

## Middlewich Eastern Bypass

# URGENT DECISION MADE ON BEHALF OF THE HIGHWAYS AND TRANSPORT COMMITTEE

## Summary of Decision

**Council/Committee Procedure Rule 2.10 and 2.11, and a general delegated authority to the Chief Executive/Deputy Chief Executive**

**Contact Officer:** Brian Reed

**Email:** [Brian.reed@cheshireeast.gov.uk](mailto:Brian.reed@cheshireeast.gov.uk)

**Contact Number:** 07973754722

### 1.0 Background

- 1.0 The Full Business Case for the Scheme was submitted to the Department for Transport (DfT) in October 2023. On 18th April 2024, the DfT formally wrote to the Council requested additional information on the Scheme, which has resulted in a further delay to Ministers approving the Full Business Case. The DfT identified weaknesses in the calculation for the Value for Money of the Scheme
- 1.1 Following a series of meetings with DfT the Council has been able to identify how these weaknesses can be resolved, improving the Value for Money calculation for the Scheme; the Council now intends to submit a revised Full Business Case in September 2024.

### 2.0 Reasons for Urgency of Decision

Even a short delay will have very large impacts on the Scheme Cost.

- 2.1 It is currently not clear what the impact on the overall Scheme cost of the Full Business Case (FBC) delays are and this is a consideration which is heavily time dependent, due both to the seasonal sensitivities of the major construction activities and the effects of continuing construction cost inflation. The sooner the new Business Case can be submitted, the lower the risk of additional costs.

Even a short delay has major impacts on the Delivery Programme.

- 2.2 The deadline of w/c 2 September 2024 is geared to ensure that this matter can be placed before the November DfT Investment Committee. Failure to submit the revised Full Business Case by 6 September 2024 will result in the November DfT Investment Committee being missed, or by other matters outside the control or influence of the Council. Previous experience suggests

that a delay of up to 3 months may be encountered which has significant impacts on the construction programme.

The current programme for the revised Full Business Case submission and subsequent construction works is identified by the key dates below:

Key critical dates are:

- Submit Full Business Case w/c 2 September 2024
- Department for Transport Investment Committee November 2024
- Full Business Case Approval February 2025
- Construction Start of Works September 2025

### Business Case

- 2.3 The Cost Benefit Ratio (BCR) for the scheme is very sensitive to costs. A delay to the approval is linked to the submission of the revised Full Business Case risks the scheme having a lower BCR; harming its chances of support from the Government, leading the Council having to manage the costs already sunk into the project to date at a time of financial pressure.

### **3.0 Reasons for Recommendation**

- 3.1 The recommendation is to progress with the completion and submission of the revised Full Business Case in the shortest timescale. Scheme costs presented in the revised Full Business Case will be based upon the March 2024 Target Cost submission from Contractor, Balfour Beatty, avoiding any need for further time to assess price changes.
- 3.2 The recommendation leads to the quickest delivery of the bypass and minimises the Council's exposure to further construction cost inflation.
- 3.3 Opportunities to reduce costs through the implementation of selected de-scoping options will be pursued in parallel to the Full Business Case approvals process.
- 3.4 The decision relates to the submission of the Business Case only and does not commit the Council to build the Bypass. A separate decision will be required to let a construction contract when the Government has decided on their funding contribution.

### **4.0 DECISION**

- 4.1 That the Chief Executive on behalf of Cheshire East Council:

Approves and agrees to the submission of the revised Final Full Business Case for the Middlewich Eastern Bypass.