

**M5 JUNCTION 10 IMPROVEMENT SCHEME; CAPITAL BUDGET APPROVAL,
RECRUITMENT RESOURCE ALLOCATION, DELIVERY AND CONSTRUCTION.**

Cabinet	13 November 2019
Environment & Planning	Cllr Nigel Moor
Key Decision	Yes
Background Documents	<ul style="list-style-type: none"> • M5 Junction 10 webpage • Adopted Local Transport Plan (LTP3 2016) • Gloucestershire Strategic Economic Plan 2014 • Adopted Joint Core Strategy
Location/Contact for inspection of Background Documents	<p>https://www.gloucestershire.gov.uk/highways/major-projects-list/m5-junction-10/</p> <p>http://www.gfirstlep.com/</p> <p>http://www.gloucestershire.gov.uk/ltp3</p> <p>https://www.jointcorestrategy.org/</p>
Main Consultees	<ul style="list-style-type: none"> • GCC Strategic Communities and Infrastructure Members Board (SCIMB) • Tewkesbury Borough Council • Cheltenham Borough Council • Gloucester City Council • Gfirst LEP • Ministry for Housing, Communities, Local Government (Cathy Francis, Director of Land and Housing Delivery and (then) Secretary of State James Brokenshire) • Homes England • Highways England • MPs Laurence Robertson, Alex Chalk, Richard Graham • Department for Business, Energy and Industrial Strategy

Planned Dates	<p>Homes England Funding Decision – Autumn 2019</p> <p>Conclusion of options selection (Technical Appraisal Review) – November 2019</p> <p>Public consultation - Spring 2020</p> <p>Preliminary design – Spring – Autumn 2020</p> <p>Planning - Autumn 2020 – Autumn 2021</p> <p>Construction - Spring 2022 – Spring 2024</p>
Divisional Councillor	<p>Cllr Phil Awford</p> <p>Cllr Simon Wheeler</p>
Officer	<p>Simon Excell – Lead Commissioner; Strategic Infrastructure simon.excell@gloucestershire.gov.uk 01452 328487</p>
Purpose of Report	<p>To ask Cabinet to delegate authority to the Lead Commissioner, Highway Authority in consultation with Cabinet Member for Environment and Planning, for the purpose of:</p> <ol style="list-style-type: none"> 1. Authorising an increase of £220M to the Highways Capital budget, pending approval from the Homes England Housing Infrastructure Fund (HIF) and subject to any conditions of contract between Gloucestershire County Council (“GCC”) and Homes England that may restrict the immediate availability of HIF funding; 2. Recruitment of an dedicated project management team within GCC’s Major Projects Team, to ensure that the management and delivery of the M5 Junction 10 Improvement Scheme (the “Scheme”) is sufficiently resourced, throughout project design and delivery; 3. Conducting competitive procurement processes in respect of all necessary contracts required by GCC for the supply of construction contracts in relation to each phase of the Scheme; 4. Awarding such contracts to the successful tenderers
Recommendations	<p>That Cabinet delegates authority to the Lead Commissioner, Highway Authority [in consultation with Cabinet Member for Environment and Planning] to:</p> <ol style="list-style-type: none"> 1. Authorise an increase of £220M to the Highways Capital budget, pending approval from the Homes England Housing Infrastructure Fund (HIF)

	<ol style="list-style-type: none"> 2. Recruit a dedicated project management team to the GCC Major Projects Team 3. Conduct competitive procurement processes in respect all necessary contracts required by GCC for the supply of construction contracts in relation to each phase of the Scheme; 4. Award such contracts to the successful tenderers.
<p>Reasons for recommendations</p>	<p>The decision will enable the council to deliver £220M scheme improvements in accordance with any conditions of contract agreed between GCC and Homes England and provide the best opportunity to meet the timescales for project delivery.</p>
<p>Resource Implications</p>	<p>Pending approval, the Scheme will be predominantly funded by Housing Infrastructure Fund, through Homes England. GCC has submitted a £220M bid and, upon approval, will capitalise all legitimate costs expended against capital activities as part of the bid work (June 2018-March 2019) and subsequent critical programme work (from April 2019 – Nov 2019).</p> <p>Scheme design and programme has been developed to align with the forecast £220M budget allocation and construction cost estimates have been developed as part of the preliminary scheme design. Within the works estimate, a risk value of £35M has been allocated for the risks identified within the schemes risk register set out in the bid document (project and construction risk).</p> <p>As stated in the County Council’s Constitution, ‘Directors are responsible for ensuring that variations in capital project estimates that occur during the course of a contract are contained within the resources allocated to that service’. The Scheme’s costs have been monitored to date and will continue to be managed accordingly. Recruitment costs will be funded from the revenue staffing budget.</p>

MAIN REPORT CONTENTS

1. Background

Gloucestershire faces significant challenges to achieve its vision for economic growth. A Joint Core Strategy (JCS) – a partnership between Gloucester City Council, Cheltenham Borough Council and Tewkesbury Borough Council was adopted to produce a coordinated strategic development plan to show how the area will develop during the period up to 2031. This includes a shared spatial vision targeting 35,175 new homes and 39,500 new jobs by 2031. Major development of new housing (c.9,000 homes) and employment land (c.100ha) is proposed in strategic and safeguarded allocations in the West and North West of Cheltenham, much of which lies within Tewkesbury Borough. This, in turn, is linked to wider economic investment, including a government supported and nationally significant Cyber Park 2 adjacent to GCHQ, predicted to generate c.7,000 jobs.

However, to unlock and enable the housing and job opportunities, significant highway network improvements are required, including the M5 Junction 10 Improvement Scheme.

M5 J10 is currently one of the few junctions on the M5 with restricted access and resolving this issue is a top priority within the County Council's adopted Local Transport Plan. At present, the junction has no access to join the motorway travelling south and there is no exit for motorway traffic coming from the south. This results in traffic wishing to access the north west and west of Cheltenham areas having to use M5 Junction 11 and local roads which causes congestion and severance. A new layout would see environmental benefits from less traffic travelling through Cheltenham and businesses would see savings in their transport costs as they would no longer need to travel to and from J11. Emergency services would also be able to respond more quickly to incidents on the M5 in the vicinity of the junction.

The M5 J10 improvements will increase, accelerate and enhance housing delivery in the JCS area, support economic growth within the JCS area and beyond and provide an integrated package of transport infrastructure improvements that can facilitate housing and economic development.

The following infrastructure improvements make up the M5 Junction 10 Improvement Scheme

- An all-movements junction at M5 Junction 10;
- A new Link Road from Junction 10 to West Cheltenham Cyber Park;
- Dualling of the A4019 to the East of the Link Road;
- A38/A4019 junction improvements at Coombe Hill; and
- Extension to Arle Court Park and Interchange.

The development of M5 J10 supports a commitment to growth in the adopted JCS, alongside a recently successful Garden Communities Fund bid at Ashchurch and Garden Village funds for Cheltenham. Government commitment to an expanded GCHQ is linked to plans for the UK Cyber Business Park; delivering sustainable communities, excellent job and training opportunities and nearby housing.

GFirst LEP also recognise that their proposals for the M5 Growth Zone will require the improvement of various motorway junctions including M5 J10 and regard the improvements as one of the top infrastructure priorities in the county identified in their Strategic Economic Plan.

The M5 J10 Improvements Scheme is supported by a wide range of stakeholders including Highways England, the MP for Cheltenham, the MP for Tewkesbury, the JCS planning authorities, local parish councils, the emergency services and many local businesses and organisations.

GCC will be assuming responsibility for project management, design and construction delivery for the proposed scheme. Highways England have confirmed to GCC that they do not intend to deliver the works themselves. To deliver this hugely significant project, recruitment to a re-evaluated GCC Major Project structure is required. Delivering the appropriate level of project management and governance for a new £220M project will require a dedicated project management team that will work solely on the delivery of M5 J10 Improvement Scheme. Salaries will be capitalised against the scheme costs and staff costs were included as part of the £220M bid.

The bid to fund the project took the form of the submission of an Expression of Interest (EoI) to Homes England’s Housing Infrastructure Fund (HIF). This EoI was submitted in September 2017 and having received initial support, GCC subsequently submitted a business case in March 2019 for consideration for funding.

A funding decision is expected to be announced in November 2019. If successful, public consultation will commence in early 2020 with a preferred route being announced in March 2020 and construction due to commence in 2022. Scheme delivery is planned for 2024. The below funding table is the proposed drawdown set out in the bid to Homes England.

Funding breakdown:

Source	2019/20	2020/21	2021/2022	2022/2023	2023/2024
Homes England funding	£6.75M	£11.39M	£17.32M	£101.77M	£82.62M
TOTAL					£220M

2. Options

- Option A: To authorise the Lead Commissioner, Highway Authority to action all of the recommendations as set out in this report;
- Option B: Decline authorisation for the Lead Commissioner, Highway Authority to action any of the recommendations as set out in this report and consequently suspend the delivery of the Project; or
- Option C: To authorise recommendations 1 and 2 (set out in the third page of this Report) only and instruct the Lead Commissioner, Highway Authority to seek individual Cabinet approval for the matters described in recommendations 3 & 4.

3. Risk Assessment

Option C (described in section 2 of this Report); In the event that Cabinet resolve to proceed with Option C, the risk is that the requirement for additional Cabinet approvals will impede the ability to keep to programme, acknowledging that Cabinet sign off is not an immediate process.

An up to date Risk Register (RR) for the scheme was produced as part of the HIF bid and is subject to regular updates in line with the GCC Risk Management process, in order to investigate, manage and mitigate key risks. These risks are based on the assumption of a positive determination regarding funding decision. However, at this stage, with a funding decision pending, the project team have looked to identify those key risks that require work towards mitigation measures in the short term, providing Members with a greater level of risk information to enable them to better understand any potential impact on the project. Understandably, at this stage, the quantity of risks identified, in advance of any detailed design, is significant. However, many are sub-risks associated with the following key risks.

The key risks can be summarised as follows:

Whole life scheme costs are in excess of funding 'ask' (£220M); GCC engaged a specialist cost consultant from Highways England's supply chain to develop a robust cost estimate for the business case submission. This cost estimate has been reviewed further and updated for the local factors by GCC engineers. During this current phase the project is undertaking a verification of the cost estimating exercise based on the current layout options. The exercise is considering several factors such as construction costs, design and client management costs, land costs, risk contingency and inflation. Going forward at each stage the scheme design will be verified against this baseline cost estimate to ensure no cost increase as compared to the agreed budget for preferred route.

Junction improvement options are not supported by Highways England; The M5 J10 project team have been regularly liaising with Highways England since the development of the Business Case. Highways England have provided written support of this scheme for the HIF bid submission and reconfirmed their support during the bid due-diligence process. At present, Highways England are a member of the Monthly Project Board

and are kept informed of all key decisions. For options selection and future stages GCC has developed a collaborative approach to work with Highways England which is currently with Highways England for comment and action. This approach will ensure that Highways England are involved in development of scheme and correct solutions are developed first time.

CPO will be required for land take. Scheme subject to Public Inquiry due to CPO challenge which in turn compromises the March 2024 scheme completion deadline; Land required and associated risk is considered from the inception of the project and it is a key criteria for the options selection process. Following the preferred option selection, the approach for any land required is firstly by negotiation and agreement with landowners in advance of the construction. In line with this strategy, discussions with significant landowners will continue during the development phase. During this period the project will continue to carry out diligent inquiry to identify all persons with an interest in the land affected by the proposed compulsory acquisition. Following the informal discussions during early stages of the project, we will enter into negotiations to acquire other parties' interests voluntarily and progress those discussions when the scheme boundary is defined during preliminary design stage. These negotiations are not yet complete. Although the project remains committed to this approach, it is necessary for it to have the ability to acquire the land interests by compulsory acquisition if necessary in order to ensure that the Scheme can be delivered on time. Where land is not secured via negotiations, GCC will use the CPO powers only after the High Court challenge period. The costs of the CPO promotion/Inquiry process will be funded by GCC, via drawdown of funds from the HIF; if GCC receives a positive funding decision in autumn 2019. CPO will only be commenced if a positive funding decision is received. This consideration is built into the programme for land acquisition.

Risk of planning application being challenged or refused: An integrated planning application is likely to become very complex as meeting the requirements of the Council, Highways England and private developers' interests could be very challenging. GCC engaged (via Amey) a specialist planning consultant to recommend the suitable planning route at the inception of the scheme. The current recommendation for this scheme is to progress planning permission through the Town and Country Planning Act 1990. To mitigate risk associated with the planning process the project team will keep the planning strategy under review as scheme options develop further. The scheme planning consultant will be engaged throughout the development and planning phases to make sure that all statutory processes are followed. The scheme planning consultant and project team will liaise closely with GCC, Tewkesbury and Cheltenham Planning Departments as well as the members of the three Councils.

Conditions of Contract set out by Homes England requires GCC forward funding in advance of milestones being met (such as planning); If we are successful in our bid we will start negotiations with Homes England immediately in regards to the length of time forward funding is required to try and reduce the time period and therefore leaving GCC less exposed. GCC will be able to cash flow the project of this scale in the first few years with an estimated £1.1 million to £1.4 million monthly spend through use of our Treasury function and may require some internal borrowing.

However we would not recommend we carry the risk of this funding which could be up to £33.6 million (£1.4m x 24 months) of revenue up to planning application stage. Therefore if Homes England do not agree to picking up the liability for the pre-planning expenditure then we could not proceed. However by time construction starts in 2022 the monthly expenditure is estimated to be in the region of £8 million per month at which stage this should be funded in advance by Homes England as planning would have been granted.

Therefore the biggest risk to GCC is if planning is not obtained and the project does not go ahead. The majority of the money spent up to the planning would not be funded by Homes England and we would not be able to capitalise the money expenditure.

The bid application does not provide the necessary detail regarding funding. Therefore GCC can only start to agree the milestones that are linked to the funding when the bid decision is known. Until then, it is difficult to assess the potential risk. If the discussions with Homes England leave GCC at risk financially then we would report back to Cabinet seeking a decision as to whether to proceed or not.

Overall, at this early stage, the key risks are well understood and, as can be demonstrated by the above mitigation work, GCC will continue to work on developing a better understanding of these risks, their constraints on the specific work streams and on their impact on the wider project programme. Risks will continue to be actively monitored and any significant changes affecting the scope of the project will be reported to the Project Board and Lead Cabinet Member.

4. Officer Advice

That Cabinet approve Option A (described in Section 2 of this Report) and the recommendations as set out in this report.

5. Equalities considerations

The Due Regard Statement (Appendix A) will be reviewed and updated on completion of work packages (i.e. on completion of design, procurement, on completion of construction, after opening etc) to ensure a continuing duty of regard for equality impacts on groups with protected characteristics.

The Due Regard Statement demonstrates that 'due regard' has been shown to the three aims of the public sector equality duty (section 149 of the Equality Act 2010) during the development of the 'policy'.

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- Foster good relations between people who share a protected characteristic

Cabinet Members should read and consider the Due Regard Statement in order to satisfy themselves as decision makers that due regard has been given.

6. Consultation feedback

Given the relative infancy of the scheme bid process, no formal consultation has been undertaken with GCC statutory consultees or the wider public. Since bid submission in March 2019, work has taken place to identify and begin a collaborative information gathering exercise with key partners and tier 1 stakeholders (those with land interest) in the vicinity of M5 J10. Through comprehensive stakeholder mapping workshops, GCC has worked to develop a Communication Strategy that prioritises the work required in this 'pre-bid determination' phase – acknowledging that further, fuller work on wider public consultations will be a requirement should funding be approved.

Tier 1 stakeholders for this phase of the project, are as follows;

- GCC Cabinet Members
- Cheltenham Borough Council
- Tewkesbury Borough Council
- Gloucester City Council
- GFirst LEP
- MHCLG (Homes England)
- Highways England
- DfT
- Environment Agency
- Historic England
- Natural England
- MPs
- Members of the North West Cheltenham Strategic Alliance
- Members of the West Cheltenham Strategic Alliance

In addition to the above, environmental survey work has also been undertaken within the designated buffer zone around M5 J10. To enable this, affected land owners have been contacted to request their consent to permit data collection through non-intrusive surveys on their property / land.

7. Performance Management/Follow-up

GCC have set up a clear and robust structure to provide accountability and an effectual decision making process for the management of the major projects. GCC-led monthly project boards, monthly standing reports to Lead Cabinet Members and monthly meetings of the Local Transport Plan Management Board, attended by the Commissioning Director; Economy, Environment and Infrastructure, have been in place since March 2019.

In the event of a successful bid determination, a dedicated monthly financial monitoring meeting will be established with GCC finance lead. It is also expected that both

quarterly and annual financial returns will form part of any contract conditions with Homes England.

Report Title	M5 Junction 10 Improvement Scheme; Capital budget approval, recruitment resource allocation, delivery and construction.
Statutory Authority	Highways Act 1980 Traffic Management Act 2004
Relevant County Council policy	Adopted Local Transport Plan (LTP 3) 2016
<p>Sustainability checklist:</p> <p>Partnerships</p> <p>Decision Making and Involvement</p> <p>Economy and Employment</p> <p>Social Value</p>	<p>The delivery of the project aligns with strategic objectives held by a number of key project partners including: CBC, TBC, Highways England, Homes England and GFirst LEP. Future partnerships will be developed throughout the life of the scheme, including work with partner agencies such as the Environment Agency and Natural England. Early contractor involvement will also be key for scheme success and a productive, progressive partnership will be required to deliver this project.</p> <p>GCC's 'Code of Corporate Governance' underlines the management and delivery of the M5 J10 Improvements Scheme. Regular Project Board meetings, which include representatives from the County Council, local Borough Councils, Highways England and Atkins, ensures cross-organisation involvement, clear communication and transparency. For the strategic highways network, Highways England will be consulted prior to making a final decision. In terms of decision making, GCC has final sign-off on all decisions made at Project Board meetings.</p> <p>In delivering the scheme, Gloucestershire's local economy will be supported through the creation of approximately 12,212 jobs in the west and north-west of Cheltenham (2020 – 2041). This will be as a result of the proposed scheme increasing network capacity, connectivity, and the accelerated delivery of new homes.</p> <p>Assuming an inclusive recruitment approach is adopted, construction of the scheme presents a good opportunity to maximise benefits for those seeking employment locally, including those from protected characteristics groups. It is anticipated that construction of the schemes will facilitate development in the immediate area. The employment land provided may also provide longer term employment prospects. During the scheme's operation it is expected to have a positive impact on the area local to junction 10 of the M5 through the creation of long-term, sustainable housing growth.</p>

<p>Built Environment</p> <p>Natural Environment' including Ecology (Biodiversity)</p> <p>Education and Information</p>	<p>The proposed infrastructure will enable the accelerated delivery of 8,967 new housing units and employment land across north and north-west Cheltenham (up to 2041).</p> <p>To inform ongoing work on options assessment for Junction 10, ecological surveys on land within 500 metres of M5 J10 of the M5 have been taking place since May 2019. These surveys will ensure that any improvements to the highway network will have a minimal impact on the surrounding natural area, environment and local wildlife. The results of the surveys will help the Council understand the potential impacts of the scheme on the surrounding environment and will inform the final environmental mitigation design of the scheme.</p> <p>Early engagement with relevant stakeholders is already underway. This will continue throughout the delivery of the scheme and will begin to include a wider range of stakeholders and members of the public following a successful funding announcement. All materials and communications relating to the scheme will be clear and simple to understand to ensure it is accessible for all. Detailed strategies for stakeholder engagement and consultation are detailed in the Communications Plan.</p>
<p>Tackling Climate Change</p>	<p>Carbon Emissions Implications? Positive/ Neutral/ Negative</p> <p>Vulnerable to climate change? Yes/ No/ Maybe</p>
<p>Due Regard Statement</p>	<p>Has a Due Regard Statement been completed? Yes</p> <p>A copy of the full Due Regard Statement can be accessed on GLOSTEXT via http://glostext.gloucestershire.gov.uk/uuCoverPage.aspx?bcr=1</p> <p>Alternatively a hard copy is available for inspection from Jo Moore, Democratic Services Unit, e-mail: jo.moore@gloucestershire.gov.uk.</p>
<p>Human rights Implications</p>	<p>The Human Rights Act 1998 incorporated into domestic law the European Convention on Human Rights. The following Articles of the Convention are relevant to the determination as to whether any CPO should be confirmed:</p> <p>Article 1 of the First Protocol protects the right of everyone to peaceful enjoyment of possessions. No person can be</p>

	<p>deprived of their possessions except in the public interest and subject to the relevant national and international laws. As with Article 8, any interference with such rights must be proportionate and in determining whether a particular measure is proportionate a fair balance must be struck between the public benefit sought and the interference with the rights in question.</p> <p>Article 6 entitles those affected by the exercise of powers including those sought in the CPO to a fair and public hearing by an independent and impartial tribunal.</p> <p>Article 8 protects the right of an individual to respect for his private and family life, his home and correspondence. A public authority cannot interfere with these interests unless such interference is in accordance with the law and is necessary in the interests of national security, public safety or the economic wellbeing of the country.</p>
<p>Consultation Arrangements</p>	<p>Given the relative infancy of the scheme bid process, no formal consultation has been undertaken with GCC statutory consultees or the wider public. Since bid submission in March 2019, work has taken place to identify and begin a collaborative information gathering exercise with key partners and tier 1 stakeholders (those with land interest) in the vicinity of M5 J10. Through comprehensive stakeholder mapping workshops, GCC has worked to develop a Communication Strategy that prioritises the work required in this ‘pre-bid determination’ phase – acknowledging that further, fuller work on wider public consultations will be a requirement should funding be approved.</p> <p>Tier 1 stakeholders for this phase of the project, are as follows;</p> <ul style="list-style-type: none"> • GCC Cabinet Members • Cheltenham Borough Council • Tewkesbury Borough Council • Gloucester City Council • GFirst LEP • MHCLG (Homes England) • Highways England • DfT • Environment Agency • Historic England • Natural England

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In addition to the above, environmental survey work has also been undertaken within the designated buffer zone around M5 J10. To enable this, affected land owners have been contacted to request their consent to permit data collection through non-intrusive surveys on their property / land.