

ANGUS COUNCIL

ROADS COMMITTEE

14 JUNE 2001

A92 PROJECT UPDATED PROGRESS AND SCOPE OF THE PROJECT

REPORT BY THE DIRECTOR OF ROADS

ABSTRACT

This report summarises the progress which has been made on the A92 project and describes the current scope of the project which it is proposed be taken forward to tendering on the basis of a Design, Build, Finance and Operate (DBFO) form of contract.

1 RECOMMENDATIONS

It is recommended that the Committee agree:

- i) to note the general progress which has been made on the project;
- ii) to confirm the scope of the project which should be taken forward to tendering;
- iii) to instruct the Director of Roads in conjunction with the Director of Law and Administration to finalise tender documentation in anticipation of issuing Invitations to Tender (ITT) once the outcome of the Public Local Inquiry into the Statutory Orders associated with the project is notified by the Scottish Executive;
- iv) to instruct the Director of Roads to bring a further report forward to Committee (or to an Executive Sub-Committee during the summer recess if appropriate) at the earliest opportunity once such notification is received from the Scottish Executive to seek confirmation of the issue of ITT.

2 INTRODUCTION

Report No 1210/00 considered by Roads Committee at its meeting on 23 November 2000 recommended the provisional shortlisting of four prospective bidders for the A92 (DBFO) project, recognising that a Public Local Inquiry into the Statutory Orders associated with the project may be required. In the event the anticipated Public Local Inquiry was required and was held between 18 April and 25 April 2001 and has been separately reported to committee (Report Nos. 545/01 and 673/01).

While the Council are desirous of progressing the project as soon as practicable it would be imprudent and inappropriate to proceed through tendering prior to

confirmation of the relevant Orders. Nevertheless it is sensible to progress the preparation of the project as far as possible in anticipation of receiving notification of the outcome of the Inquiry from the Scottish Executive.

To that end it is recommended that the Committee confirm the scope of the project to be taken forward to tendering and to instruct the Director of Roads, in conjunction with the Director of Law and Administration to prepare the commensurate contract documentation etc to enable the Council to issue the Invitations to Tender (ITT) at the earliest opportunity consistent with awaiting notification of the outcome of the Inquiry.

3 DETAILS

3.1 The Public Local Inquiry (PLI) into the Statutory Orders associated with the project have been described to committee in Report No 545/01 considered at its meeting on 26 April 2001 and further in Report No 673/01 to be considered by committee at this meeting.

3.2 A provisional short list of prospective bidders for the DBFO contract was established in Committee Report No 1210/00 considered by Roads Committee at its meeting of 23 November 2000. It was anticipated at that time that there might be a significant delay in the issue of the ITT for the project, occasioned by the PLI. In the event this delay has been realised. It will be necessary therefore to revisit some of the criteria as was addressed in the candidates' submissions provided at that time to ensure that the eligibility and financial standing of the provisional short list are still appropriate, with the likelihood of being in a position to issue ITT about the beginning of September 2001. It is proposed that this review should be undertaken during the summer months of the current calendar year.

3.3 In considering the question of issuing the ITT the Committee will wish to consider amongst other matters the updated financial position of the project, the prospect of achieving good value for money and the business case for the proposed means of procurement. As the project has progressed these aspects have been previously reported to committee (Reports Nos 1309/98, 1250/98 and 1267/97) and are now brought up to date in Report No 685/01 also to be considered by committee at this meeting.

It should be noted that the business case for the project has now been updated and drawn together in a consolidated format as required by Treasury Guidance and is also to be forwarded to the Scottish Executive (Private Finance Unit) for its information as set out in Report No 685/01.

3.4 One option which has been under consideration as the project has been developed was that of inviting tenders for the maintenance and operation of an extended network of roads within the Angus Council area beyond that representing the A92 new construction and the associated link roads. It was considered that better value for money might be achieved through the inclusion of a wider operating network into the project scope and efficiencies achieved through economies of scale.

After considerable investigation it now appears that whilst it is possible that value for money may be achievable for the maintenance of an extended network it is not clearly assured and that the cost of such an approach would be likely to prove unaffordable to the council on an on-going basis especially when considered alongside the net affordability of the core project (as set out in Report No 685/01). Additionally there would potentially be a severe loss of flexibility to the Council in adopting such an approach by moving to “arms length” management of the sub-network in determining the appropriate allocation of resources as time goes by. Such an approach could have a debilitating effect on the management of the balance of the Council's local road network.

In conclusion therefore it is recommended that the committee confirm the scope of the project to consist of the provision of the new construction roads A92 and A930 Barry Bypass together with their associated link roads and the operation and maintenance of those same roads over the operational period of the contract (which is likely to be 30 years beyond the year of opening of the new roads).

- 3.5 Much of the tender/contract documentation has now been prepared for the project by the Council officers in conjunction with the external advisers, and it is recommended that this work now be completed taking due account of recent matters arising, and to reflect the determined scope of the project so that the Council is in a position to issue the ITT as soon as practicable once the Scottish Executive advises of the outcome of the Inquiry.
- 3.6 As described in Report No 673/01 it is expected that such notification may be received in the latter part of the summer and it is therefore anticipated that it may be possible to report further to committee after the summer recess advising them of any such notification and confirming the decision to issue the ITT.

In the event that notification is received earlier it may be possible to report to an earlier Executive Sub-Committee of the Roads Committee during the recess period.

4 FINANCIAL IMPLICATIONS

There are no financial implications to either the revenue or capital budget as a direct consequence of this report. The costs of progressing the project further, to the point of issue of the ITT, are provided for within the 2001/2002 allocation for the Project within the Council's current financial plan.

The potential financial implications for the Council of entering into the proposed (DBFO) contract are separately addressed in Report No 685/01.

5 HUMAN RIGHTS IMPLICATIONS

There are no human rights implications arising as a direct consequence of this Report.

6 CONSULTATION

The Chief Executive, Director of Law and Administration and Director of Finance have been consulted in the preparation of this Report.

7 CONCLUSION

Now that the Public Local Inquiry into the Statutory Orders associated with the A92 project has been completed it is prudent to prepared for the issue of the Invitations to Tender for the project as soon as the Council has been notified of the outcome of the Inquiry by the Scottish Executive. It is proposed that the scope of the project be finalised and that Director of Roads be instructed to prepare the necessary tender/contract documentation in conjunction with the Director of Law and Administration.

Dr Bob McLellan
DIRECTOR OF ROADS

NOTE

The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above Report:-

Report No 1210/00 "A92 Project - Selection of Prospective Tenderers – The Pre-qualification Process"
Roads Committee 23 November 2000.

Report No 545/01 "A92 Public Local Inquiry – Interim Report – Closing submission on General Session Evidence"
Roads Committee 26 April 2001

Report No 673/01 "A92 Public Local Inquiry – Report on Conclusion of Inquiry"
Roads Committee 14 June 2001

Report No 685/01 "A92 Project – Updated Business Case and Project Affordability"
Roads Committee 14 June 2001

Report No 1250/98 "A92 Project – Current Position"
Roads Committee and Full Council 17 December 1998

Report No 1309/98 "A92 Project – Current Financial Position"
Finance Committee and Full Council 17 December 1998

Report No 1267/97 "A92 Project: Affordability and the Way Ahead"
Full council 18 December 1997

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REPORTS/a92.update.scope
15 May 2001