

MERSEY GATEWAY EXECUTIVE BOARD

*At a meeting of the Mersey Gateway Executive Board on Thursday, 29 November 2012
in the The Board Room - Municipal Building, Widnes*

Present: Councillors Polhill (Chairman), R. Hignett, Jones, J. Stockton and Wharton

Apologies for Absence: None

Absence declared on Council business: None

Officers present: D. Parr, M. Reaney, S. Nicholson, M. Noone and E. Dawson and A Scott

Also in Attendance: Councillor Ratcliffe

ITEMS DEALT WITH UNDER DUTIES EXERCISABLE BY THE BOARD

Action

MGEB9 MINUTES

The Minutes of the meeting held on 20 September 2012 were taken as read and signed as a correct record.

MGEB10MERSEY GATEWAY BRIDGE - PROCUREMENT PROGRESS

The Board considered a report of the Chief Executive which advised the Members of the progress of the Mersey Gateway procurement process.

The Board was advised that the Mersey Gateway Project Team had approved a change to one of the bidding partners in the MGL consortium following a formal reassessment process. BAM Nuttall had joined the MGL consortium to replace Galliford Try Investments Limited. This showed that there was a high level of interest in delivering the project. It was reported that the procurement timetable would continue as planned.

The Board was further advised that since the last procurement report to the Project Board, a number of Dialogue Meetings had taken place (supported by Bidder Submissions which had been made in advance); matters covered included the technical stream and the commercial

stream.

It was reported that the preparations for the evaluation of the Draft Final Tender were on-going. The purpose of the evaluation of Draft Final Tenders was to allow the Council to close the Dialogue and was not required to support an award decision. In addition, it was reported that the close of dialogue was a significant milestone. The Council would also provide feedback to Bidders to allow them to refine their proposals for Final Tender. The Project Team were also preparing to receive and evaluate a significant number of bidder submissions on 16 November 2012. An oral update regarding the status of the submissions received on the 16 November 2012 was provided at the meeting and it was noted that three draft bids had been received.

Furthermore, it was reported that the first Bidder feedback and clarification meetings were scheduled for the week commencing 17 December 2012. Further meetings were also scheduled in the New Year.

It was reported that the Project Team expected to announce a preferred bidder in the Spring of 2013 and remained on target to deliver Financial Close in the Autumn of 2013.

In line with the recommendations raised at the last meeting, the Project Team had progressed with the procurement of the Owner Controlled Insurance Programme (OCIP) insurance. A total of 31 tenderers had passed the pre-qualification stage. The Council had invited the 31 tenderers to negotiate in a two-stage process. The first stage involved the invitation to negotiate for "lead" underwriting terms under the OCIP. The second stage would involve the invitation to negotiate for "follow" underwriting terms and Excess Layer Third Party Liability terms. The process so far had demonstrated that the Board's Retained Risks could be included under the OCIP at a relatively small incremental cost.

In conclusion, it was reported that the land acquisition programme continued in parallel with the dialogue meetings to ensure that the required land was delivered on time, or necessary rights that the Project Company required in order to construct the Mersey Gateway had been obtained. The programme was also on schedule, and continued to acquire land both through agreement and by the exercising of its Compulsory Purchase powers through the serving of General Vesting Declarations. Negotiations continued with a number of affected parties, with the ability to use

Compulsory Purchase powers should it be necessary. A significant number of affected businesses had now identified relocation premises and the team were working with them to ensure they had relocated and vacated their existing premises by April 2013.

RESOLVED: That the Board note that the Competitive Dialogue process is progressing to programme and that all Bidders are fully engaged with the process and continue to develop their draft Final Submissions.

MGEB11 GOVERNANCE ARRANGEMENTS FOR MERSEY GATEWAY - KEY DECISION

The Board considered a report of the Chief Executive which outlined proposals for the operational governance arrangements relating to the Mersey Gateway Project.

The Board was advised that the approaching appointment of a preferred bidder for the Mersey Gateway Bridge Project (the Project) required the creation of a body to operationally manage the Project over its lifetime (upwards of 60 years). The Mersey Gateway Crossings Board (MGCB) would be a special purpose vehicle created for this and would act as agent for Halton Borough Council (HBC). Together with HBC, it would be a counterparty to both the Project Agreement (the contract for the construction and operation of the crossing) and the Demand Management Participation Agreement (the "DMPA") (the contract relating to the tolling).

In respect of the MGCB the Board noted the:-

- aims and objectives of the MGCB;
- reasons for its creation;
- set up and the powers and delegations,
- tolling and payment streams;
- shadow running and TUPE arrangements;
- oversight arrangements;
- composition of the Board of Directors; and
- the stakeholders involved.

The Board also noted the Draft Governance Agreement set out in Appendix 1 to the report.

It was noted that agreement on this matter would give effect to the acceptance of the Conditional Funding Offer, as approved by full Council on 19 October 2011. The offer letter accepted by Council had set out the basis of the agency

arrangement.

Members discussed the arrangements for the tolling and payment streams and the arrangements for the setting of local discounts within agreed parameters by the MGCB, acting as HBC's agent. The Board agreed that this provision, detailed in paragraph 3.6 of the report, should be deleted and that any decisions on a local discount scheme should be referred to Council to determine. This matter would therefore be included in Schedule 1: Restricted Matters as a 'Red' Matter Categorisation (a copy of Schedule 1 was attached to the report).

It was further noted that Councillor Ratcliffe indicated that she was satisfied with the content of the report.

Reasons for the Decision

The reasons were set out in paragraphs 3.1 and 3.2 of the report.

Alternative Options Considered and Rejected

Direct management by the Council was precluded by the Government's consent letter which was the basis for the financial approval. The proposed format of the Crossings Board was as a company limited by shares. This was judged to be the most favourable arrangement from the Council's perspective. Alternatives examined and not put forward included a company limited by guarantee and a limited liability partnership.

Implementation Date

The Company is planned to be incorporated mid-2013. Of necessity it would operate in an accountable shadow form before that.

RESOLVED: That

- (1) the governance arrangements as described in the report and more particularly detailed in the draft Governance Agreement at Appendix 1 be approved in principle;
- (2) provision for the determination of a local discount scheme should be referred to full Council and the Schedule 1: Restricted Matters document be amended accordingly; and

Chief Executive

- (3) the finalisation of this Governance Agreement be delegated to the Chief Executive, in consultation with the Leader of the Council, the Operational Director, Legal and Democratic Services and the Operational Director, Finance.

MINUTES ISSUED: 3 December 2012

CALL-IN: 10 December 2012

Any matter decided by the Mersey Gateway Executive Board may be called in no later than 5.00pm 10 December 2012

Meeting ended at 3.45 p.m.