

LOCAL AUTHORITY MAJOR SCHEMES APPLICATION FOR FULL APPROVAL

Scheme Name	Bexhill to Hastings Link Road
Local Authority	East Sussex County Council

STRATEGIC CASE

<p>1.1 Has the Strategic Case for the scheme altered in any way since the submission of your Best and Final Funding Bid? <i>In particular any external developments, changes in local plan, changes in developers plans or any new issues arising impacting upon public or business support for the scheme. If yes please provide details.</i></p>	NO
<p>1.2. Has the scope of the scheme changed from that described in the Best and Final Funding Bid? <i>If so please provide details, including any changes resulting from conditions attached to statutory powers granted.</i></p> <p>Since the BAFB, and as a condition (x) of Programme Entry and provisional funding approval, the Adams Farm Overbridge has been upgraded to become a green bridge. Full details are described in the report regarding Condition x submitted in support of this bid.</p>	YES

ECONOMIC CASE

<p>2.1 What is the latest BCR of the scheme? <i>Please provide updated AMCB, TEE and Public Accounts Tables. Unless specifically requested by DfT no new analysis is required, merely the updating of information known to have changed e.g. costs; and reflecting reduced optimism bias where applicable.</i></p>	Initial = 3.4 (Adjusted = 1.9)
<p>2.2 Please attach an assessment of the Social and Distribution Impacts of the scheme (conducted in line with DfT guidance) including, where appropriate, include details of appropriate mitigations? <i>If you have already agreed with DfT that no update is required beyond that included in your BAFB please state here.</i></p> <p>As confirmed via email from DfT dated 30/05/12 no further update is required beyond that assessment included in our BAFB.</p>	N/A

FINANCIAL CASE

3.1 What is your estimate of the total outturn cost of the scheme? *Please provide a breakdown of costs using the template below. Please use cost headings consistent with those used in your BAFB, although you may identify the contracted construction price in its own line.*

In the column showing the BAFB costs please incorporate any adjustments made by DfT as advised in your Programme Entry letter.

Please ensure that in the risk/QRA cost

- *You have removed risks now transferred to the contractor as part of the final tendered price*
- *You have not included any risks associated with ongoing operational costs*
- *You have used the P50 value.*

Please quote all amounts in £m to three decimal points (i.e. to the nearest £1000)

Please provide detailed cost estimate and QRA as Annexes.

Cost Heading	As per BAFB £m (including any adjustments advised by DfT)	Currently Estimated Cost £m
Contractor's Total of the Prices	56.958	59.451
Statutory Undertakers Works	Included	Included
Site Supervision	1.960	2.655
Fees payable by Client	0.400	0.410
Land and Compensation	11.488	12.470
Base Operating Costs	0	0
Base Cost (1)	70.806	74.986
Allowance for Construction Inflation (4.7%pa Dec 09-June 11, 2.7%pa June 11 onwards, 2009 Base)	7.411	8.117
Allowance for General Inflation (2.5%pa 2012 Base – note base change from BAFB)	0.218	0.069
Allowance for Land and Property Inflation (2%pa 2012 Base – note base change from BAFB)	0.222	0.203
Sub-total Inflation (2)	7.851	8.388
Allowance for Quantified Risk Assessment (3)	3.230	3.904
Scheme Cost Estimate (1+2+3)	81.887	87.278
Eligible Preparatory Costs	4.029	4.590
Total Scheme Estimate	85.916	91.868

3.2 Please state what inflation assumptions you are using.

Inflation rates for different categories (e.g. general inflation, construction cost, operating cost) should be separately identified.

General Inflation 2.5%pa 2012 Base

Construction Inflation 4.7%pa Dec 09-June 11, 2.7%pa June 11 onwards, Q3 2009 Base

Land and Property Inflation 2%pa 2012 Base

Please note this is different from our BAFB as cost estimates have been updated.

3.3 Please describe any significant remaining risks to the current cost estimates?

The main risk to the cost estimate is the risk of any further delays to the statutory and funding processes which prevent preparatory works for a main construction start in early 2013, and this will result in increased costs.

Not gaining the necessary ecological licences at the required time could also cause delay and therefore increase costs.

Whilst an allowance has been made, prolonged protestor action may also result in increased costs.

3.4 Please provide a breakdown of the proposed funding sources for the scheme

<p>(a) Local Authority contribution <i>Please include the LA costs incurred or expected to be incurred since Programme Entry (that is the original Programme Entry approval if prior to 2011) excluding ineligible preparatory costs as defined by previous guidance and excluding the cost of any Part 1 Claims.</i></p>	<p>£34.818m</p>
<p>(b) Agreed third party contributions <i>This should include only <u>committed</u> third party contributions, Please name each contributor on a separate line and provide evidence of agreement (e.g. a letter from the funder confirming their degree of commitment, timing for release of funds and any other conditions etc).</i></p>	<p>£0.200m</p>
<p>(c) DfT funding requested <i>The funding requested from DfT <u>must not</u> exceed that requested in your Best and Final Funding Bid (BAFB).</i> <i>If the total estimated cost of the scheme is less than that quoted in the Department's Programme Entry letter, the requested contribution from DfT should be reduced by the same proportion.</i></p>	<p>£56.850m</p>

3.5 What is the estimated funding profile?

- Please assume that the DfT and LA contributions will be in the same proportion in each year from 2012/13 and provide an explanation if this is not the case.
- Although the maximum level of DfT funding will be fixed, profiles across years may be subject to further discussion and agreement.
- Please specify the third party contributor(s) and list each one (if more than one) on a separate line.
- The DfT contribution to costs that have already been incurred should not exceed what was assumed in the BAFB and should not include ineligible preparatory costs (as defined by previous guidance). Please note that the DfT contribution to costs already incurred should, if the scheme is approved, be included in the first quarterly claim submitted to the Department.

£m	Costs already incurred	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Total	% of total
LA contribution	7.760	0.175	4.005	11.447	6.846	4.585	0	0	34.818	0.22%
Third Party contribution	0.200	0	0	0	0	0	0	0	0.200	37.90%
DfT funding requested	0.850	0	10.058	28.749	17.193	0	0	0	56.850	61.88%
TOTAL	8.81	0.175	14.063	40.196	24.039	4.585	0	0	91.868	100%

3.6 Please indicate the level of flexibility with regard to the phasing of the local contribution of the bid (including the third party contribution), should the DfT have a need to vary the phasing of its own contribution for budgetary reasons.

Please detail the level of change in DfT support per funding year you could accommodate within the project and from which sources any change would be made up.

As long as the approved funding is guaranteed within the CSR period, then the County Council is prepared to be flexible with the phasing, for example at least a 50% change in funding in any year, providing notification is received of any reduction to the assumed profile above not later than 30 September in any given year. Any change would be met from rephrasing the County Council's own contribution from resources available over the medium term.

3.7 Please explain how the Local Authority contribution will be funded.

Please reference any council decisions allocating the required budget or approving any necessary borrowing etc

The local authority contribution has been prioritised and allocated from current and projected medium term resources available.

At it's meeting on 26 January 2012, Cabinet recommended that the County Council approve the draft capital programme, which includes allocation for the BHLR. Copies of the relevant reports and minutes are available on ESCC's website.

At the meeting of the Full Council held on 7th February 2012, the capital programme was agreed. Copies of the relevant reports and minutes are available on ESCC's website.

At it's meeting on 11 December 2012, Cabinet agreed to the increase the Council's capital contribution to the project from within the Council's overall capital programme.

COMMERCIAL CASE

4.1 Was the procurement carried out as described in your Best and Final Funding Bid (BAFB). YES/NO

If not please provide a simple explanation of what was different. For Supported Pool schemes, where this information was not requested on the BAFB form, please provide a simple description of the procurement that was carried out.

Yes

4.2 Please state contract type used (e.g. NEC3)

You may have included this information in the BAFB but please state here for ease of reference.

Early Contractor Involvement, Design and Build using NEC3 Option C (Target Cost)

4.3 Was the procurement conducted by appropriately qualified staff in accordance with public procurement law? YES/NO

Yes

4.4 Please provide details of the firm and final offer for the main contract, including the price and period of validity.

If there are multiple contracts and none can be regarded as the primary contract please explain this on a separate sheet, also addressing the questions below.

Phase 1 of the ECI Contract was awarded in May 2009, since when the Contractor has been working with ESCC through Phase 1 of the contract to develop the scheme design and build up the target cost.

Following extensive "value engineering" during this process and subsequent negotiations during the BAFB process (both described within our BAFB document) the target cost stood at £56.958m (Q3 2009 prices) at the time of our BAFB submission in September 2011.

Following programme entry in March 2012 the target cost has been reviewed to take account of the inclusion of the "green bridge" (required by Condition x) and changes due to the passage of time, including delays caused by challenges to the statutory process and restrictions in the programme due to delays in acquiring the necessary ecological licences.

The target cost, which is index linked, is currently standing at £59.451m (Q3 2009 prices).

4.5 Is this a fixed price or target price contract?

If target price, please provide details of the pain/gain arrangements

Target cost – see below

4.6 Please provide details of any incentive arrangements or staged payment terms that may affect the total cost or the timing of payments?

Extract from the Contract Data Part 1 regarding incentive arrangements:

“The *Contractor’s share percentages* and the *share ranges* are:

Share range [<i>target price base figure = 100%</i>]	<i>Contractor’s share percentage</i>
Less than 80%	50%
From 80% to 90%	50%
From 90% to 110%	50%
From 110% to 120%	50%
Greater than 120%	50%”

The *retention free amount* is £10,000,000

The *retention percentage* is 5 %

4.7 Please list the significant risks that are transferred to the contractor, and those that remain with the authority.

In common with NEC Contracts the Employers Risks are described within Clause 80.1 (copied in italics below) and the Contract Data Risk Register which is included at Annex 4.

Following the recommendations in the independent peer review carried out in 2010, the Project Board now consider the whole contract data risk register at their meetings rather than just the top 10 risks. A further risk management workshop, involving the Project Sponsor, and ESCC and JV project teams, at which the Contract Data Risk Register was comprehensively reviewed and agreed was held in November 2012.

All other risks are carried by the Contractor.

Employer’s risks 80

80.1 *The following are Employer’s risks.*

- *Claims, proceedings, compensation and costs payable which are due to*
 - *use or occupation of the Site by the works or for the purpose of the works which is the unavoidable result of the works,*
 - *negligence, breach of statutory duty or interference with any legal right by the Employer or by any person employed by or contracted to him except the Contractor or*
 - *a fault of the Employer or a fault in his design.*
- *Loss of or damage to Plant and Materials supplied to the Contractor by the Employer, or by Others on the Employer’s behalf, until the Contractor has received and accepted them.*
- *Loss of or damage to the works, Plant and Materials due to*
 - *war, civil war, rebellion, revolution, insurrection, military or usurped power,*
 - *strikes, riots and civil commotion not confined to the Contractor’s employees or*
 - *radioactive contamination.*
- *Loss of or wear or damage to the parts of the works taken over by the Employer, except loss, wear or damage occurring before the issue of the Defects Certificate which is due to*

- a Defect which existed at take over,
- an event occurring before take over which was not itself an Employer's risk or the activities of the Contractor on the Site after take over.
- Loss of or wear or damage to the works and any Equipment, Plant and Materials retained on the Site by the Employer after a termination, except loss, wear or damage due to the activities of the Contractor on the Site after the termination.
- Additional Employer's risks stated in the Contract Data.

4.8 Please describe how you will ensure effective contract management

Include details of reporting and liaison requirements, meeting frequency, interface of contractor and contract manager within internal governance arrangements (you may refer to management case if covered there)

Project Governance

Overall project governance is described within the Project Execution Plan which is included at Annex 9 in support of this bid. This document outlines the roles and responsibilities of the ESCC and ECI Boards, and the project delivery team, and shows organograms which give details of the interfaces between the various parties.

Contract Management

The works are procured under an NEC3 Option C contract and the contract documents set out the roles and responsibilities of each party together with management and communication requirements.

The detailed requirements for reporting, progress meetings, liaison meetings are given within the Works Information and include, for example:

- The contractor to attend formal progress meetings with the Project Manager and Supervisor each month.
- The contractor to submit a detailed progress report and programme at least 7 days before the progress meeting.
- Traffic liaison meetings
- Public relations and stakeholder liaison.

4.9 Are there any TUPE issues? YES/NO

If yes please state how many staff involved

No

4.10 Please provide brief details of procurement arrangements for any works outside the main construction contract, and what stage these have reached?

N/A

MANAGEMENT CASE

5.1 Please provide details of the statutory powers you have acquired

Please list separately each power obtained, details of date acquired, challenge period (if applicable) and date of expiry of powers, and any conditions attached to them.

Planning Permission:

On 10 December 2008 the County Council, in its role as local planning authority, resolved to grant planning permission for the BHLR subject to a number of conditions and an undertaking to be entered into to secure various elements of the Scheme. Following that resolution, the application was referred to the Secretary of State who decided that the application should not be called in for her own determination. A unilateral undertaking under Section 106 of the Town and Country Planning Act 1990 in favour of Rother District Council and Hastings Borough Council was completed on 28 July 2009 and planning permission for BHLR was granted on 29 July 2009.

Copies of the decision letter, conditions and S106 Undertaking can be viewed on ESCC's website at the address below:

<http://www.eastsussex.gov.uk/environment/planning/applications/linkroad/default.htm>

Condition 1 requires that development be commenced before the expiration of 5 years from that date - ie 29 July 2014.

Listed Building Consent:

Listed Building consent for the demolition of a modern barn and a dilapidated woodshed and the removal and re-erection of the red brick barn at Adams Farm, conditional upon the BHLR proceeding, was granted by the Secretary of State on 22 January 2009.

East Sussex County Council (Bexhill to Hastings Link Road) Side Roads Order 2009

(Made on 14 January 2009)

East Sussex County Council (Bexhill to Hastings Link Road) Compulsory Purchase Order 2009

(Made on 4 February 2009)

East Sussex County Council (Bexhill to Hastings Link Road) (Planning) Compulsory Purchase Order 2009

(Made on 4 February 2009)

These Orders were examined at a concurrent Public Inquiry in November 2009 and the Secretaries of State for Transport and Communities and Local Government subsequently confirmed the Orders on 20 September 2012.

The Orders were advertised on 5 October 2012, and the High Court Challenge period expired on 16 November 2012. Notices to Treat were served in November 2012.

5.2 Please provide details of further engagement since the BAFB with the Statutory Bodies (Environment Agency, Natural England, English Heritage)

Please include evidence of how you have taken account of their views and any requirements for mitigation etc.

Since the BAFB there have been various ongoing meetings and discussions with all the SEB's regarding the development of the scheme design and requirements for the various licenses and consents that are required.

In particular, there have been discussions with Natural England regarding details of the green bridge and Heritage Lottery Fund contribution as well as continuing discussion and formal submissions regarding ecological licences. There have also been discussions and site visits with English Heritage regarding the advance archaeological investigations and ecological works that are currently taking place.

5.3 Please provide brief details of your evaluation plans for the scheme and attach your full evaluation plan as an Annex.

DfT has recently released updated guidance for the evaluation of Local Authority Major Schemes, and this requires ESCC to carry out a full evaluation in respect of the BHLR.

ESCC is committed to carrying out the required level of evaluation, but as agreed with DfT given the recent change in guidance the exact details of the scope of the evaluation will be determined in due course.

5.4 Please provide details of your construction milestones below

Please include interim milestones (at least one but no more than 5 or 6) between start and completion of works. If the completion date has slipped from the date estimated in your BAFB please provide an explanation. Please provide a copy of the latest project plan (programme) as an Annex.

	Date estimated in BAFB	Current estimated date
Start of advance ecological mitigation and archaeological investigations	June 2012	July 2012
Start of main construction works	Jan 2013	Feb 2013
Completion of works	Dec 2014	April 2015
Opening date	Dec 2014	April 2015

5.5 Please briefly describe the most significant risk remaining to the above timetable and attach the latest version of your project risk register (if different from the QRA risk register).

The most significant risks to the above timetable are any delay that prevents preparatory works towards a main construction start in early 2013, currently these are identified as further delays to the statutory/funding processes, non-granting of licences for the translocation of species and potential protestor action. Due to the seasonality of the works, and in particular the necessary site clearance, if preparatory works are delayed and construction is not commenced in early 2013 this will add 12 months delay to the programme. This would also lead to cost increases due to the delayed construction.

5.6 Do you have a risk management strategy/plan in place? YES/NO

A yes or no answer is sufficient. The documentation does not need to be provided.

Yes

5.7 Have your governance arrangements changed since submission of your BAFB?

If so please provide details, including changes to SRO, Project Manager, Project Board composition, and, in particular, details of how your contractor will fit into your governance structure.

The governance arrangements have not changed since the BAFB, although there have been some staff changes within the organisations.

Details are given within the updated Project Execution Plan which is included at Annex 9. In particular the ESCC Project Sponsor is now [REDACTED], and the ESCC Project Manager is now [REDACTED].

5.8 Please provide details of the results of any project assurance reports since your BAFB, including any resulting action taken or planned.

Please attach a copy of the summary recommendations of the most recent project assurance report.

There have been no further project assurance reports undertaken since the BAFB, however, given the staff changes within the organisations the Board feel that a further review would now be prudent. Therefore a further internal review, similar to that undertaken in 2010, will be undertaken by an ESCC Assistant Director in early 2013.

5.9 Please provide brief details of major stakeholder and public engagement carried out since the BAFB and further engagement planned during construction.

Please also highlight whether any significant shifts of stakeholder opinion have taken place or new issues have arisen and describe and how you are responding to them.

Since BAFB

Since the BAFB ESCC have not carried out any specific major additional stakeholder or public engagement, however we have kept stakeholders informed of the status of the scheme by way of regular email updates.

During the review period between December 2011 and March 2012 DfT engaged with all major stakeholders culminating in a round table Reference Group meeting held in Hastings Town Hall on 21 February 2012.

Articles regarding the Bexhill to Hastings Link Road are included in both the Summer and Autumn editions of 'Your County', a magazine published by East Sussex County Council and distributed to every household in the county.

During construction

As detailed in the communications plan submitted as part of the BAFB (Appendix 5.2), throughout the construction phase the following are the main stakeholder and public engagement activities are planned:

Local Liaison committee

The creation of a Local Liaison committee will take place before construction commences consisting of representatives from the local community, the Council, the contractor and other public bodies. This will ensure effective communication throughout the development and may be further divided into sub groups to discuss specific local issues. Once construction has been completed the committee will continue to meet for at least 12 months.

Drop-in centres

A drop in centre will be set up on site by the project team and contractor during construction to answer queries from local residents. Opening times will be publicised in the newsletter and other complimentary communications such as email updates.

BHLR newsletter

We will produce a newsletter on a six monthly basis throughout the construction phase. This will be distributed electronically, through door to door deliveries in area's directly affected by

the road, at key information points such as libraries and made available on the dedicated pages of the East Sussex County Council website.

Your County

Once we are in the construction phase we will use the magazine produced by the corporate communications team to keep residents informed of progress and planned activities.

Meetings with key organisations

These will take place throughout construction and will include key community groups as well as organisations whose delivery may be effected by the scheme e.g. utilities.

Exhibitions / information packs

Exhibitions and information packs will be provided in Hastings and Bexhill libraries, council offices and other specific locations to inform stakeholders of development progress and background to the scheme.

Email updates

Throughout the construction phase regular email updates will be provided monthly / at key milestones to give news on recent developments and other planned activities. All other communications will provide information about how to subscribe to these email updates in order to ensure interested parties are kept up to date.

Website

We have dedicated pages on the East Sussex County Council website (www.eastsussex.gov.uk/linkroad) which will be reviewed and kept up to date throughout the construction phase with links to other planned activities, newsletters and information.

Media / press releases

Journalists will be briefed on all key milestones of the project and we will inform and publicise other planned activities such as exhibitions or opportunities for public involvement.

OTHER

6.1 Please include any further relevant information here, including any specific DfT requirements not covered by the other sections of this form

Programme Entry was re-confirmed by DfT subject to a number of conditions.

The specific conditions requiring further information to be submitted are listed below and reports containing that information are included as Annexes.

Condition	Requirement	Annex
ix	<p>You are required to provide us with a fully worked up plan, subject to public consultation, including delivery timetable and agreed funding package, to show how you will deliver, in full, the complementary public transport measures (junction improvements and bus priority measures) listed in Bexhill Hastings Link Road Best and Final Funding Bid: Traffic Forecasting Report (September 2011) - sections 2.2.4; 2.2.5; and 2.4.1 and summarised in the Annex to this letter.</p> <ul style="list-style-type: none"> • Improved roundabout junction of B2093 The Ridge/B2092 Queensway, Hastings • A259 westbound bus lane on approach to Glyne Gap roundabout • A259 eastbound bus lane on approach to Harley Shute Road • A259 westbound bus lane between Filsham Road and Harley Shute Road • An improved roundabout will be provided at the junction of Harrow Lane with The Ridge • A new bus service which would use the Link Road 	10
x	<p>You are required to provide us with a fully worked up plan, including delivery timetable and agreed funding package, to carry out further offsetting environmental and biodiversity measures. We will want to discuss and agree with you the scope of these measures. Options include upgrading one of the over-bridges to a “green bridge” to aid species movement and address habitat severance; and a financial contribution from the Council to a Heritage Lottery Fund project in the Brede-Hastings area to enhance meadow land and a wet woodland/grassland;</p>	11
xi	<p>You are required to provide us with a progress report to be sent to the Department setting out the levels of developer interest in and commitment to the proposed employment and housing sites in North East Bexhill in the light of this provisional funding approval; and a commitment to report on this annually to the Department as construction of the scheme progresses</p>	12
xii	<p>You are required to provide us with a plan to be sent to the Department setting out how the Council will ensure that local unemployed people are given appropriate support so that they are well placed to compete for the jobs which will ultimately be delivered by the scheme</p>	13

SENIOR RESPONSIBLE OWNER DECLARATION

As Senior Responsible Owner for Bexhill to Hastings Link Road I hereby submit this request for Full Approval to DfT on behalf of East Sussex County Council and confirm that I have the necessary authority to do so.

I confirm that East Sussex County Council has acquired all the statutory powers (Traffic Regulation Orders excepted) necessary to construct the scheme.

Name:

██████████

Signed:

Position:

██████████

SECTION 151 OFFICER DECLARATION

As Section 151 Officer for East Sussex County Council I declare that the scheme cost estimates quoted in this bid are accurate to the best of my knowledge and that East Sussex County Council

- has allocated sufficient budget to deliver this scheme on the basis of its proposed funding contribution at section 3.4(a) above
- accepts responsibility for meeting any costs over and above the DfT contribution requested, including potential cost overruns and the underwriting of any funding contributions expected from third parties
- accepts responsibility for meeting any ongoing revenue requirements in relation to the scheme
- accepts that no further increase in DfT funding will be considered beyond the maximum contribution requested

Name:

██████████

Signed:

Position:

██████████

CONTACT DETAILS FOR FURTHER ENQUIRIES

Lead Contact: Position: Tel: E-mail:	
Alternative Contact: Position: Tel: E-mail:	

SUMMARY OF ANNEXES REQUIRED

Annex No	Description	Form Ref
1	Revised TEE, AMCB and Public Accounts Tables	2.1
2	Not used Social and Distributional Impacts analysis (if required)	2.2
3	Detailed cost estimate	3.1
4	Quantified Risk Assessment	3.1
5	Not used – details to be agreed in due course Evaluation Plan	5.3
6	High Level Project Plan (Programme)	5.4
7	Not used High Level Project Risk Register (if separate from QRA above)	5.5
8	Not used (Project Assurance recommendations)	5.8
9	Project Execution Plan	
10	Condition ix – Complementary highway improvement	6.1
11	Condition x – Bio-diversity measures	6.1
12	Condition xi – Developer Interest	6.1
13	Condition xii – Skills	6.1