

Environment, Communities and Fire Select Committee

20 June 2019

A259 Littlehampton Corridor Improvements – Award of Phase 2 (build phase) Contract, Agreement of Target Price and approval of Additional Funding Sources

Report by Executive Director of Place Services and Director of Highways, Transport and Planning

Summary

The scheme comprises dualling the existing single carriageway between the new Fitzalan Link Road (east of the Wick Roundabout) and the Body Shop Roundabout as well as between the Station Road Roundabout and A280 Roundabout. Additionally, new cycling and pedestrian facilities will be provided adjacent to but separated from the carriageway.

This decision is to approve the capital allocation for the scheme and to award the construction phase of the contract.

Focus for Scrutiny

The Committee is asked to preview the Cabinet Member's proposed decision, and to consider the measures undertaken to improve the accuracy of budgeting for future schemes.

Proposal

1. Background and Context

- 1.1. The A259 in Littlehampton experiences high levels of traffic and congestion at several junctions and links - in particular the Worthing Road and Roundstone Bypass links. These sections carry approximately 29,000 vehicles per day on average. Significant queuing already occurs along the route and is predicted to worsen. It is expected that, without mitigation, significant sections will be operating over capacity in both directions and in both the morning and afternoon peak periods.
- 1.2. The Roundstone Bypass junction already operates at or above capacity leading to significant queuing and journey time delays.
- 1.3. The scope of the project comprises dualling the existing single carriageway between the new Fitzalan Link Road (east of the Wick Roundabout) and the Body Shop Roundabout as well as between the Station Road Roundabout and A280 Roundabout as shown on the A259 Littlehampton Improvements [Scheme Layout Drawing](#). Additionally, new cycling and pedestrian facilities will be provided adjacent to but separated from the carriageway.

- 1.4. The original budget was approved by the Council as part of the Capital Programme in 2015. The total approved budget for the scheme is £15.283m from sources as indicated in Table 1.

Source	Amount
WSCC funding	£7,791,000
Coast to Capital Local Enterprise Partnership grant	£7,492,000
S106 Developer Contributions	£56,000
Total	£15,283,000

Table 1 - Current approved funding sources

- 1.5. The scheme design is nearing completion and now the full extent of works required is known, the final estimate for the scheme is £25,787,000, which is £10,504,000 above the current approved budget of £15,283,000. The difference can be met from S106 contributions, capital reallocation within the Major Projects programme and allocation of funding from the highway maintenance block that would have been required to meet the cost of the identified maintenance issues in any event. An independent cost consultant has been engaged to fully scrutinise and review costs.
- 1.6. The original scheme cost estimate was prepared using figures provided by the Design Consultant's Quantity Surveyor based on the information that was available at the time. There are a number of reasons why the scheme estimate has increased, which are as follows:
- a) Changes to the road design. The existing road is predominantly made with concrete slabs overlaid with asphalt. Significant testing (that required road closures) has proven that it is in very poor condition with foundation failures and rocking slabs leading to surface deformation and cracking. The scope of the works has therefore been increased to include the reconstruction of the existing road as this maintenance work would be required in the future in any event.
At the time the budget was set the drainage design was based upon an infiltration rate set using knowledge of the underlying geology. After further testing these estimations proved to be inaccurate, the implication being that a much larger volume of storm water would need to be held and the drainage strategy was amended from an inexpensive system with above ground attenuation to a more expensive underground piped system with large storage tanks.
 - b) At the time the scheme budget was set the land costs and compensation associated with scheme were based on a standard practice budgetary allowance as opposed to a detailed land valuation which happens at later stages of schemes. Detailed valuations were carried out at the detailed design stage which will be revised again prior to purchase of the land to take into account a minor reduction in the area sought, and any change in property value.

- c) It should be noted that the original budget (as approved by the Council as part of the Capital Programme in 2015) was set at an early stage of the scheme before the failure of the existing carriageway was known about and prior to full engagement with Statutory Undertakers. The cost of moving utility apparatus to allow the construction to take place will be considerably higher than originally estimated, due in part to the presence of an oil-filled high-voltage electricity supply cable, which may need to be replaced end to end from distribution point to sub-station including boring under the railway line, and costing in the region of £2.0m. The presence of the cable was not known about at the time the budget was being set. Work is being undertaken with the utility companies to bring costs down, and it may be possible to reduce the length of oil filled cable to be replaced as part of the scheme. There remains a risk that these costs will increase further and so an amount is held in the risk budget to cover this eventuality.
 - d) At the time the budget was approved staff and project management costs were being taken from departmental budgets as opposed to scheme budgets, hence these costs were not included in the original budget estimate. However, since then, staff costs are now met within scheme budgets, and the budget will need to increase to reflect these costs.
 - e) There were some areas within the original project brief which were not fully defined at the time and so therefore were not included in the Contractor's original tender. This was reviewed as part of an independent tender evaluation and although deemed to be acceptable prior to the award of the design stage of the contract, the cost was not quantified at this time and therefore not included in the budget.
 - f) The scheme estimate needed to be revised due to inflation.
 - g) It has been recently reported that the civil engineering sector is starting to experience a downturn. There is therefore the risk that sub-contracts will need to be re-tendered should companies become bankrupt; an additional risk allowance has been included to cover costs associated with retendering and possible increased costs.
- 1.7. Approval is required to raise the scheme budget and allow the construction phase of the design-and-build contract to be awarded. Alternatives to raising the scheme budget include truncating the scheme or stopping the scheme altogether. These options are explored in section 6.
- 1.8. It should be noted that the scheme costings herein are based on the assumption that the Compulsory Purchase Order (CPO) process will not result in a Public Inquiry. Should a Public Inquiry be required then this may add a further six to twelve months to the programme; costs

will increase as a result of running the Public Inquiry and due to inflation. If this occurs tenders will have to be refreshed, and arrangements with funding partners will need to be re-examined to ensure that match funding can be spent within agreed timescales. In this event the scheme costings will be re-examined and further approvals may need to be sought. Should there be a need for a Public Inquiry this will be known about prior to committing financially to the works.

- 1.9. As a result of the increase in the scheme cost estimate the benefit to cost ratio is now 6:1 which continues to represent 'very high value for money' as rated within DfT guidance 'Value for Money Assessment: Advice Note for Local Transport Decision Makers'.

2. Financial (capital) and Resource Implications

- 2.1. In order for the scheme to proceed an additional £10,504,000 in funding is required to be allocated.
- 2.2. The proposed funding make-up for the scheme is indicated in the diagram below.

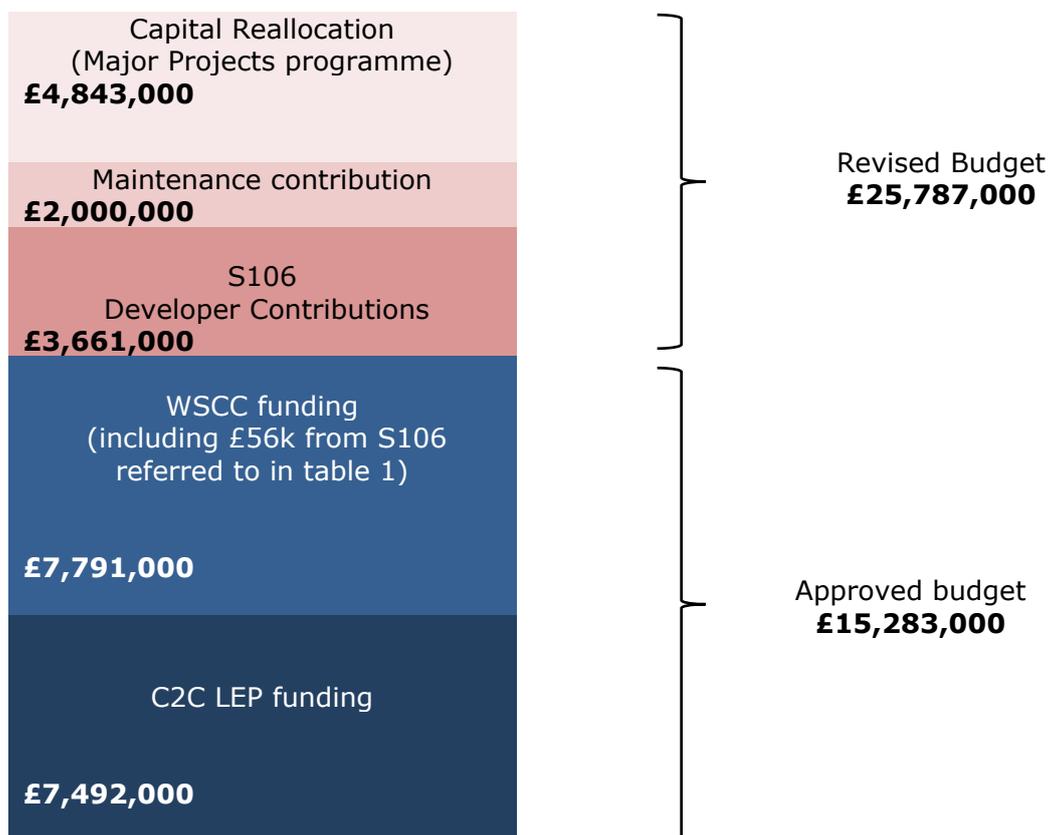


Figure 1 – Funding make up for scheme

- 2.3. Highways Capital Reallocation
 - 2.3.1. The Director of Highways, Transport and Planning has confirmed that due to the need for extensive road reconstruction and repair work £2m of funding from the highways maintenance capital budget is proposed to be allocated towards the scheme.
 - 2.3.2. It will be necessary to allocate an additional £4,843,000 towards the project. This will be achieved by the reallocation of capital funding from the Highways and Transport Major Projects programme over a 2 year period (2019/20–2020/21).
 - 2.3.3. There are and will continue to be a number of opportunities to bid for external funding to reduce the level of capital expenditure on this scheme by WSCC.

2.4. S106 Developer Contributions

- 2.4.1. A developer contribution of £56,000 has previously been allocated to the scheme.
- 2.4.2. £3,661,000 of additional developer S106 contributions have been identified for allocation towards the scheme.
- 2.4.3. Of the above sums £2,929,000 is from committed development, and £788,000 is from future Local Plan development sites.
- 2.4.4. The above figure of £2,929,000 is made up of £1,858,000 that has been received, £872,000 that is due in 2019/20 and a further £199,000 that is likely to become payable in the next five years.
- 2.4.5. £988,000 in Capital funding will need to be allocated in advance of S106 receipts in the short term until all S106 monies are received.
- 2.4.6. It remains possible that additional developer funding will be received in the future that could be allocated to the scheme to reduce the amount of capital funding required. However, the timescales for receipt are too uncertain or too far in the future to be considered for allocation at this time.

2.5. Capital consequences

- 2.5.1. The effect of the proposal

(1) Existing approved funding is shown in table 2 below

Year	Corporate Funding	S106	Grant – LEP	Amount
Previous Expenditure	496		2,266	2,762
2019/20	5,928	56	5,226	11,210
2020/21	1,311			1,311
TOTAL	7,735	56	7,492	15,283

Table 2 – Approved funding (£000s)

(2) Proposed changes to funding by year are shown in table 3 below

Year	Corporate Funding	S106	Grant – LEP	Amount
2019/20	-5,868	+184		-5,684
2020/21	+12,536	+2,290		+14,826
2021/22	+871			+871
2022/23	+177	+199		+376
2023/24	-873	988		+115
TOTAL	+6,843	+3,661	0	10,504

Table 3 – Proposed changes to approved funding (£000s)

(3) Proposed funding by year is shown in table 4 below

Year	Corporate Funding	S106	Grant – LEP	Amount
Previous Expenditure	496		2,266	2,762
2019/20	60	240	5,226	5,526
2020/21	13,847	2,290		16,137
2021/22	871			871
2022/23	177	199		376
2023/24	-873	988		115
TOTAL	14,578	3,717	7,492	25,787

Table 4 - Proposed funding for approval (£000s)

- 2.5.2. The additional £10,504m costs of the scheme are proposed to be met with £2m from the Highways Maintenance Capital Budget, £4843m of reallocation of capital funding from the Highways and Transport Major Projects Programme over a two- year period 2019/20 – 2020/21, and £3.661m additional S106, and will be reflected in the Capital Programme presented to Full Council in February 2020. In the event of the £788,000 S106 from future local development sites not being received, this will be met through further capital funding reallocations.
- 2.5.3. Human Resources Impact; Staffing resources for the scheme are capitalised and the cost is included in the above figures.

3. Proposals

- 3.1. The investment of additional funding totalling £10,504,303 towards the scheme, with funding sources as set out in section 2.
- 3.2. The award of the Phase 2 contract (the construction phase) and agreement of the Contract Target Price, to be within the above budget constraints.

Factors taken into account

4. Consultation

- 4.1. These recommendations are made following consultation with the Project Board, including the Head of Highways and Transport, the Capital Programme Manager, the Transport Planning and Policy Manager and the Director of Place at Arun District Council.

- 4.2. The scheme has been the subject of wide ranging consultation which took place during the feasibility study and development of the Preliminary Design. As summarised below this has comprised WSCC Members, local communities and customers, external bodies and internal technical expertise.
 - 4.2.1. Officers have briefed the Joint Eastern Arun Area Committee (JEAAC) and it's Highways & Transport (H&T) Sub Group regularly. Both JEAAC and the H&T Sub Group have been afforded the opportunity to provide meaningful feedback on the developing scheme designs.
 - 4.2.2. A six-week public consultation took place in February/March 2016. Of the 937 responses 78% stated that they agree with the proposals to improve the A259 in general. Support for the scheme is widespread throughout the local area.
- 4.3. WSCC Officers have consulted widely with relevant external bodies. These include the Coast 2 Capital Local Enterprise Partnership (C2C LEP). The grant funding provided by the LEP is based on the findings of the Transport Business Case. Ongoing monitoring and updates are provided by annual and quarterly monitoring reports and grant claims. In addition both Arun District Council via the North of Littlehampton Steering Group and local parish councils have been consulted and informed.
- 4.4. Technical advice continues to be sought from WSCC Legal Services in support of Land Acquisition, WSCC Legal Services & Procurement in support of this procurement and contract award, WSCC Communications in support of public consultation and ongoing customer engagement, WSCC Finance in support of financial management, WSCC Planning in support of planning matters. Additional specialist advice has and will continue to be sought in areas including but not limited to highways design, ecology and archaeology.

Legal Implications

5. Risk Assessment Implications and Mitigations

- 5.1. The scheme budget includes an allowance for all known scheme risks. The scheme is at an advanced stage in its development and hence there is no allowance for optimism bias.
- 5.2. There is a risk that the Compulsory Purchase Order for the scheme needs to be determined at public inquiry. Should a public inquiry be required the scheme start will be postponed by six to twelve months allowing time for prior decisions to be reviewed.

6. Other Options Considered (and reasons for not proposing)

- 6.1. Re-tender the scheme

It is possible that re-tendering the scheme would result in a reduced or increased contractor price. Re-tendering would be a lengthy process and therefore it would not be possible to spend the remaining LEP funding within its period of availability. This would risk returning of some £3.4m of LEP funding and there would be no guarantee of saving money. The contract price would be affected by inflation over the course of the delay.

6.2. Do not deliver the scheme, or put on hold

Cancelling the scheme or putting on hold would require that LEP funding spent to date be repaid from WSCC Capital monies (£2.5m), and £5.2m of WSCC Capital that was allocated to the scheme would remain unspent.

S106 contributions that were secured specifically for the scheme would be unspent, and we would risk being required to return the monies to the developers that paid them.

Traffic growth from the funding developments would remain unmitigated and there would be reputational damage to both WSCC and Arun District Council.

6.3. Reduce the scope of the scheme:

The shortfall in budget could be managed by changing the scope of works. There are the following options for doing this:

- Option 1 - Omit the western part of the works at the Wick end of the scheme; this would reduce the total cost by about £2.8m. This will deliver only some of the scheme objectives and has a Benefit to Cost Ratio of 6.8 which is very high.
- Option 2 - Omit the eastern part of the works at the Angmering end of the scheme; this would reduce the cost by approximately £5.7m. This will deliver only some of the scheme objectives and has a Benefit to Cost Ratio of 4.0 which again is very high. Some preliminary site clearance operations have taken place at the eastern end of the scheme and there would be reputational damage for the council if the works in this area are not taken forwards.

It should be noted that each part of the scheme would deliver a significant improvement and present value for money if built as a standalone scheme.

If only part of the scheme were to be delivered traffic growth from the funding developments would not be fully mitigated.

6.4. Road construction options:

The existing reinforced concrete road construction is failing and requires major works - full removal and replacement is proposed. Alternative road pavement options were considered which would have had a reduced initial cost but which would have had a much shorter lifespan and hence did not represent value for money.

An alternative road pavement repair methodology called 'cracking and seating' was considered. This involves breaking the concrete road up with a guillotine. This would have created excessive noise, dust and vibration given the residential areas in which the works are taking place. These options were discounted for these reasons and due to the likelihood of there being claims for damages from affected residents. It was demonstrated that the proposed road pavement solution of sawing the old road into pieces and removing, followed by full replacement would result in the lowest whole life cost.

6.5. Cost saving (Value Engineering) options

The following options could be introduced to the scheme to save money. However, the options would result in a lower standard of safety and a reduction in traffic capacity. The amount of money that could be saved is small and therefore these options were not pursued.

- Worthing Road (Highdown Drive to Bodyshop Roundabout) - swap crash barrier for pedestrian guard-railings. This would have saved only £15k and resulted in a less safe design.
- Omit carriageway works to the southern arm of the Station Road Roundabout, avoiding works to underground telecom apparatus chamber. This would have saved only £30k and would have a negative impact on traffic capacity.

7. Equality and Human Rights Assessment

- 7.1. An Equality Impact Report has been undertaken and is available as a background paper. No group or groups are discriminated against.
- 7.2. The rights of those living near to the proposed improvements to the A259 in Littlehampton have been considered. Persons with interests in the land affected by the scheme may be entitled to compensation through either Part I or Part II claims under the Land Compensation Act 1973 or Section 10 of the Compulsory Purchase Act 1965.
- 7.3. Traffic noise generated by the scheme is proposed to be mitigated by acoustic fencing in accordance with the guidance given in the Design Manual for Roads and Bridges.
- 7.4. Following consultation the scheme will ensure that mobility impaired users have access to a suitable crossing facility in the vicinity of the Station Road roundabout.

8. Social Value and Sustainability Assessment

- 8.1. The proposed scheme will directly and indirectly provide improved access to both housing and employment. In addition it will provide improvements to sustainable transport with the provision of an off road shared route for cyclists and pedestrians. This will have a positive impact on non-motorised users including people with disabilities who will be afforded better access to services without having to use vehicular transport. This is expected to contribute to

greater independence as well as generally improved health and well-being for the community.

7. Crime and Disorder Reduction Assessment

At this point no significant implications relating to the Crime and Disorder Act have been identified.

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Appendices: None
Background papers: Equality Impact Report