

North Yorkshire County Council

Chief Executive Decision Session in Consultation with the Executive

28 April 2020

A1(M) Junction 47 and Harrogate Rail Line Funding

Report of the Corporate Director – Business and Environmental Services

1.0 Purpose of Report

- 1.1 To approve revised funding arrangements for the A1(M) Junction 47 and Harrogate Rail Line Improvement.

2.0 Background

- 2.1 We are delivering two schemes using York, North Yorkshire and East Riding Local Enterprise Partnership (YNYER LEP) Local Growth Fund (LGF) funding in the Harrogate Growth Corridor, these are the Harrogate Rail Line scheme and the capacity improvement scheme at the A1(M)/A59 Junction 47. The rail line scheme provides extra capacity and train frequency whilst the junction improvement scheme delivers additional capacity to help improve the current performance of this key junction and to facilitate future growth. Both schemes are key elements of the County Council's Strategic Transport Prospectus addressing east west connectivity issues.
- 2.2 The junction is to be upgraded to include traffic signals and some widening of the slip roads. Additionally, an extra traffic lane will be installed on the eastbound A59 between the Flaxby roundabout and the A1(M) junction. Traffic signals will also be installed at the A59/A168 junction just to the east of the A1(M) junction.
- 2.3 The Harrogate Rail Improvement involves increasing line capacity to enable two trains per hour in each direction between Harrogate and York.

3.0 Scheme funding

- 3.1 The County Council is undertaking the A1(M) scheme in conjunction with Highways England as a significant proportion of the work takes place on slip roads which are their responsibility as are the bridges carrying the A59 over the A1(M). Scheme design is complete and tenders have been obtained for the works. Multiple contributions towards funding of the scheme have been already allocated as follows with the County Council's contribution coming from the National Productivity Investment Fund (NPIF);

Source

NYCC (NPIF) contribution	£1.16m
LEP LGF funding	£2.47m
Developer local contribution	£1.00m
HE GHF	£0.563m
Total	£5.193m

This was based on a scheme estimate of £5.03m

- 3.2 The rail improvement scheme is being designed and delivered by Network Rail with a target date of infrastructure works to be completed by December 2020. Funding is being provided by the County Council through the Civil Parking Enforcement (CPE) surplus and the YNER LEP as set out below.

Source	
LEP LGF funding	£9.6m
NYCC (from CPE)	up to £3.4m
Total	£13.0m

This was based on a scheme estimate of £12.6m

- 3.3 Previous reports detailing the arrangements for the funding contributions to the A1(M) Junction 47 scheme have been presented to the BES Executive Members on 27 January 2017 and 15 March 2019.
- 3.4 The total cost of the two schemes was potentially £18.193m with a total approved contribution of up to £4.56m from the County Council which included £1.16m from the Government's National Productivity Investment Fund (NPIF) for the A1(M) scheme and the remaining £3.4m for the Harrogate Rail Line from CPE.

4.0 Revised Scheme Estimates and Procurement

- 4.1 Both schemes are now at the delivery stage and we have firm costs as follows:

Junction 47	£7.766m
Harrogate Rail Line	£9.854m
Total	£17.620m

- 4.2 For the A1(M) junction 47 scheme tenders have been sought under the existing Civil Engineering Contractors Framework 2016 contract management suite framework which is intended for works projects ranging from £1M to £5M, This route was taken to expedite procurement and enable a start on site at the earliest opportunity. This does however require award of contract before the end of April 2020 (the framework expires on 30 April 2020) and documents were prepared and issued on this basis. The estimated contract value was £3.5M, but some changes were required which resulted in an increase in the contract price. Tenders were returned on 28 February 2020.
- 4.3 The returned tenders were for the following sums (in ascending order);
- | | |
|----------|----------------|
| Tender A | £ 5,659,155.48 |
| Tender B | £ 6,102,066.09 |
| Tender C | £ 6,567,989.89 |
| Tender D | £ 7,896,492.80 |
- 4.4 Checks have been made against the submissions and two queries raised with the lowest tenderer. These have been resolved. An alteration to the Statutory Undertakers apparatus cost of £102,480.99 was not included by all the contractors and is not included within the tender prices. Issues regarding procurement risks are set out in more detail in Section 6 below.
- 4.5 In addition to the works costs there will be ongoing site supervision and contract management estimated at up to £673k. This will be acquired through the authority's framework arrangement Built Environment Consultancy Services.

- 4.6 The current estimated costs for the Junction 47 scheme amount to £7.766m. This is built up by the lowest tender price £5.659m, the risk register £454k, motorway communications £350k and site clearance £42k, statutory undertakers diversion of utilities costs £103k, design costs £485k and site supervision and contract management up to a maximum of £673k.
- 4.7 The Harrogate Rail line improvement has progressed through Network Rail's scheme development process known as GRIP. GRIP stands for Governance for Rail Investment Projects and describes how Network Rail manage and control projects that enhance the national rail network. This comprises 8 stages and we are now in stage 5. Each stage of development requires revised estimates as design is refined and the current estimate at stage 5 is for a scheme cost of £9.854m and an agreement has now been signed with Network Rail to fix the cost at this level in accordance with the report presented to the Executive meeting on 4 February 2020.

5.0 Financial Implications

- 5.1 For the A1(M) Junction 47 scheme there is a shortfall in budget of £2.573m. (£7.766m Scheme Cost - £5.193m Funding Allocation).
- 5.2 Discussions have taken place with Highways England seeking an enhanced contribution from them but this has not been successful due to other commitments in their forward programme.
- 5.3 For the Harrogate Rail Line improvement there is now a potential surplus in budget. The estimated additional cost of completing the scheme based on the fixed cost provided by Network Rail is £8.287m. The overall estimated cost for the completion of the project under the fixed cost model, and including all development and design work, is therefore £9.854m which, after allowing for the £9.6m YNYER LEP funding allocation, means that the estimated local contribution from the County Council's CPE surplus would be £0.254m. This gives a surplus of £3.146m against the £3.4m maximum funding allocation for the County Council's local contribution.
- 5.4 Initial discussions have taken place with officers from the LEP over a potential re-balancing of the County Council and LEP contributions to both projects.
- 5.5 The current County Council contribution to the A1(M) Junction 47 scheme comes from the NPIF grant from the Department for Transport (DfT). It is proposed that the shortfall in budget for this scheme is made up from the portion of the previously allocated CPE surplus that will not be required for the Harrogate Rail Line scheme.
- 5.6 The rail line scheme is substantially under budget by £3.146m whilst the tender price for the Junction 47 scheme means that the scheme is currently £2.573m over budget. The delivery of both schemes will deliver substantial benefits for the public in the growth corridor for all transport modes and it is proposed to adjust the County Council contributions set out below in order to achieve this. These changes would also require approval from the LEP. Members will note that the figures below show an increase in the funding contribution of £500k from the LEP however, this has not been approved by the LEP at this stage and will require approval before the contract for the Junction 47 scheme can be awarded.

Junction 47

NYCC (NPIF) contribution	£1.16m
LEP LGF funding	£4.47m (£2m increase)
Developer local contribution	£1.00m
HE GHF	£0.563m

<u>NYCC CPE contribution</u>	<u>£0.573m (£0.573m increase)</u>
Total	£7.766m

Harrogate Rail Line Improvement	
YNYER LEP contribution	£8.100m (£1.5m reduction)
<u>NYCC CPE surplus contribution</u>	<u>£1.754m (£1.646m less than maximum)</u>
Total	£9.854m

- 5.7 The overall effect of the proposed changes would see an increase in the LEP contribution across the two projects of £500k and initial discussions with LEP officers have suggested that this additional contribution and the associated rebalancing could potentially be acceptable to the LEP but would require formal approval. The NYCC contribution would be £3.487m (inc £1.16m from NPIF) which is still substantially less than the potential maximum budgeted contribution of £4.56m (inc £1.16m from NPIF).
- 5.8 A report on the allocation of CPE surplus was last presented to BES Executive Members on 19 November 2019 and this had the effect of adjusting the £3.4m maximum budget allocation for the Harrogate Rail Line project down to £2.74m, given the relatively advanced stage of development of the scheme, with the remaining £660k surplus being allocated to Major Schemes Development. The revised funding arrangement set out in paragraph 5.6 above would reduce the CPE allocation to the Rail Line project to £1.754m thus leaving £986k CPE surplus to reallocate. Within the 19 November 2019 report, particular reference was made to reviewing the allocation of any surplus funding from the Harrogate rail scheme in line with countywide priorities. The importance of delivering the A1(M) junction 47 is highlighted by its location within the Harrogate Growth Corridor and the Strategic Transport Prospectus and it is therefore seen as high priority for the use of the surplus remaining from the Harrogate Rail Line scheme. It is therefore considered appropriate to allocate £573k of the remaining £986k CPE surplus to the A1(M) Junction 47 scheme. This would leave a further £413k to reallocate to other schemes and initiatives which when added to the £660k already reallocated due to the budget adjustment on the Rail Line scheme back in November 2019 gives a total of £1.073m that has been saved against the original £3.4m maximum budget allocation whilst also delivering two key strategic transport improvements in the Harrogate Growth Corridor. In the absence of the additional £500k contribution from the LEP, the County Council contribution to the A1(M) Junction 47 scheme would increase by this amount which would require an additional £87k to be allocated from the CPE budget.
- 5.9 Funding from the surplus accrued in the form of the general working balance can be applied for the purposes set out in Section 55 Road Traffic Regulation Act 1984 (as amended). Those purposes include highway improvement projects and the provision of public passenger transport services and officers consider that the funding proposals contained in this report comply with the permitted uses.

6.0 Risks

- 6.1 Covid-19 social distancing measures are likely to have an impact on start dates, programmes and costs for the A1(M) scheme. It is anticipated that there could be an increase of around £200K, but it is possible that direct costs contributed to Covid-19 measures could be reclaimed, but this is not yet confirmed at this stage. The construction of a Nightingale facility in Harrogate will also be taken into account when looking at phasing of carriageway works.
- 6.2 In terms of the procurement process there are a number of legal issues which will need consideration. There could be a delay in the start date which is relevant as the framework

expires on the 30 April 2020. With regard to the risks there are options to consider in mitigating these risks and further advice on the risks will be given on this by the Assistant Chief Executive Legal and Democratic Services.

- 6.3 A works contract also has to be awarded by the same deadline (end April 2020) to comply with the terms of the Section 278 agreement between the County Council and the developer to guarantee his contribution.
- 6.4 Timing limits for grants from other sources are;
- | | |
|-----------|--|
| NPIF | 31 March 2020, agreed any surplus can be carried forward into 2020/2021. |
| HE GHF | 31 March 2021 |
| LGF | 31 March 2021 |
| Developer | December 2021. |

7.0 Equalities Implications

- 7.1 Consideration has been given to the potential for any adverse equalities impacts arising from the recommendations of this report. It is the view of officers that the recommendations included in this report do not have an adverse impact on any of the protected characteristics identified in the Equalities Act 2010. Equality screening documents for each scheme are attached in Appendix 1.

8.0 Legal Implications

- 8.1 Funding from the surplus accrued in the form of the general working balance can be applied for the purposes set out in Section 55 Road Traffic Regulation Act 1984 (as amended). Those purposes include highway improvement projects and the provision of public passenger transport services and officers consider that the funding proposals contained in this report comply with the permitted uses. There are also procurement issues which have been highlighted in Section 6.
- 8.2 In relation to the A1(M) Scheme a State Aid assessment was undertaken in February 2018. This concluded that there was no State Aid as the majority of the works are public infrastructure on a publicly adopted road, will not be commercially exploited and will be open to all potential users on an equal and non – discriminatory basis. An element of the work which concerns the opening up and capacity for traffic generated by nearby employment land is to be funded by the Developer in the sum of £1,000,000.
- 8.3 As the costs of the A1(M) Scheme have increased it has been necessary to revise the original assessment and consider State Aid further. It is understood that the uplift in the costs of the overall Scheme are attributable to a number of other factors relating to the ‘public realm’ works which include additional works required for the design to work and an increased design life (a change from 2022 to 2026). The works opening up the employment land and the traffic generated by the employment land are understood to be unchanged and will be funded by the Developer. All other aspects of the works comprise improvements to public infrastructure which will not be commercially exploited and as a consequence the revised State Aid assessment concludes that there is no State Aid.

9.0 Recommendations

- 9.1 It is recommended that:

- i) The proposed funding arrangements for A1(M) junction 47 improvement are approved subject to confirmation from the YNYER LEP that the additional funding is approved

- | |
|--|
| <p>ii) The proposed funding arrangements for Harrogate Rail Line are approved subject to confirmation from the YNYER LEP that the revisions to funding are approved.</p> |
|--|

DAVID BOWE
Corporate Director – Business and Environmental Services

Author of Report: Ken Moody

Background documents: None

Appendices:

Appendix 1 – Equality Impact Assessment Forms

Initial equality impact assessment screening form (As of October 2015 this form replaces 'Record of decision not to carry out an EIA:')			
This form records an equality screening process to determine the relevance of equality to a proposal, and a decision whether or not a full EIA would be appropriate or proportionate.			
Directorate	Business and Environmental Services		
Service area	Highways and Transportation		
Proposal being screened	A1(M) Junction 47 Improvement Scheme		
Officer(s) carrying out screening	Ken Moody, Major Projects Manager		
What are you proposing to do?	To improve the junction by introducing traffic signals and junction widening to create more capacity.		
Why are you proposing this? What are the desired outcomes?	To reduce congestion at J47 and improve access to York, Harrogate and Knaresbrough by signalising the motorway junction and the adjacent A168 / A59 junction.		
Does the proposal involve a significant commitment or removal of resources? Please give details.	The scheme cost is £7.766m with a County Council contribution of £1.16m from NPIF and a proposed allocation of £573k from CPE surplus.		
Is there likely to be an adverse impact on people with any of the following protected characteristics as defined by the Equality Act 2010, or NYCC's additional agreed characteristics? As part of this assessment, please consider the following questions:			
<ul style="list-style-type: none"> • To what extent is this service used by particular groups of people with protected characteristics? • Does the proposal relate to functions that previous consultation has identified as important? • Do different groups have different needs or experiences in the area the proposal relates to? 			
If for any characteristic it is considered that there is likely to be a significant adverse impact or you have ticked 'Don't know/no info available', then a full EIA should be carried out where this is proportionate. You are advised to speak to your Equality rep for advice if you are in any doubt.			
Protected characteristic	Yes	No	Don't know/No info available
Age		✓	
Disability		✓	
Sex (Gender)		✓	
Race		✓	
Sexual orientation		✓	
Gender reassignment		✓	
Religion or belief		✓	
Pregnancy or maternity		✓	
Marriage or civil partnership		✓	
NYCC additional characteristic			
People in rural areas		✓	
People on a low income		✓	

Carer (unpaid family or friend)		✓	
Does the proposal relate to an area where there are known inequalities/probable impacts (e.g. disabled people's access to public transport)? Please give details.	No		
Will the proposal have a significant effect on how other organisations operate? (e.g. partners, funding criteria, etc.). Do any of these organisations support people with protected characteristics? Please explain why you have reached this conclusion.	No		
Decision (Please tick one option)	EIA not relevant or proportionate:	✓	Continue to full EIA:
Reason for decision	No adverse impact on any of the protected characteristics.		
Signed (Assistant Director or equivalent)	Barrie Mason		
Date	17/04/20		

Initial equality impact assessment screening form (As of October 2015 this form replaces 'Record of decision not to carry out an EIA')			
This form records an equality screening process to determine the relevance of equality to a proposal, and a decision whether or not a full EIA would be appropriate or proportionate.			
Directorate	Business and Environmental Services		
Service area	Highways and Transportation		
Proposal being screened	Harrogate Rail Line Scheme		
Officer(s) carrying out screening	Ken Moody, Major Projects Manager		
What are you proposing to do?	Improvement scheme delivered by Network Rail on the Harrogate Line.		
Why are you proposing this? What are the desired outcomes?	To enhance capacity on the Harrogate to York Rail Line to enable two trains per hour in each direction.		
Does the proposal involve a significant commitment or removal of resources? Please give details.	The scheme cost is £9.854m with a proposed County Council contribution of £1.754m from CPE surpluses out of a previously approved maximum contribution of £3.4m.		
Is there likely to be an adverse impact on people with any of the following protected characteristics as defined by the Equality Act 2010, or NYCC's additional agreed characteristics? As part of this assessment, please consider the following questions:			
<ul style="list-style-type: none"> To what extent is this service used by particular groups of people with protected characteristics? Does the proposal relate to functions that previous consultation has identified as important? Do different groups have different needs or experiences in the area the proposal relates to? 			
If for any characteristic it is considered that there is likely to be a significant adverse impact or you have ticked 'Don't know/no info available', then a full EIA should be carried out where this is proportionate. You are advised to speak to your Equality rep for advice if you are in any doubt.			
Protected characteristic	Yes	No	Don't know/No info available
Age		✓	
Disability		✓	
Sex (Gender)		✓	
Race		✓	
Sexual orientation		✓	
Gender reassignment		✓	
Religion or belief		✓	
Pregnancy or maternity		✓	
Marriage or civil partnership		✓	
NYCC additional characteristic			
People in rural areas		✓	
People on a low income		✓	
Carer (unpaid family or friend)		✓	

Does the proposal relate to an area where there are known inequalities/probable impacts (e.g. disabled people's access to public transport)? Please give details.	No		
Will the proposal have a significant effect on how other organisations operate? (e.g. partners, funding criteria, etc.). Do any of these organisations support people with protected characteristics? Please explain why you have reached this conclusion.	No		
Decision (Please tick one option)	EIA not relevant or proportionate:	<input checked="" type="checkbox"/>	Continue to full EIA:
Reason for decision	No adverse impact on any of the protected characteristics.		
Signed (Assistant Director or equivalent)	Barrie Mason		
Date	17/04/20		