

<b>Director for Highways, Transport and Planning</b>	<b>Ref No: OKD19 (19/20)</b>
<b>September 2019</b>	<b>Key Decision: Yes</b>
<b>A2300 Corridor Improvements Scheme - Approval to Submit Full Business Case and Award of Construction Contracts</b>	<b>Part I</b>
<b>Report by Executive Director Place Services and Director of Highways, Transport and Planning</b>	<b>Electoral Divisions: Hurstpierpoint &amp; Bolney</b>
<p><b>Summary</b></p> <p>The Department for Transport has provided £1.700m of Local Growth Fund to assist with the design and development of the A2300 corridor improvements scheme following the submission of an outline business case for the scheme by the County Council in June 2018.</p> <p>In June 2019, the Cabinet Member for Highways and Infrastructure delegated authority to the Director of Highways, Transport and Planning to submit the full business case to the Department for Transport and to award the construction contracts following approval of the full business case (<a href="#">Decision Ref: HI04-19/20</a>).</p> <p>The full business case is now ready for submission. The procurement process has concluded and the contracts can be awarded. The contracts will commence subject to the approval of funding.</p>	
<p><b>West Sussex Plan: Policy Impact and Context</b></p> <p>The proposal supports the prosperous place priority in the West Sussex Plan – providing the infrastructure to support business and growing communities. The decision will secure the release of the remaining Local Growth Fund allocation and enables the construction of the A2300 scheme.</p>	
<p><b>Financial Impact</b></p> <p>£4.300m of the Capital budget is approved for this scheme, with the remaining £18.280m in pipeline in the Capital Programme (total £22.580m). This decision report seeks in part to approve the remaining Capital allocation and award the construction contracts, subject to the conditions of the recommendations below. £17.000m of the capital cost associated with this scheme will be provided by central government under the Local Growth Fund arrangement and the remainder provided by the County Council (£2.790m) and developer’s contributions (£2.790m currently unsecured).</p>	
<p><b>Recommendation</b></p> <p>The Director of Highways, Transport and Planning is asked to:</p> <ol style="list-style-type: none"> <li>1) approve and submit the full business case to the Department for Transport;</li> <li>2) award the construction contracts to Jackson Civil Engineering Group Limited (subject to the approval of the full business case by the Department for Transport); and</li> <li>3) approve the remaining capital allocation (subject to the approval of the full business case by the Department for Transport).</li> </ol>	

## Proposal

### 1. Background and Context

- 1.1. The A2300 corridor improvements scheme was identified as a priority for investment in the County Council's Strategic Transport Investment Programme in July 2013. This investment will support the delivery of strategic housing and employment developments at Burgess Hill as contained within the adopted Mid Sussex District Plan.
- 1.2. An outline business case was submitted to the Department for Transport (DfT) in May 2018 ([Decision Ref: HI03-18/19](#)) and £1.700m of Local Growth Fund (LGF) was subsequently allocated to the County Council to assist with the design and development of the scheme to allow a full business case (FBC) to be prepared and submitted to the DfT for approval. Subject to the approval of the FBC, the remaining £15.300m LGF allocation will be released to the County Council to construct the A2300 scheme.
- 1.3. The following paragraphs provide a summary of the five cases which form the backbone of the FBC:

#### a) Strategic Case

The A2300 corridor improvements scheme is an important part of the County Council's strategy to support growth and development. It will enable the local road network to operate more efficiently by reducing congestion, improving the predictability of journey times and providing more capacity for growth. It will support delivery of the adopted Mid Sussex District Plan and the Coast to Capital Local Enterprise Partnership's Strategic Economic Plan. The scheme is closely aligned with national, regional and local transport-related plans and policies.

#### b) Economic Case

The economic case identifies and assesses all the impacts of the scheme to determine its overall value for money. It takes account of the costs of developing, building, operating and maintaining the scheme, and a full range of its impacts, including those impacts which can be monetised.

The results of the economic assessment work undertaken demonstrated that the scheme has a Benefit Cost Ratio (BCR) of 2.12. This means that over a 60 year period the value of monetised benefits from journey time savings outweighs the cost of the scheme by a factor of 2.12 to 1. According to the DfT's value for money categories, this BCR value is considered to be high value for money and is in-line with what the DfT expects major transport schemes seeking investment to offer.

#### c) Financial Case

The financial case provides a detailed cost estimate and a breakdown of how the scheme will be funded. The scheme is estimated to cost approximately £22.580m, and a fixed sum of £17.000m is being sought from the DfT, which represents 75% of the scheme costs. The remaining funding will be provided by the County Council (£2.790m) and developer contributions (£2.790m currently unsecured).

#### d) Commercial Case

In line with the County Council's adopted approach, the scheme has been procured using the New Engineering Contract (NEC) Option C (a target cost contract with activity schedule) through Highways and Transport's Projects Framework Lot 2 and Jackson Civil Engineering Group Limited was appointed in January 2019 to develop and deliver the scheme (the Stage 1 design contract). There are two contracts; the NEC Professional Services Contract for Stage 1 (design) and the NEC3 Engineering and Construction Contract for Stage 2 (construction).

#### e) Management Case

An appropriate governance structure is essential to the delivery of the scheme and the County Council has established a Project Board and a Project Delivery team aligned with best practice on project management. The Project Board's primary function is to review and to make decisions and the Project Delivery Team deals with the day to day planning and delivery of the scheme.

A detailed delivery programme which sets out all the key tasks and duration, interdependencies, gateway reviews and key milestones has been developed and approved by the Project Board. It is a live document, with progress being monitored on a weekly basis by the Project Manager. **Table 1.1** shows the key milestones of the delivery programme.

**Table 1.1: Outline Delivery Programme with Key Milestones**

Key Milestones	Estimated Completion Date	Financial Year
Outline Business Case Submission	June 2018 (completed)	2018/19
Public Engagement	October 2018 (completed)	2018/19
Stage 1 Design Contract Award	January 2019 (completed)	2018/19
Surveys and Site Investigations	July 2019 (completed)	2019/20
Full Business Case Submission	October 2019	2019/20
Stage 2 Construction Contract Award	January 2020	2019/20
Design and Pre-Construction Activities	February 2020	2019/20
Construction Starts	March 2020	2019/20
Construction Completes	July 2021	2021/22

## 2. **Proposal details**

- 2.1. It is proposed that the FBC is submitted to the DfT for approval, and the remaining capital allocation approved following confirmation of the LGF allocation by DfT.

It is proposed that, from the approved list of contractors on the Highways and Transport's Projects Framework Lot 2, Jackson Civil Engineering Group Limited (JCE) is awarded the Stage 2 construction contract (subject to the

approval of the FBC by the DfT. JCE submitted a compliance bid for the Design and Construction tender in October 2018, and its bid was evaluated as being the most economically advantageous to the County Council in terms of value for money. JCE was subsequently awarded the Stage 1 design contract for the A2300 scheme ([Decision Ref: OKD13-18/19](#)).

## Factors taken into account

### 3. Financial (revenue and capital) and Resource Implications

- 3.1. The total budget allocation for the A2300 scheme in the Capital Programme 2019/20 to 2023/24 approved by Full Council is £22.580m, of which £4.300m was approved by the Cabinet Member for Highways and Infrastructure ([Decision Ref: HI04-19/20](#)), and the remainder is in the pipeline.
- 3.2. In order to construct the A2300 scheme, it is estimated that the remaining Capital Programme pipeline allocation of £18.280m will be required to undertake this work, split as 2020/21 (£13.161m), 2021/22 (£4.240m) and post 2021/22 (£1.340m). It is proposed that subject to submission and approval of the FBC to the DfT, the Capital Programme is updated to reflect the proposed spend profile shown in **Table 3.1**.

**Table 3.1: Proposed A2300 Scheme Spend Profile**

	<b>Spend to March 19</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>Post 21/22</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>In Flight Capital Budget</b>						
Approved Budget	1.144	3.156	0.000	0.000	0.000	4.300
Change from Proposal	0.000	-0.461	13.161	4.240	1.340	18.280
<b>Total Budget</b>	<b>1.144</b>	<b>2.695</b>	<b>13.161</b>	<b>4.240</b>	<b>1.340</b>	<b>22.580</b>

- 3.3. The ambition reflected in the Capital Programme budget is that the scheme will be funded by the DfT's £17.000m LGF allocation with the remaining £5.580m provided by £2.790m of corporate borrowing and £2.790m of developer's contributions.
- 3.4. The expected £2.790m of developer's contributions are not yet secured. These are expected to come from strategic housing and employments proposed in the adopted Mid Sussex District Plan that will be subject to decisions through the statutory planning system. It is expected that the County Council will collect over and above the estimated £2.790m developer's contributions. If this is the case, the County Council will allocate the extra contributions to replace any corporate borrowing.

#### 4. Consultation

- 4.1. The need for, and the details of, the A2300 corridor improvements scheme have been well established following the completion of several public consultation and engagement events in 2013 to 2015.
- 4.2. The final public engagement about the scheme was completed in autumn 2018 following the submission of the outline business case. The key objectives of this public engagement were to raise awareness of the scheme among the stakeholders, community and the wider public and to identify and make minor modifications to the scheme design where possible.

#### 5. Legal Implications

The legal implications at this stage of the scheme are:

- a) The funding awarded through the submission of the FBC would require the County Council to enter into a funding agreement; the County Council will therefore be committed to delivery of the scheme and potentially face penalties by the DfT in the event of not delivering the scheme.
- b) The award of the construction contracts to JCE forms a contractual arrangement.

#### 6. Risk Management Implications and Mitigations

The three potential risks of the proposal are discussed in Table 6.1.

**Table 6.1: Risks and Mitigations**

Risk Ref.	Risk Description	Likelihood	Mitigation
1	All LGF allocation will need to be spent by March 2021	Low	Ensure the construction starts as soon as the FBC is approved. DfT has provisionally agreed to reimburse the full amount of corporate spend in financial years 2018/19 and 2019/20. Ensure regular liaison with DfT officials is maintained until all LGF allocation is fully spent.
2	DfT rejects the County Council's FBC submission and any LGF spend on scheme development prior to DfT's approval may have to be repaid in full.	Low	Ensure regular liaison with DfT officials is maintained until the approval is secured. Costs incurred in this event would have to be met from corporate borrowing.
3	Scheme cost exceeds approved budget.	Low	Ensure that scheme cost is closely monitored during development and implementation stage.

## **7. Other Options Considered**

No other options were considered as there are no other funding sources currently available where the County Council could secure the same amount of capital investment other than by submission of the FBC to the DfT.

## **8. Equality Duty and Human Rights Assessment**

- 8.1 An Equality Impact Report is not required at this stage because the decision relates to an application for scheme funding, confirmation of capital allocation and to award construction contracts.
- 8.2 An Equality Impact Review will be undertaken in relation to all the construction elements of the scheme.
- 8.3 There are no identifiable Human Rights Act implications as a result of the proposal.

## **9. Social Value and Sustainability Assessment**

The scheme will provide improvements to sustainable transport infrastructure through the provision of an off-road shared path for non-motorised users along the length of the scheme. This will have a positive impact on non-motorised users including those who are physically less able who will be afforded better access to services without necessarily having to use motor transport. This is expected to contribute to greater independence as well as generally improving health and well-being for the community.

## **10. Crime and Disorder Reduction Assessment**

There are no identifiable Crime and Disorder Act implications as a result of the proposal.

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**Background papers** – None