

## **Cabinet**

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**Date of Meeting:** 12 June 2018

**Report Title:** A500 Dualling Scheme

**Portfolio Holder:** Cllr Don Stockton - Environment

**Senior Officer:** Frank Jordan – Executive Director of Place

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### **1. Report Summary**

1.1. The purpose of this report is to;

1.1.1. Seek a recommendation that Council approves a Supplementary Capital Estimate of £0.4m to increase the current budget of £4.1m to £4.5m. This will enable the scheme to progress whilst awaiting the outcome of the DfT funding and Planning Application decisions.

1.1.2. Authorise the Executive Director of Place to undertake all necessary and prudent preparatory works in advance of the final funding decision in order to ensure the Council is positioned to deliver the Scheme once the final funding decision has been made.

1.2. The work required to maintain progress would include the preparation of draft Orders, preparation to procure a design and build contractor and statutory undertaker design costs. To meet the demands of the programme for High Speed 2 (HS2) construction, it is essential that work is continued whilst awaiting decisions from Government.

1.3. Alongside work on the business case, a public consultation exercise has been undertaken and the outcome of this is reported in the Pre-Planning Consultation Report at Appendix A to this report.

1.4. As part of the Outline Business Case preparation, the outturn Scheme Cost Estimate has been updated to a current total cost of £55m, including an allowance for risk and inflation. The business case has demonstrated that the proposed scheme fulfils the strategic objectives of the scheme, and that it can reasonably be considered to be affordable, achievable and represents good value-for-money at this stage of project development. The Outline Business Case was submitted to DfT on 4 June 2018.

1.5. Following the funding decision, which is expected between November 2018 and March 2019, the total scheme costs and funding strategy will be reported to Full Council for the necessary approval.

## **2. Recommendations**

That Cabinet

- 2.1. Recommend that Council approves a Supplementary Capital Estimate of £0.4m to increase the current budget of £4.1m to £4.5m. This will enable the scheme to progress whilst awaiting the outcome of the DfT funding and Planning Application decisions.
- 2.2. Authorise the Executive Director of Place in consultation with the Portfolio Holder for the Environment to exercise powers delegated to the Executive Director of Place to undertake all necessary and prudent preparatory works in advance of the final funding decision, at risk, in order to ensure the Council is positioned to deliver the Scheme if a favourable funding decision is received.

## **3. Reasons for Recommendations**

- 3.1. The A500 Dualling scheme is a key part of the Local Plan. The A500 is a key strategic route in Cheshire which provides the main route from the south of Crewe, the future (HS2) Crewe Hub station and Nantwich to the M6 (Junction 16). The area currently suffers from congestion issues and the implementation of the scheme is vital to ensure that future growth aspirations can be met.
- 3.2. Should the scheme not be completed, the A500 will continue to be a congestion constraint for traffic travelling between the south of Crewe and the M6 and the wider Cheshire East, Stoke and Staffordshire region. On completion, the scheme would facilitate future growth for the area and contribute to the delivery of the Constellation Partnership's plans for jobs and housing growth as well as being consistent with the transport strategies of both the the Local Enterprise Partnership and Transport for the North. The link is also a part of Transport for the North's newly defined Major Road Network
- 3.3. The future HS2 line will include a hub station in Crewe which is scheduled to open in 2027. During their construction it is expected that a significant number of heavy goods vehicles will use the A500 to travel between the M6 and the HS2 construction access point. This additional traffic is expected to exacerbate the existing congestion issues experienced along the link, increasing delay. This would be alleviated by the scheme which would provide a dual carriageway along this section of the A500, allowing cars and other vehicles to safely overtake construction traffic.
- 3.4. The Outline Business Case has been prepared in line with DfT Technical Guidance and sets out the Strategic, Economic, Financial, Commercial

and Management cases for the scheme. The Business Case demonstrates that the proposed scheme fulfils the strategic objectives of the widening, and that it can reasonably be considered to be affordable, achievable and good value-for-money at this stage of project development.

- 3.5. The majority of the land required for the scheme is in the ownership of the Duchy of Lancaster, which is Crown Land. Crown land cannot be subject to a compulsory purchase order (CPO), and must therefore be acquired by agreement.
- 3.6. There is other land that is required for the scheme that can be acquired compulsorily if necessary but as CPO is a last resort, the acquiring authority must, endeavour to acquire land by agreement where possible. However, if a CPO is required, and the Council makes a resolution to exercise its powers of compulsory purchase then those powers cannot be exercised until such time as an agreement is in place with the Duchy of Lancaster in respect of the use of its land, because the Council's case in support of the making of a CPO must demonstrate that, if the CPO is confirmed, that there are no other impediments to the scheme.
- 3.7. These land negotiations are therefore recommended to begin at an early stage to allow sufficient time to reach agreement in respect of the use of Duchy land and the acquiring of all other interests in this and non Crown Land necessary for the Scheme. The CPO is intended to be made in February 2019, subject to planning approval and confirmation of funding from DfT. Confirmation of the CPO may be subject to a public inquiry to deal with objections before it can be confirmed enabling compulsory acquisition of land and interests.
- 3.8. The scheme will require the acquisition of full title to 24.2 hectares of land. The rights affected will include agricultural Tenants of the Duchy of Lancaster on agricultural land. Crown land should only be included where the acquiring authority has obtained (or is, at least, seeking) agreement from the appropriate authority. The confirming authority will have no power to authorise compulsory acquisition of the relevant interests without such agreement.
- 3.9. The land over which full title is to be acquired is predominantly agricultural land; it does not require the acquisition of land in any of the categories where land has to be provided in exchange, such as common land or public open space. The acquisition of a small area of residential property is required at one location.
- 3.10. The land proposed to be acquired is the minimum considered to be reasonably required to achieve the selected design option. Discussions are

proceeding with the Statutory Undertakers and these may disclose additional requirements for service diversions for which land or rights may require to be obtained under the CPO.

- 3.11. A side roads order (SRO) will be required as existing accesses directly onto the A500 will be stopped up on safety grounds. Alternative means of access will be provided, Where existing public rights of way cross the A500, the path will be diverted to maintain connectivity. Some lengths of paths will be stopped up.
- 3.12. It is the intention that proposed developments in the local area that will benefit from the scheme will provide a financial contribution to the overall cost of the scheme. The South Cheshire Growth Village, which is on Duchy of Lancaster land, is a strategic development which has been allocated in the Council's recently adopted Local Plan Strategy. The Local Plan Strategy contains a policy for the development to contribute to the improvement of the A500. It is therefore expected that a contribution will be made to this scheme if that development gets planning permission.
- 3.13. The Duchy, as a major owner of the land required for the scheme has a mutual interest, along with the Council, in the scheme gaining approval. This should therefore mean that the process of acquiring the land outside a CPO process is more straightforward.
- 3.14. It is being assumed that a funding decision will be made by DfT by the end of 2018, but it could be as late as March 2019. Whilst awaiting the outcome, funding is required for the project team to respond to any issues that arise from the Planning Application submission, the preparation of draft Orders, preparation to procure a design and build contractor and statutory undertaker design costs. This will mean that the project team will be in a position to publish the CPO and SRO and procure a contractor soon after if there is a positive outcome from the planning approval and the DfT funding decision.
- 3.15. If the scheme is not intended to be independently viable, or that the details cannot be finalised until there is certainty that the necessary land will be required, the acquiring authority should provide an indication of how any potential shortfalls are intended to be met.
- 3.16. One of the objectives for the scheme is to support the delivery of key national infrastructure, i.e. HS2 and the Crewe Hub Station. There is therefore programme pressure on this scheme for the road to be opened before the construction of HS2 starts, so that it can accommodate the high volume of construction traffic that is expected to use this route. The

preparation of the CPO and SRO in advance of the planning approval and funding decision is therefore an opportunity to achieve that programme.

- 3.17. Any delay to the scheme could mean that construction of this scheme happens at the same time as HS2 construction, which has the potential to cause disruption to the road network.

#### **4. Other Options Considered**

- 4.1. The negotiations with land interests and developers, and the preparation of the CPO and SRO documents, could all be delayed until after a decision is made on the Planning approval and DfT funding. After this time there would be more certainty about whether the scheme is likely to proceed or not, and so the on-going funding of the scheme would be less at risk.
- 4.2. However, it is considered that delivering the scheme to programme is a key priority, with the aim of having the road widening opened before the construction of HS2 and the Crewe Hub Station begins. Any delay to the scheme delivery could result in significant disruption to the road network.

#### **5. Background**

- 5.1. The A500 is a former national trunk road and a key route which connects Crewe and Nantwich to the M6 at Junction 16; and also to Stoke and Staffordshire. It was transferred from central to local government responsibility in 2003. The section of the A500 between Junction 16 and the junction with the A531 and B5472 at Meremoor Moss Roundabout is single carriageway and is the only section of the A500 corridor that is not built to dual carriageway standard.
- 5.2. Dualling this section of road will improve connectivity, traffic flow and road safety and will support the delivery of key development and housing sites.
- 5.3. Furthermore, it is a key infrastructure component in supporting the emerging ambitions of the Constellation Partnership for the High Speed 2 (HS2) Hub Station at Crewe. The scheme will also be able to accommodate the significant construction traffic which is anticipated for the construction of HS2.
- 5.4. The link forms a part of Transport for the North's Major Road Network as identified in their Initial Major Roads Report in 2017. It is also identified as a key corridor in the Department for Transport's consultation on the creation of a National Major Roads Network.
- 5.5. The Council was successful in securing £1.8m from the Department for Transport's (DfT) Large Local Major scheme fund to develop the scheme to

Outline Business Case (OBC) stage. This needed to be submitted to the Department for Transport in June 2018. It was one of only 12 schemes nationally that was successful in this round of bidding.

- 5.6. Preparation of the planning application and submission of the Outline Business Case was authorised by Cabinet at its May 2017 meeting.
- 5.7. The A500 between M6 J16 and Meremoor Moss Roundabout was constructed in the mid-1980s but developments in eastern Crewe and the construction of the A500 Hough Shavington Bypass immediately to the west (opened to traffic in 2003) have generated a significant increase in traffic flows, causing congestion. The planned growth included in the Local Plan Strategy and expected as a result of the new HS2 hub station will generate more traffic and exacerbate problems on the link.
- 5.8. A study was undertaken in 2014, 'A500 Dualling and Widening – Preliminary Cost Study Report', which considered three design options and provided a cost estimate for each. The design options were to add a new carriageway to the north to create a dual carriageway; to add a new carriageway to the south to create a new dual carriageway; and to add a third lane to the existing single carriageway.
- 5.9. In April 2016, a Scheme Assessment Report was issued and concluded that all three options were viable and deliverable from an engineering perspective. In March 2017 it was updated to include a summary of the consultations undertaken with selected stakeholders on the options. As described in the section above, the report concluded that 'Option 2 – Widening to the South' was the preferred option.
- 5.10. In July 2016 an application was made to the Department for Transport for Scheme Development Costs, for preparation of a planning application and business case. In November 2016, it was announced that the bid was successful.
- 5.11. The development of the preferred option has been underway since early 2017, and has included geotechnical, environmental, topographical and traffic surveys on the road and surrounding area. These have all informed the design of the scheme, so that it has been developed in sufficient detail for the purposes of the OBC and the Planning Application, including the preparation of an Environmental Statement.
- 5.12. A public consultation on the developing scheme design was held during September and October 2017, which included a two day exhibition at Barthomley Village Hall. The results of the consultation can be found in a report on the A500 Dualling scheme website.

5.13. The Planning Application and Outline Business Case are scheduled to be submitted shortly. Subject to planning approval and a positive funding decision, and completion of the statutory processes the intended programme is for construction to begin in Spring 2020, and the widened road to be opened by the end of 2021.

5.14. The key scheduled programme dates are:

<b>Event</b>	<b>Date</b>
Outcome of Planning Application	November 2018
Confirmation of DfT Funding	December 2018
Publication of draft Orders	February 2019
Public Inquiry (if required)	July 2019
Secretary of State Approval of Orders	November 2019
Start Construction	April 2020
Road Opening	December 2021

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

- 6.1.1. In resolving to make a Compulsory Purchase Order and a Side Roads Order Side for the A500 Dualling Scheme the Council would be proceeding under its powers under the Highways Act 1980 for the compulsory purchase of land and the rights required, and to improve or stop up existing highway, construct new lengths of highway and stop up and provide replacement private means of access as required
- 6.1.2. The confirming authority will have no power to authorise compulsory acquisition of the relevant interests of the Crown without agreement.
- 6.1.3. A compulsory purchase order should only be made where there is a compelling case in the public interest which is covered in the body of the report with supporting documents and the land proposed to be acquired must be the minimum considered to be reasonably required to achieve the selected design option.



- 6.1.4. The acquiring authority should provide substantive information as to the sources of funding available for both acquiring the land and implementing the scheme for which the land is required.
- 6.1.5. The acquiring authority will also need to be able to show that the scheme is unlikely to be blocked by any physical or legal impediments to implementation including any need for planning permission or other consent or licence.

## **6.2. Finance Implications**

- 6.2.1. The A500 Dualling scheme will be delivered through a combination of DfT grant and local contributions, including third-party developer contributions secured by the Council. The viability and affordability of any scheme is a fundamental part of the Outline Business Case process.
- 6.2.2. An updated detailed cost estimate, subject to further price inflation and risk, has been prepared to inform the Outline Business Case using specialist engineering and property cost consultants. The following table summarises the main cost elements for the scheme, including prior expenditure to end of March 2018:

## **6.3. Policy Implications**

- 6.3.1. The need for the scheme is clearly established in the Cheshire East Local Plan Strategy, identifying from the outset the need to improve transport connections to deliver the Plan, including the proposed scheme on the A500.
- 6.3.2. By providing additional highway capacity to cater for additional traffic from development, the scheme would support the Local Plan Strategy and the objectives of the Constellation Partnership. The scheme is thus considered to be in line with local policy and essential for the delivery of the future economic growth plans of Cheshire East.



<b>Scheme Element</b>	<b>Estimated Outturn Costs(2018 Q1 prices)</b>
Construction incl. Preliminary works	£37.80m
Site supervision costs	£2.11m
Land acquisition & Part 1 Claims	£8.45m
Statutory utilities	£0.45m
Design fees	£1.70m
Inflation allowance	£4.07m
Risk Allowance	£3.35m
<b>Total</b>	<b>£54.79m</b>

- 6.3.3. The funding strategy for this project is reliant on a successful bid to the DfT's Large Local Major Schemes programme. The strategy is for funding to be provided through a blend of the DfT grant and Local Contributions. Following the funding decision, which is expected between November 2018 and March 2019, the total scheme costs and funding strategy will be reported to Full Council for the necessary approval. The funding mix included in the OBC is proposed as follows:

<b>Funding Source</b>	<b>Value £ (2018 Q1 prices)</b>
DfT Grant	£43.8m
Local Contributions	£11.0m
Total Scheme Costs	£54.8m

- 6.3.4. Contributions are expected from future development opportunities flowing through Planning Obligations entered into under section 106 of the Planning Act 1990. Over time, the proportion of third party funding is likely to change in response to development activity within the local area.
- 6.3.5. The Council will pursue a strategy of maximising contributions to the scheme through s106 agreements with developers to the full local contribution level. However, it should be noted that once DfT contribution has been secured, any funding gap arising from a shortfall in the s106 contribution estimate would result in the Council making up funds.
- 6.3.6. Also, as the timing of the s106 contributions will depend on the rate of development, the Council is likely to be required to forward fund the local contribution so that a contract can be awarded.
- 6.3.7. The Outline Business Case submitted to Government must include a statement by the Council's Section 151 officer confirming the funding strategy for the project, especially the local funding contributions necessary to match a DfT grant award.
- 6.3.8. Preparatory work to date on the project has been funded through a blend of Council and DfT resources. The purpose of the DfT grant was for the development of the scheme to Outline Business Case (OBC) and Planning Application submission by June 2018. £3.0m has been spent to the end of March 2018 from an available budget of £4.1m.
- 6.3.9. This paper is seeking approval of funding from the Council of £0.4m in addition to the current approved budget of £4.1m to continue progressing the scheme whilst awaiting the outcome of the DfT funding and Planning Application decisions.

#### **6.4. Equality Implications**

- 6.4.1. All public sector acquiring authorities are bound by the Public Sector Equality Duty as set out in section 149 of the Equality Act 2010. In exercising their compulsory purchase and related powers (e.g. powers of entry) these acquiring authorities must have regard to the effect of any differential impacts on groups with protected characteristics.
- 6.4.2. The Scheme Assessment Report has considered impacts on all types of traveller, and on private and community assets. The business case submission has also expanded on the scheme's impact on equality.

- 6.4.3. In progressing the Orders and carrying out consultations the Council will take into account the needs of persons with protected characteristics as set out in equalities legislation.

## **6.5. Human Rights Implications**

- 6.5.1. In deciding whether to proceed with a Compulsory Purchase Order (CPO) and a Side Roads Order (SRO), Members will need to consider the Human Rights Act 1998 and Article 1 of the First Protocol and Article 8 to the European Convention on Human Rights. There is a small area of the front garden of a property directly affected within the proposed CPO land.
- 6.5.2. Article 1 protects the rights of everyone to the peaceful enjoyment of their possessions. No person can be deprived of their possessions except in the public interest and subject to national and international law.
- 6.5.3. Article 8 protects private and family life, the home and correspondence. No public authority can interfere with this interest except if it is in accordance with the law and is necessary in the interests of national security, public safety or the economic well-being of the country.
- 6.5.4. Members will need to balance whether the exercise of these powers are compatible with the European Convention on Human Rights. In weighing up the issues it is considered that the acquisition of land which will bring benefits to the residents and businesses that could not be achieved by agreement and this outweighs the loss that will be suffered by existing landowners. The CPO and SRO will follow existing legislative procedures.
- 6.5.5. All parties have the right to object to the CPO and attend a public inquiry arranged by the Secretary of State. Parties not included in the CPO may be afforded that right if the inquiry inspector agrees.
- 6.5.6. The decision of the Secretary of State can be challenged in the High Court, an independent tribunal, for legal defects. Those whose land is acquired will receive compensation based on the Land Compensation Code and should the quantum of compensation be in dispute the matter can be referred to the Upper Tribunal (Lands Chamber) for independent and impartial adjudication.
- 6.5.7. The Courts have held that this framework complies with the Convention on Human Rights. Accordingly, a decision to proceed with the recommendation on the basis that there is a compelling case in

the public interest would be compatible with the Human Rights Act 1998.

## **6.6. Risk Management Implications**

- 6.6.1. Key risks to the Council continue to relate to the affordability of the scheme and this will be addressed through the continued development of the funding strategy.
- 6.6.2. The Council will be required to accept all responsibility for cost increases beyond the cost envelope stated in any business case that is approved for funding by DfT.
- 6.6.3. A risk register has been produced in the preceding stages of the project development and this will be reviewed and updated. Capital cost risks are informed by a comprehensive Quantitative Risk Assessment, with a risk allowance of £3.35 million included in the scheme costs. For appraisal purposes, a level of Optimism Bias is applied to uplift estimated costs by 15%, in accordance with DfT guidance, to ensure that the value-for-money of the scheme is not overstated.
- 6.6.4. Only when the Department for Transport make a decision based on the Outline Business Case will there be a high degree of certainty about the majority (80%) of the scheme funding. Until the point at which DfT make their final investment decision based on the final business case, any council funding of scheme development is at risk, although this risk decreases significantly once the DfT decision on the Outline Business Case is positive.
- 6.6.5. Achievement of the programme is a risk. There are significant benefits of opening the road widening before construction of the proposed HS2 Hub Station in Crewe begins, because HS2 construction traffic will use the A500 as an access route. HS2 construction is currently programmed to begin in 2021. However, if there is a delay in the A500 scheme, then construction of the road widening could take place at the same time as construction traffic is accessing the HS2 site.
- 6.6.6. The majority of land that would be required to widen the A500 is owned by the Duchy of Lancaster. The land cannot be subject to a Compulsory Purchase Order, and would therefore have to be acquired via agreement. The Duchy has however submitted a letter of support for the scheme and has said that they will be an active and supportive partner as the plans take shape.

- 6.6.7. There are some significant services that cross the scheme, such as a Mainline Fuels oil pipeline, and high pressure gas mains. A conservative estimate of the costs associated with their diversion or protection has been included in the overall Scheme Cost Estimate, but further work is required to confirm those estimates, and to understand the requirements of the utility companies as Statutory Undertakers
- 6.6.8. By progressing before the DfT funding is secured there is a risk that it does not succeed and expended funding will be wasted. There is also a risk that the level of contributions from development will not be achieved or even if secured through s106. Planning obligations are not guaranteed.

### **6.7. Rural Communities Implications**

- 6.7.1. As the scheme is a widening of an existing road, it will not introduce any new severance of existing farms or communities. There are some existing field gates that access directly on to the A500, and these will have to be closed once the road becomes a dual carriageway on safety grounds. However, the farm tenants have said that they already no longer use the gates because of the high volume of traffic on the A500. Appropriate alternative accesses will be provided, as required, as part of the scheme.
- 6.7.2. Similarly, there are crossing points for public rights of way that will be closed. The scheme includes diversions for these footpaths to maintain connectivity, and the stopping of up of paths where they lead directly to the road.
- 6.7.3. There may be some impact during the construction phase, because the two bridges over the A500 will need to be demolished and replaced. Consideration will be given to how connectivity can be maintained during construction.
- 6.7.4. The planning application will provide a comprehensive Environmental Assessment which will take into account the effect on the rural community. This assessment will include impacts such as noise, air quality, visual impact plus the schemes effects of Public Rights of Way and non-motorised users i.e. pedestrians, cyclists and equestrians.

## **6.8. Implications for Children & Young People**

- 6.8.1. There are no direct implications for children and young people distinct from the wider community.

## **6.9. Public Health Implications**

- 6.9.1. The Environmental Statement includes an assessment of the impacts on air quality and noise levels as a result of the scheme.
- 6.9.2. There is a number of existing at-grade uncontrolled pedestrian crossings over the A500. It would be unacceptable to leave this type of crossing over a dual carriageway, on safety grounds, and so they will be removed. The scheme design includes new footpaths that will maintain the network.

## **7. Ward Members Affected**

- 7.1.1. The strategic nature of the scheme will mean that journeys from multiple wards will be affected.
- 7.1.2. The scheme itself is situated in Haslington Ward. The local ward members for Haslington are Cllr John Hammond and Cllr David Marren.

## **8. Consultation & Engagement**

- 8.1.1. The Pre-Planning Application Consultation Report on the scheme is attached as Appendix A.

## **9. Access to Information**

- 9.1.1. The background papers relating to this report are available in electronic format on the Council's web site (Cabinet agenda page) and will be available for inspection in hard copy at the meeting. They are :
- Appendix A – Pre-Planning Application Consultation Report

## **10. Contact Information**

- 10.1. Any questions relating to this report should be directed to the following officer:

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