

<b>Report title: A13 widening update</b>	
<b>Report to Accountability Board on 14<sup>th</sup> February 2020</b>	
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<b>Date: 03/01/2020</b>	<b>For: Decision</b>
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<b>SELEP Partner Authority affected: Thurrock Council</b>	

## 1. Purpose of report

- 1.1 The purpose of this report is to provide an update to the Accountability Board (the Board) on the delivery of the A13 widening project (the Project).
- 1.2 The Project has previously been awarded £71.058m LGF including £5m Local Growth Fund (LGF) towards the early development of the Project and £66.058m towards the construction of the Project.
- 1.3 Through the last few meetings the Board been made aware of issues which have arisen through the delivery of the Project to date, which have led to an increase in costs to the Project.
- 1.4 On 4 October 2019, the SELEP Strategic Board agreed the prioritisation of an additional £8.942m LGF towards the Project. This will increase the total LGF funding contribution to £80m. The allocation of the £8.942m additional LGF to this Project is subject to the following two conditions being satisfied:
  - 1.4.1 a full funding package being in place for the Project; and
  - 1.4.2 that the Project still represents high value for money (VfM).
- 1.5 The economic case and financial case of the Project Business Case are in the process of being updated and will be ready and available to report to the meeting in May.

## 2. SELEP secretariat recommendations to the Board

2.1 The Board is asked to:

2.1.1 **Note** that an increase to the total cost of the Project has been identified relative to the position reported to the Board in June 2019. The updated timescale for the delivery of the Project and the revised total Project cost have not yet been formally confirmed to the Board by Thurrock Council.

2.1.2 **Agree** that an update must be provided to the Board by Thurrock Council at the next meeting of the Board on 15 May 2020 to confirm the updated total Project cost and expected Project completion date.

2.1.3 **Note** that significant progress has been made since the last meeting to address the issues which have led to challenges in delivering the Project, as set out in section four and five below;

2.1.4 **Note** that Thurrock Council provided a verbal commitment to the SELEP Strategic Board in October 2019, to meet any shortfall in the funding for the Project and to ensure the Project is delivered. Written confirmation will be sought prior to the next Board meeting on 15 May 2020, to confirm that Thurrock Council has committed the additional funding required to deliver the Project.

## 3. Background

3.1 The Project involves widening the A13 Stanford le Hope Bypass 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. Once the Project is completed, there will be a continuous three-lane carriageway from the M25 to Stanford le Hope, which will reduce congestion, improve journey times and support further economic growth.

3.2 The Project is a Department for Transport (DfT) retained scheme, which means that the original business case for the Project was reviewed by the DfT and the funding decision was made by the Secretary of State for Transport in April 2017.

3.3 At the time of the original funding decision, the estimated Project cost totalled £78.866m, with £66.58m LGF being secured from the DfT and a further £5m LGF having been awarded by SELEP towards the early development stage of the Project.

- 3.4 In November 2019, the Board received an update on the Project and the issues which have arisen since the start of construction works on site in March 2019. More detail about the issues are set out in section four below.
- 3.5 The DfT has transferred an additional £8.942m unallocated LGF to SELEP in 2019/20, which was previously identified within the original Growth Deal as a funding contribution to the A13 widening Project. The £8.942m has been transferred to Essex County Council, as the SELEP Accountable Body, as an unringfenced grant.
- 3.6 At the SELEP Strategic Board meeting on 4 October 2019, the Strategic Board agreed to provisionally allocate the additional £8.942m to the Project, subject to the Project demonstrating that the full funding package is in place to deliver the Project and that the Project still presents high value for money.

#### **4. Progress since the last Board meeting**

- 4.1 The Board will recall that there have been three significant issues which have impacted on the ability to deliver the Project. Those issues are:
- Utilities Diversion Works
  - Structures Design
  - Drainage Design
- 4.2 These three issues remain a sharp focus for the Project team and an update of progress is provided below.
- 4.3 In November and December 2019, additional on-site resources were brought in specifically focussed on unblocking the work on the Utilities diversions, finalising the structures designs and the drainage design. Consequently, significant progress has been made to speed up delivery and respond to technical queries resulting in greater efficiencies.
- 4.4 All design elements are now complete and have been issued for construction and final technical approval, apart from final resolution of the traffic signals.
- 4.5 Designs relating to the diversion of a rising main near the BP westbound services has been progressed and agreed and is awaiting formal approval from Anglian Water.
- 4.6 An easement and a licence between Essex & Suffolk Water and a local landowner has been completed, thereby enabling the relocation of a cluster of

valves and an associated water main diversion. This is good news for the Project and will free up an area for earthworks and drainage.

- 4.7 At Orsett Cock roundabout, Cadent had initially advised that it would be necessary to construct two protection slabs over its local high-pressure gas pipeline. After modelling the interaction of the pipeline with the proposed road construction, Cadent has confirmed that protection slabs are not required at either location. This gives the contractor certainty about the scope of works to be delivered at Orsett Cock roundabout and avoids the cost and time of designing and constructing protection slabs.
- 4.8 The new electrical substation near the BP westbound services was commissioned in early December. This allowed the overhead power cables cross the A13 to be isolated and removed during an overnight closure of the A13 between the A128, Orsett Cock roundabout and the A1014, The Manorway roundabout.
- 4.9 At the Orsett Cock East and West bridges, work is continuing with the abutments and wingwalls. The reinforcement for the central piers has been fixed, in readiness for erecting the formwork and pouring the concrete in March 2020 when the weather improves.
- 4.10 At Saffron Gardens Bridge, the piled foundations have been installed.
- 4.11 At Horndon Road Bridge, work is continuing with the abutments and wingwalls.

## **5. Mitigation**

- 5.1 Given the issues set out in this report, Thurrock Council and the contractors have undertaken a number of steps to mitigate any further impacts. These mitigation measures include:
  - 5.1.1 Improved and robust project management tools and processes are being used. A complete review and overhaul of risk registers, change logs, programme has been undertaken.
  - 5.1.2 Improved efficiency dealing with early warnings and compensation events
  - 5.1.3 Appointment of external auditors – Thurrock Council appointed expert transport infrastructure auditors to undertake a detailed review of the scheme. The output fed into a targeted project plan to address any elements which were delaying delivery
  - 5.1.4 Ways of working – co-location of contractors on site to ensure efficient agreement on issues which can then be quickly resolved. This has led to improved efficiency dealing with technical inquiries

meaning that issues were being resolved on the spot rather than delaying the completion of tasks

- 5.1.5 A monthly Steering Group and PM report means that issues and progress are being recorded and tracked.
- 5.1.6 Elements of parallel working which can ensure the workforce and plant and equipment is being utilised to maximum effect.
- 5.1.7 Early warnings and improvements to communication to ensure efficiency.

## **6. Update on Project Costs**

- 6.1 As reported to the Board in September and November 2019, a substantial increase to the total cost of the Project has been identified.
- 6.2 Over the last month, considerable effort has been made to work towards greater cost certainty of the Project. This included the following steps:
  - 6.2.1 negotiating down and accepting a number of high cost quotations including a change to the Works Information for the drainage (one of the biggest issues on the Project to date);
  - 6.2.2 holding risk workshops and undertaking a Monte Carlo simulation to consider the potential financial cost of the risks which may occur through the delivery of the Project; and
  - 6.2.3 undertaking a detailed review of the costs incurred to date
- 6.3 Thurrock Council's Director of Finance, IT and Governance provided assurance at the SELEP Strategic Board that the Project will still progress. Thurrock Council will meet the funding gap for the Project and underwrite any further funding shortfall that arises through to the final completion of the Project.
- 6.4 All opportunities will be considered by Thurrock Council to seeking additional alternative funding contributions to the Project through any route available to the Council, as well as the use of its own funds.

## **7. Next Steps**

- 7.1 It is anticipated that by the next Accountability Board, the Council will have completed the following tasks:
  - 7.1.1 a full review of the costs incurred to date and forecast cost to outturn will be known. This will be produced by producing a fully integrated programme, risk profile will be updated and a value assigned, all compensation events will have been assessed and processed to identify the cost, the resource that has been brought

onto the project will be fully up to speed and integrated with the team.

- 7.1.2 It is anticipated that the Project will be through the worst of the winter weather and consequently costs and delays associated with that will reduce the risk profile of the Project
- 7.1.3 a value for money exercise will have been undertaken to meet the requirement of the Project representing high value for money
- 7.1.4 a review of and update to the business case will be provided
- 7.1.5 greater programme certainty and a revised anticipated completion date will be known.

## **8. Financial Implications (Accountable Body comments)**

- 8.1 In September 2019 the Board was advised that Thurrock Council had identified a significant overspend in the delivery of the A13 Project. The Strategic Board agreed in October 2019 to allocate a further £8.942m to the Project, subject to an updated business case, that meets the requirements of the Assurance Framework and approval by this Board.
- 8.2 Of the LGF approved by the Board to date (£71.058m), £55.298m has been transferred to Thurrock Council by the Accountable Body (Essex County Council), following claims made under the Service Level Agreement (SLA) in place. Of the total amount of approved funding, this leaves £20.760m outstanding to be claimed; Essex County Council is currently in receipt of £6.794m of the outstanding £20.760m allocation, with the remaining due to be received from the DfT in 2020/21.
- 8.3 To note, all LGF is transferred to Thurrock Council under the terms of an SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 8.4 An external audit of the A13 widening Project was commissioned by Thurrock Council and completed in September 2019. Whilst the outcome of the Audit has yet to be made available, in November 2019, it was reported to the Board that the initial findings of the external audit report had identified some additional risks to the timescales for the delivery of the Project and the planned completion date was expected to be delayed to the end of May 2021. It was also reported to the Board that the overspend was expected to have increased further, but at that point the value could not be confirmed.
- 8.5 In November 2019, Thurrock Council also advised the Board that a draft communications plan was being prepared to communicate a change of completion date and revised cost.

- 8.6 Thurrock Council has not yet been able to publish its communications plan nor provide clarity with regard to the total forecast cost or an updated spend profile or delivery plan. As a result, the full cost implications of this Project remain unclear and although the s151 Officer from Thurrock Council has provided commitment that the Council will underwrite any funding gap arising from the completion of this project, without an understanding of the anticipated total cost, the risks associated with this commitment remain unclear.
- 8.7 It is an assurance framework requirement to ensure transparency of spend of LGF and to assure value for money; until Thurrock Council are able to provide an updated Project spend, it is not possible for the Accountable Body to determine if these requirements have been met. As such, under the terms of the SLA in place for the Project, it is not possible to transfer additional funding to progress with Project Delivery until such assurances can be provided; the Accountable Body will seek to engage with Thurrock Council to determine how this issue can be resolved and such assurances can be provided to facilitate a resolution in this matter.
- 8.8 Further, the allocation of the additional £8.942m to the Project remains subject to an updated business case, that meets the requirements of the Assurance Framework and approval by this Board.
- 8.9 It is noted that it is the intention of Thurrock Council to provide the required information to the next meeting of the Accountability Board in May 2020. This update is expected to include confirmation of:
- 8.9.1 The total project cost;
  - 8.9.2 Revised delivery plan and spend profile; and
  - 8.9.3 How any funding gap will be addressed e.g. whether Thurrock Council will meet the full funding gap for the Project and underwrite any further funding shortfall that arises through to the final completion of the Project.

## **9. Legal Implications (Accountable Body comments)**

- 9.1 There are no legal comments on this report.

## **10. Staffing and other resource implications (Accountable Body comments)**

## **11. Equality and Diversity implication**

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:

- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
- b) Advance equality of opportunity between people who share a protected characteristic and those who do not;
- c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

11.3 In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.

## 12. List of Background Papers

12.1 A13 Widening Business Case

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

Role	Date
<b>Accountable Body sign off</b> Stephanie Mitchener (On behalf of Nicole Wood)	07/02/2020