

North Yorkshire County Council

Executive

24 November 2020

A59 Kex Gill. Acceptance of grant condition set by Department for Transport

Report of the Corporate Director - Strategic Resources and Corporate Director - Business and Environmental Services

1.0 Purpose of Report

- 1.1 To update the Executive in relation to the progress of the A59 road re-alignment scheme at Kex Gill (the Scheme) and to consider acceptance of a grant condition requested by the Department for Transport.

2.0 Background

- 2.1 Members will recall that at your meeting on 24 July 2018 you agreed to adopt the proposed preferred alignment for the A59 Kex Gill. Members will be fully aware of the numerous road closures of the existing route in recent years owing to subsidence. Whilst short to medium term measures can be undertaken the County Council recognises that in the longer term there is a need to develop proposals for a permanent solution to ensure future resilience of the route. On 15 October 2019 the Executive considered a report relating to the A59 Kex Gill and approved the preparation of a Compulsory Purchase Order (CPO) and Side Roads Order (SRO). The report also gave an update on progress of the Scheme in general.
- 2.2 This report gives a further update and also seeks approval to accept a request from the Department for Transport relating to conditional approval of funding.

3.0 The Scheme – progress and timescales

- 3.1 Since the last report the design of the re-alignment scheme has been completed and the tender documents have been finalised. Public information exhibitions were held on 01, 02 and 03 October 2019 and the planning application was submitted, going live on the planning portal on 09 December 2019.
- 3.2 The Full Business Case (FBC) was submitted to the Department for Transport (DfT) on programme on the 04 November 2019. Its decision on funding, planned for December 2019, was delayed by the General Election and further by Covid 19 and is still awaited.
- 3.3 Key dates for the delivery of the Scheme are:
- A. Public exhibitions held - 01, 02 and 03 October 2019.
 - B. Full Business Case (FBC) submitted to DfT - 04 November 2019 - decision awaited.
 - C. Planning application submitted, with decision expected on 15 December* 2020 at the meeting of the Planning and Regulatory Functions Committee.
 - D. Tender documents finalised and list of tenderers formulated.

- E. Land negotiations underway for the land that is required for the scheme and work progressing on Side Roads Order and Compulsory Purchase Order (CPO). (CPO to be used only if negotiations are not successful).
 - F. Subject to no public inquiry taking place then work on implementing the scheme on site is anticipated to start in summer 2021.
- 3.4 Further discussions were held with the DfT during August. The team dealing with the scheme has changed as a result of a shift in the proposed funding pot for the project. The scheme is to be considered for the local roads fund. As a consequence, the DfT team has raised a series of questions relating to the FBC all of which have been answered in a timely manner.
- 3.5 The DfT is now progressing the Scheme through its governance system to work towards granting conditional approval of funding. It presented the project to their Investment Board on 2 November 2020. It was agreed to move the Scheme to the next stage of discussion with DfT Ministers subject to provision of additional technical information relating to the choice of alignment of the new road and also receipt of a letter from the Council's Section 151 Officer confirming the Council's financial commitment to the Scheme.
- 3.6 If DfT Ministers accept the proposal the next stage will be for DfT to discuss the Scheme with HM Treasury and if that reaches a successful conclusion a decision will be made on confirming conditional approval of funding.
- 3.7 DfT have not been able to confirm timescales for completion of their process other than it will be during January 2021 at the earliest.

4.0 DfT Conditions

- 4.1 It is normal that when DfT grant funding for a project that conditions are attached. In the case of A59 Kex Gill there will be a requirement that all legal requirements are met;
- Planning permission is granted;
 - CPO published;
 - SRO published;
 - And in all cases any objections are resolved including if necessary by way of a Public Inquiry.
- 4.2 A further condition will be that any costs incurred over and above the DfT contribution will be met by the County Council. This is explained in section 5.0 below.
- 4.3 The condition relating to the County Council funding additional expenditure would normally be indicated in the DfT letter awarding a grant (e.g. BALB) but it has been requested that a letter be provided by the Section 151 officer prior to discussion with Ministers and HM Treasury.
- 4.4 The request for additional technical information relating to the choice of alignment relates to confirmation that the existing road cannot be upgraded along its current alignment. Information has been provided to this effect.'

5.0 Financial implications

- 5.1 The County Council has committed £4.95m to this project as agreed at Executive on 14 November 2017.

- 5.2 The current estimate for the scheme is £60.349m without a Public Inquiry or £61.128m with a Public Inquiry. A breakdown of the estimates is attached at Appendix A.
- 5.3 DfT has indicated it will fund up to a maximum of £55.399m and £56.178m which equates to the above estimates minus the NYCC contribution of £4.95m
- 5.4 The estimates include significant risk register which will cover reasonably foreseen issues which may arise during the construction phase. These include for example;
- Unforeseen ground conditions
 - Severe adverse weather
 - Additional planning conditions
 - Covid 19 issues
- 5.5 The scheme cost estimate has been subject to a rigorous and on-going risk register process and the business case cost estimate represents our best estimate of the worst case cost scenario although it has to be accepted that there remains a relatively small potential for cost overrun. The risk register is 16% of the basic scheme estimate, which is in-line with schemes at this stage of development (see Appendix A).
- 5.6 The scheme will be the subject of a further report to accept any final funding offer from DfT at a later date prior to the start of construction and this will provide a further opportunity for members to consider the risk of cost overrun once again.

6.0 Legal Implications

- 6.1 The Scheme already has the support of the Executive and preparations are under way to finalise the CPO and SRO ready for submission to the Secretary of State and publication. As part of the supporting documentation which must accompany the CPO and SRO details have to be provided of how the Scheme is to be funded. We have details of the NYCC funding, but will also require a conditional funding approval from the DfT to cover the other elements of the Scheme.
- 6.2 It is normal procedure for any funding offer to be subject to a variety of grant conditions and in this case DfT are seeking confirmation that the Council will take responsibility for costs which exceed the current estimate for the Scheme. The provision of highway schemes are part of the Council's functions and as such it can provide funding subject to other budget commitments.

7.0 Equalities

- 7.1 In line with the Council's public sector equality duty, equality issues are being kept under review and the equalities impact assessment for the Scheme will be updated prior to making the CPO and SRO.

8.0 Climate Change

- 8.1 A climate change impact assessment form has not been completed as a full and detailed environmental statement has been produced for the project.
- 8.2 The scheme is subject to planning permission including a full environmental assessment. This will be given due consideration as part of the planning process.

9.0 Recommendations

9.1 The Executive notes the update on the Scheme.

9.2 The Executive confirms that it accepts the Department for Transport's proposed grant condition for the County Council to fund any additional costs of the Scheme over and above their grant .

Presenters of report:

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Backing Document: None

APPENDIX A

	Current Estimate (Preferred Alignment) no PI		Current Estimate (Preferred Alignment) with PI
Roadworks Sub Total (1)	24,768,685		24,768,685
Structures Sub Total (2)	6,514,247		6,514,247
Sub-Total (Basic Works Construction Costs)	31,282,931		31,282,932
Preliminaries(incl OH&P) 25% of Sub Total (Basic wks Con Cost)	7,038,660		7,038,659
Sub-Total (Basic Works Construction Costs incl Preliminaries allowance)	38,321,591		38,321,591
Future Legislation that will affect scheme by date of planned construction Environment/Ecology Nett Bio-Diversity Gain Allowance(excl Land assumed land corridor priced allows sufficient) approx cost allowances	400,000		400,000
Statutory Undertakers, and others (allowance only at this stage)	1,724,472		1,724,472
LAND COSTS including compensation exclusive of fees	2,117,160		2,117,162
GROSS SCHEME CONSTRUCTION COST Estimate	42,563,223		42,563,225
Preparation & Supervision Sub-Total	6,306,762		6,306,763
Basic SCHEME ESTIMATE incl Prep and Supervision (Excl RISK).	48,869,985		48,869,987
Using latest draft Risk Register results 85th percentile, July 2019 run For FINANCIAL CASE	8,060,605	16%	7,657,058
Forecast Future inflation to mid construction period	3,418,606		4,499,834
Direct costs for Public Inquiry			500,000
INITIAL HIGH LEVEL FINANCIAL CASE ESTIMATE TOTALs for A59 Kex Gill Improvements Options 9C (using indicative details(Excl VAT)	60,349,196		61,127,879