

## Ash Road Bridge – Appendix 3 Document to Full Council Report (Part 1)

Appendix Title: **Budget Paper**  
Subject: Budget for the Project  
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Date: 1 April 2021

### 1. Summary:

- 1.1 A detailed budget for Ash Road Bridge ('ARB') has been prepared for the road bridge and footbridge in line with industry best practice, including accounting for optimism bias and analysing the impact of risk to the project based on a fully costed risk register.
- 1.2 As a result, the full scheme budget cost for Stage 1 in relation to the road bridge (excluding VAT and the footbridge – see below) has increased to £33.77 million. This is explained further in Section 3 below.
- 1.3 Following this budget increase additional funding has been secured from Homes England and this is discussed further in Appendix 4.
- 1.4 A detailed budget has also been prepared for the footbridge on the same basis as the road bridge. This shows a budget of £5.02 million (excluding VAT) as set out in section 5 below.
- 1.5 The Corporate Projects Team ('CPT') is seeking approval of the new budget figures for both the road bridge and the footbridge, together with the funding proposal discussed in Appendix 4 and 5.

### 2. Budget for the road bridge

#### Approved Budget

- 2.1 The current approved capital programme budget for ARB is £22.50 million. The supporting cost plan figure at September 2019 was £22.47 million (at Q3 2018 prices).

#### Update on budget for road bridge

- 2.2 Recent work has identified a revised gross budget for the road bridge (Stage 1) and this, together with how the ARB Scheme (Stage 1) is to be funded, requires approval. In this section of the report, we explain the recent work that has been done to identify this revised budget.
- 2.3 The primary reasons for the revised budget are as follows:
  - (a) Cost reviews, alongside risk workshops have been completed during the planning determination and pre-construction phases, along with, where possible, identified value engineering. The total measured works cost has increased as a result of technical feedback to the road bridge planning application and further advice on specific elements as the design of the road bridge has been developed.

- (b) The level of information now available means that detailed calculations relating to inspection fees and commuted sums (as required under the Section 38 and Section 278 Agreements for the formal adoption and vesting of the completed scheme into Highway Authority public ownership) have been updated.
- (c) A fully costed project risk register and provision of optimism bias has now been prepared in line with best practice – this is explained further in Section 4 below.
- (d) Professional fees for pre-construction and construction activities have been updated.
- (e) The budget has been amended to account for inflation; and
- (f) The budget has been updated to reflect the latest expectations with regard to land acquisition costs following positive progress on land (see Appendix 6).

2.4 The revised budget for ARB for Stage 1 (road bridge) is £33.77 million.

### **3. Budget for the footbridge**

#### Approved Budget

3.1 On 24 September 2019 the Council approved to allocate a sum of £4.80 million to the provisional capital budget for the footbridge. The supporting cost plan figure at this point was £4.82 million (at Q3 2018 prices).

#### Update on Budget for footbridge

3.2 Since September 2019, an appraisal of options for a potential footbridge over the North Downs Line at the location of the Ash level crossing has been completed. The study resulted in agreement of the parameters for a new footbridge with Network Rail, which will allow development of the footbridge design and Stage 2 of the ARB scheme to progress towards planning.

3.3 The gross budget for the footbridge (Stage 2) has subsequently been updated to reflect the outcomes of the feasibility appraisal and to ensure consistency with the approach adopted for the road bridge (Stage 1) in regards to accounting for optimism bias and analysing the impact of risk to the project based on a fully costed risk register.

3.4 The revised budget for ARB Scheme for Stage 2 (footbridge) is now £5.02 million.

### **4. Revised risk register and governance:**

4.1 With respect to the ARB Scheme project, under new GBC project leadership since November 2019, risk management tools have been instigated to inform, manage and report on risk profiling of the project. These have replaced the 20% contingency sum in line with HM Treasury Green Book 5 case business model methodology and as included in Appendix 8.