

Cheshire East Council

Cabinet

Date of Meeting: 11th April 2017

Report of: Executive Director Place

Subject/Title: Crewe Green Roundabout Improvements – Increase to Funding Provision

Portfolio Holder: Cllr David Brown, Highways and Infrastructure

1. Report Summary

- 1.1. The Council has set out a clear vision and strategy for jobs-led economic growth in the emerging Local Plan. It is vital that there is significant investment in transport infrastructure to support that growth.
- 1.2. The Crewe Green Roundabout is a key gateway to the Town and the scheme to improve it will unlock growth and improve access to a number of development and employment sites in and around Crewe that have been identified in Local Plan Strategy. Furthermore, it is a key infrastructure component in the delivery of the Council's emerging ambitions centred on the delivery of a HS2 Hub Station at Crewe. The scheme will also have environmental benefits, through reduced traffic congestion, increased freight efficiency and improved travel times.
- 1.3. The roundabout is a key congestion 'Pinch Point' on the main highway network in Crewe and on one of the main access routes to Leighton Hospital. Improvements to this junction will provide capacity for the predicted growth in traffic during the Local Plan period up to 2030.
- 1.4. Approval was given to proceed with the Scheme at the Cabinet meeting on the 18th October 2016.
- 1.5. This report gives an update on progress with the pre-construction phase of the scheme and updates the estimated scheme cost as a result of this work.
- 1.6. The report seeks approval to vary the budget for the Scheme and to continue with the procurement process.

2. Recommendation

Cabinet is recommended to:

- 2.1. Approve a supplementary capital estimate of £2.5m (intended to be partially funded by the Council's award through the National Productivity Investment Fund) to meet the forecast cost of the scheme.
- 2.2. Approve the total budget for the scheme costs (including risk) as outlined in the attached Project Funding Table shown at Appendix 1.
- 2.3. Authorise the Executive Director of Place, in consultation with the Highways and Infrastructure Portfolio Holder to enter into the construction phase of the works.
- 2.4. Authorise the Executive Director of Place, in consultation with the Highways and Infrastructure Portfolio Holder, to proceed with all necessary technical work, including finalising detailed design and agreement of a final target cost for the works, land assembly, investigation and conduct of diversions of statutory-undertakers apparatus to enable the Highway Works to be delivered.

3. Other Options Considered

- 3.1. A consultation exercise was held in summer 2016 on four design options for the Crewe Green Roundabout Junction Improvement Scheme. The consultation process found a strong overall preference for Option 3 and Option 4. Options 1 and 2 were less popular.
- 3.2. At the Cabinet meeting on the 18th October 2016, Option 3 was approved for design development as the preferred option for the Scheme and is shown at Appendix 2.
- 3.3. The Option 3 Scheme was originally identified as the lowest cost option. A feasibility review of the scheme in December 2016 alongside the appointed framework contractor, who were able to advise in detail on proposed construction planning, programming and coordination of the works, identified a potential final scheme estimate above the current funding provision.
- 3.4. In light of this, options 1, 2 and 4 were all re-examined to ascertain if Option 3 would remain as the preferred option. The conclusion was scheme options 1, 2 or 4 would result in higher scheme estimates than Option 3, confirming Option 3 as the preferred option. The work also confirmed that Option 3 offered the greatest potential for subsequent planning, programming and safety benefits during the construction phase. Some of these benefits will be realised during the Value Engineering development of Option 3.

4. Reasons for Recommendation

- 4.1. The estimated final cost has increased from the previous budget estimate.
- 4.2. The original cost estimate was prepared in June 2016 on all of Scheme Options 1, 2, 3 and 4. The knowledge of the scope and extent of the proposed works was limited at this stage.
- 4.3. Option 3 was selected as the preferred option after assessing all options against a set of objective criteria and taking into account the public consultation work
- 4.4. The cost estimate was based on a limited level of project design information available at that early stage of option development. The estimating technique used appropriate estimating rates.
- 4.5. Detailed discussions with relevant utility companies are progressing and opportunities to reduce or remove requirement for diversion of statutory undertakers services are being considered in design development and construction planning and programming.
- 4.6. The updated cost estimate is based on a total scheme cost for Option 3 which has been significantly developed since the initial estimate to include updated, detailed information on construction planning, programming and traffic management and indicates a new funding gap (including risk) of £2.423m.
- 4.7. However, additional funding of £1.95m is available from the National Productivity Investment Fund which could contribute to addressing part of this shortfall.
- 4.8. The National Productivity Investment Fund is a good fit for supplementary funding for the Crewe Green Roundabout Improvement scheme and fits with Government targeting of funds towards economic infrastructure. The Council's £1.95m award, along with Local Growth Funding, forward funding from the Council and developer contributions from S106 planning obligations from nearby developments should ensure the scheme is fully funded (see Appendix 1)
- 4.9. The Sydney Road Bridge is another major infrastructure project immediately to the north of Crewe Green Roundabout. The close proximity of the related but separate scheme and the potential for significant disruption on the local road network is a major concern that has been taken into account within the early construction planning and programming of both schemes. Therefore, works at Crewe Green Roundabout are being planned in the most effective manner alongside the Sydney Road Bridge works to limit impact on the road network. Current thinking is to deliver the schemes sequentially and deliver relief to the heavily congested Crewe Green Roundabout allowing the roundabout to operate freely without traffic lights before starting the Sydney Road Bridge scheme. This approach allows a more efficient delivery of the works and less disruption to the public with a shorter construction period.

- 4.10. The opportunity to mitigate network disruption will continue to be assessed during the development and construction stages of the scheme.
- 4.11. A series of joint public information and engagement events for the related Crewe Green Roundabout Improvement and Sydney Road Bridge schemes are being held in March / April 2017.

5. Background/Chronology

- 5.1. Following on from an award of £142.7 million of Local Growth Fund (LGF) in July 2014, the Cheshire and Warrington Local Enterprise Partnership was awarded a further £15.2 million in February 2015 as part of LGF Round 2. One of the projects included in Round 2 was Crewe Green Roundabout which was awarded an allocation of £3.3 million. This allocation was made as the scheme removed a key congestion ‘Pinch Point’ on the main distributor network in Crewe and improved access to strategic employment sites at Basford, Capricorn (J17) and directly opened up a housing site in the emerging Local Plan. The project also proposed to unlock 570 new homes, facilitate the creation of 750 jobs and contribute to an increase in GVA.
- 5.2. The remainder of the approved budget was proposed to be sought from developer contributions in the form of S106 contributions from developments which will contribute to traffic growth at the roundabout.
- 5.3. The National Productivity Investment Fund is a broad initiative with the funds being determined on a formulaic basis. In future years the fund may be subject to competitive bidding process but not this year. It is un-ring fenced highways capital that must make an impact. It is there to improve the local highways and transport network, to address pinch points, to open up housing sites and to support economic growth. Crewe Green Roundabout Improvements fall within the NPIF initiative in that it is a pinch point scheme on a critical transport corridor from the M6 into Crewe. The Crewe Green Roundabout improvement will unlock growth potential and improve access to a number of development and employment sites in and around Crewe Town Centre that have been identified in the Local Plan Strategy. Furthermore, it is a key infrastructure component in the delivery of the Council’s emerging ambitions centred on the delivery of a HS2 Hub Station at Crewe.

6. Wards Affected and Local Ward Members

6.1. Wards Affected

- 6.1.1. Crewe East and Haslington Wards.

6.2. Local Ward Members

- 6.2.1. Cllr David Newton – Crewe East

- 6.2.2. Cllr Suzanne Brookfield – Crewe East

6.2.3. Cllr Clair Chapman – Crewe East

6.2.4. Cllr John Hammond - Haslington

6.2.5. Cllr David Marren – Haslington

7. Implications of Recommendation

7.1. Policy Implications

7.1.1. It relates directly to the Council's Corporate Plan; Outcomes 2 and 6.

7.1.2. The Scheme supports the emerging Local Plan Policy CO2 and is included in the associated Infrastructure Delivery Plan.

7.1.3. It is included in the Local Transport Plan 2015 Policy B2 – Enabling Development.

7.2. Legal Implications

7.2.1. The Scheme is subject to the Public Contracts Regulations 2015 and must be procured by way of a compliant procurement exercise. The Service has engaged with Procurement Officers and conducted an evaluation of the procurement options.

7.2.2. A planning application will need to be submitted prior to any works taking place and any requirements of such permission will need to be met as detailed in that permission. Further advice will need to be taken once the land issues have been fully investigated.

7.2.3. The Council is subject to strict rules on the pooling of funds through s106 agreements and cannot pool more than 5 contributions from such agreements. Additionally, there are some risks in the Council forward funding infrastructure projects on the basis of potential s106 funds. For example, s106 agreements cannot be obtained for projects that have already been completed; the receipt of s106 monies is conditional on the terms of the individual s106 agreements and the ability of the developer to pay. There is therefore a risk that valid s106 agreements never lead to the receipt of funds so this funding stream cannot be absolutely guaranteed at this stage.

7.2.4. Any use of the £1.95m National Productivity Investment Fund grant by the Council will be subject to the specific conditions of that grant. As at the date of this report, these specific legal terms are unknown but HM Treasury has indicated that the use of the National Productivity Investment Fund may be assessed by third parties:

“Specific projects will be decided in due course, using value for money assessments, following HM Treasury standards. Where relevant, expert sector bodies such as Highways England, the Homes and Communities Agency, and UK Research and Innovation (UKRI) will make this assessment.”

The Council will therefore need to ensure that the use of the £1.95m grant accords with the specific grant conditions and that any third party assessment concurs with the Council's allocation of this funding to the current Scheme. There is therefore a risk that the £1.95m is not allocated to the current Scheme despite the Council's best efforts and that additional funding is required from the Council to complete the Scheme.

7.3. Financial Implications

- 7.3.1. The current scheme approved budget is £5m which is included in the approved capital programme. The post feasibility Forecast Cost for the scheme of £7.423m is therefore projected to be above current approved funding. The scheme actual cost will depend on finalisation of the target cost and any further savings opportunities realised during pre-construction and construction implementation stages.
- 7.3.2. Subject to approval, the additional £1.95m to be funded by the National Productivity Investment Fund should cover some of the shortfall in scheme costing, but it is prudent at this stage to also cover the full risk allowance of £0.656m (See Appendix 1) which has been attributed to the project at this stage, resulting in a request for approval of a supplementary capital estimate of £2.5m
- 7.3.3. The Council is due to receive the grant in full in April 2017. As the full terms of the grant conditions are still uncertain there could be a risk that if the Crewe Green Roundabout scheme does not meet the criteria set by the Department of Transport then there is a risk of paying back the grant in part or in full. We believe the likelihood of any payback is minimal. The Department for Transport have been verbally informed of our proposal and raised no issues, but if a clawback is required then the Council would have to fund any shortfall .

7.4. Equality Implications

- 7.4.1. There will be no equality implications as a result of this decision.

7.5. Rural Community Implications

- 7.5.1. There will be no rural community implications as a result of this decision.

7.6. Human Resources Implications

- 7.6.1. There will be no human resource implications as a result of this decision.

7.7. Public Health Implications

- 7.7.1. The detailed design of the scheme will accommodate both pedestrians and cyclists to prevent, as far as possible, the junction acting as a barrier to those wishing to walk and cycle to access town centre facilities and employment sites, including the new Lifestyle Centre.
- 7.7.2. The design will be subject to a safety audit process to ensure that vulnerable road users, including pedestrians and cyclists, are taken into account in the final scheme.
- 7.7.3. The scheme will have environmental benefits, through reducing traffic congestion, increasing freight efficiency and improving travel times and reliability.

7.8. Implications for Children and Young People

- 7.8.1. There will be no implications for Children and Young People as a result of this recommendation.

7.9. Other Implications (Please Specify)

- 7.9.1. There will be no other implications as a result of this recommendation.

8. Risk Management

- 8.1. Robust governance arrangements have been operating for the project and a risk register is in place and monitored on a regular basis. Mitigation measures; monitoring and effective control will continue to be exercised.
- 8.2. The three principal risks identified are safety in construction; timely completion and delivery within budget. They have all been considered in the selection, design development and construction planning and programming of the scheme.
- 8.3. The retention of the Designer as Principal Designer on the scheme will mitigate against cost escalation and provide Value Engineering input to the optimum design solution for the improvement works.
- 8.4. The Council's use of the SCAPE Framework and appointment of a Contractor for Early Contractor Involvement (ECI) in the pre construction stage will provide construction planning and programming expertise and will highlight mitigation opportunities on programme, cost, and construction management and safety and have already provided earlier certainty over overall scheme costings.
- 8.5. The procurement route for implementation and construction of the works will use the SCAPE Framework Contractor based on the NEC3 Engineering and Construction (ECC) Target Cost contract, incentivising the contractor to reduce costs to achieve a share of any gains resulting from an outturn cost below the Target.

- 8.6. A supplementary capital estimate of £2.5m is sought through funding to be secured by the Council from the National Productivity Investment Fund and the Council's capital programme to cover the total scheme forecast costs (including the risk allowance).
- 8.7. Local Enterprise Partnership funding (£3.3 million) has been awarded and a Conditional Assurance Business Case to secure funds submitted to the LEP in May 2017.
- 8.8. Third Party Funding from s.106 commuted sums developer contributions (£1.7 million) is not yet all secured, so there remains a risk that this may not be achieved. If this occurs, there is a risk that the councils forward funding element of the commuted sums element may not be recouped and the overall capital programme would need to be modified accordingly. Mitigation of this risk is underway via close working with the planning team and negotiations with developers to ensure that sufficient contribution will be secured, which along with LGF3 funding, will substantially fund the scheme.

9. Access to Information/Bibliography

- 9.1. The background papers relating to this report can be inspected by contacting the report writer:

10. Contact Information

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