

# Norfolk County Council

## Extraordinary Meeting

Date: **Monday 7 June 2021**

Time: **2pm**

Venue: **Norfolk Showground, NR5 0TP  
(situated just off the A47 Norwich  
Southern Bypass at the A1074  
Longwater Interchange.)**

**To: All members of the Council. You are hereby summoned to attend a meeting of the Council for the purpose of transacting the business set out in this agenda.**

### **Advice for members of the public:**

This meeting will be held in public and in person.

It will be live streamed on YouTube and, in view of Covid-19 guidelines, we would encourage members of the public to watch remotely by clicking on the following link:

<https://youtu.be/xOixYKmRVY4>

However, if you wish to attend in person it would be most helpful if, on this occasion, you could indicate in advance that it is your intention to do so. This can be done by emailing [committees@norfolk.gov.uk](mailto:committees@norfolk.gov.uk) where we will ask you to provide your name, address and details of how we can contact you (in the event of a Covid-19 outbreak). Please note that public seating will be limited to 30 spaces.

Councillors and Officers attending the meeting will be undertaking a lateral flow test in advance prior to the meeting. They will also be required to wear face masks when they are moving around the room but may remove them once seated. We would like to request that anyone attending the meeting does the same to help make the event safe for all those attending. Information about symptom-free testing is available [here](#).

## **Prayers**

## **Call the Roll**

# **AGENDA**

1. **Apologies**
2. **To receive any announcements from the Chair**
3. **Members to declare any interests**

If you have a Disclosable Pecuniary Interest in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter. It is recommended that you declare that interest but it is not a legal requirement. If you have a Disclosable Pecuniary Interest in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter.

In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave the room while the matter is dealt with.

If you do not have a Disclosable Pecuniary Interest you may nevertheless have an Other Interest in a matter to be discussed if it affects:

- your well being or financial position
- that of your family or close friends
- any body-
  - (a) exercising functions of a public nature
  - (b) directed to charitable purposes: or
  - (c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union);  
of which you are in a position of general control or management.

If that is the case then you must declare such an interest but can speak and vote on the matter.

4. **To receive any items of business which the Chair decides should be considered as a matter of urgency.**
5. **Norwich Western Link – Referral of Cabinet decision to award £100m+ contract** Page 4

Tom McCabe  
Head of Paid Service  
County Hall  
Martineau Lane  
Norwich  
NR1 2DH

Date Agenda Published: 27 May 2021



If you need this agenda in large print, audio, Braille, alternative format or in a different language please contact Customer Services 0344 800 8020 and we will do our best to help

## County Council

<b>Decision making report title:</b>	<b>Norwich Western Link – Referral of Cabinet decision to award £100m+ contract</b>
<b>Date of meeting:</b>	<b>07 June 2021</b>
<b>Responsible Cabinet Member:</b>	<b>Cllr Martin Wilby (Cabinet Member for Highways, Infrastructure and Transport)</b>
<b>Responsible Director:</b>	<b>Tom McCabe – Executive Director, Community and Environmental Services</b>

### **Executive Summary**

The County Council, at its meeting in December 2016, agreed a motion which stated the ‘...Council recognises the vital importance of improving our road infrastructure and that this will help to deliver the new jobs and economic growth that is needed in the years ahead.’ The Norwich Western Link (NWL) was included as one of three priority infrastructure schemes and is highlighted in the Norfolk Infrastructure Delivery Plan 2017-2027.

In July 2019, the project was confirmed as a regional priority by Transport East, and a Strategic Outline Business Case (SOBC) was submitted to the Department for Transport (DfT). The SOBC was approved on 15 May 2020 by the DfT giving provisional entry into the DfT’s Large Local Majors programme alongside funding to support the submission of the Outline Business Case (OBC).

The June 2021 Cabinet report ([LINK](#)) provides an update on work to date and summarises the development of the OBC and recommends its submission to the DfT. This important submission will take the project closer to delivery and support Norfolk and the region in realising the benefits of the NWL as described in this report.

The selection process to appoint a design and build contractor for the project has also been completed. The conclusions of this process are presented in the report to Cabinet and a recommendation made to appoint a strong delivery partner with the necessary skills and experience who have demonstrated quality and value for money in their tender offering through the competitive procurement exercise.

The conclusion of the procurement process has informed the budget required to complete the project, which is included in the OBC. This has resulted in an overall increase in the budget required and therefore an increase in the budget required from the County Council since the SOBC was submitted. As a consequence, the County Council’s underwritten ‘local contribution’ to the project will need to increase from £23m to £30m. As a project supported by Transport East, subject to approval of the OBC, the majority (up to 85%) of the funding is being provided from the DfT as the project is a regional priority. With a cost

benefit ratio of 3.4, the NWL represents significant value for money for the investment that NCC is underwriting, despite the increase in budget.

If Cabinet agrees to the recommendations in its report ([LINK](#)), it will be committing the County Council to undertake a project that exceeds £100m. The County Council's Constitution sets out in the Financial Regulations at Appendix 15 para 3.6.1 that "Decisions which commit the County Council to spending over £100m must be referred to Full Council". Whilst the County Council expenditure is significantly less than £100m (as set out above), the overall project costs exceed £100m, with significant funding being provided by the DfT, as set out in the 7 June 2021 Cabinet report. It is important to note that the decision remains an Executive decision, and cannot be taken by Full Council.

## **Recommendations**

- 1. Cabinet refers this decision to Full Council as required by the Council's Financial Regulations set out in its Constitution at App 15 para 3.6.1 and asks Council to endorse the decision made by Cabinet on 7 June 2021.**
- 2. Council is asked to agree to include £186.836m in the forward capital programme, funded from £167.605m of DfT Grant and £19.231m local contribution, underwritten by the County Council which would be funded through additional prudential borrowing.**

## **1. Background and Purpose**

- 1.1. The Norwich Western Link project has progressed following the agreement by Full Council in December 2016 to include it as one of three key infrastructure priorities. In July 2019, the project was confirmed as a regional priority by Transport East, and a Strategic Outline Business Case (SOBC) was submitted to the Department for Transport (DfT). The SOBC was approved on 15 May 2020 by the DfT giving provisional entry into the DfT's Large Local Majors programme alongside funding to support the submission of the Outline Business Case (OBC).
- 1.2. A report is being presented to Cabinet on 7 June 2021 setting out key decisions for the next phases of the project. This includes agreement to submit the OBC to the DfT, to award the contract following completion of the procurement process, to proceed with a non-statutory consultation ahead of the planning application submission and to enable the processes necessary for the required compulsory land acquisition and highway orders. A link to that report is provided here ([LINK](#)) and this provides all the details that have been presented to Cabinet.

## **2. Proposals**

- 2.1. When Council meets to consider this report, Cabinet will have considered all of the details provided in the report presented to it and will have made its decision based on that information. Within the Financial Regulations of the County Council's Constitution there is a requirement that 'decisions which commit the County Council to spending over £100m must be referred to Full Council'.
- 2.2. As set out in the Cabinet report, the County Council is underwriting the 'local contribution' element of the project, which equates to £30m. Whilst this is significantly lower than the £100m threshold set within the Constitution, it is considered appropriate to still refer the Cabinet decision to Full Council on the basis that the overall cost of the project will exceed £100m. The Cabinet report sets out the total value of the project at £198.4m.
- 2.3. The NWL is supported by Transport East, the Sub-National Transport Body, and is included in their Regional Evidence Base as a 'Large Local Major' project, for which funding of up to 85% can be provided by the DfT, subject to submission and approvals of the necessary business cases. This is set out in the Cabinet report and, having previously received approval for the SOBC, the next stage of this process is the submission of the OBC.
- 2.4. The County Council has undertaken a major procurement process to ensure that the design solution for the NWL is based on the contractors design (as part of their 'design and build' contract) and so that a competitively tendered price for delivering the project can be included within the OBC submission. These details are presented in the Cabinet report.

### **3. Impact of the Proposal**

- 3.1. If the OBC is accepted and approved by the DfT, it will fix their funding allocation to the project. This means that if the costs of the project exceed the overall budget, the County Council will need to pay for those costs. This would commit the Council to potentially more than £30m, if the project exceeds the overall budget of £198.4m.
- 3.2. The reason for undertaking the procurement process at this stage is to ensure that the project has a design and build contractor in place to undertake the work for a tendered price that has informed the budget setting. The overall budget also includes a substantial risk component of c.£40m, which is 25% of the identified costs. Whilst this provision is in place, there does remain a risk that the project costs could exceed the budget. The project delivery and contract arrangements are similar to that used for the 3rd River Crossing project in Great Yarmouth. To date that project, which started construction in January 2021, is within the budget that was set at its OBC stage.

### **4. Evidence and Reasons for Decision**

- 4.1. The OBC included as an appendix to the Cabinet report [\(LINK\)](#) sets out the case for the NWL. Details are also provided in summary in the Cabinet report. In particular this is included in the Strategic Case, which sets out the reasons why the project is necessary and the support that it has, and in the Economic

Case, which captures the cost benefit ratio that has been calculated to be 3.4, which is within the 'high' value for money category as defined by the DfT (where anything between 2 and 4 is considered high).

## **5. Financial Implications**

- 5.1. As set out above, the County Council's financial commitment is the underwriting of the £30m 'local contribution' and the profile of this expenditure is included in the Cabinet report (taken from the Financial Case within the OBC). This is however not a fixed amount and the Council is taking on the risk also that if the budget is exceeded, the additional cost would be borne by the Council.
- 5.2. There is a risk allowance within the overall budget provision and this is considered to take account of possible risks that could occur and impact the project. This risk allowance is set at c.£40m. Cost changes would be managed taking account of the allocations for risk included within that budget element. Any changes will be reported to and managed by the Project Board.
- 5.3. The Cabinet decision being made is committing the County Council to enter into a contract with the highest scoring bidder as a result of the already published evaluation criteria (previously agreed by Cabinet). Details are also provided in the 7 June 2021 Cabinet report.
- 5.4. The contract that the Council is entering into consists of three stages. The first is to develop further the detailed design for construction and to support the project through the statutory approval process. Stage Two is for construction and Stage Three for initial maintenance, in particular related to the environmental works. The Cabinet report sets out that the contract is not for a fixed price and is subject to:
- indexation for inflation;
  - budget events (change before construction works start);
  - compensation events (e.g. Client change in Stage Two, severe weather encountered in Stage Two, the effect of COVID-19 after the starting date for Stage Two, flooding in the Wensum Valley outside a defined area);
  - the standard contract pain/gain share mechanism.
- 5.5. Whilst the project progresses through Stage One, any changes to the project ('budget events') will need to be managed and will be determined as elements that either the Council need to instruct (client risk) or the contractor needs to include (contractor risk).
- It is important to note that if the project becomes unaffordable at the end of Stage One, the Council is not obliged to continue with the contract and would not instruct Stage Two (construction).

## **6. Resource Implications**

- 6.1. **Staff:**
- The project has a dedicated delivery team. This has been developed utilising specialist input provided by the Council's Infrastructure Delivery Team, supported by WSP (the highways service term consultants), specialist legal advisors (including nplaw), and contract administration and cost specialists.
- 6.2. **Property:**
- The Cabinet report ([LINK](#)) sets out the land and property requirements for the project in section 7.2.
- 6.3. **IT:**
- None
- 7. Other Implications**
- 7.1. **Legal Implications**
- None directly, the project has been and will continue to be supported by the Council's procurement team as well as nplaw and such external legal advisers (including Counsel) as necessary. The Cabinet report also includes (in section 8.1) details related to compulsory purchase of land and highway orders.
- 7.2. **Human Rights implications**
- Refer to section 8.2 of the Cabinet report.
- 7.3. **Equality Impact Assessment (EqIA)**
- Refer to section 8.3 of the Cabinet report.
- 7.4. **Health and Safety implications**
- Refer to section 8.4 of the Cabinet report.
- 7.5. **Sustainability implications**
- Refer to section 8.5 of the Cabinet report.
- 7.6. **Any other implications**
- None.
- 8. Risk Implications/Assessment**
- 8.1. Risk implications are set out in section 9 in the Cabinet report.
- 9. Select Committee comments**
- 9.1. Not applicable.
- 10. Recommendations**
- 10.1. **1. Cabinet refers this decision to Full Council as required by the Council's Financial Regulations set out in its Constitution at App**



15 para 3.6.1 and asks Council to endorse the decision made by Cabinet on 7 June 2021.

2. Council is asked to agree to include £186.836m in the forward capital programme, funded from £167.605m of DfT Grant and £19.231m local contribution, underwritten by the County Council which would be funded through additional prudential borrowing.

## **11. Background Papers**

- 11.1. See details in section 12 of the Cabinet report

### **Officer Contact**

If you have any questions about matters contained in this paper, please get in touch with:

<b>Officer name:</b>	<b>David Allfrey</b>	<b>Tel No.:</b>	<b>01603 223292</b>
	<b>Chris Fernandez</b>		<b>01603 223884</b>

**Email address:** [david.allfrey@norfolk.gov.uk](mailto:david.allfrey@norfolk.gov.uk)  
[chris.fernandez@norfolk.gov.uk](mailto:chris.fernandez@norfolk.gov.uk)



If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.