

<b>Contains Confidential or Exempt Information</b>	No
<b>Title</b>	<b>Stafferton Way Link Road – Finance Update</b>
<b>Responsible Officer(s)</b>	Simon Fletcher, Strategic Director of Operations and Customer Services
<b>Contact officer, job title and phone number</b>	Simon Fletcher, Strategic Director of Operations and Customer Services
<b>Member reporting</b>	Cllr Dudley, Lead Member for Finance
<b>For Consideration By</b>	Cabinet
<b>Date to be Considered</b>	28 April 2016
<b>Implementation Date if Not Called In</b>	Immediately
<b>Affected Wards</b>	Oldfield and Bray

## REPORT SUMMARY

1. This report provides Cabinet with a financial update on the Stafferton Way Link Road project.
2. The report sets out the variances from the approved budget and recommends a way forward with respect to mitigating the increased costs of £1.25m (as reported to Cabinet on 31<sup>st</sup> March 2016).
3. The report recommends that Cabinet:
  - Allocates the underspend in the Operations and Customer Services Capital programme 2015/16 amounting to £445k to partially mitigate the increased costs for this project
  - Notes the request to Council on 26 April 2016 to increase the approved Operations and Customer Services capital programme 2015/16 by £680k for this project
  - Reallocates savings of £125k from the approved LED Street Lighting capital project to this project
4. The financial implications of this report are mitigations of £1.25m to fund the increased costs.
5. Additional points to note are:  
 Cabinet received a report on 31<sup>st</sup> March 2016 and resolved to:
  - (i) *Recognise the positive impact the new link road will have on residents of the Royal Borough*
  - (ii) *Agree the 2016/17 Operations and Customer Services capital programme be reviewed immediately and redistributions, reductions or postponements be put in place by the Lead Member for Finance and officers and recommended to*

- April Cabinet as financial mitigations for up to the whole Stafferton Way Link Road overspend to ensure the whole scheme is fully funded*
- (iii) Approve a settlement figure with Balfour Beatty of £5.43m and approve agreed outstanding payment of £1.059m*
- (iv) The decisions be minuted in Part I*

Additionally, Council received a report on 26 April 2016 seeking approval to increase the Operations and Customer Services capital programme 2015/16 by £680k as part of the financial mitigations for this project.

**If recommendations are adopted, how will residents benefit?**

Benefits to residents and reasons why they will benefit	Dates by which residents can expect to notice a difference
None – internal process	N/A

**1. DETAILS OF RECOMMENDATIONS**

**RECOMMENDATION: That Cabinet:**

- i. Approves allocation of the underspend in the Operations and Customer Services Capital programme 2015/16 amounting to £445k to the Stafferton Way Link Road project**
- ii. Notes the request to Council on 26 April 2016 to increase the approved Operations and Customer Services capital programme 2015/16 by £680k**
- iii. Reallocates savings of £125k from the approved budget for the LED Street Lighting capital project to Stafferton Way Link Road**

**2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED**

- 2.1. Stafferton Way link road was commissioned to complete the circular route around the town by linking the A308 and the A4 in Maidenhead and create an alternative route for through traffic, removing congestion at the railway station and through the town centre.
- 2.2. The link is intended to help to realise the benefits of the Maidenhead Town Centre Area Action Plan and act as a catalyst for the regeneration of the Stafferton Way and other Opportunity Areas, as well as addressing the severance to the station for residents and businesses located to the east of the town centre.
- 2.3. The detailed scheme comprised an eastwards extension of Stafferton Way including:
  - the erection of a new bridge over Moor Cut with associated works to the towpath and river;
  - formation of new junction between Stafferton Way, Forlease Road and Green Lane;
  - formation of a new roundabout junction between Stafferton Way, Oldfield Road (B3028) and Bray Road; and
  - associated landscaping
- 2.4. The scheme is now complete and was opened on 23<sup>rd</sup> December 2015 and has fully delivered the required elements.

- 2.5. Cabinet considered a report on 31<sup>st</sup> March 2016 which identified a net overspend of £1.25m.
- 2.6. Cabinet resolved to '*...Agree the 2016/17 Operations and Customer Services capital programme be reviewed immediately and redistributions, reductions or postponements be put in place by the Lead Member for Finance and officers and recommended to April Cabinet as financial mitigations for up to the whole Stafferton Way Link Road overspend to ensure the whole scheme is fully funded...*'
- 2.7. This report sets out the basis of the increased costs and responds to the Cabinet resolution.
- 2.8. A review of the cost overruns has taken place and it has been agreed that the majority of the overspend (£1.25m) was reasonable and associated for the most part with the complexity of civil engineering schemes of this nature but that £125k of overspend costs, had they been put to Members in advance of being incurred, would not have been approved.

The overspends can be categorised into:

- i. Scope increase: costs agreed by Members (Appendix A – Table 1)
  - ii. Scope increase: costs could have been approved by Members if approval was sought (Appendix A – Table 2)
  - iii. Scope increase: costs which would not have been approved by Members if approval was sought (Appendix A – Table 3)
  - iv. Additional unanticipated to be funded from project contingency (Appendix A – Table 4)
- 2.9. A review of the cost overruns and the Operations and Customer Services capital programme by the Lead Member for Finance; Strategic Director of Operations and Customer Service; Acting Head of Finance and the Head of Highways & Transport has been completed.

The following mitigations have been identified and are recommended to Cabinet:

- A overall saving of £445k has been identified in delivering the approved Operations and Customer Service 2015/16 capital programme – it is recommended that this saving be allocated to mitigate the increased cost of this project
  - Note the request to Council to increase the approved Operations and Customer Services capital programme 2015/16 by £680k
  - Reallocates savings of £125k achieved within the approved budget for the LED street lighting to this project
- 2.10. The approach outlined in paragraph 2.9 minimises the impact, and undue delays, on delivering capital projects and services to residents, business and visitors.

## OPTIONS CONSIDERED

Options	Comments
<p>Agree the mitigations which have been identified following consultation with the Lead Member for Finance; Strategic Director of Operations and Customer Service; Acting Head of Finance and head of Highways &amp; Transport</p> <p><b>This is the recommended option</b></p>	<p>Ensures that the increased costs are mitigated seeking to minimise the impact, and undue delays, in delivering other capital projects and services to residents, business and visitors.</p> <p>Responds to the Cabinet resolution of 31<sup>st</sup> March 2016</p>
<p>Consider and agree an alternative package of mitigations</p>	<p>The recommendations of this report reflect the outcomes of a thorough and robust review of potential mitigations.</p> <p>Alternatives are available but are not recommended</p>

### 3. KEY IMPLICATIONS

3.1. The key outcomes of this paper are set out below:

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
Increased costs for Stafferton Way Link Road are mitigated	Increased costs exceed mitigations	Increased costs are mitigated	Level of mitigation reduced	n/a	30 <sup>th</sup> July 2016

\*Note: date relates to finalising and payment of project costs

### 4. FINANCIAL DETAILS

#### Financial impact on the budget

4.1. The full financial impact of this report is as set out in the body of the report.

4.2. Subject to Cabinet's approval of the recommendations, additional capital budget of £680k is requested in 2016/17.

	2015/16	2016/17	2017/18
	Revenue £'000	Revenue £'000	Revenue £'000
Addition	N/A	N/A	N/A
Reduction	N/A	N/A	N/A

	2015/16	2016/17	2017/18
	Capital £'000	Capital £'000	Capital £'000
Addition	680	N/A	N/A
Reduction	N/A	N/A	N/A

## **5. LEGAL IMPLICATIONS**

5.1. There are no direct legal implications arising from the recommendations of this report.

## **6. VALUE FOR MONEY**

6.1. It is important that major capital schemes are well managed, with robust governance structures, and that schemes are fully budgeted.

## **7. SUSTAINABILITY IMPACT APPRAISAL**

7.1. N/A

## **8. RISK MANAGEMENT**

<b>Risks</b>	<b>Uncontrolled Risk</b>	<b>Controls</b>	<b>Controlled Risk</b>
Mitigations are insufficient to fully fund this project	HIGH	A thorough and robust review of costs have been conducted and considered by Cabinet to increase certainty of the level of mitigation required	LOW

## **9. LINKS TO STRATEGIC OBJECTIVES**

9.1. N/A

## **10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION**

10.1. N/A

## **11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS**

11.1. N/A

## **12. PROPERTY AND ASSETS**

12.1. N/A

## **13. ANY OTHER IMPLICATIONS**

13.1. N/A

## **14. CONSULTATION**

14.1. Consultation has taken place with;

- Highways & Transport Overview & Scrutiny Panel
- Strategic Leadership of the Council.

## 15. TIMETABLE FOR IMPLEMENTATION

Date	Details
26 April 2016	Report presented to Council
28 April 2016	Report presented to Cabinet
31 <sup>st</sup> July 2016	Budget mitigations implemented

## 16. APPENDICES

- Appendix A: Summary of Cost Variances

## 17. BACKGROUND INFORMATION

- Cabinet report: Stafferton Way Link Road – Update (31<sup>st</sup> March 2016) – Part II

## 18. CONSULTATION (MANDATORY)

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
<b>Internal</b>				
Cllr Burbage	Leader of the Council	12/04/16	13/04/16	Text changes / happy with recommendations / specific issues raised with respect to increased costs which are being addressed / financial query about wording
Cllr Simon Dudley	Deputy Leader of the Council	12/04/16	12/04/16	Report approved
Cllr Colin Rayner	Lead Member for Highways and Transport	13/04/16		
Simon Fletcher	Strategic Director of Operations and Customer Service	12/04/16	12/04/16	Request for additional budget to be added to 2015/16 (not 2016/17) capital programme and reported to Council on 26/04/16 plus minor amends
Richard Bunn	Acting Head of Finance	12/04/16	12/04/16	Request for additional budget to be added to 2015/16 (not 2016/17) capital programme and reported to Council on 26/04/16 plus

<b>Name of consultee</b>	<b>Post held and Department</b>	<b>Date sent</b>	<b>Date received</b>	<b>See comments in paragraph:</b>
				minor amends
Mark Lampard	Finance Partner	12/04/16		

## REPORT HISTORY

<b>Decision type:</b>	<b>Urgency item?</b>
Key Decision	No

<b>Full name of report author</b>	<b>Job title</b>	<b>Full contact no:</b>
Simon Fletcher	Strategic Director of Operations & Customer Services	01628 796484

## **Appendix A: Summary of Cost Variances**

**Table 1: Scope Increases (agreed by Members)**

Description	Cost	Notes
Lassell Gardens – redesign	50*	Junction redesigned to allow two-way traffic
Waterways project – footpath	30*	Sheet piling retained to future-proof new footpath
Wetland excavations	17*	
Uncontrolled crossing north of the arches on Oldfield Road	25*	Additional facilities to help pedestrians cross after an increase in school children walking in this area to attend the new Oldfield School
Route weight restriction	10*	Weight restriction introduced on the Oldfield road
Wall at no. 2 Chantry Road	65	Works to improve visibility at this junction
Total	197	

**Table 2: Scope Increases (which could have been agreed by Members if approval sought)**

Description	Cost	Notes
Acoustic barriers	275	Works required to meet planning condition
Street lighting	200	Works required to meet planning conditions and Road Safety Audit
Total	475	

**Table 3: Scope Increases (which would not have been agreed by Members if approval sought)**

Description	Cost	Notes
Lassell Gardens	125	Additional costs for utility diversions and contract delays, over and above actual construction costs of redesign
Total	125	



**Table 4: Additional Unanticipated Costs**

Description	Cost	Notes
Access to land at A4 / Oldfield Road junction delayed	100	
Access to Network Rail land at railway arches delayed	14	
Programme delay in placing utilities orders whilst awaiting contract award	84	
Programme and traffic management restricted to minimise impact on construction and access to new Oldfield School	27	
Increased cost of piling rig due to poor ground conditions	80	
Surface water drain redesigned	70	
Existing road construction sub-standard at the Oldfield Road, A4, Forlease Road and Oldfield road: increased construction costs incurred	225	
Main contractor completed civils works for utility companies to accelerate programme and meet H&S standards	198	
A4 junction with Oldfield Road - existing unsafe wall removed	13	
Additional works at Stafferton Way 'Go karting' unit	78	Gas tank and access redesigned to accord with requirements of long-term lease
Removal of additional tree stumps and debris	56	
Combination of minor construction / on-site amendments	300	
Total	1,245	

**Table 5: Summary of increased Costs**

	Budget
Scope Increases – Table 1	197
Scope Increases – Table 2	475
Scope Increases – Table 3	125
Additional Unanticipated Costs – Table 4	1245
Deduct approved budget increase*	192
Deduct claims against contractors	600
Net Overspend	1,250