

<b>Report title:</b> A13 Widening LGF Project Update	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Kevin Munnely, Assistant Director Regeneration and Place Delivery, Thurrock Council and Howard Davies, SELEP Capital Programme Officer	
<b>Meeting date:</b> 22 September 2023	<b>For:</b> Information
<b>Enquiries to:</b> <a href="mailto:howard.davies@southeastlep.com">howard.davies@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Thurrock	

## 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the A13 Widening Local Growth Fund (LGF) project (the Project) which has been assessed as being High risk.
- 1.2. The Project is now complete, other than delivery of minor remediation works, so this report will set out the projected final financial outturn position for the Project.
- 1.3. The report will also include a summary of the lessons learnt following a review of the Project undertaken by Thurrock Council.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** the update on the project, including the lessons learnt.
  - 2.1.2. **Note** that an update including an updated Value for Money assessment will be brought to the November 2023 Board meeting.

## 3. Summary Position

- 3.1. The project involves widening the A13 Stanford le Hope Bypass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (the Manorway) in the east. The Project has provided a continuous three-lane carriageway from the M25 to Stanford le Hope, which will reduce congestion, improve journey times and support further economic growth.
- 3.2. The Project is a Department for Transport (DfT) retained scheme, which means the original Business Case for the project was reviewed by the DfT and the funding decision was made by the Secretary of State in April 2017.
- 3.3. At the time of the original funding decision, the estimated project cost totalled £78.866m, with £66.058m LGF being secured from the DfT and approved by the Board in March 2017,

## A13 Widening LGF Project Update

a further £5m LGF having been awarded by SELEP and approved by the Board in April 2016, towards the early development stage of the Project.

- 3.4. The Board has received updates on issues and progress since November 2019. In July 2020, the total cost of the Project was reported to have increased to £114.7m. In light of project cost increases, the Board agreed to award a further £8.942m LGF towards the Project, increasing the overall LGF contribution to the Project to £80m.
- 3.5. At the point of this additional funding award to the Project, Thurrock Council provided assurances that the Project would still progress through to completion and that the Council would underwrite any further funding shortfalls that might arise. This would include seeking additional funding through any external sources available to Thurrock Council, as well as the use of its own capital resources such as capital receipts and Prudential Borrowing.
- 3.6. The Project received an additional £1.5m LGF at the March 2021 Board meeting, as the Project had seen costs rise mainly due to the impact of the COVID-19 pandemic.
- 3.7. A revised economic appraisal was undertaken for the Project as part of its application for additional LGF funding. This assessment demonstrated that the Benefit Cost Ratio (BCR) for the Project itself had reduced to 1.7:1, which no longer represents High value for money. However, it was also noted by the Independent Technical Evaluator that an additional scenario which considered the impacts of the Lower Thames Crossing had been provided. This assessment demonstrated a BCR of 2.5:1, which represents High value for money. As part of the request for additional LGF the Board were asked to consider the fact that the Project no longer offered High value for money in isolation, however, when considered in conjunction with the expected benefits from the Lower Thames Crossing project, High value for money was anticipated.

## 4. Delivery Update

- 4.1 The Project is now in the post completion phase and the focus is on agreeing the arrangements for the processing of compensation claims. These claims mainly relate to business disturbance claims arising from the provisions within the original Harbour Empowerment Order used to secure the land. Whilst all claims will be considered and assessed on an individual basis, Thurrock Council is contractually obliged to settle all eligible claims. A provisional allowance has been made in the projected outturn cost set out in Table 1, to take account of these claims. The provisional allowance has been based on a property cost estimate (PCE).
- 4.2 A provisional sum has also been included to cover minor remediation works which have been agreed with Thurrock Council's Highways team. The Highways team will commission and manage these minor works through the Highways term contractor now that the Project has been fully passed over to the Thurrock Council Highways team. The Settlement Agreement, which will supersede the main work contract, sets out the detail of the sectional completions and handover arrangements, insurances and the treatment of latent defects.

## 5. Final Project Costs

- 5.1. Costs for the construction phase of the works contracts have been finalised and an outturn figure for this phase is £145.95m. This is based on the negotiation of the final settlement agreement with the main contractor, Kier, and has a high degree of certainty.
- 5.2. The current outturn forecast is £147.453m and is set out in Table 1, which represents an increase of 51% on the revised budget forecast. The 2019 Infrastructure Report from the Institute of Civil Engineers found that, in a survey of 25 similar infrastructure projects, the average percentage increase between contracted cost price and final costs was 79.8%. The report concluded that because of the nature of these complex infrastructure projects and the uncertainties prevalent in their implementation, even with appropriate project planning measures, external factors can lead to programme and cost overruns.
- 5.3. The main construction phase of work has been completed and a settlement agreement negotiated with Kier for the construction costs and associated design costs.

*Table 1: Projected Outturn Scheme Costs (£m)*

Project Outturn Scheme Costs										
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 Actual	2023/24 Forecast	Total
LGF Development Funding	2.709		2.291							5.000
LGF DfT Retained Scheme Funding		13.408	11.483	32.657	8.510					66.058
Additional LGF - awarded July 2020					8.942					8.942
Additional LGF - allocated to the project in March 2021					1.500					1.500
Section 106			0.024	0.060						0.084
DP World				0.285	5.047	2.808				8.140
Thurrock Council					8.062	35.778	10.853	0.165	2.871	57.729
<b>Total Project Cost</b>	<b>2.709</b>	<b>13.408</b>	<b>13.798</b>	<b>33.002</b>	<b>32.061</b>	<b>38.586</b>	<b>10.853</b>	<b>0.165</b>	<b>2.871</b>	<b>147.453</b>

## 6. Lessons Learnt

- 6.1. The internal project team, supported by AECOM, has undertaken a scheme review to fully understand how the Project significantly overran its original budget forecast and programme. This report highlights the main factors and a fuller assessment and analysis is contained at Appendix B of this report. The detailed findings and recommendations set out in the Lessons Learnt report will be reviewed as part of the review by Thurrock Council's Capital Programme Board, which includes an overview of A13 Widening, Stanford le Hope and Grays underpass. Thurrock Council's Capital Programme Board have introduced new capital monitoring processes.

### Pre-Contract

- 6.2. A key factor which has impacted on the Project has been the failure to accurately estimate the forecast costs of the Project at the outset. The main issue was that original scheme costings were based on a preliminary design and certain detailed design elements of the Project were either not included or were underestimated, such as the utilities diversion works and drainage; which turned out to be significant additional costs. Whilst contingencies, based on the preliminary design, were included in the original forecast cost, these were inadequate given the variance between the original forecast and the projected outturn.

- 6.3. The lack of understanding of the ground conditions also resulted in significant costs being incurred, this was a particular problem in the construction of the Orsett Bridge roundabout. Due to the lack of a detailed design, there was a limited assessment of financials relating to risk allocation, contingency planning and the use of optimism bias in the original forecasting.
- 6.4. There were also a number of push factors that resulted in poor procurement decisions being made and these related to the need to meet key project milestones to satisfy funding requirements. The first of these was the use of the Compulsory Purchase Order power under the Harbour Empowerment Order which expired in May 2018. The second related to the need to complete a Business Case and milestones needed to secure the SELEP LGF grant funding.

### **Tendering**

- 6.5. These timing constraints resulted in the preferred option to undertake a bespoke procurement exercise for a single Design and Build contract being rejected in favour of separate contracts for the detailed design (Atkins) and Construction (Kier). As a consequence, there was no legal relationship between the designer for the scheme and the constructor of the scheme, meaning that those workstreams were delivered independently and in parallel as opposed to collaboratively and sequentially.
- 6.6. Another key issue was the form of contract selected. Thurrock Council chose to enter into a NEC 3 Target Price Contract with Kier, based on estimated costs. Thurrock Council approved a fixed price point before the Project was fully scoped and design complexity fully understood. The Project was also tendered at a stage when the information to inform the tender was not sufficiently developed to enable tenderers to price the job effectively. This meant that a number of elements were removed and remained as an Employers' risk, i.e., the responsibility and liability for them remained with Thurrock Council.
- 6.7. The nature of the contract selected set a target price for the construction works. The frequent delays in the Project led to an increase in compensation events which raised the target cost of the Project. These compensation events, include ongoing inflationary and impact of COVID-19 working practices, increased directly as a result of delays in delivery and delays in agreeing the final design and works information. In particular with reference to the drainage, structures and utilities diversion works. This continually placed Thurrock Council at a contractual disadvantage as cost increases could readily be passed through to Thurrock Council and not the main works contractor or scheme designers.

### **Post Contract**

- 6.8. The lack of project governance and effective contract management resulted in significant delays to the programme, whilst the Kier construction team waited on the detailed scheme designs from Atkins. There was no adoption of collaborative administrative tools to manage information, share data and report issues. At this point in delivery (2019/20), there was a significant increase in the amount of compensation events being raised, which resulted in further delays and increased costs, which fell to Thurrock Council due the nature of the target contract. There was a failure in project governance to quickly resolve these issues and it took until March 2020 with the signing of a Deed of Variation between Kier, Atkins

and Thurrock Council and the appointment of AECOM as dedicated project managers, for the compensation events to reduce and the Project to begin to deliver to programme.

### **Project Benefits**

- 6.9. The Project has delivered a critical piece of transport infrastructure that will underpin growth in the key employment areas of the Thurrock Freeport area. Through increasing the capacity by 50% on this the section of road and its critical interchange links to the ports, it can now service over 150,000 vehicles per day. In terms of engineering the Project has delivered over 18,000m of new drainage, 104,000 sq. m of new road surface, 1,850 m of environmental barriers and over 10,000m of new fences. As part of the review AECOM assessed the Project against other similar comparable scheme in the region and they found that the project costs compared favourably with the average costs reported against other schemes.

*Image 1: Completed and fully operational A13.*



## **7. Updated Value for Money Assessment**

- 7.1. As set out at Section 3.7 of this report, additional LGF funding was applied for in March 2021 and an updated Value for Money assessment was undertaken. This assessment showed that the BCR offered by the Project had slipped below the 2:1 threshold required by the SELEP Assurance Framework, however the BCR rose to 2.5:1 when the impacts of the Lower Thames Crossing project were included.
- 7.2. At the time of the updated Value for Money assessment, project costs had risen to an expected circa £145m. As set out in Section 5 of the report, the final project costs have subsequently risen to £147.453m and therefore the BCR will have reduced from that previously reported to the Board.

## 8. SELEP Comments

- 8.1. As set out in the report, the Board has received updates on issues and progress arising in relation to the Project since November 2019. So, it is welcome news that the final matters are near completion and the road is operational.
- 8.2. Outstanding matters relate to the completion of remediation works and the processing of disturbance claims.
- 8.3. Thurrock Council have updated the expected final project costs to £147.453m, which includes a forecast amount for the matters mentioned at Section 8.2. This does exceed the total project costs previously advised to the Board of £146.578m in November 2022 and is higher than the figure included as part of the application for additional LGF, which estimated project costs at £145m upon which the most recent value for money assessment of the Project was based.
- 8.4. In January 2021, the Independent Technical Evaluator reviewed a revised Value for Money assessment for the Project (based on the estimated total project cost of £145m) which demonstrated a BCR of 1.7:1 which meant the Project fell into a Medium value for money category and did not meet the requirements of the SELEP Assurance Framework. However, an additional scenario which considered the benefits of the Project in conjunction with the impacts of the Lower Thames Crossing was also presented and reviewed by the Independent Technical Evaluator. In this scenario the Project demonstrated a BCR of 2.5:1 which falls within the High value for money category.
- 8.5. The Board were asked to consider the fact that the Project in isolation did not represent High value for money when deciding whether to approve any additional funding. As project costs have risen further, a refreshed value for money assessment will need to be carried out and presented at the November 2023 Board meeting to confirm that the Project continues to offer High value for money.
- 8.6. As set out in Section 6 of the report Thurrock Council have undertaken a full lessons learnt review of the Project. This was adopted by Thurrock Council at their July 2023 Cabinet meeting. The key takeaways are set out in Appendix C.
- 8.7. What is clear from the findings is that essential areas of understanding must include a clear procurement strategy with a clear agreement on the scope of works at the very early stages of the project. Experienced project management in place with sufficient resource, is essential. The Covid-19 pandemic had a substantial impact on the Project, but the decision to put in place a scheme reset in December 2020 was proven to be the correct decision and this did yield benefits in terms of final costs. The reset highlighted the need for robust governance and change control initiatives.
- 8.8. The Board has previously been updated on matters related to the Best Value Inspection that took place during 2022/23. The Board were advised at the March 2023 meeting that early work submitted to the Secretary of State concluded that Thurrock Council was not meeting its Best Value Duty generally across the Council, both in terms of its known financial issues, and in relation to its governance and staffing functions. This has been borne out by the final Best Value Inspection report which can be viewed [here](#).

## **9. Financial Implications (Accountable Body comments)**

- 9.1. As has been regularly reported to the Board, there have been significant financial challenges associated with the delivery of this Project. The forecast total cost set out in this report of £147.453m an increase compared to that previously advised to the Board and places an increased risk with respect to the value for money associated with the scheme; previous assessments indicated that High Value for Money could only be maintained if the benefits associated with delivery of the Lower Thames Crossing Project were taken into consideration. An updated assessment of the Value for Money associated with the scheme is required to reflect the increase in costs associated with delivery but also a consideration of whether the anticipated economic benefits are still expected to be realised.
- 9.2. The completion of the lessons learnt report is a useful tool to assist in ensuring that future Projects can adopt the key lessons identified which will help to protect against unplanned cost impacts and assuring a focus on benefits realisation – these are helpful insights that can be a learning tool for all Partners.
- 9.3. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 9.4. £81.5m of LGF has been transferred to Thurrock Council, to support delivery of this Project, under the terms of a Funding Agreement or SLA which makes clear that funding can only be used in line with the agreed terms.
- 9.5. The Agreements also set out that it was the responsibility of Thurrock Council to secure the additional funding required to meet the cost overruns; assurances have previously been secured from the Council and reported to the Board, that the additional funding will be identified to fund the significant cost overrun associated with this Project – currently forecast as £68.587m (86.97%), when compared to the original £78.866m budget for the Project; £10.442m of this cost overrun was met by the additional LGF that was awarded to the Project across July 2020 (£8.942m) and March 2021 (£1.5m); a further £416,000 from other third party contributions, leaving £57.729m of additional funding to be identified by Thurrock Council. A report to Thurrock Cabinet in July 2023 identifies that the majority of this cost overrun is being met by Prudential Borrowing by the Council.

## **10. Legal Implications (Accountable Body comments)**

- 10.1. The grant funding will be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and required to be used in accordance with the terms of the Service Level Agreements between the Accountable Body and Partner Authorities. If a project fails to proceed in line with the conditions of the SLA or grant conditions from Central Government, the Accountable Body may clawback funding for reallocation by SELEP Ltd. This report asks the Board to note the current position, so there are no significant legal implications arising from the proposals set out in this report.

**11. Equality and Diversity Implications**

- 11.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
  - 11.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act.
  - 11.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - 11.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 11.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

**12. List of Appendices**

- 12.1. Appendix A – LGF Project Background Information
- 12.2. Appendix B – Lessons Learnt PowerPoint Presentation
- 12.3. Appendix C – Key Lessons Learnt and Key Takeaways

**(Any request for background papers listed here should be made to the person named at the top of the report who will be able to help with any enquiries)**

Role	Date
<p><b>Accountable Body sign off</b></p> <p>Michael Neumann</p> <p>(on behalf of Nicole Wood, S151 Officer, Essex County Council)</p>	<p>13/09/2023</p>



## Appendix A – LGF Project Background Information

<b>Name of Project</b>	<b>A13 Widening</b>	
	Thurrock Council	
<b>Local Growth Fund (LGF) allocation</b>	<b>Date of award</b>	<b>Amount (£m)</b>
	April 2016 (LGF Development Funding)	5.000
	March 2017 Accountability Board (DfT)	66.058
	July 2020 Accountability Board (DfT)	8.942
	March 2021 (Additional LGF)	1.500
	<b>Total</b>	<b>81.500</b>
<b>Description of what Project delivers</b>	The Project involves widening the A13 Stanford le Hope Bypass in both directions, from the junction with the A128 in the west to the A1014 in the east. Now that the Project is complete, there is a continuous three-lane carriageway from the M25 to Stanford le Hope.	
<b>Project benefits</b>	The Project will help address existing traffic congestion and improve journey times. It will also provide a significant contribution in supporting much needed economic growth not only on a regional and national platform but given the proximity to significant ports, logistics and industry, also on an international basis too which is why the delivery of the scheme is of critical importance.	
<b>Project constraints</b>	<ul style="list-style-type: none"> <li>• Increased Project costs have been a major cause for concern.</li> <li>• Contract issues around Compensation Events have added to the rising costs.</li> <li>• COVID-19 increased delays and added pressure to costs.</li> </ul> <p>The Project is now complete with the focus now on agreeing the arrangements for processing of compensation claims.</p>	
<b>Link to Project page on the website with full Business Case</b>	<a href="https://www.southeastlep.com/project/a13-widening/">https://www.southeastlep.com/project/a13-widening/</a>	





# A13 Widening Programme Review & Lesson Learnt

**Kevin Munnelly**  
Assistant Director  
Regeneration & Place  
Delivery

June 2023



# A13 Widening – Project Overview

## • OBJECTIVES

- Scope: The project will complete a Dual 3 x lane All Purpose (D3AP) standard carriageway along the A13 from junction 30 of the M25 to the A1014 junction. The A13 Widening project will tie in with the existing three lane section of the A13 to the west of the junction with the A128 (Orsett Cock). Alterations to the Orsett Cock interchange and two overbridges accommodate the widened A13.

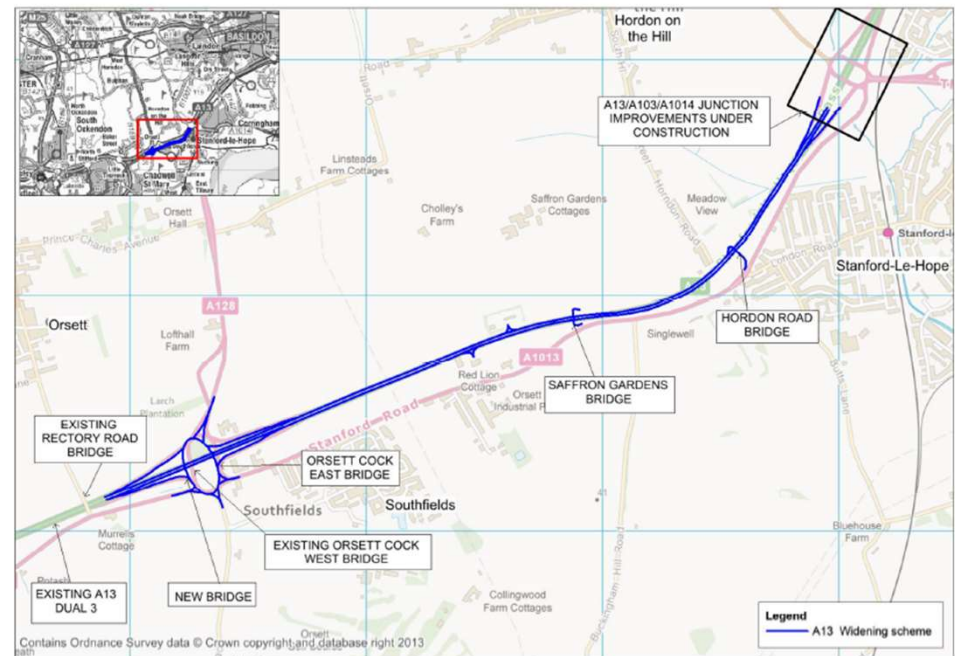
- \*Original Approved Construction Budget: £78,866,596

- \*Initial Programme: Completed by February 2019

(\* at time of tendering & detailed design – Aug 2016)

- *\*£100,202,194 in 2023 prices*

Figure 5.1: A13 Widening Scheme



Source: A13 Widening Initial Business Case – Atkins, Aug 2013

Figure 5.1: Location of the Project

# A13 Widening – Project Overview

- **NEEDS** – The A13 Widening project addresses the following TC business and Regeneration needs
  - Increase capacity along A13
    - Previously operating above capacity at 77,000 vehicles per day. Widening provides a 50% capacity increase on the road.
    - Increase capacity at Orsett Roundabout. Forecast to be operating above capacity by opening year.
  - Support continued development at London Gateway Port
    - Will employ 12,000 when fully completed, 85% of employees live locally.
    - Forecast to handle 30% of the countries containerised trade.
    - No more than 3 berths are permitted without A13 Widening works completed. (Currently working on £350M 4<sup>th</sup> Berth)
  - Support continued development of other business around Thurrock; London Gateway Logistics Park, Thames Enterprise Park, London Distribution Park, Lakeside, Purfleet Centre, growth in Grays and Canvey Gateway

# Scale of the A13 Widening – Project

## Stats at December 2020 (Below)

### Project Stats at March 2023

- 18,000m of drainage
- 262 Street Lighting Columns
- 362 chambers
- 197 traffic signs
- 104,000m<sup>2</sup> of new surfacing
- 10,000m of fencing
- 1,850m of Environmental Barrier
- 4 x Bridges
- 3,800m of Central reserve

### Project Statistics & Achievements



5500m of statutory undertaker diversions completed.



97% of topsoil stripped.  
99% of bulk cut earthworks complete.  
100% of bulk fill earthworks complete.  
93% of imported fill complete.



10,890m of drainage installed.  
11% of blacktop total surfacing complete.



Currently more than 100 team members working full time on the project from Thurrock Council, AECOM, Kier and Atkins.



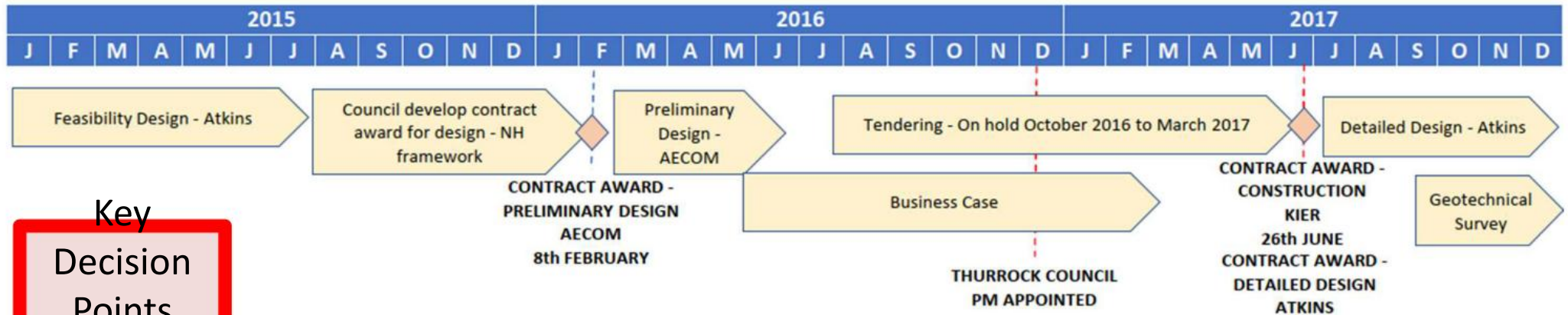
Over 900,000 hours worked on site since start of project.



Four bridges lifted into place in 2020 - weighing a total of 685 tonnes = 54 double-decker buses or 114 elephants!  
88% of total structural concrete has now been placed.



# A13 Widening – : 2015 to 2017 Programme



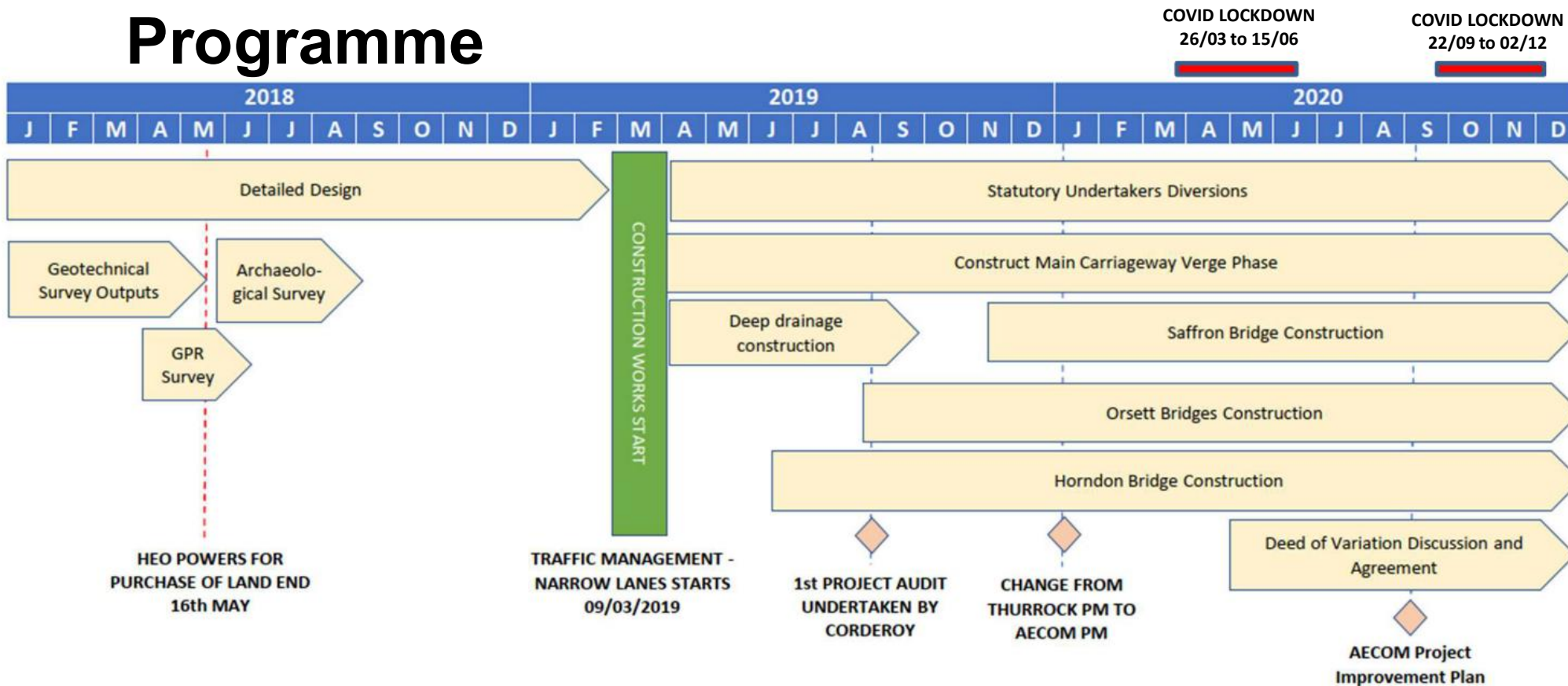
Key Decision Points shown

## *The Harbour Empowerment Order (HEO)*

- This act of Parliament gave powers to create the Thames Gateway Port. It placed obligations on the developer of the port to provide supporting infrastructure in order to allow the expansion of the ports capacity. Rail and Highway schemes were defined by the HEO that would improve and minimise the impact of the port on the local infrastructure.



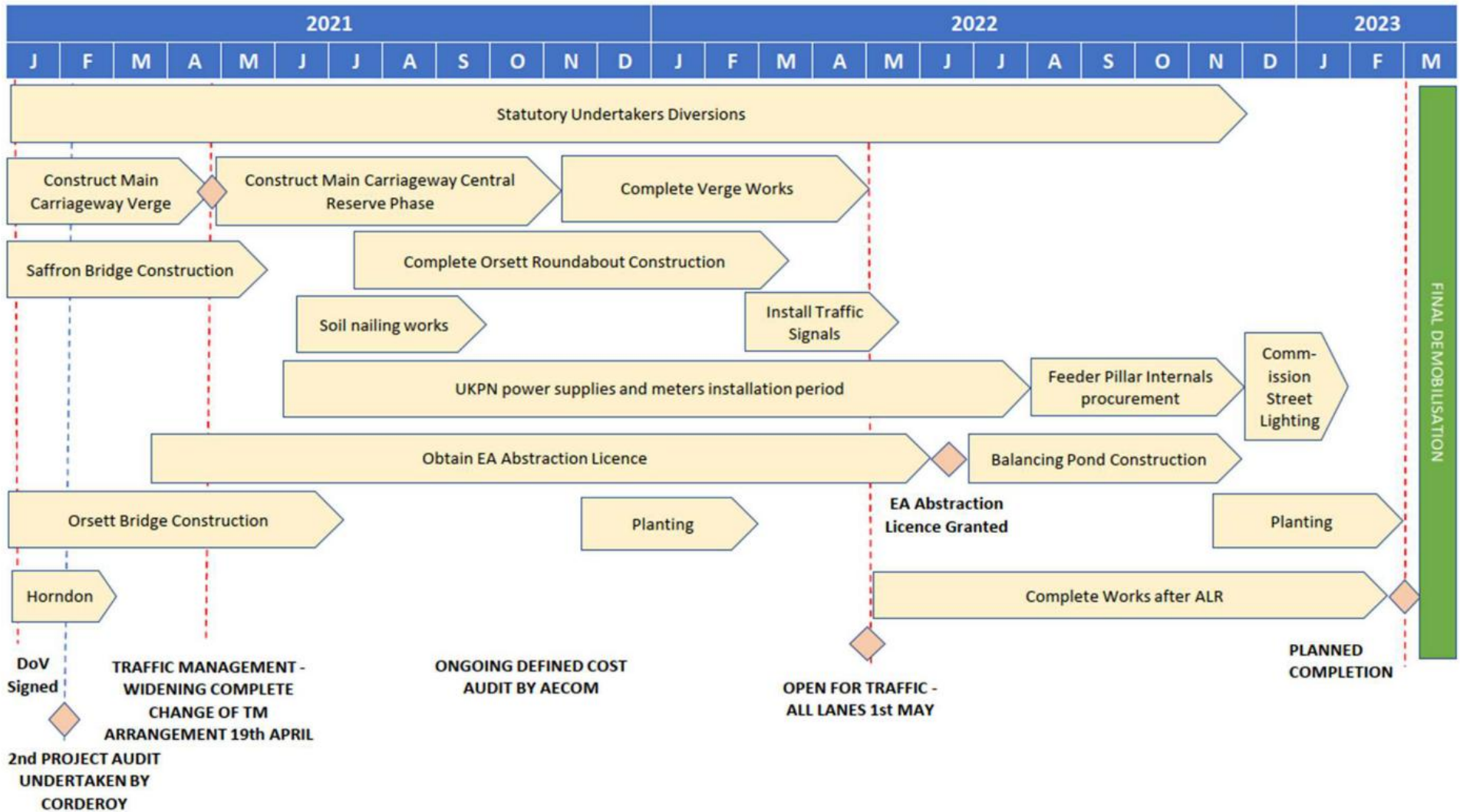
# A13 Widening : 2018 - 2020 Construction Programme



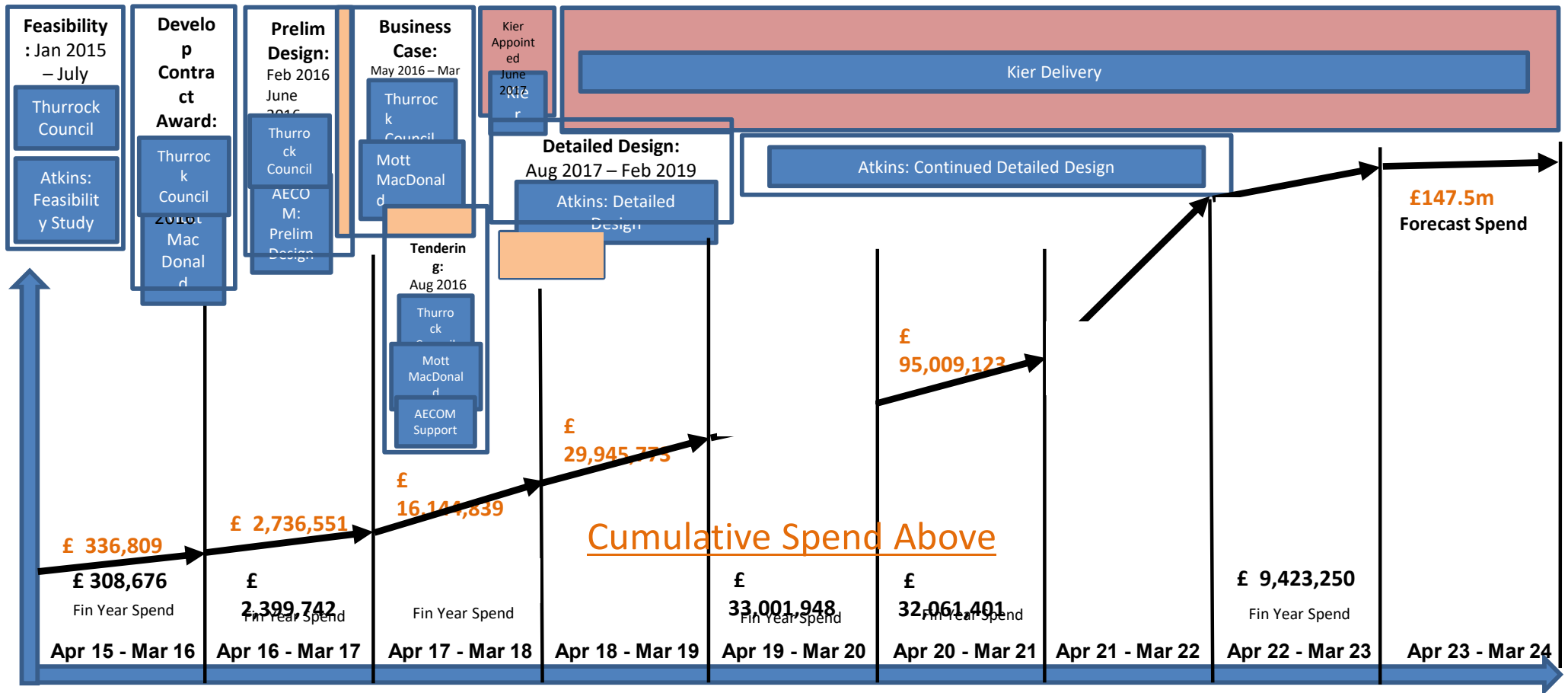


# A13 Widening 2021 – 2023 Construction Programme

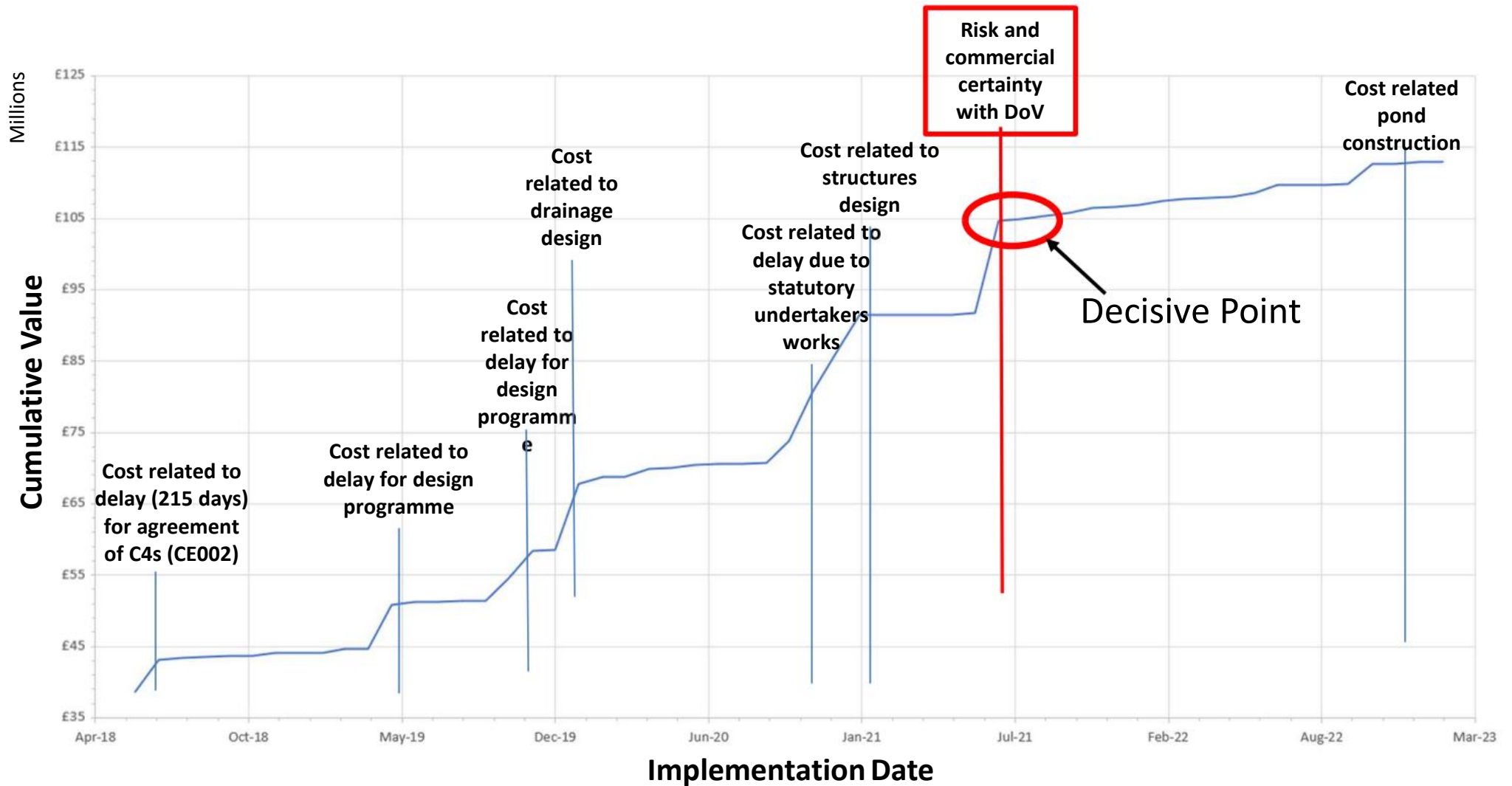
COVID LOCKDOWN  
06/01 to 29/03



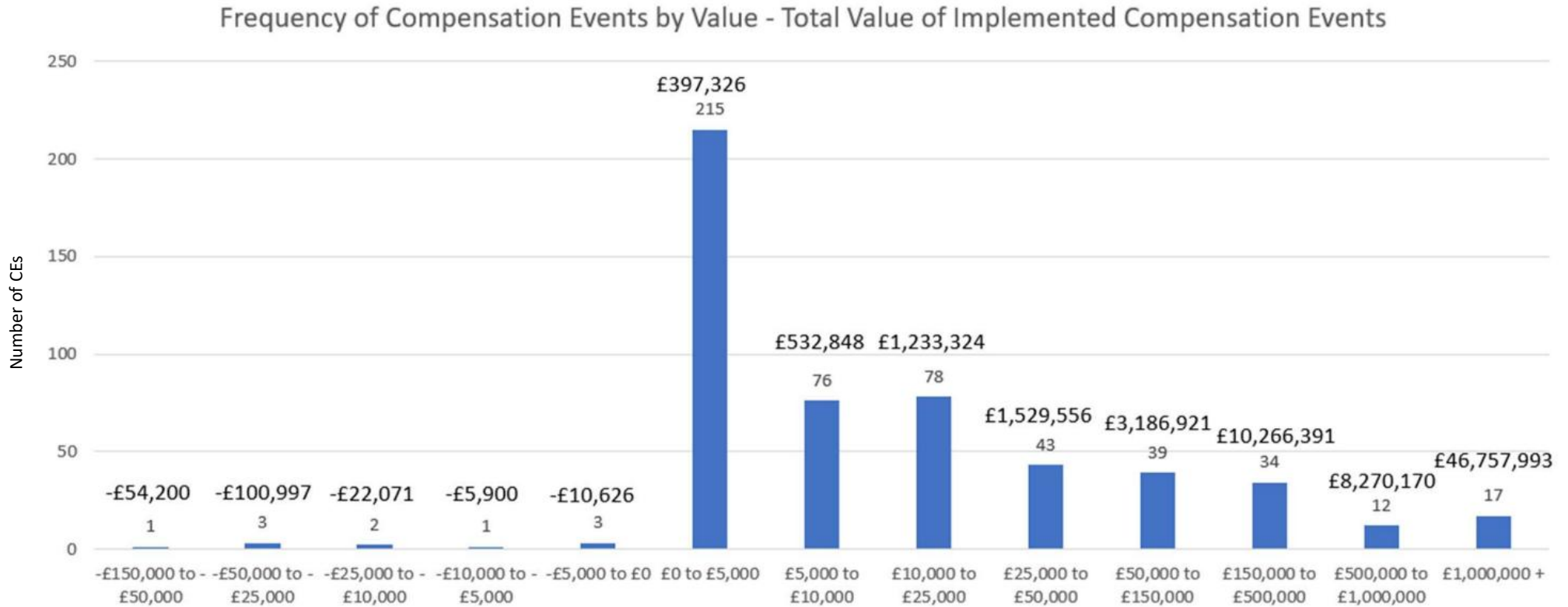
# Stages and Cumulative Expenditure Graph



# Cost Chart – Drivers of Change



# Cost Chart – Frequency of Compensation Events by Value



Note: In addition 810 No. Quotations are implemented at £0

# Lessons Learned

*Reflection* allows us to learn from our experiences, either good or bad.

- If we don't take the time to reflect on our *Experience* of what did, or didn't go well, then we'll be bound to repeat mistakes or fail to repeat specific behaviours that lead to success.

Regular **Lesson Learned** Sessions have been undertaken from 2021 – 2023.

The following observations have been captured and distilled from all the sessions.

The lessons Learned sessions dealt with the following areas:

- Business and Strategic Case
- Procurement and Tender
- Post Contract and Delivery
  - Completion, Handover and Business as Usual (scheduled for 21/3/2023)

# Lessons Learned

## Lesson Learned Sessions undertaken annually from 2021 – 2023)

### After: Project Improvement Plan (22 October 2020)

The key measures from the Project Improvement Plan (PIP) that had the greatest positive impact on the project: (May 2022 Lessons Learned Session)

Greater collaboration Change in NEC pm Making Thurrock aware of real reasons for overruns

PM Change NEC savvy RACI and Org AECOM Commercial team

1. DoV reduced backlog of change. 2. More improved resourcing & inclusion of key roles such as a planner. 3. Opportunity to look forward rather than back.

A greater understanding of the expected role was obtained from the client. Appreciation of the scope of the works to be undertaken by AECOM. High level review across all parties to resolve and discuss issues.

Level of resource, capability of resource, better working processes.

Better resource experienced PM DoV being agreed and signed

Changes in AECOM resourcing, positive collaboration between Employer and Contractor teams and the DoV agreement.

Clearer R&Rs Additional resource to manage the contract (management, programme and supervision)

Shared information on the original project, and its issues. Setting a baseline. Improved openness in the team.

From an outside perspective joining when the Project Improvement plan was implemented it was clear that greater site resource had been required and this had a positive effect on the on site works and providing a fresh set of eyes from both quality and safety perspectives. Additionally the new project manager with an outside perspective with the determination of working collaboratively with the contractor appeared to help.

# Lessons Learned (Lesson Learned Sessions undertaken annually from 2021 – 2023)

## Question to all participants:

- What are the key takeaways to take from this project and implement / influence in your next highways scheme or infrastructure project?

Clearer procurement strategy Competent NEC PM Drive collaboration into project at all stages

Project Setup period Design + Consultant team Clarity on Skillsets and Experience Robust Governance and Change Control

1. Greater involvement in the procurement / tendering phase. 2. Clear contract documentation from the outset to minimise conflict. 3. Have a defined scope to reduce change.

Ensuring the scope of the works is fully understood by all parties. Ensuring that appropriate levels for discussion are maintained. A greater understanding of the stages that the scheme is to pass through.

Better coordination of procurement of different suppliers. Get the right level of resource capability. Agree contract management processes and reporting drumbeat.

Have the right / good amount of resource from the start where possible Have a finished design (mainly if Option C) Have a clear file storage system for all docs / original contracts

Better collaboration with Contractor, Suitable PM team for the scheme and design maturity.

Regular auditing early on in the project.

Fix scope, get right team doing the right things at right time by teamwork

RACI matrix/R&Rs Important of procurement strategy Level of design maturity required

Thorough checking process / gateways agreed up front. Clarity of scope.

Agree more robust ITP plans at the outset with greater responsibility on the contractor to notify inspections to the supervisors team with ramifications if they do not comply with this requirement. This could greatly decrease the number of defects. Collaborative working is the most important aspect of progressing works and any challenges with this aspect of the construction process should be ironed out and rectified where possible.

# Lessons Learned *(Key Take aways)*

1. The Project original contract let sum did not take into account the level of change and risk residing within the scope at the time of appointing the Contractor, as captured in Lesson Learned sessions
2. The project was lacking in areas at time in terms of governance and behaviours. Addressed by intervention & measures implemented as demonstrated by the information within this pack
3. Covid-19 had a substantial impact on the scheme, not only in cost and programme, also in lack of experience for all parties (1<sup>st</sup> time event), exacerbating already troubled Project Team relationships
4. Once robust governance and controls were established, Regular audits and KPI's for reporting agreed, the controls and performance improved noticeably
5. Robust Gateways not evidenced in early stages (See
6. The scheme out turn cost would have been substantially higher if a scheme reset had not taken place (DoV - Dec 2020). This intervention yielded great benefits and off-set the potential lack of value gained due to lack of robust controls and governance prior to December 2019
7. The ultimate out turn cost is a fair representation of what the scheme value is, due to the many challenges, level of change and commercial shortcomings identified in the Lesson Learned sessions.
8. Ensure funding constraints don't lead to optimism bias / group think. Independent review required.



# Lessons Learned (Key lessons to be implemented in future schemes)

Stage Gate / Gateway Reviews / Robust Gateways not evidenced in early stages. Recommended

#	Classification	Definition
1	Governance	Recommendations related to the oversight, structure and decision making of a project. This theme also includes recommendations relating to alignment with pan-government priorities, strategies and controls.
2	Stakeholder Management	Recommendations related to relationships with all parties with an interest in the outcome of the project, whether internal to the agency, internal to government or external.
3	Programme and Project Management	Recommendations related to all aspects of project, programme and portfolio management, but excludes recommendations on Risk, Issues and Dependency Management (Theme 9) and Resource Management (Theme 10)
4	Change Management & Transition	Recommendations related to the Management of Business Change – all the work required with and in the business and with the customer to make ready for the initiative, in terms of changes to business processes including: business continuity planning, changes to work processes and resourcing, changes to organisational structures and staffing to support transformational or process changes to business delivery to ensure a smooth transition to PAM. It does not include Technology Readiness for Service (Theme 12)
5	Financial Planning and Management	Recommendations related to financial planning, organising, directing and controlling of financial activities.
6	Benefits Management & Realisation	Recommendations related to the identification, ownership, measurement and realisation of benefits and dis-benefits. Benefits can be either financial or non-financial.
7	Commercial Strategy & Management	Recommendations related to the end-to-end procurement process including: Procurement strategy and planning, Approaches to the market, Contract negotiation and Contract management.
8	Context, Aim & Scope	Recommendations that are aimed at the clarity of the change to be implemented. It covers alignment to vision, strategy and policy; the purpose, objectives, justification and description of the change; and the determination of success and the necessary environment to ensure success.
9	Risk, Issues & Dependency Management	Recommendations related to the identification, analysis, impact assessment, response and the on-going review and management of Risks, Issues and Dependencies (i.e. outputs that are required by a project to succeed, but which will be delivered by parties not under the direct control of the project).
10	Resource & Skills Management	Recommendations related to all aspects of the identification, supply, optimisation, prioritisation and maintenance of resources and appropriate skills.
11	Knowledge Management	Recommendations related to the process of capturing, developing, sharing, and effectively using organizational knowledge. It includes sharing knowledge and experiences or Lessons Learnt.
12	Technology	Recommendations related to all technology issues, including the alignment of the technology solution to the technology and business strategy, the integration of one or more technology solutions, the operational readiness of the solution (including testing of the solution), and all aspects of security relating to the technology solution.
13	Other	To be used only when other classifications do not apply.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1002373/Guide\\_to\\_Preparing\\_an\\_Assurance\\_Review\\_Report\\_Version\\_1\\_2021\\_-\\_1\\_.docx](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1002373/Guide_to_Preparing_an_Assurance_Review_Report_Version_1_2021_-_1_.docx)

# Lessons Learned (Key lessons to be implemented in future schemes)

1. Review *Lessons Learned* for EVERY stage (From Concept, Feasibility etc - A standing Agenda Item)
2. Early Site / Ground Investigations (risk is greatest below ground / utilities / environmental)
3. Design maturity to provide acceptable level of Cost Certainty at appropriate stage
4. Buildability risk & issues to be reviewed robustly, with appropriate contingency allowances
5. Scope / Works Information, Design fixity, Site Conditions and Constraints clearly defined
6. Earliest identification of expertise required in RACI, implement / develop robust governance
7. Develop robust Interface management plan (Utilities, services, clash detection, risk and mitigation)
8. Risk Register, Contingency and Optimism Bias factored in commercially as soon as possible
9. Procurement Strategy clear with route to market (i.e., Form of contract /appropriate risk allocation)
10. Planning / Briefing / Kick-off / Refresh Workshops throughout to manage stakeholder expectations
11. Adopt appropriate tools (collaborative administrative software) to manage information and reporting requirements and to facilitate more robust decisions. Online platform: 1 version of truth
12. Establish project drumbeat (clear meeting/s and reporting strategy for life of project)

## Appendix C: Key Lessons Learnt

Clearer procurement strategy. Competent NEC PM Drive collaboration into project at all stages
Project Setup period - Design + Consultant team Clarity on Skillsets and Experience Robust Governance and Change Control
1. Greater involvement in the procurement / tendering phase. 2. Clear contract documentation from the outset to minimise conflict. 3. Have a defined scope to reduce change.
Ensuring the scope of the works is fully understood by all parties. Ensuring that appropriate levels for discussion are maintained. A greater understanding of the stages that the scheme is to pass through.
Better coordination of procurement of different suppliers. Get the right level of resource capability. Agree contract management processes and reporting drumbeat.
Have the right / good amount of resource from the start - where possible - Have a finished design (mainly if Option C) - Have a clear file storage system for all docs / original contracts.
Better collaboration with Contractor, Suitable PM team for the scheme and design maturity.
Regular auditing early on in the project.
Fix scope, get right team doing the right things at right time by teamwork.
RACI matrix/R&Rs Important of procurement strategy Level of design maturity required.
Thorough checking process / gateways agreed up front. Clarity of scope.
Agree more robust ITP plans at the outset with greater responsibility on the contractor to notify inspections to the supervisors team with ramifications if they do not comply with this requirement. This could greatly decrease the number of defects. Collaborative working is the most important aspect of progressing works and any challenges with this aspect of the construction process should be ironed out and rectified where possible.

## **Key Takeaways:**

1. The Project original contract let sum did not consider the level of change and risk residing within the scope at the time of appointing the Contractor, as captured in Lesson Learnt sessions.
2. The project was lacking in areas at time in terms of governance and behaviours. Addressed by intervention & measures implemented.
3. Covid-19 had a substantial impact on the scheme, not only in cost and programme, also in lack of experience for all parties (1<sup>st</sup> time event), exacerbating already troubled Project Team relationships.
4. Once robust governance and controls were established, Regular audits and KPI's for reporting agreed, the controls and performance improved noticeably.
5. Robust Gateways not evidenced in early stages.
6. The scheme out turn cost would have been substantially higher if a scheme reset had not taken place (DoV - Dec 2020). This intervention yielded great benefits and off-set the potential lack of value gained due to lack of robust controls and governance prior to December 2019.
7. The ultimate out turn cost is a fair representation of what the scheme value is, due to the many challenges, level of change and commercial shortcomings identified in the Lesson Learnt sessions.
8. Ensure funding constraints don't lead to optimism bias / group think. Independent review required.

**Forward Plan reference number:** FP/AB/668

<b>Report title:</b> Local Growth Fund – London Gateway/Stanford le Hope Update Report	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Kevin Munnely, Assistant Director Regeneration and Place Delivery, Thurrock Council and Leslie Rickerby, SELEP Capital Programme Officer	
<b>Meeting date:</b> 22 September 2023	<b>For:</b> Information
<b>Enquiries to:</b> <a href="mailto:leslie.rickerby@southeastlep.com">leslie.rickerby@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Thurrock	

## 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the London Gateway/Stanford-le-Hope Local Growth Fund (LGF) project (the Project).
- 1.2. The Board has been provided with regular updates on the Project and this report includes an update on progress of Phase 1 and progress on Phase 2 design options.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** the update on project delivery set out within this report.
  - 2.1.2. **Note** that a further update on delivery of the Project and the status of the required Business Case will be brought to the November 2023 Board meeting.

## 3. Project Overview

- 3.1. The main aims of the Project are to:
  - 3.1.1. Develop an interchange that will connect bus, rail, cycle, taxi, and pedestrian modes of transport at Stanford-le-Hope Train station.
  - 3.1.2. Expand capacity at Stanford-le-Hope Train Station.
  - 3.1.3. Implement a package of works that meets the requirements of travel plans for London Gateway and unlocks the next phase of development at London Gateway/Thames Enterprise Park.
  - 3.1.4. Provide improvements to public transport infrastructure and service reliability to new housing developments and to the major employment growth sites at London Gateway/Coryton.
  - 3.1.5. Help curb traffic growth and **Page 244 of 269** in transport emissions in the area through this new transport interchange.

- 3.2. To assist with the delivery of this complex regeneration project, the works as set out in the original Business Case have been split into 2 phases:
  - 3.2.1. Station building - with passenger toilets, widened platform, level access to building and station platforms, real time customer information systems (Phase 1).
  - 3.2.2. Multi-modal interchange – 2 car passengers drop off positions with landing island, 2 taxi rank positions with landing island and shelter, 84 secure cycle parking spaces, 2 drop off positions and 1 pickup position for a bus with waiting facilities, protected pedestrian walking routes and desire lines (Phase 2).
- 3.3. The original Business Case demonstrated High value for money with a Benefit Cost Ratio (BCR) of 9.4:1. The Business Case indicated that the Project would support the creation of an estimated 756 new jobs at DP World London Gateway and Thames Enterprise Park over the period up to 2031 through provision of infrastructure that will improve accessibility by sustainable modes of travel.
- 3.4. The Board approved an LGF allocation of £7.5m towards the estimated £12.05m project cost in February 2017. This allocation has been spent in full.
- 3.5. £29.09m is the current budget for both phases of the Project. The ability to deliver the Project within this budget is subject to confirmation as costs for Phase 1 and 2 of the Project are verified.
- 3.6. Due to the scale of cost increase identified between 2017 and 2021 (£17.04m), there is a requirement for submission of an updated Business Case to demonstrate that the Project continues to offer High value for money and that the requirements of the Assurance Framework continue to be met.
- 3.7. At the September 2022 meeting, the Board was advised that an updated Business Case had been received by SELEP incorporating a new approach for Phase 2 of the Project. However, due to the need to include further information around project deliverability and funding for the entire project, the Independent Technical Evaluator was unable to assure the Value for Money and realisation of benefits. Considering this, the Board agreed that the LGF funding could be retained against the Project to:
  - 3.7.1. Allow time for further work to be undertaken on the Business Case and to allow for a further review to be completed by the Independent Technical Evaluator.
  - 3.7.2. Allow time for Thurrock Council to address and mitigate the risks to delivery of the Project outlined in the report; and
  - 3.7.3. Allow time for Thurrock Council to develop their plans for Phase 2 of the Project enabling them to confirm that a full funding package is in place to deliver the full scope of the Project as set out in the Business Case.
- 3.8. It was agreed during the June 2023 Board meeting that the updated Business Case for the Project could be submitted for consideration at the February 2024 Board meeting. Noting that if this deadline is not met, the LGF funding will be removed from the Project and will need to be returned to Essex County Council (as Accountable Body for SELEP) within 4 weeks by Thurrock Council for reallocation to alternative projects.

3.9. Further information on the project is provided in Appendix A.

#### **4. Update on project delivery**

4.1. The Council's Senior Leadership Team agreed in December 2022 to pause any further work on Phase 1 of the Project until there was greater certainty around Phase 2 design and costs. As work on Phase 2 has progressed some initial work around Phase 1 is now being undertaken.

##### **Phase 1**

4.2. Phase 1 has seen ongoing work preceding reactivation with the following workstreams:

4.2.1. Design review with c2c the train operators taking into consideration changes over time of travel trends, employee behaviours and increased automation including the possible government plans to remove ticket offices (subject to public consultation and final decision).

4.2.2. Discussions with Network Rail and c2c on concluding Governance for Railway Investment Projects (GRIP) Stage 4 (Single Option Development) and progressing to GRIP Stage 5 - (Detailed Design) by splitting the entire project into work packages like restoring the gateline as initial works.

4.2.3. Working with legal and procurement to identify procurement options for the design and construction of Phase 1. One of the options is to reappoint AECOM (who obtained planning permission in July 2021) and they have been requested to give a fees proposal including timescales to develop the design further.

##### **Phase 2**

4.3. AECOM has completed Stage 1 of the design process by submitting 3 design options (attached as Appendix B) which were reviewed by internal/external stakeholders and a preferred option, Option 2, was selected.

4.3.1. Option 1: A mobility Hub with no onsite bus turnaround facilities which does not meet most of the technical requirements and benefits in the original Business Case.

4.3.2. Option 2: A multi-modal transport interchange with onsite bus turnaround facilities, car parking, cycle parking, bus shelter etc. Most of the technical requirements and benefits in the original Business Case are met within the lower flood risk zone area and this is a more affordable option compared with Option 3.

4.3.3. Option 3: A multi-modal transport interchange with a combined single entrance and onsite bus turnaround facilities. Some of the technical requirements are in the high flood risk areas and intrude into the higher level of land making it undeliverable construction wise due to difference of about one floor height. It also requires land owned by Network Rail which cannot be transferred as replacement land is not available for statutory operational requirement use.

4.4. AECOM are progressing the preferred design option for the submission of a planning application in October 2023. Page 243 of 289

- 4.5. Surveys required for the planning application including ecology, topography, transport assessment, pedestrian flow and hydraulic modelling are either completed or ongoing. The site is located adjacent to Mucking Creek and an area of Flood Zone 2 is located within the application site based on the Environment Agency's flood map for planning and therefore early engagement with the Environment Agency has been undertaken.
- 4.6. The existing Stakeholder Group, Project Board and related council teams are being engaged to provide oversight of this design development.

### **Business Case**

- 4.7. In parallel to the design development by AECOM, a supplier has been appointed to produce the updated Business Case for consideration by the Board in February 2024. As detailed in Table 3, the first draft of the revised Business Case has been received by Thurrock Council.
- 4.8. The updated programme (Table 3) below sets out the timeline for delivering the Planning submission for Phase 2 of the Project and other workstreams – Business Case and Phase 1.
- 4.9. Governance measures at Thurrock Council have increased since the Commissioners have been in place, so the decision-making process has been extended. This means that sign-off of the Project (Business Case inclusive), prior to submission to SELEP, cannot take place until a decision is taken at the October Thurrock Council Cabinet Meeting. However, a draft Business Case will be communicated for Independent Technical Evaluation after initial review by Thurrock Council.

### **Financial Update**

- 4.10. The expenditure breakdown in Table 1 below sets out project spend to date. Future costs may vary significantly, subject to design development, specification, phasing and prevailing market conditions. Future profiling is currently estimated and will be subject to review in the Business Case to reflect any revised build programme.
- 4.11. The remaining budget to deliver the design costs for Phase 2 and the complete build costs for both Phases is £15.6m. Preliminary costs for the 3 design options of Phase 2 have been provided and an update on costs for Phase 1 has been completed, but the costs at this stage are high level, untested and for guidance only, in order to provide an indication of potential construction costs. The preliminary estimates indicate that the remaining budget allocation will be challenging to deliver the whole scheme outputs and additional funding may be required.








Table 1. Breakdown of expected expenditure by provider

<b>Financial Profile (£m)</b>					
<b>Source of Funding</b>	<b>Actual Spend to end 2022/23</b>	<b>Expected Spend 2023/24</b>	<b>Expected Spend 2024/25</b>	<b>Expected Spend 2025/26</b>	<b>Total</b>
Thurrock Council Capital	3.453	4.007	5.26	3	<b>15.72</b>
LGF	7.5	0	0	0	<b>7.50</b>
C2c/NSIP	0.74	2	1.047	0	<b>3.79</b>
DP World	0	0.55	0	0	<b>0.55</b>
S.106	1.533	0	0	0	<b>1.53</b>
<b>Total</b>	<b>13.226</b>	<b>6.557</b>	<b>6.307</b>	<b>3</b>	<b>29.09</b>

**5. RAG Risk Rating**

*Table 2: RAG Risk Assessment*

Risk	RAG rating (June 2023)	Change since last Board meeting	Current RAG rating (September 2023)	Progress & Actions
Delay in deciding the option for Phase 2 will delay the costings required for inclusion in the updated Business Case	Red		Green	Option 2 selected at stakeholder workshop of 7 June 2023 and AECOM progressing to planning.
Existing funding is insufficient to deliver the design for Phase 2 and construction of Phases 1 and 2	Red		Red	Preliminary costs estimate for the 3 design options have been received and Phase 1 costs updated identifying a funding gap and alternative funding sources are being explored.
Delays from getting sign off for statutory approvals from Network Rail and c2c for proposed works on their land. The knock-on effect would be delays to the delivery programmes of Phases 1 and 2.	Amber		Amber	Ongoing early engagement with Network Rail and c2c to ensure timely grant of any required statutory approvals.
Increasing costs of project delivery due to further delays and inflationary pressures.	Red		Amber	Completion of the Phase 2 preferred Option 2 to planning will enable the team to update preliminary costs. Phase 1 project delivery/design review for cost saving/value engineering opportunities and seek additional funding options.
Some stakeholders object to Phase 2 planning application.	Amber		Amber	Early and ongoing stakeholder engagement.

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<p>Managing the interdependency of the construction phases 1 &amp; 2 due to existing site constraints.</p>	<p>Amber</p>		<p>Amber</p>	<p>Construction Planning starting with enabling works in Phase 2 so Phase 1 can use the proposed transport Interchange as construction site. When Phase 1 is completed then Phase 2 construction can progress to completion</p>
<p>The risk of not starting construction of Phase 1 before planning permission expires in July 2024 resulting in the need for a new planning application to be prepared.</p>	<p>New risk</p>		<p>Amber</p>	<p>Work with c2c and Network Rail and AECOM to ensure planned phased construction commences before July 2024</p>

Table 3: Milestone Risk Assessment

	<b>Milestone Completion Date (June 2023)</b>	<b>Milestone Completion Date (September 2023)</b>	<b>Change in milestone date (RAG rating)</b>	<b>Commentary</b> (To include: % of milestone achieved to date)
Transport Interchange: Submission of design Options by AECOM to Thurrock Council	June 2023	June 2023	Green	100% complete in June 2023, where 3 design options were presented to Thurrock Council by AECOM.
Appointment of Consultant for preparation of the Business Case	June 2023	June 2023	Green	100% complete. On 30 June 2023, the supplier had an introductory meeting with AECOM and required documents have been made available to them for the exercise.
Early Contractor Involvement (ECI) Phase 1	June 2023	September 2023	Amber	Compliant procurement routes are being explored.
Stakeholder Engagement Workshop to select preferred option	7 June 2023	June 2023	Green	100% complete. Stakeholder Engagement Workshop was held on 7 June 2023 and Preferred Option 2 was selected.
Appointment of Cost Consultant to provide preliminary cost estimates of Phases 1 and 2.	June 2023	June 2023	Green	100% completed. Cost Consultant appointed to provide preliminary cost estimates for Phase 2 design options and update of Phase 1 costs.
Submission of Costs estimates for Phases 1 and 2	July 2023	July 2023	Green	100% completed with costs for Phases 1 and 2 communicated for input in the revised Business Case.
Preparation of preferred option for planning	July 2023	August/September 2023	Amber	Ongoing 75% complete. Surveys completed or scheduled: ecology, topographic, transport assessment, flood risk assessment and hydraulic modelling etc.
Pre-Planning Application meetings	July 2023	August 2023	Amber	100% complete with Pre-planning application meeting held 30 August 2023.

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Production of draft Business Case	August 2023	August 2023	Green	100% complete with required information communicated such as the original business case, travel plans, design options and costs of Phases 1 and 2 etc.
Early consultation with statutory consultees on the emerging planning application	August 2023	September 2023	Amber	50% complete with meeting with Environmental Agency on 16 August 2023 to de-risk the planning application. An approach regarding flood risk and hydraulic modelling was agreed which has reduced the risk element of the Phase 2 preliminary costs.
Submission of full Planning Application for Phase 2	October 2023	October 2023	Green	50% completed by AECOM who are working towards submission of the planning application in October 2023.
Scheme sign off by Thurrock Council Cabinet	11 October 2023	11 October 2023	Green	Draft cabinet report completed but awaiting appendices including the updated Business Case.
Submission of Business Case to SELEP for ITE evaluation	29 November 2023	29 November 2023	Green	Submission of the draft Business Case is scheduled for September 2023.
Reactivate Phase 1	New Milestone	December 2023		Ongoing with c2c, Network Rail, AECOM and Thurrock Council Procurement with efforts to re-engage external legal resource.
Start procurement for detailed design to construction of Phases 1 and 2	New Milestone	January 2024		This milestone is subject to planning permission being granted and sufficient funding.
Business Case considered by the Board	February 2024	February 2024	Green	This remains a target date although Thurrock Council is working towards an earlier completion date.
Phase 2 Enabling works commence	New Milestone	March 2024		The enabling works will allow Council owned site to be utilised as the construction site for Phase 1.
Phase 1 Construction works start on site	New Milestone	May 2024		Deadline of July 2024 to commence construction of Phase 1 with current

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				planning approval which expires in July 2024
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## 6. Next Steps

### Phase 1

- 6.1. A delivery proposal requested from AECOM to complete GRIP 4 and progress to GRIP 5 onwards.
- 6.2. Ongoing design review with cost reduction opportunities of the approved planning drawings between the AECOM design team, c2c and Network Rail taking into consideration recent government guidelines on ticketless stations in preparation for moving from GRIP 4 to GRIP 5 (detailed design) onwards to construction.
- 6.3. Ongoing work with legal and procurement colleagues to identify and select the procurement route for design and construction of Phase 1 splitting the work packages into enabling works/construction design and main contract works including early contractor involvement to reduce the high contractor risk which was the main issue in the last attempt.

### Phase 2

- 6.4. AECOM developing the selected, preferred single option to full Planning application submission.
- 6.5. Cost plan of the planning design submission with value engineering focus to reduce gap funding from limited existing budget. In parallel the updated Business Case will be developed for submission to Thurrock Council, Independent Technical Evaluator and SELEP.

## 7. SELEP Comments

- 7.1. This report provides an update on the delivery of the Project including details on planned submission of a planning application for Phase 2 of the Project, reactivation plans for Phase 1 and progress towards submission of the required updated Business Case to SELEP.
- 7.2. The Board has previously been updated on matters related to the Best Value Inspection that took place during 2022/23. The Board were advised at the March 2023 meeting that early work submitted to the Secretary of State concluded that Thurrock Council was not meeting its Best Value Duty generally across the Council, both in terms of its known financial issues, and in relation to its governance and staffing functions. This has been borne out by the final Best Value Inspection report which can be viewed [here](#).
- 7.3. While work has progressed to address key areas of concern, there are still several uncertainties surrounding the Project including a lack of up-to-date costings, overall affordability and sources of additional funding if required. This level of uncertainty creates a concern regarding the Business Case currently being prepared, especially as the Project has been in a similar position before where the previous revised Business Case was not sufficiently robust. Furthermore, if the Business Case is not sufficiently detailed or if the deadline for submission for the February 2024 Board meeting is not met, the LGF funding will be removed from the Project and will need to be returned to Essex County Council (as Accountable Body for SELEP).
- 7.4. Planning permission for Phase 1 of the Project was granted in July 2021 with a three year timeframe for works to commence. As a result of the project delays, there is currently a risk

that the construction of Phase 1 will not begin before the expiration of this period in July 2024, in which case a new planning application would be prepared which would delay the Project further. The current schedule outlines the commencement of design and build procurement in January 2024 and construction start onsite in May 2024 which seems to be a very challenging timeframe given the current status of Phase 1.

- 7.5. The report sets out that the remaining budget envelope available for delivery of both Phases of the project stands at £15.6m. Although preliminary cost estimates have been calculated, it is currently not possible to gauge whether this will be sufficient for project delivery due both to ongoing design considerations around Phase 2 and the re-evaluation of the projected costings for Phase 1. The report indicates that work has been carried out to determine these costs and that the initial view is that delivery of outputs may be challenging and that gap funding may be required, although this position could change depending on the findings of the ongoing surveys.
- 7.6. In view of the current uncertainty regarding the Project finances, assuring value for money is an ongoing concern and it is therefore important to reiterate that full and accurate costings will need to be included in the revised Business Case, alongside confirmation that a full funding package is in place to support delivery of the Project.
- 7.7. SELEP has concerns around the potential need for additional funding, if this were to be needed, and how this might be secured. If additional funding is required but cannot be secured, then this poses a substantial risk to completion of the Project and the Board may be asked to consider removing the Project from the LGF programme and seeking return of the LGF funding as the Project could no longer be delivered as agreed. Removal of the Project from the LGF programme would detrimentally impact on the benefits which are forecast to be achieved.
- 7.8. If additional funding were to be sought through borrowing it could be challenging for Thurrock Council to secure given their current financial situation and following the issuing of a Section 114 notice, which is expected to be in place until March 2024.
- 7.9. In November 2021, the Board were advised that an updated Business Case for the Project was required due to reported increases in the total project cost. At this time, it was agreed that the revised Business Case would be considered by the Board in April 2022 at the latest. The timeline for Business Case submission has now been extended on multiple occasions. Most recently, at the June 2023 meeting, the Board agreed that an updated Business Case could be submitted for consideration at the February 2024 Board meeting. The February 2024 date must be achieved in order to avoid removal of the Project from the LGF programme and return of the LGF funding. The requirement for increased governance obligations at Thurrock Council as a result of the Section 114 notice is understood, however, this elongated process will place additional pressure on SELEP and Essex County Council (as the Accountable Body for SELEP) as work continues to comply with the integration expectations of Central Government as outlined in the recent Budget announcement.
- 7.10. As previously reported to the Board, the Business Case submission will need to include assurances from Thurrock Council about how the LGF funding has been utilised and whether it continues to meet the funding conditions set out in the Grant Agreement.
- 7.11. Recent activity as outlined in this report indicates progress towards addressing key areas of delay and concern:



- 7.11.1. AECOM have completed Stage 1 of the site design process for Phase 2 of the Project and a preferred option has now been approved at the recent Stakeholder Engagement Workshop. AECOM are now progressing the preferred design option and cost plan.
  - 7.11.2. Updated costs for Phase 1 and the three Phase 2 design options have been completed.
  - 7.11.3. A consultant has been appointed to produce the updated Business Case. Work to complete has progressed well during August 2023 and the first draft of the Business Case was submitted to Thurrock Council in September 2023.
  - 7.11.4. Work on Phase 1 across various workstreams (albeit prior to formal reactivation) is a positive step to bringing the overall project back on track.
- 7.12. The report outlines that a number of surveys are required to inform part of the planning application. While there has been promising engagement with the Environment Agency already, it is important that consultation continues to avoid a delay of the planning application submission in October 2023.
- 7.13. An update on progress towards submission of both the planning application for Phase 2 of the Project and the updated Business Case, as well as reactivation plans for Phase 1, will be provided at the November 2023 Board meeting.

## **8. Financial Implications (Accountable Body comments)**

- 8.1. There continue to be a number of challenges to completion of this project; the development of the Business Case may identify additional costs that could present affordability challenges and put the associated value for money assessment at risk, as well as delays in realising the potential benefits associated with the Project.
- 8.2. To retain awareness of the development of the Business Case and associated risks, the Board is advised to keep under review the delivery progress of this project. These risks should inform any future decisions made with respect to the funding associated with the Project.
- 8.3. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 8.4. All LGF in respect of this project has been reportedly spent by Thurrock Council, as the Project Lead Authority; the funding has been transferred under the terms of a Service Level Agreement (SLA), which makes clear that funding can only be used in line with the agreed terms. The SLA also makes clear that it is the responsibility of Thurrock Council to secure any additional funding required.
- 8.5. As the revised Business Case comes forward, the Accountable Body will be seeking further assurances that the spend incurred on the Project to date remains eligible spend under the terms of the SLA in place and that any revised proposals for the Project is fully funded to ensure deliverability and value for money. These assurances will inform the consideration of the revised Business Case at the February 2024 meeting of the Board.

8.6. The SLA with Thurrock Council sets out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the decisions of the Board.

**9. Legal Implications (Accountable Body comments)**

9.1. The funding is administered in accordance with the SLAs in place between Essex County Council, as Accountable Body for SELEP, SELEP Ltd and the Project Lead Authority. The SLA contains provisions that permit the Board to take a decision to require funding to be repaid (either in all or in part) if the Project Lead Authority fails to deliver the project in accordance with the business case, a project is changed and the Board decline to agree the change or if the project can no longer meet the grant conditions.

**10. Equality and Diversity Implications**

10.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:

10.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act.

10.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.

10.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

10.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

10.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision-making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

**11. List of Appendices**

11.1. Appendix A - LGF Project Background information

11.2. Appendix B - Phase 2 Design Options

**(Any request for background papers listed here should be made to the person named at the top of the report who will be able to help with any enquiries)**

Role	Date
<p><b>Accountable Body sign off</b></p> <p>Michael Neumann</p> <p>(on behalf of Nicole Wood, S151 Officer, Essex County Council)</p>	<p>14/09/2023</p>

## Appendix A - LGF Project Background Information

<b>Name of Project</b>	<b>London Gateway/Stanford Le Hope</b>  Thurrock Council
<b>Local Growth Fund allocation</b>	£7.5m (awarded February 2017)
<b>Description of what Project delivers</b>	<p>On the north banks of the Thames Estuary in Stanford-le-Hope, Essex, London Gateway is the U.K's newest and most technologically advanced deep sea container port catering for global shipping. Once fully developed, London Gateway shall comprise six deep sea shipping berths alongside the logistics park. The London Gateway Logistics Park offers convenient, modern warehousing space on a campus the size of 400 football pitches, the largest of its kind in Europe, with 9.25 million sq ft of available warehousing space. Adjoining the London Gateway port, the Thames Enterprise Park project aims to refurbish part of the closed Coryton oil refinery. This will provide over 3.7 million sq. ft of development space for manufacturing, energy and logistics operations creating new jobs for the local area.</p> <p>In total, London Gateway and the Thames Enterprise Park are anticipated to generate approximately 18,982 direct jobs (on-site) with a further 14,183 indirect jobs created within supply chains. (Source – Thurrock Council).</p> <p>Currently, three port berths are operational at London Gateway, however DP World announced in September 2021 that works were to begin on a new fourth berth to increase supply chain resilience and create more capacity for the world's largest vessels.</p> <p>DP World London Gateway is remote from the Thurrock Urban Area and accessibility will be an issue for prospective employees without access to a car. Ensuring a sufficient labour supply and good job/skills matching will be critical for not only realising the growth but sustaining the jobs in the long term by maximising productivity. It is therefore necessary to ensure that high quality accessibility is provided by non-car means through better bus facilities in Stanford-le-Hope and high-quality rail/bus integration to attract employees. In addition, good quality passenger transport facilities and bus/rail integration will be necessary to achieve the modal split targets for the development.</p> <p>Since the original business case submission in 2017, the Thames Freeport has been created in December 2021, this is an economic zone connecting Ford's Dagenham engine plant to the global ports at London Gateway and Tilbury. The Freeport can secure more than</p>

£1 billion in new port infrastructure and more than 21,000 new direct and indirect jobs on its estate.

The original business case scope included a new multi-modal Interchange on the station forecourt though this did not proceed due to feasibility and cost constraints. An alternative multi-modal interchange is being considered on the opposite side of London Road in the existing station car park and land adjacent to it.

This included car passenger drop off positions, taxi rank positions, 84 secure cycle parking spaces, 2 drop off positions and 1 pickup position for a bus with waiting facilities.

Due to the complexities of delivery the project as set out in the Business Case has been split into 2 phases:

**Phase 1 - Station buildings** – The development of new station buildings providing the following key facilities to support passenger growth.

- Modular canopy structures covering prefabricated station buildings
- Passenger toilets
- Commercial retail facility
- Widened Platform 1
- Passenger footbridge with lifts
- Level access from London Road to both station buildings and to the platforms
- Real-time Customer Information System

#### **Phase 2 - Mobility Hub and Shuttle Bus**

A new mobility hub is to be constructed on the opposite side of London Road to the station, integrated into the existing station car park and adjacent vacant Council owned site. The new hub is to include the following key facilities to support transport interchange:

- 84 secure cycle parking spaces
- Provision for electric pedal bike hire scheme and charging points
- Car passenger drop off positions
- Bus interchange capacity
- Taxi rank positions

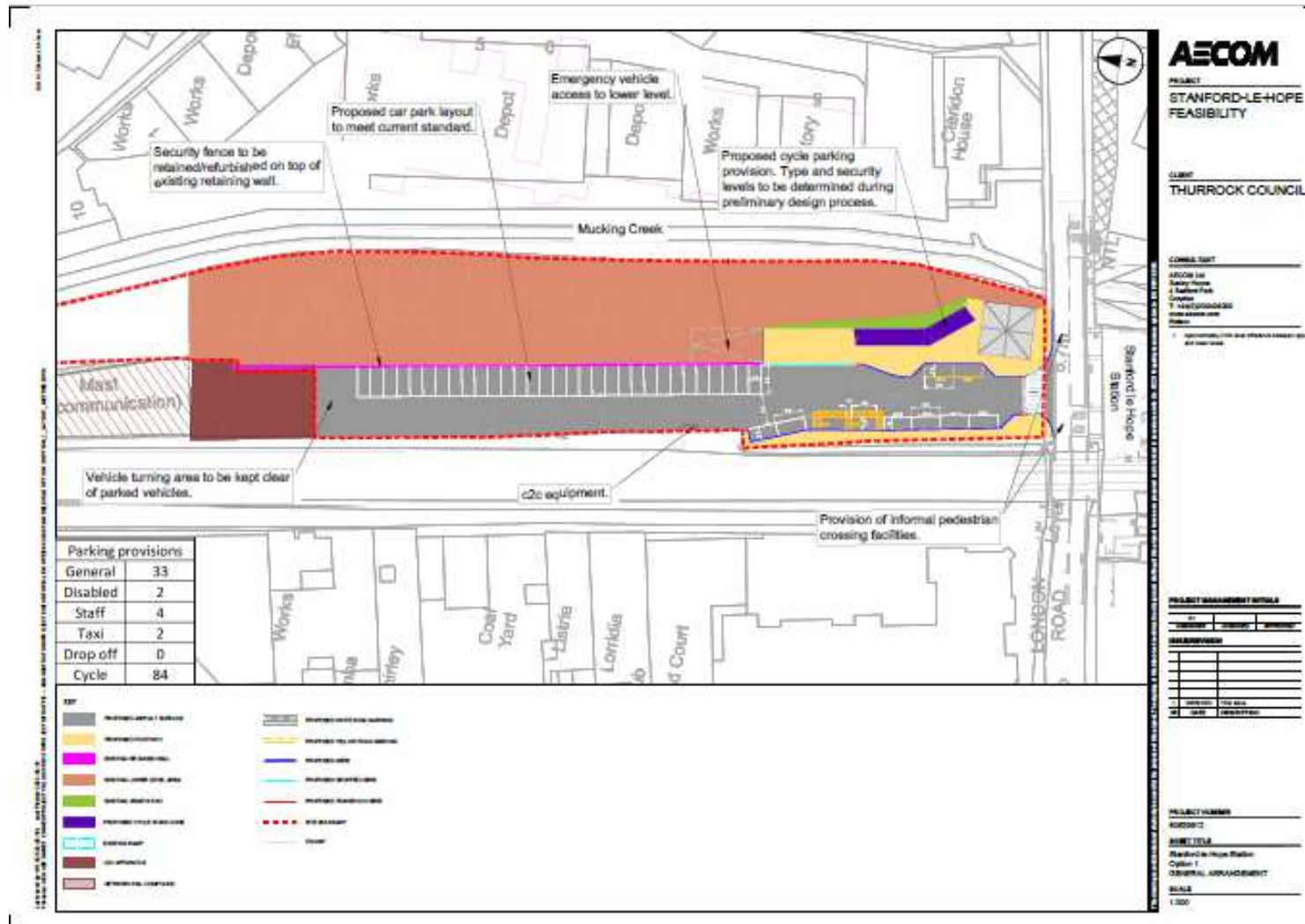
Initial feasibility studies have identified a number of space and traffic issues that will need to be addressed in the design process to accommodate the integration of the dedicated DP World shuttle bus stop into the mobility hub design. It is anticipated that the future integration of the adjacent development sites will provide a long-term design solution.

<p><b>Project benefits</b></p>	<p>The scope of the project is to provide new station buildings including a footbridge with lifts, mobility hub on London Road opposite the station including and a dedicated DP World shuttle bus stop, that will:</p> <ul style="list-style-type: none"> <li>• Provide a mobility hub and dedicated shuttle bus interchange to support the existing London Gateway Travel Plan and future Thames Enterprise Park Travel Plan.</li> <li>• Provide additional passenger capacity at the station to accommodate local growth in jobs and housing</li> <li>• Provide a new station building that improves the perceptions of Stanford-le-Hope station</li> </ul>
<p><b>Project constraints</b></p>	<ul style="list-style-type: none"> <li>• Contract negotiations for Phase 1 have failed to secure a contractor and the phase was temporarily paused. A contractor still needs to be procured however some works have been carried out recently, prior to reactivation.</li> <li>• Planning Permission is not in place for all elements of the project (Phase 2).</li> <li>• Work is ongoing to confirm that a full funding package is in place.</li> <li>• An updated Business Case is required to confirm that the Project continues to offer High Value for Money and that delivery of benefits as set out in the original Business Case remains realistic, following a substantial increase in project costs. An updated Business Case was provided but, based on the information provided, the ITE was unable to assure that the project continues to offer High value for money. As such, a second revision is required and is currently scheduled for submission to SELEP in November 2023.</li> </ul>
<p><b>Link to Project page on the website with full Business Case</b></p>	<p><a href="https://www.southeastlep.com/project/london-gateway-stanford-le-hope/">https://www.southeastlep.com/project/london-gateway-stanford-le-hope/</a></p>

# STANFORD-LE-HOPE TRANSPORT INTERCHANGE

## APPENDIX B - DESIGN OPTIONS

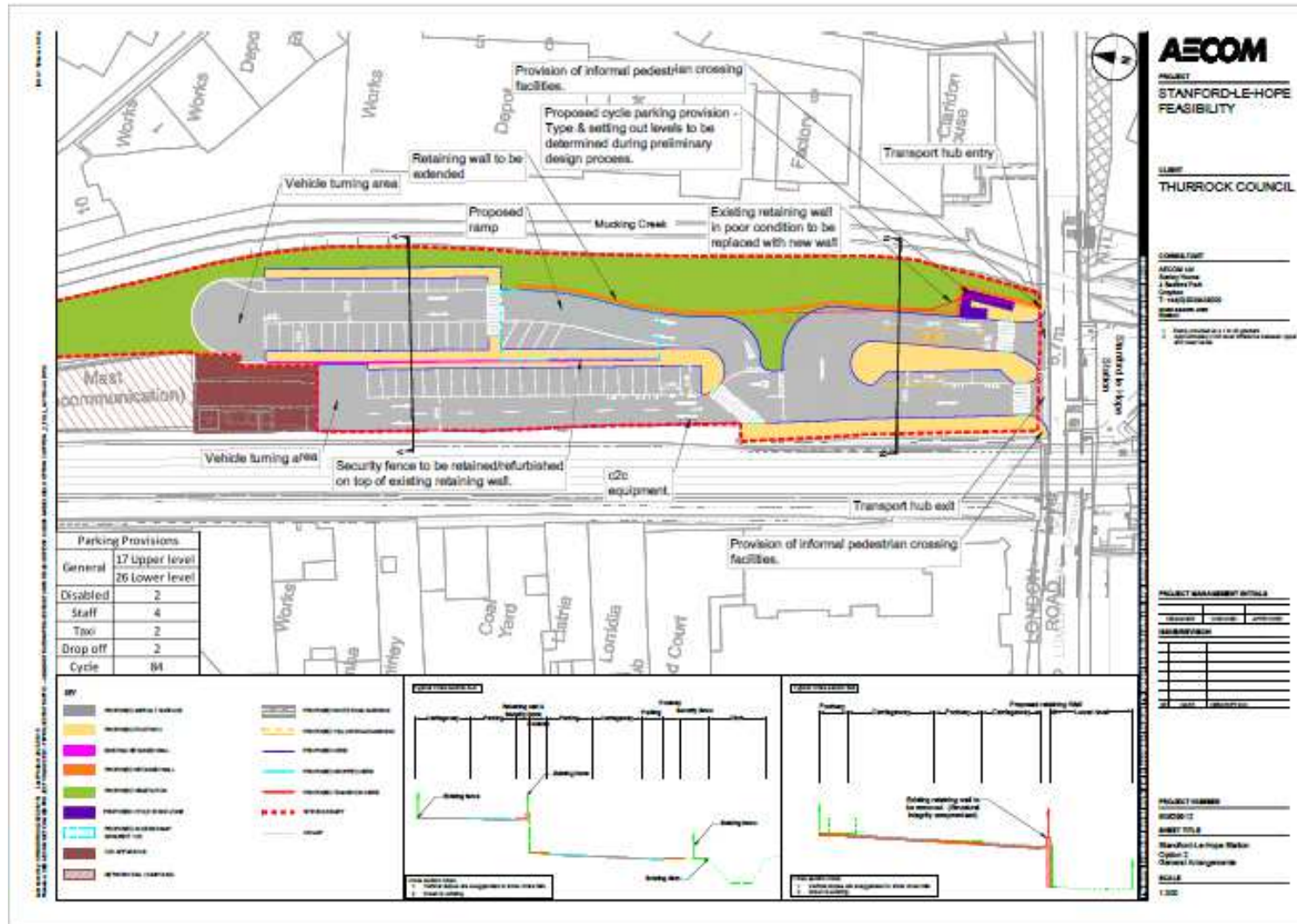
### OPTION 1



# STANFORD-LE-HOPE TRANSPORT INTERCHANGE

## APPENDIX B - DESIGN OPTIONS

### OPTION 2



**AECOM**  
PROJECT: STANFORD-LE-HOPE FEASIBILITY  
CLIENT: THURROCK COUNCIL  
COMMITTEE: AECOM Ltd, 11000 Wilton Road, Suite 200, London SE21 7LJ, UK  
TEL: +44 (0)20 330 8800  
WWW.AECOM.CO.UK

**PROJECT MANAGEMENT SHEET**

REVISION	DATE	BY	CHKD

**PROJECT NUMBER:** 10250-02  
**SHEET TITLE:** Stanford Le-Hope Station - Option 2 - General Arrangement  
**SCALE:** 1:500



# STANFORD-LE-HOPE TRANSPORT INTERCHANGE

## APPENDIX B - DESIGN OPTIONS

### OPTION 3

