

INTO THE WEST

Inquiry into the Coleraine to Londonderry Rail Track Phase Two Project

Submission by:

Into The West

12 December 2014

1. Introduction

Into The West was founded in 2001 to campaign, as a first priority, for the retention and upgrade of the Derry/Londonderry to Coleraine section of the rail line.

We have since instigated and led the campaign for acquisition and reuse of the historic Waterside station as a rail terminus fit for a regional capital.

We have published pamphlets, issued statements, organised demonstrations and met and lobbied successive Ministers for Regional Development, senior Translink officials, Derry City Council, elected representatives of all parties and a range of other interest groups and individuals.

We have liaised and made common cause with environmental groups and others concerned to preserve both our rail link and the precious built heritage of Derry and of the North West generally.

Our focus remains on redressing the legacy of neglect which had threatened the line and ensuring that pledges to overcome this neglect are fulfilled.

We will continue to highlight the potential role of rail in the economic regeneration of Derry. We have consistently drawn attention to the beauty of the train journey along the shore of Lough Foyle as it curls and curves its way into Derry and within sight of our Walled City. The tourism potential of these unique assets is enormous but has never been realised. We want to change that.

We have argued for a higher priority for rail in transport spending and the extension of the rail network into Donegal and along the western coast and southwards towards Dublin. Ireland is a small beautiful island and should have a necklace of rail around it.

We have argued that what's lacking is a realisation of the great benefits that a modern rail network would confer and the political will to turn this potential into reality.

We are pleased to be able to make this submission to the Inquiry into how and why the cost estimates for the Phase II work between Derry and Coleraine turned out to be so wrong. But we emphasise that the main focus should be on the next two years and on the task of ensuring that the funding is secured so that Phase II will be completed by the new deadline of the end of 2016. There must be no further delay in providing rail passengers to and from the North West with train services and station facilities at least comparable with those available on other parts of the Northern Ireland Railways network.

Into The West will maintain its commitment and the level of its campaigning through 2015 and beyond. It is in this context and spirit that we commend our submission to you.

2. This submission responds to the Committee's Terms of Reference (a) to (f) separately and in sequence.

(a) To ensure that the procurement process was compliant with the 12 guiding principles governing the administration of public procurement.

- Accountability
- Competitive Supply
- Consistency
- Effectiveness
- Efficiency
- Fair Dealing
- Integration
- Integrity
- Informed Decision Making
- Legality
- Responsiveness

An overview of the Phase II Procurement Process from September 2011 to the present suggests that not all these specific guidelines on procurement have been adhered to. As evidence, the projected cost of Phase II has gone from about £20 million to about £40 million. It is clear from the minutes of evidence to the Regional Development Committee, and from Hansard and press articles, that there was a lack of informed decision-making about Phase II, particularly since June 2013, leading to the escalation in projected costs. Finally, the sometimes delayed response from Department of Regional Development (DRD) / Translink to growing problems with Phase II, appears to have forced the Minister to seek an independent review. The Project Assessment Review (PAR) was initiated by the Minister to verify Translink's management and planning of Phase II. The lack of competitive supply over the initial contracts awarded for Phase II forced Translink to review Phase II in June 2013.

(b) To assess the efficacy of the project management process.

On 10 October 2011 the Minister expressed his support for the Programme for Government, under which Phase II was to be delivered by early 2015. In September 2013 the Minister was informed by Translink that Phase II had been delayed due to problems with procurement and that the project would now be divided into two separate components. On 24 June 2014 the Minister and the DRD were made aware that the original estimate had been grossly underestimated. In August 2014 the Minister arranged for the PAR to be conducted. The outcome of the review was reported back to the Minister in September 2014.

The PAR concluded that the original estimate "was not backed up by any detailed planning or design work". On the 3 November 2014 the Minister stated that "the project cost was underestimated from the start" and that "their original estimate was frankly little more than a guesstimate."

Into The West understands that the Phase II project board reports monthly to the Northern Ireland Transport Holding Company (NITHCO) Board and to DRD officials. We also note that the Chairman of NITHCO is also the chairman of the sub-committee for (Finance and Project Tracking). We believe that efficient project tracking would have discovered problems with Phase II long before June 2014.

(c) To undertake an analysis of the financial planning and cost estimate processes.

It is clear that Translink and the DRD experienced major problems in the financial planning and cost estimate process of Phase II. On 3 November 2014 the Minister told the Assembly that "the cost was woefully under estimated as being in the region of £20 million to £22 million. A more accurate estimate of £40 million has now been arrived at." The PAR report ordered by the Minister indicated that the revised figure did not include an appropriate level of contingency. This led to the new estimate of £40 million for Phase II.

Into the West is concerned that previous problems in the cost estimate process and poor financial planning by Translink contributed to the growing costs of Phase II. Indeed, as the Minister told the Committee on 12 November 2014, "lessons should be learned" - that the "initial estimates (should have) included adequate contingency and (should have been) regularly reviewed throughout the project cycle." By allowing problems to appear to drift throughout the procurement process, both the DRD and Translink contributed to growing costs of Phase II. It is interesting that the NITHCO Board, on 10 September 2014, noted the importance of achieving "programme for government targets" and giving early formal notice to the DRD of any difficulties arising in relation to Phase II

(d) To evaluate communication lines in respect of this project.

It is clear to Into The West in relation to points already raised that from early 2013 communication lines were becoming unclear and ambiguous. The overlapping roles of Translink / NITHCO and their relationship with the DRD Minister, appear to have led to a breakdown of communications with relevant parties. This has been a factor in the rising costs of Phase II. In September 2013 the Minister was first made aware of problems with Phase II. On 12 November 2014 he told the Committee that, "I made it clear my disappointment with Translink, specifically at the way the decision was communicated." Although the NITHCO Board discussed problems with Phase II on 11 June 2014, the Minister was only alerted to the issue on 24 June 2014. On 9 July 2014, the Chief Operating Officer of Translink gave the NITHCO Board a full report on Phase II. However it was late July 2014 before the Minister was fully informed about the scale of the problem. Communication lines also appear to have broken down between the DRD and Translink, despite DRD officials attending many meetings of Translink sub-committees.

On 12 November 2014 Mr McGrath from DRD told the Committee that "in early July (2014) we did not have confirmed information from Translink ... We had inklings as a group". We conclude that the fact that clear, up-to-date information about Phase II was not being provided by Translink / NITHCO to the DRD Minister has contributed to the delay of the project.

(e) To evaluate the Department's overview of the project.

Into the West believes that the DRD and Translink have failed to learn the lessons of the problems which affected the Bangor line relay procurement process over a decade ago. In 2007 the Northern Ireland Audit Office (NIAO) published a critical report on the Bangor line project and made a series of recommendations which appear to have been ignored in the Phase II procurement process.

In June 2013 Translink decided to delay the Phase II procurement process and restructure its implementation programme, yet neither the Minister or DRD appear to have become fully aware of this until Sept 2013.

By June 2014 Translink, the Minister and the DRD had been made aware of the revised costs of £35 million. However, a DRD presentation to the committee on 2 July 2014 on progress of Programme of Government targets made no mention of problems with Phase II. Yet Mr. McGrath, replying to the Committee on 12 November 2014, indicated that "we had inklings" about problems with Phase II. Mr. Doran on 12 November 2014, again in reply to the committee, admitted that the DRD had accepted the original Phase II estimate from Translink and that he had promised in September 2013 to be directly involved in the Phase II project. In September 2013 Mr. Doran admitted that the role of DRD officials attending Translink meetings was unclear. Yet, nothing had been done by DRD by November 2014 to clarify their status.

Into The West believes that deficiencies in management and overview of the Phase II procurement process by the DRD allowed the project to drift with insufficient scrutiny – particularly of the role of Translink / NITHCO.

(f) To establish the processes required to ensure that the existing 2014/2015 budget is retained.

On 12 November 2014, speaking to the Committee, NITHCO chairman John Trethowan stated that "no public money has been lost". Debating the Phase II problem in the Assembly on the same day, the Minister maintained that "no taxpayers' money has been wasted" and that "the funding required for the project next year will come from my Department's capital budget."

Into The West believes from these statements that any money allocated for Phase II in the 2014/15 budget should be still available for carrying over into the budget for 2015/16 to ensure delivery of Phase II by 2016. We call upon the Committee to establish the processes required to ensure that all monies allocated to Phase II in the current DRD budget will still be available to implement the Phase II procurement process next year. Otherwise, sufficient money should be made available in the draft DRD budget for 2015/16 to cover any underspend of capital funds allocated to Phase II.

3 Conclusion

Into The West have been campaigning for 14 years to support the railway line from Derry /Londonderry to Coleraine. We have fought to save the line from closure, called for more modern trains, a more frequent and faster train service and the full implementation of Phase II now and Phase III in the future.

On 3 November 2014 the Minister said, "I am disappointed with the way Translink has managed this important project". In reply, John Dallat MLA stated that "there might be some excuse for botching a procurement process once, but surely doing it twice is inexcusable?" Into The West shares these concerns about Translink's handling of the Phase II procurement process and about the fact that it appears not to have learnt the appropriate lessons from the Bangor line relay despite the NIAO report of 2007. On 5 November 2014 Mr Trevor Clarke MLA Chairman of the Regional Development Committee in a press statement stated that "this shambles should never have been allowed to happen".

The PAR report commissioned by the Minister has highlighted failures in finance and project management by Translink and pointed to a lack of clarity regarding the nature of relationships between Translink / NITHCO and DRD. As stated to the committee by Mr David McNarry MLA on 12 November 2014, there was a perception of a "cosy Departmental relationship with Translink." The content of the PAR report, taken together with the deficiencies in handling of the Phase II process in general, appears to confirm this widespread opinion in the minds of many people, including ITW.

In September 2011, the Minister referred to the Bangor line issue when announcing that the upgrade of the Derry line would be split into three phases. He stated that "I am determined that will not happen in this case and I will task my officials accordingly." In reply on 12 November 2014, Mr Trevor Clarke MLA told the Committee: "Minister, I can say that your officials or you have failed, someone has failed. These examples of failures and delays to the Phase II procurement process, has put its delivery in jeopardy."

Finally, on 12 November 2014, Mr John Dallat MLA told the Committee in reference to recommendations from the Audit Office on 2007 that, "It is a case of déjà vu, nothing learned." Referring to an extract from the 2007 report, he asserted that "there were serious deficiencies in the economic appraisal and the budget was unrealistically low for the project specified."

Into The West believes that there is need for a serious, far-reaching investigation into the problems which have bedevilled the Phase II procurement process and put the much-needed, already-delayed upgrade of the Derry line at risk. The public in Derry and the North West is entitled to reassurance that lessons have been learnt, processes changed and a recovery plan put in place so that the loss in time and resources for Phase II is made up. In conclusion we fully agree with what Mr John Dallat MLA told the Regional Development Committee on 12 November 2014 "does anyone, for a moment feel that they may well have robbed the North West of an opportunity of a first class, intercity service by their sheer incompetence".

Submission compiled by:
Jim McBride
on behalf of Into The West
12 December 2014

Contact:

Jim McBride
Mobile: 0772 005 5614
Email: j.mcbbride@talk21.com