

<b>DECISION TITLE:</b> Recommendation to approve allocation of up to £500,000 to fund unforeseen expenditure on the A605 Stanground East road improvement scheme and approval of increased spending limits with Skanska.
<b>COUNCILLOR PETER HILLER, CABINET MEMBER FOR STRATEGIC PLANNING AND COMMERCIAL STRATEGY AND INVESTMENTS</b>
<b>April 2021</b>
<b>Deadline date: April 2021</b>

Cabinet portfolio holder:	Councillor Peter Hiller, Cabinet Member for Strategic Planning and Commercial Strategy and Investments
Responsible Director:	Steve Cox, Executive Director Place & 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/29MAR21/03
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?	No

### RECOMMENDATIONS

The Cabinet Member is recommended to authorise a reallocation of existing budget and additional expenditure up to a value of £500,000 with Skanska (Construction) UK Limited for the A605 Stanground East improvement scheme (£220,000 secured from the Cambridgeshire and Peterborough Combined Authority (CPCA)).

## 1. SUMMARY OF MAIN ISSUES

- 1.1. The A605 Stanground – Whittlesey improvement scheme provides a right turning facility from the A605 Whittlesey Road into the B1095 Milk and Water Drove. The works are expected to alleviate congestion, particularly in the evening peak period, by allowing traffic to turn right into the junction without holding traffic up heading to Whittlesey.
- 1.2. In 2017 Peterborough City Council applied for National Productivity Investment Funding (NPIF) from the Department for Transport (DfT). This was a highly competitive process, with a short timeframe for bid development, and the Council was successful in securing £2.8m with an additional £1.2m match funding from the Council. During the Council's internal budget setting process the match was increased to £2.2m to enable the full scope of works to be delivered. There was no initial CPCA contribution to this scheme (all though the DfT funds

are passported via the CPCA). In total the scheme had an agreed overall budget of £5m. The funding conditions from the NPIF scheme mean that there has been significant pressure to deliver the funded elements of the scheme prior to the closure of the funding window, 31st March 2021. Failure to do so would have resulted in the Council needing to identify their own funding to deliver the scheme or not delivering the scheme at all.

- 1.3 In late September 2020 enabling works started on site to provide a temporary road for traffic management purposes and to undertake work to protect the high pressure gas main. This work has been completed and the main construction work is underway and is expected to complete in spring/summer 2021.
- 1.4. The close proximity of a high pressure gas main to the junction was identified during detail design. The initial cost estimate for potentially diverting the main was expected to be managed within the existing budget. However, following a more detailed estimate from the utility provider the cost was significantly higher. At this point alternatives to diverting the gas main were explored to manage down the cost estimate.
- 1.5. Alternative options for the design of the junction were considered and many eventually discounted due to the need to acquire land or not fully addressing the risk to the gas main. It was determined, following revised input from Cadent, that the gas main could be protected through shelling works and widening the existing layout of the junction. Initial estimates for this work were in the region of £900k however after identifying the need for specialist contractors and a detailed costing exercise the quote for the works settled at £1.7m.
- 1.6. The gas main protection works and widening the layout of the junction created a secondary issue, ensuring the traffic management met safety, road user and local business expectations. A temporary road needed to be constructed to accommodate one way traffic and maintain access along the Milk and Water Drove during the gas main protection works. This ensured that those on site were safe and congestion and disruption to businesses was minimised.
- 1.7. Despite the considerable variance in the figures provided by Cadent and their late instruction regarding temporary traffic management requirements, the Council were optimistic that Skanska would be able to identify efficiencies to allow the project to be delivered on time and within the £5m budget identified for the scheme.
- 1.8 Subsequently two CMDNs were submitted; £1,657,527 for works completed by Cadent and an open value approved for expenditure with Skanska, utilising the Peterborough Highways Term Service Contract, with the stipulation that the scheme was not to exceed £5,000,000 in total. The notices were approved and works commenced on site in October 2020.
- 1.9 The scheme has been carefully managed and is on schedule to be completed by spring/summer of 2021, which is commendable given the difficult circumstances under which the project has been delivered. However, there are aspects of the work that have required additional time and resource due to the impact of COVID-19 and associated restrictions. This has impacted the scheme budget and current projections are estimating an overspend of £220,000 however it is felt that requesting £500k will ensure there is sufficient for any current known overspends and will also allow £280,000 contingency for any unknown issues and risks that may materialise before the scheme is completed and prevent a further CMDN being required.
- 1.10 In response, the Council notified the Combined Authority of the challenges and officers have been engaged about possible options. Consequently, it was agreed at a meeting of the Combined Authority Board on the 24<sup>th</sup> March 2021 that the Combined Authority will fund the known projected overspend of £220,000.

- 1.11 In order to ensure sufficient funds are in place the Council will reallocate up to £280k from existing highway budgets to ensure contingency funding is in place to enable the scheme to be completed.

## **2. PURPOSE OF THIS REPORT**

- 2.1 This report is for the Cabinet Member for Strategic Planning and Commercial Strategy and Investment to consider exercising delegated authority under paragraph 3.4.8 (b) of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (b).

## **3. TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>
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## **4. DETAILS OF DECISION REQUIRED**

- 4.1 During the construction of this scheme some items have required additional time and resources due to the complexities of working near a gas main and also as a result of the restrictions imposed due to Covid-19, such as social distancing and lack of ability to share facilities on site.
- 4.2 There is an anticipated overspend of £500,000 including a contingency of £280,000 for risks that may not fully materialise.
- 4.3 This decision is seeking approval from the Cabinet Member for Strategic Planning and Commercial Strategy to increase the overall budget for this scheme by up to £500,000 and award this funding to Skanska Construction (UK) Limited in order to complete this scheme.
- 4.4 It is anticipated that on 1<sup>st</sup> May 2021 the Council's contract with Skanska Construction (UK) Ltd will novate to Milestone Infrastructure Ltd in line with Key Decision MAR21/CMDN/85 and this scheme will be delivered through this contractual arrangement.

## **5. CONSULTATION**

- 5.1 Thorough consultation took place with all relevant stakeholders and detailed discussions have been undertaken with Cadent Gas and the Cambridgeshire and Peterborough Combined Authority.
- 5.2 There has been a clear communications strategy throughout the delivery of the scheme to ensure members of the public and users of the highway in the vicinity of the scheme have been well informed of the works and how their journeys may be impacted for the duration of the project.

## **6. ANTICIPATED OUTCOMES**

- 6.1 It is anticipated that this decision notice will be approved and the scheme can be completed. Approval of the notice will allow transfer of up to £500,000 to the project budget and allow payments of invoices.
- 6.2 Delivery of this project will meet transportation goals of both the Council and the Government by supporting the city's growth agenda; improving accessibility to key services, providing safer roads and reducing congestion.

## **7. REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION**

- 7.1 It is recommended to approve the decisions sought in this notice to allow the completion of a high profile key transportation project that delivers a number of benefits.
- 7.2 Approval will allow full realisation of benefits associated with reduced congestion such as improved localised air quality and improved journey time reliability. Completing the scheme will contribute to the Councils growth agenda, improving accessibility to key services, providing safer roads and reducing congestion.
- 7.3 Failure to approve the recommendation could prevent completion of the scheme and may mean that the Council cannot meet its strategic transport and highway priorities for Peterborough following a period of consultation with stakeholders and partners

## **8. ALTERNATIVE OPTIONS CONSIDERED**

- 8.1 Too seek the full £500,000 from the CPCA however it is understood that they will only fund known costs. At present the known costs stand at £220,000, consequently this is the value the Council have requested.
- 8.2 Another option is not to seek the additional budget and leave the scheme incomplete. This would create significant risk to the funding received from the DFT. If the scheme is left incomplete the benefits of the scheme will not be realised and there is a possibility that the Council will be liable to repay the grant.

## **9. LEGAL IMPLICATIONS**

- 9.1 The Highways Act 1980 prescribes that the highway authority is under a duty to maintain the highway. This requires that the highway has to be maintained so that it is reasonably passable by the ordinary traffic of the area. Failure to complete the scheme may have a negative effect on ordinary traffic and usual traffic movements.
- 9.2 The Peterborough Highway Term Services Contract was procured under the Competitive Dialogue Procedure (under regulation 18 of the Public Contracts Regulations 2006) and permits the Council to call-off further works which are within the scope of the Contract.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 A budget of £280,000 has been identified within the existing Highway budget that can be reallocated to this scheme.
- 10.2 Reallocation of existing budgets will mean that planned projects for the 2021/22 year will be reviewed with the least urgent schemes slipped to 2022/23.

## **11. PROCUREMENT IMPLICATIONS**

- 11.1 Skanska are engaged via the Peterborough Highways Services Term Service Contract which will novate to Milestone Infrastructure Ltd on 1<sup>st</sup> May 2021. This notice is requesting additional expenditure on an existing contract, no further procurement exercise will be required.

## **12. EQUALITY IMPLICATIONS**

- 12.1 An Initial Equality Impact Assessment has been carried out and there are no detrimental effects associated with the recommendation.

## **13. CARBON IMPACT**

13.1 There are no changes to the initial scheme design, therefore there has been no change to the carbon impact of the project.

#### **14. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED**

14.1 None.

#### **15. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

- Cadent Contract; A605 Whittlesey Access Phase 2, Contract Exemption  
Cabinet Members Decision Notice  
<https://democracy.peterborough.gov.uk/documents/s42511/CMDN%20-%20A605%20Stanground%20east%20junction%20improvements%20Cadent%20Gas%20-%20PUB.pdf>
- Skanska contract; A605 Stanground East Improvement Scheme  
Cabinet Members Decision Notice  
<https://democracy.peterborough.gov.uk/documents/s40559/CMDN%20-%20A605%20Stanground%20east%20junction%20improvements%20PUB.pdf>
- Peterborough Highway Services contract (2013-2023)  
Cabinet Member's Decision Notice (AUG13/CMDN/068)  
<http://democracy.peterborough.gov.uk/documents/s17190/PHS%20CMDN%20V5%20Final%20pub.pdf>