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<b>EASTERN INDUSTRIES ACCESS IMPROVEMENT SCHEME – DEVELOPMENT OF FULL BUSINESS CASE AND DETAILED DESIGN</b>
<b>COUNCILLOR HILLER, CABINET MEMBER FOR STRATEGIC PLANNING AND COMMERCIAL STRATEGY AND INVESTMENTS</b>
<b>MARCH 2021</b>
<b>Deadline date: N/A</b>

Cabinet portfolio holder: Responsible Director:	Councillor Hiller, Cabinet Member for Strategic Planning and Commercial Strategy and Investments Director: Steve Cox, Executive Director of Place and Economy
Is this a Key Decision?	YES If yes has it been included on the Forward Plan: YES Unique Key decision Reference from Forward Plan: KEY/18JAN21/03
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	NO
Is this a project and if so has it been registered on Verto?	YES, Project No. PR002391

**RECOMMENDATIONS**

The Cabinet Member is recommended to:

1. Approve the award of £534k to Skanska (Construction) UK Limited to deliver a full business case and detailed design for Eastern Industries access improvement scheme.
2. Authorise the Director of Place & Economy to vary the works order value when required subject to;
  - i. available budget being in place;
  - ii. the total sum of each variation not exceeding £100,000,
  - iii. the combined value of any authorised variation(s) do not exceed the total sum of £500,000.

Any variations are to be made in prior consultation with internal audit, finance and legal services.

## 1. PURPOSE OF THIS REPORT

- 1.1 This report is for Councillor Peter Hiller, Cabinet Member for Strategic Planning and Commercial Strategy and Investments to consider exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (b).

## 2. TIMESCALES

2.1	Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	<b>N/A</b>
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## 3. BACKGROUND AND KEY ISSUES

- 3.1 The Peterborough City Council Local Plan (adopted July 2019) sets out the overall vision, priorities and objectives for Peterborough up to 2036. The updated strategy identifies the required delivery of 19,440 new homes and 17,600 new jobs by 2036.
- 3.2 The largest employment allocation within Fengate is the Red Brick Farm site which covers 12.6 hectares. This is likely to be a mixture of storage and distribution units and general industry units with office space.
- 3.3 The Eastern Industries Access Study Area focuses on the north of Fengate, where the Red Brick Farm site is located. It considers Junction 7 and Junction 8 of the A1139 Fletton Parkway (key access to / from the parkway system), access routes into Fengate such as Parnwell Way and Oxney Road, and internal roads within Fengate such as Edgerley Drain Road and Storey's Bar Road.
- 3.4 The future development of the Red Brick Farm will have a significant impact on the existing road network in the area. Therefore this scheme will look to address what improvements will be required to mitigate the additional trips that would be generated as a result of this development and others in the area.
- 3.5 A Strategic Outline Business Case (SOBC) was undertaken to review and assess various aspects of the scheme which will be covered below.
- 3.6 The **Strategic Case** considered the policy context in which a scheme for this location has been developed. As well as policy, the need for intervention is explained, which includes existing peak hour congestion and associated delay that compromise local growth aspirations.
- 3.7 The primary objectives are:
- a) Tackle congestion and reduce delay;
  - b) Support Peterborough's growth agenda and facilitate development of the Red Brick Farm site.
- 3.8 The secondary objectives are:
- a) Positively impact traffic conditions on the wider network: Positively impact the performance of local routes impacted by the traffic and congestion in and around Fengate;
  - b) Improve Road Safety: Reduce personal injury accidents and improve personal security amongst all travellers;
  - c) Limit impact on the local environment and improve biodiversity.

- 3.9 The **Economic Case** demonstrates that the scheme achieves a Benefit Cost Ratio (BCR) of 2.7 and offers a high value for money, confirmed by the Independent Review. A breakdown of the scheme BCR is provided in Table 1 below.
- 3.10 Department for Transport (DfT) guidance indicates that a BCR greater than 2 is considered to give high value for money. Equally the Cambridgeshire and Peterborough Combined Authority's (CPCA) Assurance Framework says that a scheme will require to be above 2.0 before investing.

**Table 1: Benefit Cost Ratio Assessment**

Value (£'000s) 2010 prices, benefits discounted to 2010	
Present Value of Benefits (PVB)	15,166
Present Value of Costs (PVC)	5,609
Benefit Cost Ratio	2.7

- 3.11 It is anticipated that the package of schemes will be jointly funded by the CPCA and Section 106 Developer Contributions secured from the Red Brick Farm Site. The discussions between Peterborough City Council and Red Brick Farm are well advanced and is considered likely that a developer contribution will be secured towards the cost of the package of schemes but the contribution is yet to be agreed.
- 3.12 The improvements within Package 1 include the following:
- Traffic Signal Improvements (including an initial Smart Junctions Trial) at the junction of Edgerley Drain Road / Storey's Bar Road / Vicarage Farm Road;
  - Traffic Signal Improvements at Junction 7 of the A1139 Frank Perkins Parkway (A1139 Frank Perkins Parkway / Oxney Road / Eastfield Road);
  - Creation of a third lane southbound on the A15 Paston Parkway approach to Junction 8 (A1139 Frank Perkins Parkway / A15 Paston Parkway / A1139 Eye Road / Parnwell Way).
  - Replace the T junction at Newark Road / Oxney Road with a mini roundabout.
  - Improvements to the Oxney Road / Sainsbury's roundabout.
  - Footway improvements on Newark Road.
- 3.13 During the detailed design stage further consideration will also be given to:
- Tree planting and landscaping;
  - Improvements to localised sustainable transport routes;
  - Use of sustainable material in construction;
  - Compliance with the CPCA's net zero policy, doubling nature policy and digital infrastructure policy.
- 3.14 The package of schemes will add capacity to the highway network, addressing existing problems of peak hour congestion, and help to facilitate planned employment growth within Fengate.
- 3.15 The **Financial Case** demonstrates that the scheme has been robustly costed in accordance with the DfT Technical Appraisal Guidance (TAG) for this stage of assessment.
- 3.16 This Scheme Outturn Cost (including risk and inflation) is £5.8 million. This includes a 20% Risk Allowance, which is comprised of 10% construction risk and 10% COVID-19 related risk. As discussed the level of developer contribution will be fully reported and accounted for within the Economic Case and Financial Case of the Full Business Case.

- 3.17 The Commercial Case demonstrates that the scheme can be reliably procured and implemented through existing channels whilst ensuring value for money in delivery of the scheme. All phases of the scheme, including detailed design, construction and site supervision will be delivered by Peterborough Highway Services (PHS), who have been responsible for all planning and design work undertaken on the Fengate Access Study to date.
- 3.18 The Management Case demonstrates that Peterborough City Council, through the PHS Framework, has the necessary experience and governance structure to successfully manage the delivery of the package of schemes.
- 3.19 Since 2017/18 the Council has previously been awarded funding towards the project by the CPCA. A total of £324k has been received previously as grant funding as detailed in Table 2 below.

**Table 2: CPCA grant funding**

<b>Financial Year</b>	<b>Funding Received</b>
2017/18	£60,710
2018/19	£122,477
2019/20	£82,883
2020/21	£57,968
<b>Total</b>	<b>£324,038</b>

- 3.20 The funding above was used to complete the SOBC stage of the business case. The next stage is now the development of the Full Business Case (FBC) and detailed design. At the CPCA board meeting held on 25 November 2020, the CPCA approved £270k of funding for the next stage. This new funding along with existing CPCA budget remaining for the project (£264k) provides a budget total of £534k to undertake the FBC and detailed design.
- 3.21 Previously, the work had been commissioned to Skanska under the existing Peterborough Highway Services contract (this was awarded through approval of an Officer Decision Notice). The business case and design phase of the scheme will also be undertaken by Skanska as per the Peterborough Highway Services contract and to maintain continuity and to avoid delay in the progress made so far. As the project spend and budget allocated has now exceeded £500k threshold, it now requires approval from the Cabinet Member for Strategic Planning, Commercial Strategy and Investment in order for it to continue into 2020/21.

#### **4. CONSULTATION**

- 4.1 An online public and stakeholder consultation exercise on the final scheme will be undertaken following approval, and prior to completion of the detailed design.

#### **5. ANTICIPATED OUTCOMES OR IMPACT**

- 5.1 It is anticipated that the council will award the work to Skanska (UK) Construction Limited as outlined in this report.

## **6. REASON FOR THE RECOMMENDATION**

- 6.1 This recommendation has been made to ensure that the Council is able to effectively deliver grant funding awarded to it by the CPCA for Eastern Industries Access Improvement Scheme. Successful delivery of the funding will help the Council to obtain further funding from the CPCA for construction of the scheme. Delivery of the scheme will improve the capacity and operational performance of the highway network which is crucial to supporting further growth.

## **7. ALTERNATIVE OPTIONS CONSIDERED**

- 7.1 Not to deliver the scheme: This has been discounted because the highway network around the Fengate area will suffer from heavy congestion at peak times. This will have a negative impact on the local economy by deterring potential new businesses looking to invest in the city due to the long journey times in the area. Successful delivery of the scheme will provide significant benefits to the wider travelling public, resulting in improvements to; journey times, accessibility and the environment.

## **IMPLICATIONS**

### **8. Financial Implications**

- 8.1 The recommended programme will ensure that the planned expenditure is consistent with the capital programme of works via the performance measurement and efficiency mechanisms built into the Highway Services Agreement.

### **9. Legal Implications**

- 9.1 Eastern Industries access improvements will be delivered as a package of schemes jointly funded by the CPCA and S106 Developer Contributions secured from the Red Brick Farm site. Currently, discussions are ongoing between the Council and developers concerning the S106 agreement and it is hoped a contribution will be finalised during the current stage of the business case.
- 9.2 Furthermore, some of the work to be undertaken will be at Red Brick Farm site (which is neither adopted highway nor Council owned land) and the Council will need to obtain permission to enter the land from the landowner by way of a legal agreement before commencing these works. The Council may have to purchase some land in order to deliver one of the schemes and the outcome will come out through the detailed design process and discussions with the land owner. However, it should be noted that the Council has a range of powers under the Highways Act 1980. Pursuant to S.36 Highways Act 1980, a highway constructed by the highway authority (the Council) even on private land automatically becomes highway maintainable at the public expense, so land ownership is not always essential if other arrangements can be made with the landowner.

### **10. Equalities Implications**

- 10.1 It is not anticipated that any one identified group will be disproportionately affected by this proposal.

### **11. Carbon Impact Assessment**

- 11.1 It is recognised that the current stage of the business case and detailed design will have no impact on carbon emissions. The work to be undertaken solely focuses on completion of the business case and detailed design, no adverse effect on the environment is expected as a result of this work. However, this will be reviewed again when the project progresses onto the construction phase of the scheme. Further details will be provided nearer the time.

**12. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED**

12.1 None.

**13. BACKGROUND DOCUMENTS**

13.1 N/A

**14. APPENDICES**

14.1 Appendix A – CPCA Board Meeting (25-11-20) Decision Summary – Item 4.3 – confirmation of funding approval