

Environment Development and Transport Committee

Item No.

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| Report title: | Great Yarmouth Third River Crossing project – submission of Outline Business Case to DfT |
| Date of meeting: | 17 March 2017 |
| Responsible Chief Officer: | Tom McCabe, Executive Director Community and Environmental Services |

Strategic impact

Good infrastructure is one of Norfolk County Council's priorities. The priority is to "make Norfolk a place where businesses can succeed and grow. We will promote improvements to our transport and technology infrastructure to make Norfolk a great place to do business." A new river crossing at Great Yarmouth will help us meet this priority. It offers a direct route into the town from the south, provides the link between the trunk road network and the expanding port and the South Denes Enterprise Zone sites, and overcomes the problem of limited road access to the peninsula of Great Yarmouth. The Third River Crossing is vital to the economic prosperity of Great Yarmouth. Great Yarmouth is part of a larger economic sub-region with a strong economic heritage including manufacturing, food and drink processing, tourism and leisure industries. Great Yarmouth is highlighted as a key growth location within the New Anglia LEP's Strategic Economic Plan.

Executive summary

Norfolk County Council adopted a preferred scheme for the Great Yarmouth Third River Crossing in 2009, comprising a lifting bridge over the River Yare to connect the trunk road network, at the A12 Harfreys Roundabout, to the southern peninsula near to the port and Enterprise Zone sites.

In the 2016 Budget, government announced a funding stream for the development of major local transport schemes (i.e. non-trunk road). Government invited local enterprise partnerships (LEPs) to bid for this funding, with a deadline of 31 May, for schemes that could be developed through 2016/17.

A bid for scheme development through 2016/17 was successful and has provided the necessary budget from government to take the scheme to programme entry stage. This has also opened the way to securing further funding from government for the later stages of work to obtain planning permission and carry out detailed design, and then for construction.

At programme entry stage, government's funding contribution would be set, subject to the full business case being agreed after the completion of the projects statutory processes. A local contribution of 20% is recommended as it is consistent with a similar project in Suffolk which has already been approved by the Department for Transport (DfT). This should ensure the project is well placed to compete against others in the funding decision making process.

In order to maintain the momentum to the delivery programme and to try to ensure a construction start in late 2020, it is recommended that the project delivery continues after the Outline Business Case has been submitted at the end of March 2017. Any work undertaken during this period would be at risk until a decision is received from DfT – expected by the summer 2017.

Recommendations:

- 1. Committee is asked to note the update on progress since 2009 and approve the submission of an Outline Business Case to the Department for Transport (DfT) in March 2017.**
- 2. Committee notes the requirement 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. The funding will not be fully required until construction starts in late 2020.**
- 3. That Committee agree to progress development work on the next stage of the project from April 2017, at risk, pending the DfT decision expected during summer 2017. The cost of this is anticipated to be in the region of £200k.**

1. Proposal

- 1.1. In August 2016 Norfolk County Council successfully bid for development funding in the fast track round of the large local major schemes fund and £1.08m was awarded by the Department for Transport (DfT) for the Council to develop an Outline Business Case (OBC) which will be submitted to DfT by 31 March 2017 as part of a competitive funding process. In total, a budget of £1.2m has been allocated to the project in 2016/17 to ensure the delivery of the OBC.
- 1.2. The business case will be structured to satisfy five criteria set by the DfT, which are: Strategic, Economic, Financial, Commercial and Management. These provide sufficient detail to demonstrate whether the scheme is feasible, deliverable, affordable and 'value for money'.
- 1.3. In December 2016, a motion was agreed by the County Council to include the 3rd River Crossing project as part of its key transport infrastructure priorities. Other projects included were the Norwich Western Link and Long Stratton bypass.

2. Evidence

- 2.1. The Outline Business Case will be submitted to DfT towards the end of March 2017. A decision is expected during the summer of 2017. Should DfT grant the project 'programme entry' status, which is effectively an in principle funding allocation, we will move into the next phase of delivery, which is likely to take the form of a Development Consent Order (DCO) similar to that used for the Norwich Northern Distributor Road. A final business case submission will be necessary to release the funding allocation from DfT on successful completion of the statutory processes.
- 2.2. **Project Governance**
- 2.3. An officer project Board has been established to provide overview and scrutiny of the project. This is a requirement of DfT and provides the necessary governance in line with project management principles.
- 2.4. The Project Sponsor and chair of the project board is Tracy Jessop, Assistant Director of Environment and Transport (E&T), Community and Environmental Services (CES). Other members of the project board include senior officers from CES and representatives from Great Yarmouth Borough Council and the New Anglia LEP.
- 2.5. **Option Assessment**
- 2.6. Preparing the OBC has required further development work to identify and refine the preferred option. A detailed Options Assessment Report is being prepared and will be submitted to DfT as part of the business case submission, a summary

of the option process is provided below.

- 2.7. Focusing on the preferred corridor agreed in 2009, a long-list of options was produced, based on different combinations of criteria including the location, form and geometry of the western and eastern connections to the local road network, the bridge height and the type of carriageway (dual, single, etc). This led to an interim long list of 40 options. A sifting process was then undertaken. The initial sift removed those options that did not make significant contributions to meeting the scheme objectives, did not resolve the identified problems, or were not deliverable or feasible. The list of 40 options was therefore reduced to nine.
- 2.8. The nine options were assessed using the DfT's Early Assessment Sifting Tool (EAST). The EAST process identified the high level economic, environmental and social impacts of all nine options. In addition, a more detailed operational assessment was undertaken of the remaining options using modelling to consider the traffic related impacts.
- 2.9. This process resulted in the nine options being reduced to three:
 - Option 32 - Suffolk Road tie-in to the west (four lane high level bridge, with roundabout as west tie in and traffic signals to the east at South Denes Road)
 - Option 33 - Suffolk Road tie-in to the west (three lane high level bridge, with roundabout as west tie in and traffic signals to the east at South Denes Road)
 - Option 37 - Southtown Road tie in to the west (Single Carriageway two lane low level bridge with traffic signal junctions to the west and the east at South Denes Road)
- 2.10. Based on further considerations including safety, environment, resilience and operation, **option 32** has been identified as the preferred option. Option 37 performs less well in traffic operation terms, however as it is less expensive it has been identified as the "low-cost option" for comparison purposes.
- 2.11. **Modelling and Economic Case**

As part of the development of the OBC, it is necessary to construct a transport model to evaluate the benefits of the changes that the project will bring to Great Yarmouth. Essential traffic surveys were completed in November 2016 and these have informed the construction of the updated transport model.
- 2.12. Economic appraisal and traffic modelling using the updated transport model and refined costs is currently underway and the full scheme benefits will not be known until late March. Initial appraisal work using the updated model and costs suggests the scheme will continue to represent high value for money.
- 2.13. **Stakeholder Consultation**

A number of consultation events have been held in Great Yarmouth and Gorleston throughout December 2016 and January 2017. The objective was to seek views on the proposal to build a third bridge across the River Yare as well as the town's wider transport needs.
- 2.14. The consultation has shown that the Third River Crossing is considered by stakeholders to be vital and important infrastructure that will not only help to revitalise Great Yarmouth but will also create jobs, improve quality of life, ease congestion and generate business growth and opportunity.
- 2.15. There was a high level of support politically, within the business community and with the public. There has been constructive dialogue to date with the port operators and key operational issues raised by them will need to be worked through as the project progresses through its next phases.
- 2.16. A Consultation and Stakeholder Engagement Report has been produced and is appended to this report (see Appendix A). This consultation report will form part of the Outline Business Case submission to DfT.

2.17. Programme

The current indicative forward programme and associated costs are (note that previous costs are detailed in paragraph 3.1):

| Stage | Timing | Funding | |
|---|----------------------------------|----------------------------------|---|
| | | Total | Source |
| DfT consider OBC and decide whether to release further funding | Not certain: expected summer '17 | NA | NA |
| Scheme development at risk until DfT approval (linked to next item) | April 2017 to summer 2017 | (£200,000) included in £4m below | Initially from 2017/18 Growth Deal allocation, underwritten by NCC in case DfT refuse OBC |
| Detailed Design and Statutory Procedures (see details/dates in para 2.18 below) | 2017/18-2019/20 | Circa £4m | DfT Growth Deal (£2m allocated) |
| DfT review final business case and decide whether to give final funding approval and release funding for construction | Estimated during 2020 | NA | NA |
| Delivery | Estimated start date late 2020 | £116m (outturn prices) | DfT (80%) Local contribution (20%) |
| Total | | £120m | |

2.18. Indicative statutory process details and timescales:

- Commence Statutory Consultations Spring 2018
- Development Consent Order Application Early 2019
- Examination in Public Summer 2019
- Start of Construction Winter 2020
- Bridge completed and open Winter 2022

2.19. In view of the scale of the project and the statutory processes that must be completed, the above programme is challenging but deliverable and demonstrates the determination to fast track the delivery of this project. To ensure that the momentum is maintained going forward it is recommended that development work continues at risk from April 2017, following submission of the Outline Business Case until confirmation from the DfT (expected by the summer 2017). Key areas of work that would be progressed in advance of the DfT funding announcement would be:

- Early discussions with the construction sector to explore possible procurement options.
- Preparation of the full Ground Investigation survey specification
- Work to develop the Mechanical & Engineering (M&E) design
- Operational junction modelling and design refinement
- Engagement with stakeholders to discuss agreements for land access

- Preparation of public engagement and consultation plan
- 2.20. The estimated cost of this work over the 3 to 4 month period is £200,000. Norfolk County Council would need to underwrite these costs until the scheme is granted 'programme entry' by the DfT when the costs would be recovered from the 2017/18 Local Growth Deal allocation, which has been provided for the purpose of scheme development. This financial risk would only be realised if the project is not delivered in the future and would need to be reimbursed by revenue budgets.

3. Financial Implications

- 3.1. The forward cost of the project is currently estimated at approximately £120 million (which includes estimated costs for design, construction, supervision, land, risk and inflation). In the years prior to 2016/17, the Council has invested £3.6 million on the development of the Third River Crossing, including £2.8 million to purchase land. £1.2m has been confirmed during 2016/17 (the majority from DfT) and £2 million has also been successfully secured through the Local Growth Fund in 2017/18 and 2018/19 towards the next stages of the project delivery.
- 3.2. As part of the business case submission Norfolk County Council will need to set out the local funding contribution towards the project. As stated above the submission of the OBC will be part of a competitive process. A 'local contribution' of 20% (based on comparisons with a similar scheme in Suffolk already approved by DfT) will be necessary to ensure we have the best chance of a successful outcome. Based on the current estimated cost of the project the local funding contribution would amount to £24m. This would be spread over a number of years, with the main costs not being realised until the 2020/21 financial year, when construction work is expected to start.
- 3.3. The details of the local funding mechanism will be clarified as the scheme is developed. It is likely that the local funding contribution could come from a variety of sources, possibly including, but not limited to, the New Anglia LEP, Local Authorities and the private sector. In view of the uncertainty about the sources of local funding at this stage, Norfolk County Council would be required by DfT to confirm that it will underwrite these costs to provide certainty of funding and deliverability.
- 3.4. Additional funding will also be required to maintain and operate the bridge over the life of the asset. The current estimated costs to operate the bridge, is estimated at up to £100k per annum depending on the operating arrangements which will be agreed as the detailed design is developed. Maintenance costs are likely to average around £150k per annum, however the early year life of the completed scheme should not require significant maintenance funding. The operation and maintenance of the Haven Bridge is under an existing agreement between the County Council and the port authority.

4. Issues, risks and innovation

- 4.1. A key risk at this stage is the continuation of work after the OBC is submitted – with any work being at risk until DfT has confirmed programme entry in the summer (this is discussed in paragraphs 2.19 to 2.20 above).
- 4.2. There is a risk that DfT will not approve the Outline Business Case for the project. The financial risk of that is set out above, however any expenditure will not be abortive as it is reasonable to anticipate further possible funding opportunities and the project would be better placed to bid for these.
- 4.3. Assuming that the scheme progresses, then some of the main risks would be:
- **Planning Process:** not obtaining planning consent; or receiving

- unexpected and onerous requirements from the DCO.
- **Construction:** difficulties in securing access for surveys and preliminary construction; the construction schedule of the A12 Harfey's roundabout, or other A12/A47 schemes, conflicting with the bridge works programme; or adverse weather conditions causing delays/damage to construction.
 - **Port operations:** the number and type of vessels changing significantly between now and construction, resulting in reduced traffic benefits or greater mitigation requirements; the need to alter the bridge to accommodate port operations; or the bridge affects the river sedimentation regime affecting port operations and maintenance.
 - **Design/Scope change:** vessel simulations show a need for a bridge wider than 50m clear span; variations from current geotechnical and topographical assumptions impact on the design; or unexpected statutory services are located, particularly if they are under water/anticipated pier and fender locations.

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.
- 5.2. Since then (2009), £2.8m has been invested by the county council to acquire properties and land.
- 5.3. At the meeting on 20 May 2016 Committee considered a [report](#) on a possible funding opportunity for the Third River Crossing to develop the Outline Business Case for the project ahead of the previously planned timescales. That report provides more details regarding the background to the project which has not been repeated in this report.
- 5.4. Following the success of that bid to government, work has progressed to ensure the Outline Business Case required by DfT is completed and submitted by their deadline of the end of March 2017.

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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