

6 July 2020		ITEM: 5
Planning, Transport, Regeneration Overview and Scrutiny Committee		
A13 Widening Report		
Wards and communities affected: All	Key Decision: Not Applicable	
Report of: Anna Eastgate, Assistant Director of Lower Thames Crossing & Transport Infrastructure Projects		
Accountable Assistant Director: Anna Eastgate, Assistant Director of Lower Thames Crossing & Transport Infrastructure Projects		
Accountable Director: Andy Millard, Director of Place		
This report is public		

Executive Summary

This report is provided at the Chair's request in order to inform Members on the following specific matters relating to the A13 scheme:

- A breakdown of costs and how the latest out turn forecast has been calculated
- Details of where the finance to meet any shortfall will come from
- A timeline of when issues have arisen in the programme resulting in an anticipated completion date of autumn/winter 2021

The A13 widening scheme will, when complete provide a continuous three lane dual carriageway linking the M25 to the A1014 Manorway junction. This continuous carriageway will improve journey reliability, reduce queuing and congestion thereby improving the environment. The A13 is a key route for south Essex and the Thames Estuary Corridor which will support much needed connectivity and economic growth for the residents of Thurrock and the wider south Essex region.

Work is progressing well currently on the project and some key milestones, with the installation of the structures in recent weeks, was an essential activity to be able to keep the project on current programme. Whilst the project has a number of challenges and risks which it will carry throughout the delivery of the scheme, a number of the issues encountered in the scheme are directly related to the need to satisfy key milestones and funding requirements which has driven the decision making early on in the project, increasing risk of delay and budget concerns.

1. Recommendation

1.1 That the Planning Transport Regeneration Overview and Scrutiny Committee notes and comments on the report content.

2. Introduction and Background

- 2.1 This project involves widening the A13 Stanford le Hope by-pass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (The Manorway) in the east and replacing four bridges. Once the project is completed, there will be a continuous three-lane carriageway from the M25 to Stanford le Hope, reducing congestion and resultant pollution, improving journey times and supporting further economic growth.
- 2.2 The consent for this project was granted by a Harbour Empowerment Order in 2008, with the Council taking on responsibility for the preliminary design in 2011. The local growth fund deal was received in 2014 which provided the certainty needed for the Council to award contracts for the preliminary design in early 2014. Separate detailed design and main works construction contracts followed in 2016.
- 2.3 Since the last update to the PTR Overview & Scrutiny Committee in January 2020, there has been a review of both programme and the expected out turn forecast.
- 2.4 This report does not include any impacts from the Covid-19 pandemic on the project. It is too early to report on any impacts relating to programme and costs at this stage as the pandemic remains very much a current and live issue. On a positive note, however, work has progressed and continued on the project throughout the pandemic, albeit at a slightly reduced rate, to enable full adherence with Government and construction industry guidance, in order to protect the travelling public and the workforce.
- 2.5 A report is due to be considered by Standards and Audit Committee on 9th July 2020 in relation to this project, to respond to questions asked by the Chair of that Committee.

3. Issues, Options and Analysis of Options

- 3.1 In relation to the three specific issues that this report has been asked to address, the information set out below provides information and clarity on the current situation with regard to programme and out turn forecast.

A breakdown of costs on the A13 scheme and how the latest out turn forecast has been calculated

- 3.2 The current breakdown of costs on the A13 scheme is set out in the table below.

Cost Summary	
Construction	£ 91,000,000
Statutory Undertakers	£ 9,619,480
Preliminary Design	£ 1,175,000
Contract Supervision	£ 2,017,987
Detailed Design	£ 3,120,629
Land Purchase	£ 1,832,472
Technical Support	£ 2,613,399
Risk Allowance	£ 3,296,032
Total Anticipated Out turn costs	£114,675,000

- 3.3 The project team held a series of workshops in order to revise the cost model of the project and arrive at this revised forecast. Those workshops involved reviewing and updating key project documents including the programme, compensation events and the risk register. This enabled values to be assigned to remaining works identified in the programme as well as undertaking a risk simulation exercise to assign values to the risks that the project is carrying. The delays in the project have led to an increase in compensation events which has raised the target cost of the project. Those compensation events include ongoing inflationary increases directly as a result of delay in delivery and delay in agreeing the final design and works information in particular with reference to the drainage, structures and utilities diversion works.
- 3.4 The result of that work culminated in the revised anticipated out turn cost of £114,675,000 set out in the table.

Details of where the finance to meet any shortfall will come from

- 3.5 The original approved project budget was agreed at £78,866,586 in 2016. These costs were arrived at based on a preliminary design and certain elements of the scheme were not included such as the utilities diversion works. The scheme was tendered at a stage when the information to inform the tender was not sufficiently developed to enable tenderers to price the job effectively. This meant that a number of elements were removed and remained as an Employers' risk, ie the responsibility and liability for them remained with the Council. The need to meet key project milestones to satisfy the business case and funding requirements meant that this was driving the decisions on the project.
- 3.6 The Council has recently undertaken a value for money (VfM) exercise on the project which has identified that based on the current out turn forecast, the scheme still represents high VfM. The significance of this means that an additional un-ringfenced grant was made available by DfT to SELEP of £8.9m and the SELEP Accountability Board agreed to provide this funding to the A13 on the condition that the scheme can still illustrate a high rating on VfM and the Council provides a commitment to secure any additional short fall in

funding. It is worth noting that this money was originally identified as part of the scheme funding but retained by the DfT.

- 3.7 The Accountability Board was scheduled to take place on 15th May however, as a consequence of the current Covid 19 pandemic, the meeting is now scheduled to take place at the end of June/early July 2020 (date to be confirmed). Officers will provide a verbal update on this matter at the meeting as this report will be finalised prior to the outcome of the Accountability Board being known.
- 3.8 With the allocated £8.9m, the remaining difference will therefore be £26,908,414.
- 3.9 The potential options available to bridge the forecast funding gap are currently being explored and have not yet been confirmed. It is likely that a combination of funding sources will be required to meet the funding gap. The main options under consideration include:
- An increase in grant funding towards the delivery of the Project;
 - Funding contributions from the private sector; and
 - Funding contributions from Thurrock Council.
- 3.10 Thurrock Council recognises the need to seek alternative funding through whatever route is available and the likely need to use capital funds.
- 3.11 The A13 widening scheme will, when complete provide a continuous three lane dual carriageway linking the M25 to the A1014 Manorway junction. This continuous carriageway will improve journey reliability, reduce queuing and congestion thereby improving the environment. The A13 is a key route for south Essex and the Thames Estuary Corridor which will support much needed connectivity and economic growth for the residents of Thurrock and the wider south Essex region.

A timeline of when issues have arisen in the programme resulting in an anticipated completion date of autumn/winter 2021

- 3.12 The table below sets out a chronology of the key early decision making on the project:

Date	Decision/Event
2008	Consent under the Harbour Empowerment Order 2008
2011	Cabinet paper authorising preliminary design contracts
2013	Local Growth Fund deal was submitted in July
2014	Government announced £75m for delivery and £5m for development of the scheme, Cabinet authorised the award of a contract for final design and works as well as to enter into any other contracts which is or are necessary for the works to be carried out in advance of the main widening works

2016	<p>Preliminary Design Work contract was awarded in February 2016. This included preparation of tender documents to be awarded through the Highways Agency (now Highways England) Collaborative Delivery Framework (CDF).</p> <p>A Cabinet report agreed on 9th March 2016 referred to tenders being issued for a detailed design and construction contractor at the end of summer 2016</p> <p>A Cabinet report from 16th December 2016 delegated authority to Corporate Director of Environment and Place in consultation with Cabinet member and approval of S151 Officer and the MO to award two contracts one each for detailed design and construction.</p>
2016-2017	This gave effect to the Cabinet Decision from Dec 2016 by awarding the detailed design and construction contracts circa June 2017.
2017	Site assembly using powers under the 2008 Order
2017	In December main works contract was signed and pre construction works commenced
2018	Main Works construction commenced in March 2018
2021	Revised anticipated road open to traffic. Originally programmed to be Autumn 2020

- 3.13 At the January 2020 update to this Committee, it was confirmed that a review and update to the published programme needed to be undertaken. That work has now been completed. As a consequence of the programme review, which looked at issues and delays which had occurred or could be reasonably anticipated in the future, the revised open to traffic date has gone back by a year. The published programme now anticipates the road being open to traffic in autumn/winter 2021. Again, this does not yet take account of any delays resulting from the Covid-19 pandemic as it is too early to be able to ascertain with any certainty the true impacts of a situation which is still very much current at the time of writing this report.
- 3.14 The original contractors' tendered programme stated that construction was due to start 2 January 2018 with a completion date of 6 March 2020. This was contingent upon the design being complete by 5th March 2018, the design was subject to a separate contract. In fact construction did not commence until 4 March 2019 and as the detailed design of the scheme was an iterative process, it was progressed in parallel to the main works and was completed on 28 February 2020.
- 3.15 The main works contractor required two essential elements to deliver the scheme: materials and works information. With the delay in the delivery of the detailed design and finalising the works information, the main works contractor had little to build hence why delays occurred in commencing on site for as long as was possible under the terms of the contract.

- 3.16 Other factors which have contributed to the challenges on the project relate to the funding deadlines essentially driving less than optimum decisions on the project. In particular, the need to meet milestones and draw down funding meant that there was insufficient time in the programme to undertake a bespoke procurement exercise for a single design and build contract. Cabinet decisions in 2016 authorised the contracts for the design and later two contracts, one each for detailed design and build. Due to time constraints this resulted in the use of framework contracts which delivered separate design and build contracts. As a consequence of this there was no legal relationship between the designer for the scheme and the constructor of the scheme, meaning that those workstreams were being delivered independently and in parallel as opposed to collaboratively and sequentially.
- 3.17 It is important to set out a few complicating factors to the delays and costs issues with the A13:
- 3.17.1 There is no single issue which has caused the delay in the programme, rather a combination of issues which have had impacts resulting in delay and therefore also increasing costs;
- 3.17.2 Modifying existing linear infrastructure is often more greatly impacted by issues and delays than 'greenfield' projects which are contained within a single site. This means that a number of programmed activities in a linear scheme are inextricably linked resulting in a minor impact at one end of the programme becoming a recurring issue throughout the linear route causing delay and with delay comes cost.
- 3.18 Since commencement of construction, there have been three significant issues which have impacted on the delivery of the scheme. Two of those issues relate to the design of the drainage and the four bridge structures. There have been a range of issues which include differences between the as built drawings and the conditions on the ground, the need to design the scheme to the standard set out in the Design Manual for Road and Bridges (DMRB) and the need to undertake further survey work and re-design which then has to progress through technical assurance processes.
- 3.19 The third issue relates to the diversion of utility apparatus. Statutory Undertakers can only undertake activities to their apparatus at particular times of the year, usually when there is less demand on the system. For example, communications infrastructure works cannot take place over the Christmas period, gas and electricity diversion works can only take place during optimum outage windows between April and October. Further Statutory Undertakers only permit their own contractors to undertake works on their apparatus. A lot of apparatus needed to be moved out of the way to enable works to commence. This was an employers' risk under the contract as a result of the status of the detailed design resulting in it being removed from the tender..

- 3.20 The delay and cost overrun on the project originate from:
- 3.20.1 Delay in commencement of construction which is an employers' risk under the contract and therefore the cost sits with the Council.
 - 3.20.2 The late delivery of the completed detailed design and changes to the works information (in relation to drainage and structures), again an employers' risk under the contract and therefore the cost sits with the Council.
 - 3.20.3 The funding requirements driving the decisions on the project which led to a need to tender on a preliminary design and the resultant separate design and build contracts.
- 3.21 To conclude, the issues and decisions set out above which occurred at the beginning of the process in 2014, are issues which have had significant impacts in terms of delays in programme throughout. Due to the interrelationship between programme and cost, time delays inevitably result in cost delays and it follows therefore that if the programme can be achieved, usually costs are minimised. Since October 2019, the project has been meeting programme milestones month on month which is why the costs and delays have been managed with a much greater level of certainty.
- 3.22 The project is still mitigating some of the early issues which are documented on the risk register and there is a risk pot identified to hopefully cover any additional compensation events that may arise as a consequence but this will need continuous review.

4. Reasons for Recommendation

- 4.1 To respond to the Chair's request for information and ensure democratic scrutiny of the A13 Widening scheme.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 A communication plan has been prepared and agreed.
- 5.2 Member briefing sessions are held periodically at the A13 Site Offices and provide an opportunity for Members to receive a presentation from the contractor and raise issues on behalf of local residents.
- 5.3 Meet the team sessions are held monthly at the A13 Site Office and are a popular way for residents and road users to find out more about the works and ask any questions, although as a result of Covid-19 these (and the Member briefing sessions) are currently postponed

6. Impact on corporate policies, priorities, performance and community impact

6.1 The A13 Widening scheme supports the corporate priorities by encouraging and promoting economic prosperity.

6.2 The A13 Widening scheme also supports the Thurrock Transport Strategy (2013 – 2026) and in particular policy TTS18: Strategic road network improvements by creating additional capacity to reduce congestion, improve journey times, facilitate growth and improve access to key strategic economic hubs.

7. Implications

7.1 Financial

Implications verified by: **Jonathan Wilson**
Assistant Director - Finance

The financial implications are set out in the body of the report.

7.2 Legal

Implications verified by: **Tim Hallam**
Deputy Head of Law, Assistant Director of Law and Governance and Deputy Monitoring Officer

This an update report and there are no specific direct legal implications arising.

7.3 Diversity and Equality

Implications verified by: **Becky Lee**
Team Manager – Community Development and Equalities

There are no implications arising from this update report.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder, or Impact on Looked After Children)

The contractor is required to risk assess all aspects of this project and put in place appropriate procedures and measures to safeguard lives as well as the environment.

The contractor is also required to prepare a sustainability plan that reduces carbon emissions and reduces the project's carbon footprint.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

9. Appendices to the report

- None

Report Author:

Anna Eastgate
Assistant Director of Lower Thames Crossing and Transport Infrastructure Projects
Place