

Report to Accountability Board	Forward Plan reference number: FP/AB/117
Date of Accountability Board Meeting:	17th November 2017
Date of report:	23rd October 2017
Title of report:	M11 Junction 8
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1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for M11 Junction 8 (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £2.734m funding to be devolved to Essex County Council for Project delivery.
- 1.2 The ITE report sets out the detailed analysis of the Project. This report is included in Appendix 1, of Agenda Item 5.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Approve** the award of £2.734m Local Growth Fund (LGF) to support the delivery of the Project identified in the Business Case and which has been assessed as presenting very high value for money with high certainty of achieving this.

3. M11 Junction 8

- 3.1 The M11 Junction 8 is a key junction for access to Stansted Airport, Bishop Stortford to the West and the A120 for access to Braintree and Colchester in the East.
- 3.2 The junction is already operating at capacity and experiences significant queuing during peak periods.
- 3.3 Stansted Airport is growing at an unprecedented rate of 2 million passengers per annum. The current capacity of the junction is unable to accommodate this scale of growth.

- 3.4 There is also a substantial amount of residential and commercial development planned in locations dependent upon access to the strategic road network via M11 Junction 8.
- 3.5 The Project is situated within the London – Stansted- Cambridge Corridor area which already has a population of 2.7million, but which is forecast to increase by 20% by 2032.
- 3.6 There are a number of planned developments in the area, including in Bishop's Stortford, where there is a commitment to deliver 2,300 homes which will add to this congestion. Local Plans for East Hertfordshire and Uttlesford are also being progressed, and this junction is an integral part of the infrastructure need to ensure that these Local Plans are sound.
- 3.7 The primary aim of the Project is to improve traffic flow through and around the junction, to accommodate the scale of planned growth.
- 3.8 The Project consists of measures at four locations to improve access to Stansted Airport, the Services area and between the M11 and the A120. The four locations include:
 - 3.8.1 Location 1: South-west of the M11 Junction 8 – The provision of an additional approach lane on the northbound exit slip from the M11 Junction 8 onto the A120 towards Birchanger Green Services and Bishop's Stortford.
 - 3.8.2 Location 2: A120/A1250 Roundabout (West of the M11 Junction 8) - Replace the existing A120/A1250 roundabout with a multi-arm signalised junction. In addition, the A120 "west link" will be widened from two lanes to three and the A120 "eastern link" will be widened to three lanes in the eastbound direction.
 - 3.8.3 Location 3: M11 Junction 8 slip road onto A120 East - Improving and widening the slip road between the M11 in the southbound direction and the A120 in the east bound direction. A gantry will also be installed to span the five lanes at the junction with the roundabout.
 - 3.8.4 Location 4: M11 Junction 8 exit onto B1256 Dunmow Road - Improving and widening the two lane entry to B1256 Dunmow Road from roundabout. *This final measure will be funded and delivered by private sector residential development.*
- 3.9 The package of schemes will help alleviate existing congestion and capacity constraints at the junction, which will achieve the following outcomes:-
 - 3.9.1 Deliver committed housing growth, including planned development at Bishop's Stortford (2,300 homes), Uttlesford District (3,400 homes) and Harlow (16,000 homes), along with the potential for a further 4,000 homes around Bishop's Stortford;

- 3.9.2 Unlock 2,400 new jobs in the surrounding area, including Stansted Airport, through mitigating the impact of planned growth;
- 3.9.3 Improve air quality; and
- 3.9.4 Incentivise skills and apprenticeship opportunities, such as at Stansted Airport and through project delivery by Ringway Jacobs.

4. M11 Junction 8 Funding

- 4.1 The total cost of the Project is estimated at £9.056m. In addition to the £2.734m LGF allocation through SELEP, the Project has also secured £1.000m from GCGP LEP, a £4.1m Department for Transport National Productivity Investment Fund bid and a £0.321 private sector funding contribution.
- 4.2 The funding contribution to the Project from GCGP LEP is included within the LEPs capital programme. A letter of support from GCGP LEP has been provided and is available as a background document.
- 4.3 A funding contribution is also being sought from Stansted Airport (Manchester Airport Group), but if these negotiations prove unsuccessful the remaining project cost will be funded by Essex County Council. The project funding breakdown is shown in Table 1 below.

Table 1 M11 Junction 8 Funding Breakdown

£m	2017/18	2018/19	2019/20	2020/21	Total
SELEP LGF sought	0.500	0.400	1.334	0.500	2.734
GCGP LEP				1.000	1.000
Essex County Council		0.800	0.114		0.914
DfT NPIF		0.580	3.507		4.087
Housing developers			0.321		0.321
Total	0.500	1.780	5.276	1.500	9.056

5. Outcome of ITE Review

- 5.1 The SELEP ITE has assessed the Project Business Case through the Gate 1 and Gate 2 process and has recommended that the Project achieves high to value for money with a high certainty of achieving this.

- 5.2 The economic appraisal has evidenced an initial Benefit Cost Ratio (BCR) of 3.21:1 and an adjusted BCR of 3.32. This BCR has been calculated following the latest Department for Transport WebTAG guidance.
- 5.3 The review has confirmed that the analysis is robust with a clear and compliant appraisal using up to date assumptions. As such, there is high certainty of high value for money.

6. Compliance with SELEP Assurance Framework

- 6.1 Table 2 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 6.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 2 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review confirms that the business case provides a review of SELEP policy as well Essex County Council's local policies, demonstrating how these align with the scheme objectives.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		<p>The expected project outputs and outcomes are set out in the Business Case and detailed in section 3 above.</p> <p>The ITE review confirms that the Project has been assessed using a VISSIM transport model. The outcomes of the VISSIM modelling assessment were further appraised using Transport Users Benefits Appraisal (TUBA), following WebTAG guidance.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		<p>The ITE review confirms that a Quantified Risk Assessment has been completed, through quantified risk modelling. A Risk Register, with mitigation measures, is also included in the Business Case.</p> <p>A simple programme has been provided for each of the four aspects of the</p>

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
		Project.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		<p>An initial BCR has been calculated as 3.21, which presents high value for money.</p> <p>When wider economic benefits are taken into account the adjusted BCR increases further to 3.32:1.</p>

7. Financial Implications (Accountable Body comments)

- 7.1 This project is requesting approval of LGF allocations in 2017/18, 2018/19 and 2019/20; It should be noted that whilst we are in receipt of the current year funding, future year grant payments from Government haven't been confirmed, funding for this Project is included in the indicative LGF programme allocations provided by Government for future years.
- 7.2 In considering allocating funding to this project, the Board should take into account the funding profile risk outlined in the Capital Programme Management report (Agenda item 11), particularly in relation to the funding risk in 2019/20. The report identifies that whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £26m (including the requirements of this project); it is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered.
- 7.3 There are SLAs in place with the sponsoring authority which makes clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

8. Legal Implications (Accountable Body comments)

- 8.1 There are no legal implications arising out of this decision. All funding will be transferred to the sponsoring authority under the provisions of the SLAs already in place.

9. Staffing and other resource implications (Accountable Body comments)

- 9.1 None at present.

10. Equality and Diversity implication

- 10.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (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.
- 10.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 10.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

11. List of Appendices

- 11.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).
- 11.2 Appendix 2 – Letter of support from GCGP LEP

12. List of Background Papers

- Business Case for M11 Junction 8

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off	
Lorna Norris	09/11/2017
(On behalf of Margaret Lee)	