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by e-mail

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Our Ref: E0007246

19 JANUARY 2011

xxxx

Dear xxxxxx

### **EIR Request – E0007246**

Thank you for your request for information about the Walton Bridge scheme which we received on 7 January 2011. Your request said:

*The Department has recently announced the approval of funding for a new Walton Bridge. Can you please advise the considerations that were taken into account; the submissions made by Surrey County Council with regard to the economic justification, the design, planning and remaining structural life of the present bridge; and what verification of the Council's submission was made against the admissions made to the inspector at the 2nd Public Inquiry?*

Your request has been considered under the Environmental Information Regulations 2004.

As you know the Walton Bridge replacement scheme, being promoted by Surrey County Council, has been under consideration for a number of years. The decision to fund the scheme, announced on 29th December 2010, followed the decision announced on 26 October 2010, following the Department's Spending Review, that the three schemes which previously had Conditional Approval status under the Department's major scheme approval process, Walton Bridge being one, would be funded subject to revised final funding bids being received. Full details of the Spending Review announcement can be found at:

<http://www.dft.gov.uk/pgr/regional/ltp/major/transport schemes/>

Following that announcement, Surrey C. C. was asked to find savings to the cost of the scheme. This they did, the details of which are contained in the attached document entitled "A244 Walton Bridge - Business Plan - 3 December 2010". As the cost of the scheme had not increased since it was last approved no further assessment of the value for money was undertaken.

Under the Department's funding process schemes received Conditional Approval status once all the statutory processes had been cleared which allowed the promoter to undertake the procurement of the scheme. As all the legal powers needed to construct

the scheme were in place, the decisions having been announced on 21 December 2009 following the public inquiry, no further consideration of the design of the scheme was undertaken.

Surrey C. C. intends to publish the bidding document on its website in due course. A copy of this letter will be published on our website.

If you are unhappy with the way the Department has handled your request or with the decisions made in relation to your request you may complain within 40 working days of the date of this letter by writing to the Department's Information Rights Unit at:

Zone D/04  
Ashdown House  
Sedlescombe Road North  
Hastings  
East Sussex TN37 7GA  
E-mail: [FOI-Advice-Team-DFT@dft.gsi.gov.uk](mailto:FOI-Advice-Team-DFT@dft.gsi.gov.uk)

Please see attached details of DfT's complaints procedure and your right to complain to the Information Commissioner.

If you have any queries about this letter please contact me. Please remember to quote the reference number above in any future communications.

Yours faithfully

**XXXXX**

## **Your right to complain to Department for Transport and the Information Commissioner**

You have the right to complain within 40 working days of the date of this letter about the way in which your request for information was handled and/or about the decision not to disclose all or part of the information requested. In addition a complaint can be made that DfT has not complied with its publication scheme.

**Your complaint will be acknowledged and you will be advised of a target date by which to expect a response. Initially your complaint will be re-considered by the official who dealt with your request for information. If, after careful consideration, that official decides that his/her decision was correct, your complaint will automatically be referred to a senior independent official who will conduct a further review. You will be advised of the outcome of your complaint and if a decision is taken to disclose information originally withheld this will be done as soon as possible.**

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at:

Information Commissioner's Office  
Wycliffe House  
Water Lane  
Wilmslow  
Cheshire  
SK9 5AF

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# **A244 Walton Bridge**

## **Business Plan**

**3 December 2010**





## Table of contents

<b>1</b>	<b>Executive Summary</b>	<b>1</b>
<b>2</b>	<b>Earlier funding approvals</b>	<b>2</b>
<b>3</b>	<b>Review of project costs</b>	<b>4</b>
<b>4</b>	<b>Revised Funding Proposal</b>	<b>6</b>
<b>5</b>	<b>Programme Impact on Funding</b>	<b>8</b>
<b>6</b>	<b>Value For Money</b>	<b>9</b>
<b>7</b>	<b>Community Benefits</b>	<b>10</b>
<b>8</b>	<b>Construction Readiness</b>	<b>11</b>
<b>9</b>	<b>Conclusions</b>	<b>12</b>



## 1 EXECUTIVE SUMMARY

- 1.1 In 2009 the Secretary of State for Transport confirmed a provisional funding contribution of **£29.84 million** towards the £38.35 million cost of the replacement Walton Bridge.
- 1.2 Following the announcement of the Comprehensive Spending Review the Project Team has worked with the DfT to identify further saving opportunities, to ensure increased value for money and cost sustainability.
- 1.3 The review has identified significant reductions in costs, reducing the overall scheme cost to £32.37 million, and enabling the **DfT contribution to be reduced by 20% to £23.87 million, saving £5.97 million**, with no change to the design or the approved planning permission.
- 1.4 The DfT also indicated potential cash flow concerns in 2011/12. The Project Team has therefore ensured the majority of the savings are captured in year one of the project, **reducing the DfT contribution in 2011/12 from £13.8 million to £8.8 million.**
- 1.5 The reduced cost has been delivered through fixed pricing, and the removal of programme risks. However, the revised price is dependent upon the project commencing in January 2011. To remove any risk of future price increases, the Secretary State for Transport is therefore asked to consider the revised funding model, and to approve the final scheme proposal.



## **2 EARLIER FUNDING APPROVALS**

- 2.1 In December 2001 Surrey County Council (SCC) received provisional funding approval of £25.26 million from the Department for Transport (DfT) for the scheme. The continuing availability of the funding was confirmed in the LTP settlement letter of 2 December 2004.
- 2.2 A design review followed the first Public Inquiry decision in November 2006, resulting in an increase in costs. The increase arose from redesigning the scheme; from taking the scheme through the statutory processes again; the cost of the revised design; and the effects of inflation.
- 2.3 The projected outturn cost of the revised scheme was £38.35 million, of which £31.37 million met the DfT's then criteria for funding. The £31.37 million represented a £6.11 million increase over the £25.26 million DfT funding agreed at the provisional approval stage. The County Council agreed to fund 25% of the £6.11 million increase, i.e. £1.53 million.
- 2.4 The proposed contribution from the DfT was therefore £29.84 million, (£31.37 million less £1.53 million), and the proposed contribution from the County Council was £8.51 million, (£38.35 million less £29.84 million). On 3 March 2009 the County Council's Executive agreed the funding of the scheme at the increased level, including the risk of future cost increases.
- 2.5 The project's Programme Entry status was re-affirmed by the Secretary of State for Transport on 18 June 2009. At the same time the DfT gave provisional funding approval for the scheme in the sum of £29.84 million.
- 2.6 On 9 April 2010 the DfT issued Conditional Approval for the project, with a funding cap of £29.84 million. However, further progression of the scheme towards Full Approval was deferred on 10 June 2010, following the announcement of the Government's Comprehensive Spending Review.
- 2.7 The Secretary of State for Transport announced on 26 October 2010 that the Walton Bridge scheme would be considered further by the DfT, with a view to agreeing a way forward on funding by January 2011. The DfT was charged with looking carefully at

the costs and scope of the scheme, and to explore possibilities to reduce costs and increase local contributions.

### 3 REVIEW OF PROJECT COSTS

- 3.1 At a meeting with the DfT on 2 November 2010, the scope to reduce the DfT's contribution to the cost of the scheme was discussed. At the end of the meeting SCC offered to set a target of a 20% reduction in the DfT's contribution.
- 3.2 Since that date SCC has been working with its contractor to reduce both the overall cost of the scheme, and the contribution to be sought from the DfT. As a result of this work, significant cost savings have been identified. The savings have arisen through the following actions:
- i) Eliminating items of risk; reducing other items of risk; and the transfer of some risks to the contractor.
  - ii) Reducing the level of provision for inflation from 7% to 5%.
  - iii) Re-programming the scheme over a shorter period to reduce site overhead costs.
  - iv) Reduced sub-contractor costs, reflecting current market conditions.
  - v) Combining orders to achieve reduced materials costs.
  - vi) Re-design of the foundations to the main Thames crossing.
  - vii) Eliminating the use of weathering steel, in favour of carbon steel. (Advances in paint technology since the contract was first awarded have allowed the change to be made.)
  - viii) The re-use of excavated material in the construction of the project, thus saving on material import and export costs.
  - ix) A review of the temporary works.
  - x) Reduced staff costs.
- 3.3 **The result of the review was a reduction of the scheme cost from £38.35 million to £32.37 million**, representing a saving of £5.98 million, of which £5.97 million has been applied to a reduction in the DfT's contribution.
- 3.4 These savings have been achieved without any change to the appearance or the quality of the completed scheme. The changes that have been made have no effect on the

planning permission or Orders for the scheme, and can be wholly achieved within the existing design and construction contract with Costain Ltd.

## 4 REVISED FUNDING PROPOSAL

- 4.1 The identified savings have enabled the **contribution sought from the DfT** to be **reduced by 20%**, from £29,843,581 to £23,874,865 a **saving of £5,968,716**. SCC's contribution to the scheme will be £8,497,172 which represents 26.25% of the overall cost of the scheme, an increase from the previous percentage contribution that was 22.19%.
- 4.2 A revised spend profile for the scheme has been prepared. **No contribution from the DfT is sought for 2010-11**. The balance of SCC's contribution to the overall cost of the scheme will be expended in 2011-12, so the remaining expenditure in 2011-12 is sought from the DfT.
- 4.3 Compared to the previous spend profile submitted to the DfT in April 2010, the **contribution sought from the DfT in 2011-12 has been reduced by £5,022,199** from £13,827,739 to £8,805,540.
- 4.4 The revised spend profile is detailed in the following table.

**Walton Bridge – Revised Spend Profile**

	<b>Total Expenditure £</b>	<b>DfT Works Contribution £</b>	<b>SCC Works Contribution £</b>	<b>SCC Prep Costs £</b>
<b>Pre 2008-09</b>	<b>4,381,221</b>			<b>4,381,221</b>
<b>2008-09</b>	<b>525,968</b>			<b>525,968</b>
<b>2009-10</b>	<b>668,813</b>			<b>668,813</b>
<b>2010-11</b>	<b>1,022,337</b>		<b>297,384</b>	<b>724,953</b>
<b>2011-12</b>	<b>10,704,373</b>	<b>8,805,540</b>	<b>1,890,481</b>	<b>8,352</b>
<b>2012-13</b>	<b>10,620,730</b>	<b>10,620,730</b>		
<b>2013-14</b>	<b>4,004,239</b>	<b>4,004,239</b>		
<b>2014-15</b>	<b>444,356</b>	<b>444,356</b>		
<b>Total Costs</b>	<b>32,372,037</b>	<b>23,874,865</b>	<b>2,187,865</b>	<b>6,309,307</b>

4.5 The previous spend profile is detailed in the following table.

<b>Walton Bridge – Previous Spend Profile</b>				
	<b>Total Expenditure £</b>	<b>DfT Works Contribution £</b>	<b>SCC Works Contribution £</b>	<b>SCC Prep Costs £</b>
<b>Pre 2008-09</b>	<b>4,351,437</b>			<b>4,351,437</b>
<b>2008-09</b>	<b>1,155,939</b>			<b>1,155,939</b>
<b>2009-10</b>	<b>626,449</b>			<b>626,449</b>
<b>2010-11</b>	<b>7,622,531</b>	<b>6,985,655</b>	<b>0</b>	<b>636,876</b>
<b>2011-12</b>	<b>14,407,931</b>	<b>13,827,739</b>	<b>580,192</b>	
<b>2012-13</b>	<b>8,078,798</b>	<b>7,498,606</b>	<b>580,192</b>	
<b>2013-14</b>	<b>2,111,772</b>	<b>1,531,581</b>	<b>580,191</b>	
<b>2014-15</b>				
<b>Total Costs</b>	<b>38,354,857</b>	<b>29,843,581</b>	<b>1,740,575</b>	<b>6,770,701</b>

4.6 Should the final scheme cost exceed the projected total outturn cost, the additional costs will be shared between SCC and it's contractor, in accordance with the risk sharing agreement in their contract.

## 5 PROGRAMME IMPACT ON FUNDING

- 5.1 **This business plan has been prepared on the basis that construction will commence in January 2011. Any change to this start date will incur increased costs.** This is because the revised cost does not include certain programme risks that would arise if the project were delayed any further, and there would have to be a further allowance for inflation.
- 5.2 As explained below, any delay to the scheme would now result in need to renew certain statutory powers. If the planning permission and the listed building consent were to expire, and new applications had to be made, the project would be delayed by 12 months. This arises from the seasonality of much of the works, meaning that a mid-year start is not feasible.
- 5.3 A delay of 12 months would increase costs by around £1.3 million, and the temporary bridge would have to be removed before the new bridge is open. Traffic would then have to divert via Hampton Court Bridge and Chertsey Bridge, with significant costs to the community.
- 5.4 The listed building consent for part of the works was issued on 15 February 2008, and is valid for three years. To avoid the need to apply for a new consent the approved works must commence by 14 February 2011.
- 5.5 Planning permission for the new bridge was granted on 5 March 2008, and is valid for three years. To avoid the need for a new planning application construction must commence by 4 March 2011.
- 5.6 The planning permission for the retention of the 1999 bridge expires in December 2014. To meet this requirement, and to avoid a period without a bridge, construction work for the new bridge has to commence by April 2011.

## **6 VALUE FOR MONEY**

- 6.1 On 28 June 2008 a value for money assessment was submitted to the DfT. The assessment concluded that the net present value of benefits (PVB) of the scheme totalled -£382.85 million. This outweighed the net present value costs (PVC) of the scheme, which totalled -£48.88 million. This gave a benefit to cost ratio of 7.83:1.
- 6.2 At the time it was noted that as the results only refer to trips that have an origin and a destination within the Walton Bridge area, it is probable that the assessment underestimated the impacts of the closure of the bridge.
- 6.3 Although the value for money assessment has not been reviewed, the reduction in the scheme cost from £38.35 million to £32.37 million will only have enhanced the benefit to cost ratio.



## **7 COMMUNITY BENEFITS**

- 7.1 The A244 is an important link route for journeys to and from the local area. It serves the local communities of Walton and Shepperton, providing access to a number of local schools, major employers, and retail centres. The road also provides access to major employment centres such as Heathrow Airport, Staines and Sunbury. Maintaining this historic river crossing is important to ensuring the economic wellbeing of the area.
- 7.2 If the new bridge were not constructed, and once the 1999 temporary bridge is removed, the nearest alternative river crossings are at Hampton Court and Chertsey.
- 7.3 The Value for Money assessment indicated that the removal of Walton Bridge would result in a net present value disbenefit of £326 million over a 60-year appraisal period. It is therefore essential to ensure the long-term provision of a river crossing at Walton, to avoid these disbenefits to the community.
- 7.4 The bridge provides a very important link for the emergency services, (Police, Fire, and Ambulance), that serve the communities either side of the river. If Walton Bridge were to be unavailable to the emergency services, the diversion via Chertsey Bridge or Hampton Court Bridge would lead to lengthy delays in their response times.
- 7.5 Walton Bridge carries approximately 30,000 to 31,000 vehicles per day, of which approximately 1,200 are Heavy Goods Vehicles (HGVs). More than 9 out of 10 of all vehicles crossing the bridge either start or finish their journeys within the local boroughs of Elmbridge and Spelthorne.
- 7.6 The river crossing provides a pedestrian and cycle link between Walton and Shepperton. Each day around 200 pedestrians, and between 200 and 400 cyclists use the bridge. The bridge also forms part of the Thames Path and National Cycle Network.

## **8 CONSTRUCTION READINESS**

- 8.1 All the necessary powers, permissions, and authorisations are in place for construction to commence. The two properties to be demolished to make way for the scheme are in the County Council's ownership. Agreements are in place with local landowners for the purchase of the land to be given as Exchange Land, and for the lease of the land required for the site compound.
- 8.2 A 'design and build' contract with Costain Ltd is in place for construction of the new river crossing. The County Council accepts responsibility for meeting all costs of the scheme over and above the contribution from the DfT.

## 9 CONCLUSIONS

- 9.1 The cost review has led to a **20% reduction in the contribution sought from the DfT, down from £29.84 million to £23.87 million, representing a saving of £5.97 million.**
- 9.2 The **contribution sought from the DfT in 2011-12 has been reduced by £5.02 million,** down from £13.83 million to £8.81 million.
- 9.3 **SCC's contribution** to the scheme **will be £8,497,172 which represents 26.25% of the overall cost** of the scheme, an increase from the previous percentage contribution that was 22.19%.
- 9.4 The planning permission and the listed building consent for the scheme expire in early 2011. It is therefore essential that funding is in place for the scheme by January 2011, so that the construction works can commence before the permissions expire, and to avoid any consequent increase in costs.
- 9.5 The removal of Walton Bridge would result in a net present value disbenefit of £326 million over a 60-year appraisal period, based on the 2008 Value For Money assessment. The reduced costs for the scheme will have enhanced the benefit to cost ratio beyond the previously calculated 7.83:1.
- 9.6 The local community and local businesses are heavily dependent on Walton Bridge for their day-to-day activities. It is therefore essential to secure the long-term provision of a river crossing at Walton to ensure the vitality and economic wellbeing of the area.
- 9.7 The County Council has all the statutory approvals it needs to construct the scheme, and will meet the costs of the scheme in excess of the DfT contribution.
- 9.8 The proposals for the permanent replacement bridge are both viable and practicable; the scheme represents high value for money; and the construction process is ready to start.