

Forward Plan reference number: Not applicable

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| Report title: A120 Millennium Way Sliproads – Drawdown of Highways England Funding | |
| Report to: Mark Carroll, Executive Director for Place and Public Health | |
| Report author: Andrew Cook, Director, Highways & Transportation | |
| Date: 20 March 2020 | For: Decision |
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| County Divisions affected: Braintree Town | |

1. Purpose of Report

- 1.1 To authorise ECC to enter into a grant agreement with Highways England to draw down £2.0m grant fund contribution towards the delivery of A120 Millennium Way Slips.

2. Recommendations

- 2.1 Authorise ECC to enter into a grant agreement with Highways England to draw down £2.0m funds towards the delivery of A120 Millennium Way Sliproads Project.
- 2.2 Approval to formally approach all funding bodies and using formal change request processes with Highways England to deliver the project in two separate stages, north and south with the southern slip being the first part to be delivered.
- 2.3 Approval to seek funding to complete the Northern slip.

3. Summary of issue

- 3.1 Following a successful National Productivity Investment Fund (NPIF) bid, a project to provide two slip roads (North and South) connecting A120 to Millennium Way (B1018) to alleviate traffic congestion at Galleys Corner, Braintree has been progressed to planning application stage.

The project objectives are to:

- Significantly reduce traffic flows at Galleys Corner;
- Encourage developers and business to reappraise benefits of Braintree; and
- Improve access to invite further investment in Braintree. The project aims to act as a catalyst to support that growth and investment.

These objectives can only be fully achieved with the introduction of both west facing on/off slip roads linking Millennium Way to the A120 and is an expectation of the NPIF award.

- 3.2 The project has moved through several design stages; preliminary design was completed in spring 2019. The scheme requires land and access to areas that are not currently under the control or ownership of Essex County Council. In total, land or rights are required from 8 separate landowners to implement the scheme, including infrastructure and utilities providers. Part of the land required on the north side currently cuts through the garden centre of a large B&Q store, owned by Williams Group.
- 3.3 Through dealings with Braintree District Council in respect of their planning application for development, the Williams Group had originally offered the land in their ownership for the minimal cost of £1.00 under a Land Option Agreement. This included the key parcel of land within the B&Q lease area, which would be released once the Williams Group's development had progressed. The Williams Group development to the south of the A120 includes the construction of a new B&Q Store, and land within B&Q's current lease area will only become available once B&Q has relocated to the new store.
- 3.4 Following lengthy discussions with the Williams Group earlier in the design stage it was made clear that they were not able to provide any certainty of programme within their development plans unless ECC underwrite potential commercial losses, the cost of which could be in excess of a seven-figure sum. Furthermore, B&Q raised concerns over the loss of a section of their current outside garden centre if the works to proceed whilst the company continued to trade at their current site.
- 3.5 At the end of May 2019, a planning application was submitted. B&Q objected, claiming that the loss of the garden centre area would lead to the closure of the DIY store.
- 3.6 A new alignment has now been developed which avoids B&Q land, however this has required departures from normal standards because of changes to the alignment of the northern off-slip. The scheme is still considered to be acceptable in terms of highway design and safety. This required approval by Highways England which was received at the end of February 2020. The programme has subsequently changed substantially and as a result, a further risk to the project has been highlighted in terms of grant funding constraints for the £2.0m Highways England funding contribution which has to have passed to ECC by 31 March 2020 or funding will be lost. This would further increase the funding gap to deliver this project.
- 3.7 The scheme is supported by all funding parties, businesses and the local population. It is recognised as necessary project to reduce the congestion in the area that is viewed as an economic blocker.
- 3.8 The scheme is also aligned with the wider vision for the A120 and has been designed to work alongside both the existing and future A120. The work at

Millennium Way is required to take place as it is crucial to the linking of the A120 into the local road network at Braintree.

4. Options

- 4.1 In light of the Highways England grant funding contribution constraints identified above and the Cabinet Members commitment to deliver this project, there are two delivery options open to ECC for the delivery of the left turn slips detailed below:

1. Delivery of both Millennium Way Slips as a single project:

Delivery of both slips under a single project will require all land to both the north and south of A120 to be available. The realigned northern off-slip resolves the uncertainty surrounding the timing of the relocation of the existing B&Q store and gives ECC greater control over programme delivery. However, the current estimate confirms that there is insufficient budget to provide both slip roads. Failure to secure the HE funding as a Forward Funding contribution would further increase the funding gap thus creating greater pressure on ECC budget decisions to bridge the funding gap.

2. Delivery of Millennium Way Slips as separate projects:

The delivery of Millennium Way Slips as individual projects could provide an opportunity to better manage both funding and programme delivery, whilst maintaining a commitment to deliver the whole scheme. If the slips are to be as separate projects, it is recommended that the southern on slip is delivered first. Delivery of the southern in-slip provides a greater benefit to the ECC network (BCR of 8). The current construction estimate suggested that with the HE funding of £2.0m there is sufficient funds to successfully deliver the southern slip. A phased delivery may also allow the opportunity for additional funding for the northern slip to be identified through ECC or via funding partners.

It should be noted that both options identified above require the Highways England grant funding contribution.

5 Next steps

- 5.1 Seek approval from all funders to deliver the project in two phases. The Southern slip first and then seek funding to complete the Northern slip as per commitments made at the time of the bid and more recently by Cllr Bentley.
- 5.2 To note that there is no formal change request process associated with any of the funding. The NPIF grant terms and conditions are attached. However, the proposal to split the project has been discussed with officers at the DfT and whilst not supportive of the approach it is clear that this is the only way to progress that

gives the project a chance of delivering on all the benefits set out. HE are aware and approve of the proposal to split the project into two phases.

6. Issues for consideration

6.1 Financial implications

- 6.2 The original capital cost of £13.93m are included in the current and future years capital programme and the revenue implications, including the cost of borrowing, are included in the MTRS. Given the information provided above and based on latest estimated costs there is a funding gap of £5.709m, as shown in the table below:

| Funding Source | £000 OBC | £000 Budget | £000 Latest Position |
|--|---------------|----------------|-------------------------|
| NPIF (DfT) | 4,900 | 4,900 | 4,947 |
| ECC Contribution | 3,000 | 3,030 | 3,000 |
| Braintree District Council | 3,000 | 3,000 | 2,500 |
| Highways England | 3,000 | 3,000 | 2,000 |
| Funding Streams Total | 13,900 | 13,930 | 12,447 |
| <i>Estimated Cost of Scheme</i> | <i>13,900</i> | <i>13,930</i> | <i>17,156</i> |
| <i>Additional cost of second phase</i> | | | <i>1,000</i> |
| Variance to available funding | | | (5,709) |

- 6.3 The splitting of the project will introduce additional cost, associated with re-tendering, inflation, prelims associated with two separate contracts and we estimate that this adds a further £1.0m to the overall cost of the scheme, which is included in the table above.

- 6.4 At the time of the NPIF bid submission, the estimated project costs were £13.9m. This included an estimated contribution of £3.0m by HE which has subsequently been reduced to £2.0m within the received draft Forward Funding Agreement. HE has suggested that it is very unlikely that any further funding will be available. Additionally, Braintree District Council contribution was anticipated at £3.0m, this has subsequently been confirmed as £2.5m.

- 6.5 To date, £4.947m of NPIF funding has been received from DfT for the delivery of the slip roads. The DfT are aware of the land complexities, and some flexibility has been offered over delivery.

- 6.6 The funding of £2.5m from Braintree District Council Funding (Housing Grant Funding) and the £2m HE contribution is yet to be received. The HE funding was originally committed on the basis that ECC spend the £2m by the end of March 2020. Due to the complications outlined in this report, ECC has been unable to meet this condition. HE has subsequently agreed in principal to forward fund the £2m however it has been made clear that HE funding must be transferred to ECC by 31st March 2020. If the funding cannot be transferred to ECC by the end of March 2020, there is a risk that the £2.0m of HE funding could be lost. In this scenario the funding gap will increase to £7.71m.

- 6.7 The latest Level 1 Cost Estimate for the whole scheme (both slip roads) is based upon the realigned northern slip which takes advantage of reduced land costs, opportunities to reduce construction costs and significantly reduced land compensation costs. This cost estimate is now £17.15m and includes a project risk allowance of £1.47m based upon 10% of the measured works costs plus Quantitative Risk Assessment allowance. This indicated that there is a £5.71m shortfall against current budget allocation and funding streams as identified in the table above.
- 6.8 Further opportunities to reduce project costs may present themselves through value engineering and will be pursued, the benefit of these has not been included in the latest cost of scheme estimate.
- 6.9 The total capital spend for the Millennium Way Slips project to date is £2.141m. This spend includes completion of the preliminary design, completion of planning application submission and all detailed ground investigation costs. If the scheme was aborted, ECC would be liable to repay the £4.947m NPIF to the DFT. The cost incurred of £2.141m would be written off as revenue and funding would need to be identified for this.
- 6.10 If approval is given to progress the project in two stages the project team would carry on the process to identify funding for the second stage. Options that would be investigated are (in no particular order):
- Designated Funds: Funding from Highways England that enable authorities to provide environmental, social and economic benefits to the people, communities and businesses who live and work alongside our strategic road network. This would represent a strong bid for these funds.
 - Money from rationalisation of the ECC capital programme. We would work with finance to look at all opportunities for ECC money without increasing the borrowing requirement.
 - We will be liaising with SELEP to determine if Local Growth Funds (LGF) could be applied, noting that there has been additional money provided to LEP's from the recent budget for years beyond March 2021, the previous stop date for LGF funding.
 - Braintree District Council could be approached again to provide additional funding to meet a portion of the funding gap.
 - If the above options are not available, we would look to fund the gap through additional borrowing (this would require a request for a capital addition). Given the benefits that this project brings and the public commitment made to make it happen we would initiate discussion around the possibility of borrowing to complete the project.

6.2 Legal implications

- 6.2.1 The Council will be required to enter into a grant agreement with Highways England. If the money is not spend in accordance with the agreement we wil

have to repay it. Officers in the highways service therefore need to be satisfied that the Council will be able to proceed.

7. Equality and Diversity implications

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

- 8.1 Appendix 1 - Equality Impact Assessment
- 8.2 Appendix 2 - Plan of proposed works
- 8.3 Appendix 3 - Highways England Grant Funding Contract
- 8.3 Appendix 4 - High Level Delivery Programme
- 8.4 Appendix 5 – Millennium Way Slips Funding Sources

5. List of Background papers

NPIF Grant Terms and Conditions Letter dated 23 Feb 2018

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| I approve the above recommendations set out above for the reasons set out in the report. | Date |
| Mark Carroll, Executive Director for Place and Public Health | 20/03/2020 |
| In consultation with | |
| Councillor Kevin Bentley, Deputy Leader and Cabinet Member for Infrastructure | 20/03/2020 |

