

**HERTFORDSHIRE LOCAL TRANSPORT BODY**

**BOARD MEETING**

**20<sup>th</sup> JULY 2018**

**HERTFORDSHIRE'S STRATEGIC ECONOMIC PLAN DELIVERY –**

**MAJOR PROJECTS UPDATE**

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LTB Board Derrick Ashley (HCC Executive Member for Environment, Planning & Transport) - LTB Chair  
Mandy Perkins (Chair, Hertfordshire Infrastructure & Planning Partnership)  
Tina Barnard (LEP Board Member, CE Watford Community Housing Trust)

**1 Purpose of report**

- 1.1 The purpose of this report is to
- a) provide progress updates for
    - i) the A120 Bypass (Little Hadham) and Flood Alleviation scheme (*section 3*)
    - ii) the A602 Improvements (Stevenage to/from Ware) (*section 4*)
    - iii) the New River Bridge (Essex Road) (*section 5*)
    - iv) the A10 Buntingford South Roundabout (*section 6*)
  - b) update on the current status of the Metropolitan Line extension (*section 7*)

**2 Recommendations**

- 2.1 It is requested that the Board is requested to note these updates and, in its role as advisory body on transport infrastructure projects, to pass any comments to the Hertfordshire LEP.

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**3. Progress Update – A120 Bypass (Little Hadham) and Flood Alleviation scheme**

3.1 The current programmed dates for project gateways remain last reported–

- Gateway 4 (Conditional Approval) – Jan 2019
- Gateway 5 (Final Approval) – April 2019
- Gateway 6 (Completion) – Winter 2020/21



**Public Inquiry**

- 3.2 The Department for Transport (DfT) have set out their intention to hold a Public Inquiry (PI) with regard to the HCC orders (the HCC CPO and SRO need to be considered simultaneously). Whilst All Statutory Objections to both the Hertfordshire County Council Compulsory Purchase Order (CPO) and the Environment Agency CPO were previously withdrawn, a single objection to the Side Roads Order (SRO) remains. HCC has had positive discussions with the local rights of way organisation to resolve their issues although some relatively minor concerns remain and the objection to the SRO still stands.
- 3.3 A PI for the scheme will thus be held commencing on **17<sup>th</sup> July 2018** at Little Hadham Village Hall. Notices regarding the Public Inquiry were published in local press and the London Gazette on 31 May 2018 and 7 June 2018, and posted on site from 31 May 2018.
- 3.4 A ‘late’ non-statutory objection to the CPO was received on 11<sup>th</sup> June from a local resident, which may be considered by the Inspector at the PI. HCC has made a full response to the concerns raised in that objection.
- 3.5 It is likely that by the date of this LTB Meeting, the PI will have closed. If that is the case, officers may be able to supply a brief verbal or short written update to the LTB.

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#### Programme

- 3.6 The programme shown at 3.1 above has to make certain assumptions regarding the time for the Inspector to consider the evidence presented at the PI and draft his report and recommendations to the Secretary of State (SoS) for Transport. There is no fixed period for such decision making processes but it is hoped that the SoS decision will be made by January 2019.
- 3.7 The Contract procurement is being run in parallel with any PI process period to ensure tender prices for the contract are in place around the same time as the SoS decision, thereby enabling Full Approval to be sought from DfT of to facilitate release of the funding to the LEP (see **DfT Scheme Approvals**, below)
- 3.8 Contractor discussions have previously indicated a likely build period of 15-18 months, dependant on the season in which works start. The programme now shows full approval being achieved in Spring 2019. The programme above thus indicates a construction programme that spans two earthworks seasons, and thus runs until winter 2020/21.

#### DfT Scheme Approvals

- 3.9 This project is defined as a 'retained scheme' by DfT which means that the release of grant funding to the Herts LEP needs SoS and Treasury approval. This requires a recommendation from DfT once they have appraised the final business case in line with their approval process.
- 3.10 The project team are meeting with DfT later this month on the detail of the Economic case element of the business case in particular to finalise confirmation the acceptability of the modelling supporting the case.
- 3.11 Given the current scheme position (Planning permission achieved, land negotiations advanced, DfT Business case approval discussions well advanced, strong BCR for the project) the risk of DfT non approval of the business case is considered to be low. The full business case can clearly only be submitted to DfT for consideration on the basis that the SoS approves the scheme following his consideration of the PI Inspectors report and recommendations.

#### Procurement

- 3.12 It was previously reported to LTB that following the Selection Questionnaire (SQ) process five applicants have been selected to be invited to Tender for the scheme construction. This was ratified by the A120 Project Board at its meeting on 5 April 2018 and approved by the HCC Transportation Major Projects Board, chaired by the Deputy Director Environment.
- 3.18 The five applicants to be invited to tender are –

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- i) Breheny Civil Engineering Ltd
- ii) Galliford Try Infrastructure Limited
- iii) Jackson Civil Engineering (Jackson Buckingham JV)
- iv) John Graham Construction Ltd (t/a GRAHAM Construction)
- v) VolkerFitzpatrick Ltd

3.19 Full tenders are programmed to be issued to these bidders in late July 2018, following the closure of the Public Inquiry, to be returned in October. A comprehensive tender evaluation process will then be undertaken to identify a preferred tenderer by December. A Contract Award will only be made following both a positive SoS decision following the PI and DfT's subsequent Full Approval decision on the business case.

#### Finance

3.20 The financial position on the project remains as previously reported to the LTB. Emerging cost pressures related to extended design and approval processes, design complexity and ongoing market volatility have led to a strategy to seek an additional funding contingency broadly equivalent to the risk allocation that remains for the project moving forward.

3.21 As noted previously, the Environment Agency have increased their financial contribution to the scheme to £3.2M and internal HCC capital bid processes for an additional contribution to the scheme of c£2.6m have been approved. HCC has previously discussed with the LEP the principles of an additional funding provision being made for c£2.3m and currently the LEP have indicated that they will consider a further application once construction cost is defined through the tender process.

#### Communications

3.22 A project newsletter was issued in May updating local stakeholders on progress and forward programme. The project team remain in regular contact with the local parish council, providing updates for their regular meetings as required.

3.23 The Public Inquiry is being held at the Village Hall in Little Hadham. Whilst there are no statutory objectors and only two other objectors, HCCs planning for the Inquiry processes, whilst proportionate, has involved considerable time and officer input, both in the preparation of the proofs of evidence, copies of all the supporting documents for use at the Inquiry and also including the rental of a temporary office to expand the available space at the Hall, thereby ensuring that space is available in the Hall for any members of the local community who may wish to attend the Inquiry to observe. The Parish Council and those responsible for the running of the Hall facilities have been most helpful in accommodating a relatively large scale event.

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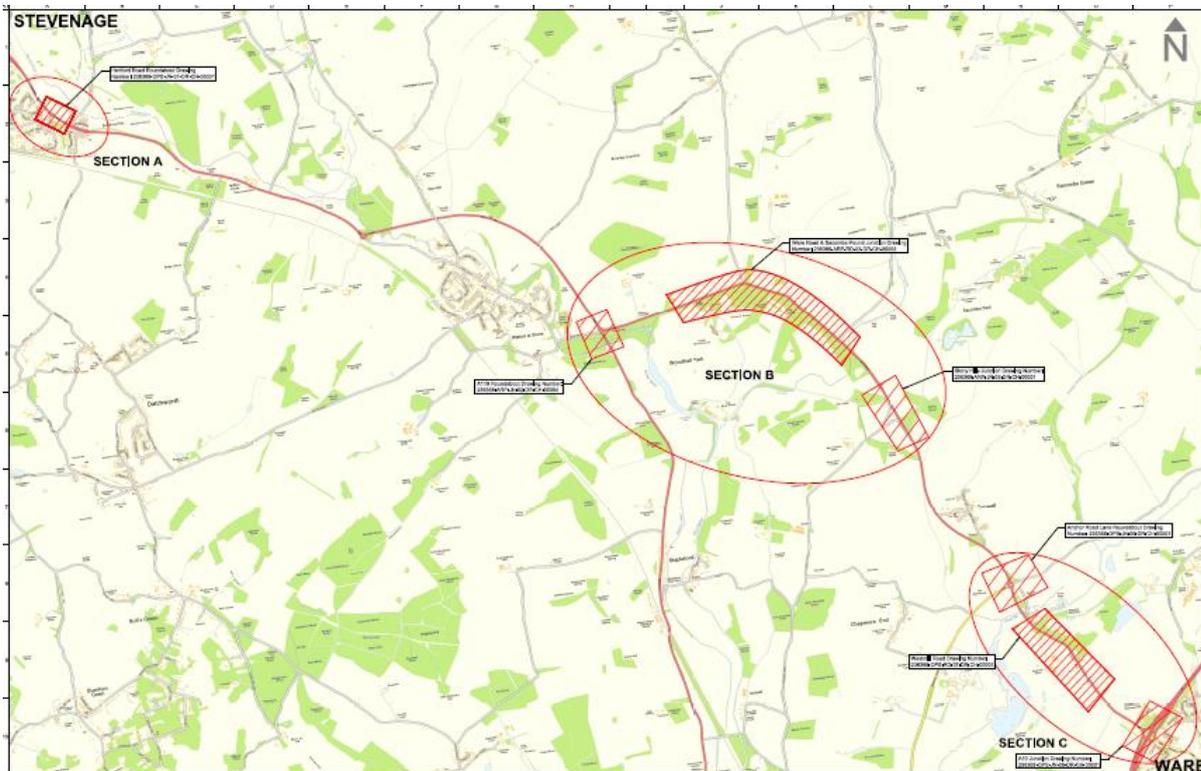
**Risk Management**

3.23 The full project risk register is available for review, but the table below sets out the current strategic level risks –

<b>Risk</b>	<b>Mitigation</b>
<b>Construction Inflation</b>	Construction costs estimates are regularly reviewed to control. Market indices and feedback continue to be reviewed.  Discussions with LEP.
<b>Uncertainty around PI approval timescales.</b>	Risk of extended timescales completion of the Inspectors report and a subsequent SoS decision is partially reduced with removal of all statutory objections.  A prudent period for SoS approval has been included within the programme following discussion with DfT.
<b>So-called “Brexit” effects</b>	Design team have sought to avoid specifying imported materials where possible.  Project team are monitoring the market and Government announcements in liaison with DfT.
<b>Construction cost</b>	Construction costs estimates are regularly reviewed for comparison against scheme estimates.  Value engineering exercise has taken place and will be repeated with Contractor (assuming scheme approval).  Strategy identified to close the current funding gap.

4. Progress Update – A602 Improvements (Stevenage to / from Ware)

Scheme sections



**Sections A & C**

- 4.1 Substantial completion of the on-highway works was achieved in the first week of July 2018. The signalised junctions at Hertford Road and the A10 were commissioned on the 2<sup>nd</sup> and 3<sup>rd</sup> July respectively. Close monitoring of the operation of these junctions has followed, with the result that some minor modifications will be made to signal operation.
- 4.2 The operation of the junctions and in particular the signal timings will continue to be monitored. The changes in both road and junction layout will require road users to adjust their behaviour to some degree as they become familiar with the new layouts. Early reports indicate that the Hertford Road junction is operating as anticipated, with traffic using the A602 through the junction experiencing significantly less delay than the previous small roundabout arrangement that has been replaced. The A10 signal junction has not initially reduced queuing as much as anticipated but signal timings continue to be monitored.
- 4.2 The contractor is continuing with off highway works to complete the project and it is anticipated the site will be fully cleared in August 2018.

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#### Section B

##### Progress Update

- 4.5 Negotiations continue very positively with the Land Owner to acquire the land necessary to construction Section B. Whilst draft Compulsory Purchase Orders are being drafted in parallel, it is anticipated a legal agreement confirming a negotiated settlement will be completed by late summer 2018.
- 4.6 A successful negotiated settlement for the scheme has the benefit of removing the risks and associated costs of both a Public Inquiry and programme prolongation and that would likely result from a CPO process.
- 4.7 Design for Section B has been advanced to around 75% completion. A review of the contract delivery for Sections A & C has commenced to inform the contract and procurement strategy for Section B.

##### Finance Summary

- 4.7 The overall forecast cost of the total project remains within the current funding allocation as reported at the last LTB.
- 4.8 The actual total outturn cost will be dependent on the degree to which identified risks are realised; final contract costs for sections A & C, the degree to which construction inflation affects tender prices for section B and other factors.

##### Programme

- 4.9 The outline programme for delivery of the scheme, making reasonable assumptions regarding completion of a negotiated settlement for land acquisition, is as follows –

Milestone	Completion Date
Section B Design	August 2018
Land Agreement finalised	Sept 2018
Procurement Section B	Sept -Dec 2018
Gateway 5 (Final Approval)	Dec 2018
Contract Award	Jan 2019
Contract mobilisation	Jan-Mar 2019
Works start on site	April 2019
Works Completion	June 2020

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Risk

4.10 The current key strategic risks for the attention of LTB are: -

<b>Risk</b>	<b>Mitigation</b>
<b>Section A &amp; C</b>	
Reputational damage to HCC and LEP as funder resulting from Disruption /delay to road users and delivery of project overall..	<ul style="list-style-type: none"> <li>Weekly meetings between NM, Contractor, Comms and Project Team. To inform pro-active publicity via website and social media</li> <li>Lessons learnt study to be undertaken to establish if contract prolongation could have been mitigated / avoided.</li> </ul>
<ul style="list-style-type: none"> <li>Construction costs rise</li> </ul>	<ul style="list-style-type: none"> <li>Proactive site management and quality control</li> <li>Contract Form was standard industry "pain/Gain" model to drive effective and open management of change and risk during construction from both employer and contractor. Lessons learnt review to consider how effective this was.</li> <li>Forecast contract final cost (including client forecast of change costs) remains within overall budget of this section of the scheme.</li> </ul>
<b>Section B</b>	
<ul style="list-style-type: none"> <li>Negotiation fails causing programme extension of 6-9 months via CPO / potential PI route</li> </ul>	<ul style="list-style-type: none"> <li>Reducing risk as negotiations progress</li> <li>Expedite completion of Agreement process.</li> </ul>
<ul style="list-style-type: none"> <li>Contract proves unattractive in buoyant construction market</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with market in advance &amp; consider use of other frameworks aside from EHF2</li> <li>Experience with A120 SQ process suggests market appetite remains high for small / medium schemes</li> </ul>
<ul style="list-style-type: none"> <li>Tender price is unaffordable</li> </ul>	<ul style="list-style-type: none"> <li>Market intelligence and detailed cost estimating in advance of issue.</li> </ul>

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**5 Progress Updates – New River Bridge (Essex Road)**

- 5.1 Further to the report made to the LTB in April, design and development of the scheme has progressed but there have been some changes to the overall programme, as set out below.
- 5.2 Following analysis of the environmental surveys, the presence of badgers and water voles within the scheme extent has led to further consultation with Natural England. The planning application scheduled for June has been rescheduled for submission in August to ensure a clear programme and strategy for the mitigation of protected species for consideration by the planning authority. This strategy is being developed with input from Natural England who would subsequently issue licenses for any works.
- 5.3 The presence of badgers on the site has resulted in an identified need to relocate a badger sett to enable the scheme to be constructed. This is an activity that has to be undertaken within particular seasons, and certain time periods and surveys are required to ensure the badgers have relocated prior to removal of the existing sett. This has resulted in the start of the main construction works being pushed back to late summer 2019.
- 5.4 This will result in an alteration of the proposed spend profile for the scheme, as more construction work will take place in 2020/21 FY than previously programmed. A submission will be made to the LEP to request this change in funding profile
- 5.5 Following submission of the planning application, the planning authority will then undertake a statutory consultation, providing the public (including stakeholders and interested parties) a further opportunity to comment. The application will be determined by the county council's Development Control Committee.
- 5.6 If planning permission is granted the County Council will then need to acquire the land required for the delivery of the scheme either by agreement or by Compulsory Purchase Order from Broxbourne Borough Council (BBC) and Thames Water.
- 5.7 Options for the acquisition of the Broxbourne Borough Council land required are being actively and positively discussed between the two authorities Property teams. Thames Water has indicated they have no objection to the necessary acquisition of the required land.
- 5.8 Subject to successful completion of the statutory processes identified above, a procurement process to appoint a Contractor will take place in Spring 2019. Construction could commence in summer 2019 with the scheme operational by the end of 2020.

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**Programme**

5.4 The outline programme for the delivery of the New River Bridge scheme is:

<b>Milestone</b>	<b>Start Date</b>	<b>Completion Date</b>
Planning Application process	August 2018	Nov 2018
Detailed Design	Sept 2018	Dec 2018
Gateway 4 – Stat Process complete	December 2018	
Complete Tender Documentation	Dec 2018	Feb 2019
Tender Process	March 2019	May 2019
Gateway 5 – Full Approval / Contract Award	June 2019	
Badger Sett relocation	Feb 2019	July 2019
Advanced Work – Site clearance	Jan 2019	August 2019
Advanced Work – Utility Diversions	March 2019	Nov 2019
Main Construction	Aug 2019	October 2020

**Risk Management**

5.8 The current strategic level risks are:

<b>RISK</b>	<b>MITIGATION</b>
<b>Disruption /delay to Highways users cause reputational damage to HCC and possible LEP as funder</b>	<ul style="list-style-type: none"> <li>• Contract documents will included quality requirements re</li> <li>• Pre contract publicity will be undertaken (involving contractor)</li> <li>• ECI involving contractor to establish TM &amp; buildability issues</li> <li>• weekly Traffic Mgmt. meetings with HCC/ Contractor/ Network mgmt. / Police will be utilised</li> <li>•Regular diarised briefings to Exec &amp; Local members will take place</li> </ul>
<b>Programme delay or disruption due to public Opposition to Scheme</b>	Public consultation and all communication and information on scheme makes clear separation of this scheme from the Planning App process for EfW plant. Ongoing communication strategy in place to stress scheme benefits.
<b>Construction Cost exceeds Estimate / tender value / budget</b>	<ul style="list-style-type: none"> <li>• Contract Form is will be established to drive effective and open management of change and risk during construction from both employer and contractor. Financial penalties on programme overrun will also be included.</li> </ul>

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<b>Failure to reach agreement with Landowner for negotiated land settlement</b>	Positive discussions on going between HCC and Brox. B C Property departments to reach negotiated position.
<b>EA Approval to structure in flood Plain</b>	<ul style="list-style-type: none"><li>• Early discussions with EA have taken place. EA and Thames Water keen to see project delivered - shared interests.</li><li>• Team has previous experience in achieving EA approval in flood areas and of modelling required.</li></ul>

**6 Buntingford South Roundabout.**

- 6.1 The April LTB Report outlined the background to this project, the need, objectives and outcomes, the options considered and the solution identified. This junction improvement project was approved in outline as part of the original Herts LEP GD3 programme bid to Government. The formal application for funding process with the LEP is ongoing. The submission of the revised application has been delayed by resources being refocused onto the preparations for the A120 Little Hadham Public Inquiry.
- 6.2 Discussions have taken place however with LEP officer and the requirements for the submission have been identified and agreed. It is anticipated that it will be submitted over the summer with LEP approval to follow later in the year subject to formal LEP meeting timetables.
- 6.3 Scheme development is continuing on programme as outlined in the April LTB report with detailed design being undertaken during 2018/19 and construction scheduled for 2019/20. This aligns with the cash flow profile identified in the preliminary LEP full funding submission.

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#### 7 Progress Update - Metropolitan Line Extension

- 7.1 In the April LTB, it was reported that the delivery of the MLX scheme had stalled, despite a Government offer of some £73m of additional funding above the £284m previously available to TfL as TfL, under direction by the Mayor of London, are unable to accept the Government's condition that they meet any future cost overruns.
- 7.2 Since work on the project effectively ceased in autumn 2017, the position is that TfL have not undertaken any of the steps necessary to prevent the lapsing of statutory powers granted through the Transport and Works Act Order before the five year period in which powers can be exercised expires in August 2018.
- 7.3 In January DfT wrote to TfL stating that they view TfL's position as 'abandonment' of the scheme, and are thus seeking repayment of DfT grant and local contributions made by the funding partners on that basis. .
- 7.4 As part on an ongoing exchange of letters, the London Mayor wrote to the Leader of Hertfordshire County Council (HCC), Baroness Thornhill (then the Watford Elected Mayor) and the Chair of Herts LEP on 16 April 2018 stating that he had not withdrawn his support for the scheme but that he would not allow TfL to accept further cost risk without access to an alternative further funding source to cover any future costs that may subsequently emerge.
- 7.5 In June HCC and Watford BC officers, along with the new Watford Elected Mayor Peter Taylor met TfL and were advised that TfL's public position now is that the scheme is 'timed out' because of the imminent lapsing of the TWAO.
- 7.6 The Leader of the Council, Elected Mayor of Watford and Chair of the Hertfordshire LEP will shortly be writing back to Mayor Khan stating that they are follow the lead of DfT in regarding TfL's position as 'abandonment' and will thus be seeking to discuss with TfL officials repayment of payments made to TfL in line with the Funding Agreement that exists between HCC and TfL.
- 7.7 In the light of the above situation, HCC and WBC have commenced work on considering alternative options to MLX, in particular:
- Consideration of mass transport options in Watford and SW Herts in a non –MLX world, and
  - Steps to secure the disused corridor (currently Network Rail owned) for future transport use
- 7.8 TfL have offered to assist in this process and the three organisations will be meeting later this month have initial discussions on exploring alternative solutions.