

Audit Committee

Item No.

Report title:	Great Yarmouth 3rd River Crossing - Project Update
Date of meeting:	31 July 2018
Responsible Chief Officer:	Tom McCabe - Executive Director of Community & Environmental Services
Strategic impact The Audit Committee provide proactive leadership and direction on audit governance and risk management issues, in accordance with their terms of reference which are part of the Council's Constitution, part 4.1 (4.4) (page 13) being: B. INTERNAL AUDIT AND INTERNAL CONTROL 1. With Chief Officers, to provide proactive leadership and direction on audit governance issues and champion audit and internal control throughout the Council. C. RISK MANAGEMENT 5. Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk.	

Executive summary

At the Committees last meeting in April 2018, a request was made for an update on Risk RM024 (Failure to construct and deliver the Great Yarmouth 3rd River Crossing within agreed budget and to agreed timescales (construction completed early 2023)), including the progress to date and the associated governance for the Great Yarmouth 3rd River Crossing project (GY3RC).

The report looks at the project from a governance perspective, considering the following points to provide assurance to Members of effective current and continuing project governance:

- Member Working Group Terms of reference
- Project Initiation Document/Funding Bid established
- Project information flows (i.e. between EDT Committee, Members Working Group, Project Board, and CES DMT / CLT) - information reaching stakeholders efficiently and effectively
- Any lessons learned to date from NDR project factored in to 3RC project
- Reporting tools used (i.e. progress updates to corporate risk RM024, with corporate Risk Management report used for keeping Members informed / progress reports to Committee where appropriate). Project risk register presented to Project Board.
- Planned involvement of internal audit at the appropriate point(s) in the project

Recommendations:

Members are asked to consider and comment on the Governance arrangements and the management of Risk within the project.

1. Proposal (or options)

- 1.1. Norfolk County Council adopted a preferred scheme for the Great Yarmouth Third River Crossing in 2009, comprising an opening bridge over the River Yare

to connect the trunk road network, at the A47 (formally the A12) Harfreys Roundabout, to the southern peninsula near to the port and Enterprise Zone sites.

- 1.2. The County Council, at its meeting in December 2016, agreed a motion setting out that the 'Council recognises the vital importance of improving our transport infrastructure and that this will help to deliver the new jobs and economic growth that is needed in the years ahead.' In addition the motion set out that the 'Council also recognises the importance of giving a clear message of its infrastructure priorities to the government and its agencies, and so ensure that there is universal recognition of their importance to the people of Norfolk.' Three projects were identified as priorities for the coming years; Great Yarmouth Third River Crossing; Norwich Western Link; Long Stratton bypass.
- 1.3. EDT Committee approved the submission of the Outline Business Case (OBC) to the Department for Transport (DfT) March 2017 and the project received funding (£98m) and 'programme entry' status from DfT on 28 November 2017. In February 2018, the Secretary of State also confirmed that the project should be treated as being of national significance and therefore follow a Development Consent Order (DCO) route for the completion of the statutory processes.

2. Evidence

2.1. Project Delivery

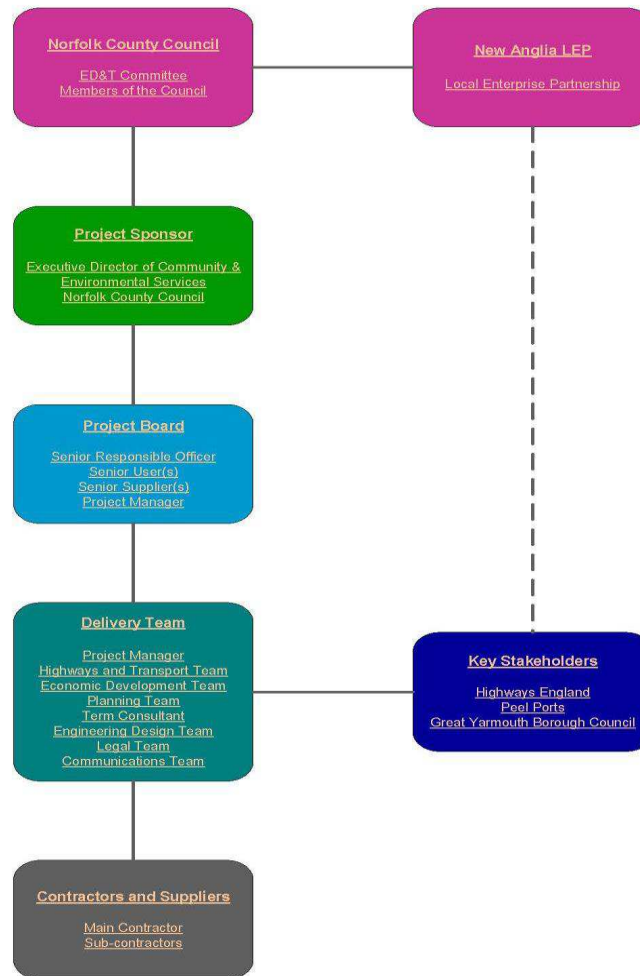
Section 5 below provides background details relating to previous reports to Members.

- 2.1.1. Since March 2018, the procurement process for the project has commenced. This has seen the first stage of the process completed, which is the assessment of pre-qualification submissions. The first round of 'outline solutions' were submitted on 3 July and are currently being assessed before the next phase of the process gets underway, which will include more detailed dialogue sessions with each of the bidders and ultimately in the submission of their final tender proposals. It remains a target to award the contract as close as possible to the end of this calendar year.
- 2.1.2. Separate to the funding process, a submission was also made to the Secretary of State to seek confirmation that the GY3RC project is to be considered as being of national significance. This was confirmed by the Secretary of State in a letter dated 26 February 2018, meaning that the project is to be delivered via the DCO process.
- 2.1.3. The project team has been working to ensure the statutory DCO process and the procurement process are aligned. The target is to complete the statutory consultation for the project starting in mid-August and concluding early in October 2018. The findings from this will be published and will inform the final DCO application documents that remain on target to be submitted in March/April 2019. Details relating to the project and the statutory process have been, and will continue to be, discussed with the Planning Inspectorate, who will ultimately manage the DCO process and appoint the independent Inspector for the examination process.

2.2. Project Governance

The overall project governance is set out in the Outline Business Case (OBC) document, updated with an addendum document issued to DfT in May 2018, something they requested in their OBC approval letter dated 28 November 2017. An extract from the management case, which includes the overall project management and delivery team structure, is included in Appendix A.

Governance structure taken from OBC



- 2.2.1. The project board meets monthly and provides the strategic oversight of the project, reviewing the project plans/time lines and key risks for the project.
- 2.2.2. In addition to the project Board a Member Group from the EDT Committee has also been established (following on from their work on the NDR) and their terms of reference are included at Appendix B.
- 2.2.3. The member working group has met 4 times including the site visit. The working group has been updated on the project including reviewing the risk register and the procurement strategy. The member working group have actively engaged with the process and provided challenge to officers based on the lessons learned from the NDR.

2.3. Key learning

A summary of some key learning points from the NDR and how these have been considered by the member working group and approached for the GY3RC project is set out as follows:

- **Minimising any design changes and also ensuring that overall design responsibility rests with the contractor wherever possible.**
- Early investment in project resources to establish the delivery team with input from specialists where needed (eg cost management).

- **Developing a contract strategy that best balances the overall project risks and provides suitable pricing controls.**
- Investing in sufficient commercial skills to support the client role from the outset of the contract (ie during both design and construction stages).
- **Ensuring risk is actively managed throughout the development and delivery of the project (with robust reporting arrangements).**
- Robust management of 3rd parties to ensure any issues are addressed as early as possible and there is clear sign-off for agreed activities.
- Clear governance arrangements are in place with routes defined to escalate issues appropriately and quickly when necessary.
- **The cost estimate is based on the future cost of delivery and includes both an inflation allowance and risk allowance.**

2.3.1. A number of these issues are addressed through the procurement strategy as set out in appendix C where the successful contractor will be involved in the design stages and as part of the allocation of risk, risk transfer will be clearly defined in the contract.

2.3.2. Independent Gateway Reviews will continue to be utilised for the project at key decision stages. The GY3RC project has already been the subject of an initial gateway review process and there will be another proposed prior to the next key decision regarding the award of the contract.

2.3.3. An internal audit process on the overall project governance is already planned during the last quarter of the current financial year, to fit in with the planned gateway reviews. We would also plan that once the contract has been awarded, for periodic internal audits of contract administration and cost reviews to be completed to evaluate the project compliance with the agreed governance arrangements and NCC policies.

3. Financial Implications

3.1. The OBC submission sets out the financial position for the project. The future cost of delivering the Great Yarmouth Third River Crossing, including allowances for risk and inflation, is estimated at £121m (at out-turn prices).

3.2.

Scheme element	TOTAL £,000
Construction	64,496
Utilities	2,747
Land	12,560
Fees	12,763
Base cost	92,566
QRA	28,088
Risk-adjusted base cost	120,653

3.3. The original cost estimate as set out in the OBC was produced by WSP, the CES term consultancy contract provider, in line with the DfT guidance. As part of the DfT requirement within the OBC funding approval letter, the Financial Case for the project has been updated. The project costs were reviewed by specialist cost consultants. This independent review supports that the basic construction costs as presented in the original OBC are reasonable, with only minor changes to the cost profile to reflect the planned delivery of the project and no changes to the overall project costs. Project costs will continue to be monitored through the project Board overseeing the project and Member working group with reports provided to Committee at appropriate points determined by the Board. The QRA,

Quantitative Risk Assessment, is a formal and systematic risk analysis to quantifying the risks associated with the delivery of the project.

- 3.4. In March 2017 EDT committee approved the submission of the OBC noting the commitment to underwrite the local funding contribution of 20% towards the project on the basis of an approximate cost of £120m going forwards from April 2017 (at outturn cost). This funding is likely to come from a range of sources, however these are still to be confirmed.
- 3.5. A schedule of potential funding sources, to support the local contribution, has been drawn up by the project team which has been considered by the Board and the Member working group. We continue to review the profile of expenditure and therefore the funding requirement, DfT have confirmed they are happy to provide funding ahead of Full Business Case (FBC) approval and we are working with DfT to review the funding profile.

4. Issues, risks and innovation

- 4.1. Many of the key risks at this stage still remain as identified previously in Committee reports, such as:
 - 4.1.1. • **Planning Process:** not obtaining planning consent; or receiving unexpected and onerous requirements from the Development Consent Order.
 - 4.1.2. • **Construction:** difficulties in securing a preferred contractor and risk around their tender price being in line with the project budget cost; access for surveys (although the initial surveys are nearing completion) and any preliminary construction; the construction schedule of other A47 schemes being progressed by Highways England potentially conflicting with the bridge works programme; or adverse weather conditions causing delays/damage to construction.
 - 4.1.3. • **Port operations:** the number and type of vessels changing significantly between now and construction, resulting in reduced traffic benefits or greater mitigation requirements; the possible need through the DCO process to alter the bridge to accommodate port operations or vessel movements; or the bridge affects the river sedimentation regime affecting port operations and maintenance.
 - 4.1.4. • **Design/Scope change:** vessel simulations are challenged through the DCO process and there is a need for a bridge wider than 50m clear span; variations from current geotechnical and topographical assumptions impact on the design (although recent ground investigation data should alleviate this risk); or unexpected statutory services are located within the works, particularly if they are under water/anticipated pier and fender locations.
- 4.2. A detailed project risk register has been developed and is managed by the project delivery team and is reported at the Board meetings. This is also shared with the member working group. It is broken down in details to separately cover Strategic Risks and Operational Risks.
 - 4.2.1. RM024 is considered a strategic risk therefore is considered by the CES departmental management team, CLT and reported as part of the risk monitoring report to EDT committee, Policy & Resources Committee, and this Committee.
 - 4.2.2. We have commissioned specialist consultants, who are in the process of updating the strategy to re-evaluate and re-map the project risks, financially quantify them, and develop a framework for review, update, management and reporting as we move into this next phase of the project to enable the identification of a risk 'critical path' to inform areas of focus and prioritisation. The apportionment of risk, and risk management will be an ongoing dynamic process working with the Contractor once appointed through to completion of construction.

5. Background

- 5.1. In 2009 Cabinet adopted a preferred route for the scheme by way of a dual carriageway link utilising a 50m span bascule bridge over the river, it authorised purchase of properties the subject of valid Blight Notices served upon the Council and agreed for further study work to be undertaken into funding and procurement options. Since then (2009), £2.8m has been invested by the Council to acquire properties and land.
- 5.2. During 2016 a submission was made to DfT to seek funding to develop the Outline Business Case (OBC) for the 3rd River Crossing (3RC) as part of a fast track programme of the Local Major Projects funding. This bid was successful and £1m was approved by DfT to support the development of the OBC with a deadline for submission of 31 March 2017.
- 5.3. A report was presented to EDT Committee on 17 March 2017 seeking approval to submit the OBC. Following this approval the submission was made to DfT on 30 March 2017 with a hoped for decision to grant the project 'Programme Entry' status by July 2017. Unfortunately, due to the national elections this date slipped and approval was finally confirmed by DfT on November 2017, however this delay did not impact the project progress and overall timescales remain the same, which is to start construction in October 2020 and complete the project and open the road/bridge by January 2023.
- 5.4. Since then, a further report was presented to EDT Committee in January 2018, setting out the details of the procurement process for the project and received approval to the following recommendations:
 - a) Approve the contracting strategy outlined in this report.
 - b) Agree the proposed approach to social value.
 - c) Agree the proposed evaluation criteria set out in this report.
 - d) Agree to form a Member working group to consider in more detail:
 - the evaluation model
 - mitigation of risk.
 - e) Delegate to the Executive Director of Environmental and Community Services authority to agree the detailed evaluation criteria, in consultation with the Chairman and Vice-Chairman of the committee and the Head of Procurement.
 - f) Agree that the Head of Procurement may issue an Official Journal Contract Notice, which will commence the procurement exercise.
- 5.5. Background reports:

Cabinet 7 December 2009 - Follow this [link](#) (see item 22)

EDT Committee 20 May 2016 – Follow this [link](#) (see item 9 page 28)

EDT Committee 17 March 2017 - Follow this [link](#) (see item 11 page 43)

EDT Committee 15 September 2017 – Follow this [link](#) (see item 15 page 98)

EDT Committee 10 November 2017 – Follow this [link](#) (see item 10 page 91)

EDT Committee 19 January 2018 – Follow this [link](#) (see item 13 page 202)

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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1 Introduction

The management case has been updated to reflect changes since the submission of the OBC in March 2017.

2 Project governance, organisation structure and roles

The organisational and governance structure has been updated since the submission of the OBC. The current structure is reproduced below as Figure 4-1.

Project Sponsor

The Project Sponsor is Norfolk County Council, represented by Tom McCabe, the Council's Executive Director of Community and Environmental Services.

Senior Responsible Officer

There is no change to the Senior Responsible Officer.

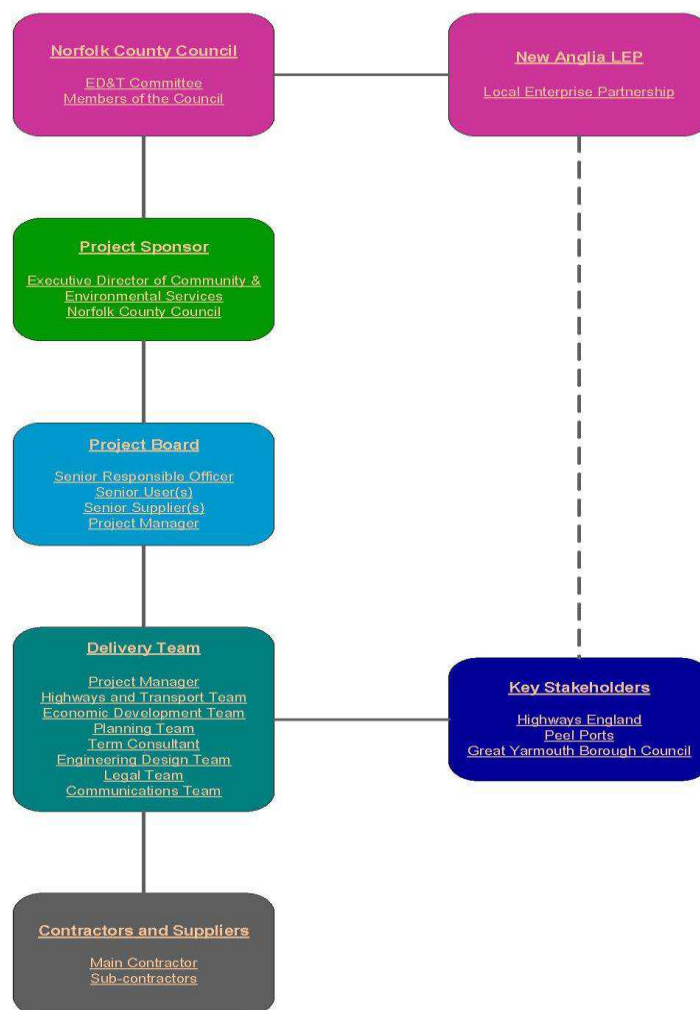


Figure 4-1 Governance diagram

Project Board

The Project Board will meet monthly until the project has been completed, after which it will make arrangements for ongoing oversight and reporting of monitoring and evaluation.

The Project Board has been updated since the submission of the OBC. The current Project Board is shown in the table below and will consist of people in the following roles:

Role	Responsibilities	Name	Position
Project Sponsor	Chair of Project Board	Tom McCabe	Executive Director of Community and Environmental Services (NCC)
Project Owner and Senior Responsible Owner (SRO) The “customer” for the scheme, representing the public’s interests	Responsible for the successful delivery of the project, ensuring that it meets its objectives and delivers its intended benefits	David Alfrey	Infrastructure Delivery Manager (NCC)
Senior User	Represents the interests of all those who will use the scheme. Monitors and manages user-related risks	David Glason	Group Manager for Growth (GYBC)
New Anglia LEP Representative	Represents the interests of the LEP	Ellen Goodwin	Infrastructure Manager (NA LEP)
Department for Transport Representative	Represents the interests of the DfT	TBC	
Senior Supplier	Represents those who are designing, developing, facilitating, procuring and implementing the scheme. Verifies the quality of products delivered by suppliers, resolves supplier conflicts, and monitors and manages supplier-related risks.	Joanna Lyon	Project Director (WSP)
Project Director/Executive	Oversee the development and coordination of the case for the project and ensure it remains in line with the wider county council and LEP priorities	Vince Muspratt	Assistant Director Economic Development and Strategy and Infrastructure and Economic Growth Manager (NCC)
Project Director/Executive	Oversee the development and coordination of the case for the project and ensure it remains in line with the wider county council and LEP priorities	Nick Tupper	Assistant Director Highways (NCC)
Project Assurance	Considering the end product of each work package against the plan and specification, and confirming that it is fit for purpose	Ian Parkes	Principal Infrastructure and Economic Growth Planner (NCC)

Project Communication	Responsible for communication planning and management	Susie Lockwood	Project communication lead officer (NCC)
Project Finance	Review budget and costs to ensure funding available	Andrew Skiggs	Finance lead and CES Business Partner (NCC)
Procurement Advisor	Leading procurement strategy/delivery process	Al Collier	Head of Procurement (NCC)
Project Manager	Managing the project to ensure that it delivers the required products within the agreed constraints. Co-ordinating the work of the delivery team	Mark Kemp	Project Manager (NCC)

Table 4-1 Project Board membership and roles

Delivery Team

The Delivery Team has been updated since the submission of the OBC. The current Delivery Team is shown in the table below and will consist of people in the following roles:

Role	Responsibility	Name
Senior Responsible Officer/ Project Owner (NCC)	Chair of Delivery Team Provides reports to Project Board	David Allfrey <i>(Infrastructure Delivery Manager)</i>
Project Manager (NCC)	Project delivery lead, coordinating workstreams and key activities	Mark Kemp <i>(Project Manager)</i>
Infrastructure and Economic Growth Team (NCC)	Alignment with wider planning and economy strategies/targets	Ian Parkes <i>(Principal IEG Planner)</i>
Finance Team (NCC)	Financial monitoring and reporting	Andrew Skiggs <i>(Finance Business Partner)</i>
Legal team (NPLaw)	Specialist legal advice & coordination with Counsel	Jane Linley <i>(Team Lead (Planning and Environment))</i>
Communications Lead (NCC)	Develop communications plan Stakeholder management Press liaison	Susie Lockwood <i>(Project communications lead officer)</i>
Project Director: Term consultant (WSP)	Develop Full Business Case Co-ordinate design and delivery Monitoring and evaluation	Joanna Lyon <i>(WSP project director and project resource coordination)</i>
Programme Manager (WSP)	Overall programme management and the management of WSP workstreams	Shay Goane <i>(Project Manager)</i>

Discipline lead for Procurement (NCC)	Develop procurement strategy and overall management and coordination of the procurement workstream	Al Collier (<i>Head of Procurement</i>)
Discipline lead for Procurement (WSP)	Management and coordination of WSP input into the procurement documents	Dennis Hill (<i>Director WSP – Technical Lead, Procurement</i>)
Discipline lead for Commercial (NCC)	Financial management including task order management. Risk management and review. CES commercial input into the procurement process	Nigel Seago (<i>Special Projects Manager</i>)
Discipline lead for Design (WSP)	Management and coordination of the design workstream	Richard Flowers (<i>Design Coordinator</i>)

Table 4-2 Delivery Team members and roles

An organisation diagram of the delivery team is shown in Figure 4-2.

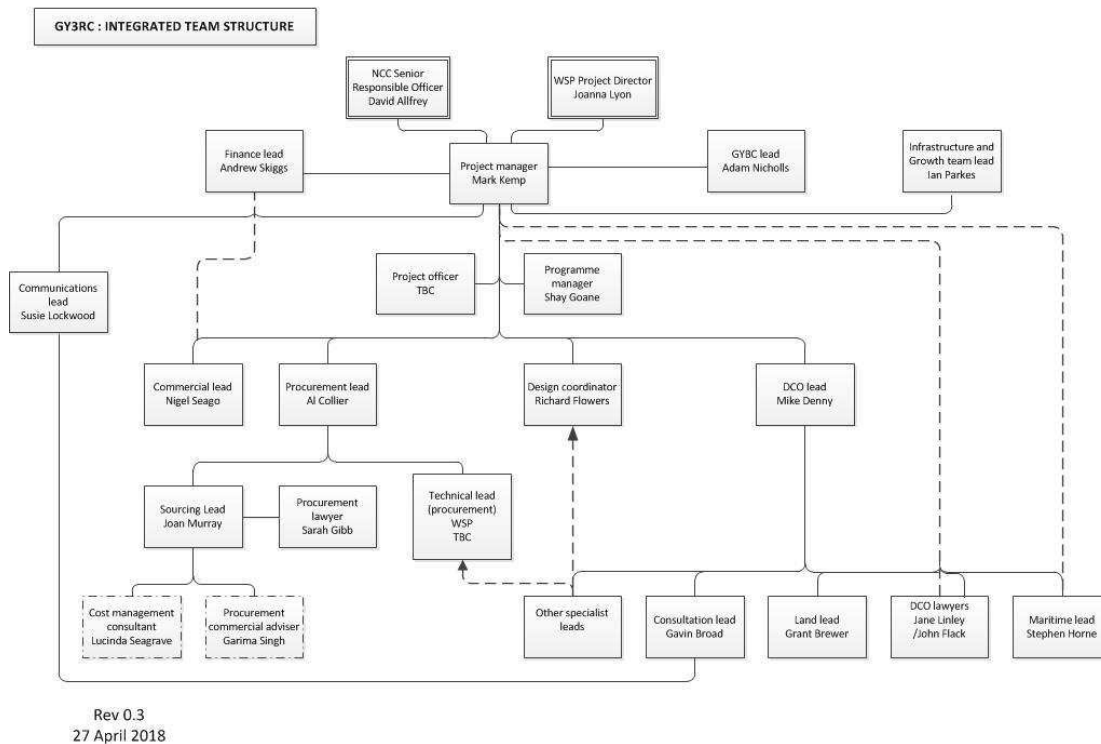


Figure 4-2 Organisation diagram of the delivery team

3 Programme and project plan

The project programme has been updated and developed in greater detail since the submission of the OBC. Key milestones completed include:

- Informal public consultation undertaken on the project during September and October 2017;
- A Direction was received from the Secretary of State under Section 35 of the Planning Act 2008 that the project is to be treated as development for which development consent is required on 26 February 2018;
- An OJEU Contract Notice was placed on 28 February 2018 and Invitation to Participate in Dialogue was issued to shortlisted Bidders on 20 April 2018.

The current project programme is set out in Appendix A. This is a rolled up version of the full programme and shows the critical path.

4 Assurance and approvals plan

Assurance – Gateway reviews

An independent Gateway 1 (Business Justification) review was undertaken by Local Partnerships in July 2017. Recommendations from the review and progress to date for each recommendation are set out in the Gateway Review Action Plan in Appendix B.

The next Gateway review stage for the Great Yarmouth Third Crossing scheme is proposed prior to appointment of a preferred contractor.

5 Communications and Stakeholder Management

Update on public consultation carried out

A three stage consultation process has been adopted for the project as shown in Table 4-3.

Stage	Purpose	Timescale
Stage 1 Initial engagement consultation	Understand views on congestion, share emerging proposals and understand level of support	Completed January 2017
Stage 2 Scheme development consultation	Understand views on the bridge development work so far	Completed September – October 2017
Stage 3 Pre- application consultation	Present details of the proposed scheme and understand views on it before an application for planning consent	Planned for August – October 2018

Table 4-3 Stages of public consultation

The preferred scheme taken forward to Stage 2 consultation was a bascule bridge with a clearance of 4.5m over the water at an average high tide. An alternative bridge type (a swing bridge) that could be built was also suggested as part of the consultation.

The consultation responses indicate an overall support for a bascule bridge over a swing bridge. However, there were responses, particularly written responses from port businesses, expressing concern regarding the effects of the Third River Crossing on port and river related activities.

Taking into consideration the consultation results, on balance the preferred option for a Third River Crossing still remains a bascule bridge with 4.5m clearance. However, the concerns relating to port and river related businesses are acknowledged, and further work is being undertaken in consultation with these businesses to fully understand their concerns and consider ways to mitigate them.

The issues raised during the Stage 2 consultation are being carefully considered during the current stage of scheme development. This will include how to better engage stakeholders during the next round of consultations.

6 Project reporting

Progress will be reported to the County Council's Environment, Development and Transport (EDT) Committee which has executive powers. Recent reports considered by the EDT Committee include:

- Project progress report - 15 September 2017;
- Results of the Stage 2 scheme development public consultation - 10 November 2017;
- Report to seek approval to place OJEU notice to commence the procurement process - 19 January 2018.

Terms of Reference for the Great Yarmouth 3rd River Crossing (3RC) Member Group:

1 Introduction

At its meeting on 19 January 2018 the EDT Committee received a report setting out the procurement proposals for the project. The report set out a number of recommendations that were agreed by Committee, as follows:

- APPROVE the contracting strategy outlined in this report;
- AGREE the proposed approach to social value;
- AGREE the proposed evaluation criteria set out in this report;
- AGREE to form a Member working group to consider in more detail:
 - the evaluation model;
 - mitigation of risk;
- DELEGATE to the Executive Director of Environmental & Community Services authority to agree the detailed evaluation criteria, in consultation with the Chairman and Vice-Chairman of the committee and the Head of Procurement;
- AGREE that the Head of Procurement may issue an Official Journal Contract Notice, which would commence the procurement exercise.

In relation to the fourth item above, the Committee Chairman proposed that the Norwich Distributor Road working group continued over to the Third River Crossing Working Group and nominated Mr M Castle to attend as he is also a local Member. The Committee AGREED this proposal and nomination.

2 Members of the Group

Committee has therefore agreed that the following Members should be part of the GY3RC Member Group:

Colin Foulger (to chair the meetings)
Mick Castle (Local Member)
Judy Oliver
Anthony White
Terry Jermy
Tim East

Officers would attend the meetings as needed, however key project leads are David Allfrey (Infrastructure Delivery Manager), Al Collier (Head of Procurement), Mark Kemp (Project Manager) and, to continue input from experience on the NDR project, Brett Rivett (NDR Commercial Team Manager). In addition, Andrew Skiggs (Finance Business Partner, EDT) would also attend.

3 Scope of Member Group

The Group agreed the following as its primary role (all of which takes into account the notes for guidance for Member Groups):

1. To receive updates on the project progress and any key issues.
2. To review project details relating to the overall project delivery, but with a focus on the statutory process, procurement/commercial, contract/legal and programme/budget position of the project.
3. To receive updates and comment on any key project risks.
4. To monitor progress of procurement, taking account of the agreed evaluation criteria and experience from the NDR contract.
5. To review and question the details behind and project changes and cost implications and seek further details if needed.
6. To receive and review any audit details when carried out, including any terms of reference.
7. To review overall project delivery with an understanding of issues experienced during the delivery of the construction of the NDR project, identifying best practice to inform ongoing learning.
8. To develop and agree brief update reports to advise Committee.
9. To provide verbal updates at Committee (but taking into account the potential confidential nature of most information).
10. Identify opportunities to highlight the benefits of the project, including for the local communities and businesses.

1 Risk allocation and transfer

The general principle is that risks should be passed to the party best able to manage them, subject to value for money.

This section provides an assessment of how the associated risks might be apportioned between the Council and the contractor.

Risk Category	Potential allocation	
	Council	Contractor
Design risk		The Contractor will have single-point design responsibility
Construction & development risk	The starting point will be the standard risk allocation in the NEC4 ECC contract. This will be tailored to reflect the specifics of the scheme. See further discussion below.	
Transition and implementation risk	Risks associated with marine and vehicle traffic flow will (subject to the bridge performing in accordance with the contract, which is a Contractor risk) be borne by the Client	Successful commissioning will be a contractor risk
Availability and performance risk	The contract will contain a performance specification; failure to meet this would be a defect. As this will be a target cost contract, the cost of rectification would be shared.	
Operating risk	The council will take the operating risk	
Variability of revenue risks	Not applicable	
Termination risks	<p>The contract will enable the council to terminate in Stage One in the event that funding is not made available or if the final target price exceeds the tendered price by more than 7.5% (subject to indexation).</p> <p>Otherwise, the standard ECC termination position applies, with additional grounds for termination if the Contractor:</p> <ul style="list-style-type: none"> is convicted or has been convicted of a criminal offence relating to the conduct of its business or profession; or commits or is found to have committed an act of grave misconduct in the course of its business or profession; or fails or has failed to comply with any obligations relating to the payment of any taxes or social security contributions; or has made any serious misrepresentations in the tendering process for any project or matter in which the public sector has or had a significant participation; or fails to obtain any necessary licences or to obtain or maintain membership of any relevant body; or demerges into two or more firms, merges with another firm, incorporates or otherwise changes its legal form or there is a change of control as defined by section 416 of the Income and Corporation Taxes Act and, in any such change of control, there are reasonable grounds relating to the financial standing of the new entity that is proposed to Provide the Works for the Client to withhold its consent. 	

Risk Category	Potential allocation	
Technology & obsolescence risks	The council takes the obsolescence risk during the bridge's operational life.	The Contractor takes the initial performance risk associated with choice of technology.
Residual value risks	Residual value risk is retained by the Council	
Financing risks	Financing risk is retained by the public sector	
Legislative risks	A post-contract change in customs tariffs as a result of Brexit will be a compensation event.	NEC option X2 will not be used

Table 3-8 Potential risk allocation

2 Construction risk

The standard NEC position will be tailored as follows.

Risk	Position
Weather	Wind speed will be added to the list of weather events
Physical conditions – flood	The consequences of tidal flooding will be specifically agreed in dialogue
Utilities	The consequences of delay caused by utilities issues will be specifically agreed in dialogue

Table 3-9 Construction risk assumptions

Extensive ground investigation has been undertaken (and additional marine GI commissioned) to enable the standard NEC position on physical conditions (Clause 60.1 (12)) to be tightened. This will be discussed in dialogue.