

Internal Audit Report

Contract Governance Review – Birkenhead Town Centre Movement Scheme

Report to Audit & Risk Management Committee

2 September 2025

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Limitations & Responsibilities

The matters raised in this report were identified during the course of the audit fieldwork and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. The work performed by Internal Audit may not be relied upon to identify all system weaknesses that may exist. Neither should Internal Audit be relied upon to identify all circumstances of fraud or irregularity, should there be any, although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of control may not be proof against collusive fraud. Internal Audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

Executive Summary

- 1.1 A review of contract governance issues in respect of the contract for the Birkenhead Town Centre Movement scheme was undertaken at the request of the Director of Finance. The broad objective of the review was to understand the key reasons why the project is forecast to significantly overspend, and the project delivery has been delayed; including to understand the extent to which various officers were aware of issues as they unfolded. The scope and approach taken are outlined in paragraphs 3.2 and 3.3.
- 1.2 Incomplete design works at the time the tender was issued and the contract signed, together with inadequate site investigations have been among the most significant contributors to cost variations on the project. The report summarises key aspects of the development of the project that have contributed to this situation.
- 1.3 There has been a widespread frustration among officers as to how the scheme has been managed internally; in particular the division of responsibilities between the Regeneration and Highways departments. Key issues arising have been the lack of capacity in Regeneration and Highways to deliver a scheme of this size and complexity, coupled with the turnover of staff within Regeneration, and unrealistic timescales for delivery which have exacerbated capacity issues. There is a shared view now among existing officers that responsibility for managing the delivery stage of the scheme should have been with Highways.
- 1.4 There were delays in the completion of the design work. The tenders were based on where the design was up to at that point, which officers have commented was at an incomplete stage. The processes for formal sign-off of the design at the tender stage are unclear. The final construction drawings were issued four weeks after the start date for the construction contract, which resulted in insufficient time for thorough oversight of the final design by Council officers. As a result, the contractor was let a contract with incomplete designs, which led to a four-week delay to the start on site. This delay subsequently became a compensation event claimed by the contractor.
- 1.5 The investigation has identified that a significant number of contract variations have arisen, with a key contributing factor being the inadequacy of site investigation works that would ordinarily be expected to provide assurance on ground conditions. Some site investigations were carried out, as detailed in the report, but it is clear from events since construction work started on site that insufficient site investigation works were undertaken at the design stage to provide the necessary robust assurance. The commission of the design consultants did not include comprehensive site investigation works or trial holes, and it is unclear whether subsequent site investigations commissioned by the construction contractor addressed these gaps adequately or whether the consultant project manager sufficiently challenged the approach adopted by the contractor. We understand the design consultants were under pressure to complete the design within a short timeframe due to grant funding deadlines and it is likely this has contributed to the incomplete site investigations and associated risks.
- 1.6 The investigation has highlighted a lack of transparency in the way design risks were communicated to committees and boards. Reports failed to clearly indicate that the design was incomplete, and as a result, the full design risk rested with the Council. Committee approval for tender had assumed that the successful contractor would complete RIBA stage 4, which had not occurred, leaving the Council

exposed to unforeseen risks. The authors of these reports were in a position to be aware of the risks facing the Council, and it is evident that senior officers understood that the design was incomplete at RIBA 4 stage. Subsequent reports regarding the second procurement exercise did not adequately convey that the Council would now bear the full responsibility for the design risk, nor did they explain fully the issues arising from the previous procurement process.

- 1.7 The findings of the investigation have highlighted shortcomings in the tendering and contract procurement process, which contributed to delays and increased project risk. There was a delay between tender submission and progressing to contract award, largely due to deficiencies within the tender process. Committee approval had been given for a single contractor to deliver both this project and another project, with tenders to be scored on an aggregate basis with the highest scoring contractor being awarded both contracts. The Council received over 400 clarification questions from contractors, indicating the tender issued lacked clarity. Post tender negotiations were conducted with only one contractor to reduce costs and programme times, which subsequently breached Council procurement rules and was a primary factor in the need for a new procurement exercise. The way in which these issues were reported to committee and documented in officer decision notices failed to adequately communicate the wider implications of the changes, including that the contract would no longer include RIBA stage 4 or that the design risks were now fully transferred to the Council.
- 1.8 Prior to the commencement of construction works on site, it was known by officers that the project had a £3.5m-£4m budget shortfall. Plans were in place to fund the additional expenditure prior to entering into the construction contract. However, there was significant delay in notifying members or seeking formal approval for the additional funds required. The budget shortfall arose primarily because the original budget did not include provision for external consultant fees, internal professional fees or an adequate contingency. The contingency for the scheme started at 20% but was reduced to 6% to reduce the budget shortfall on the project. Officers have consistently commented that with a known incomplete design the contingency needed to be far higher. It has been commented that the funding for the contingency never really existed in practice as there was insufficient funding for the project from the beginning.
- 1.9 Following the commencement of construction, project monitoring reports were provided monthly by the project manager consultant. These reports included detailed financial information regarding the project costs including compensation events and early warning costs. Officers involved with the monitoring of the project have stressed that it remained the case in early March 2025 that officers and the project manager consultant expected, with planned mitigations, the cost of the project to be managed within the increased budget. Some officers first became aware that the contractor's forecast cost had risen to £20-£21m on 28 April 2025. This was not communicated to the Director of Regeneration until 8 May 2025, as the officers concerned waited for clarification details from the project manager consultant. A detailed report from the project manager consultant was reported to an officer meeting on 19 May 2025. The project manager consultant's financial report for April 2025, reported later in May, reported a forecast total cost of £23,995,103.
- 1.10 The investigation has highlighted that the level of project management for the contract was insufficient given the project's scale and complexity. The consultant project manager was appointed originally for only two days per week, with on-site presence of just one day a week. It is widely recognised by officers involved that a scheme of this nature requires full-time project management on site.

1.11 The investigation has identified a range of lessons learned across all stages of the project. These are detailed in section five of the report.

Organisational Risk Rating

Organisational Risk Rating		Definition
Major	X	The likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to a major risk of a fundamental or material nature. This opinion suggests that there are some potentially serious weaknesses in the design and/or operation of the control environment that may have a significant impact on the achievement of systems and/or corporate objectives if not addressed
Moderate		The likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to a moderate risk of a fundamental or material nature. This opinion suggests that there are some weaknesses in the design and/or operation of the control environment that may have varying degrees of impact on the achievement of systems and/or corporate objectives
Minor		The likelihood/impact of the risks identified during the review, should they materialise, would leave the Council open to minor non fundamental or material risk
Negligible		No weaknesses identified during the audit review and that the Council is not exposed to any risks directly associated with the findings

Introduction

- 2.1 A review of contract governance issues in respect of the contract for the Birkenhead Town Centre highways works was undertaken at the request of the Director of Finance. The request followed concerns raised by the Assistant Director of Highways & Infrastructure with the Chief Executive and Director of Finance.
- 2.2 The report outlines contract governance issues arising from the design and construction phases of the project. The lessons learned outlined in section five will be discussed with relevant officers and an action plan including recommendations and timescales for delivery agreed. A chronology of key events is provided in Appendix 1.
- 2.3 Two separate reports will be provided to Members as follows:
- A report to Policy and Resources Committee on 10 September 2025 to outline the planned revised funding arrangements for the scheme
 - A report to Economy, Regeneration and Housing Committee on 15 September 2025 setting out the actions being taken from June onwards to manage the delivery of the scheme on site to completion.

Audit Objectives and Scope

- 3.1 The broad objective of the review was to understand the key reasons why the project is forecast to significantly overspend, and the project delivery has been delayed; including to understand the extent to which various officers were aware of issues as they unfolded.
- 3.2 Areas of focus have included:
- Overall responsibility for managing the scheme
 - Design, procurement and contract – including oversight of design, awareness of design risks, site investigations, tendering and contract
 - Finance and contract management – including known budget shortfall prior to construction, budget overspends during the construction phase and contract management arrangements
- 3.3 A series of interviews with officers from Regeneration, Highways, Finance, Procurement and Legal was conducted during week commencing 16 June 2025. Initial findings were reported to the Director of Finance on 24 June 2025. The Director of Finance asked for further work in a small number of areas. Further interviews were held with officers from Highways and Regeneration, and a separate meeting was held with representatives from the principal design consultants and consultants acting as the project manager / Employer's Agent for the scheme. On 24 July 2025 Internal Audit were asked to produce a report for consideration at ARMC on 2 September 2025.

Findings

- 4.1 Officers interviewed have consistently said that the key reasons for the project overspend are that when the contract was let the design was incomplete and insufficient site investigations had been carried out. To understand the primary factors that led to this situation, it is important to understand key aspects of the development of the project. This section will summarise the key issues arising.

Responsibility for Managing the Scheme

- 4.2 Key issues arising have been the lack of capacity in Regeneration and Highways to deliver a scheme of this size, coupled with the turnover of staff within Regeneration, and unrealistic timescales for delivery which have exacerbated capacity issues. There is a shared view now among existing officers that responsibility for managing the delivery stage of the scheme should have been with Highways.

- 4.3 Interviews with officers have highlighted a widespread frustration as to how the scheme has been managed internally; in particular the division of responsibilities between the Regeneration and Highways departments and the lack of capacity within these departments to manage a scheme of this size and complexity.
- 4.4 The scheme was originally managed by Regeneration officers, with Highways officers having an input to the project e.g. technical sign-off for aspects of the Highways design such as signals. The project manager based in Regeneration, who was on a short-term contract, left suddenly and Highways officers were asked to be involved to help progress the scheme, including managing the response to public consultation. The input required from Highways officers escalated to assisting to deliver the project. There was frustration that there was insufficient capacity within the team; the responsibility for this scheme was in addition to the responsibility to deliver the Highways programme of works. (The reliance on Highways officers may be linked to significant staff changes in Regeneration and the relatively small turnover in officer posts within Highways).
- 4.5 The wider context for the capacity issues is the success within Regeneration at attracting funding for numerous regeneration schemes. In response Regeneration employed a number of consultants to plan the schemes and various projects started to require input from Highways officers at the same time. It is apparent from discussions, that Highways did not have the resources and capacity to deliver the range of demands. The Lead Commissioner Strategic Transport and Technology, who worked across Regeneration and Highways, confirmed that this issue was raised with successive Regeneration Directors and Highways Assistant Directors.
- 4.6 In response to concerns raised by both Highways and Regeneration that Highways officers did not have capacity to deliver the scheme on site, the decision was taken to appoint external project manager consultants. Highways officers have continued to support the external project manager in numerous ways including liaising with designers, discussing Traffic Regulation Orders (TROs), assisting with the tender, assisting with consultations and liaising with shop owners, bus operators etc. In practice, the officers have been involved in aspects that they wouldn't expect to be involved in; the example was given of delivering letters in Birkenhead to shop owners / public as late as the day the work due to commence on site.
- 4.7 It is clear that the lack of capacity and significant requests involved in delivering the scheme have put a significant strain on officers involved in delivering the scheme. This includes officers within Regeneration where the loss of senior staff has meant significant workloads, for example the Head of Regeneration Delivery responsible for the Birkenhead Town Centre (BTC) movement scheme being told to take on the scheme (tender / delivery) as a 'bolt-on' to his responsibility for the Waterfront project despite the phasing of the schemes being different and him not being involved in the original design for the BTC movement scheme.
- 4.8 In addition to capacity, the key issue seems to be unrealistic timescales for delivery. Officers have commented that they have frequently reported that they are being asked to do things far quicker than other schemes whilst the scheme is far bigger than schemes delivered previously. We understand concerns have been communicated in weekly Keep-in-Touch (KIT meetings), not minuted, with the response from Regeneration Directors being that the scheme had to proceed at pace due to funding deadlines.

- 4.9 From interviews, there is a frustration in both departments, that the scheme was set up to be managed by Regeneration officers and that it was not established from the beginning as a Highways led project. The decision to run as a Regeneration project may be linked to it being Regeneration funded but some officers have pointed to it being a decision taken by the Director of Regeneration. The Lead Commissioner Strategic Transport and Technology commented that they had repeatedly said to Directors that this and similar schemes should be managed by Highways. The Assistant Director – Chief Regeneration Officer commented that in January / February 2025 they asked the Director of Regeneration for the scheme to be transferred to Highways.
- 4.10 We understand, the Assistant Director Highways & Infrastructure and Assistant Director – Chief Regeneration Officer have come to a working agreement for managing regeneration schemes that are essentially of a Highways nature; with Regeneration leading on the earlier design stages (RIBA 1 – RIBA 3) and Highways leading on the delivery stage (RIBA 4), with the other department assisting each stage as required (typically lead department 80% / supporting department 20%).

Design, Procurement and Contract

- 4.11 Incomplete design works at the time the contract was signed, coupled with inadequate site investigation works, have been the most significant reasons for cost variations on the project. Various officers have commented that the Council rushed into the contract before the design was complete in order not to lose £3.7m in grant funding; use of the Active Travel Fund (ATF T3) of £2.3m required the scheme to be contractually committed by 31 March 2024 and we understand from officers there was a similar requirement with £1.5m additional funding from the Combined Authority.

Design works and site investigations

Responsibility for Design

- 4.12 In summer 2020 the project costings developed by the design consultant at the RIBA 1 and 2 stage, high level concept design stage, were complete. In June 2022 the same design consultants were appointed by an Officer Decision Notice to carry out RIBA 3 (spatial coordination) and RIBA 4 (technical design) stages for the Future High Street Fund (“FHSF”) Conway Street/Europa Boulevard movement project and the FHSF Grange Road/ Charing Cross movement project. A meeting was held in December 22 with three contractors to discuss the Design & Build for both the Birkenhead Town Centre movement works and the Waterfront project.
- 4.13 The report to Economy, Regeneration and Housing Committee (ERH) 26 January 2023 reported that the BTC Movement scheme would not be fully designed at the tender stage (they were at RIBA Stage 3) and the contract with the tenderer for the Town Centre movement works was to include RIBA stage 4; namely the contractor was to complete the technical design.

- 4.14 The original intention, as approved by ERH, was for the successful contractor to complete RIBA stage 4 and the construction. The advantage of having the contractor involved in design and construction is that the contractor would take / share responsibility for ensuring the design / site investigation process is robust. (This is the case with the pre-construction services agreement for the Waterfront scheme where the contractor is doing a 2-stage design and build costing for the scheme and the risk to the Council is significantly reduced with the contractor owning the design. In the case of the Waterfront scheme the contract was only at RIBA Stage 1 when the contract was let).
- 4.15 Examples were referred to where elements of the design were over-elaborate resulting in significant additional cost, e.g. choice of paving and construction depth in places.
- 4.16 There were delays in the completion of the design work for the BTC movement scheme. The tenders were based on where the design was up to at that point – which some officers have commented was at an incomplete stage. It is clear that there were issues with the tender as there were over 400 clarification questions on this project at tender stage from contractors (see further details in the section below). Officers in Highways and the design consultant have referred to pressure to complete the design works to go out to tender. The processes in place for formal sign-off of design at the tender stage are unclear:
- Highways officers have commented that there was no formal process in place for the sign-off of the design at tender stage. This is said to contrast with processes usually in place for Highways schemes which would have been expected to have been applied. Reasons given were that the involvement of Highways on the project had escalated / evolved without a formal commission or formalised arrangements for sign-off in place.
 - The design consultants have stated that the design package was signed off by Highways officers. The design consultants have commented that they completed the design with input from Highways officers. They note the project design was put to council officers for comments, with an initial pack sent out for review, followed by a draft tender pack and then the final tender issue. We have seen an email from a Highways officer that confirmed that ‘as everyone is happy with the proposals they will be going out to tender’ with several Highways and Regeneration officers copied into the email. An email from the design consultants confirmed that the email from the Highways officer was seen as the acceptance of the design pack.
- 4.17 It appears that the problems experienced with the contract award, including the need to go through a second procurement exercise, as detailed in the following section, meant that the successful contractor would not be able to be used to complete RIBA stage 4, as originally envisaged in the decision by ERH in January 2023. Highways officers confirmed the design consultant was only commissioned to complete the drawing to a tender standard and were not commissioned to complete construction level drawings. Following the delays in the procurement process, the design consultants were subsequently further commissioned to complete the construction level designs (RIBA 4).
- 4.18 The contract for the works on site started without final construction level design / drawings being completed. These circumstances led to a four-week delay in providing final construction drawings after the awarding of the contract; and a subsequent first compensation event

in the early weeks after award of the contract of approximately £450K as the contractor was set-up to work on site but did not undertake work in this period. Highways officers have confirmed that when the construction drawings were received, they were sent to the contractor without any detailed review as there had already been a four-week delay on site.

- 4.19 Concerns have been raised at the choice of contract, NEC4 option D Target cost with Bill of Quantities. It has been mentioned that this was a significant risk with an incomplete design as the Council provides all the technical details, and the Council would have full liability for any additional costs arising because of gaps / inaccuracies. It is clear that the decision for this contract type was made early in the project. The report to ERH in January 2023 refers to the successful contractor being responsible for completing the RIBA stage 4 design which it is assumed would have at least in part mitigated some of this risk. This intention was not communicated to the officer responsible for drawing up the contract who was not made aware that the design was incomplete and the design would have to be completed by the successful contractor. If it had been known that the design would be incomplete, it is argued a different form of contract, NEC 4 option E cost reimbursable contract, would have been more appropriate, although that choice would not have prevented the Council's liability for substantial cost overruns since Option E would have rendered the Council liable to reimburse the contractor for costs incurred in carrying out the works including compensation for changes to design. It is clear that the incomplete design at contract stage, has meant the full design risk has rested with the Council and that the risk could only have been fully mitigated if there had been a delay in going out to tender until the design was completed and the Funders had agreed to extend the date in the grant funding agreement by which the construction contract was to be entered into.

Knowledge of Design Risk

- 4.20 A report was circulated to the Corporate Property Board members (43 officers in total) on the afternoon of its scheduled meeting on 11 December 2023 for consideration at the end of the meeting. The report (paragraph 5.5) did refer to the ongoing risk, as with all highway schemes, due to unforeseen circumstances once works commence on site. This risk was noted by contractor B (not the one chosen to deliver the project) in their offer letter. The report also referred to page 10 of Appendix 1, a tender report produced by the project manager consultant, where the consultant referred to the need for an assessment of physical conditions. Page 10 of the Appendix noted that this 'had the potential to add up to £1.0m to the contract cost. cannot be clarified or scored at this point however it is a risk that must be agreed and priced with (contractor B) as part of the contract preparation process. the fact that (contractor B) have highlighted this and quantified needs investigation and a formal acceptance of a contract position agreeing as soon as possible after tender award'. Page 12 of the Appendix clearly stated that 'the design risk ... sits with the Council.'. The report to the Corporate Property Board also did not refer to the list of risks on pages 15/16 in Appendix 1; there were 18 in total which included:
- The tender offers are based on RIBA Stage 4 and bill of quantities information and when the Contractor starts on site the design may need developing as more information becomes available and site conditions become clearer as work commences
 - Traditional form of procurement, leading to a higher amount of variations Post Contract. If there are issues with the design and Bill of Quantities, then the contractor will be entitled to a variation / Compensation Event
 - Design team and client team experience of working on a Traditional Procurement route. Traditional procurement can be intensive Post Contract for both the design team and client team as the design risk sits with the client team and not the contractor

- Adequacy of the design information and Bills of Quantities, if there are issue with this, then additional time and costs may be incurred

4.21 It was not made sufficiently clear in the covering report to the Corporate Property Board that:

- the design was not complete
- the design risk was completely with the Council
- Committee approval for tender had included RIBA stage 4 by the successful contractor and this had not happened.

4.22 The authors of the report were clearly in a position to be aware of the risks facing the Council. It is likely that the other officers involved in the circulation were not aware of the significance of the risks. The report was not of the type that would typically be considered by Corporate Property Board. The report was only circulated on the afternoon of its scheduled meeting. It is not known whether the report was considered at the meeting; officers interviewed couldn't recall and it is noted that the report is not referred to in the minutes of the meeting.

4.23 From emails dated 20/12/23 and 8/1/24, entitled 'RE: ...Updated Design Work to Complete on Town Centre Schemes', it is clear that it was known by several officers in Highways and Regeneration that the design work was incomplete. The Lead Commissioner Strategic Transport and Technology confirmed that when the project went out to contract, the RIBA 4 stage was not completed and this was known by several officers in Regeneration and Highways. The Lead Commissioner Strategic Transport and Technology also confirmed this was recognised as not a normal approach but there were overriding concerns that grant funding would be lost.

4.24 The report presented to the ERH Committee meeting on 22/1/24 sought approval to commence a new procurement exercise and the subsequent ODN 7/3/24 'Acceptance of tender and contract award – Birkenhead Town Centre movements' were not transparent in the respect that neither made clear that the design risk was now fully with the Council or the nature of the problems with the previous procurement process.

Site investigations

4.25 A significant number of variations have arisen; a key factor is reported to be the inadequacy of site investigations works which would be expected to be completed either as part of RIBA stage 3 or 4.

4.26 We were informed that when dealing with Highways schemes, it is essential that there is sufficient intelligence from site investigation works, such as trial holes, to be able to corroborate desk-based design assumptions.

4.27 There is a legal requirement on Statutory Undertakers (utility providers) to include plans on their website to indicate the positions of apparatus in the area, e.g. the depth of the water main. The Contractor will have seen these plans and known there were services in the

ground, however it was found that when work commenced on site it became clear there were uncharted statutory undertakers' apparatus, e.g. underground cables not where they should have been, cables discovered that had not previously been identified or at a different depth to that expected.

- 4.28 We understand it is not uncommon that Statutory Undertakers plans cannot be fully relied on, e.g. at times apparatus are much shallower than detailed, and trial holes will normally be undertaken to supplement these plans.
- 4.29 Utility surveys (C2 searches) were undertaken by the design consultant. The Utility Search is a non-intrusive, desktop site investigation aimed at identifying the locations of underground utilities and infrastructure. The utility companies provided plans indicating their underground apparatus in the area, and based on this, the design consultants believed the apparatus would not be affected by their proposals.
- 4.30 We understand Ground Penetrating Radar (GPR) services were also provided by the design consultant to the contractor as part of the contract information. The GPR surveys along with the utility search guided the design decisions. Ideally, these would indicate the position of every piece of apparatus in the area however compensation events received from the contractor would suggest unexpected utilities were discovered.
- 4.31 We have seen emails that confirm that trial pits were completed in various locations on Grange Road by an external company on behalf of the Council and the information provided to the design consultant, e.g. trial holes in Grange Road outside Grange Precinct and a number of trial pits in two locations for the purposes of establishing the feasibility of installing rising bollards. Highways officers commented that they repeatedly told senior management that timescales were not ideal, e.g. some of the trial pits were after the tenders had been issued.
- 4.32 We have seen no evidence that trial pits were carried out in the Conway Street area. We understand, upon excavation, particularly shallow services were found along the northerly footways. These had not been previously identified by the design consultants. Officers commented, these particular services would not have appeared on any utility (C2) search nor GPR survey undertaken during the design phases as these ducts had been installed by the Liverpool City Region, as part of their fibre programme, in the period between design drawings being drawn up and tender being awarded.
- 4.33 Comments from the design consultant's civil engineer confirm there was a lack of trial holes in side streets. Emails do not mention any Geotech having been completed, which would have provided additional assurance on the ground conditions. The design consultant said this was in agreement with the Council.
- 4.34 In some cases, wrong assumptions were made. We understand from emails that during the design stage, some trial holes were undertaken along Grange Road which unveiled that an existing concrete slab was present and hence it was assumed any apparatus was already sat beneath the existing concrete slab and there would be no exposed utility apparatus. C3 estimates (an estimate of the

cost of the potential diversion of utilities) were not deemed necessary by the design consultants as they did not believe the design clashed with the apparatus. When site works began, it became evident that the existing concrete slab did not in fact span the entirety of the works area and is not present in the areas of Grange Road near to building frontages.

- 4.35 Highways officers confirmed that the design consultant's commission didn't include site investigation / trial holes. The design consultants commented that they didn't have the commission or equipment to do topographical surveys.
- 4.36 The design consultant included within the Pre Construction Information (PCI) supplied with the tender pack information around risks related to utilities; 'Location of all known utility apparatus has been added within the PCI. A new service survey will be required from the contractor if the survey is more than 3 months old'.
- 4.37 Examples were shared of the consequences of the design process / site investigation works lacking due diligence, e.g. the issues raised by the two of the highest compensation events were:
- Two tree pits, where excavation hit unexpected services that should have been identified at design stage
 - Grange road, couldn't fulfil original design as found services underneath and had to move kerbs which were central to the design (It would have been expected that site investigation work would have included scanning, plotting and verifying the location and depth etc of gas, electricity, water and drainage and then designing accordingly. This work appears not to have been done)
- 4.38 It is not clear the extent to which trial pits were completed subsequently by the works contractor or whether the project manager consultant has challenged sufficiently the approach adopted by the contractor; for example, the reliance on information available and strategy adopted by the works contractor for undertaking their own additional trial pits.
- 4.39 The design consultant commented they were under pressure from Regeneration officers to complete the design work in a short timeframe, so that officers could undertake the tendering process and meet grant funding pressures. The consultants commented that additional time was necessary, potentially up to three months, and when they presented the design, they did try to highlight groundwork not done and associated risks. We have not seen evidence to confirm this position. The design consultant commented that they agreed with Highways officers that no further trial pits were needed.
- 4.40 It is clear from events since construction work started on site that insufficient site investigation works were undertaken at the design stage. The comments above indicate some scans and trial holes were completed, but subsequent events make clear more ground penetration services were needed, and trial holes should have been completed in more locations.

Tendering and contract

- 4.41 There was a significant delay between tender submissions and progressing to contract stage, primarily as a result of deficiencies within the tender process. This will have impacted on the process to complete design works in a timely fashion prior to commencing work on site. Details concerning the tender / procurement process are provided below.
- 4.42 In view of the issues arising in this area, some of the key events in the timeline are summarised here:
- Contractor meeting held December 2022 referred to Design & Build for both Town Centre works and Waterfront project.
 - Report to Economy, Regeneration and Housing Committee (ERH) 26/1/23 with respect to the Utilisation of Procure Partnerships Framework for the Birkenhead Waterfront Programme and the Conway Street / Europa Boulevard and Grange Road / Charing Cross / Grange Road West movement projects (Birkenhead Town Centre (BTC) movement scheme. Key items of note from this report were that the BTC Movement scheme would not be fully designed at the tender stage (they were at RIBA Stage 3) and the contract with the tenderer for the Town Centre movement works included RIBA stage 4, namely the contractor was to complete the design. The report made clear the intention was for one contractor to cover both schemes.
 - Schemes went out to tender June 23.
 - Instructions to Tenderers made it clear that the method by which tenders would be evaluated would be which tenderer scored the highest when the scores for the contractors on both contracts were aggregated; both contracts were to be awarded to the one contractor with the highest overall score for both contracts.
 - There was a significant volume of queries about the tender, tender clauses, clarification questions, with a closing date of 17 August 2023. Procurement officers confirmed there were over 400 clarification questions on this project at tender stage from contractors which is a red flag.
 - In July 2023, an email between Legal officers raised concerns in respect of the procurement process, including that legal and procurement officers were not involved in the project team, with a clear warning that officers could not enter into post tender negotiations.
 - Based on how the tender process was designed, the tender outcome would have been to award both contracts to contractor B as this contractor was the most economically advantageous tender taking the two schemes together. Based on the tender results, the most financially advantageous outcome for the Council was to split the schemes between the two contractors.
 - It is apparent that in early November 2023 the Head of Regeneration Delivery had arranged a post tender negotiation meeting with contractor A who was informed they had been successful and were asked to reduce their prices as they exceeded the Council's budget for the scheme. A subsequent report to Corporate Property Board noted that the contractor A was engaged in a post tender negotiation as clarity was required on their proposed programme of works, which was in excess of 20 weeks longer than the other two bidders, and to allow this to be sought from them they were identified as the 'preferred bidder' at that stage.
 - In a meeting as part of the investigation the Assistant Director Procurement and Commercial Services suggested the procurement exercise was a failed procurement process because linking the waterfront and town centre should not have been done, officers were incorrectly advised; however, we have not been provided with any evidence to show this was the reason given at the time.

- A report was circulated to Corporate Property Board members (43 officers in total) on the afternoon of its scheduled meeting on 11 December 23 for consideration at the end of the meeting. The report made reference to the issues with the procurement process and sought a decision as to whether to make an award (for both contracts) to the highest scoring tenderer or retender allowing for each work package to be awarded to separate contractors if the tender returns delivered budget efficiencies. This issue was not referred to in the minutes of the meeting.

- 4.43 The decision was taken to start a new procurement process as it would remedy any defects in the previous tender process. It was agreed at the ERH meeting on 22/1/24 to commence a new procurement exercise, with the Director of Regeneration and Place authorised to make direct appointment. The reason given for re-procurement was because 'returned submissions did not provide the best financial outcome for the Council'. No reference was made to the issues with the previous procurement process. No reference was made that the contract would no longer include RIBA stage 4 or that design risks were now fully with the Council.
- 4.44 An Officer Decision Notice was issued on 7/3/24 in relation to the acceptance of the tender and contract award for the Birkenhead Town Centre movements scheme. No reference was made that the contract will no longer include RIBA stage 4 or that design risks were now fully with the Council.

Finance and Contract Management

Financial overspends

- 4.45 In respect of financial overspends on the project, there are two key elements to consider:
- Budget shortfall known prior to construction work starting on site
 - Budget overspends that have arisen following the start of construction work.

Budget Shortfall known prior to construction work starting on site

- 4.46 It is acknowledged by several officers, from Regeneration, Highways and Finance, that a budget shortfall was known before construction work commenced. However, there has been a significant delay in formally notifying Members or seeking budget approval for the additional monies required.
- 4.47 Information to support that a budget shortfall was known before construction work commenced includes:
- As noted above, a report was circulated to Corporate Property Board members (43 officers in total) on the afternoon of its scheduled meeting on 11 December 23 for consideration at the end of the meeting. (The report is not referred to in the minutes of the meeting).

The report noted that there was a current funding shortfall of potentially up to £3.5m on the town centre project, including provision for Council contingency. It commented 'it is considered that there are sufficient options to explore over the coming months which will enable this funding to be sought'.

- The Head of Regeneration Delivery commented that £1m had already been spent on the project before the contract started, for example the spend for design works was £544k in 2022/23 and £303k in 2023/24. The Head of Regeneration Delivery noted there were no funds available to cover client costs (internal and external), there was only a notional contingency pot (no real funding available) and the project was about £2.7m 'behind the curve on day 1'. The Head of Regeneration Delivery commented an additional £4m was required to be put into the scheme 'to give it a fighting chance' and this was known by Finance colleagues.
- The Head of Finance for Place confirmed that a £4m overspend was identified in January 2024 and that officers were being told that if the contract was not awarded in March 2024 the Council would lose Future High Street Funding grant. The Head of Finance confirmed that the Director of Finance and the Assistant Director Property and Regeneration Investment at the time were brought into the discussion and the Assistant Director Property and Regeneration Investment confirmed that monies for the project would be available as monies needed for the Market were now reduced, with a report being taken to committee in March 2024.
- The Head of Finance for Place needed to confirm that funding was available before the construction contract for the BTC Movement scheme could be entered into. The decision was taken by the Assistant Director Property and Regeneration Investment, Director of Finance and Head of Finance for Place to reduce the contingency to 16%, reducing the overspend to £3.3m. It was agreed that the funding in the capital programme for the separate project referred to as 'FHSF' (which included the market, Conway & Grange and Europa Residential projects) would be used to cover the projected £3.3m overspend. This was a holding position, subject to funds being agreed subsequently from the allocation for the market, which allowed the Head of Finance for Place to confirm to the project team that funds were available to allow the contract to be entered into.
- Birkenhead Town Centre (BTC) Project forecast dated 23/2/24 noted a project deficit of £2.78m as a result of the design brief omitting project fees including project manager consultant costs, design consultant fees, and council professional officer fees. Emails dated 23/2/24 confirmed that in a meeting that day the contingency was reduced to 6% to leave a funding gap of £2,779,126.91. The Head of Finance for Place confirmed that there was 'sufficient budget to fund the Town Centre (Grange/Conway) and that the appropriate approval is in place on the capital programme'.
- The change to the market project was confirmed in March 2024, which meant the budget became available to formally vire the funds needed for the BTC Movement project. The virement was not reported / approved at the time. The Head of Finance chased this omission with the Programme Management Office (PMO) and Assistant Director – Chief Regeneration Officer in August 2024 and again with the PMO in November 2024.
- A paper was reported to ERH in March 2025 that:
 - o Approved additional funding of £750k for the project as part of the Simplification Pathfinder report.
 - o Noted in the background section of the report, that the project needed £4m additional to its original allocation in March 2024. The report showed £4m addition to this project and £4m reduced from the Birkenhead market project. The wording in the report says, 'the formal virement was dependent on the budget being confirmed for the Birkenhead market project which went to committee on 27 March 2024'.
- The request for formal approval of this virement was reported to Policy and Resources on 26/6/25.

- 4.48 It is clear that senior officers in Finance and Regeneration knew that there was a £4m shortfall on the project prior to the contract being signed in March 2024. There were plans in place for this funding, and the Head of Finance ensured that monies were available in the capital programme prior to the contract being entered into. However, the issue had not been reported to Members until March 2025 and the formal virement was presented to Policy and Resources Committee on 26 June 2025 and approved by Council on 21 July 2025.
- 4.49 The budget shortfall is primarily as a result of there being no original budget for external consultants' fees and internal professional fees (both significant sums on this project) and contingency (see further consideration below). Our wider Internal Audit work on regeneration has noted that this is a wider issue, and there are several schemes where the budget for the scheme reflects the grant allocation, however the original grant submission did not make adequate, or in some cases any, provision for internal and external fees. This can be a significant issue as, at times, when grant bids are made, designs are only at concept stage which can lead to significant resource pressures when grant bids are successful but do not include adequate provision for internal professional fees. There can also be a significant time lag between grant bids and subsequent contract which can lead to significant inflationary pressures on original budgets.
- 4.50 The contingency for the project started at 20%. Highways officers commented they always advise a 20% contingency for 'known unknowns', even on a fully designed project. The contingency was subsequently reduced to 16% and then to 6% (as noted in the detail above). Officers have consistently commented that with a known incomplete design the contingency needed to be far higher. We understand several officers across Highways and Regeneration, including Head of Regeneration Delivery, Lead Commissioner Strategic Transport and Technology, Design and Commissioning Senior Manager and Capital Programme Lead, expressed concern that the contingency was too low. It appears the Assistant Director Property and Regeneration Investment in early 2024 was keen to reduce the contingency to 6% to reduce the shortfall on the project. It has been commented that the funding for the contingency never really existed in practice as there was insufficient funding for the project from the beginning.

Budget overspends that have arisen following the start of construction work

- 4.51 The contract that was entered into was for £12,093,156; this compared to Pathfinder grant funding of £11,893,304 giving a shortfall at the beginning of the contract of £199,852.
- 4.52 The project budget used by officers during 2024 was £15.9m; the original £11.9m Pathfinder grant and the additional £4m which officers expected to be vired from the Market project, as noted in the section above. The additional funding approved by ERH in March 2025 of £750,000 resulted in a total project budget assumed by officers during 2025 of £16,643,304.
- 4.53 The project monitoring reports produced by the project manager consultant between June 2024 and March 2025 showed a budget of £14,891,968; which included the contract value, 6% contingency (£725,589) and direct costs of £2,073,223. The project monitoring reports showed a budget of £18,916,379 in April to July 2025, representing the increase of £4,750,000 less the 6% contingency. As a

result, the project manager consultant's budget figure double-counted the direct costs and was overstated by £2,073,223. The project manager consultant commented he did try to seek clarification on this additional budget from the Head of Regeneration Delivery and the Project Board, although we have not sighted evidence to support this. In practice, the Head of Regeneration Delivery commented he continued to assume a Council budget for the project of £16,643,304. However, project monitoring reports including an inflated budget of £18,916,379 likely contributed to a lack of a clear understanding of the budget position.

- 4.54 Appendix 2 shows the monthly forecast cost for the project reported by the project manager consultant. The project forecast cost rose from £14,875,053 in July 24 to £16,652,145 in January 2025. The project manager consultant produced a monthly reporting pack that included a Contractor Report, consultant cost report, dashboard, cashflow report and a list of the early warnings and compensation events. The early warnings and compensation events were included in the total forecast cost.
- 4.55 In January 2025, the Director of Regeneration sought an independent review of the project by external consultants. The consultants concluded that the project was on budget, taking into account the additional £750,000 to be requested from ERH, and project delivery was on time.
- 4.56 The project manager consultant's January cost forecast, £16,652,145, was reported to the 27 February 2025 project board meeting. The Head of Finance for Place attended the meeting and confirmed their understanding at the meeting that, taking into account the £4m and additional £750K, the project was within the budget cost of £16,643,304. The Head of Finance for Place confirmed the contractor said the final account would be £17m but internally it was felt this would be reduced by £1m because of the 'pain and gain share' agreement in the contract. The view was expressed at the time that whilst some re-engineering / 'trimming down' may be needed, the project was on course to be within budget.
- 4.57 The project manager consultant's financial report for February 2025 shows a forecast cost of £18,503,230; this exceeds the Council's budget by £1,859,926. This was the first report to show a forecast cost in excess of the budget Council officers were working to. The Assistant Director – Chief Regeneration Officer reports that the project manager consultant reviewed the report, noted there were some increased costs but confirmed these were being managed through mitigations. The Assistant Director – Chief Regeneration Officer commented that the project manager consultant gave an overall assessment of compensation events and what they felt was likely to be agreed and predicted that the project was still within budget taking account of mitigations. It is understood planned mitigations included removing two streets from work to be undertaken by the contractor, reducing the cost of preliminaries (this was under dispute with the contractor), transferring left over materials to other projects and further absorbing internal fees.
- 4.58 Officers involved with the monitoring of the project have stressed that as late as March 2025 it remained the expectation of officers and project manager consultants that, with planned mitigations, the cost of the project could be managed within budget.
- 4.59 The project manager consultant financial report for March 2025, available in April 2025, showed a small further increase in forecast total cost to £18,550, 536. It is understood there was no project board meeting in April because of Easter.

4.60 The situation changed rapidly and significantly in April 2025.

4.61 Key events included the following:

- The Assistant Director – Chief Regeneration Officer and Design and Commissioning Senior Manager were asked to attend a meeting on 28/4/25 with the Contracts Director and Managing Director for the construction contractor. Officers comment that at this meeting officers were informed that the contractor was estimating the total cost of the project could reach £20m-21m, and the contractor asked questions about the Council's financial position.
- The Assistant Director – Chief Regeneration Officer discussed the meeting with the Head of Regeneration Delivery – the officers chose not to escalate the matter to the Director of Regeneration until they had received comments and supporting evidence from the project manager consultant.
- The Director of Regeneration was informed of the significant increase in the contractor's cost estimate at a Pathfinder Workshop on 8/5/25. The project manager consultant was not able to provide the Council with any detailed information by 8th May meeting – it is understood the consultant commented that the escalation in costs was so unexpected that they needed to fully scrutinise the information from the contractor before they could present the detail. The consultant required time to analyse the information, and it was agreed they would be given to 16 May 25.
- At a meeting on 19 May 25, attended by the Assistant Director Highways & Infrastructure, the project manager consultant, the Head of Regeneration Delivery, the Director of Regeneration and Assistant Director – Chief Regeneration Officer, the project manager consultant presented a detailed report of the contract including an analysis of the current cost forecast which was now confirmed as £23,024,298. The Assistant Director – Chief Regeneration Officer confirms the meeting on 19/5/25 was the first time this figure and the details behind it had been presented to the Council. The project manager consultant's report on 19/5/25 showed that the two key reasons for the compensation events / increased costs were incomplete design (51% due to design change) and lack of investigation works (38% due to stats conditions, utility clashes, existing site conditions).

4.62 The project manager consultant's financial report for April 2025 reported a forecast total cost of £23,995,103.

Contract management

Project Manager Role

4.63 The project manager consultant was appointed as the NEC4 project manager. The decision to appoint the consultant as project managers for a major highways contract has not been considered as part of this investigation.

4.64 The contract provided for two days a week for the project manager, with additional quantity surveyor support, but allowed for the project manager role to be mostly undertaken from the Manchester office. We understand from officers that the project manager consultant was

on site for approximately one day a week. The Council employed a contractor who was on site each day as a site supervisor. It has been challenged by officers that a project of this nature (large scale, town centre environment, complex sequencing) would be expected to have a Supervisor and NEC4 Project Manager on site at all times. The resource supporting the Council on site is said to contrast greatly with the equivalent supervisory staff employed by the construction contractor.

- 4.65 The role of the project manager consultant was extended to be that of the Employer's Agent / Principal Consultant. The Employer's Agent role is a client facing role that includes reviewing Early Warnings received from the construction contractor, and if needed having a risk reduction meeting, providing monthly reports, decision making, liaising with the Wirral Team.
- 4.66 From taking over the project in June 2025, the Assistant Director Highways & Infrastructure has amended the contract with the project manager (Contract Management) consultant to increase their time on site from one day a week to a full-time role predominantly based on-site. This was priced as a variation to the existing contract. There is an Officer Decision notice covering this extended appointment, further details are to be provided in the report to ERH Committee in September 2025.
- 4.67 The key officers interviewed from Regeneration and Highways have commented they felt overall the project manager consultant have undertaken an effective project manager role, with detailed reports provided to officers. There have been mixed views as to whether the project manager has provided a sufficient level of challenge on the escalated costs (Compensation Events); however it should be recognised they were only appointed for two days a week and, as officers have commented, the scale of challenges on this scheme have been 'unprecedented' with, as at June 25, 489 contractor requests for information, 248 Early Warning Notices and 156 Compensation Events supplied by the contractor. (As at 13/8/25 there have been 223 Compensation Events; 52 have been agreed and settled, 64 have been quoted and are currently being assessed and 107 are still awaiting clarification details).
- 4.68 Officers have commented the working arrangements with the principal contractor have not been as collaborative as is envisaged by the NEC4 type contract.

Internal roles

- 4.69 Concerns as to how the scheme has been managed internally, in particular the division of responsibilities between Regeneration and Highways departments and the lack of capacity within these departments, have been raised earlier in this report.
- 4.70 The Assistant Director Highways & Infrastructure has commented that although the duties of expected roles and how they should be undertaken is very clearly set out in NEC4 guidance, the organisation chart produced by the Director of Regeneration lacked some of this clarity and blurred responsibilities.
- 4.71 Concerns have been raised by the Assistant Director – Chief Regeneration Officer that there does appear to be a weakness in the system for formal financial approval of project cost increases. There appears no change control process / agreement for projected

increases in cost with compensation events raised by the contractor and reviewed by the project manager being added into the projected cost of the scheme without the approval of the Senior Reporting Officer.

- 4.72 There were issues with the procurement process and consideration should be given as to how legal and procurement officers are best involved in procurement and contracting issues of schemes of this nature.

Lessons Learned

- 5.1 The investigation findings have identified lessons to be learned from all stages of the scheme; spanning the period from project inception through design, contract preparation, tendering, and the ongoing delivery of works.
- 5.2 Issues to do with capacity within Regeneration and Highways and the division of responsibilities between departments, linked with over reliance on external contractors, have highlighted that ensuring sufficient capacity and clear and appropriate allocation of responsibilities are critical to the effective management of schemes of this nature. The issues also highlight the need to develop sufficient in-house expertise and capacity. Together with increased capacity there is a need to ensure sufficient training is provided, such as in NEC4 contract management. It has been commented that with several years of funding certainty for Regeneration schemes ahead, there is the opportunity to consider a dedicated project delivery team in the Council to reduce the need for contractors and consultants.
- 5.3 The findings underline the importance of ensuring projects are supported by a formalised approach to project and programme management, including the use of a project management toolkit. The arrangements should allow for a uniform project management approach to ensure standards are consistently applied, where for example projects are led by one department, with on-site delivery by another. This would help ensure adequate resourcing, clearly defined responsibilities and realistic delivery schedules, enabling officers to operate effectively and decisions to be made with appropriate oversight and assurance.
- 5.4 The report highlights the critical importance of ensuring that designs are sufficiently developed and formally approved at tender stage and before contract award, with responsibilities and processes for design verification and final approval clearly defined. The findings also highlight the importance of ensuring that site investigations are properly scoped, commissioned and executed prior to contract award to mitigate unforeseen ground-related issues, reduce the likelihood of variations, and support the accuracy of design and cost estimates.
- 5.5 Those involved in informing the chosen contract mechanism must be fully briefed on project risks, so that the choice of contract reflects all known project risks and responsibility for managing these risks can be appropriately allocated between Council and contractor.
- 5.6 The findings highlight the need for transparent and accurate reporting at all levels of project governance. Decision-makers must receive a clear, unambiguous picture of the risks, including what has been completed, what remains outstanding and the implications for the

Council. Without such reporting, boards and committees cannot make fully informed decisions, increasing the likelihood of delays, financial exposure and ineffective mitigation measures. Ensuring that reporting is comprehensive and honest is essential for safeguarding the Council, supporting effective risk management and reinforcing accountability and strengthening governance arrangements.

- 5.7 Many of the issues and omissions have arisen because of pressures to meet grant funding deadlines. They raise the question as to whether more could be done to request extensions from grant funders or, more widely, whether more open discussion and challenge of the balance of risks between ensuring the funding is not lost versus the risks the project poses to the Council is required.
- 5.8 The findings highlight the need to ensure procurement processes always follow the Council's approved procedures and appropriate legal advice is sought in a timely manner and followed. Transparency is required when reporting risks and procurement issues to decision-makers to help safeguard both financial position and the reputation of the Council.
- 5.9 The findings emphasise the importance of robust financial planning from the earliest stages of a project, including the inclusion of internal professional fees, external consultancy costs, and adequate contingencies. Contingency allocations should reflect the known project uncertainties. A mechanism should be in place to manage inflationary pressures during the gap between grant approval and contract commencement. Strengthening these practices will help safeguard future projects from similar financial pressures and improve the overall financial control and governance.
- 5.10 The report highlights the importance of clear, timely escalation processes when cost pressures emerge, ensuring that decision-makers are promptly informed of financial risks.
- 5.11 Where external project managers are used, care must be taken to ensure the contract allows for sufficient time on site so that all project risks can be effectively challenged and early warning and compensation events can be resolved at the earliest opportunity. Procedures should require Senior Responsible Officer approval for Change control mechanisms for cost increases.
- 5.12 Embedding these lessons learned will help strengthen the governance arrangements within the Council and mitigate risks in future projects.

Next Steps

- 6.1 The lessons learned will be discussed with relevant officers and an action plan including recommendations and timescales for delivery agreed. This will be reported to the 4 November 2025 meeting of the Audit & Risk Management Committee.

6.2 Progress in implementing the recommendations will be kept under regular review in line with the agreed action plan timescales and reported regularly to the relevant Departmental Management Team and the Senior Leadership Team through the Power BI reporting framework.

Appendix 1

Chronology of Key Events

Date	Key Event
Summer 2020	Project costings developed by the design consultant at the RIBA 1 and 2 stage
07/06/22	Officer Decision Notice – Birkenhead Future High Street Fund: Conway Street/Europa Boulevard and Charing Cross/Grange Road Movement Projects. Appointment of Design consultants to carry out RIBA 3 and RIBA 4 stage
06/12/22	Meeting held with three contractors to discuss the Design and build for both the Birkenhead Town Centre movement works and the Waterfront project.
01/01/23	Director of Regeneration and Place started at the Council
26/01/23	Report to ERH Committee - Utilisation of Procure Partnership Framework – Birkenhead Waterfront Programme, Conway Street / Europa Boulevard and Grange Road / Charing Cross / Grange Road West Movement Projects – commence a procurement exercise by way of a mini tendering process via the Procure Partnerships Framework for the appointment of a main contractor to develop the design and carry out the construction works (contractor to be responsible for completing RIBA stage 4 design).
June 2023	Schemes went out to tender
17/08/23	Tender closing date
Early November 23	Meeting with Contractor A
11/12/23	Report to Corporate Property Board - sought a decision as to whether to make an award (for both contracts) to the highest scoring tenderer or retender allowing for each work package to be awarded to separate contractors.
22/1/24	Report to ERH Committee - Utilisation of Procure Partnerships Framework – Birkenhead Waterfront Programme, Conway Street / Europa Boulevard and Grange Road / Charing Cross / Grange Road West Movement Projects – sought approval to commence a new procurement exercise.
January 2024	£4m overspend identified
Early 2024	Contingency reduced to 6%
23/02/24	Project forecast noted a deficit of £2.78m
07/03/24	Officer Decision Notice – Acceptance of Tender & Contract Award – Birkenhead Town Centre Movement Projects
31/03/24	Deadline for scheme to be contractually committed to secure grant funding
02/04/24	Contract start date
30/04/24	Director of Regeneration and Place left the Council
02/04/24	Director of Regeneration and Place started at the Council
14/7/24	Director of Regeneration and Place left the Council
19/8/24	Interim Director of Regeneration and Place appointed. (Confirmed permanent March 2025)

January 2025	Director of Regeneration appointed an external consultant to complete an independent review of the project.
12/03/25	Report to ERH Committee - Simplification Pathfinder Pilot Programme – Review of the Programme Approved additional funding of £750k. £4m addition to this project and £4m reduced from the Birkenhead market project noted in report.
28/04/25	Assistant Director – Chief Regeneration Officer and the Design and Commissioning Senior Manager attended a meeting with the Contracts Director and Managing Director for the construction contractor
08/05/25	Pathfinder workshop held - Director of Regeneration notified of increased project forecast costs
19/05/25	Project Manager Consultant presentation to council officers on project forecast costs
w/c 16/06/25	Internal audit investigation commences
24/06/25	Initial audit findings presented to Director of Finance
26/06/25	Report to P&R Committee – 2024 -25 Capital Outturn Report - request for formal approval of £4m virement.
June 25	Responsibility for delivery of the project transferred to the Assistant Director Highways & Infrastructure
21/07/25	Report to Council - 2024 -25 Capital Outturn Report – approved £4m virement.
24/07/25	Internal audit asked to produce a report for ARMC
02/09/25	Report presented to ARMC

Appendix 2

Financial Summary

Funding

Source of Funding	Amount £
Grant	11,893,304
Other Funding	4,750,000
Total Funding	16,643,304

Forecast Costs

Month	Amount £
June 2024	14,972,120
July 2024	14,878,053
August 2024	14,975,381
September 2024	15,010,765
October 2024	16,693,907
November 2024	16,370,393
December 2024	16,499,929
January 2025	16,652,145
February 2025	18,503,230
March 2025	18,550,536
April 2025	23,995,103
May 2025	23,367,603
June 2025	24,329,655
July 2025	24,329,655