schedule of rates and this must be authorised by the nominated Project Manager before they are confirmed with the contractor. This will be recorded within the scheme Contract File to ensure a clear audit trail.	30 November 2010	Richard Bolton, Local Delivery and Customer Service Group Manager
19	Management should conduct a review of the progression of this scheme to determine how such errors were allowed to occur leading to the removal of the cycleway. Steps should be taken to ensure that design processes are robust enough to prevent a repeat of the events associated with this particular scheme. In addition, MVLC should be asked to provide a definitive, public statement as to the future of any cycleway at the site.	High	The Area Team Manager will carry out a review and will take a report to a future MVLC to recommend a way forward with this scheme.	March 2011	Richard Bolton, Local Delivery and Customer Service Group Manager

MANAGEMENT ACTION PLAN

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21	Management should ensure in future that where responses to requests for information have been completed then they should be subject to some form of internal review to ensure that they are timely, accurate, polite and as far as possible complete prior to their issue.	High	Officers will be reminded of the protocols relating to requests for information.	30 November 2010	Richard Bolton, Local Delivery and Customer Service Group Manager Dominic Forbes, Planning and Development Group Manager