

NORTH SOMERSET COUNCIL DECISION

DECISION OF EXECUTIVE MEMBER FOR ASSETS AND CAPITAL DELIVERY

WITH ADVICE FROM: THE DIRECTOR OF PLACE AND DIRECTOR OF CORPORATE SERVICES (SECTION 151 OFFICER)



DECISION NO: 21/22 DP 270

SUBJECT: A38 MAJOR ROAD NETWORK SCHEME OUTLINE BUSINESS CASE SUBMISSION AND LOCAL CONTRIBUTION FUNDING

KEY DECISION: YES

REASON: The A38 Major Road Network Scheme will affect residents within two or more wards.

BACKGROUND:

In December 2017 the Government launched a consultation setting out proposals for the creation of a Major Road Network (MRN) to fund major road improvement schemes. The MRN forms a middle tier of the country's busiest and most economically important local authority classification 'A' roads sitting between the national Strategic Road Network (SRN) and the rest of the Local Road Network.

In December 2018 the Government announced the National Roads Fund comprising £28.8 billion between 2020 and 2025, £3.5 billion of which is expected to be spent on local roads. This announcement was supplemented with an MRN bid process for which eligible schemes could bid for funding.

As part of the above MRN bid process North Somerset Council (NSC) in partnership with Somerset County Council (SCC) submitted a Strategic Outline Business Case (SOBC) to the Department for Transport (DfT) in July 2019 for possible road improvements on the A38 MRN. From DfT's assessment the SOBC was approved to progress to the Outline Business Case (OBC) stage with funding from DfT and Section 106 confirmed and available for this next stage.

The OBC for the A38 MRN scheme is being compiled with SCC for joint submission to DfT this November. The OBC will follow the DfT's core business case process and be in the format of the Five Case Model, comprised of strategic, economic, commercial, financial and management cases. This will centre around a proposed package of targeted improvements to the locations as listed immediately below on the A38 corridor, five of which are in North

Somerset and the remainder in Somerset. The total scheme value is estimated at £25.2m covering the A38 scheme elements in both North Somerset and Somerset.

NSC targeted A38 improvements:

- Barrow Street junction safety scheme including improved bus accessibility to bus layby,
- Barrow Lane/Hobbs Lane to Dial Lane active travel scheme providing cycle lane and improved pedestrian facilities together with road safety improvements,
- West Lane junction to Silver Zone roundabout improvements providing improved pedestrian and cycling facilities, with carriageway widening and provision of designed bus lane to reduce traffic congestion ensuring more reliable journey times for all users including public transport,
- Langford area active travel providing cycle lane and improved shared footway facilities, and
- Sidcot Lane to Hillyfields junction active travel providing cycle lane and improved shared pedestrian facilities.

SCC targeted A38 improvements:

- Strawberry Line cycle and pedestrian crossing improvements at Shute Shelve (between Sidcot and Cross),
- Cross junction active travel and safety scheme,
- Rooks Bridge safety scheme, and
- Edithmead roundabout (M5 J22) traffic congestion relief supporting housing delivery.

The scheme objectives are to:

- Better connect local communities by Active Travel modes,
- Improve journey reliability times along the A38 corridor,
- Improve road safety for all travel modes,
- Provide environmental enhancements and reduce carbon generation from alleviating traffic congestion, and
- Support housing delivery and the regional economy with improved transport infrastructure around J22 of the M5 motorway (SCC).

In addition, this scheme:

- Aligns to [five MRN objectives](#) set by the DfT,
- Aligns with aims and objectives set out by Government in the economic, environment transport, planning and public health strategies,
- Is prioritised for investment by the Western Gateway Sub-National Transport Body, and
- Supports the local strategies and policies of NSC, SCC and Sedgemoor District Council.

To align with both Council priorities and DfT MRN objectives, the various schemes proposed along the A38 have ensured that active travel, public transport, road safety and congestion alleviation with improved capacity would be secured through implementing the proposals detailed. The A38 MRN scheme has a strong base in providing active travel improvements

and in improving journey reliability times on the A38 and for each scheme element there are infrastructure improvements for cyclists, pedestrians and other non-motorised road users to better connect local communities. In removing pinch-points at certain locations on the A38, traffic congestion will be reduced benefiting all road users, including public transport generating more reliable journey times complementing the infrastructure improvements included for public transport.

In the event the scheme's OBC is approved by the DfT then work on the Full Business Case (FBC) can commence. The chosen procurement route for the A38 MRN scheme FBC development and construction will be a 2-stage Design & Build (D&B) contract. Once the OBC has been submitted, work will need to take place to complete the tender process to ensure the D&B contract is in place to begin work once a decision is received from DfT.

The cost of FBC preparation will be 2/3rds financed by the DfT. This allocation will come out from the DfT's total scheme funding contribution, which is calculated from 85% of the scheme's total development and construction cost. The remaining 1/3rd of FBC preparation cost will be financed by NSC and SCC, coming from the 15% scheme total cost funding which will be covered by Local Contributions shared between both Local Authorities. The share of Local Contribution funding covered by each Local Authority will be based upon the total cost of scheme elements within their authority area. This equates to an approximate percentage split of 67% and 33% respectively between NSC and SCC. If the OBC is successful, approval for this funding will be sought from NSC prior to entering FBC stage. During the FBC preparation stage there will be further opportunity to refine the detail of the scheme elements to ensure they align with stakeholder priorities during the detailed design.

DECISION:

- 1) To authorise submission of the A38 MRN scheme's Outline Business Case to DfT in November 2021 for assessment and approval.
- 2) To note that, if this bid is successful, North Somerset Council will need to contribute £2,328,132 to the scheme. This funding has not yet been identified or approved and will therefore need to be reviewed as part of the 2022/23 Capital Strategy.
- 3) To note that we are spending at risk to a value of £75,000 during the current 2021/22 financial year.

REASONS:

Submission of the OBC to DfT to secure approval and continue into the FBC stage is a key opportunity to provide resilience and much needed improvements to the A38 key strategic route within NSC and SCC as part of the MRN process. NSC making a Local Contribution of £2,328,132 will unlock over £20 million of DfT funding for this route. The NSC Local Contribution would finance in part the active travel and public transport improvements that are in keeping with local and national transport policy and priorities. The targeted improvements on the A38 will provide part of the step change in infrastructure provision along the A38 corridor identified as critical to resolving existing issues and delivering the benefits resulting from the scheme's objectives as listed above. The scheme will also provide

an opportunity for biodiversity enhancement, carbon management and mitigation and secure social value benefits through both the procurement and construction elements.

OPTIONS CONSIDERED:

1) Do not submit the prepared scheme’s OBC.

If this OBC is not submitted to the DfT, this would jeopardise the opportunity to receive future funding for much needed improvements on the A38. The current issues on the A38 MRN that the scheme aims to improve would still remain to be addressed, which would put additional demand on existing Council funding. In addition, non OBC submission would also cause reputational damage with the DfT (and SCC) as the DfT have provided funding to prepare the scheme’s OBC. This could adversely affect future opportunities in working with the DfT on this funding stream and the ability to deliver such major road improvement schemes within NSC.

2) Funding sources

Engagement has taken place with NSC’s Finance section identifying potential funding sources to cover NSC’s Local Contribution funding for this scheme. The associated budget holders have been briefed and further liaison will take place as the scheme bid progresses. If the OBC is successful there will be further approvals sought from NSC in developing this scheme going forwards being:

- Acceptance of DfT grant and approval of NSC Local Contributions – Spring 2022 (Pending decision from DfT): Executive Member, advised by Director and S151 Officer
- Contract Award of the Stage 1 D&B Contract (Design) – Spring 2022: Director, advised by S151 Officer and Head of Strategic Procurement.
- Contract Award of the Stage 1&2 Professional Services Contract – Spring 2022: Director, advised by S151 Officer and Head of Strategic Procurement.
- Approval to submit FBC – Spring 2023: Executive Member, advised by Director and S151 Officer
- Acceptance of DfT grant – Summer 2023 (Pending decision from DfT): Full Council
- Contract Award of the Stage 2 D&B Contract (Construction) – Summer 2023: Executive

FINANCIAL IMPLICATIONS:

Costs

The estimated total scheme cost of £25,227,172 is profiled in the table immediately below. It should be noted that these costs are subject to change as the scheme moves into the FBC stage and further detailed design and survey work are carried out.

	2019/20-2020/21*	2021/22	2022/23	2023/24	2024/25	Total

DfT Contribution	£257,000	-	£1,264,960	£12,663,808	£7,012,101	£21,197,869
Somerset County Council	£25,000	£32,855	£230,525	£863,855	£272,936	£1,425,171
NSC - S106 (Bristol Airport XCH113)	£101,000					£101,000
NSC – LTP		£75,000				£75,000
NSC - D&E Driving Growth Board	£25,000					£25,000
NSC – Funding TBA		£75,000**	£392,515	£1,470,888	£464,729	£2,403,132
Total Scheme Cost	£408,000	£182,855	£1,888,000	£14,998,551	£7,749,766	£25,227,172

**Please note that contributions received have funded OBC work in the 2020/21 and 2021/22 financial years*

In anticipation of the DfT approving the scheme's OBC, approval is sought for the 2021/22 financial year costs of £75k** shown in the table above. This will allow for work to continue following submission of the OBC, in preparation for the FBC stage. These costs reflect estimated contractor and internal officer time to complete the procurement process required to appoint a Professional Services Contract and a 2-stage Design & Build Contract. By continuing work at this stage, we will ensure that contracts are in place once a decision is received from DfT. Whilst this spend will be carried out at risk, overall it will help to de-risk the programme, ensuring that timelines can be met.

A Commissioning Plan will be submitted to Full Council on 9th November 2021 to approve covering Professional Services and Design & Build Contractor provision. Subject to Full Council providing this approval, a Procurement Plan covering the same Professional Services and Design & Build Contractor provision will be sent through for approval to Executive Member for Assets and Capital Delivery. As the scheme's OBC is being prepared jointly with SCC covering their scheme elements SCC will be seeking the same approvals aligned to scheme/NSC delivery timeline.

Funding

In the event the scheme's OBC being approved by the DfT then work on the Full Business Case (FBC) can commence with 2/3rds of the FBC preparation costs financed by the DfT. This allocation will come out from the DfT's total scheme funding contribution calculated from 85% of the scheme's total development and construction cost. The remaining 1/3rd of FBC preparation cost will be financed by NSC and SCC, coming from the 15% scheme total cost funding which will be covered by Local Contributions shared between both Local Authorities. The share of Local Contribution funding covered by each Local Authority will be based upon the total cost of scheme elements within their authority area. This equates to an approximate percentage split of 67% and 33% respectively between NSC and SCC. If the OBC is successful, approval for this funding will be sought prior to entering FBC stage.

The NSC Local Contribution total funding sought for this scheme is £2,328,132 as profiled in the table immediately below.

Financial Year	2022/23	2023/24		2024/25	Total
Stage	FBC <i>(based upon DfT approval of OBC in February 2022)</i>	FBC <i>(based upon FBC submission in May 2023)</i>	Construction <i>(based upon construction start in October 2023)</i>	Construction <i>(based on construction finish in March 2025)</i>	
NSC Local Contribution Funding sought	£392,515	£98,129	£1,372,759	£464,729	£2,328,132

For the NSC Local Contribution funding sought of £2,328,132, the following potential sources have been identified, the sourcing of which would also need to cover the £75,000 procurement costs to be incurred in Financial Year 2021/22:

- DfT City Deal Transport Grant
- Bus Service Improvement Plan (BSIP)
- Local Transport Plan (LTP) Integrated Block
- Local Transport Plan (LTP) Maintenance Block
- Section 106
- Directorate or Corporate Reserves

Borrowing may be used to bridge the gap in the Local Contribution funding, considered as part of the Capital programme borrowing and built into the Capital Strategy. This will need to be considered by the S151 Officer to understand the overall impact on the Council’s resource envelope.

LEGAL POWERS AND IMPLICATIONS

Submission of the scheme’s OBC itself does not have legal implications. Subsequent works within the proposal, if progressed, will require exercise of functions (and use of applicable Acts as defined within the CSO’s) of the Local Planning Authority and Local Highway Authority.

In anticipation of the DfT approving the scheme’s OBC a Commissioning Plan will be submitted to the 9th November Full Council to approve covering Professional Services and Design & Build Contractor provision. Subject to Full Council providing this approval, a Procurement Plan covering the same Professional Services and Design & Build Contractor provision will be sent through for approval to Executive Member for Assets and Capital Delivery. As the scheme’s OBC is being prepared jointly with SCC covering their scheme elements SCC will be seeking the same approvals aligned to scheme/NSC delivery timeline.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

Regarding climate change and environmental impact, the scheme improvements will focus on active travel provision, reducing traffic congestion, and improving journey reliability times. There will also be improved bus stop infrastructure enabling better access to bus services and expanding travel choices.

In order to ensure that the scheme is compatible with NSC environmental priorities and other initiatives currently being undertaken, the Sustainable Transport, Integrated Transport Unit and Bus Service Improvement Plan teams have been consulted throughout scheme development to ensure that interventions along the A38 complement future plans. There has also been regular contact with the WECA Mass Transit project team to ensure MRN scheme elements introduced along the A38 will run in parallel to their workstreams. This liaison and co-ordination work will continue as we develop the design and business case.

All supply chain partners will play an active and key role in ensuring that the Council's ambition of carbon reduction and biodiversity net gain is secured and achieved through this scheme. Approach to carbon management and environmental impact will be monitored throughout the procurement, tender process and contract mechanisms as work progresses. During construction, there will also be opportunities to recycle materials for construction and use materials produced from low carbon generation.

The specification includes the requirement for an assessment of climate change resilience where impacts, mitigation and management with opportunities for enhancement and biodiversity net gain are clearly identified. This is detailed in the Preliminary Environmental Assessment Report which has been produced as part of the scheme's OBC.

To align with the approach taken across the major projects it is proposed to undertake design, development and delivery of the infrastructure to align with PAS2080:2016 Carbon Management in Infrastructure. This will enable a sound basis for carbon assessment and help identify for both capital and operational carbon, opportunities for reduction, offsetting and capture.

Within this Report, the environmental impacts of the scheme have been assessed in several categories against a seven-point scale spanning across slight, moderate, and severe impacts. Any impacts will be further assessed, and detailed mitigation and enhancement plans put in place.

- **Heritage:** Any impacts can be mitigated with relocation of grade II listed milestone possibly required.
- **Noise:** There is the potential for some minor increase in noise at discrete locations.
- **Air Quality:** Screening will be required to ensure local and regional air quality.
- **Greenhouse Gases:** A slight reduction [3,271 tCO₂e] in CO₂ emissions has been forecast.
- **Landscape:** Some vegetation removal will be needed at Downside as a result of the scheme, but additional hedge, tree and verge planting is proposed.
- **Biodiversity:** Any modest habitat loss will be mitigated by additional hedge, tree and verge planting and resilience improvements to protect any species found.
- **Water Environment:** No impact in North Somerset.

CONSULTATION

An engagement exercise was undertaken as part of the scheme's OBC preparation between April and August 2021 during which time internal and external stakeholders were briefed on the A38 MRN proposed scheme elements.

NSC stakeholders covered in this engagement exercise are listed as follows:

- Place Director and Directorate senior colleagues,
- Executive Member for Assets & Capital Delivery,
- Executive Member for Climate Emergency & Engagement,
- Place Policy & Scrutiny Panel,
- Ward Members captured in scheme areas,
- MPs captured in scheme areas,
- Parish Councils captured in scheme areas,
- Parish Councils' Airport Association,
- Internal Highways & Transport, Streets & Open Spaces and Planning & Heritage teams,
- Residents and Businesses captured in scheme areas.

Stakeholder briefings have taken place via Microsoft Teams with provided feedback recorded in an engagement log. To provide opportunity for the wider group of residents and businesses in the area to comment on scheme proposals, a public engagement website (a38mrn-engagement.com) was launched in July 2021 for a 6-week period. This enabled visitors to this website to comment on specific aspects of the scheme elements and ask general questions. From this website engagement there were around 4,700 unique visits with many stakeholders returning several times over the engagement period; and a total of 266 users provided comment, sentiment reviews or signed up for newsletter updates.

The comments received from this engagement exercise have been considered as part of the scheme's ongoing design and planning in which the A38 Redhill scheme element has now been removed, and active travel proposals along the A38 at Langford and between Star and Sidcot have been revised based on comments from residents. The above website will remain live and be updated with a summary of comments received once the analysis of comments has been completed by the scheme designer.

In the event the scheme's OBC being approved by the DfT then public engagement will continue as part of the scheme's FBC development.

RISK MANAGEMENT

1) Financial risk management

Whilst we await approval of the OBC from DfT to move to Full Business Case (FBC) stage, there is financial risk associated with assignment of funding to the upfront procurement of the Professional Services and D&B Contracts. Should DfT confirm that the bid can proceed to FBC stage, there is also risk associated with funding of FBC preparation work with no guarantee that full construction funding is secured.

The total cost of spent at risk required ahead of OBC approval during 2021/22 financial year is £75,000. Although this will be spent at risk, it will de-risk the programme overall and allow

timelines to be met. If the procurement process is not carried out at this stage, meeting DfT's timeline for funding and scheme construction will be at jeopardised.

Whilst it is unlikely that the FBC submission will not be approved by the DfT to move on to the Construction stage, this process could otherwise potentially result in abortive working costs to both NSC and SCC. To mitigate this risk, engagement will continue with DfT following their approved business case methodology to ensure that funding grant requirements are met and that the scheme will have every chance of being successful going forwards. Support for this scheme is also being sought from the Western Gateway Sub-National Transport Board and other key stakeholders. It should also be noted that any work undertaken currently will feed into future bid opportunities as well as informing and de-risking other workstreams.

In addition, should there be any subsequent cost increases to the FBC preparation costs or scheme construction costs, these would need to be covered by both NSC and SCC relative to their scheme elements. This financial risk will be mitigated through the governance and monitoring that will be in place. As part of this, a Quantitative Cost Risk Assessment has been carried out and a risk register compiled. Each project risk has been assigned a cost value based on their impact and likelihood ratings, as well as an owner who is responsible for monitoring the risk, alerting the project team to any changes, and implementing mitigation measures. This risk register will be reviewed in monthly meetings and will help to control project costs, with any changes being reviewed and dealt with as early as possible.

Design reviews will also be carried out on an ad hoc basis as scheme element designs become complete, providing potential opportunities for value engineering and cost reduction. The A38 MRN scheme as a whole is scalable as it is made up of discrete elements, which will allow for scope check should costs increase.

2) Project risk management

The scheme's OBC requires a Quantified Risk Assessment (QRA) and the creation of a Risk Register to inform emerging scheme proposals. The Risk Register and QRA have been prepared for this scheme based on the DfT's prescribed four-step process. The scheme's Risk Register sets out clear responsibilities for risk management, identifies potential project risks, assesses the impact of each identified risk on the capital cost, and evaluates the likelihood of occurrence for each possible cost outcome, and contains mitigation measures.

The key project risks at the current stage of the scheme are as follows:

Key Risks 1 - very low 2 - low 3 - medium 4 - high 5 - very high	Likelihood of risk occurring	Severity of risk	Mitigating Actions	Risk Owner / RAG
<p>Adverse Ground Conditions</p> <p>Unforeseen adverse ground conditions, dealing with changes in ground conditions/type, contamination, obstructions etc which give rise to additional costs and delays during construction. Ground conditions known to be poor at junction 22 and may lead to water table problems which will need resolving.</p>	4	4	<p>Ground investigations to be undertaken as part of scheme development.</p> <p>A Structural Engineer experienced in delivering similar solutions in similar locations has fed into the OBC design and cost estimates which account for a robust solution suitable for a range of ground conditions.</p>	<p>NSC/SCC</p> <p>Red</p>
<p>Stats Diversions</p> <p>Excessive Statutory Utilities diversion lead in/delivery times. Cost increase and delay due to unidentified utilities found requiring diversion. Primary concern junction 22 based on the current layout.</p>	2	4	<p>On-going liaison taking place with Statutory Utilities bodies.</p> <p>Trial holes to be undertaken once work starts on site.</p>	<p>Contractor</p> <p>Amber</p>
<p>Land Acquisition</p> <p>Land cost is more than estimated during the design phase. Time delays may also be faced if CPO process needs to be undertaken. Opposition/challenge to land acquisition under Statutory Processes.</p>	2	3	<p>Land needs to be valued by the district valuer.</p> <p>Programme has been developed to factor in time for CPO.</p> <p>Provide sufficient resources to process land matters/negotiations with affected parties. Landowner support with in principle agreement.</p>	<p>NSC/SCC</p> <p>Amber</p>
<p>Unforeseen Environmental Impacts</p> <p>Potential factors to consider include encountering protected species, archaeology considerations, watercourses, contaminated land</p>	3	3	<p>Watching brief to be put in place.</p> <p>Robust Construction Environmental Management Plan to be put in place & liaising with third parties as required including Environment Agency and IDB.</p> <p>Surveys to be carried out.</p>	<p>Contractor</p> <p>Amber</p>
<p>Supplier/Market Interest</p> <p>Lack of design resource availability due to a buoyant market</p>	3	3	<p>Early market engagement to be undertaken.</p>	<p>NSC</p> <p>Amber</p>

From development of the scheme's Risk Register a Monte Carlo QRA model was constructed to give a full understanding of the risk exposure for the scheme and based upon this, a Project Risk Management report has been produced as part of the OBC proposed submission which details the risk model results and provides a financial estimate for reduction of scheme's mean exposure based on risk mitigation activities being successfully carried out.

In the event the scheme's OBC being approved by the DfT then this Risk Register will continue to be regularly assessed and updated During the scheme's construction stage this will take place monthly. A Project Plan which identifies clear governance arrangements has been developed as part of the scheme's OBC to ensure that any risks are understood and dealt with at the appropriate governance level and to follow established escalation channels should this be needed.

EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? Yes.

An initial screening exercise has been carried out to identify protected characteristics that the Equality Act 2010 requires us to consider in relation to the highway proposals. An Equality Impact Assessment has been undertaken as part of the scheme's OBC.

CORPORATE IMPLICATIONS

The provision of key enabling infrastructure and improvement of the transport network widely supports the Corporate Plan objectives and priorities, most specifically within the priority of a Thriving and Sustainable Place. Such provisions also contribute to strategic recovery post COVID-19 and supports Core Strategy policies including CS10 Transportation and Movement.

APPENDICES

N/A

BACKGROUND PAPERS

- Director Decision 18/19 DE 410: MAJOR ROAD NETWORK (A38) - OUTLINE BUSINESS CASE.
- Director Decision 19/20 DE 390: MAJOR ROAD NETWORK (A38) - OUTLINE BUSINESS CASE (OBC) AWARD OF CONTRACT.

SIGNATORIES:

DECISION MAKER(S):

Signed:  Executive Member for Assets and Capital
Delivery

Date: 10 November 2021

IN CONSULTATION WITH:

Signed:  Director of Place

Date: 8 November 2021.....

Signed:  Director of Corporate Services (Section 151
Officer)

Date: 8 November 2021