LOCAL AUTHORITY MAJOR SCHEMES
APPLICATION FOR FULL APPROVAL

Scheme Name	Nottingham Ring Road Improvement Scheme
Local Authority	Nottingham City Council

STRATEGIC CASE	
1.1 Has the Strategic Case for the scheme altered in any way since the submission of your Best and Final Funding Bid? *In particular any external developments, changes in local plan, changes in developers plans or any new issues arising impacting upon public or business support for the scheme. If yes please provide details.*	**NO**
1.2. Has the scope of the scheme changed from that described in the Best and Final Funding Bid? *If so please provide details, including any changes resulting from conditions attached to statutory powers granted.*	**NO**

ECONOMIC CASE	
2.1 What is the latest BCR of the scheme? *Please provide updated AMCB, TEE and Public Accounts Tables in **Excel** form. Unless specifically requested by DfT no new analysis is required, merely the updating of information known to have changed e.g. costs; and reflecting reduced optimism bias where applicable.* At Programme Entry the scheme appraisal costs, assuming 44% Optimism Bias were £23.292million, giving a BCR of 6.1. Since Programme Entry the scheme has been designed in detail, enabling more accurate estimates with greater levels of confidence. The scheme is now at the procurement stage. Assuming a reduced level of 3% Optimism Bias, in accordance with the Treasury Green Book advice, the BCR improves to 8.5, providing even better Value for Money than at the BAFB stage.	**8.5**

Updated AMCB, TEE and Public Accounts Tables are provided in Excel format reflecting the reduced Optimism Bias and the requirements of the latest WebTAG guidance. The files, found at Annex 1 are: 1. *20130201 NCC RRM Final Approval AMCB.xls* (The Analysis of Monetised Costs and Benefits.) 2. *20130201 NCC RRM Final Approval AST.xls* (The Appraisal Summary Table.) 3. *20130201 NCC RRM Final Approval Cost Pro Forma.xls* (The Cost Pro Forma.) Also included is a Technical Note detailing the changes to VfM tables: 1. *20130201 NCC RRM Final Approval TN01 Updated VfM Tablesv2.doc* (A Technical Note on the changes.)	
2.2 Please attach an assessment of the Social and Distribution Impacts of the scheme (conducted in line with DfT guidance) including, where appropriate, include details of appropriate mitigations? *If you have already agreed with DfT that no update is required beyond that included in your BAFB please state here.* The Social and Distribution Impacts of the scheme were provided in the BAFB submission. The DfT has advised no further work is required.	**Not required**

FINANCIAL CASE

3.1 What is your estimate of the total outturn cost of the scheme? *Please provide a breakdown of costs using the template below. Please use cost headings consistent with those used in your BAFB, although you may identify the contracted construction price in its own line.*

In the column showing the BAFB costs please incorporate any adjustments made by DfT as advised in your Programme Entry letter.

Please ensure that in the risk/QRA cost

- *You have removed risks now transferred to the contractor as part of the final tendered price*
- *You have not included any risks associated with ongoing operational costs*
- *You have used the P50 value.*

Please quote all amounts in £m to three decimal points (i.e. to the nearest £1000)

Please provide detailed cost estimate and QRA as Annexes.

Cost Heading	As per BAFB *(including any adjustments advised by DfT)*	Currently Estimated Cost
Measured Works	7.057	8.894
One-Off Costs	4.590	3.242
Preliminaries	1.058	0.000
Preparation, Supervision and Comms	1.720	2.063

Sub-Total (Investment Cost)	14.425	14.199
QRA Uplift (4.4% P50 Mean Mitigated)	0.634	0.625
Inflation	1.120	1.348
Total	16.179	16.172

Detailed Cost Estimate and QRA Report in attached files found at Annex 2 and 3:

1. 2013 Full Approval Estimate Summary Jan29.pdf
2. QRA Final Report.pdf

3.2 Please state what inflation assumptions you are using.

Inflation rates for different categories (e.g. general inflation, construction cost, operating cost) should be separately identified.

Inflation is applied at 2.9% per annum based on an average of the Retail Price Index (3.1%) and Consumer Price Index (2.7%)*.

*Source: ONS January 2013

3.3 Please describe any significant remaining risks to the current cost estimates?

There are no significant remaining risks to the current cost estimate.

3.4 Please provide a breakdown of the proposed funding sources for the scheme

(a) Local Authority contribution *Please include the LA costs incurred or expected to be incurred since Programme Entry (that is the original Programme Entry approval if prior to 2011) excluding ineligible preparatory costs as defined by previous guidance and excluding the cost of any Part 1 Claims.*	**£3.200m**
(b) Agreed third party contributions *This should include only committed third party contributions, Please name each contributor on a separate line and provide evidence of agreement (e.g. a letter from the funder confirming their degree of commitment, timing for release of funds and any other conditions etc).*	**£0.175m** (Sainsbury's Perry Road S106 – funding already in place)
(c) DfT funding requested *The funding requested from DfT must not exceed that requested in your Best and Final Funding Bid (BAFB).* *If the total estimated cost of the scheme is less than that quoted in the Department's Programme Entry letter, the requested contribution from DfT should be reduced by the same proportion.*	**£12.800m**

3.5 What is the estimated funding profile?

- *Please do **not** include in any of the costs shown in this table*
  - *ineligible preparatory costs as defined by previous guidance*
  - *the cost of any Part 1 Claims.*
- *Although the maximum level of DfT funding will be fixed, profiles across years may be subject to further discussion and agreement.*
- *Please specify the third party contributor(s) and list each one (if more than one) on a separate*

line.

- *The DfT contribution to costs that have already been incurred should not exceed what was assumed in the BAFB and should include no more than 50% of eligible preparatory costs (as defined by previous guidance). Please note that the DfT contribution to costs already incurred should, if the scheme is approved, be included in the first quarterly claim submitted to the Department.*

The funding split between DfT and LA is proposed to vary over the construction period. This is to enable the LA contribution to be spread evenly over 3 financial years to minimise the impact on LTP programme delivery. The profile has changed from the BAFB profile due to the delay in construction starting and competing network management pressures of delivering this major scheme in the context of the A453(T) widening, construction of NET Phase 2 and the proposed station blockade in July/August 2013.

The third party contribution is from Sainsbury's Perry Road S106 agreement; this funding is already secured (£0.175m).

£m	Costs already incurred	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18	Total	% of total
LA contribution	0.012	0.434	0.854	0.950	0.950			3.200	19.8
Third Party contribution				0.175				0.175	1.1
DfT funding requested			2.710	4.970	5.120			12.800	79.1
TOTAL	0.012	0.434	3.564	6.095	6.070			16.175	100

3.6 Please indicate the level of flexibility with regard to the phasing of the local contribution of the bid (including the third party contribution), should the DfT have a need to vary the phasing of its own contribution for budgetary reasons.
Please detail the level of change in DfT support per funding year you could accommodate within the project and from which sources any change would be made up.

The main highway works will be delivered using a local highway framework agreement (developed in partnership with Derby City Council) which will provide a good degree of flexibility within practical programming constraints. This flexibility could be explored to assist with the phasing of the DfT contribution. Opportunities will also be examined to undertake more construction work in individual programmed years if required and if appropriate.

3.7 Please explain how the Local Authority contribution will be funded.
Please reference any council decisions allocating the required budget or approving any necessary borrowing etc.

It is intended to fund the local contribution from the Local Transport Plan ITM and Maintenance blocks. These blocks total around £7million per annum 2013/14 to 2015/16. The amounts were approved at the Council's Executive Board Meetings of 22nd January (Specific Ring Road Report) and 19th February 2013 (Medium Term Financial Plan Annex 3, Appendix D – Capital Programme). Links to the Board reports can be found below.

http://open.nottinghamcity.gov.uk/comm/download3.asp?dltype=inline&filename=54933/ExecutiveBoard220113RingRoadMajorImprovementSchemeandProcurement.pdf

http://open.nottinghamcity.gov.uk/comm/download3.asp?dltype=inline&filename=55692/MTFPAnnex3CapitalFINAL.pdf

The third party contribution has already been captured in anticipation of delivering the scheme (See Section 3.4 above).

COMMERCIAL CASE

4.1 Please provide details of the firm and final offer for the main contract, including the price and period of validity.

If there are multiple contracts and none can be regarded as the primary contract please explain this on a separate sheet, also addressing the questions below.

A primary contract is in place with Nottingham City Council Highway Services as Principal Contractor with a target price assessed in December 2012 at £8,894,000 and this is the firm and final offer. This is to be delivery by two framework sub contracts which enable:-

1. highway works to be delivered through the highway framework contract which has been tendered in collaboration with the Midlands Highway Alliance (MHA) procured through EU un-restricted procurement route and;

2. structures work to be delivered using the MHA Medium Schemes Framework (MSF1).

4.2 Is this a fixed price or target price contract?

If target price, please provide details of the pain/gain arrangements

The Highway framework contract is a target price with pain and gain arrangements as defined below:

Shared Share Range Percentage	Contractor's Joint Share
Less than 50%	0%
From 50% to 79%	25%
From 80% to 109%	50%
From 110% to 120%	75%
Greater than 120%	100%

The Structures framework contract is a target price with pain and gain arrangements as defined below:

Defined Cost/Target	Contractor's Share Percentage
Less than 80%	25%
80% - 90%	35%
90% - 110%	50%
110% - 120%	35%
Above 120%	25%

Pain/gain share ranges relate to the percentage difference between the target cost and the agreed actual/defined cost for the individual work package/project.

4.3 Please provide details of any incentive or other clauses that may affect the total cost or the timing of payments?

There are no incentive arrangements other than the pain/gain arrangement as described in Section 4.2.

Payments will be made after monthly assessments based on activity schedules and will be subject to audit through the Framework Delivery Board.

4.4 Please list the significant risks that are transferred to the contractor, and those that remain with the authority.

Nottingham City Council as Principal Contractor for the works is supported by established framework contracts as noted. For these contracts pricing levels (either fixed prices or rates) and programme delivery periods are transferred to the contractor. The key benefit of this is that Highway Services can manage the overall programme and ensure flexibility in strategic network coordination for all major highway schemes throughout the period thereby reducing the risk of successful contractual claims or cost escalation. This is important as, in accordance with NEC3 contract form a number of residual risks remain with the Authority including;-

1. Cost escalation
2. Unforeseen ground conditions
3. Delays due to statutory undertakers diversions
4. In the event of unacceptable traffic disruption occurring as a consequence of the works, any alterations to the programme, and consequent delays.

4.5 Please describe how you will ensure effective contract management
Include details of reporting and liaison requirements, meeting frequency, interface of contractor with internal governance arrangements.

The Project Governance arrangements for this scheme are set out in section 5.6.

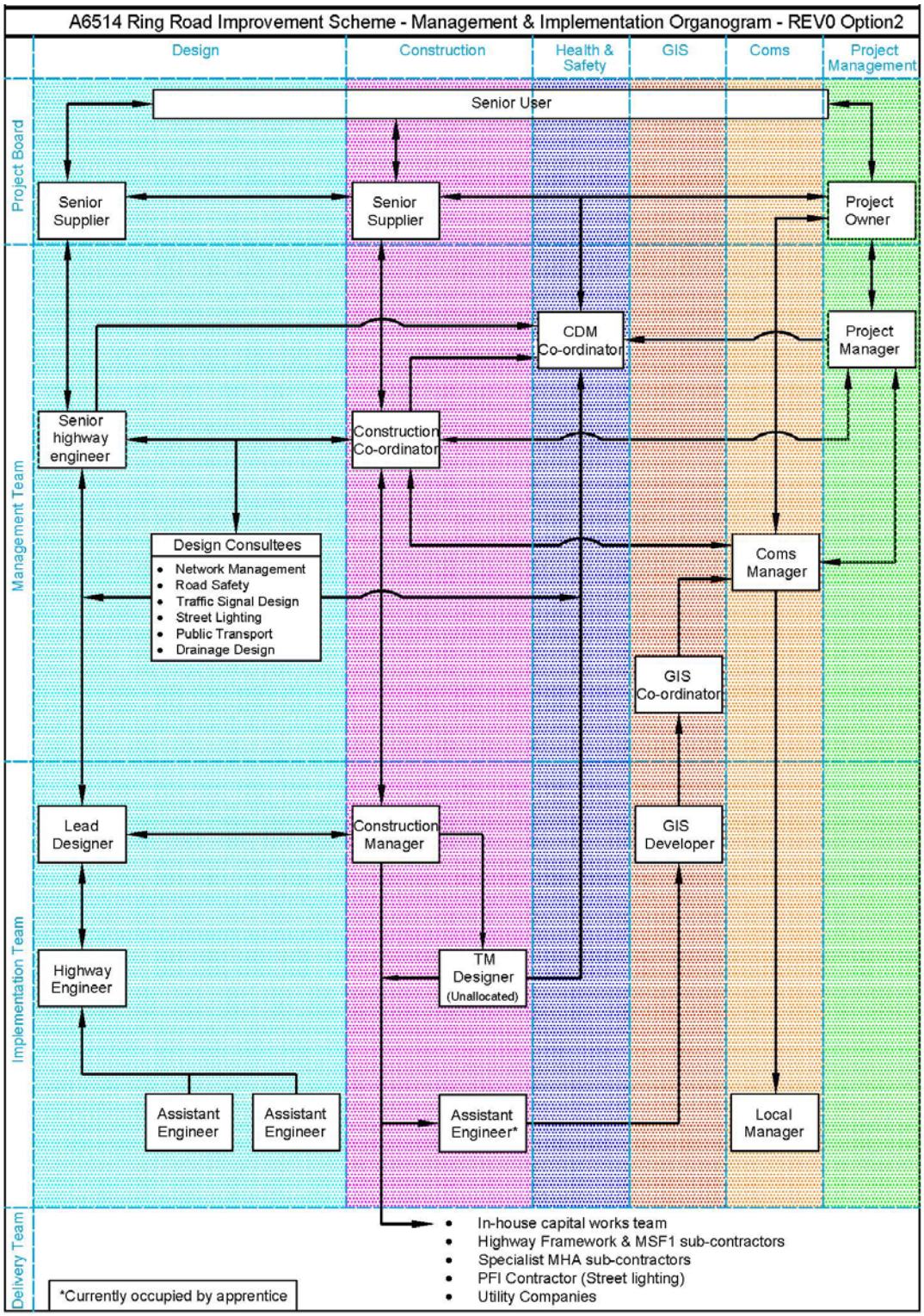
A dedicated delivery team was assembled following Programme Entry utilising a multi-disciplinary skill set of internal local authority resources supported by external consultants for specialist design development. The principal contractor, Nottingham City Council Highway Services, became part of the Project Delivery Team following confirmation of the preferred procurement approach in January 2013.

The main highway works will be procured through a Highway Framework Contract as described in section 4.2. utilising the NEC3 form of contract. Highway Services will set out the Contract Data for the Framework Contract to include the roles and responsibilities of each party to the contract. The Works Information stipulates the management and communication (including reporting and liaison) arrangements to include requirements for:-

- Daily meetings between the Construction Manager and Contractor
- The Contractor to provide detailed progress reports to the Construction Manager every month
- The Contractor to attend network management meetings with the Construction Manager every two weeks/as appropriate
- The Contractor to escalate problems/issues to Construction Manager for action/direction

The Highway Framework Contract contains provisions for measuring Contractor performance. Key Performance Indicators are part of the contract; sharing KPIs across the Principal Contractor (Highway Services) and the Contractors under the Framework. Contractor performance is reported to a Joint Framework Steering Group; provisions of the Contract allows for performance information to be shared through the Midlands Highway Alliance as a measurement tool on a regional level (6 local authorities) against other contractors and in-house workforces.

A Management and Implementation organogram below sets out the Governance and Contract Management interface:-



4.6 Please provide brief details of procurement arrangements for works outside the main contract, and what stage these have reached?

1. Statutory Undertaker diversion works. Following the statutory C5 process, work will be ordered directly by the City Council following Full Approval confirmation

2. SPECS safety camera equipment will be procured directly by the City Council as part of an order to supply cameras for other capital schemes within the City in 2013/14
3. Traffic Signal Controller Equipment and Magnatometers to be procured through the City Council's existing contract with Siemens (contract expiry in 2015/16)
4. Street Lighting installation. New street lighting will be implemented along the Ring Road as part of the City Council's PFI Contract. Street lighting provision will be ordered directly by the City Council for elements that have changed from the PFI design including junction realignments and upgrades

DELIVERY CASE

5.1 Please provide details of the statutory powers you have acquired

Please list separately each power obtained, details of date acquired, challenge period (if applicable) and date of expiry of powers, and any conditions attached to them.

All works will be delivered under Highways Act 1980.

No additional statutory powers are required to deliver the scheme. Planning consent is not required as all improvements are to be carried out on highway land or land adjacent to the highway and are deemed, therefore, permitted development under the Town and Country Planning Act 1990.

5.2 Please provide details of further engagement since the BAFB with the Statutory Bodies (Environment Agency, Natural England, English Heritage)

Please include evidence of how you have taken account of their views and any requirements for mitigation etc.

Natural England and English Heritage had no objection to the scheme at BAFB stage and have not been engaged further as the scheme has not changed.

The Environment Agency provided comments relating to the Hucknall Road junction improvements and their requirements with respect to this.

Extensive Flood Modelling has been undertaken in collaboration with the Environment Agency to ensure that all concerns can be addressed through the scheme's design.

Attached is a letter from the Environment Agency signing off the proposed improvements.

5.3 Please provide brief details of your evaluation plans for the scheme and attach your full evaluation plan as an Annex.

A Monitoring and Evaluation plan has been developed to formally set out the proposals submitted with the BAFB, the requirements stipulated in the Monitoring and Evaluation Framework for Local Authority Major Schemes (DfT, September 2012) and for reporting to local stakeholders.

For the purposes of reporting to the DfT, the guidance specifies that the Nottingham Ring Road scheme requires a 'Standard' level of monitoring and evaluation.

The City Council already collect large volumes of data for LTP and other major capital scheme monitoring and evaluation purposes including NET phase Two. Use of existing data sources

will provide a value for money approach supplemented by additional and bespoke surveys specific to the scheme.

The evaluation approach follows a programme of monitoring, analysis and reporting of standard measures and additional data to meet local objectives and accountability. Timescales associated with data collection requirements :-

- Stage 1 – Pre-Scheme Baseline data collection and reporting; to include pre-construction activities required to establish a comprehensive baseline;
- Stage 2 – One Year After opening data collection, analysis and reporting; a study of scheme delivery, outcomes and short term impacts on the transport network;
- Stage 3 – Five Years After opening data collection, analysis and final report; a comprehensive study to re-assess the scheme impacts as reported in the One Year After report with greater emphasis on the longer term impacts

The Monitoring and Evaluation Plan was forwarded to DfT for approval in March 2013. The documentation is attached as Annex 4.

5.4 Please provide details of your construction milestones below

Please include interim milestones (at least one but no more than 5 or 6) between start and completion of works. If the completion date has slipped from the date estimated in your BAFB please provide an explanation. Please provide a copy of the latest project plan (programme) as an Annex.

Project Plan is attached as Annex 5.

	Date estimated in BAFB	Current estimated date
Start of works	April 2013	July 2013
Opening date	September 2015	July 2015
Completion of works (if different from above)		

5.5 Please briefly describe the most significant risk remaining to the above timetable and attach the latest version of your project risk register (if different from the QRA risk register).

The most significant risks to the above timetable are any delay that prevents the main construction works commencing in summer 2013.

The risks identified to delay the construction start date are:-

a. statutory undertakers undertaking diversion works required to enable main construction works starting in summer 2013 and
b. conflict with other major highway schemes and impact on the highway network

Risk Register is attached as Annex 6.

5.6 Have your governance arrangements changed since submission of your BAFB?

If so please provide details, including changes to SRO, Project Manager, Project Board composition, approval processes and, in particular, details of how your contractor will fit into your governance structure.

A two-tier management structure has been adopted for the project following the governance arrangement model used for other successfully delivered capital highway improvement schemes including Turning Point and Connecting Eastside. This is the approach detailed in the BAFB without the Project Steering Group; user representation has been captured on the

Project Board and the Stakeholder Management Plan.

Under the Terms of Conditions of Funding detailed in the Re-confirmation of Programme Entry letter dated 15th December 2011, updated proposals for the composition of the Project Board were sent to the DfT on 17th January 2012. As the project moved into the design and procurement phase, it was proposed to transfer project ownership the Head of NET to provide strategic direction for delivery of the major highway works. This allows external ownership from the project team and maintains appropriate accountabilities between the internal service areas commissioned to undertake the works. This arrangement was supported by the Project Board and Portfolio Holder for Planning and Transport on 10th July 2012.

The Principal contractor is a member of Project Board and is part of the Delivery Team as detailed Section 4.5.

5.7 Please provide details of the assurance process you have undertaken including results of any project assurance reports since your BAFB, with any resulting action taken or planned.

Please attach a copy of the summary recommendations of the most recent project assurance report.

A project assurance peer review was undertaken as part of Nottingham City Council's Financial Regulations project assessment process. Assessments are undertaken on selected projects to determine if the project is deliverable at a given point in time in its lifecycle.

The assessment process is based on the Local Partnerships OGC Gateway Review framework and a team of officers within the City Council trained by Local Partnerships to undertake Gateway Reivews undertook a Gateway 2 (Delivery Strategy) in September 2012.

A Gateway Review Action Plan was produced following the final report based on the recommendations made. Progress has been reviewed at monthly delivery group meetings for reporting to Project Board.

Project Assurance Recommendations Report is attached as Annex 7.

5.8 If not provided in previous submissions, please provide a copy of your benefits realisation plan.

Benefits Realisation Plan is attached as Annex 8.

5.9 Please provide brief details of major stakeholder and public engagement carried out since the BAFB and further engagement planned during construction.

Please provide a copy of your Stakeholder Analysis and Communications Plans.
Please also highlight whether any significant shifts of stakeholder opinion have taken place or new issues have arisen and describe and how you are responding to them.

Following approval of the BAFB, achieving a re-activated Programme Entry, Nottingham City Council have continued to keep citizens and stakeholders updated on scheme development through various methods of communication including a dedicated Ring Road webpage on the City Council's website, press releases, media engagement and briefings.

Nottingham Arrow, the City Council's magazine for residents featured articles relating to the scheme in October 2012: *Nottingham boosted by £1bn of investment* and February 2013: *Building a Better Nottingham*. Further articles will be featured in future editions throughout construction as directed in the Communications plan.

Nottingham Evening Post has run regular features from the announcement of the successful outcome of the BAFB, public engagement events and the City Council's confirmation to commit the local contribution to the scheme costs.

A series of stakeholder and public engagement events took place in October and November 2012. This involved two drop-in exhibition-type sessions at venues within the locality of the Ring Road and a public meeting featuring a local MP. The drop-in events were promoted through leaflets distributed to residents and businesses, website, press releases and engagement with local Neighbourhood officers through resident meetings and other local forums.

The events presented the opportunity to show detailed plans and for members of the project team to explain the details of the improvements more effectively, helping to address individual concerns about the scheme or other local issues. The event was reported in the local newspaper that public reaction was 'mixed' – "some welcomed the plans while others felt they did not go far enough (to address congestion)". These concerns were addressed by explaining the reasons for re-scoping the scheme to ensure priority improvements can be implemented with consideration to explore other funding streams for the other elements.

A Frequently Asked Questions information sheet was developed following the engagement sessions and made available on the website along with the detailed plans and associated documents including a copy of the BAFB.

Further public engagement is planned following confirmation of Full Approval. Following the successful approach used previously; drop-in / exhibition type events will be held with the emphasis on the construction programme and traffic/access arrangements for key works on the highway.

The website is under further development in readiness for the construction stage with detailed information including construction plans, artist's impressions, roadworks information including an interactive map and timelines detailing works phases. This will enable the travelling public to plan journeys.

A comprehensive Communications Strategy has been developed to support delivery of a number of high profile projects over the next couple of years to drive the city's growth, attract inward investment, increase local employment opportunities and regenerate key areas of the city including NET phase two, Nottingham Station, A453 dualling and the Ring Road. This coordinated proactive approach is to minimise disruption to the travelling public by informing in advance when disruption is most likely to occur, ensure alternative travel options are available and promoted and ensure contact details are available to report any problems.

Stakeholder Analysis Plan is attached as Annex 9; Communications Plan is attached as Annex 10.

SENIOR RESPONSIBLE OWNER DECLARATION	
As Senior Responsible Owner for Nottingham Ring Road I hereby submit this request for Full Approval to DfT on behalf of Nottingham City Council and confirm that I have the necessary authority to do so. I confirm that Nottingham City Council has acquired all the statutory powers (Traffic Regulation Orders excepted) necessary to construct the scheme.	
Name: Chris Deas	Signed: C Deas
Position: Head of NET	

SECTION 151 OFFICER DECLARATION	
As Section 151 Officer for Nottingham City Council I declare that the scheme cost estimates quoted in this bid are accurate to the best of my knowledge and that Nottingham City Council - has allocated sufficient budget to deliver this scheme on the basis of its proposed funding contribution at section 3.4(a) above - accepts responsibility for meeting any costs over and above the DfT contribution requested, including potential cost overruns and the underwriting of any funding contributions expected from third parties - accepts responsibility for meeting any ongoing revenue requirements in relation to the scheme - accepts that no further increase in DfT funding will be considered beyond the maximum contribution requested	
Name: Carole Mills	Signed: 10.5.13

CONTACT DETAILS FOR FURTHER ENQUIRIES	
Lead Contact: **Position:** **Tel:** **E-mail:**	Dave Jones Senior Transport Planner 0115 876 3940 david.jones@nottinghamcity.gov.uk
Alternative Contact: **Position:** **Tel:** **E-mail:**	Rachel Jones Project Manager 0115 876 5287 rachel.jones@nottinghamcity.gov.uk

CONTACT DETAILS OF YOUR CHIEF FINANCE OFFICER (If the scheme is granted Full Approval we will need these details for the formal offer of DfT grant)	
Name:	Carole Mills
Job Title:	Deputy Chief Executive and Corporate Director of Resources
Full Postal Address:	Loxley House Station Street Nottingham NG2 3NG
E-mail:	carole.mills@nottinghamcity.gov.uk

SUMMARY OF ANNEXES REQUIRED

Annex No	Description	Form Ref
1	Revised TEE, AMCB, Public Accounts Tables and a VfM Table Technical Note	2.1
2	Detailed cost estimate	3.1
3	Quantified Risk Assessment	3.1
4	Evaluation Plan	5.3
5	Project Plan (Programme)	5.4
6	Project Risk Register (if separate from QRA above)	5.5
7	Project Assurance recommendations	5.7
8	Benefits Realisation Plan	5.8
9	Stakeholder Analysis Plan	5.9
10	Communications Plan	5.9