



REPORT OF CORPORATE DIRECTOR, PLACE

GEDLING ACCESS ROAD – SCHEME UPDATE

Purpose of the Report

1. To provide an update on recent progress on the scheme and to set out the next steps.
2. To seek approval of Committee to grant delegated authority to the Corporate Director Place to negotiate and approve final terms of the contract as necessary, and authorise the Council entering into a contract to construct the Gedling Access Road.

Information

3. The provision of the Gedling Access Road (GAR) is identified as an essential requirement for regeneration of the Gedling Colliery / Chase Farm site in the adopted Local Plan (Core Strategy) for Gedling. The primary purpose of the GAR is to facilitate mixed residential and employment redevelopment comprising up to 1,050 dwellings and 6 hectares of employment uses (comprising 4,500sq m of B1 (office) use-classes and 18,000sq m of B2 (light industrial) use-classes) and community facilities.
4. The GAR also forms part of proposals for the A612 Nottingham Eastern Outer Loop Road which has, with the exception of the eastern most section around Gedling village, been successfully completed by Nottinghamshire County Council (NCC). The GAR will connect directly to the most recently constructed phase (the Gedling Major Integrated Transport Scheme) which opened to traffic in 2007. The construction of the GAR will have positive impacts to the transport network by improving connectivity of the local road network and reducing traffic flows along the Arnold Lane corridor thereby reducing congestion in Gedling village.
5. The 3.8 km long Gedling Access Road, is located 6km to the east of Nottingham City Centre. The GAR follows a southern route from a new junction with the B684 Mapperley Plains, running parallel with the A6211 Arnold Lane, through the centre of the former Gedling Colliery site, to the east of which is the Gedling Country Park. From the former colliery site, the GAR would cross a number of fields, Glebe Farm, Lambley Lane, and a section of the walled garden at Gedling House, which is a Grade II Listed Building, and a small section of the Carlton-le-Willows Academy grounds. The route terminates at a new junction created with the A612 Trent Valley Way, Gedling.
6. The new access road is designed with a single 7.3m wide carriageway and will be subject to a maximum 40 mph speed limit. The scheme will incorporate seven key junctions along its length to integrate the new road with the existing highway network and provide accesses to the proposed mixed-use development. Overall, provision of GAR is beneficial in terms of impacts on the local highway network and also beneficial on transport grounds. The attached drawing GAR/NCCL01 shows the route of the GAR.

7. The work completed and progress to date reflects the complexities and the many interdependencies that are place on the delivery of major projects. In this case there are funding agreements with multiple partners, planning requirements and design challenges that have required resolution prior to making the necessary Statutory Compulsory Purchase and Side Road Orders. This report is intended to give an update of work completed since the previous report including:
- Governance;
 - Planning Consent – lawful commencement of development achieved and remaining planning conditions submitted;
 - Funding Agreements – payment and escrow account completed;
 - Finance and Procurement – preferred framework contractor selected and target cost being developed through Early Contractor Involvement;
 - Compulsory Purchase Order and Side Road Orders – all documentation finalised and being reviewed by Counsel prior to making of the Orders;
 - Timeline.

Governance

8. Nottinghamshire County Council (NCC) has the overall responsibility for land acquisition, design, procurement, construction and delivery of the GAR working in partnership with the Homes and Communities Agency (HCA) now Homes England (HE), Gedling Borough Council (GBC) and Keepmoat Homes. Via East Midlands Limited (Via) working on behalf of NCC, will be responsible for managing the land acquisition process and the design and project management of the road construction. All statutory procedures such as a Compulsory Purchase Orders (CPOs) and Side Road Orders (SROs) will be made by NCC as these powers are not delegated to Via East Midlands.
9. A major projects meeting is held every 6 weeks attended by NCC and Via at which GAR is a regular item. This is supported by a GAR Executive meeting, now held quarterly, chaired by the Chief Executive of GBC, and attended by all partners. These meetings present regular opportunities for all partners to be satisfied that Via is working on behalf of NCC in a timely and efficient manner.

Planning Consent

10. The HCA submitted a full planning application to Gedling Borough Council (GBC) to construct the GAR in August 2014. The HCA was also required by GBC to execute a Section 106 Unilateral Undertaking (UU) in order for GBC as Local Planning Authority (LPA) to fully consider the application. Planning permission was granted for the construction of the GAR on 23 December 2014 (ref. 2014/0915) and was subsequently subject to a section 73 variation (application 2015/1033) approved on 3 June 2016. The section 73 variation removed the conditions associated with phasing that were included in the original application. The planning permission included conditions that required discharging prior to commencement of development and a number of others linked to site clearance required for the main construction works and demolition.
11. NCC will construct the GAR pursuant to the planning permission granted and are responsible for the discharge of planning obligations contained in the UU. Via has been working closely with key landowners as required under these obligations, which has

resulted in land acquisition, rights and mitigation works being agreed in principle.

12. Planning permissions are granted subject to a condition which sets out the time limit for implementation and the statutory default for a full planning permission is 3 years. This meant the planning permission for GAR would have expired on the 23 December 2017. However, pre-commencement planning conditions were submitted by Via to GBC in December 2017 and these have been formally discharged. Via also confirmed the commencement of development during December 2017 with the start of drainage works around the perimeter of the Gedling Country Park (required for the construction of the GAR). GBC as LPA have also confirmed that they are satisfied that the works are a material operation comprised in the development and amount to the lawful commencement of development.
13. There are a number of other conditions that require discharging, some of which require public consultation, as GBC considered that the detail will be of wider public interest when planning permission was granted. These conditions have all been submitted and are expected to be out for consultation in March 2018 and due to be considered by a future planning committee at GBC.

Funding Agreements

14. A funding package has been assembled totalling the £40.899 million required to deliver GAR. The funding stream contributed to by each development partner is as follows:
 - Land and Enabling Works
 - HCA - £7.17 million;
 - Construction (including design)
 - NCC Capital - £5.4 million;
 - D2N2 - £10.8 million (outline business case approval obtained, full approval required as discussed below);
 - Housing Developer (Keepmoat) - £17 million including Community Infrastructure Levy (CIL) liabilities of £4.488 million via GBC;
 - Section 106 contributions - £0.529 million (£0.436 from Teal Close development).
 - Total: £40.899 million
15. Information related to the funding agreements were laid out in detail in the Finance and Property Committee report of 19 September 2016. The funding agreements seek to protect all parties beyond that agreed. This is controlled by way of trigger points for funds to be drawn from, should trigger points not occur then the funds remain inaccessible.
16. Costs of the scheme up until this point will be met from NCC Capital (construction / design), D2N2 pre-compliance funding or through the HCA Grant Funding (land acquisitions / CPO).

Full Business Case - D2N2

17. At its Board meeting of 22 July 2013, the D2N2 Local Enterprise Partnership (LEP) agreed to allocate £10.8 million towards the cost of the GAR from the £31.2 million available to it for that period. The GAR is one of only six schemes supported by the LEP

Board across the D2N2 area and is the largest single scheme it is supporting representing 35% of the allocation.

18. The economic business case has been produced and will be submitted as part of the Full Business Case (FBC) to the D2N2 LTB in March 2018. A transport user benefits appraisal (TUBA) indicates that journey time savings and other safety and efficiency benefits are worth at least £73m (Present Value of Benefits) and this generates a benefit to cost ratio (BCR) of 2.4 against the total scheme cost (Present Value of Costs).
19. The GAR scheme shows a very good BCR based on headline economic impacts. With the addition of journey time reliability, land uplift values and wider economic benefits which will also flow from the scheme this would result in a BCR of 3.94. The D2N2 financial contribution is ¼ of the total scheme cost and effectively the return on investment of the D2N2 contribution is a BCR of over £9 for every £1 invested.
20. At a D2N2 LEP Infrastructure Investment Board (IIB) meeting on 21 December 2017, representatives from Via and NCC presented an update to the IIB on the GAR. This included a request for £0.5 million of pre-compliance funding for use within the 2017-18 financial year. This was approved and provided the opportunity for the overall GAR funding profile to be adjusted as detailed in this report. The County Council is seeking conditional FBC approval during 2018 and this is expected in advance of any CPO inquiry. The approval would then become unconditional upon demonstrating that all land has been acquired either by negotiation or through confirmation of a CPO, which would then facilitate the draw-down of D2N2 LEP funding.

Finance and Procurement

21. The total project cost previously reported to Committee is estimated at £40.899 million, split £7 million for land and £33.899 million for design and construction of the GAR, summarised in Table 1. The construction costs produced includes a contingency set at 5%, inflation is based on current BCIS (Building Cost Information Service) All In Tender Prices. It should be noted that these costs have been developed using the best information available at the time of review. These costs are considered still to be valid based on the current programme.

Table 1: Scheme Costs

Costs (millions)	Comments
£26.427	Construction costs (2016 prices)
£1.581	Diversion works to services during main construction works
£0.273	Diversion works to services outside of main construction works (including diversion of gas services already done on Arnold Lane)
£28.281	Construction Total
£1.755	Inflation (assumed 7.35%) – based on current BCIS All In Tender Prices
£0.061	Advanced Works
£1.273	Contingencies (5%) on construction costs and services during construction
£0.478	Testing (2%) including ground investigation works
£2.051	Design, Project Management and Site Supervision
£33.899	Design and Construction Total

£7.000	Land & Rights Acquisition, Compulsory Purchase Order, compensation (including blight and Part 1 claims) and costs relating to Unilateral Undertaking
£40.899	TOTAL PROJECT COSTS

22. The main construction works for the GAR are being procured through the Midlands Highways Alliance (MHA) Medium Schemes Framework (MSF) of which NCC is a member. The second framework MSF2 was launched in 2014 and is available to use until June 2018. Its replacement MSF3 is currently out for tender and will be available for NCC to access once the MSF2 has expired, if required.
23. Using the framework helps to reduce procurement costs and gives greater flexibility over the timings of construction compared to a traditional tender route. However, the major benefit of the framework is that it enables a significant period of Early Contract Involvement (ECI) with a framework contractor. This is a collaborative approach and key benefits includes enabling the contractor to input into the design process, key suppliers and sub-contractors being involved in decisions at an early stage, carry out value engineering, assist in the management of risk and fix a target price for the works.
24. Within the framework there are three options for selection of a framework contractor, in this case the mini-competition option was used as it provided an opportunity to assess the contractors with project specific quality questions linked to defined quality criteria set within the framework as well as price. During 2017, a mini-competition involving the three framework contractors was undertaken with Balfour Beatty selected as the preferred contractor, who following assessment, put forward the most competitive bid considering price and quality. Balfour Beatty are currently engaged with Via and NCC undertaking ECI and developing a target price for the project.
25. The framework utilises the NEC Engineering and Construction Contract form of contract (NEC), using Option C, which is a target cost contract with activity schedule. NEC3 contracts have become public sector contracts of choice, being used for nearly all projects procured by national and local government bodies and agencies. Via on behalf of NCC have successfully used the MSF2 framework to deliver other major highway projects including the Hucknall Town Centre Improvement Scheme (contract value £8.5 million) and Hucknall Rolls Royce (£3.1 million), this has provided experience and knowledge of working with NEC3 contracts and in particular the target cost option. The same teams are working on the GAR and are using the experience gained in preparing the works information and contract documentation for the GAR.
26. The report approved by Finance and Property Committee on 19 September 2016 detailed the financial implications for the GAR, this included information that under terms of the grant funding agreement including the full business case to D2N2 the County Council, will need to accept responsibility for meeting any costs over and above the contributions in the current funding agreements.
27. If the target price is less than current estimates then it reduces the risk of costs being incurred above the current contributions. In the case of the target cost being above current scheme estimates then through the robust project governance arrangements this information would be taken to partners to seek additional contributions and a subsequent report brought to the appropriate committee to advise on the next steps required to deliver the project.

28. The target cost is not yet set and is subject to detailed review and discussion. However, based on work completed to date it is considered that this will be within previous estimates.
29. It is intended that through joint working with Balfour Beatty a target price can be agreed and set towards the end of May 2018 which will allow the existing MSF2 contract to be used. This report includes a recommendation that Committee approves to grant delegated authority to the Corporate Director, Place to negotiate and approve the final terms of the contract as necessary, and authorise the Council entering into a contract to construct the Gedling Access Road in consultation with the Service Director – Finance, Procurement & Improvement (County Council Section 151 Officer) and the Chair (or Vice-Chair) of Communities and Place Committee providing that the contract target price is within scheme estimates.
30. The latest finance profile to fund the construction of the GAR based on the funding agreements is shown in Table 2:

Table 2: Funding Profile

	Funding contribution (£m)					
	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL
County Council	-	0.241	0.163	3.870	1.126	5.400
D2N2 LEP LGF	-	0.500	5.400	4.900	-	10.800
Developer Contributions / Gedling Borough Council	-	-	3.984	10.759	2.786	17.529
Homes and Communities Agency	0.138	0.206	4.144	2.058	0.624	7.170
TOTAL	0.138	0.947	13.691	21.587	4.536	40.899

Compulsory Purchase Order and Side Road Orders

31. At the Transport and Highways Committee meeting of 19 March 2017 approval was given to make, advertise, obtain confirmation and implement a Compulsory Purchase Order and Side Road Orders required to construct the GAR. This report detailed the process to implement the Orders including information related to a Public Inquiry.
32. Work has now been completed that enables the Orders to be made, including a 3rd party external Counsel review of all the Orders documentation. Both statutory procedures are to be undertaken concurrently. Procedurally the SRO needs to be made before the CPO and an indicative programme for key tasks is included in this report. Together, the Orders will ensure the achievement of NCC's objectives for the GAR scheme and the provision of a new key access road comprising part of a wider package of improvements to the highway network to the east of Nottingham City Centre. In order to ensure proper process specialist advice has been sought throughout.
33. Due to the number of land interests involved it is considered that it will be necessary to make the CPO to deliver the scheme. Whilst every endeavour is made to acquire land by negotiation, in order to ensure scheme delivery, it is standard practice that CPO powers are progressed simultaneously with land acquisition. Where agreement for sale is reached, the plot of land will be removed from the CPO confirmation.

34. Information related to the land parcels required for the GAR were all laid out in detail in the Transport and Highways Committee report of 19 March 2017. Currently there are 53 plots of land to be acquired permanently and 28 plots where rights of access are required to facilitate construction and maintenance of the GAR. For information, the plots under third party ownership comprises of 14 individual landowners. All of whom have been contacted individually to explain the process and to commence discussions.

Timeline

35. The timetable for the next key steps is set out below, this does not include tasks that have been completed. These are challenging targets and whilst negotiations are underway to obtain land by agreement it is expected as described that a CPO will be required to obtain to acquire all the residual land and rights necessary for the construction and maintenance of the scheme. This means the key milestones are the making of the Orders and subsequent confirmation of the Orders by the Secretary of State for Transport. The timing of these depend upon objections received and if a Public Inquiry is required.

- Planning
 - GBC undertake public consultation on planning conditions and consider at planning committee – March / April 2018
- CPO and SRO Process
 - Making of the Orders – March 2018
 - Notification and Publicity of the Orders (includes period for comment from interested parties) – March / April 2018
 - Consideration / Review of Objections – May 2018
 - Public Inquiry if required (usually 4 to 6 months after making of CPO) – earliest August 2018 (indicative as will be dependent on allocation of an Inspector)
 - CPO confirmed by Secretary of State – November 2018 (indicative)
 - Completion of Special Parliamentary Procedures – November 2018 (indicative, if required)
- D2N2 Funding – Full Business Case (FBC)
 - Obtain FBC Conditional Approval – May 2018
 - FBC Unconditional Approval – November 2018
- Design and Procurement
 - Design complete, Target cost negotiation and contracts – March 2018 to June 2018
- GAR advanced works – December 2017 (drainage works programmed for December 2017)
- GAR onsite (main contract works) – Winter 2018
- GAR complete – Spring 2020

Other Options Considered

36. There have been numerous options surrounding the alignment and route details which have been considered through the design and planning process. A collaborative approach has been taken to the project and key partners have met regularly throughout the planning process and this has been formalised into revised governance arrangements for the Gedling Housing Zone delivery. Extensive consultation has been undertaken on the GAR.

37. The detail in each legal agreement has been through various iterations as a result of ongoing negotiations and is designed to reflect the interdependencies between the projects and meet the needs of all parties, whilst meeting all relevant financial and legal requirements. For NCC this has been done to protect the authority and minimise risk through pre-requisites that have to be met and link with key milestones to provide project assurance as the project develops.

Reason/s for Recommendation/s

38. The GAR will enable a key development site to be realised and unlock much needed development land. The former Gedling Colliery / Chase Farm site is identified as an area of future housing development in the Aligned Core Strategy (ACS), as it is a key strategic site on the urban edge of Nottingham and viewed as a priority for GBC. The site has a status of strategic location.

39. The delivery of GAR will also complete the long-awaited bypass of Gedling village and achieve strategic transport objectives in keeping with the third Nottinghamshire Local Transport Plan (2011-2026).

Statutory and Policy Implications

40. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public-sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Finance Implications

41. The delivery of both the GAR and Gedling Colliery development are linked as a result of the complex funding arrangements as set out in this report.

42. NCC will ensure that all conditionality aspects are addressed before the CPO is implemented and substantial liability under construction contracts is triggered. Before the Secretary of State can confirm any CPO required, they must first be satisfied that the GAR scheme is fully funded.

43. Based on current scheme estimates and work previously undertaken the GAR is deliverable with sufficient funding streams to cover anticipated costs. Under terms of the grant funding agreements including the full business case submission to D2N2 LEP the County Council, will also need to accept responsibility for meeting any costs over and above the current contributions through the D2N2, CIL and from the developer. This is the current view and understanding from partners. Details of the risk of a shortfall and the need to be underwritten by the County Council were also included and approved in the Finance and Property Committee meeting on 24 March 2014.

44. The funding stream contributed to by each development partner is as follows:

- Land and Enabling Works
 - HCA - £7.17 million;

- Construction (including design)
 - NCC Capital - £5.4 million;
 - D2N2 - £10.8 million (outline business case approval obtained, full approval required as discussed below);
 - Housing Developer (Keepmoat) - £17 million including Community Infrastructure Levy (CIL) liabilities of £4.488 million via GBC;
 - Section 106 contributions - £0.529 million (£0.436 from Teal Close development).
 - Total: £40.899 million

45. The current costs are shown in Table 3, as follows:

Table 3: Current Costs

Costs (millions)	Comments
£26.427	Construction costs (2016 prices)
£1.581	Diversion works to services during main construction works
£0.273	Diversion works to services outside of main construction works (including diversion of gas services already done on Arnold Lane)
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£33.899	Design and Construction Total
£7.000	Land & Rights Acquisition, Compulsory Purchase Order, compensation (including blight and Part 1 claims) and costs relating to Unilateral Undertaking
£40.899	TOTAL PROJECT COSTS

46. By utilising the procurement methods identified an opportunity is provided for the project team to engage and work collaboratively with a preferred contractor to carry out value engineering and fix a target price. If the target price is less than current estimates then it reduces the risk of costs being incurred above the current contributions. In the case of the target cost being above current scheme estimates then through the robust project governance arrangements this information would be taken to partners to seek additional contributions and a subsequent report brought to the appropriate committee to advise on the next steps required to deliver the project.
47. Under the terms of the Escrow Account, NCC can drawdown the full value of funds available if required. This will require NCC to include provision in future year's budgets of £0.922 million in 2023 and £2.34 million in 2026 to facilitate repayment into the Escrow Account. This will be balanced by an income in the same financial years from GBC under the terms of the CIL funding agreement between the two authorities.
48. The Payment and Escrow Account and Deed of Agreement between NCC and GBC related to CIL payments only become active and funding eligible to be withdrawn once contracts are in place to deliver the road. Contracts to deliver GAR also require all necessary permanent and temporary access rights to land either through negotiation or via confirmation of the CPO. Before the Secretary of State can confirm any CPO required, they

must first be satisfied that the scheme is fully funded.

49. Costs will be updated as target prices are agreed with Contractors that enables further validation to be undertaken to demonstrate that the scheme offers value for money and is viable.
50. Following confirmation of additional external funding of £206,000 in 2017/18 the capital programme will be amended accordingly.

RECOMMENDATION/S

It is **RECOMMENDED** that Committee:

- 1) endorse the update on the current progress of the GAR as contained in this report;
- 2) approve to grant delegated authority to the Corporate Director, Place to negotiate and approve the final terms of the contract as necessary, and authorise the Council entering into a contract to construct the Gedling Access Road in consultation with the Service Director – Finance, Procurement & Improvement (County Council Section 151 Officer) and the Chair (or Vice-Chair) of Communities and Place Committee providing that the contract target price is within scheme estimates.

Adrian Smith
Corporate Director, Place

For any enquiries about this report please contact: Mike Barnett 0115 977 3118

Constitutional Comments [SLB 12/02/18]

51. Communities and Place Committee is the appropriate body to consider the content of this report.

Financial Comments [GB 06/02/18]

52. The financial implications are set out in the report.

Background Papers and Published Documents

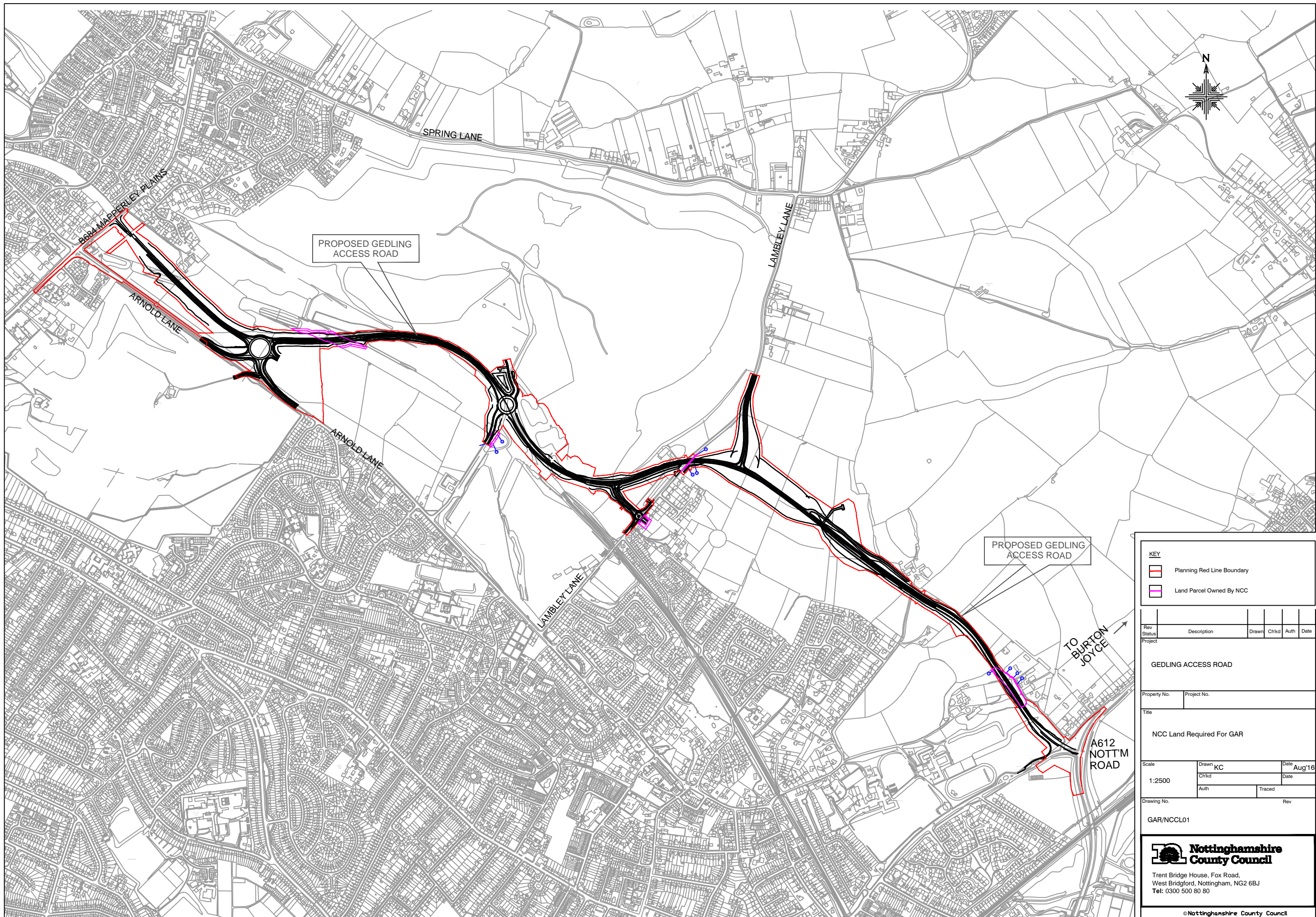
Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Transport and Highways Committee Report dated 16th March 2017
Gedling Access Road – Scheme Update, Compulsory Purchase Orders and Side Roads Orders
- Finance and Property Committee Report dated 19th September 2016
Gedling Access Road - Scheme Update and Funding Agreement
- Transport and Highways Committee Report dated 21st September 2016
Gedling Access Road – Scheme Update, Compulsory Purchase Orders and Side Roads Orders
- Greater Nottingham (Broxtowe Borough, Gedling Borough, Nottingham City) – Aligned Core Strategies Part 1 Local Plan – Adopted September 2014

- Finance and Property Committee Report dated 24 March 2014
Gedling Access Road, Scheme Development and Funding Agreements
- Report to County Council dated 27 February 2014
Capital Programme 2014/15 to 2017/18
- D2N2 Local Growth Fund – Local Assurance Framework – Available at:
http://www.d2n2lep.org/write/Local_Assurance_Framework_final_version.pdf

Electoral Division(s) and Member(s) Affected

Arnold North	Councillors Pauline Allan and Michael Payne
Arnold South	Councillors John Clarke and Muriel Weisz
Carlton East	Councillors Nicki Brooks
Carlton West	Councillors Errol Henry and Jim Creamer
Calverton	Councillor Boyd Elliott
Newstead	Councillor Barnfather



PROPOSED GEDLING ACCESS ROAD

PROPOSED GEDLING ACCESS ROAD

KEY

- Planning Red Line Boundary
- Land Parcel Owned By NCC

Rev	Status	Description	Drawn	Chk'd	Auth	Date

Project						
GEDLING ACCESS ROAD						

Property No.	Project No.
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Title	NCC Land Required For GAR
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Scale	1:2500	Drawn	KC	Date	Aug'16
		Chk'd		Date	
		Auth		Traced	

Drawing No.	GAR/NCCL01	Rev	
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TO BURTON JOYCE

A612 NOTT'M ROAD

B68 MAPPERLEY PLAINS

ARNOLD LANE

ARNOLD LANE

LAMBLEY LANE

LAMBLEY LANE

SPRING LANE