

Report

Report to:	Executive Committee
Date of Meeting:	2 March 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Capital Programme - Clyde Bridge Replacement Project
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1. Purpose of Report

1.1. The purpose of the report is to:

- ◆ advise on action taken, in terms of Standing Order No 36(c), because of the timescales involved, by the Executive Director (Finance and Corporate Resources), in consultation with the Chair and an ex officio member, to agree the adjustment to the existing capital programme in relation to Clyde Bridge

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the following action taken, in terms of Standing Order No 36(c), by the Executive Director (Finance and Corporate Resources), in consultation with the Chair and an ex officio member, be noted:-
- ◆ Approval of the adjustment to the existing capital programme in relation to Clyde Bridge, as detailed in section 4.

3. Background

- 3.1. In 2018, a £6.000m capital project was approved for Ponfeigh and Clyde replacement bridges. Ponfeigh was completed in 2021 and is expected to outturn at £2.500m.
- 3.2. Tenders for the construction phase for Clyde Bridge are indicating an overall project cost of £7.250m. This increase in expected project cost is due to the cost of material increases and other cost pressures in the construction industry pushing prices up which have had a direct and adverse impact on tender values submitted by contractors. In this instance, the prospective cost of the construction phase of the project is more than double the originally estimated price.
- 3.3. Recent communication in January 2022 with the proposed bridge supplier confirmed they had seen unprecedented and continuous rises in steel prices. To date, they have not seen these increases stopping, and they have also received further notifications from their supply chain (steel mills) that additional increases will apply for 2022. They further advised that, in view of the above, it was highly likely that the price of their steel bridge will go up after the expiration date in their offers to the contractors, issued in August 2021, and valid only until the 22 February 2022.

- 3.4. The provision of a replacement structure is now seen as essential and will reinstate an important transportation link in the local road network and allow the removal of the current inconvenient diversion. Having considered the situation outlined above and given the ongoing commitment to the project, it is considered appropriate to assemble a funding package to award the contract based on the submitted tender prices which, in turn, equates to a project cost of circa £7.250m. The current available budget allocation for Clyde Bridge is circa £3.500m.

4. Financial Position

- 4.1. The capital cost of replacing Clyde Bridge is estimated at £7.250 million, which includes a contingency allowance of £0.580 million. The Council has already provided funding of £3.500 million for this project, as part of previously approved Capital Programmes.

- 4.2. The balance of £3.750 million will need to be added to the Council's General Services Capital Programme allow this project to progress. Funding has been identified from the following sources:

- ◆ the recent Local Bridge Maintenance Funding award of **£1.591 million** for Ponfeigh Bridge could allow Council funding (originally allocated to Ponfeigh) to be diverted towards Clyde Bridge.
- ◆ income is due from a developer in relation to works (by way of a collaboration infrastructure agreement) delivered and completed by the Council in 2019 using Roads Investment Funding at Hamilton Technology Park. This is estimated at **£1.000 million**.
- ◆ allocate a proportion of the Cycling, Walking and Safer Routes (CWSR) funding from 2022/23. This would be on basis of connecting communities / providing opportunities for active and sustainable travel etc. This could be in the order of **£0.650 million**.

- 4.3. This funding totals £3.241 million, and this has been added to the current capital programme and slipped into 2022/23. The balance of £0.509 million required to meet the shortfall would be funded by top slicing some of the Road's Carriageways and Associated Infrastructure capital allocation over the next two financial years (£0.250 million in 2022/23 and £0.259 million in 2023/24) and / or managed through the identified contingency sum of £0.580 million, if this is not required to complete the project.

- 4.4. The Roads Service would also continue to seek partner contributions towards any remaining shortfall. This could be from SPT, Sustrans and / or Levelling Up Fund and, depending on decision timescales, funds may be available during 2021/22. Any additional funding streams secured would reduce the short-term pressure on the Roads Carriageways budget.

5. Employee Implications

- 5.1. There are no employee implications regarding the proposal.

6. Financial Implications

- 6.1. The financial implications are contained in section 4 of the report.

7. Climate Change, Sustainability and Environmental Implications

- 7.1. There are no new implications for climate change, sustainability or the environment in terms of the information contained in this report.

8. Other Implications

- 8.1. Notwithstanding the funding package that has been assembled, as with any contract, an element of risk remains in terms of potential challenge from unsuccessful tenderers during the tender standstill period. Equally, given the passage of time the successful tenderer may be unwilling to accept the contract given the pressures noted above in terms of material and construction costs

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. There is no requirement to carry out an impact assessment in terms of the proposals contained within this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

11 February 2022

Link(s) to Council Objectives/Values

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee – 21 November 2018

List of Background Papers

n/a

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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