

### Background - Life Cycle of the Project

- On 13<sup>th</sup> December 2011, a report was taken to Cabinet outlining proposals to relieve congestion at the A142 level crossing at Ely. This outlined the 5 options which had been considered at a seminar in Ely on 9<sup>th</sup> July 2011, which included representatives from Cambridgeshire County Council, the District Council, the City of Ely Council, Network Rail and 'major stakeholders'. The report highlighted that an outline appraisal had been undertaken, as well as a public consultation, and that at this stage, the preferred option was Bypass Route B, with an estimated initial cost of £28 million. The only reference to funding at this time was that funding options were being considered from a number of sources. At this meeting Cabinet approved the development of a design and evaluation towards the submission of a planning application for the preferred route, Option B.
- The next report Cabinet received on Ely Crossing was on 17<sup>th</sup> September 2012. This report detailed the results of the Options Assessment Report (OAR) which was developed for all the possible schemes, following the previous Cabinet meeting. This report also explained that the Enterprise Growth and Community Infrastructure Overview and Scrutiny committee had considered the OAR and recommended that Cabinet should proceed to Option B. At this stage, Cabinet approved the submission of a planning application for Option B (Bypass Route B). The costs of the project at this stage were stated in the report to Cabinet as £30.7m, with the OAR stating an outturn cost of £29.2m. The planning application was unanimously approved at the Council's Planning Committee on 8<sup>th</sup> September 2014.
- The next report on the project was to the Economy and Environment committee on 25<sup>th</sup> November 2014. This report outlined that planning had been approved for the project and stated that *"on the basis of advice taken from contractual experts and lessons learned from the Guided Busway delivery review, it is recommended that a two stage ECI Design and Build Contract with a target price is adopted to ensure reasonable level of cost certainty and apportioning of the risk appropriately."* Minutes from the meeting detail that it approved the procurement of the detailed design and construction of the Ely Southern Bypass through Early Contractor Involvement Design and Build Contract. This meeting also approved the establishment of a project board and included the appointment of two Members to the board. These appointments were confirmed at the 13<sup>th</sup> January 2015 Economy and Environment Committee.
- The costs of the project were also discussed in the November 2014 Committee Report. It explained that, subject to construction inflation, the cost of the project was estimated at £35m at 2015 prices. It also details that, at this stage, funding of £6m had been secured by the Local Transport Body, and that Network Rail had offered £5m. A further bid for £16m had been made to the Growth Deal Fund and the draft business plan included prudential borrowing of £25m.

- In May 2016, a Major Scheme Business Case was developed by SKANSKA for the Ely Bypass. The Financial Case within the Business Case detailed the expected costs of the project as £32.21m, though with the inclusion of an optimum bias of 15%, this figure was adjusted by £4.83m to £37.05m. This was developed and provided to the Department for Transport as it was required to secure the Growth Deal Funding for the project.
- The next report presented to the Economy and Environment Committee was presented on 14<sup>th</sup> July 2016. This detailed the procurement process which was undertaken, the outcome of the procurement process and requested Committee approval to award the contract to the provider, subject to securing Department of Transport Growth Deal funding of £16m. Further detail on the procurement process undertaken can be found in section 5.1 of this report. At this stage, the Committee approved the award of the Design and Construction contract to the preferred bidder, Volker Fitzpatrick. The Committee also at this stage made the decision to delegate the decision to commence the second stage of the contract, the construction stage, to the Executive Director of Economy and Environment (now Place and Economy) in consultation with the Chairman and Vice Chairman of the Economy and Environment Committee. This delegation of power was to be in line with the report which detailed the following:

*“It is possible that the post-design construction Target Price will vary from the current construction Target Price submitted as part of the tender as a result of development of the engineering detail and the clarification of construction methods. Given the aspiration to deliver the scheme as quickly as possible, it is proposed that the agreement of the construction Target Price and commencement of construction is delegated to the Executive Director - Economy Transport and Environment, in consultation with the Chair and Vice Chair of the Economy and Environment committee unless the post-design Target Price is significantly higher than the tendered construction price. If the construction target price is significantly higher, then the decision to trigger construction will be referred back to committee.”*

In line with the decision from the Economy and Environment Committee, Volker Fitzpatrick, whose tender bid set a total target price for Stage one and Stage two (design and construction) at £23,784,278.65, was awarded the contract and began undertaking stage one of the project.

- By the end of the 16 week stage one, the construction (stage 2) target cost had increased to £27,470,909.33, some £3,686,630.68 and 15.5% higher than the tendered price, with total scheme costs totalling £35,999,262.61. This target cost had built in a total of £300,000 for Risk, and at this stage the Bill of Quantities used to make up the target cost outlined £345,000 of risk outside of the Target Cost.
- A paper was submitted by Team Leader – Highways Projects to the Executive Director of Place and Economy, which highlighted the change in target cost. It also stated that, despite the increase, the total costs of the project were still expected to come in just under the £36m allocation for the Project in the 2017-22 Business Plan. The report did highlight that *“as in all construction projects, there are likely to be unforeseen issues that*

*can impact of the outturn cost. The current estimate of cost against budget leaves limited contingency to take account of these unforeseen events. It may be worth considering whether a sum for contingencies should be sought through the Business Planning process”.*

- This paper recommended that approval is given to commence construction, starting on site on 9<sup>th</sup> January 2017. This decision was agreed on by the Executive Director of Place and Economy and the Chair and Vice Chair of the Economy and Environment Committee in line with their delegated approval given by the Economy & Environment Committee..
- To reflect the possible price increase, the following was included in the Economy, Transport and Environment Services Finance and Performance Report for the May 2017 Economy and Environment Committee:

*“Ely Southern Bypass: The phasing of the work is being reviewed due to issues with service diversions as well as the profile of expenditure and any impact on costs. Once the outcome of this work is finalised it will be reported and reflected in the forecast position.”*

- As construction work was undertaken on the project, the target cost continued to increase. This is first noted in the September 2017 Project Board minutes, though no figures are detailed. The Project Board was informed on the increase to the Target cost for construction, and the overall cost of the project at the November meeting. This explained that final Stage Two Costs were estimated to be £37,294,166 at this stage, taking the total costs of the project to £47,426,770.
- The Report ‘Ely Southern Bypass – Costs and Additional Funding Requirement’ was submitted by the Executive Director of Place and Economy to the Economy and Environment Committee on 12<sup>th</sup> April 2018. This explained to the Committee that the expected costs of the project had increased to £48,910,380. The Committee noted the increased costs and requested General Purpose Committee to allocate the additional funding of £13m to complete the Scheme.
- The additional £13m in funding was approved at the General Purposes Committee on 29<sup>th</sup> May 2018.