

SURREY COUNTY COUNCIL**CABINET****DATE: 13 DECEMBER 2016****REPORT OF: MR JOHN FUREY, CABINET MEMBER FOR HIGHWAYS,
TRANSPORT AND FLOODING****LEAD OFFICER: TREVOR PUGH, STRATEGIC DIRECTOR ENVIRONMENT &
INFRASTRUCTURE****SUBJECT: RUNNYMEDE ROUNDABOUT SCHEME****SUMMARY OF ISSUE:**

In their Strategic Economic Plans (SEPs), the two Local Enterprise Partnerships (LEPs) covering Surrey, Enterprise M3 (EM3) and Coast to Capital (C2C), have set out their proposals for supporting economic development in their areas. The County Council has worked with them to develop these plans, which include improvements to transport infrastructure to provide economic benefits. Funding for the schemes included in the SEP comes from the Local Growth Fund, and the arrangements require a local contribution be made to the cost for the transport schemes.

The prioritised transport infrastructure schemes are a key element of the Strategic Economic Plan (SEPs), submitted by the Local Enterprise Partnerships (LEPs) to Government in March 2014, which set out how they will support the economic development and regeneration of their areas.

Runnymede Roundabout was one of the prioritised schemes selected during 2014. This major scheme is in a strategic location, with immediate connections to M25 (Junction 13 including to Heathrow Airport), Staines-upon-Thames, Egham and Windsor. All roads connected to the roundabout experience significant traffic bottlenecks at peak times, and this junction is considered to be one of the worst congested areas in the county.

The proposed schemes will deliver a range of benefits to Surrey's residents, including reduced congestion, improved journey time reliability, enhanced safety, improved access for cyclists, pedestrians and buses, and it is expected to contribute to the retention of existing businesses, and attract new development, thereby contributing to local economic growth and job creation.

The Strategic, Economic, Financial, and Management cases were set out in the full Business Case submitted to the EM3 LEP on 30 September 2014, and has been through an independent assurance assessment and approved by the EM3 LEP Board on 24 November 2014.

This scheme was approved by Cabinet on 23 September 2014 with an original budget of £4.80m, together with the Egham Sustainable Transport Package (STP) with a budget of £3.70m.

The Runnymede Roundabout scheme was subject of a tender using the former SE7 Regional Highways Framework, however the submitted tenders were unaffordable. To enable this critical scheme to proceed, it was agreed with the EM3 LEP at their

Programme Management Group that the funding for Runnymede Roundabout and Egham STP could be amalgamated into a single package of works, allowing funding to be switched between the two schemes.

The Runnymede Roundabout project has now been revised (Annex A), including a re-design, and an enhanced overall budget of £7.225m. The Egham STP has been redesigned and its budget reduced to £1.775m. It is currently under construction.

Following Cabinet approval of the scheme, and the LEP approval to treat the two schemes as a package, detailed design has been undertaken. Approximately £800,000 has been spent on detailed design and charged to the capital account. Construction works for the revised project has been tendered using the new GEN3 Regional Highways Framework, and this report provides details of the procurement process followed.

Given the current financial climate Cabinet is asked to re-affirm the financial support it gave to this scheme in December 2014, so that the scheme can proceed, Cabinet is also asked to award the tender, so that the main construction works can start.

As the Cabinet deferred a decision on this paper at their meeting on 22 November 2016, the affect is now that the contract award process will fall outside the 120 day period during which tenderers are required to hold their prices, and the contractors' contract programme will need to be negotiated, with consequent risk that costs could change. The impact of this delay has been highlighted in the Part 2 of the paper.

A significant delay could result in the LGF funding allocated to the scheme being withdrawn by EM3 LEP and allocated to other projects, and the scheme therefore being cancelled.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. reaffirms the financial support it gave to the scheme in 2014; and
2. approves the award of the tender for construction works for the Runnymede Roundabout scheme on the basis set out in the Part 2 report.

REASON FOR RECOMMENDATIONS:

This report recommends approval to let a contract to construct an improvement scheme for Runnymede Roundabout (part of the combined Runnymede Roundabout and Egham STP package), one of the county's most serious congestion hot spots, near to Staines and Egham, supported by 75% government funding through the Enterprise M3 Local Enterprise Partnership and a contribution from Runnymede Borough Council.

A mini-tender process for the Runnymede Roundabout scheme, in compliance with the requirements of the GEN3 Regional Highways Framework has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process. Funding for this scheme has been secured from the Local Enterprise Partnership £4.950m plus a direct contribution of £1.525m from Surrey County Council (approved by Cabinet at its meeting on 23 September 2014) and a partner contribution of £0.250m from Runnymede Borough Council. An

additional £0.500m has also been allocated from the Flood Resilience capital budget to complete required priority drainage maintenance scheme at the same time as the LEP scheme works in order to minimise disruption and cost, and this is a more efficient way to deliver this associated scheme. The Runnymede Roundabout and drainage scheme has a combined total budget of £7.225m.

DETAILS:

Business Case

1. In July 2014, the government announced Local Growth Fund (LGF) allocation for transport infrastructure to the Local Enterprise Partnership's (LEPs), for the 2015 – 2021 period, based on their respective Strategic Economic Plans (SEP's).
2. Allocation for 2015-16 was specifically detailed, with committed funding for a selection of prioritised schemes, including Runnymede Roundabout, subject to a satisfactory business case for the project.
3. A paper was presented to Cabinet on 23 September 2014 for approval to the local contribution for Tranche 1 of the Strategic Economic Plan Schemes. This included the Runnymede Roundabout scheme and the Egham Sustainable Transport Package. Cabinet approved that the cost of the local contribution for the Tranche 1 schemes would be met from the Economic Regeneration capital budget. It was also approved that authority be delegated, within the limits set out in the Constitution, to the Strategic Director for Environment and Infrastructure, in consultation with the Deputy Leader, Cabinet Member for Highways, Transport and Flooding Recovery and the Director of Finance, to agree the precise amount of the SCC contribution
4. Following feasibility, consultation and detailed design work, the Runnymede Roundabout scheme was tendered using the former SE7 Regional Highways Framework during the summer of 2015. However, following tender analysis, the submitted tenders were unaffordable and the project has now been revised, including a re-design.
5. The key sections that were removed from the original project were as follows:
 - Widening of the A30 (T) Glanty Loop (Highways England Network)
 - Toucan crossings over the central carriageway area of the roundabout
 - Footway/cycleways across the central area of the roundabout
6. The toucan crossings over the central carriageway area of the roundabout and the footway/cycleways across the central area were considered to be a minor benefit as toucan crossings and widened footway/cycleways will be introduced around the perimeter of the roundabout to significantly improve access for these modes of travel.
7. In consultation with the LEP, it was agreed to transfer £1.350m Local Growth Funding and £0.575m SCC direct contribution from the adjacent Egham Sustainable Transport Package to the revised Runnymede Roundabout scheme.

8. The former SE7 Regional Highways Framework came to an end on 31 March 2016 and has been replaced by the GEN3 Regional Highways Framework.
9. The recent announcement by the Government related to the potential expansion of Heathrow Airport is a complex process and could take many years in the planning stage, however this does not replace or reduce the need for this major scheme improvement now at Runnymede Roundabout, which is considered to be one of the County's most seriously congested areas.

Background

10. The original project was the subject of a tender process during the summer of 2015, using the former SE7 Regional Highways Framework. However, following tender analysis, the submitted tenders were unaffordable.
11. The project was revised, by removing some sections of work. One such section was the widening of an approach road to the Runnymede Roundabout (known as The Glanty) which sits within the Highways England network. As a result of traffic modelling work, further discussions took place with Highways England who agreed that this widening could be omitted saving costs in relation to additional road construction and retaining walls. However estimated costs were still above the original budget allocation for the scheme Therefore following agreement by senior county officers, it was agreed with the EM3 LEP at their Programme Management Group that the funding for Runnymede Roundabout and Egham STP could be amalgamated, allowing funding to be switched between the two schemes.
12. The result was that both projects were revised which enabled both projects to proceed to final detailed design and procurement and remain within the revised available budget.

Procurement Strategy

13. A strategic analysis of the procurement options available has been completed, the process has reviewed the commercial risks and opportunities to deliver the works. Three options were originally considered:
 - Option 1: Tender direct to the market place through an OJEU tender process. This takes on average between 3 and 6 months. Tender costs are considerable in staff time. It was decided not to adopt this option.
 - Option 2: Use the existing Surrey Highways Term Maintenance Contract with Kier. As the maximum cost for an individual order is below the total estimated cost of the scheme, and Runnymede Roundabout cannot be broken down into individual minor improvement schemes, this option was not available.
 - Option 3: Tender using the SE7 Regional Highways Framework. The Framework is for highway construction schemes up to £5m using the NEC3 contract. This option was preferred as the contractors were known on the SE7 Framework and have been used on similar projects.
14. The business case submitted and approved by the EM3 LEP was based on Option 3 tender through the SE7 Regional Framework now GEN3.

Use of e-Tendering and market management activities

15. In order to open the tender process to a wider range of suppliers than have previously been involved, the recently approved electronic tendering platform was used.
16. The revised project has now gone through the required tender process using the new GEN3 Regional Highways Framework, which has replaced the SE7 framework.

Key Implications

17. By awarding a contract to the supplier recommended for the provision of the Runnymede Roundabout Scheme to commence in January 2017 the Council will be compliant with EU Regulations, Public Contracts Regulations and SCC's Procurement Standing Order and ensuring value for money.
18. The management responsibility for the contract and resultant works lies with Surrey Highways team and will be managed in line with the Contract Management Strategy and Plan as laid out in the contract documentation, which provides for review of performance and costs.

Competitive Tendering Process

19. The contract has been let as a competitive tendering exercise using the GEN3 Regional Highways Framework.
20. The procurement activity included inviting all ten suppliers on the GEN3 Regional Highways Framework, with five suppliers expressing an interest.
21. The results of the evaluation process are in the Part 2 Report.

CONSULTATION:

22. Stakeholders including Runnymede Borough Council have been consulted at all stages of the commissioning and procurement process. The public and businesses were consulted on the proposed improvements during the autumn of 2013 and the feedback was overall positive.
23. The Runnymede Local Committee has been updated at each committee cycle. In addition the County Council has a dedicated web page for major schemes, including Runnymede Roundabout.

RISK MANAGEMENT AND IMPLICATIONS:

24. The contract is the standard NEC3 form of contract. This allows the Council to terminate the contract with notice periods agreed with the Project Manager.
25. All approved contractors on the GEN3 Regional Highways Framework completed satisfactory financial checks as well as checks on competency in delivery of similar contracts.

Financial and Value for Money Implications

26. The proposed Runnymede Roundabout major scheme has been the subject of a business case, which has had an independent assurance assessment carried out by the LEP's consultants and been through a cost/benefit analysis where it was highly rated.
27. Based on the revised budgets, combining the Egham STP and Runnymede Roundabout package and excluding the additional drainage scheme the projects have attracted approximately 75% of Local Growth Fund from the LEP, with the remainder of the funding coming from Local Contribution. For Runnymede Roundabout a direct contribution of £1.525m from Surrey County Council and £0.250m from Runnymede Borough Council is required.
28. The indicative revenue impact of the County Council's direct contribution to the scheme, assuming that it is funded through borrowing and that the assets have a useful economic life of 20 years, is shown below in table 1.

Table 1 Indicative revenue impact

Project	2017/18 £000's	2018/19 and each year until 2037/38 £000's
Runnymede Roundabout (£1.525m)	20	116
Drainage scheme (£0.500m)	7	38

29. Full details of the contract value and financial implications are set out in the Part 2 report. The Engineers estimate, which was based on the County Council's Engineers and Quantity Surveyors estimated costs and quantities of the project tender. These were based on current industry costs. The procurement activity and value engineering in the design and contract preparation phases has delivered a solution with identified savings.
30. The Local Growth Fund provided by the EM3 LEP is required to be spent by 31 March 2018, and the recommended supplier for these works indicates a contractual programme completing by this date.
31. If at the end of the project the EM3 LEP have indicated that should the Runnymede Roundabout scheme be underspent any balance of funding can be utilised on the Egham STP. These works would comprise previously agreed works in the original business case which were subsequently removed as part of the revision process. This is because Egham STP and Runnymede Roundabout are now being considered as one package. This will be available once the outturn construction costs for the Runnymede Roundabout are known.

Section 151 Officer Commentary

32. As indicated in the November Cabinet budget monitoring report, the Section 151 Officer remains clear that the County Council is facing unprecedented financial challenges, forecasting a significant revenue budget overspending in this financial year, and does not have a balanced nor sustainable budget for future years.
33. The Local Government Finance Act requires the Council to take steps to ensure that the Council's expenditure (that is expenditure incurred already in year and anticipated to be incurred) does not exceed the resources available, and as such the Section 151 Officer is clear that agreeing the recommendations in this report, despite it being included in the current Medium Term Financial Plan (2016-21), will exacerbate the current overspend forecast unless sufficient action is taken to recover the overspend position.
34. Notwithstanding the above, the Section 151 Officer notes that the recommended contract award follows a robust procurement exercise. Due to delays, a contract award would now fall outside the 120 day period during which tenderers are required to hold their prices, with consequent risk that prices could change. The scheme budget currently makes provision for unforeseen cost changes, set out in part 2 to this report. It is noted that to minimise disruption and to improve value for money the procurement scope has been extended in order to include associated drainage works which are required before the scheme commences with this being funded by the capital budget set aside in the MTFP for flood resilience related works..

Legal Implications – Monitoring Officer

This report concerns one project that would assist the Council in meeting its duties in relation to highways. Given the Council's current financial position, Members will wish to be satisfied that the proposal will be effective in meeting those duties and also provide value for money, taking into account all other financial implications set out in this report and in the Part 2 report.

Equalities and Diversity

35. It is the objective of the County Council to treat all users of the public highway equally and with understanding and a project specific equality and diversity screening has been undertaken as part of the development of this project, which is available as a background document.
36. The proposals within the scheme will seek to eliminate any perceived or actual inequalities through compliance with up to date design standards which address disabled access and social inclusivity. Improved crossing facilities and disabled access will be provided at pedestrian crossings and junctions wherever appropriate.

Other Implications:

37. At the end of the contractual term, ownership of the contract will remain with Surrey County Council, therefore those conditions of the contract which survive the validity period of the contract (such as defect correction period, insurance provisions etc.) will remain binding upon parties to the contract.

<u>What Happens Next</u>

38. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	20 December 2016
'Alcatel' Standstill Period	21 December to 4 January 2017
Contract award letter	No earlier than 5 January 2017
Contract Commencement Date	Subject to revised programme

39. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.

Contact Officers:

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Consulted:

Runnymede Borough Council

Public and local businesses via a public consultation and exhibition process

Enterprise M3 Local Enterprise Partnership (EM3 LEP)

Highways England

Annexes:

Annex A – General arrangement plan of Runnymede Roundabout Major scheme

Sources/background papers:

- Runnymede Roundabout and Egham Sustainable Transport Package Public and Business consultation autumn 2013
- Cabinet Report 23 September 2014 – Supporting Economic Growth Through Investment In Highways Infrastructure
- Cabinet Report 16 December 2014 - Supporting Economic Growth Through Investment In Highways Infrastructure
- Runnymede Roundabout EM3 LEP Business Case – September 2014
- SE7 Tender for Runnymede Roundabout summer 2015
- Equality and Diversity screen report – Runnymede Roundabout July 2016