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**REPORT TO:** COUNCIL

**DATE:** 7 OCTOBER 2011

**REPORT OF THE:** CORPORATE DIRECTOR (s151)  
PAUL CRESSWELL

**TITLE OF REPORT:** SUPPLEMENTARY FINANCIAL REPORT:  
A64 BRAMBLING FIELDS JUNCTION IMPROVEMENT

**WARDS AFFECTED:** MALTON, NORTON EAST AND WEST, DERWENT

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## 1.0 FINANCIAL EVALUATION

- 1.1 The tender evaluation under the managed works framework contract has now confirmed the range of prices for the construction element of the works of £3.5m to £4.05m.
- 1.2 This produces an estimated maximum project cost of £5.94m. This figure includes contingency totalling £419k and the detail is at annex A to this report. The gross cost of the scheme including the lowest tender price is within the current budget of £5.6m, with the highest tender price it in excess of the existing budgetary provision.
- 1.3 The following table sets out the existing financial position on this scheme in the Council's capital programme.

RDC Capital Programme Total Cost	£2.37m
Developer contributions applied to the scheme	£0.30m
RDC Capital Programme Net Cost (financed from borrowing)	£2.07m

- 1.4 The net cost is to be financed in full from borrowing and the revenue costs of the borrowing are assumed within the medium term financial strategy and the savings targets for 2012/2013 and 2013/2014. Therefore any developer contributions received in excess of the £300k assumed above would be available for members to:
- Reduce the borrowing and hence the revenue cost and/or
  - Invest in alternative projects
- 1.5 The gross cost of the work using the highest tender price requires a total contribution from RDC of £2.57m, which is £200,000 above the existing budget. Approval is therefore sought to increase the budget by £200,000.
- 1.6 To date developer contributions of £572,500 towards the scheme have already been received. In addition to this there are planning permissions that have attracted contributions towards the junction totalling £1,327,710 (contractually committed and expected as approved development takes place and the payment is triggered). All

developer contributions towards the scheme are shared equally with the North Yorkshire County Council.

- 1.7 The Council's capital programme needs to reflect the full expected maximum cost to RDC of the scheme of £2.57m. The options for managing the increased financial cost are:
- Applying further developer contributions to the scheme (a further £200k on top of the existing £300k).
  - Use £200k of existing unallocated capital resources (currently £500k).
  - Removing or reducing existing schemes currently in the capital programme to the value of £200k.
  - Additional borrowing of £200k (this would need to consider a test of affordability in accordance with the Prudential Code and a further officer report. Given the Council's current revenue forecasts further borrowing may not be recommended as affordable at this time).

- 1.8 Given the position on developer contributions outlined in paragraph 1.6 it is proposed that the developer contributions of £500k should be allocated to the project.

**Additional officer recommendation to main report:**

- (d) that the capital programme be revised to show the scheme with a gross cost of £2.57m financed from developer contributions of £500k and borrowing of £2.07m.**

## Brambling Fields Estimated Maximum Project Costs

<b>Item</b>	<b>£000</b>
Detailed Design (now complete)	522
Construction tenders received (highest)	4,050
Statutory Undertakings Diversions	268
Planning and Procurement	52
Site Supervision	442
Land Purchase	110
Contingency and Risk Allowance	419
Highways Agency fees	31
Maintenance Commuted sum	30
Other	16

<b>Total</b>	<b>5,940</b>
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<b>Funded by:</b>	
NYCC Integrated Transport Capital Programme	800
North Yorkshire County Council	2,570
Ryedale District Council	2,570