

Report to Accountability Board	Forward Plan reference number: N/A
Date of Accountability Board Meeting:	16th March 2018
Date of report:	27th February 2018
Title of report:	A13 widening update report
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1. Purpose of report

- 1.1 The purpose of this report is to provide the Accountability Board (the Board) with an update on the A13 widening project (the Project).

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Note** the current position with regards to the A13 widening Project as set out in this report.

3. Background

- 3.1 On 17 November 2017, the Board approved a request from the Department for Transport to accelerate spend from the retained scheme funding in advance of the LGF scheme development funding.
- 3.2 On 27 November 2017, the Department for Transport confirmed that it was content for the £15.915m of unspent grant paid in 2017/18 for delivery of the Project, to be retained by Essex County Council, as SELEP Accountable Body, and be used for expenditure on the Project in 2018/19.

4. A13 Project Delivery Update

- 4.1 The Project will widen the A13 Stanford le Hope Bypass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsetty Cock roundabout) in the west and the A1014 (the Manorway) to the east.
- 4.2 In mid-December 2017, letters were delivered to approximately 2,700 properties within a 500 metre radius of the Project, advising local residents and businesses about the start of advance works along this particular section of the A13. Newsletters were also sent to a comprehensive list of stakeholders, including business organisations, schools and colleges, community forums and

emergency services. Further information about the Project was also set out on Thurrocks website, <https://www.thurrock.gov.uk/a13-roadworks> .

- 4.3 On 18 December 2017, localised vegetation clearance started near the Orsett Cock roundabout to facilitate the ground investigation and unexploded ordnance survey.
- 4.4 On 22 December 2017, the Lot 3a Construction Contract and advance payment bond were both sealed. In accordance with clause X14 of the contract, an advance payment of £4.453m was made to Kier for variable message signs, structural steelwork, column formwork, concrete pipework, steel safety barrier, concrete central reserve barrier and street lighting.
- 4.5 At the time of drafting this report, the vegetation clearance is 95% complete and is on target to be completed by the end of February (start of the bird nesting season). The temporary fencing is 60% complete.
- 4.6 The ground investigation is due to complete in early March and once these latest results are available, the designers will use them to corroborate the soil properties and review the design as necessary.
- 4.7 In accordance with the New Roads and Street Works Act (NRSWA) code of practice for diversionary works, advance payments have been made to Statutory Undertakers as follows:
 - £278,748 to Cadent Gas Limited (low pressure and medium pressure gas mains)
 - £2,250,000 to Cadent Gas Limited (local high pressure gas pipeline)
 - £188,049 to Essex & Suffolk Water (potable water mains)
 - £245,384 to Instalcom (fibre optic cables)
- 4.8 A design study and cost estimate is due to be received from National Grid Gas by 7 March 2018. This will set out the cost of diverting a national high pressure gas pipeline known as Feeder 5 and will trigger another substantial advance payment.
- 4.9 Openreach are currently surveying their apparatus affected by A13 Widening and will be submitting detailed proposals and a C4 estimate towards the end of March.
- 4.10 In terms of detailed design, the vertical and horizontal alignments have been fixed. Approval in Principle documents have been issued for each of the four bridges. Other elements of design are progressing to programme.

5. Update on Project expenditure

- 5.1 An updated spend forecast is presented in Table 1 below.

Table 1 Spend Forecast, February 2018

Updated Spend Forecast (February 2018)							
Expenditure £M	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
SELEP Development Funding LGF	2.708	-	2.292	-	-	-	5.000
DfT Retained Scheme Funding LGF	-	12.629	33.224	20.613	1.197	0.685	66.057
Third Party Funding	-	-	-	-	-	7.809	7.809
Total	2.708	12.629	35.516	20.613	1.197	8.494	78.866

- 5.2 In accordance with the 17 November 2017 Board decision, Department for Transport Retained scheme funding is being spent in advance of the SELEP Development Funding contribution to the Project.
- 5.3 The third party funding contribution from London Gateway Ports Limited has been secured but will be spent later in the project delivery programme.
- 5.4 As of 26 February, 2017/18 expenditure stood at £9.638m. Allowing for the February invoices already in the pipeline, the detail design and advance works to be undertaken in March and the advance payment for the diversion of Feeder 5, expenditure is forecast to reach £12.629m by the end of March. As such, it is expected that the updated 2017/18 LGF spend profile for the Project is achievable.
- 5.5 Kier, as the appointed construction contractor, has submitted a £5.4m compensation event for delays in the Project delivery caused by diversionary works that are required to be undertaken by Statutory Undertakers (e.g. Openreach). The compensation event has occurred because the dates and durations provided by the Statutory Undertakers in their C4 returns are different to those expected by Kier when submitting their tender programme; as a result, Kier has indicated that the delivery of the Project will be delayed by up to 45 weeks, at an additional cost of £5.4m
- 5.6 The Project Manager is working closely with Aecom's quantity surveyors to review and challenge Kier's calculations. De-linking the Openreach diversion and quantifying that part of the delay that occurs when construction is in full swing would reduce the value of the compensation event to below £4m and the delay to 31 weeks. This compensation event will result in an increase in cost to the Kier construction contract but this cost escalation can be met from the £20m Project contingency fund.
- 5.7 Once discussions with Kier in relation to the compensation event have been concluded the Board will be provided with an updated spend profile and project milestones to reflect these changes. At this time it is not expected that the compensation event will impact on project spend during 2017/18, but will have implications during future years of the project delivery.

6. Financial Implications (Accountable Body comments)

- 6.1 It is noted that there is a potential cost increase to deliver this project and that there are processes in place to seek to minimise this as far as possible; the fact that the cost increase can be met from the contingency means that no additional funding will need to be sought to ensure delivery of the Project.
- 6.2 It is recommended that the next Project update to the Board should provide a greater focus on the key risks to successful Project delivery, particularly with regard to meeting the Project milestones that were set out in the report to the November 2017 meeting of the Board.
- 6.3 It should be noted that all funding agreed by the Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations beyond 31st March 2018 are yet to be confirmed. However, funding for this Project is included in the indicative allocations provided by HM Government for future years. It should also be noted that the Government are currently undertaking a Deep Dive review into the Governance arrangements of the SELEP; at the time of writing, it is not known whether the outcome of this review will impact on future funding allocations to SELEP.
- 6.4 The Board should also take into account the following in its considerations of this report:
 - 6.4.1 The significant amount of slippage within the overall programme previously reported to be £39m, is now forecast to be £49.7m (including circa £16m of slippage in relation to this project) by the end of 2017/18; this presents an increased programme delivery risk due to the high proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not as expected.
 - 6.4.2 There is a LGF funding profile risk in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £13.9m; it is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered.

7. Legal Implications (Accountable Body comments)

- 7.1 There are no legal implications arising from this report

8. Staffing and other resource implications (Accountable Body comments)

- 8.1 None at present.

9. Equality and Diversity implication

- 9.1 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.
- 9.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 9.3 In the course of the development of the project business case, the delivery of the Project and their 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 possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

10. List of Appendices

- 10.1 None

11. List of Background Papers

- Accountability Board Paper dated 31st March 2017 (LGF award to the Project)

(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
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee)	 08.03.18