

Great Yarmouth Third River Crossing Application for Development Consent Order

Document 4.2: Funding Statement

Planning Act 2008

The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 (as amended) (“APFP”)

APFP regulation Number: 5(2)(h)

Planning Inspectorate Reference Number: TR010043

Author: Norfolk County Council

Document Reference: 4.2

Version Number: 0 – Revision for Submission

Date: 30th April 2019

| CONTENTS | PAGE No. |
|-----------------|-----------------|
|-----------------|-----------------|

| | |
|---|-----------|
| Glossary of Abbreviations and Defined Terms | ii |
| Foreword | 1 |
| 1 Introduction | 2 |
| 1.1 Purpose of this document..... | 2 |
| 2 Project Description | 4 |
| 3 Capital Funding | 5 |
| 3.1 Scheme Cost | 5 |
| 3.2 Land acquisition | 6 |
| 3.3 Blight | 6 |
| 3.4 Scheme Funding..... | 6 |
| Table 3.1 Outturn spending profile | 5 |
| Table 3.4 Funding request and profiling (£, 000)..... | 7 |
| 4 Conclusion | 8 |
| Appendix A – DfT Programme Entry confirmation letter | |
| Appendix B – Full Council report and minutes | |

Glossary of Abbreviations and Defined Terms

| Term/Acronym | Definition |
|----------------------|--|
| The Applicant | Norfolk County Council (in its capacity as Highway Authority and promoter of the Scheme) |
| Application Site | The land bounded by the Order limits, as shown by a red line on the Land Plans (document reference 2.5) and the Works Plans (document reference 2.6) and being land within which the authorised development may be carried out |
| The APFP Regulations | Infrastructure Planning (Applications: Prescribed Forms and Procedures) Regulations 2009 (SI 2009/2264) |
| CA | Compulsory Acquisition (a power to acquire land, or to create and acquire new rights over land, compulsorily, for the purposes of constructing, operating and maintaining the Scheme) |
| CPO | Compulsory Purchase Order |
| Crossing | The combined double leaf bascule bridge and the Southtown Road bridge structure (i.e. from its junction with the new roundabout on William Adams Way to the new junction on South Denes Road) |
| DCLG | Department for Communities and Local Government (as was) |
| DCO | Development Consent Order |
| DfT | Department for Transport |
| EDT | Environment, Development & Transport Department |
| GYBC | Great Yarmouth Borough Council |
| GYTRC | Great Yarmouth Third River Crossing |

| Term/Acronym | Definition |
|--------------|---|
| Knuckles | <p>The areas of the River Yare into which the proposed development extends (from the existing quay walls). These areas consist of the following:</p> <ul style="list-style-type: none"> - Physical protection systems (which are protective structures provided adjacent to the bascule abutments) to fully or partial absorb the design ship collision loads from an aberrant ship or vessel. These protection systems are located on both the south and north of each bascule abutment. They consist of sheet piles driven to dense sands infilled with stone or granular material and capped with a reinforced concrete slab. - A bascule abutment which accommodates and allows the movement of the counterweight and houses the mechanical, electrical, instrumentation, control and automation systems. The bascule abutment consists of driven piles and reinforced concrete slabs and walls. - Plant and control rooms on the western side and plant rooms on the eastern side. - Vessel Impact Protection Systems located at the interface between the physical protection systems, the bascule abutments and the River Yare. <p>There are knuckles on both the east and west sides of the River Yare.</p> |
| MHCLG | Ministry of Housing Communities and Local Government |
| NCC | Norfolk County Council (other than in its Highway Authority role as promoter of the Scheme) |
| OBC | Outline Business Case |
| Scheme | The Great Yarmouth Third River Crossing project for which the Applicant seeks development consent |
| TP | Temporary Possession (a power to use and possess land temporarily for the purposes of constructing and maintaining the Scheme) |

Foreword

This Funding Statement accompanies an application ('the Application') submitted by Norfolk County Council ('the Applicant') to the Secretary of State for a Development Consent Order ('DCO') under the Planning Act 2008.

If made by the Secretary of State, the DCO would grant development consent for the construction, operation and maintenance of a new bascule bridge highway crossing of the River Yare in Great Yarmouth, and which is referred to in the Application as the Great Yarmouth Third River Crossing ('the Scheme').

The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 ('the APFP Regulations') require that an application for a DCO be accompanied by the documents specified at Regulation 5(2)(a) to (r). This is one of those documents and is specified at Regulation 5(2)(h).

1 Introduction

1.1 Purpose of this document

- 1.1.1** This Funding Statement ("the Statement") relates to an application submitted by Norfolk County Council ("the Applicant") to the Planning Inspectorate, on behalf of the Secretary of State for Transport, under Section 37 of the Planning Act 2008 (the "Application").
- 1.1.2** If made by the Secretary of State, the DCO will grant development consent for the construction, operation and maintenance of a new crossing of the River Yare in Great Yarmouth, consisting of a new dual carriageway road, including a road bridge across the river, linking the A47 at Harfrey's Roundabout on the western side of the river to the A1243 South Denes Road on the eastern side. The Scheme would feature an opening span double leaf bascule (lifting) bridge across the river, involving the construction of two new 'knuckles' extending the quay wall into the river to support the bridge. The Scheme would include a bridge span over the existing Southtown Road on the western side of the river, and a bridge span on the eastern side of the river to provide an underpass for existing businesses, enabling the new dual carriageway road to rise westwards towards the crest of the new crossing.
- 1.1.3** This Statement is required because the DCO for the Scheme would authorise the compulsory acquisition of land or interests in land. Regulation 5(2) (h) of the APFP Regulations applies and requires the Applicant to provide a statement indicating how the implementation of the powers conferred by the DCO would be funded.
- 1.1.4** Accordingly, this Statement has been prepared in compliance with the requirements of section 37(3)(d) of the Planning Act 2008 and regulation 5(2)(h) of the APFP Regulations. In preparing this Statement, the Applicant has had regard to the guidance issued by the Department for Communities and Local Government in September 2013 (Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land) ("the 2013 DCLG Guidance")¹ and the guidance issued by the Ministry of Housing, Communities and Local Government in February 2018 (Guidance on

¹ Department for Communities and Local Government (2013) Planning Act 2008: guidance related to procedures for the compulsory acquisition of land. Available at <https://www.gov.uk/government/publications/planning-act-2008-procedures-for-the-compulsory-acquisition-of-land> [Accessed 31/07/2018]

Compulsory Purchase Process and the Crichel Down Rules) ("the 2018 MHCLG Guidance")².

- 1.1.5 The 2013 DCLG Guidance explains at paragraphs 17 and 18 that the Funding Statement should provide as much information as possible about the resource implications of both acquiring the land and implementing the works for which the land is required (including how any potential shortfalls are intended to be met); and the applicant should be able to demonstrate that adequate funding is available to enable the compulsory acquisition to be effected within the statutory period following the order being made.
- 1.1.6 This Statement explains how the acquisition of the land necessary to construct, operate and maintain the Scheme would be funded; and how the Scheme generally is to be funded.
- 1.1.7 The Statement forms part of a suite of Application documents. It should be read alongside and is informed by those documents. In particular, this Statement supplements the Statement of Reasons (document reference 4.1).

² Ministry of Housing, Communities and Local Government (2018) Guidance on Compulsory purchase process and The Crichel Down Rules. Available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/684529/Compulsory_purchase_process_and_the_Crichel_Down_Rules_-_guidance_updated_180228.pdf [Accessed 31/07/2018].

2 Project Description

- 2.1.1 Chapter 2 of Volume I of the Environmental Statement (ES) (document reference 6.1), provides a full description of the Scheme and is accompanied by a plan showing the general arrangement (document reference 2.2). For the avoidance of duplication, that description is not duplicated here, The ES and associated Figures should be read alongside this document.

3 Capital Funding

3.1 Scheme Cost

- 3.1.1** The current cost estimate for the Scheme that is the subject of the Application is £120.653 million. This cost estimate includes construction costs, preparation costs since 2017/18, supervision costs and land acquisition costs. This is an estimate of the anticipated outturn cost and therefore includes an allowance for inflation.
- 3.1.2** The construction cost estimate was produced by an experienced Principal Quantity Surveyor working for WSP (an engineering and professional services provider) using a schedule of quantities and rates with independent advice sought from specialists for those aspects of cost which are high risk. Fees and utilities were based on a percentage uplift of the construction cost based on experience from similar projects. The construction cost estimate was also subject to independent checking and review. The land cost estimate was produced by NPS Property Consultants based on local knowledge of land costs. A Quantified Risk Assessment was undertaken to determine the quantitative risk allowance. The construction contract was awarded in January 2019 and the tendered cost was within the construction cost budget allocation.
- 3.1.3** Table 3.1 sets out the spending profile for key elements of the project.

Table 3.1 Outturn spending profile

| Scheme element | TOTAL | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 |
|--------------------------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Construction | 64,496 | | | 2,156 | 20,965 | 29,366 | 12,008 |
| Utilities | 2,747 | | | 1,035 | 1,324 | 215 | 173 |
| Land | 12,560 | 20 | 1,964 | 3,456 | 3,597 | 1,686 | 1,836 |
| Fees | 12,763 | 1,851 | 3,409 | 4,668 | 1,257 | 802 | 775 |
| Base cost | 92,566 | 1,871 | 5,373 | 11,315 | 27,144 | 32,069 | 14,793 |
| Quantitative risk allowance | 28,088 | | 2,164 | 3,604 | 11,066 | 9,768 | 1,486 |
| Risk-adjusted base cost | 120,653 | 1,871 | 7,537 | 14,918 | 38,210 | 41,836 | 16,280 |

3.2 Land acquisition

- 3.2.1** The current cost estimate includes an amount to cover the total cost of the payment of compensation for the compulsory acquisition and temporary possession of land, interests in land and rights over land as shown in Table 3.1.
- 3.2.2** The Negotiations Tracker (document reference 4.4) shows how the Applicant has engaged with all known affected landowners to discuss the Scheme, and its impact on land holdings, to agree the access necessary for surveys and to secure the acquisition of the land and rights needed by agreement where possible. This approach is in accordance with paragraphs 24-25 of the 2013 DCLG Guidance. However, in parallel with those efforts, the Applicant is seeking powers of compulsory acquisition in the DCO to ensure that the Scheme can still be implemented, and the public benefit it would bring can be realised, within a reasonable timescale should attempts to acquire land interests and rights by agreement fail.
- 3.2.3** This engagement and negotiation with the affected landowners is expected to continue throughout the DCO process.

3.3 Blight

- 3.3.1** The term 'blight' refers to the reduction of economic activity or property values in a particular area resulting from the expectation of possible future development, or associated restrictions on development. Where incidences of blight occur, blight notices may be served by those with a qualifying interest in land affected on the authority responsible for the planned development that gives rise to the blight, requiring the authority to acquire the 'blighted' interests in land.
- 3.3.2** Seventeen residential properties on Queen Anne's Road, Southtown Road and Cromwell Road were purchased by the Applicant, between 2010 and 2012, as they would have been affected by blight. Should any future claims for blight arise, the costs of meeting any valid claims will be met by the Applicant.

3.4 Scheme Funding

- 3.4.1** In March 2017 the Applicant submitted an Outline Business Case (OBC) for the Scheme to the Department for Transport (DfT). A funding contribution was approved by DfT in November 2017 with the Scheme being given "Programme Entry" to the DfT's Large Local Major Schemes programme and

an award of provisional funding (with a fixed maximum DfT contribution) (Appendix A).

- 3.4.2** The DfT's contribution is capped at £98.088 million and is subject to Full Approval of the Scheme being granted by the DfT following the completion of statutory procedures.
- 3.4.3** Norfolk County Council approved the addition of the £120.653m, full cost of the Scheme into the capital programme at its meeting on the 15 October 2018. This includes the £98m DfT contribution, the £20.565m which is currently underwritten by the Council's prudential borrowing and a £2.0m contribution from the New Anglia Local Enterprise Partnership ("LEP") (Appendix B). Table 3.4 sets out the profile of expenditure including the anticipated local funding contribution.

Table 3.4 Funding request and profiling (£, 000)

| £,000 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Total £,000 |
|------------------------------|---------|---------|---------|---------|---------|---------|----------------|
| DfT funding requested | | 3,941 | 4,668 | 31,362 | 41,837 | 16,280 | 98,088 |
| LA (NCC) contribution | 189 | 3,278 | 10,250 | 6,848 | 0 | 0 | 20,565 |
| LEP contribution | 1,682 | 318 | | | | | 2,000 |
| Total | 1,871 | 7,537 | 14,918 | 38,210 | 41,837 | 16,280 | 120,653 |

- 3.4.4** Norfolk County Council's Environment Development & Transport Committee considered further reports in January and March 2019 which discussed the results of the statutory consultation.

4 Conclusion

- 4.1.1 The Scheme is required in public interest to meet the objectives which are set out in the Case for the Scheme (Document Reference 7.1).
- 4.1.2 For reasons set out in this Funding Statement, the Secretary of State can be satisfied that the funding is in place to meet the delivery of the Scheme.

Appendix A – DfT Programme Entry confirmation letter



Department for Transport

David Allfrey
Highway and Major Projects Manager
Norfolk County Council
County Hall
Martineau Lane
Norwich
NR1 2SG

Robert S Fox
LOCAL INFRASTRUCTURE
DEPARTMENT FOR TRANSPORT
ZONE 2/15
GREAT MINSTER HOUSE
33 HORSEFERRY ROAD
LONDON
SW1P 4DR

Web Site: www.dft.gov.uk

28 November 2017

Dear David,

GREAT YARMOUTH THIRD RIVER CROSSING – PROGRAMME ENTRY: LARGE LOCAL MAJOR SCHEMES PROGRAMME

Following the receipt of your Business Case for the above scheme and subsequent discussions, this letter confirms that Ministers have agreed to provide Norfolk County Council with the agreed level of funding below, subject to the following conditions, and thereby confirm Programme Entry for the scheme within the Large Local Major schemes programme. This should allow your Authority to complete the negotiation of all the remaining legal and procurement processes (but not enter into final contractual or other legal commitments) following which a request for Full Approval can be made. Once Full Approval has been granted the required contractual and other legal commitments can be entered into.

DfT Funding

As part of this approval the Department will provide a maximum capped funding contribution of up to **£98.088 million** towards the estimated total scheme cost of **£119.910 million**. Should Full Approval of your scheme be granted, funding will be paid as capital grant under Section 31 of the Local Government Act 2003. We will discuss with you the final profile of funding and the extent to which funding is to be provided in advance of Full Approval. For this purpose I would be grateful if you would let me have your latest estimated profile of spending including a breakdown of costs to be incurred prior to Full Approval.

Terms and Conditions of Funding

This offer of funding is subject to the following conditions:

- i. This funding approval is granted entirely without prejudice to any view that the Secretary of State or other Ministers may take on any future application for statutory powers or in accordance with any other functions.

- ii. The scheme must be implemented in accordance with the scheme proposals as set out in your funding bid as submitted to the Department and subject to any changes which may occur as a result of further design or as a result of any remaining statutory procedures. Ministers reserve the right to reconsider their decision on funding if there are any changes to the overall cost, scope or design of the scheme which they consider to be material, particularly where such changes would alter the value for money of the scheme. You must notify the Department immediately of any such material changes.
- iii. The Department's contribution will be up to a maximum of **£98.088 million**. (This figure excludes the £1.080m grant awarded previously towards the development of the scheme business case.) No further funding will be provided by the Department. Norfolk County Council is solely responsible for meeting any expenditure over and above this amount.
- iv. Should this scheme progress to Full Approval, further detailed conditions would apply to any grant payable. The grant would be claimed annually in advance.
- v. Norfolk County Council will be solely responsible for the validity of the procurement process for the scheme.
- vi. Norfolk County Council continues to develop the business case for the scheme in accordance with the Department's Transport Business Case guidance and Transport Appraisal Guidance (WebTAG).
- vii. The management, financial and commercial aspects of the business case are updated to the Department's satisfaction within 6 months of the date of this letter.
- viii. The Department is kept closely informed of progress with, and expenditure on, the scheme. It is important that you complete and return quarterly monitoring forms by the due date. In general, updates of progress, and information on work carried out should be shared with DfT on an open and transparent basis and no reasonable request for information withheld.
- ix. A DfT representative may attend Project Board meetings as observer and Project Board papers and minutes should be provided to DfT on request.
- x. Norfolk County Council will carry out a full evaluation of the scheme, the details of which we would wish to discuss with you and agree before Final Approval. We would expect you to make the results of this evaluation available to the Department.

I should be grateful for written confirmation that Norfolk County Council agrees to these conditions, including certification from your Section 151 Officer that the Council accepts the above terms and conditions.

Full Approval

You are required to submit a final business case to the Department for Full Approval. This will need to include:

- confirmation of the overall cost and scope of the scheme;
- a declaration that that you have acquired all the necessary statutory powers to construct the scheme;
- confirmation that you have completed the procurement process to a stage where you have a preferred bidder and a firm and final offer; and
- confirmation from your S151 officer that Norfolk County Council has the ability to cover all remaining funding required over and above the capped Departmental amount including any additional funding required as a result of the remaining legal and procurement processes.

We look forward to working with you on the updating of the Business case and we would welcome the opportunity to keep in touch with you as this work progresses. We also look forward to receiving a bid for Full Approval once any remaining legal and procurement processes have been satisfactorily completed.

I am copying this letter to Karl Murphy, DfT Area Lead.

Yours sincerely,



Robert S Fox

Appendix B – Full Council report and minutes

Full Council

| | |
|--|--|
| Report title: | Great Yarmouth 3rd River Crossing |
| Date of meeting: | 15 October 2018 |
| Responsible Chief Officer: | Tom McCabe – Executive Director, Community and Environmental Services |
| Strategic impact | |
| The delivery of the 3 rd River Crossing in Great Yarmouth supports Norfolk County Council's commitment to the delivery of infrastructure in support of economic growth and job creation. This report covers the proposed award of the contract to deliver the scheme. | |

Executive summary

An Outline Business Case (OBC) for the project was submitted to the Department for Transport (DfT) in March 2017. Programme entry and a government contribution of £98m were confirmed by the Department for Transport on 28 November 2017.

At its meeting in January 2018, EDT committee approved the commencement of the procurement process to secure the contractor to design and build the project. The committee agreed the evaluation criteria for award of the contract, and noted the delivery programme for the scheme.

The procurement process includes 'competitive dialogue' with each of the bidders to ensure the bids are as good as possible with any points of uncertainty being resolved early, before the final tenders are submitted. We expect to conclude the competitive dialogue procurement process and receive tenders at the end of November, with the planned award of the contract by January 2019.

The Council's constitution requires that all decisions that commit the authority to spending over £100m be approved by Full Council. Whilst the contract will be for less than this value, the overall scheme budget including fees and land compensation is in excess of £100m. The award of the 3rd River Crossing contract will, in effect, confirm the Council's commitment to the scheme. However, it is still subject to certain safeguards in case, for instance, the statutory planning process is unsuccessful.

To ensure the successful delivery of this scheme, it is vital that the successful bidder is permitted to be involved in and contribute to the Development Consent Order process. As such, it is critical that we are able to award the contract on time to maintain the overall programme to deliver the scheme. The project remains on track for a start of main works in October 2020 and completion of the project, with the new bridge in operation by the end of January 2023.

Recommendations:

Full Council is asked to:

- 1. Approve the addition of the £120.653m, full cost of the scheme in to the capital programme. This includes the £98m DfT contribution, the £20.565m which is currently underwritten by the Council's prudential borrowing and a contribution from the LEP as set out in table 2; and**
- 2. Delegate the award of the contract to design and build the 3rd River Crossing scheme to the Executive Director of CES and Executive Director of Finance**

1. Background

1. *Norfolk Futures, the Council's Strategy for 2018-2021* reaffirms the importance of the delivery of infrastructure and recognises the plan to start construction on the new river crossing at Great Yarmouth in 2020. The crossing offers a direct route into the town from the south, provides the link between the A47 trunk road network and the expanding port and South Denes Enterprise Zone sites, and overcomes the problem of limited road access to the peninsula of Great Yarmouth. As such, the Third River Crossing is vital to the economic prosperity of Great Yarmouth.
2. An Outline Business Case (OBC) for the project was submitted to the Department for Transport (DfT) in March 2017. The Autumn Budget 2017 confirmed a Government contribution of £98m to support the Crossing and programme entry was confirmed by the Department for Transport in November 2017.
3. The report to EDT committee in January 2018 agreed to commence the procurement process and highlighted the importance of maintaining the delivery programme as submitted to DfT.

2. Procurement of Contractor

4. At its meeting in January 2018 EDT committee approved the contract strategy and the evaluation model and criteria for the award of the contract. These criteria, set out in Appendix A, are now fixed, and the award of the contract will follow a process based on the award criteria.
5. The Council's Constitution requires that all decisions that commit the authority to spending over £100m be approved by Full Council.
6. The Outline Business Case sets out the anticipated timescales for delivery, with construction anticipated to start in October 2020. We have been working on a tight programme coordinating two major exercises, the procurement and the planning (the Development Consent Order (DCO) application).
7. As outlined in the procurement strategy we have sought to manage and mitigate risk by following a two-stage design and build contract, where the successful bidder will take responsibility for the final detailed design required for the project to minimise design changes at the construction stage.
8. In order to maintain the timetable for the DCO process (and hence the scheme as a whole) we need to award the contract by January 2019.

3. Financial Implications

9. The Outline Business Case submission to DfT set out the £120.653m scheme cost, which is the out-turn capital cost of the scheme with inflation factors applied to produce the total scheme out-turn spend profile. The summary in table 1 below sets out the cost profile for key elements of the project.

10. The Government has confirmed an 80% contribution (£98m) towards the project, subject to satisfactory resolution of the necessary statutory approval processes and final approval of the Full Business Case by DfT.

| Table 1 | TOTAL | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 |
|--------------------------------|----------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Scheme element | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Construction | 64,496 | | | 2,156 | 20,965 | 29,366 | 12,008 |
| Utilities | 2,747 | | | 1,035 | 1,324 | 215 | 173 |
| Land | 12,560 | 20 | 1,964 | 3,456 | 3,597 | 1,686 | 1,836 |
| Fees | 12,763 | 1,851 | 3,409 | 4,668 | 1,257 | 802 | 775 |
| Base cost | 92,566 | 1,871 | 5,373 | 11,315 | 27,144 | 32,069 | 14,793 |
| Quantitative risk allowance | 28,088 | | 2,164 | 3,604 | 11,066 | 9,768 | 1,486 |
| Risk-adjusted base cost | 120,653 | 1,871 | 7,537 | 14,918 | 38,210 | 41,836 | 16,280 |

11. The OBC set out the profile of expenditure and the anticipated local contribution as set out in the table 2 below:

| Table 2 | Total £,000 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|------------------------------|----------------|--------------|--------------|---------------|---------------|---------------|---------------|
| DfT funding requested | 98,088 | | 3,941 | 4,668 | 31,362 | 41,837 | 16,280 |
| Local contribution | 20,565 | 189 | 3,278 | 10,250 | 6,848 | 0 | 0 |
| LEP contribution | 2,000 | 1,682 | 318 | | | | |
| Total | 120,653 | 1,871 | 7,537 | 14,918 | 38,210 | 41,837 | 16,280 |

12. As part of the Full Business Case submission Norfolk County Council will need to set out the local funding contribution towards the project which, as per the table above, is circa £20m. The details of the local funding mechanism will be clarified as the scheme is developed. It is likely that the local funding contribution could come from a variety of sources, possibly including, but not limited to, the New Anglia LEP and other Local Authorities.

13. In view of the uncertainty about the sources of local funding at this stage, the County Council has recognised the need to underwrite these costs, to provide certainty of funding and deliverability. If NCC were required to fund the full element of the local contribution through additional prudential borrowing this would equate to an annual estimated cost of circa £1.3m.

14. If the outturn cost is greater than the £120.653m, the Council will have to cover the difference. There is some inevitable uncertainty in costing a scheme of this scale. In summary, the key uncertainties are:

- the budget for land compensation is an estimate;
- professional fees are estimated;
- the construction contract is not for a fixed amount.

15. As can be seen, a substantial risk allowance (£28million) has been included to offset these risks and is based on the level of knowledge at the time of the outline business case submission.

Financial risk in the construction contract

16. The construction contract is a design-and-build contract. In Stage One, which will run parallel to the DCO process, the contractor will complete the design and develop the target cost. The target cost will be based on the tendered cost, but

will be adjusted for a variety of factors as more detailed information becomes available. In Stage Two, the Contractor will construct the scheme.

17. To minimise the uncertainty in Stage One, the council has taken substantial steps to get the best possible basis for bidders to price on. This has included:
 - undertaking substantial ground investigation, on land and under the water, so that physical conditions are well understood;
 - obtaining detailed information about buried cables and pipes from the utility companies, and digging ‘trial pits’ in critical positions to improve the quality of information;
 - requiring bidders to undertake a substantial amount of design work pre-tender;
 - holding detailed discussions with the port authority, the district council, the streetworks authority and others to understand the constraints that they are likely to impose on the works.
18. Nevertheless, until the end of Stage One, by when the Contractor will complete the more-detailed design work and provide a target cost for the construction works, these issues remain uncertain. Further surveys will be undertaken (including some that cannot be undertaken at present for access reasons) and detailed estimates for any necessary diversions will be obtained from the utilities companies. The DCO process will also run its course and we will know the actual conditions that will be imposed on the construction activities and the final design of the structures, as defined by the Order.
19. Other factors that can affect the target cost are inflation and foreign exchange risk.
20. The contract terms will enable the contract to be cancelled at the end of Stage One if the target cost has risen excessively from the tendered cost or if DfT funding or DCO approval is not forthcoming. But otherwise, signing the contract commits the Council to the scheme.
21. Once the target cost has been set at the end of stage one, the target can change only because of inflation or if there is a “compensation event” – such as a change in design instructed by the council, or a major weather or flood event. On the basis that the contractor will have a substantial opportunity to carry out further investigations during stage one, most other risks that would normally constitute compensation events have been excluded from the contract.
22. The difference between the target cost (adjusted for compensation events and inflation) and the actual cost is shared 50/50 between the council and the contractor. If the actual cost is less than the adjusted target, the parties share the ‘gain’. If the cost is above the adjusted target, the parties share the ‘pain’, up to a threshold set at 115% of the adjusted target cost. If the actual cost is more than fifteen percent above the adjusted target, the contractor will take all the ‘pain’ above that level.

4. Issues, risks and innovation

Other resource implications

23. The project will require a dedicated delivery team. This will be developed utilising specialist input provided by the in-house Infrastructure Delivery Team, supported by WSP (the highways service term consultants), specialist legal advisors (including nplaw), and contract administration and cost specialists.

Legal implications

24. All procurement projects carry with them a risk of legal challenge. The council has adopted good procurement practice to manage this risk.
25. The DCO process is a complex and rules-driven one, and there is the possibility of legal challenge at the end of the process. We are using external counsel and specialist solicitors, in addition to nplaw's resources, to help manage these risks.

Risks

26. Other than the financial and legal risks set out above, risks associated with the scheme include the following.

| Risk | Mitigation |
|---|---|
| Environmental impact of construction activity | Strict environmental criteria imposed by the terms of the contract and compliance with the DCO, which will include requirements set out by the Environment Agency and the Marine Management Organisation. |
| Disruption and nuisance caused by construction activity | These issues cannot be mitigated entirely but there are strict conditions in the contract concerning noise, vibration and road and river closures. These will be supplemented by communications activities before and during construction. |
| Higher frequency of bridge openings resulting in a reduction in the expected benefits to road traffic | Frequent opening of the bridge is a given. Great Yarmouth is a working port and the assumption is that the bridge will open fifteen times per day. The bridge has been specified to open and close rapidly, and traffic modelling shows that substantial benefits will be achieved even with this or higher frequency of opening. |

Equalities issues

27. The bridge is intended to benefit all classes of users including drivers, bus users and non-motorised users – including pedestrians, cyclists, wheelchair users and users of mobility scooters. The bridge has been specified to give good access for non-motorised users, with slopes at a suitable gradient to meet current design standards and the provision of appropriate traffic segregation and crossing points.

Health and safety issues

28. The contract requires that design of the bridge minimises risks in the construction, use, maintenance and inspection phases.

5. EDT Committee Reports

29. Reports were presented to EDT Committee on 15 September 2017 and 10 November 2017 to provide an update on progress since the submission of the OBC. On 19 January 2018, EDT Committee approved recommendations in a further update report that included the commencement of the procurement process for the project and details relating to the procurement evaluation criteria.

30. Background reports:

- Cabinet 7 December 2009 - Follow this [link](#) (see item 22)
EDT Committee 20 May 2016 – Follow this [link](#) (see item 9 page 28)
EDT Committee 17 March 2017 - Follow this [link](#) (see item 11 page 43)
EDT Committee 15 September 2017 – Follow this [link](#) (see item 15 page 98)

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

If you have any questions about matters contained in this paper please get in touch with:

| Officer Name: | Tel No: | Email address: |
|---------------|--------------|--|
| David Allfrey | 01603 223292 | david.allfrey@norfolk.gov.uk |
| Al Collier | 01603 223372 | al.collier@norfolk.gov.uk |



If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 18001 0344 800 8020 (textphone) and we will do our best to help.

Appendix A

1.5. Evaluation Criteria

1.5.1. The evaluation criteria for tender award are as follows.

| Award Criteria – Weighting of key aspects | | | | |
|--|---|--|---|---|
| | Technical Award Criteria | | | |
| Criterion | Subject area | Topic | Sub-weighting as a percentage of the marks available for quality | Weighting as a percentage of the marks available for quality |
| 1 | Engineering design methodology (including whole life cost, value for money (within budget), innovation to drive efficiency, organisation chart, achieving objectives (Strategic, maintenance & operations)) | Outcome of methodology to date in terms of meeting the Client's objectives of the bridge being aesthetically pleasing, enhancing the visual environment and the public realm, whilst being affordable, maintainable & buildable (Volume 3 Part A Section WI100). Robustness of the design process undertaken to produce the design as an import into the DCO process | 10% | 15% |
| | | Methodology for taking Tendered design forward, including potential for value engineering (in terms of constructability, construction cost and maintainability), and support to the DCO process | 4% | |
| | | Organisation chart (coherence of structure) | 1% | |

| | | | | |
|----------|---|---|-----|-----------|
| 2 | Construction methodology (including traffic management, programme, logistics, testing & commissioning considerations, organisation structures and impact on port operation) | Traffic management, logistics, bridge installation and Impact on port | 8% | 20% |
| | | Timelines | 2% | |
| | | Testing & Commissioning of Bridge | 8% | |
| | | Environmental Protection | 2% | |
| 3 | Experience and qualifications of key personnel | <ul style="list-style-type: none"> • CVs for design & construction key personnel • organisation chart (in terms of understanding the roles of key personnel) • Programme (in terms of understanding when key personnel will be needed/available) • retention approach (to ensure that there will be continuity) | 20% | 20% |
| 4 | Project controls | <ul style="list-style-type: none"> • Project QSRA • Risk management approach, • Programme management approach • Approach to cost management, including the financial system | N/A | Pass/fail |
| 5 | Change management approach to Brexit and any other changes | | | Pass/fail |
| 6 | Stakeholder management and engagement strategy | | | Pass/Fail |
| 7 | Collaborative approach | | | Pass/Fail |

| | | | | |
|--------------------------------------|--|--|-----|-------------|
| 8 | Health and Safety management approach | | | Pass/Fail |
| Total for Technical Criteria | | | | 55% |
| 9 | Completed price workbooks/ activity schedule, fee percentages and preliminary items | Based on Total of Tendered Prices for stages 1 & 2 | 24% | 24% |
| 10a | Risk | Value of Risk Pot | 6% | 6% |
| 10b | | <ul style="list-style-type: none"> • Comprehensiveness • Robustness of risk quantification • Risk Mitigation | 2% | 2% |
| 11 | Contract Compliance (Fail if compromise is unacceptable) | | 4% | 4% |
| 12 | Programme Robustness | <ul style="list-style-type: none"> • Constraints consider appropriately • Logic correctness • Comprehensiveness (critical path, dependencies, sequencing, granularity) • Activity durations and lead times • Quality of information • Contingency/float (programme & terminal) | 4% | 4% |
| 13 | Supply Chain (procurement & management, including the recruitment and development of local labour) | Procurement methodology for supply chain contracts and management of sub-contractors | 3% | 5% |
| | | Use of local labour and development opportunities, including apprenticeships | 2% | |
| Total for Commercial Criteria | | | | 45% |
| Total | | | | 100% |

Norfolk County Council**Minutes of the Meeting Held at 10am on Monday 15 October 2018****Present:**

| | |
|------------------------|--------------------|
| Mr A Adams | Ms A Kemp |
| Mr T Adams | Mr K Kiddie |
| Mr S Aquarone | Mr M Kiddle-Morris |
| Mr S Askew | Mr B Long |
| Ms J Barnard | Mr I Mackie |
| Mr B Borrett | Dr E Maxfield |
| Ms C Bowes | Mr G Middleton |
| Mr R Brame | Mr J Mooney |
| Mrs J Brociek-Coulton | Mr S Morpew |
| Ms S Butikofer | Mr G Nobbs |
| Mr M Castle | Mrs J Oliver |
| Mr S Clancy | Mr G Plant |
| Mr E Colman | Mr R Price |
| Mr E Connolly | Mr A Proctor |
| Ms E Corlett | Mr W Richmond |
| Mr S Dark | Mr D Roper |
| Mrs M Dewsbury | Mr D Rowntree |
| Mr N Dixon | Mr M Sands |
| Mr D Douglas | Mr E Seward |
| Mr P Duigan | Mr C Smith |
| Mr F Eagle | Mr M Smith-Clare |
| Mr T East | Mr B Spratt |
| Mr S Eyre | Ms S Squire |
| Mr J Fisher | Mr B Stone |
| Mr T FitzPatrick | Mr H Thirtle |
| Mr C Foulger | Mrs A Thomas |
| Mr A Grant | Mr J Timewell |
| Mr R Hanton | Mrs K Vincent |
| Mr D Harrison | Mrs C Walker |
| M Chenery of Horsbrugh | Mr J Ward |
| Mr H Humphrey | Mr B Watkins |
| Mr B Iles | Mr A White |
| Mr A Jamieson | Mr M Wilby |
| Mrs B Jones | |
| Dr C Jones | |

Present: 68

Mr Sands asked if the Chairman of Planning (Regulatory) Committee could ensure that the confusion that reigned concerning the vote at the last Planning (Regulatory) Committee meeting was not repeated. In addition, he asked if the Chairman knew if other District and Parish Councils that were affected by the Atlas Works decision were going to proceed with a judicial review concerning the controversial proposal.

The Chairman replied that he would not wish to repeat that episode and that as far as a judicial review was concerned he was aware of a suggestion but was not aware that it was a fact.

10.8 **Report of the Norwich Highways Agency Joint Committee meeting held on 20 September 2018**

Mr J Fisher, Chairman, moved the report. Council **RESOLVED** to note the report.

10.8.1 **Question from Mr B Spratt**

Mr Spratt said he was concerned about what was going on in Norwich, with the closure of public houses due to business rates or people being unable to access the city. He was also concerned about people with market stalls and said he wanted to see facilities, so people can come into the city in their cars and do their shopping.

The Chairman replied that he would pass the comments on.

11 **Great Yarmouth 3rd River Crossing Scheme**

11.1 Council received the report by the Executive Director of Community & Environmental Services covering the proposed award of the contract to deliver the scheme.

11.2 The Deputy Leader introduced the report.

11.3 Council **RESOLVED** to:

1. Approve the addition of the £120.653m, full cost of the scheme into the capital programme. This includes the £98m DfT contribution, the £20.565m which is currently underwritten by the Council's prudential borrowing and a contribution from the LEP as set out in table 2 of the report; and
2. Delegate the award of the contract to design and build the 3rd River Crossing scheme to the Executive Director of Community & Environmental Services and Executive Director of Finance and Commercial Services, in consultation with the Leader, Deputy Leader and Chairman of Environmental, Development and Transport Committee.

12 **To answer questions under Rule 8.3 of the Council Procedure Rules**

Question from Mr S Morphew:

Will the Leader agree that the budget for Councillors allowances should be capped at the outturn amount for 2018/9, any underspend returned to the general fund and that there should be no increase in basic allowances for 2019/20?

Reply by the Leader:

As is usual practice, current budget planning assumes that these Member allowance budgets will be uplifted as part of 2019-20 budget planning by 2% to reflect the inflationary increases (this increase being linked to the general staff pay inflation rate).

Any underspend on these budgets in 2018-19 will need to be considered in the context of the overall County Council year end position but normal practice (subject to any specific member decisions at year end) would be for the overall underspend to naturally flow into the general fund as part of the annual closure of accounts.

Remuneration for Members was last considered by the Independent Remuneration Panel in November 2017 and was followed by the Council's resolution on 11 December 2017. Any proposal to change to Members allowances will need to be proceeded by a review by the Independent Remuneration Panel.

Question from Mrs C Walker:

There is increasing concern at isolation caused by already inadequate and increasingly threatened public transport services. Does the Leader of the Council share these concerns and what does he intend to do to support public transport and those who rely on it?

Reply by the Leader:

The County Council currently spends £15.1m on public transport, which is a significant investment by any measure. £11.7m of this is to provide free travel to older and disabled people as part of the concessionary travel scheme. There is always a risk that local bus services will be withdrawn by operators but we meet with them on a regular basis to work through any issues they have. We always try to plug any gaps in public transport provision, within the budget available.

The meeting concluded at 1.40 pm

Chairman

If you need this document in large print, audio, Braille, alternative format or in a different language please contact Customer Services 0344 800 8020 or 18001 0344 800 8011 (textphone) and we will do our best to help.