

Advanced Material

This Advanced Material contains a pre-seen case study provided to students prior to the exam date. Students should familiarise themselves with the Advanced Material before they sit the exam. The Advanced Material provides key information and forms the basis of the requirements set out in the exam day materials. Students should carry out research into the sector and apply learning from the workbooks.

Exam: Strategic Case Study

Exam Sitting: June 2024

Introduction – Daleland

Daleland is a constitutional monarchy and has enjoyed a stable democracy for over 200 years. The country is divided into six regions: Northwest, Northeast, Midlands, Central Eastern, Southwest and Southeast. The capital city, Buerdon, is located in the Midlands, the most prosperous of the regions. The currency of Daleland is the pound.

The country suffered a prolonged period of economic decline from 1950 to around 2000, but has since experienced significant economic growth in many areas of the country. Inflation has remained stable at 2% for the last three years. Regions to the south of Daleland have not experienced the same level of growth as the rest of the country, and many local authorities in those regions have developed policies to address the high levels of urban deprivation. The national government has established a fund for the awarding of grants for local government projects which utilise innovative technology to improve customer services.

Local government bodies in Daleland are responsible for numerous functions such as schools, social care, planning, waste collection and the implementation of regeneration policies. Members of the local councils are politicians, elected by those living in the area which the council serves.

The Cogden DART

Cogden is a large town in the Southwest of Daleland, with a population of 450,000. It is approximately 75 miles from Buerdon; a 55-minute train journey. The council members are representatives from the two main political parties of Daleland.

Cogden Council owns Spod Airport, located on land that was formerly the village of Spod. The airport is small in comparison to the main international airports based in the capital city, and largely caters for holiday makers in the south of Daleland. It is particularly busy in the summer

months and school holidays.

Spod airport is just over seven miles from the town centre of Cogden. The only railway station in Cogden is in the town centre, and connects the town with the capital city and other main cities throughout Daleland.

Travellers arriving by train have an option to take a bus or a taxi to the airport, and at peak times the roads from the town to the airport are heavily congested. A survey conducted in 2021 determined that this travel problem was deterring travellers from using Spod Airport, especially since transport links to the airports in the Greater Buerdon area were much more efficient. In addition, the excessive volume of traffic on the roads connecting the airport to the town causes difficulty for local businesses and commuters.

Spod Airport plays a significant part in the economy of Cogden, and the town's political leaders agree that continued investment in the airport is vital to maximise the local economic benefit. To encourage passengers to use Spod Airport, rather than the airports in the capital city, and to reduce the pressure on the surrounding road network, the council decided to invest in a new Direct Air-Rail Transit (DART) system, running from the main station in Cogden directly to the airport. The new railway line was to run out of the city centre alongside existing lines, and then through industrial areas and greenfield sites to the airport.

The project, launched in September 2021, included the purchase of the rolling stock, the design and construction of two terminal buildings (one at the airport and one at Cogden Station), land clearance for the line and installation of the track. The new service was due to be open to the public on 18 March 2024. The project is being funded by the council. Total project costs were estimated to be £10.7m in the original approved business case, but had risen to £12.1m by January 2024.

Once up and running, it is intended that the DART service will be operated by a management company. This company has been set up by the council, but no staff have been appointed as yet.

Separate contracts were awarded for the architectural designs, the supply of the rolling stock, the supply of the track and the construction work. The construction contract to build the two terminal buildings, clear the route of the line and lay the track was won by Railroad PLC, a leader in railway-related construction, with a bid of £6.7m. Costs were revised to £7.3m in mid-2022, largely due to additional work being required to clear various sites along the line where there was contaminated land which was not identified until work began. A final revision to costs in January 2024 saw the cost increase to £7.6m. The construction work was due to be completed by 27 February 2024, allowing for final checks in time for a March 2024 opening. However, the above delays pushed construction work back so that it was to be completed by 8 April 2024, with the service planned to be open to the public by 13 May 2024.

The company supplying the trains, Speedy Trains PLC, was contracted to provide both the engines and passenger carriages, as well as maintenance of both for the first two years of operation. Speedy Trains provided a representative to work on the DART project team.

A summary of the changes to the DART estimated budget and completion dates, is included in Table 1.

Table 1. Summary of the changes to the DART estimated budget and completion date

Overall DART project:			
Original total estimated budget September 2021	£10.7m	Original planned opening date	18 March 2024
Revised total estimate (made January 2024)	£12.1m	Revised opening date (as of January 2024)	13 May 2024

Portion of work under contract to Railroad PLC:			
Original estimate for work by Railroad PLC	£6.7m	Original completion date for work by Railroad PLC	27 February 2024
Revised estimate (made mid-2022)	£7.3m		
Revised estimate (made January 2024)	£7.6m	Revised completion date (as of January 2024)	8 April 2024

DART status update

It is now May 2024, and the DART project is still not completed. Unfortunately, the construction firm, Railroad PLC, went into liquidation on 1st April 2024, just before the revised due date for the completion of the contract. Cogden Council is now faced with the task of getting the work completed by a different company.

To make matters worse, an independent survey, commissioned to establish outstanding or defective work, identified that while 95% of the total contract staged payments to Railroad PLC have been made by the council, only around 85% of the work has been completed. This has raised the suspicion of fraud by either Railroad PLC, individuals who work for the council, or both.

The surveyor’s final report was given to the council on 10th May 2024, and has since been shared with the press.

The survey confirmed those items of work which had been included in the specification but which were not completed. These included the installation of lifts, tiling of interior walls at the terminals, signs to be put in place, completion of the electrical systems, and external doors and cladding to be fitted. In addition, the installation of the ticket barriers was omitted from the original specification which Railroad PLC worked to, but needs to be completed before the stations can

open.

The surveyor also found that as well as several minor defects which need to be rectified, there was a serious issue with the roof at the airport terminal. This will have to be replaced, as the existing supports are not to specification and do not meet safety requirements.

Following receipt of the surveyor's report, the council has authorised an increase to the project budget to allow the work to be completed. In allocating this additional funding, the council has expressed the expectation that the construction work will be completed by January 2025, which would mean that the service would be operational during the airport's peak holiday seasons, starting with the Easter holidays.

The estimated additional cost for the completion of the two stations is £1.3m. The procurement team has put together a draft tender for the completion of the work and received bids from the following companies:

- Posthasty PLC, a new firm established in 2021 and based in Daleland;
- Newe Ground Construction PLC, a large organisation, based in Buerdon but expanding both nationally and internationally; and
- Miln Construction PLC, a local company based in Cogden, which has successfully collaborated with the council before.

Average gearing for the construction industry in Daleland is 30%.

The rolling stock was delivered in March 2024 as per the agreement and has since been stored in a depot waiting to be moved onto the line. The depot is the property of the national rail service, and the costs of storage to the council are currently £5,000 per month. In May 2024, Speedy Trains PLC provided an inspection of the track laid by Railroad PLC. The engineer was satisfied that the track laid and systems in place were compatible with the rolling stock and train operating

systems. However, during these tests, issues were identified relating to how the track has been secured along certain sections of the line. It is essential that these issues are rectified before the line is open to the public. After a short tendering exercise, the Procurement Team has already signed up a specialist firm to complete the work by November 2024, for £200,000.

Criticism of the DART project

Public opinion has turned against the project and questions are being asked in the press about when the work will be completed, what the total expenditure will be, and how the work will be finished now that the contractor has folded. There is criticism of the rising costs of the project in the national press from political parties and pressure groups, and Cogden Council is therefore under pressure from all sides to identify a way forward as soon as possible.

The majority of members on the council are from the Forward Party. Their political priority is to increase the level of employment in Cogden and regenerate the town and surrounding areas. Politicians from the Forward Party have long supported the growth of the airport, and in the long-term they would like to see the construction of an additional runway, so that the airport can offer more flights to more destinations and thus compete with airports around Buerdon. Traditionally, the Forward Party has had strong ties with the unions, and its core voters are people who work in blue-collar or less well-paid positions, including many at the council itself.

In the last few years, however, the Forward Party's majority has fallen, with their main political opponents, the People's Party, gaining seats in the last two elections. The People's Party also supports the need for regeneration, but is much more vocal about the need to reduce public expenditure and taxation. It argues that this can be achieved, in part, by avoiding the waste of public money due to inefficiency and poor management. It has also gained public support by promising to introduce policies which make greater use of new technologies to protect the

environment if it gains a majority standing on the Council.

There has been strong criticism of the management of the DART project from those Council members who are affiliated with the People's Party. While supporting the need for the DART system, citing its potentially beneficial effect on the environment, the People's Party members have argued that Railroad PLC's financial difficulties should have been identified in advance so that they were not awarded the contract. The People's Party also argues that grants could have (and should have) been won from the national government for the implementation of the latest technology to operate, manage and monitor the DART.

The new Chief Executive Officer (CEO) of Cogden Council is concerned about some criticism of the project which focuses on the fact that, while the DART is in itself a high-tech transport system, the project has so far failed to make full use of new technology and is lacking in innovation. She has raised this with her management team, comparing the plans for the DART with the recently constructed tram system in her previous authority of Birtleton. The Birtleton tram system included extensive use of smart technology to monitor the performance of the system and provide passenger information.

There has also been severe criticism of the management of the project, which has led to several high-profile resignations. The previous CEO of Cogden Council resigned in February 2024. In April 2024, the Directors of Finance and Regeneration both left their posts, stating in their resignation letters to the new CEO that the delays and problems with the project were the fault of the project team and its members, who made poor decisions and failed to communicate effectively with senior management.

Staff changes and union

However, this is not the first time that the management of Codgen Council has faced criticism

for public failures. The Director of Regeneration was heavily criticised when a newly constructed community hall collapsed in 2022, a week before it was due to open. The Director of Finance, meanwhile, faced an investigation in December 2022 after the auditors qualified the financial statements for 2021/22 because six council-owned office buildings and the associated rents had been omitted. An internal review concluded that this occurred because records in the Finance Department were different to those in the property section within the Regeneration Department, thus there was no definitive set of records. The directors of Regeneration and Finance blamed each other's departments for the failures, and no officer was ever held accountable or reprimanded.

The vacated director posts have been rapidly filled by interim managers. The CEO is Lorna Good, who was previously the CEO at Birtleton Council in the Northeast region of Daleland. Lorna was highly regarded for her oversight of a significant change agenda at Birtleton which improved the operation of the authority significantly, and saw the completion of many successful projects. Recently she had been looking to move to the Southwest region for family reasons.

The interim Director of Regeneration is Alan Byrne, who was previously a Senior Regeneration Manager for Boltham City Council, Daleland's second largest city, located in the Central Region. In that role he was involved in numerous transport and city planning projects. The interim Director of Finance is Tony Speak, who was previously the Director of Finance for Shawby, a much smaller authority than Cogden, but also located in the Southwest of Daleland. Tony has over twenty years' experience as a financial manager in the public sector, including five years working for a shared service organisation which provided financial services to several authorities in the Midland region.

The outgoing Director of Regeneration, Syd Chester, acted as the owner of the DART project in the project hierarchy, and Alan Byrne is to take over that role. The Project Manager (Sam

Bourne) was recruited by the authority due to his previous experience on larger construction projects. He is based in the Regeneration Department, and is willing to continue to manage the project and see it through to completion.

Eddie Mather, the in-house surveyor, engineer and inspector on the project team has been on sick leave since March 2024. Eddie works in the Surveyor's Team, which forms part of the Planning Section within the Regeneration Department.

The majority of employees at Cogden Council are members of The Daleland Union of Local Authority Employees. This trade union is a membership organisation that represents the interests of the workforce, by negotiating with employers about pay, benefits, working conditions and job losses. In extreme cases, the union can call on their members to strike, in an attempt to force employers to meet their demands. There is widespread staff dissatisfaction about the failure of the DART and other projects, as well as the poor reputation of the council among the people of Cogden. There are high levels of absences due to stress and other health issues. The new CEO identified this as a problem and requested the Head of Human Resources, Tanya Travis, to organise a staff survey to ascertain employee views. Tanya has been in the role of Head of HR at Cogden for the last year, having been promoted from the role of Senior HR Manager. A briefing note on the outcome of this survey is included in Appendix 1.

Lorna Good also made it a priority to appoint a Head of Information Technology (IT), as the post had been vacant for 18 months. The new Head of IT, Kyle Lorrimar, is to start work with the Council on 27 May 2024. He was previously employed as Deputy Head of IT and Data Management at Piedene Council, Codgen's neighbouring authority, and has three years' experience in senior IT roles in local government.

Candidate's Role

The candidate is a newly-recruited Senior Auditor in the Internal Audit Team, Jamie Heywood. Jamie reports directly to the Head of Audit (Chris Lowe), and has been assigned to work with the Regeneration Department on numerous issues, including the fallout from the DART project.

Appendix 1 Briefing note on survey of staff attitudes

Briefing note from Director of HR , Tanya Travis

30 April 2024

FAO Chief Executive Officer Lorna Good

Survey of staff attitudes

This note contains summary feedback from the staff survey conducted over the last two weeks.

On 6th April, we sent out an email questionnaire with responses requested by 20th April. The replies were anonymous, though we did ask respondents to indicate in which area of the council they worked. Staff were asked the two questions. The form allowed for yes or no responses, plus additional space for the provision of more details if the respondent chose to provide any explanation of their answers. The total number of employees on 6th April was 4,732; we received 2,981 responses.

Below is a selection of sample answers to give you a flavour of the comments made. I believe these to be representative.

Question 1 - Do you enjoy working at Cogden Council?

Yes 21%

No 79%

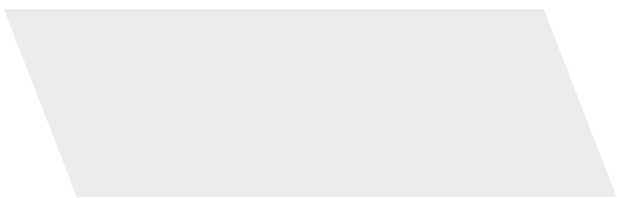
- When I get chatting with people, I never say that I work for Cogden Council, it's too embarrassing – we are a byword for failure. (Admin)
- I'm fed up with people going on long term sick leave with stress. I'm stressed but I'm still here! And if only the public would stop complaining to me about the cost of things – that's not my problem – that's for Finance. (Public Liaison Team)
- I have no idea what the rest of the council is doing, and I find it really depressing, because it stops me doing a good job. I'm working in Children's Care but there is no one in Education I can contact to discuss new initiatives. Children spend a lot of time at school, so you'd think cross department working would be a good thing. But not at Cogden, apparently. (Social Services, Children).
- You get excited about something like the DART, but then excluded from it. I had lots of ideas from where I used to work – I was on the project team that put in a new underground station – but the project manager told me that it was nothing to do with me and I shouldn't interfere. (Legal)
- I'm really unhappy about this situation with the DART contract. I know Eddie Mather and he worked very hard on the project. He was promised support from a technical consultant to review the rail system but did not get that support. He told me that Railroad PLC put him under pressure to get payments made. In the end he went off with stress, and that is nothing new here at Cogden. (Finance)
- I like working here – it's exciting – you never know what is going to go wrong next. (Facilities Management)

Question 2. Do you think that things need to change before the council can be more successful?

Yes – 51%

No – 49%

- It's impossible to move forward here and if you try you just get blamed. I tried to put up some documents on the cloud so that I could collaborate with colleagues while working from home. When the system failed, I didn't get any help from colleagues or management, and everyone couldn't wait to blame me for the delays. Our IT is rubbish – why don't we have the systems we need to do the job? (Project Development)
- Yes – we need more help from Finance! Why is it so difficult to get help from them? I waited a long time for a financial appraisal and when it arrived there was so much jargon it was impossible to understand. It's like Finance has a secret language. (Building Surveyors)
- I work in IT and have lots of ideas, but no one is interested. There's all this innovative technology and ideas out there like the Internet of things and smart devices, but we're stuck in the last century on some stuff. I think management need to learn to listen more and be more adventurous. (IT)
- It might be a good idea to do some team building and change how teams work. I've never worked anywhere so pressured and with so many arguments. Maybe we could do something that would help people who are off sick with stress. (Refuse collection)
- Someone thought it would be a good idea to change the way things are done, digitise project plans and put everything on the cloud, and of course it was a total disaster. IT is of no help to us here – it's human brain power that keeps this council running, and for big projects only face to face contact is useful. (Finance)
- Things don't need to change – we just need better managers. There is too much IT being used to replace people, and it never works. (Education)



Abbreviations

CEO	Chief Executive Officer
Clr	Councillor
DART	Direct Air-Rail Transit
HR	Human Resouces
IT	Information Technology