

From: Simon Jones, Director of Highways, Transportation and Waste
To: Michael Payne, Cabinet Member for Highways and Transport
Subject: Grant for Kent's road network needs to support Transition
Decision No 20/00074
Classification: Part 1 Report - Unrestricted
Part 2 Appendix - Exempt as defined in Schedule 12A of the Local Government Act 1972

Summary:

This report provides details of the section 31 financial grant awarded by Central Government in connection to Kent's road network needs to support the construction of a site adjacent to junction 10a of the M20, Ashford.

Recommendation:

The Cabinet Member for Highways and Transport is asked to approve the acceptance of the Section 31 Grant monies award from the Department for Transport (DfT) to procure and manage works to deliver customs checking and freight holding areas and associated infrastructure at sites secured by DfT to support Government Transition arrangements.

This approval includes agreement to;

- a) AGREE to accept the Grants under the terms and conditions required by Government; and
- b) APPROVE the implementation of the necessary works as detailed in this report and the Grant specification to deliver the sites' facilities;
- c) CONFIRM that the projects will be delivered via the KCC Highways Term Maintenance Contract as a Highways Improvement Scheme in support of traffic management plans; and
- d) DELEGATE authority to the Corporate Director for Growth, Environment and Transport to, in consultation with the Cabinet Member for Highways and Transport and the Leader, take any necessary actions to implement this decision, including but not limited to entering into relevant legal agreements and authorising spend from Grant monies.

1. Background

- 1.1 We have been working closely with the Department for Transport (DfT), Kent Police and Highways England, amongst others, to establish plans to manage freight in Kent in anticipation of the end of Transition on the 31st December 2020

- 1.2 Since 2019, we have been supporting DfT with their search for sites to implement additional customs checking and freight holding areas. This support has included providing advice and information about various locations identified by DfT, construction methods, traffic management and local road impact, costs and timescales required. This information has contributed to DfT's decisions regarding options to address the various requirements and operational needs in providing facilities to support leaving the EU on 31st December 2020.
- 1.3 Current government modelling is demonstrating the need to hold up to 8,500 HGVs in Kent with the Ashford site holding up to 2,000 HGVs
- 1.4 This month, Government via the Department of Transport (DfT) have formally confirmed that works to ensure the site is ready for freight holding and customs checking will cost in the order of circa £45m and have asked KCC to procure and manage the works on their behalf, similar to the works undertaken previously at Manston. DfT will fully fund the costs by means of Section 31 Grants, with the first grant being valued at £12m. Others will follow in line with the delivery schedule.

2. Content

- 2.1 The initial grants are provided to:
- to commence works for the construction of an enclosed site to allow for border readiness checks to be undertaken and for the temporary holding of HGVs from 1st January 2021
 - to prepare the site in readiness for construction
 - to undertake work to protect or relocate existing utilities
 - to create site entrance and junction on A2070 link road and associated highway works
 - to create attenuation ponds and network connections for drainage from the site
- 2.2 The scope addresses the anticipated impact upon our local road network and through close working with Government via DfT we have secured the full funding requested.
- 2.3 Works need to be completed in time for sites to be properly tested ahead of the December deadline and with enabling works already underway it is anticipated that most of the work will be completed by November 2020.

3. Finance

- 3.1 The work has been priced (£m) as follows (as current estimate):

• Phase 1 site construction	£34.0 m
• Contingency for permanent entrance	£ 2.0 m
• Contingency for utility diversions	£ 0.5 m
• KCC Design & Management	£ 0.5 m
Total	£37.0 m

- 3.2 DfT has confirmed that the grant can be used for both capital and revenue work activities.

4. Procurement Route

- 4.1 The HTMC has provision for several works/services as detailed within OJEU Notice 2011/S 122-201805 (formerly 2010/S 100-152522) and the contract signed by both parties. One element of works/service provision delivered through this contract is Scheme work.
- 4.3 Provision for scheme work is detailed with the Service Information under 4.2.2. This includes but are not limited to Integrated Transport, selected carriageway surfacing, drainage, footway resurfacing and reconstruction, street lighting, signing, carriageway marking, barriers and structures and excludes annual resurfacing programme.
- 4.4 All schemes covered by clause 4.2.2 up to the value of £100,000 must be commissioned through the contract. If a Scheme exceeds this value, then KCC has at its discretion to use third party contracts as it deems appropriate or alternatively KCC are permitted to commission under the HTMC. While this may seem to restrict opportunities for KCC, there is flexibility as there is no guaranteed level of turnover detailed within the contract.
- 4.4 Since April 2017 there have been over 1400 schemes (total over £16m) commissioned through this contract. These are broken down into the following categories:
- Circa £10m across 53 schemes over £50k (detail attached)
 - Circa £4.5m across 1440 schemes under £50k
 - Circa £2m BREXIT defined works
- 4.5 Schemes valued over £50k are more likely to be complex. Complex works would more than likely not utilise the Schedule of Rates detailed within the contract and could be quoted separately. The rationale would be through the use of alternative materials, plant and required quantities to deliver the individual Scheme's requirements. These could be delivered directly by Amey or a sub-contractor.
- 4.6 The current commission will include several different work packages. Such work packages include (but not limited to):
- Site Clearance
 - Traffic Management
 - Constructing of Hardstanding
 - Asphalt and concrete materials
 - Drainage

- 4.7 A brief overview of the scope of works indicated that over 60% of the Bills of Quantities have comparable items to those defined in the Schedule of Rates. Due to the complexity of the scheme, it is appropriate to not utilise the Schedule of Rates within the contract due to the requirement of different materials, plant and quantities. This approach is facilitated within the contract.
- 4.8 The alternative option would be to procure a separate scheme via an OJEU compliant Framework or competitive procurement procedure. The time normally required to conclude this exercise exceeds the deadline date stipulated for delivery.
- 4.9 The scale of works within this proposal compared to previous commissions are not similar. However, when comparing the individual elements (i.e. work packages) required for this proposal against previously commissioned Schemes under the HTMC, there are similarities. As such these works would fall within the contract scope because it would be possible, but not desirable or recommended, to commission each work package as a standalone “scheme”. To conclude, there is rationale to utilise the HTMC for this proposal, which will also be within the OJEU limits (i.e. total estimated contract value) detailed within the original contract notices.

5. Organisation

- 5.1 We will be commissioning Amey Highways, our HTMC contractor, to undertake the works and they have identified suitable specialist subcontractors.
- 5.2 KCC will provide dedicated project organisation which has been fully funded by DfT is as follows:
- Project Manager
 - Assistant Project Manager
 - Contract Supervisor
 - Administration support
 - Communications Support

6. Governance

- 6.1 The grant requires that the planned work should be delivered by December 2020. Acceptance of the grant monies and the KCC managed delivery of the project requires a Key Decision in view of the expenditure and the significant nature of the project. Works will only progress subject to continued and receipt of sufficient grant funding to cover the costs of the project.
- 6.2 Regular progress reports are to be provided to DfT.
- 6.3 Regular updates will also be provided to Council and shared with Members via the Environment and Transport Cabinet Committee.
- 6.4 Approval is sought for the Corporate Director GET to receive full delegated authority to spend the grant monies defined within this report, subject always

to prior consultation with the Leader and Cabinet Member for Highways and Transport. This authority is applicable only in relation to delivering the customs checking and freight holding areas and associated infrastructure at sites secured by DfT to support Government Transition arrangements.

7. Progress to Date (correct as at date of this report)

- 7.1 Some enabling works have commenced on site after DfT completed the purchase and licence to occupy was agreed between DfT & KCC, on 16th July 2020.
- 7.2 All properties in the immediate vicinity of the site were letter dropped prior to work commencement.
- 7.3 Temporary access was created through an existing space in the existing hedge line from Church Road, Sevington.
- 7.4 Vegetation clearance, under the supervision of site ecologists, has commenced.
- 7.5 Temporary site offices and supporting access road has been constructed.
- 7.6 Fencing to protect the site has been erected.
- 7.7 Archaeological investigations have also been undertaken.

8. Next Steps

- 8.1 We are working with DfT to develop further work packages to support the construction of the site, subject to the Cabinet Member decision to approve the use of grant funding to deliver this project.
- 8.2 Additional sites will be required to manage border controls, and one additional site may be required adjacent to the Port of Dover. KCC are working closely with DfT, HMRC and DEFRA to ensure the suitability of any additional site. Providing additional grant funding is provided and the scope of the work involved is not significantly expanded, this decision will provide delegated authority to deliver additional sites.

9. Recommendation

- 9.1. The Cabinet Member for Highways and Transport is asked to approve the acceptance of the Section 31 Grant monies award from the Department for Transport (DfT) to procure and manage works to deliver customs checking and freight holding areas and associated infrastructure at sites secured by DfT to support Government Transition arrangements.
- 9.2. This approval includes agreement to;

- a) AGREE to accept the Grants under the terms and conditions required by Government; and
- b) APPROVE the implementation of the necessary works as detailed in this report and the Grant specification to deliver the sites' facilities;
- c) CONFIRM that the projects will be delivered via the KCC Highways Term Maintenance Contract as a Highways Improvement Scheme in support of traffic management plans; and
- d) DELEGATE authority to the Corporate Director for Growth, Environment and Transport to, in consultation with the Cabinet Member for Highways and Transport and the Leader, take any necessary actions to implement this decision, including but not limited to entering into relevant legal agreements and authorising spend from Grant monies.

10. Appendices

- Record of Decision
- Equalities Impact Assessment

11. Report Author

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