

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

13TH JULY 2006

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION / KEY DECISION

Regeneration and Transport – Lead Cabinet Member Councillor R. Cook

NORTH SHORE FOOTBRIDGE

1. Summary

The construction of a footbridge to link Teesdale with North Shore will 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 have requested that SBC deliver this prestigious project to reduce risks from cost and time over runs. This report outlines the financial package, delivery timetable and the associated risks that the Council will be accepting.

2. Recommendations

1. That Cabinet approve the principle of the Council taking over responsibility as Client for the North Shore Footbridge subject to satisfactory mitigation of the risks set out in paragraphs 14 and 15.
2. That Cabinet formally delegate powers to the relevant Cabinet members and Corporate Director for Development and Neighbourhood Services to sign all legal agreements and Delegated decisions associated with the project, subject to the funding being in place and the satisfactory mitigation of risks set out in paragraphs 14 and 15.

3. Reasons for the Recommendations/Decision(s)

To facilitate the delivery of the North Shore Footbridge project

4. Members Interests

Members (including co-opted members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (paragraph 8) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of

the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (paragraph 10 of the code of conduct).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting is being held, whilst the matter is being considered; not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (paragraph 12 of the Code).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc.; whether or not they are a member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting, and if their interest is prejudicial, they must also leave the meeting room during consideration of the relevant item.

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SUMMARY

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RECOMMENDATIONS

1. That Cabinet approve the principle of the Council taking over responsibility as Client for the North Shore Footbridge subject to satisfactory mitigation of the risks set out in paragraphs 14 and 15.
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BACKGROUND

1. The North Shore (previously North Bank) scheme has continued to develop over the past 10 years. The reclamation, provision of infrastructure and highway improvements have now been completed and the site is now being developed in partnership with AMEC, Urban Splash and Tees Valley Regeneration. The master plan for the development includes a proposal for a new iconic footbridge link with the University of Durham Campus on Teesdale. Work on the design and implementation of the footbridge has been ongoing since the chosen design was selected through an international design competition organised by RIBA (Royal Institute of British Architects) involving the views of local residents. The chosen design by Spence Associates was granted planning consent on 1st June 2006 and is shown below.



2. 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 have requested that SBC deliver this prestigious project to reduce risks from cost and time over runs. This will entail the Council leading on applications for external funding and undertaking the project management and contract supervision. In doing so the Council will potentially take on risks associated with the delivery of the project and this report outlines the level and implications of the risks to the Council.
3. As part of the North Shore package of projects, the footbridge will form a vital link between Teesdale and North Shore and is of strategic and economic importance.
4. Strategic Importance - The University of Durham has plans to expand its operations in Stockton by providing research and conference facilities and student accommodation on North Shore with an investment of £20m. This is dependant on a bridge being in place to link the two parts of the campus. The expansion of research facilities at North Shore will encourage higher value adding businesses to locate to the area
5. Economic Benefits - By joining the two sites, movement between these two significant employment area will be much improved the 1000 jobs that will be created at North Shore will add to the 5000 that already exist at Teesdale. The preferred developers for North Shore (AMEC and Urban Splash) have also indicated the importance of the bridge in acting as a catalyst for future development and investment in North Shore. The improvements to access will increase the ability for residents of the most deprived areas of central Stockton to access these employment opportunities.

DELIVERY

6. It will 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 has been produced and is already progressing with invitations for tenders having been invited through the formal European system for open and competitive tendering (through OJEU, the Official Journal for the European Union). This process is being managed by Stockton-on-Tees Borough Council Engineers. White Young Green have already been appointed by English Partnerships to act as project manager for the scheme. This appointment will be taken over by the Council, subject to receiving copies of the official OJEU notice of appointment from EP.
7. A Bridge Order, detailing the clearance of the structure above the navigable waters of the River Tees, has been advertised. This granting of this order by GONE is an essential pre-requisite to enable the structure to proceed. The purpose of the Order is to give interested parties the right to object to the scheme. If objections are received a Public Inquiry will be

needed, although this will 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 will require the acquisition of land on the southern side of the river. Negotiations are well advanced to acquire this land by agreement. However, if necessary, it is the intention to advertise a compulsory purchase order to ensure that land for the scheme is available. All purchases are being undertaken by EP.

8. The programme of works is 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	✓
Category 3 checking begins	Feb 2006	✓
Production of tender package	Feb 2006	✓
Produce OJEU Notice	March 2006	✓
Submit Single Programme Application	May 2006	✓
Submit ERDF application	May 2006	✓
Planning Approval	June 2006	✓
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	

FINANCIAL AND LEGAL IMPLICATIONS

CONSTRUCTION FUNDING PACKAGE

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

10. As the accountable body for the funding, Stockton-on-Tees Borough Council will be responsible for managing the project cash flow with claims to the funding organisations being submitted quarterly in arrears.
11. The funding package is interdependent and will only be realised when all three organisations have completed a satisfactory appraisal of the proposals that will include value for money, economic impact and deliverability. The acceptance of the funding will 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 is currently being drafted with the final agreed document to be signed by both parties on receipt of tenders from contractors.

ADOPTION

12. Ownership of the bridge will be vested in Stockton-on-Tees Borough Council with a sum of £300,000 available for future maintenance. However, negotiations are continuing regarding mechanisms to cover cost overruns on the project. Potentially the Council could be requested by EP to offer up part or all of this allocation, therefore there could be some risk that they will 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 are making every effort to ensure that this would be a measure of last resort.
13. On the north side, it is anticipated that the freehold of the Central Plaza will pass into the Council's ownership. AMEC and Urban Splash will be granted a long-term lease and a management company will undertake future maintenance. On the south side, land currently being acquired by English Partnerships from the University of Durham will pass into Council ownership. The freehold of this land will pass into Council ownership as part of the adoption agreement, which will include the bridge structure itself.

RISK ASSESSMENT

14. As the project is being delivered through a partnership, the risks will be shared by all funding partners. A risk register is in place that details the risks in delivering the footbridge under the following categories, political, financial, contractual, external, design and construction. This will be maintained as part of the project management. The following are 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 31 st 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

SUMMARY ASSESSMENT OF RISK

15. On balance if we achieve all the mitigation measures set out above, the risk to the Council is low, as this will be shared between English Partnerships and One North East. Therefore it is considered that the Council should take on the lead role in the delivery of the North Shore footbridge project.

COMMUNITY STRATEGY IMPLICATIONS

16. The project will help to drive forward the vision of enhanced quality of local places and communities, a vibrant, economically successful Tees Valley city region and achievement and well being for local people. This will be principally achieved through the Economic Regeneration and Transport theme through the high profile impact on the North Shore site and the direct links that the bridge will create for enabling access to employment opportunities for the most deprived communities. The bridge will also form an important facility for the University of Durham, whose plans to expand the Queens Campus to North Shore will be facilitated by this bridge, significantly increasing their presence in Stockton.

CONSULTATION INCLUDING WARD/COUNCILLORS

PUBLIC CONSULTATION

17. Local residents have been consulted on the proposal which included an Information Day in February 2005 at the ARC in Stockton. Approximately 50 – 60 people attended and the feedback on the proposals was extremely positive.

18. Council Members, Stockton Renaissance Board and Local Area Partnerships have all given positive feedback on the design of the bridge.
19. All of the developers who tendered for the role of lead developer at North Shore commented that the footbridge was an essential component of infrastructure. The preferred development partners, AMEC and Urban Splash view the bridge as essential, and it has been central to their development proposals. They feel that its striking design will provide a major contribution to the regeneration of the area and will assist in minimising the peripheral nature of the most easterly parts of the site, by stitching them into the fabric of the development.
20. Additional consultation was held with the following specific groups with interest in the proposals
 - British Waterways
 - River Tees User Trust
 - Castlegate Marine Club
 - University Of Durham
 - Local Businesses
 - Commissions North, Arts Council England, North East

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Background Papers

Draft Funding Agreement with EP
TVR Risk Assessment Plan
Benoy North Shore Masterplan
Tees Valley Single Programme Application
ERDF Business Plan and Application
Bridge design documentation

Ward(s) and Ward Councillors:

Stockton Town Centre Ward – Cllr. David Coleman
- Cllr. Paul Kirton

Property

Stockton-on-Tees Borough Council will own the new bridge.