

KENT COUNTY COUNCIL – RECORD OF OFFICER DECISION

Executive

DECISION TAKEN BY:

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and Transport**
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DECISION NO:

OD/24/00011

For publication

Subject matter: Fastrack Full Network -Bean Road Tunnel

Cabinet Member decision to which this action relates:

Decision No. 19/00051

<https://democracy.kent.gov.uk:9071/documents/s91642/1900051%20-%20ROD.pdf>

Decision:

To confirm the additional external funding received to support the project.

Reason(s) for decision:

Project was previously paused due to cost increases which are now due to be met entirely through external funding.

Financial Implications:

Given the known sharp increase in civil engineering costs during 2020-2022, KCC requested an updated construction budget from Balfour Beatty (BB), the contractor engaged for the detail design and pre-construction phase of the works. An updated construction budget was provided in early September 2022 and adjusted using the BCIS Civil Engineering Index for a January 2023 start. This totalled £23.289m including contractor risk against the BB Feasibility estimate of £14.316m. Together with an increase in KCC costs the total scheme budget was £24.886M some £12M over budget.

Following a report to COG in January 2023, that detailed the gap in the scheme budget and offered several options, the scheme was placed 'On Pause' whilst the business case was reviewed by EDC, for any additional funding and further funding streams were explored.

During early Summer 2023 the DfT offered KCC the opportunity to receive a second tranche of Bus Service Improvement Plan (BSIP) grant funding, which included a capital element that would substantially bridge the Bean Road Tunnel funding gap.

A decision report was presented to Environment & Transport Cabinet Committee (ETCC) in November 2023 and endorsed by the committee. The report detailed the sum of £9.5m Capital BSIP Tranche II grant funding for Bean Road Tunnel.

EDC confirmed at the end of October 2023 that EDC will only contribute up to the current level of their Financial Approval of £11.4m. This is £2m more refundable grant than the current Funding Agreement of £9.33m.

Our cost consultants reviewed the scheme budget in November 2023 and with a re-allocation of Risk and a rationalisation of the construction sequence with BCIS Civil Engineering indexation to Summer 2024 and new scheme total of £24,509,242. Grant allocation now totals £25,522,435 with the addition of the £9.5m BSIP Tranche II grant and an additional £2.0m grant from EDC.

The overall scheme budget therefore has a balance of £1.416m to set against a risk allowance that has been calculated at £1.403m leaving a potential balance of £13k. The risk allowance has been

cost calculated on the basis that this includes KCC taking a number of low probability construction risks that will reduce the fixed tender price.

A further report was presented to COG in January 2024, and it was agreed to proceed with the scheme with a Procurement route using a suitable external framework that would secure the BSIP funding for FY 24/25.

Following extensive review of the available external frameworks and the suitability of contractors on the frameworks to deliver the Bean Road Tunnel it has been agreed with Commercial & Procurement that the scheme offers Best Value using a Competitive Procedure with Negotiation.

With the BSIP funding dates being extended to the end of September 2024 or even the end of December 2024. There is enough time to follow this procurement route and a Commercial Case is being presented to CPOB in September 2024.

Legal implications:

Given the cost increases are due to be met entirely through external funding, Democratic Services have stated it is feasible to progress this via an **Officer Decision** to confirm the additional external funding received to support the project.

Bevan Brittan have been engaged to review Subsidy Control, Contract Procurement and updates to the existing legal agreements (Overarching and Funding) between KCC, EDC and Bluewater.

Equality Implications:

EQIA ref:



EqIA-Fastrack Full
Network - 1st Issue Si

Document will continue to be reviewed and updated as required

Comments received from any Members or Officers consulted:

Regular updates on Bean Tunnel and BSIP is provided to the Fastrack Thameside Advisory Board that is chaired by the ETCC Deputy Cabinet Member and attended by Head of Public Transport. Last Meeting 16 July 2024.

Any alternatives considered and rejected:

No

Any conflict of interest declared by any executive member consulted by the decision maker and any dispensation granted by the Proper Officer:

None

02/0/2024

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signed

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date