

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting13th July 2006

1. Title of Item/Report

North Shore Footbridge

2. Record of the Decision

Cabinet considered a report relating to the construction of a footbridge to link Teesdale with North Shore. Members noted that the construction of the bridge would have a number of economic benefits for the borough:-

- improved access to employment
- expansion of the University of Durham's Queens Campus
- an iconic structure to attract investment.

Following Stockton-on-Tees Borough Council's recent successes in delivering large scale capital projects on time and to budget, with regard to South Stockton Link, Tees Valley Regeneration had requested that the Council deliver this prestigious project to reduce risks from cost and time over runs. Members were provided with details of the financial package, delivery timetable and the associated risks that the Council would be accepting.

Cabinet were informed that it would be necessary to construct the bridge in advance of all or some developments at North Shore due to the required working area. A delivery timetable had been produced and was already progressing with invitations for tenders having been invited through the formal European system for open and competitive tendering. The process was being managed by Stockton-on-Tees Borough Council's Engineers. White Young Green had already been appointed by English Partnerships to act as project manager for the scheme. This appointment would be taken over by the Council, subject to receiving copies of the official notice of appointment from English Partnership.

A Bridge Order, detailing the clearance of the structure above the navigable waters of the River Tees, had been advertised. The granting of this order by Government Office North East was an essential pre-requisite to enable the structure to proceed. The purpose of the Order was to give interested parties the right to object to the scheme. If objections were received a Public Inquiry would be needed, although this

would prolong the approval process this would not have any effect on the start date for the construction of the bridge, however, if the objections were upheld then the project could not proceed. The construction of the bridge would require the acquisition of land on the southern side of the river. Negotiations were well advanced to acquire this land by agreement. However, if necessary, it was the intention to advertise a compulsory purchase order to ensure that land for the scheme was available. All purchases would be undertaken by English Partnerships.

The programme of works was being driven by both this requirement and the need for time limited funding to be defrayed by 31st December 2008.

Project Milestones	Date to be Achieved	On Target
Proceed with all formal approvals (planning consents etc.)	Feb 2006	ü
Category 3 checking begins	Feb 2006	ü
Production of tender package	Feb 2006	ü
Produce OJEU Notice	March 2006	ü
Submit Single Programme Application	May 2006	ü
Submit ERDF application	May 2006	ü
Planning Approval	June 2006	ü
Announce tender short list	August 2006	
Issue tender documents	Sep 2006	
Approval of Public Sector Funding	Dec 2006	
Award design and build contract	May 2007	
Construction on site commences	Oct 2007	
Construction works complete	Oct 2008	
Official bridge opening	Oct 2008	

The pre tender estimate for the bridge was £11,133,000 with all costs associated with the construction being found through external sources. This was in addition to £610,000 already incurred and funded by English Partnerships. The estimated funding at this stage was broken down in the table below. These figures were subject to further discussions with funding agencies regarding possible ineligible items such as commuted lump sums. Council officers and TVR were in the process of firming up the allocations.

Funding Body	Amount	Approval
English Partnerships	£6,000,000	22/12/06
Tees Valley Single Programme	£2,349,750	22/12/06
European Regional Development Fund	£2,783,250	22/12/06
Total	£11,133,000	

As the accountable body for the funding, Stockton-on-Tees Borough

Council would be responsible for managing the project cash flow with claims to the funding organisations being submitted quarterly in arrears.

The funding package was interdependent and would only be realised when all three organisations had completed a satisfactory appraisal of the proposals that would include value for money, economic impact and deliverability. The acceptance of the funding would ultimately be subject to a binding legal agreement between the Council and English Partnerships covering the individual and mutual obligations of the two organisations. This was currently being drafted with the final agreed document to be signed by both parties on receipt of tenders from contractors.

Ownership of the bridge would be vested in Stockton-on-Tees Borough Council with a sum of £300,000 available for future maintenance. However, negotiations were continuing regarding mechanisms to cover cost overruns on the project. Potentially the Council could be requested by English Partnerships to offer up part, or all of this allocation, therefore there would be some risk that there would be no commuted lump sum remaining to fund the future maintenance of the bridge and this would need to be found from the Council's capital programme, subject to future approval. However officers were making every effort to ensure that this would be a measure of last resort.

On the north side, it was anticipated that the freehold of the Central Plaza would pass into the Council's ownership. AMEC and Urban Splash would be granted a long-term lease and a management company would undertake future maintenance. On the south side, land being acquired by English Partnerships from the University of Durham would pass into Council ownership. The freehold of this land would pass into Council ownership as part of the adoption agreement, which would include the bridge structure itself.

As the project was being delivered through a partnership, the risks would be shared by all funding partners. A risk register was in place that detailed the risks in delivering the footbridge under the following categories, political, financial, contractual, external, design and construction. This would be maintained as part of the project management. The following were the specific risks to Stockton-on-Tees Borough Council, as the lead applicant and accountable body to the funding organisations and the suggested mitigation to those risks.

Risk Area	Factor	Level	Impact	Effect	Mitigation
Physical Delivery of the scheme	Contractual problems	Low	High		
Delays in completion of project.	Cost overruns			Diligence in the appointment of the preferred contractor and management of the contract.	
Time overrun	All funds must be defrayed by 31st December 2008, any costs incurred after this date cannot be funded through ERDF	Medium	Medium	Additional funding required	Diligence in project planning to ensure that construction is completed within the allocated timeframe
				Legal agreement with English Partnerships to underwrite any costs incurred after this date	
Cost overrun	Unforeseen factors cause costs in addition to those of the tender package	Medium	Medium	Additional funding required	Diligence in project planning and contracting on a design and build basis to project accurate costs
				Legal agreement with English Partnerships to underwrite any unforeseen costs	
Claw Back	Low delivery of outputs	Low	High	ERDF clawed back by European Auditors	Strong justification put forward on the ability of the bridge to open access to employment opportunities for residents of deprived areas. Clawback risk mitigation to be included in legal agreement with English Partnerships
	Non compliant procurement	Low	High	ERDF and One Northeast funding clawed back	Full open and competitive tendering through the Official Journal of the European Union.
Adoption Costs	Insufficient funds to cover future maintenance	Low			
	Medium			Additional budget required from Stockton-on-Tees Borough Council	Maintenance plan in place to identify future requirements
				Reduction to commuted lump sum as a result of cost overrun in project delivery	Medium Medium Additional budget required from Stockton-on-Tees Borough Council Diligence in project planning and contracting on a design and build basis to project accurate costs

RESOLVED that:-

1. the principle of the Council taking over responsibility as Client for the North Shore Footbridge, subject to satisfactory mitigation of the risks as set out in the report and detailed above.
2. delegated authority be given to the Corporate Director for Development and Neighbourhood Services, in consultation with relevant Cabinet Members, to sign all legal agreements and delegated decisions

associated with the project, subject to the funding being in place and satisfactory mitigation of risks as set out in the report and detailed above

3. Reasons for the Decision

To facilitate the delivery of the North Shore Footbridge project

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

Councillor Coleman declared a personal, non prejudicial interest in respect of this matter as he was a Member of North Shore Board.

6. Details of any Dispensations

None

7. Date and Time by which Call In must be executed

By no later than midnight on Friday 21st July 2006

Proper Officer
21 July 2006