

Forward Plan reference number: FP/977/02/21

Report title: Chelmsford North East Bypass	
Report to: Cabinet	
Report author: Councillor Lesley Wagland, Cabinet Member for Economic Renewal, Infrastructure and Planning	
Date: 19 April 2022	For: Decision
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County Divisions affected: Broomfield and Writtle, Chelmer and Springfield	

1. Everyone's Essex

- 1.1 Everyone's Essex has the aim of creating a strong, inclusive and sustainable economy, a high quality environment and a good place for children and families to grow. The Chelmsford North East Bypass is part of creating a sustainable transport corridor, which would enable those who use it to access greater opportunities for all areas of their life. It is a critical piece of infrastructure to unlock potential for growth not only for the economy but also for the communities it serves, and as such will create great benefit to all projects in infrastructure and sustainable transport in central Essex, connecting regions of the county in a way that serves residents while taking into consideration our commitment to the climate.
- 1.2 Everyone's Essex includes a commitment to deliver and maintain high quality infrastructure to support a growing economy and the delivery of new housing and communities.
- 1.3 The proposed Chelmsford North East Bypass (CNEB) will play a key role in unlocking land to provide over 14,100 new homes, as well as business and commercial space, as part of the new Chelmsford Garden Community.
- 1.4 The North East Bypass will relieve congestion on local roads and enable existing routes into Chelmsford city centre, such as Broomfield Road and Essex Regiment Way to become Sustainable Transport Corridors (STC), providing easier, more reliable and resilient journeys in the region. Through enhanced cycle links between Deres Bridge Roundabout and Chatham Green Roundabout and the provision of new crossing facilities, cyclists and pedestrians will be able to safely access Braintree Road/ Essex Regiment Way which will become a STC. Similarly, road enhancements at Deres Bridge Roundabout will improve bus journey time reliability and improve access to Chelmer Valley Park and Ride. In this way, the bypass will continue to encourage transformational change to not only make sustainable modes a first choice for travel wherever possible, but also to ensure movement corridors work as hard as possible to bring communities together.

- 1.5 The road will support the commitments to climate action in Everyone's Essex by reducing traffic congestion on local roads and throughout Chelmsford City Centre, thereby reducing carbon emissions in sensitive locations. It will also facilitate a direct link to Beaulieu Park Station which will be situated on the Great Eastern Mainline (GEML) between Chelmsford and Hatfield Peverel stations. As well as providing easy access to public transport for residents of the Beaulieu Park development the bypass and new railway station will assist in relieving overcrowding at Chelmsford railway station and act as a transport interchange to encourage sustainable travel by bus, cycle, electric vehicles and on foot.

2. Recommendations

- 2.1 To agree the Council procures works to provide the conveyor bridge using the Eastern Highways Alliance Framework to facilitate construction of the main bypass works.
- 2.2 To agree that Director for Highways and Transportation may enter into a Compensation Agreement with Hanson Quarry Products Europe Ltd (HQPE) to allow them to carry out advanced works to facilitate construction of the main bypass works subject to him being satisfied that the agreement represents value for money.
- 2.3 Authorise the Director for Highways and Transformation to award a contract for the conveyor bridge enabling works project to a principal contractor and agree compensation for silt lagoon works to HQPE (subject to finalising a compensation agreement), after consulting the Leader of the Council.
- 2.3 To agree that land negotiations continue for the land required for the Chelmsford North East Bypass (CNEB) alongside preparations for Compulsory Purchase Order, if required.
- 2.4 Agree that if the Director for Highways and Transportation is unable to acquire the land shown in Appendix 2.1 by agreement on reasonable terms he may, after consulting the Leader of the Council and the Director, Legal and Assurance, authorise:
 - a) the making of one or more compulsory purchase orders to acquire land necessary for the construction of the Chelmsford North East Bypass
 - b) the undertaking of additional processes (Side Roads Orders and/or traffic regulation and speed limit orders) required for the changes to the existing road network as a result of the project, and
 - c) to pursue the Orders to confirmation.
- 2.5 Agree the Council launches a competitive procurement for the Chelmsford North East Bypass main works contract Phase 1 via the Crown Commercial Services Framework.

- 2.6 Agree that tender evaluation criteria to be used for the North East Bypass Phase 1 are 50/50 Price/Quality split with 15% of Quality represented by Social Value criteria to the extent that they are consistent with the most economically advantageous tender.
- 2.7 Note that a further report will be brought back to the Cabinet on the award of the main bypass contract Phase 1. This will confirm funding sources to inform the Cabinet's decision on awarding the contract.

3. Background and Proposal

- 3.1 Essex County Council, working in collaboration with Chelmsford City Council has been awarded £93.36m by Homes England for the delivery of a north eastern bypass for Chelmsford providing a strategic link between Chelmsford, Braintree, London Stansted Airport and the wider area. The funding was awarded from the Housing Infrastructure Fund (HIF). The bid supports key projects in CCC's Local Plan and the development of a number of new housing developments including Beaulieu and Chelmsford Garden Community.
- 3.2 This HIF bid included the delivery of two key infrastructure components:
 - a. The Chelmsford North East Bypass. (£93.36m)
 - b. Beaulieu Park Station on the Great Eastern Main Line. (£124.53m)
- 3.3 This paper specifically relates to the delivery of CNEB bypass Phase 1. The new railway station on the Great Eastern Main Line and associated works are subject to separate approval by Cabinet etc, although both are funded by the same HIF agreement and so funding for the two is interlinked,
- 3.4 It is proposed that the CNEB will be delivered in a phased approach to meet the forecast traffic user demand and the current funding available. Phase 1 will provide a single carriageway bypass for the majority of its length as current traffic modelling (based upon pre-covid traffic volumes) suggests this will meet user demand within the current adopted local plan period (up to 2036). Phase 1 will also include the dualling of part of A131 Braintree Road between Deres Bridge Roundabout and the new roundabout at Chatham Green. Phase 2 will increase the number of traffic lanes to provide a dual carriageway between Chatham Green and the new Boreham Interchange however current traffic assessments suggest that Phase 2 will not be required until after 2036.
- 3.5 CNEB addresses a number of transport and access issues, enabling early implementation of sustainable transport options to stimulate behaviour change and address highways capacity constraints around Chelmsford city centre. The bypass will relieve congestion on local roads and enable existing routes into Chelmsford city centre, such as Broomfield Road and Essex Regiment Way to become Sustainable Transport Corridors (STC), providing easier, more reliable and resilient journeys.

- 3.6 The current scheme being developed will provide Phase 1 which is a new 8km length of bypass which will extend from the Beaulieu Park Radial Distributor Road in Chelmsford to Deres Bridge Roundabout (A131) at Great Leighs. The bypass will consist of a single lane carriageway between the new Radial Distributor Road (RDR) on the north-east outskirts of Chelmsford and a new conventional roundabout at Chatham Green. The new roundabout will link the new bypass to the existing A131. The existing A131 between Deres Bridge Roundabout and the new roundabout at Chatham Green will then be upgraded to provide a dual carriageway.
- 3.7 In order to maintain the local road network, two new road bridges will be constructed spanning the proposed bypass serving Leighs Road, Drakes Lane and Cranham Road. Additionally, a new roundabout will be constructed south of Cranham Road to provide a new access to the future Chelmsford Garden Community.
- 3.8 There will be enhancements to sustainable transport infrastructure through the provision of additional cycle paths and bus route improvements. A new walking, cycling and horse riding bridge will also be provided to the north of the scheme to enhance the existing Public Rights of Way network. A further Toucan Crossing will be provided on the A131 at Chatham Green.
- 3.9 The bypass will pass through Bulls Lodge Quarry to the south which is currently operated by Hanson Quarry Products Europe Ltd. It is expected that quarrying on this site will continue during construction and once the road is open. Indeed, it is currently anticipated that phased quarrying operations will continue until at least 2036 and possibly beyond. Eventually, the quarry will be reclaimed and will form part of the Chelmsford Garden Community development which will be delivered under a phased approach.
- 3.10 In order to maintain quarrying operations, there is a need to relocate an existing silt lagoon (including back filling the old lagoons) and provide a new conveyor bridge which will span the new bypass. Both elements of work must be completed as enabling works to ensure the quarry business can operate. The conveyor bridge needs to be completed by Summer 2022 and the silt lagoon relocation must be completed prior to construction of the bypass. Failure to provide the conveyor bridge and relocate the silt lagoons within the timeframes will result in additional accommodation works to facilitate the quarry operations resulting in increased costs and an impact upon the overall delivery programme. It should be noted that the enabling works will not be impacted by the CPO process.
- 3.11 The planning application (CC/CHL/85/21) for the bypass was approved by Essex County Council's Development and Regulation Committee on 25 March 2022 and is currently subject to a mandatory notification to the Secretary of State to allow him to review the application and to 'call it in' if he so wishes. It is anticipated that confirmation of the decision will be received by 15 April 2022. We will need to ensure that construction complies with the planning conditions attached to the planning permission. The contracts we procure will ask the contractor to carry out the works in compliance with the contract.

- 3.12 Before we can begin construction of the new bypass we need to secure ownership of the relevant land. Negotiations with landowners continue but are not complete. If these negotiations cannot be concluded in a timely fashion or at all then we will consider making compulsory purchase orders in order to provide assurance that the land will be acquired in time. It should be noted that the compulsory purchase process is complex and may itself take some time if it is necessary to make an order.
- 3.13 Land acquisition discussions and, if necessary, the compulsory purchase process for the main bypass works will need to run in parallel with the tender process. Tenderers are to be made aware that the land assembly process needs to be completed prior to Contract award. The Council will be unable to award the contract unless and until it is satisfied that land assembly will be completed in time.
- 3.14 Advertising the tender for the detailed design and construction of the bypass will allow the scheme to maintain programme momentum and meet the above aims. A further report will be brought back to the Cabinet so that a final decision on contract award can be made, informed by the state of the project at that time.
- 3.15 In order to meet the programme for scheme delivery, the council will need to invite tenders and award an advanced works contract for the Conveyor Bridge which will be delivered by ECC via EHA Framework. Additionally, a Compensation Agreement with HQPE will be required before land assembly is complete to allow HQPE to undertake some modifications to quarry operations which will be affected by the new bypass. The modifications will involve the 'like for like' relocation of a silt lagoon to maintain quarrying operations. The construction of a silt lagoon is a standard procedure for quarrying operations and HQPE have the necessary expertise to design and deliver the silt lagoon in the most cost-effective way. It is estimated that the total cost for the Conveyor Bridge and the Compensation Agreement is £8.0m and £1.0m respectively.

4. Links to our Strategic Ambitions

- 4.1 This report links to the following aims in the Essex Vision
- Develop our County sustainably
 - Share prosperity with everyone

5 Options

Option 1 (recommended):

- 5.1 Procure a contract for the enabling works for the quarry conveyor bridge and conclude Compensation Agreement with Hanson Quarry Products Europe Ltd (HQPE) to procure and deliver silt lagoon enabling works to facilitate construction of the main bypass works.

- 5.2 There is a risk that construction of the conveyor bridge and the Compensation Agreement with HQPE will need to take place before land agreements or CPO is completed for the bypass. We are actively seeking to manage this through a phased compensation agreement with HQPE, however as identified within this paper, the conveyor bridge needs to be completed by Summer 2022 and the silt lagoon relocation must be completed prior to construction of the bypass. It should be noted that the enabling works will not be impacted directly by the CPO process but the works/ compensation agreement would need to be funded before land assembly is secure.
- 5.3 Launch a procurement for the main works contract via Crown Commercial Services. This will allow the scheme to maintain progress to meet the Identified completion date.
- 5.4 There is a land assembly risk for the main works which we are seeking to manage as set out above but we will not award the contract for the main bypass works unless land assembly is secure.

Option 2 (not recommended)

- 5.3 Delay awarding the Conveyor Bridge Contract and completing the land Compensation Agreement with HQPE until land assembly is secure. This will reduce the need for the scheme to progress at risk, however, failure to provide the enabling works within the timeframes will result in increased costs and impact upon the HIF funding deadline agreed with Homes England. This would subsequently require a further programme extension to be sought.

6 Issues for consideration

6.1 Financial implications

- 6.1.1 The total scheme cost of the Chelmsford North East Bypass is estimated to be £90.986m excluding risk. The residual risk allowance is £8.67m (8.7%). It is generally recommended that a risk allowance range of 10-15% should be available at this stage in scheme development. Through further Value Engineering and design scope changes, it is anticipated that an additional £3m can be deducted from the identified scheme costs through the removal of flood compensation areas and associated drainage works. If successful, the £3m will be reallocated to the risk allowance, thus increasing the risk allowance to 12%. If the £3m is not realised risk will need to be managed within the 8.7% contingency.
- 6.1.2 The current approved scheme budget is £99.658m. The approved budget is made up of the following funding sources. Agreements are in place for HIF, and S106 funding. A Memorandum of Understanding for the funding between ECC and Chelmsford CC is in the process of being drafted.

Funding Source £000's	Contribution £000's
HIF - Homes England	93,360
S106	2,224
ECC Contribution (sunk cost)	2,573
CCC Contribution	1,500
Total Funding	99,658

The table below sets out the latest position and profile over the financial years based on the budget approved by Cabinet in February 2022 plus sunk costs from 2013/14 which have been included to capture total project spend. The capital profiling is subject to change through the 2021/22 provisional capital outturn.

	Prior Year Actuals £000's	Forecast 21/22 £000's	Forecast 22/23 £000's	Forecast 23/24 £000's	Forecast 24/25 £000's	Forecast 25/26 £000's	Forecast 26/27 £000's	Total Forecast £000's
CNEB Expenditure Expenditure	8,149	3,650	10,000	47,474	29,728	-	-	99,002
Homes England (HE)	6,232	3,650	10,000	47,474	26,004	-	-	93,360
S106	-	-	-	-	2,224	-	-	2,224
ECC ASD	2,573	-	-	-	-	-	-	2,573
CCC	-	-	-	-	1,500	-	-	1,500
Total Funding	8,805	3,650	10,000	47,474	29,728	-	-	99,658

- 6.1.3 It should be noted that there will be a need to invite tenders and award an advanced works contract for the conveyor bridge and agree a Land Compensation Agreement with HQPE before land assembly is complete. It is estimated that the total value for the advanced works contract and the land Compensation Agreement is in the order of £9m.
- 6.1.4 Additional risks have been identified and should these materialise these will use up to £875,000 of the risk allowance identified above. Specifically, land acquisition is ongoing and therefore further costs may be incurred in finalising negotiations.
- 6.1.5 This paper is seeking authority to go to market to procure the main CNEB Bypass works programme via the Crown Commercial Services Framework as a Design and Build Contract. A further paper will be presented for consideration post tender and prior to contract award to update on the funding position, set out any mitigations required and seek any adjustment to the profile of spend over the life of the project.
- 6.1.6 The current approved budget and delivery programme assumes that a Public Inquiry (PI) is not required for this project. ECC is currently negotiating with several landowners and if a PI materialised the programme would be extended by an estimated period of 12 months to December 2025 with costs increasing by c. £1.5m. The slippage in the programme would reprofile expenditure beyond the current HE funding deadline, resulting in an increased risk of a grant shortfall unless an extension were granted. ECC would need to seek a programme extension or consider alternative approaches to funding unless there was a significant reduction in scope.

- 6.1.7 The initial HE funding bid included an allowance for Part 1 claims of £1.34m, to drawdown on the HIF grant; expenditure must be capital and incurred by 31 March 2025. ECC classifies part 1 claims as revenue expenditure and if these costs materialise it will certainly be post completion. ECC will need to engage in dialogue with HE to determine if additional revenue funding can be made available to cover these costs post completion, if this is not agreed there will be an unfunded revenue pressure. ECC will need to clarify with HE if the existing £1.34m of capital funding can be used to service other capital costs in the project.

6.2 Legal implications

- 6.2.1 It is important to ensure that the council is not committed to pay the construction contract for the main bypass works unless and until it is satisfied that:
- the land ownership issues have been resolved so that the council has the right to build the road.
 - the County Council has complied with terms of the HIF funding agreement with Homes England and that there is no reason to think that there will be future breaches
 - funding has been identified for any increases in cost or for anything that won't be funded by Homes England
 - planning permission has been granted for a satisfactory scheme.
- 6.2.2 The Council has signed a legal agreement with Homes England with respect to grant funding for the bypass. The agreement makes ECC responsible for cost overruns and if ECC does not meet performance milestones in the contract then Homes England is entitled to cease to pay any further funding for either project. Since the council is claiming in arrears this could leave the council in the position of having spent significant sums of money which it is unable to reclaim as well as being contractually committed to deliver the remainder of the scheme without being able to claim any further funding. The legal risks were clearly set out in the report to the Cabinet before agreement was signed and the risks remain the same, except that a cost risk has to some extent materialised in association with advanced works contract and the Land Compensation Agreement with HQPE.
- 6.2.3 Homes England are under no obligation to find further funding for any cost over runs. If the costs exceed the funding then ECC will have to either reduce the scope of the scheme, find additional funding or not award a contract for the road. If ECC does not award a contract it will not have to find the money but it will result in the non-delivery of the road scheme which will mean that we do not get the benefits outlined in section 1 of this report and relationships with others will be damaged.

7 Equality and Diversity Considerations

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of Appendices

Appendix A - Equality Impact Assessment

Appendix B - CNEB - Phase 1 Scheme Plan

Appendix C – CNEB - Developing Estimate dated 26.06.21 - Summary Table

Appendix D – CNEB - Extract of Jacobs email Re Cost review for Conveyor Bridge Estimate and Overall Scheme dated 26.11.21

Appendix E – Procurement Strategy

9 List of Background papers

BP001 - CNEB - CAB01207 - Options Report

BP002 - CNEB - Route D & E options - Cabinet Report CP0027-P127A

BP003 - CNEB - Cabinet Decisions Minutes

BP004 - CNEB HIF Cabinet Report

BP005 - Decision Notice on planning application Ref CC/CHL/85/21