

A13 Widening

Financial Case

December 2016

Thurrock Council



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1 Introduction

This Financial Case for the A13 Widening has been prepared in accordance with the Guidance published by the Department for Transport in January 2013 (“The Transport Business Cases”). The Financial Case sets out the project and ongoing operating costs, and financing and funding arrangements to deliver the scheme.

2 Project Costs

2.1 Scheme Costs

The project currently has an Out-turn Scheme Cost (OSC) of £78.9m. This is made up of the following:

1. Contractor Tendered Price
2. Statutory Undertakers Costs (C3 estimates)
3. Cost incurred to date (Preliminary Design)
4. Supervision of detail designer and contractor (estimated)
5. Detailed Designer Tendered Price
6. Land & Compensation Costs (estimated)
7. Thurrock Council staff costs to completion of works (estimated)
8. Technical support to Thurrock Council to completion of works (estimated)
9. Quantitative Risk Assessment

The breakdown is shown below (**Table 2.1**).

Table 2.1: Scheme Cost Estimate

DESCRIPTION	TOTAL COST £
CONSTRUCTION COMPONENTS:	
Measured Works	
Preliminaries and Traffic Management	
ESTIMATED MEASURED WORKS TOTAL	
Statutory Undertakers	
ESTIMATED CONSTRUCTION TOTAL	
ADJUSTMENTS:	
Surveys (Topographical, Traffic, Asbestos, Ground Investigation, Utilities)	
Preliminary Design (incl. CEs)	
Design & Construction Supervision	
Design (Lot1 Detailed Design Price)	
Compulsory Purchase of Land (LSH 25/8/16 Estimate)	

Thurrock Council - Lump Sum	
Other Technical Support Fees Atkins, Ecus, Surveyors, MML, LSH, etc	
SUB TOTAL	
RISK AND CONTINGENCY:	
Quantitative Risk Assessment	
Cost Inflation	-
SCHEME TOTAL	78,866,596.44

2.2 Scheme Costs Breakdown and Spend Profile

The A13 project spend profile is shown in **Table 2.2**. The table is based on the funding that has already been allocated to the project by the Department for Transport (DfT) and by Third Parties, in this case London Gateway Ports Limited (LGPL).

The DfT,, DCLG and LGPL funding for 2016-17 also covers costs incurred in 2015/16

Table 2 – A13 Project Funding Profile based on the forecast OSC

	Financial Years					
	2016-17	2017-18	2018-19	2019-20	2020-21	TOTAL SCHEME COST
Funding Bodies	£	£	£	£	£	£
DfT Funding	500,000	28,044,000	20,236,000	17,277,600	-	66,057,600
DCLG	5,000,000	-	-	-	-	5,000,000

Local Authorities Intended Contribution	-	-	-	-	-	-
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Third Party Funding (LGPL)	1,481,000	3,164,000	3,164,000	-	-	7,809,000
Total Scheme Cost	6,981,000	31,208,000	23,400,000	17,277,000	-	78,866,600

2.3 Whole Life Costs

No data available.

2.4 Risk Allowances

The current OSC includes an allowance for risk of £20,767,652.00

The risk allowance has been produced following Monte Carlo analysis of a quantified risk register which has been developed during the preliminary design phase and represents the P80 value.

2.5 Inflation Assumptions

The OSC value is £78.9m.

The tender for construction (NEC3 Engineering & Construction Contract – Option C) did not include secondary clause X1 – price adjustment for inflation. Consequently, the contractor has included an allowance for inflation in his tendered sum

Any inflation costs that are not met by this allowance and not discounted through the pain/gain mechanism will be met out of the Risk Allowance referred to above.

3 Budgets / Funding cover

Funding of the project will come from three sources: The Department for Communities and Local Government via the South Eastern Local Enterprise partnership; the Department for Transport (DfT) and London Gateway Ports Limited (LGPL).

An allocation of £80m of government funding was allowed for the scheme. £5m of DCLG was allowed for scheme development and £75m for construction.

Following the tender of detail design and construction it has been determined that the total government funding required will be £71,057,594.33.

LGPL are also to provide funding to the project. This money is being provided to discharge legal requirements placed on them under the Harbour Empowerment Order 2008 for the development of the London Gateway Port.

The required funding for the scheme based on the costs incurred to date, tender prices for detailed design and construction and other costs identified during the Preliminary Design phase are shown in **Table 3.1**.

Table 3.1: Project Funding Sources

	Funding Allocations
DfT Funding	£66,057,596.44
DCLG	£5,000,000
Local Authorities' Intended Contribution	£0
Third Party Funding (LGPL)	£7,809,000
Total scheme cost	£78,866,596.44

Any costs above the submitted value will be covered by Thurrock Council.

4 Accounting Implications

There are no accounting implications because there is no net cost to the Council.