

APPENDIX 1

Floating bridge User group

Draft Terms of Reference

Membership

Cllr Ian Ward – Infrastructure Portfolio Holder (Chair)

Cllr Karl Love – Local Ward Member - East Cowes

Cllr Lora Peacey-Wilcox – Local Ward Member – Cowes

Cllr Linda Rann –Local Elected Member - East Cowes, Isle of Wight Council

Cllr Neil Oliver – Local Elected Member – Cowes, Isle of Wight Council

Floating Bridge Operational staff member

Floating Bridge Service Manager

Floating Bridge Users (6)

Methodology

Meetings to be held in private

Meetings to be held on a 4 monthly basis

Meetings to be Co-located between Cowes and East Cowes

Meetings to commence from September 2018

Standing agenda and items to be raised

- The work of the group will involve solution-focused discussion and members will be asked to provide constructive input that moves the agenda forward.
- It is intended to publish agendas and minutes of meetings
- Meeting dates will be fixed as far in advance as possible.
- Every effort will be made to circulate any relevant documents as far in advance as possible (a week as minimum), however time restraints may occasionally prevent early circulation.
- A record of the discussions will be circulated where possible within a week of the meeting.
- An agenda with fixed headline topics will be prepared and guest speakers invited as required.

APPENDIX 2:

Cowes FB Internal Audit Report, PWC, Nov 2017

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Internal Audit Report

Cowes Floating Bridge

Isle of Wight Council

Final

27th November 2017

Click to launch

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Distribution list

For action: Helen Miles, Head of Legal Services and Monitoring Officer

For information: John Metcalfe, Chief Executive

Executive summary (1 of 1)



Overview

The replacement of the Cowes Floating Bridge is a high profile project for the Isle of Wight Council and was initially integrated with the overall project plans to deliver the regeneration of East Cowes. In order to ensure that there was a suitable level of community engagement and agreement there was a need for additional consultation on the wider regeneration of the local area.

The Solent Gateways initiative, which originally included the Floating Bridge replacement, progressed more slowly than originally planned due to planning issues. Therefore the Floating Bridge project was separated out in order to secure the funding that had been identified under the Local Growth Deal. The Council therefore separated the Bridge from the East Cowes regeneration project in order to deliver the Bridge with Local Growth Deal funds. The Council duly completed the required Business Cases and secured the funding to support the Cowes Floating Bridge infrastructure development.

The project progressed through specification, tender and appointment phases for the key contractors for example Naval Architects, Marine Engineers, Owners Representative etc. and infrastructure elements for example the boat itself and the slipway works. These were completed in line with both the steps needed to meet the grant requirements and also the Council's procurement processes. Our review did not identify any concerns around the procurement process undertaken to appoint the technical support to develop the Bridge specifications or the process of overall review and assessment of the tenders or the subsequent appointments. These were completed by both internal Council staff and appropriately appointed external representatives with practical and technical qualifications relevant to the project in line with the Council Policy. As part of this process, potential conflicts of interest were required to be declared and assessed and we evidenced that this process was undertaken.

During the delivery of the Bridge to the Island and the Bridge commissioning stage ("sea trials") we have identified three potential areas of improvement and these are set out below. Our observations and recommendations are based on a review of evidence made available to us and we cannot guarantee that we had sight of all relevant documentation, nor all information that may be in existence. We would like to thank all Council staff for their help with this review.

Background and scope (1 of 2)



Background

The contract for delivery of the replacement Cowes Floating Bridge represents a significant investment in the Island's transport infrastructure by the Council. The replacement of the old Floating Bridge, that had been in service for over 40 years, has been subject to a number of issues that have delayed the delivery of the new Bridge and have resulted in adverse media coverage since start of service. In response to the public and press interest in the project, the Council have identified that an initial fact finding review focused on compliance with internal processes and procedures should be completed. This report provides the results of the fact finding exercise.

Limitations of scope

The review undertaken was focused on the project procurement and project management processes and the documentation that was available to support the decisions made to ensure that this was in line with the Council's requirements and internal procurement procedures. This has been completed as an internal audit review and does not constitute a forensic exercise or involve our forensics team.

Background and scope (2 of 2)



Scope

We performed the following work around the project and the documentation that was available to support the decisions made, to ensure that this was in line with the Council's requirements and internal procurement procedures:

- *Project Specification and Tendering*: confirm that there was appropriate engagement with key stakeholders, development of clear specifications around the project requirements and identification of an appropriate set of businesses who would be able to respond to the tender.
- *Tendering Review and Recommendation*: confirm that there was controlled receipt and overview of the tender documentation with suitable 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*: confirm that contract terms were appropriately drafted and reviewed for the contract by an appropriate specialist and technical requirements were reviewed and agreed by an appropriate specialist independent of the process. Confirm that appropriate project monitoring and progress review points were identified and included with penalty or rectification clauses in place should there be issues around project delivery.
- *Communication/Oversight*: confirm that there was appropriate engagement and checkpoints were in place around the project delivery, risk management, oversight and that progress reporting was in place.
- *Delivery and Commissioning of the Bridge*: confirm that testing and staff training requirements were specified and were delivered before the Bridge went into service and there was a suitable technical review and sign-off both from within the Council and from any external agency e.g. MCA before the Bridge was accepted.

Outcome (1 of 6)

Project Specification and Tendering

1

Overall Conclusion

The project was identified by the Council at an early stage as being technical in nature. As a result there was documented evidence of the need to engage specialist, expert support to define the overall build requirements for the Floating Bridge and related infrastructure works. This was followed through to a precise build specification that was incorporated into the overall tender process. The invitation to tenders were advertised appropriately in line with grant terms and Council policies.

Where there were smaller supporting requirements outside the main build contracts the Council have provided documentation to evidence that these were progressed in line with the Council contracting procedures and awarded in line with these requirements.

Recommendation

No areas for improvement were identified.

Outcome (2 of 6)

Tendering Review and Recommendation

2

Overall Conclusion

Our review of the tender documentation received confirmed it was assessed and completed in line with the Council policy. For example, to ensure that companies being considered were financially stable and could evidence competency and prior experience in the project element tendered for. The tenders returned were then reviewed from a technical perspective by the Owners Representative (an individual appointed by the Council with an appropriate skill set to represent the Council on this project). All documentation was assessed against the criteria identified and communicated within the tender packs. The company identified as being most appropriate from this process was offered the main build contract. This process is in line with Council Policy.

Recommendation

No areas for improvement were identified.

Outcome (3 of 6)

Contracting

3

Overall Conclusion

It was recognised that the Council did not have the appropriate expertise within its in-house legal team to draft the build contract and a specialist, external solicitor was engaged by the Council to draw up the main build contract and to ensure that appropriate consideration of the Statement of Requirements and remediation clauses were included. The contract was then “sense checked” by the Council legal department before being finalised to ensure compliance with the Council’s usual requirements for a contract. This approach to contracting is usual and in line with Council Policy when the matter relates to a specialist matter such as this project.

Recommendation

No areas for improvement were identified.

Outcome (4 of 6)

Communication

4

Overall Conclusion

The high-profile nature of the project and its importance to the East Cowes community meant that there was a clear public interest in the progress of the project and the commissioning of the new Bridge into service. The project had a high-level outline communication plan in place and regular updates were sent to the local Council members, so that they could be shared with the Town and Parish Councils and other interested parties. However, there is limited evidence that these communications were effectively cascaded and therefore reached all relevant stakeholders.

In addition, the communication plans did not address how engagement with all stakeholders would be undertaken throughout the project lifecycle to ensure consultation on and understanding of the project. This has led to a difference between the understanding by the public, other external stakeholders and the Council around the expectations for Bridge service levels. The practical reality with this type of project is that while safety testing is completed there is always a potential for problems with the infrastructure and there was always likely to be a period of time when the crew and staff develop their knowledge of how the Bridge responds at different states of tide and in different weather conditions. This was the experience of the first days of the Bridge being in service, with issues encountered including a power failure and subsequent issues with regard to cars grounding. An effective communication plan would have predicted the impact of this, and ensured that clarification was provided to all stakeholders that the Bridge was in an implementation phase (“sea trials”) and therefore issues may be encountered. In addition this may well have alleviated some of the ongoing media and public criticism of the Bridge as service issues have continued into the Autumn by managing expectations earlier in the project.

Given the ongoing service issues being encountered with the Bridge and the resulting rumour and media coverage the Council should review its communication strategy to improve the timeliness, clarity and consistency of the external communications made in conjunction with the wider project stakeholders.

Recommendation

A more detailed communication plan should be in place at the outset for the delivery of projects of this nature. This should include a more direct flow of information to the communities impacted through a variety of sources including Town and Parish councils and social media. The Council should also put in place a revised communication plan in order to manage this period of service issues with the Bridge. The delivery and success of the communication plan should be monitored and challenged by the Project Board.

Outcome (5 of 6)

Project Oversight

5

Overall Conclusion

There was a Steering Group in place which included the Council, the Owners Representative (identified from the commercial sector who was chosen for their practical experience in both running a Floating Bridge service and commissioning a new boat), the Naval Architect and the shipbuilder. The Group met monthly from March 2016 to January 2017 with the exception of December 2016. The meetings were minuted. The agendas and minutes supplied indicate that the Group were focused on the technical aspects of the Bridge (for example there was limited involvement of the MCA or slipway contractor). A risk register was maintained by the shipbuilder and considered by the Steering Group. By November 2016 the highest risks on the register were in regard to the commissioning of the chains and delays in delivery of the Bridge to the Island. Given subsequent events it is concerning that these risks were not adequately addressed prior to the Bridge commissioning phase of the project commencing.

This was a high profile project for the Council, and therefore surprising, that the only holistic oversight (i.e. wider than the Bridge itself to include the slipways, MCA compliance, stakeholder communications etc.) of the project were unminuted meetings between the Council's Project Manager and their Line Manager (although we understand the Line Manager received copies of the Steering Group minutes). This meant there was no independent challenge / oversight function in place (i.e. a Capital Programme Board or similar) to ensure that the technical, regulatory, financial and reputational risks identified on the shipbuilder's risk register were being mitigated appropriately by the Steering Group. For example, by the October 2016 Steering Group minutes, issues with the depth of chains and the ramp calculations were already being reported. An oversight function may well have challenged actions being taken around these issues by the Steering Group and asked questions around wider stakeholder communications. This informal arrangement seems to have failed to escalate problems to senior management at the Council at the appropriate time.

This has led to insufficient senior oversight and challenge of the Floating Bridge project, while day to day knowledge of the project was centred in a few key individuals. There were two key impacts of this:

- 1) Certain individuals within the contractor staff had insufficient capacity and therefore did not deliver all agreed elements within the specified timeframe. This was not identified until very late in the commissioning phase.
- 2) There was a lack of strategic thinking or consideration in relation to how delays and the implementation problems would be dealt with and viewed by stakeholders. This has resulted in significant adverse publicity and criticism of the project and no clear strategy for how communications in regard to the Bridge will be managed going forward.

Outcome (5 of 6 cont.)

Project Oversight

5

Recommendation

We recognise that the nature and scope of a project oversight function will need to reflect the strategic importance, technical complexity and multiplicity of stakeholders of individual projects and indeed for less complex and / or less public projects this challenge function could be provided by the existing Commercial Services Mini Service Board. However, this oversight function is key in ensuring the project is on track, suitably monitoring and mitigating risks, communication is appropriate and the project is on schedule / budget. Consideration of the nature and scope of project oversight should be mandatory at project initiation and documented in the project business case. Ideally while responsibility for the completion of the oversight arrangements should lie with the project manager, accountability for ensuring this activity is undertaken as planned should rest with the applicable Director / Head of Service.

As context, we understand the Council has no overarching Capital Programme Board (CPB), or equivalent, in place overseeing the delivery of the Council's capital programme with strategic oversight and development of the broader capital programme being undertaken by the Organisational Change Team reporting to CMT. However, when undertaking major projects the Council should consider the need for independent oversight, over and above that provided by the Commercial Services Mini Service Board, on a case by case basis. Typically, this challenge could be:

- Project team self-challenge and review, to include all project team members (internal and external) and contractors – this process should be documented; or
- An independent, suitably qualified experienced staff member to provide independent “peer review”; or
- Specialist expert ad-hoc consultant support; or
- In the case of a cost review a separately contracted consultant quantity surveyor or cost consultant.

Provided that the scope and nature of the oversight function is properly controlled and proportionate, any additional time spent by staff or professional fees incurred are often readily justified through improved quality of challenge, a better shared understanding of the project brief and often cost savings. Ultimately this means greater likelihood of the project meeting planned outcomes and initial objectives.

In addition, a longer term aim should be to file all project documentation in one place. This would enable the project team, including any independent oversight function, to readily access all relevant paperwork when preparing and attending meetings and ensure they had all information to hand when reviewing decisions and proposed actions.

Outcome (6 of 6)

Delivery of the Bridge to the Island and commissioning the Bridge into Service

6

Overall Conclusion

Delivery to the Island and securing of the Bridge to the chains was one element of the project and delays with the slipway works meant the delivery of the Bridge and then commissioning into service (including sea trials and required certifications) was deferred until Spring 2017. This allowed for slippage in the build of the Bridge and was sensible from a practical perspective, i.e. no need to find a berth locally for the Bridge while slipway works completed. However, at this point the ship builder’s Project Manager left (confirmed in email 31st March 2017) and was not replaced. This role was a key mitigating action on the risk register in regard to the risks around successfully delivering the project and it’s loss did result in a delay of the Bridge delivery to the Island and commissioning testing schedules. The Bridge testing schedule had been due to be provided by the shipbuilder for review by the Council four weeks before the on site testing, but was delivered late in the process limiting the time available to review the schedule prior to commencing sea trials. The shipbuilder’s team had focused on the practical aspects of remediation of defects and delivery of training to ensure that these were done, resulting in the delay of the wider provision of documentation.

This was further compounded by the Owners Representative also leaving the Project in early April 2017 (email dated 3rd April 2017 confirming completion of engagement on arranging delivery of the Bridge to the Island). The subsequent issues with the MCA inspections in April and May 2017 indicates that the loss of these two individuals impacted on this critical stage of the project. The increased pressure on the commissioning schedule has led to issues not being fully addressed prior to operating the Bridge in the live environment and the subsequent issues encountered with the operation of the Bridge and widely reported in the media. More robust project risk management and reporting may have escalated this issue earlier and enabled additional capacity to be put in place and / or a planned further delay in bringing the Bridge into live service enabling defects and sea trials to be completed.

The commissioning phase of the project remains ongoing until the formal acceptance of the Floating Bridge which can only happen after the current operational issues with the Bridge have been resolved and successful seas trials completed. At the time of writing the Bridge is still not in service.

Recommendation

The Council should ensure the delivery date/testing schedule for major projects is provided by contractors and reviewed adequately prior to the commissioning phase commencing to ensure that it is detailed, complete and adequately sets out remediation responsibilities and timeframes (and potentially penalties for non completion if applicable). This review should include the independent oversight function where appropriate.

The Council should ensure that key contractor personnel are in place for the duration of major projects, replaced if necessary, until such time the Council has formally accepted the final deliverable.

Appendix A: Scope of the
Review

Appendix B: Limitations
and responsibilities

Appendices

Appendix B: Limitations and responsibilities

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.

Appendix A: Scope of the Review

- 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
<p>Project Specification and Tendering</p> <p>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.
<p>Tendering review and recommendation</p> <p>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> <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>	<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 these requirements were determined. • 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.

Appendix A: Scope of the Review

Control objective	Potential risks
<p>Contracting</p> <p>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.
<p>Communication/ Oversight</p> <p>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.
<p>Delivery</p> <p>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.

Appendix A: Scope of the Review

Our audit approach was 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 *{for the avoidance of doubt we ensured that there was documented engagement by the Council with a suitably qualified legal advisor and / or marine engineer in order to ensure that the Statement of Requirements and Technical Specification were met – it was beyond the scope of this audit and our expertise to review and / or comment on the technical specification itself}*.

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.

Appendix B: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other changes; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

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.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

This document has been prepared only for the Isle of Wight Council and solely for the purpose and on the terms agreed with the Isle of Wight Council in our agreement dated 19th June 2017 . We accept no liability (including for negligence) to anyone else in connection with this document.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Public Sector Internal Audit Standards (PSIAS). As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

If you receive a request under freedom of information legislation to disclose any information we provided to you, you will consult with us promptly before any disclosure.

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COWES FLOATING BRIDGE

Revised Business Case

APPENDIX 4 – ECONOMIC CASE APPRAISAL TABLES

Economic Efficiency of the Transport System (TEE)

Public Accounts (PA)

Analysis of Monetised Costs and Benefits (AMCB)

Appraisal Summary Table (AST)

Economic Efficiency of the Transport System (TEE)

Economic Efficiency of the Transport System (TEE)

Non-business: Commuting	ALL MODES	ROAD		PT	ACTIVE MODES	
		TOTAL	Private Cars and LGVs	Passengers	Passengers	
User benefits						
Travel time	19197		18247	950		0
Vehicle operating costs	2291		2291	0		0
User charges	-4539		-4590	51		0
During Construction & Maintenance	0					
COMMUTING	16949 (1a)		15948	1001		0
Non-business: Other						
User benefits						
Travel time	19773		19587	185		0
Vehicle operating costs	3637		3637	0		0
User charges	-7454		-7653	199		0
During Construction & Maintenance	0					
NET NON-BUSINESS BENEFITS: OTHER	15956 (1b)		15571	385		0
Business						
User benefits						
Travel time	12408					
Vehicle operating costs	3413					
User charges	-5783					
During Construction & Maintenance	0					
Subtotal	10038 (2)					
Private sector provider impacts						
Revenue	-3400					
Operating costs	0					
Investment costs	0					
Grant/subsidy	0					
Subtotal	-3400 (3)					
Other business impacts						
Developer contributions	0 (4)					
NET BUSINESS IMPACT	6638 (5) = (2) + (3) + (4)					
TOTAL						
Present Value of Transport Economic Efficiency Benefits (TEE)	39543 (6) = (1a) + (1b) + (5)					

Note: Benefits appear as positive numbers, while costs appear as negative numbers.

Note: All entries are discounted present values, in 2010 prices and values

Public Accounts (PA)

Public Accounts (PA)

<i>Local Government Funding</i>	ALL MODES	ROAD	PT	ACTIVE MODES
Revenue	-12690	-12690	0	0
Operating Costs	11846	11846	0	0
Investment Costs	10850	10850	0	0
Developer Contributions	0	0	0	0
Grant/Subsidy Payments	0	0	0	0
NET IMPACT	10006	10006	0	0
<i>Central Government Funding: Transport</i>	ALL MODES	ROAD	PT	ACTIVE MODES
Revenue	0	0	0	0
Operating costs	0	0	0	0
Investment costs	-3330	-3330	0	0
Developer Contributions	0	0	0	0
Grant/Subsidy Payments	0	0	0	0
NET IMPACT	-3330	-3330	0	0
<i>Central Government Funding: Non-Transport</i>	ALL MODES	ROAD	PT	ACTIVE MODES
Indirect Tax Revenues	4544	4770	-279	0
TOTALS	ALL MODES	ROAD	PT	ACTIVE MODES
Broad Transport Budget	6676	6676	0	0
Wider Public Finances	4544	4770	-279	0

Note: Costs appear as positive numbers, while revenues and developer contributions appear as negative numbers.

Note: All entries are present values discounted to 2010, in 2010 prices

Analysis of Monetised Costs and Benefits (AMCB)

Analysis of Monetised Costs and Benefits

Greenhouse Gases	982
Economic Efficiency: Consumer Users (Commuting)	16949
Economic Efficiency: Consumer Users (Other)	15956
Economic Efficiency: Business Users and Providers	6638
Wider Public Finances (Indirect Taxation Revenues)	-4492
Present Value of Benefits (PVB)	36033
Broad Transport Budget	6676
Present Value of Costs (PVC)	6676
OVERALL IMPACTS	
Net Present Value (NPV)	29357
Benefit to Cost Ratio (BCR)	5.40
<p>Note: This table includes costs and benefits which are regularly or occasionally presented in monetised form in transport appraisals, together with some where monetisation is in prospect. There may also be other significant costs and benefits, some of which cannot be presented in monetised form. Where this is the case, the analysis presented above does not provide a good measure of value for money and should not be used as the sole basis for decisions.</p>	

Appraisal Summary Table (AST)

Appraisal Summary Table		Date produced:	21/09/2018	Contact:			
Name of scheme:		Cowes Floating Bridge		Name	David Carter		
Description of scheme:		Scheme Do Minimum: A pedestrian-only ferry service between Cowes and East Cowes Scheme Do Something: A fully accessible passenger and vehicle chain ferry service between Cowes and East Cowes		Organisation	SYSTRA		
				Role	Consultant to IWC		
Impacts		Summary of key impacts		Assessment			
				Quantitative	Qualitative	Monetary £k	Distributional 7-pt scale/ vulnerable grp
Economy	Business users & transport providers	Floating Bridge 5 (FB5) provided a vital vehicle link between Cowes and East Cowes for foot passengers and motorists. Floating Bridge 6 (FB6) will maintain connectivity and avoid the need for motorists having to detour via the most congested part of the Island's road network, at Coppins Bridge in Newport. Over the standard appraisal period, FB6 will generate significant user time saving benefits for goods vehicles and business car users.		Value of journey time changes (£k 2010 PV)	12,408	Large Beneficial	12,408
	Reliability impact on Business users	FB6 will deliver considerable benefit to vehicle users of FB6 who would reroute from the congested network of Newport, an additional 10-mile vehicle journey. This rerouting would reduce additional delays in Newport and improve journey reliability for local road network users. For FB6 users, following initial severe reliability issues, reliability has been improving and, relative to FB5, the new Floating Bridge will reduce the number of lost service days over the long term and also introduce increased capacity and frequency.				Large beneficial	
	Regeneration	The scheme is located within the Medina Valley regeneration area of the Island Plan Core Strategy and will indirectly support new housing starts and employment floorspace by maintaining, over the long-term, an important transport link between Cowes and East Cowes.		Direct and early support to the Trinity Wharf/Trinity Yard development in East Cowes involving 100 housing units. Support to later East Cowes masterplan developments with a mix of full and outline permissions for around 200 housing units and tourism uses.		Moderate Beneficial	
	Wider Impacts	FB6 will support the delivery of wider economic benefits by improving access on the Isle of Wight, encourage businesses to remain in the area through widening access of workforces to safeguard existing jobs and facilitating growth, and assisting with new homes and jobs to be delivered alongside wider support strategies to maintain and develop the economy of East Cowes.		FB6 has safeguarded 11 FTE jobs, with 2 further FTE created. The impact of construction investment on GVA is just over £2.0m.		Slight Beneficial	
Environmental	Noise	FB6 will not result in significant highway or maritime traffic flow changes. Local noise issues with the early operation of FB6 will not be apparent in the longer term following remedial works				Neutral	Not assessed
	Air Quality	FB6, in maintaining a vehicle link across the River Medina, will marginally reduce emissions on the Isle of Wight as motorists can utilise the shorter, and less congested route using the Floating Bridge rather than routing via the busy roads in Newport. Emission changes are very small, so scored as Neutral, with Carbon Dioxide savings assessed as saving over 1200 tonnes (weekday only assessment), so scores as slightly beneficial.				Neutral	Not assessed
	Greenhouse gases			Reduction in Carbon Dioxide (annual tonnes)	1214 tonnes	Slight Beneficial	
	Landscape	Improved Floating Bridge capacity will slightly reduce the impact of waiting traffic on the local area and with associated works slightly improve local townscape. The scheme supports the revitalisation of East Cowes town centre public realm scheme at Central Square.				Slight Beneficial	
	Townscape						
	Historic Environment						
	Biodiversity	No Impact				Neutral	
Social	Water Environment	No Impact				Neutral	
	Commuting and Other users	Floating Bridge 5 (FB5) provided a vital vehicle link between Cowes and East Cowes for foot passengers and motorists. Floating Bridge 6 (FB6) will maintain connectivity and avoid the need for motorists to make a detour via the most congested part of the Island's road network at Coppins Bridge in Newport. Over the standard appraisal period, FB6 will generate significant business user time saving benefits for commuters/other vehicle users and more modest benefits for foot passengers.		Value of journey time changes (£k 2010 PV)	38,969	Large Beneficial	38,969
	Reliability impact on Commuting and Other users	FB6 will deliver considerable benefit to vehicle users of FB6 who would reroute from the congested network of Newport, an additional 10-mile vehicle journey. This rerouting would reduce additional delays in Newport and improve journey reliability for local road network users. For FB6 users, following initial severe reliability issues, reliability has been improving and, relative to FB5, the new Floating Bridge will reduce the number of lost service days over the long term and also introduce increased capacity and frequency.				Large beneficial	
	Physical activity	FB6 is forecast to generate marginal benefits for improving pedestrian and cycle environment on Medina Crossing (versus both FB5 and a passenger-only launch) and providing a much better, and accessible crossing for cyclists. However, impacts on physical activity will be marginal so scored as neutral.				Neutral	
	Journey quality	FB6 improves journey quality with additional capacity and segregation of pedestrian and cycles from vehicles. The scheme also provides alternative routes to avoid congestion in Newport improving journey experience on the wider network for others travellers as well as users.				Large Beneficial	
	Accidents	Overall impacts will be small and there are no recognised safety concerns that this scheme seeks to address.				Neutral	Not assessed.
	Security	FB6 will not materially change in traveller security, except potentially during late evening operations. Staff and vessel security concerns have, in the past, limited the hours of operation of the (much smaller) passenger launch.				Slight Beneficial	Benefits for vulnerable travellers or late-night employees relying on pedestrian access to/from East Cowes.
	Access to services	FB6 in providing both pedestrian/cyclist and vehicle links between Cowes and East Cowes will retain the wider accessibility to facilities that has become established by the earlier bridge connections; particularly for those reliant on car, including connectivity between Isle of Wight and Southampton for access to employment, and numerous key services, as well as healthcare. Also, FB6 provides a fully accessible cross-river link with level access for both the mobility impaired and cyclists, that cannot be guaranteed with a passenger launch.				Large beneficial	Benefits for all user groups, but particularly important for mobility impaired user groups, cyclists, low income groups, the young, students and unemployed.
	Affordability	FB6 maintains an affordable link for those wanting to cross between Cowes and East Cowes by car. With a passenger-only launch vehicle users would face longer journeys by car, potentially with higher operating costs than the FB6 fare (particularly for regular travellers who can benefit from discounted 'Saver Card' fares).				Slight beneficial	Benefits particularly important for low income groups, the young, students and unemployed.
	Severance	FB6, maintaining the vital pedestrian/cyclist and vehicle link between Cowes and East Cowes, reduces the severance that would otherwise be caused by breaking established links to facilities including jobs, and education, and would require a 10-mile detour for motorists. Breaking this connectivity would also impact cross-Solent movements between Isle of Wight and Southampton, which again would impact access to important facilities and services				Large beneficial	Benefits for all user groups, but particularly important for mobility impaired user groups, cyclists, low income groups, the young, students and unemployed.
Option and non-use values	The scheme will have a large, beneficial impact on options and non-user values as it represents a step-change in service provision for all travellers and offers a vehicle link avoiding routes via Newport compared to the passenger-only launch scenario where no such provision exists.				Large beneficial		
Public Accounts	Cost to Broad Transport Budget			negative values = cost to public purse			-6,676
	Indirect Tax Revenues			negative values = cost to public purse			-4,492