

Date: Thursday, 16 May 2019

Time: 10.00 am

Venue: Council Chamber, Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND

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COUNCIL

TO FOLLOW REPORT (S)

12 Shrewsbury North West Relief Road - DfT Programme Entry (Pages 1 - 34)

To receive an update on the progress towards a recently confirmed funding offer for the Shrewsbury North West Relief Road following submission of an outline business case under the Department of Transport's Large Local Majors funding programme. REPORT TO FOLLOW

Contact: Mark Barrow Director of Place

Tel. 01743 258671

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Council 16th May 2019 – Shrewsbury North West Relief Road – DfT Programme Entry



<u>Committee and Date</u>	<u>Item</u>
Full Council – 16 th May 2019	
	<u>Public</u>

Shrewsbury North West Relief Road – DfT Programme Entry

Responsible Officer Prof. Mark Barrow - Executive Director of Place
e-mail; Mark.Barrow@shropshire.gov.uk

1. Summary

- 1.1 This report will update the Council on the progress towards a recently confirmed funding offer for the Shrewsbury North West Relief Road (SNWRR), following the submission of an Outline Business Case (OBC under the Department for Transport (DfT) Large Local Majors (LLM) funding programme in December 2017.
- 1.2 This report also restates the future financial commitment required by the Council on programme entry to the LLM.
- 1.3 The report describes Shropshire Councils SNWRR Programme Delivery arrangements, to include Team Structures, Stakeholder Engagement, internal and external reporting arrangements, and wider Communications plans.

2. Recommendations

- a) To confirm the Council's Programme Entry into the LLM, taking forward previous Council endorsement of this under the submission of the completed OBC to DfT December 2017.
- b) To authorise the Director of Finance, Governance and Assurance (s151 Officer) to sign the DfT funding offer dated 21st March 2019 thereby agreeing to accept the full terms and conditions detailed therein as per Appendix 2.

- c) To delegate programme development responsibility and spend in line with the submitted OBC, up to Full Business Case submission, and Project Programme and financial profile (as more fully set out in paragraphs 5.1 and 6.3) to the Executive Director of Place in consultation with the Portfolio Holder for Highways and Transport.
- d) Note that a further report will be brought back to Council, to identify the agreed mechanism by which the Council's funding will be obtained and allocated as part of the approval of the Full Business Case submission.

3.0 REPORT

3.1 The SNWRR proposal has been in the public domain for many years. There have been numerous studies and evaluation exercises around the proposal throughout its lifetime, although none of these to date have proceeded to a full bid for construction costs. At the start of the 2016 year, there was therefore a wealth of study and evaluation data collated and held by the Council, although given the protracted period over which this had been gathered, its relevance to Shrewsbury's current position was in question.

3.2 The lack of a direct road link between the northern and western parts of the town has been a major source of traffic problems for a very long time. Both the northern and western approaches to the town centre are heavily congested at peak times, and the presence of through traffic in the town centre leads to long queues and delays, blocking back through key junctions. None of these routes is suitable for this traffic, but there are no practical alternatives for most trips.

3.3 Shrewsbury continues to grow. New development is already under way at the southern Sustainable Urban Extension (SUE), and further growth is planned at the western SUE. Nationally, traffic levels are starting to rise again after the years of recession. The highway network is again under strain. One consequence of this is that incidents on one part of the network quickly lead to traffic backing up, or diverting, causing problems over a wider area. This lack of resilience is a concern. As traffic demand increases, we expect to see more traffic on the north-west corridor through the town, increased congestion, queuing and delay, adverse impacts on noise and air quality and increased transport costs to the regional and local economy.

3.4 Key problems;

The key problems are identified as:

- Traffic congestion
- Poor connectivity between the north and west of Shrewsbury for all modes of transport
- Unreliable journey times and long delays
- “Rat-running” traffic on unsuitable rural roads
- Inefficiency of the transport network, especially for buses
- Lack of network resilience
- Road accidents
- Poor air quality
- Carbon and other greenhouse gas emissions

3.5 In the future, as the town grows and background traffic demand increases, if nothing is done it is expected that all of the above problems will worsen. Traffic congestion is likely to get worse and journey times will become longer and less predictable as the network becomes less resilient, affecting both public and private transport. Rat-running could increase, as could accidents. In addition:

- Junctions on the existing bypasses (especially A5/A49 Dobbies Island) will become increasingly congested
- The Shrewsbury West Sustainable Urban Extension will suffer from poor accessibility to the north, making it less attractive to new development
- New transport investments, especially the proposed Oxon Link Road and SITP, will not achieve their full potential as projects.

3.6 Aims and objectives

The **primary aim** of the Shrewsbury North West Relief Road is:

- **To improve Shrewsbury as a place in which to live, work and invest, by reducing congestion.**

The desired **high level or strategic outcomes** are:

- To reduce congestion
- To support the economic competitiveness of Shrewsbury and Shropshire
- To support the delivery of planned growth and development in Shrewsbury
- To enhance the benefits of other transport investment
- To protect and enhance Shrewsbury’s built and natural environment
- To contribute towards a reduction in greenhouse gas emissions
- To improve the quality of life for people in Shrewsbury

- To improve road safety
- To support sustainable modes of transport

The **specific or intermediate objectives** are:

- To reduce traffic congestion
- To improve connectivity and accessibility between the north and west of Shrewsbury for all modes of transport
- To improve the reliability of journey times and reduce unforeseen delays
- To reduce the amount of traffic rat-running on unsuitable rural roads
- To improve the efficiency of Shrewsbury's transport network for all modes of transport.
- To improve the resilience of Shrewsbury's transport network.
- To enhance the benefits of the Oxon Link Road and Integrated Transport Plan schemes.
- To reduce the number of people killed or seriously injured on roads in Shrewsbury.
- To improve air quality, especially in the built-up areas of Shrewsbury
- To reduce net emissions of CO2 and other greenhouse gases

The **operational objectives** are:

- To provide a new river crossing between the western and northern parts of the town, linking the A5 (west) to the A49 (north).
- To reduce traffic congestion in Shrewsbury town centre, on the north and west approaches to the town, and on the bypasses
- To significantly reduce journey times and distances between the north and west of Shrewsbury
- To significantly reduce the amount of traffic unnecessarily crossing the town centre
- To provide traffic relief to key junctions on the existing bypasses, including the A5/A49 Dobbies Island.
- To significantly improve the accessibility of the Shrewsbury West Sustainable Urban Extension.

3.7 The SNWRR remained on the Council's strategic pipeline schemes list, but with the evidence base being in need of further development work. Shropshire Council submitted a bid for funding under the Department for Transport's LLM. This application was submitted via, and supported by, the Marches Local Enterprise Partnership. Allocations under the bidding round were allocated on a competitive basis by DfT.

3.8 Shropshire Council was successful in being awarded £942,875 of external funding under the LLM.

3.9 This round of the LLM gave the opportunity to access external DfT revenue funding within the 2016/17 financial year. The bid requested funding to refresh historic evidence held concerning the SNWRR, with a view to examining the current potential to re-establish a business case for the SSNWRR.

3.10 A refreshed business case allowed Shropshire Council to put the concept of a SSNWRR into a present day setting, where such initiatives as the Shrewsbury Integrated Transport Package and the Oxon Link Road are now programmed for delivery over the next 5 years. Wider acknowledgement of the town centre development potential, and the aspirations of the Shrewsbury Big Town Plan are also able to be referenced and assisted.

3.11 The completed OBC was submitted to DfT in December 2017 following Council endorsement of the funding profile (13th Dec 2017 – Appendix 1), 5 year build plan, and the requirement for a local funding contribution.

3.12 Following a year of standstill pending DfT's announcement of successful LLM schemes, the award of funding and LLM Programme Entry Offer was finally confirmed 21st March 2019. (Appendix 2)

4. Large Local Majors Programme Entry, DfT Offer Letter (See Appendix 2), and associated risks.

Conditions summary;

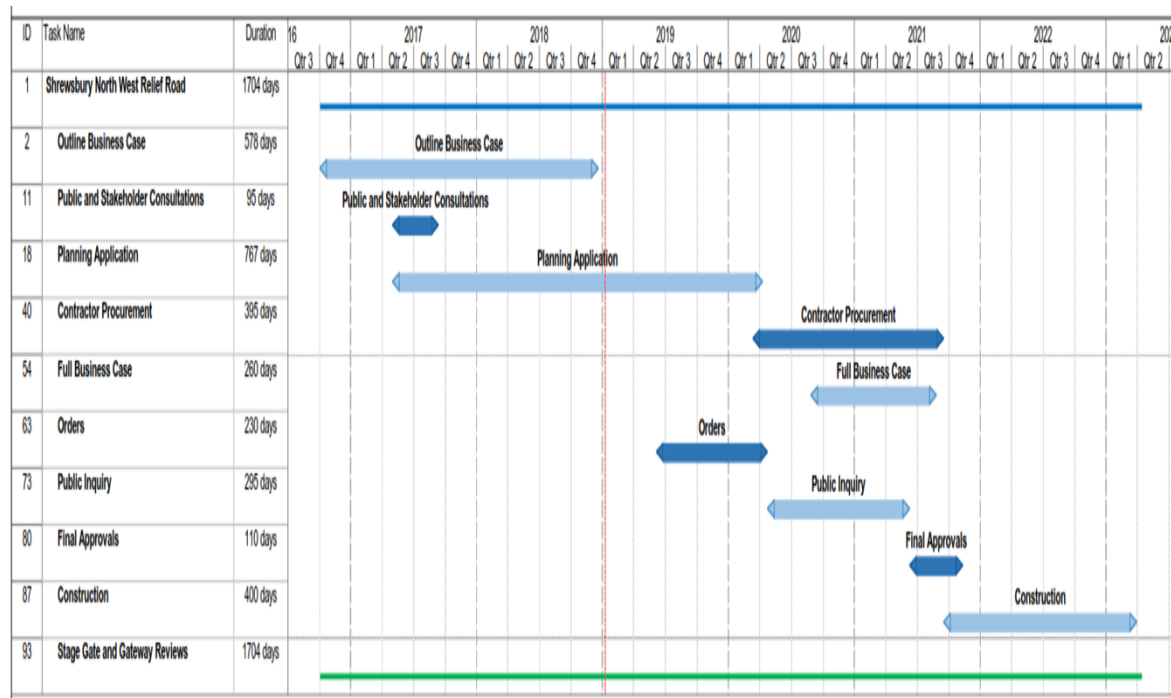
- £54.4m offer (capped) towards estimated scheme cost in OBC of £71.4m, to be paid as a Capital Grant
- Shropshire Council is solely responsible for spend over and above the total scheme amount
- Release of construction funding reliant on progress through Full Business Case tests (est Sept 2021)
- Quarterly financial and progress monitoring process with DfT

4.1 Risks

Risk	Mitigation
DfT Funding could be withdrawn at any time due to national funding issues	Ongoing liaison with DfT nationally on a quarterly basis on project monitoring and forecasting, also ongoing local liaison with DfT stakeholder representative. This will allow the programme to be managed with maximum foresight of any changes to DfT funding allocations.
FBC with any increased costs and/or scope not accepted by DfT	To work to submitted OBC programme in establishing market costs and construction programme costs. Early engagement with DfT to be undertaken on establishment of actual construction costs, prior to FBC being submitted. Consideration of increased local funding contribution. Value engineering approach in latter design stages as required
Project delivery suspended / halted due to local changes in circumstance (financial, planning, Public Enquiry) leading to financial clawback	Establishment and management of local project risk register, ongoing engagement with Planning Authority and key stakeholders and rigorous pre-application preparation.
Land and asset acquisition being made by Shropshire Council in advance of accepted FBC	All land acquisition agreements to be made pending, and subject to, the condition that FBC is accepted by DfT
Costs in FBC preparation exceed current OBC forecasts	Work programme and resource allocation to engineering, stakeholder engagement, traffic modelling, project management and pre planning preparation to be monitored and managed closely by SNWRR Project Board.
ESIA requirement as part of ongoing project delivery	To undertake ESIA most usefully in parallel with planned public and stakeholder engagement under the pre planning application process. Regular updates will be made as overall SNWRR design elements are finalised

5. Revised Delivery Programme.

5.1 Following the 2018 year standstill, and in line with the required 5 year funding programme through DfT, the following revised programme has been agreed. Full details are contained in Appendix 3, a summary of this is below;



5.2 Key Dates;

- DfT Funding Award – 21st March 2019
- Planning Application Submitted – January 2020
- Planning Committee – Spring 2020
- Commence Procurement – Summer 2020
- Public Inquiry – Spring to Summer 2021
- Final DfT endorsement – Winter 2021
- Contract Award – Winter 2021
- Construction Starts – Spring 2022
- Road Open – Spring 2023
- Full construction (off highway) completed Spring 2024

6. Financial Implications

6.1 Outline Business Case preparation costs to submission

Shropshire Council submitted a bid for funding under the Department for Transport's Local Major's Fund (LMF) in September 2016. This application was submitted via, and supported by, the Marches Local Enterprise Partnership. Shropshire Council was successful in being awarded £942,875 of external project development revenue funding under the LMF, this being matched with £49,625 of Council funds.

This funding was utilised to prepare and submit the completed Outline Business Case to DfT in December 2017 following Council endorsement of the funding profile (13th Dec 2017 – Appendix 1), 5 year build plan, and the requirement for a local funding contribution.

The Outline Business Case was finalised and submitted with estimated construction costs of £71.4m and the requirement to show a local funding contribution of between 20% and 30%. This was included in the bid as follows:

Department for Transport	£54,406,419
Shropshire Council	£16,993,081

The local funding contribution of £16.993m represents 23.8% of the final submitted construction costs and meets the requirement to contribute to between 20% and 30% of the costs.

6.2 Summary of the Economic and Financial Cases

The Economic Case identifies and assesses all the impacts of the proposed scheme to determine its overall value for money. It takes account of the costs of developing, building, operating and maintaining the scheme, and a full range of impacts, including those impacts which can be monetised.

Model outputs (based upon the 2009 fixed demand model) within the Outline Business Case indicated a Benefit Cost Ratio (BCR) of approximately 4.

In DfT value for money (VfM) terms this is considered to offer a **very high** value for money.

- Poor VfM - if BCR is below 1.0;
- Low VfM - if the BCR is between 1.0 and 1.5;
- Medium VfM - if the BCR is between 1.5 and 2;
- High VfM - if the BCR is between 2.0 and 4.0; and
- Very High VfM if the BCR is greater than 4.0.

This assessment forms part of the DfT decision on funding for the project and any changes that could alter the value for money calculation on the project could result in a reconsideration of the funding offer.

6.3 Financial profile

The Outline Business Case submission detailed an annual spending profile as set out below:

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	Total
Government/ DfT Funding	£192,535	£5,151,574	£3,995,409	£10,660,476	£34,406,425	£0	£54,406,419
SC Contribution	£350,000	£991,491	£768,971	£2,051,754	£6,622,535	£6,208,330	£16,993,081
Total	£542,535	£6,143,065	£4,764,380	£12,712,230	£41,028,960	£6,208,330	£71,399,500

On acceptance of the award offer, the original OBC funding programme dates will be revised to match the actual commencement date, and used to draw down costs incurred during the stage of developing the project to Full Business Case submission.

During the final business preparation, which is due for final submission by Q3 2021/22, the Council will incur costs estimated up to £15m to meet the requirements for DfT final approval. The final business case will need to include:

- Confirmation of the overall cost and scope of the scheme;
- A declaration that the Council has acquired all the necessary statutory powers to construct the scheme;
- Confirmation that the Council has completed the procurement process to a stage where it has a preferred bidder and a firm and final offer; and
- Confirmation from the Section 151 officer that the Council has the ability to cover all remaining funding required.

The current funding offer allows the Council to complete the negotiation of all the remaining legal and procurement processes required, following which a request for full approval can be made, but not enter into final contractual or other legal commitments.

It is estimated that the cost of work to proceed to Full Business Case will be a maximum of £15m. This will be comprised of both design and survey costs, but

may also include the early establishment of agreements to acquire land and property by the Council as required, in order to construct the road.

The estimated cost of £15m to Full Approval will be incurred in the following areas:

- Final full design
- Site surveys
- Site investigations
- Securing Planning Application
- Stakeholder Management
- Public Exhibitions and Consultation
- Final Business Case preparation
- Statutory undertaking
- Land costs – exchange and completion following Full Approval.

It is intended that the majority of these costs will be drawn down from the DfT in line with the funding profile agreed as part of the Outline Business Case. There will remain a risk until Full Approval that full or part of these costs cannot be reclaimed from the DfT and this has been recognised in the Risk in section 4.1.

To ensure this risk is kept to a minimum the Council must remain fully engaged with the DfT throughout the period to Full Approval via the Large Local Majors Quarterly Monitoring Return. This reports on both project progress and estimated outturn costs at each quarter end and will highlight any changes to the overall cost, scope or design of the project that would be considered to be material.

6.4 Local Funding requirements

Under the Large Local Majors Programme, there is a requirement for the Council to provide local match funding. As agreed under the submitted Outline Business Case, this is at a level of £16,993,081 (23.8%).

At the point of Outline Business Case submission, the maximum local contribution was capped at £25m (Appendix 4)

It is expected that the majority of the local funding spend will be deferred to the second half of the SNWRR Programme (see above spend profile), and that the call on this will be in the majority, post 2021/22 year.

At the point of Programme Entry, there is no requirement to confirm the mechanism or source of this local funding requirement. It is only at the time the Council agrees to pursue the scheme further, through Full Business Case (Q3

2021/22) to construction that the detail and final value of the local contribution will need to be agreed and contracted with DfT.

Work to produce the Final Business Case will be informed by market testing of construction and material costs in order to refine the final local contribution value. The values stated within the current OBC are calculated with a risk value (“worst case scenario”) at this point, and issues such as material and construction sector inflation will be fully resolved at the point that the Final Business Case is submitted.

There remains a risk that, during the Final Business Case preparation, market costs, material costs / inflation, and ground and design constraints may impose higher costs of the construction programme, but these will be known at the time of Final Business Case submission.

The funding offer letter states that there will be no further funding provided by the DfT and that Shropshire Council is solely responsible for meeting any expenditure over and above their grant offer amount of £54.4m.

The funding offer letter also states that if the estimated costs of the project fall below the £71.4m currently estimated, the DfT contribution will reduce proportionately.

During the development of the Full Business Case, the Council will seek to secure partnership funding for the project from a number of potential sources including the following:

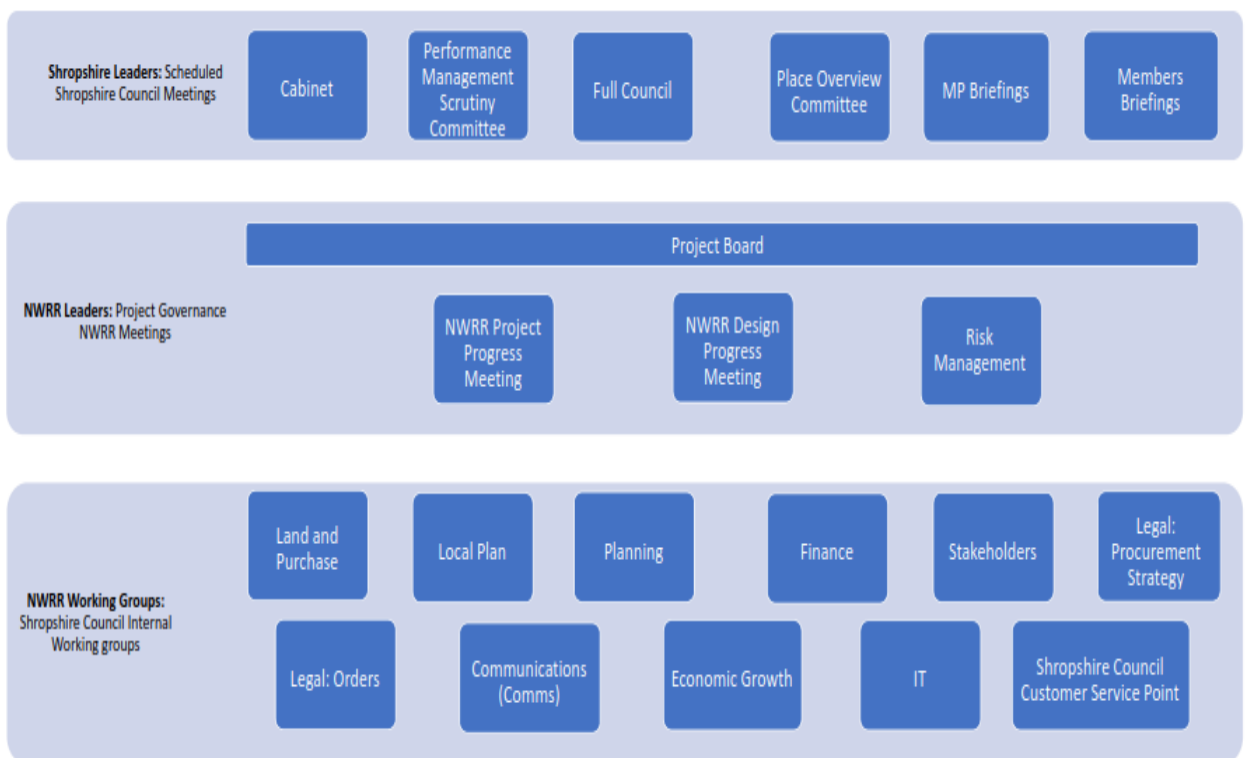
- Developer Contributions – Where such Employment and Housing sites are released by the SNWRR, or where the delivery of the SNWRR mitigates the traffic impacts of such developments within the town
- Midland Connect regional funding programmes
- Marches LEP local funding programmes
- Negotiation with DfT on the proposed local intervention rate (currently at 23.8%)

The Final Business case, including full detail of the construction costs and local funding contribution and sources will be required to be approved by Full Council in due course prior to submitting.

7.0 Project Governance Structure

The SSSNWRR Project will be delivered through the below structure. This will ensure both internally, and with wider Member and Stakeholder groups that the following matters are effectively managed and updates disseminated;

- Financial monitoring and reporting
- Project progress reporting
- Member liaison and scrutiny
- Stakeholder engagement and consultation
- Risk management and mitigation
- Effective communications
- Appropriate cross project working in order to assist in the delivery of wider Council objectives (Shrewsbury Big Town Plan, Western and Southern SUEs, town centre regeneration, SITP etc.)



List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

National Policies

- Creating Growth, Cutting Carbon: Making Sustainable Local Transport Happen. Local Transport White Paper, 2011:
- Roads Investment Strategy 2015/16 to 2019/11
- National Infrastructure Delivery Plan (2016 – 2021)
- Roads Investment: The Roads Funding Package
- National Planning Policy Framework (NPPF)

Regional Policies and Guidance

- The Midlands Engine for Growth Prospectus and Midlands Connect Strategy
- The Marches Strategic Economic Plan: “Accelerating Growth through Opportunity
- The Marches LEP –Strategy for Growth (2013 – 2022)
- The Marches Growth Deal
- The Marches and Mid-Wales Freight Strategy

Local Policies

- Shrewsbury Growth Point
- Shropshire Local Plan (2011 - 2026)
- Shrewsbury and Surrounding Area Place Plan
- Shropshire Local Transport Plan (2011 – 2026)
- Shropshire Economic Growth Strategy (2017 - 2021)

Dec 2017 SSNWRR OBC - <https://www.shropshire.gov.uk/roads-and-highways/shrewsbury-north-west-relief-road/>

Cabinet Member (Portfolio Holder) Cllr Steve Davenport

Local Members;

Cllr Peter Adams

Cllr Peter Nutting

Cllr Alexander Phillips

Cllr Ioan Jones

Cllr Dean Carroll

Appendices

Appendix 1. Cabinet Report December 2017

Appendix 2. DfT Programme Entry Communications

Appendix 3. SNWRR Draft Delivery Programme

Appendix 4. S151 letter - OBC submission



<u>Committee and Date</u>	<u>Item</u>
Cabinet – 13th December 2017	
	<u>Public</u>

Shrewsbury North West Relief Road – Submission of Outline Business Case to DfT

Responsible Officer George Candler - Director - Place & Enterprise
e-mail; George.candler@shropshire.gov.uk Tel: Fax:

1. Summary

- 1.1 This report will update the Council on the work undertaken in preparation of an Outline Business Case (OBC) in preparation for a submission under the Department for Transport (DfT) Large Local Majors (LLM) funding programme.
- 1.2 This report also describes the potential future financial commitment required by the Council on award of any future development and construction funding by DfT.
- 1.3 The Shrewsbury North West Relief Road (NWRR) proposal has been in the public domain for many years. There have been numerous studies and evaluation exercises around the proposal throughout its lifetime, although none of these to date have proceeded to a full bid for construction costs. At the start of the 2016 year, there was therefore a wealth of study and evaluation data collated and held by the Council, although given the protracted period over which this had been gathered, its relevance to Shrewsbury's current position was in question.
- 1.4 The NWRR remains on the Council's strategic pipeline schemes list, but with the evidence base being in need of further development work. Shropshire Council submitted a bid for funding under the Department for

Transports LLM. This application was submitted via, and supported by, the Marches Local Enterprise Partnership. Allocations under the bidding round were allocated on a competitive basis by DfT.

- 1.5 Shropshire Council was successful in being awarded **£942,875** of external funding under the LLM.
- 1.6 This round of the LLM gives the opportunity to access external DfT revenue funding within the 2017/18 financial year. The bid requested funding to refresh historic evidence held concerning the NWRR, with a view to examining the current potential to re-establish a business case for the NWRR.
- 1.7 A refreshed business case will now allow Shropshire Council to put the concept of a NWRR into a present day setting, where such initiatives as the Shrewsbury Integrated Transport Package and the Oxon Link Road are now programmed for delivery over the next 5 years.
- 1.8 The completed OBC is required to be submitted by 22nd December 2017
- 1.9 It is to note that, there are currently no guaranteed national funding opportunities to which an emergent positive business case could lead to an application for future construction costs. The Council has continued to liaise closely with DfT and also the Midlands Connect initiative in order to ensure that the outcome of the business case refresh is ensured as high as possible profile in any future national LLM construction funding rounds.

2. Recommendations

- a) To approve the submission of the completed OBC to DfT by 22nd December 2017.
- b) To approve delegation to submit the finalised OBC to the Director of Place & Enterprise, in consultation with the Portfolio Holder for Highways and Transport.
- c) Note that a further report will be brought back to Cabinet and Council as appropriate, dependent on the award of any further project funding through DfT, as part of the Spring Statement announcements 2018.

REPORT

Summary of the Strategic Case

1. Introduction

The Strategic Case will set out the reasons why Shropshire Council believes that a north-west relief road is needed for Shrewsbury. It shows how the scheme fits into a wider strategy for the development of Shrewsbury, and demonstrates that it aligns with national, regional and local strategic policy objectives.

The Strategic Case describes how the Council has considered a full range of options, including non-road and non-car options, and undertaken extensive consultation with stakeholders and local people. The resulting scheme is the one which the Council considers best able to meet local aspirations and deliver the strategic objectives.

Together with the other four cases in the Outline Business Case, the Strategic Case explains why this investment is needed now, to address existing concerns about congestion, and to facilitate future economic growth and development.

2. Physical context

Shrewsbury is a medium sized town with a large rural hinterland. Its defining physical characteristic is an almost complete natural loop of the River Severn, within which the mediaeval town grew up. The river loop now encloses the present day town centre, which has just three main points of entry by road and a largely unaltered mediaeval street pattern.

Present day Shrewsbury extends over a much wider area, with development extending outward from the river loop. There are out-of-town supermarkets and shopping centres to the north and south. Some traditional industry remains to the north of the town and there are newer employment areas at Battlefield to the north and London Road to the south east. The suburbs of Shrewsbury form a broad crescent from Harlescott in the north to Copthorne and The Mount in the west. Within this crescent lie the main schools, colleges, hospitals, and public and private sector employment areas.

By contrast, the north-west sector of the town is almost completely undeveloped.

3. Socio-economic context

Shropshire's productivity is well below the regional and national averages, and its growth is lower than that for the UK as a whole, although unemployment is lower than the national average. Car ownership data indicates a relatively high degree of car dependence.

4. Transport context

Shrewsbury lies at the intersection of the A5 and A49 trunk roads. A bypass of the original A5, completed in 1933, now forms a section of a partial inner ring

road (the B4380). More recently constructed, modern roads, originally part of the A49, extend this partial ring to serve the east and north of the town.

In the 1990s, new outer bypasses for the A5 and A49 were built on the south and east sides of the town respectively, and the A5 was realigned to form a high capacity link between Shrewsbury and the M54 at Telford.

There is no equivalent purpose-built link between the north and west sides of the town. Instead, traffic between north and west has to travel either through the built-up area or take a long detour around the bypass or inner ring. To the north-west of the town, a number of minor lanes allow traffic to rat run between north and west – a source of public concern.

A north-west relief road would provide the “missing link” in the local road network.

5. Policy context

The proposed North West Relief Road is closely aligned with the following national, regional and local transport plans and policies:

National Policies

- Creating Growth, Cutting Carbon: Making Sustainable Local Transport Happen. Local Transport White Paper, 2011:
- Roads Investment Strategy 2015/16 to 2019/11
- National Infrastructure Delivery Plan (2016 – 2021)
- Roads Investment: The Roads Funding Package
- National Planning Policy Framework (NPPF)

Regional Policies and Guidance

- The Midlands Engine for Growth Prospectus and Midlands Connect Strategy
- The Marches Strategic Economic Plan: “Accelerating Growth through Opportunity
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- The Marches Growth Deal
- The Marches and Mid-Wales Freight Strategy

Local Policies

- Shrewsbury Growth Point
- Shropshire Local Plan (2011 - 2026)
- Shrewsbury and Surrounding Area Place Plan
- Shropshire Local Transport Plan (2011 – 2026)
- Shropshire Economic Growth Strategy (2017 - 2021)

A well-functioning transport system is key to continued economic success, and to enable delivery of housing, employment and social infrastructure. The Government invests directly in the Strategic Road Network, providing the capacity and connectivity to support economic activity and combat congestion, and to connect communities. The Government also recognises that local roads are a crucial element of the transport system, and provides financial support for key local transport schemes through Growth Deals and Large Local Majors

Fund. Shrewsbury NWRR has been allocated development funding from the Fund.

Regional transport strategies define corridors for growth, including the Birmingham – Telford – Shrewsbury corridor, in which improved connectivity will facilitate business clustering, unlock economic potential and create jobs. However, congestion, ageing transport infrastructure and poor accessibility to employment centres are identified in The Marches Strategic Economic Plan as barriers to growth. The NWRR would help deliver homes and jobs by improving connectivity and reducing congestion in Shrewsbury.

The challenge for Shrewsbury is to achieve economic and physical development within the constraints of the town's unique form and character. Connectivity between north and west is constrained by the River Severn and the islanded town centre. Planned growth is focused on two urban extensions, providing new homes and jobs in sustainable locations to the south and west. Local strategies and plans identify three linked transport schemes to support these: Shrewsbury Integrated Transport Package, Oxon Link Road and the NWRR.

The NWRR will link new and established employment clusters to wider markets, whilst enabling the local transport network to continue functioning efficiently into the future.

6. The need for the scheme

The lack of a direct road link between the northern and western parts of the town has been a major source of traffic problems for a very long time. Both the northern and western approaches to the town centre are heavily congested at peak times, and the presence of through traffic in the town centre leads to long queues and delays, blocking back through key junctions. None of these routes is suitable for this traffic, but there are no practical alternatives for most trips. Shrewsbury continues to grow. New development is already under way at the southern Sustainable Urban Extension (SUE), and further growth is planned at the western SUE. Nationally, traffic levels are starting to rise again after the years of recession. The highway network is again under strain. One consequence of this is that incidents on one part of the network quickly lead to traffic backing up, or diverting, causing problems over a wider area. This lack of resilience is a concern. As traffic demand increases, we expect to see more traffic on the north-west corridor through the town, increased congestion, queuing and delay, adverse impacts on noise and air quality and increased transport costs to the regional and local economy.

7. Key problems

The key problems are identified as:

- Traffic congestion
- Poor connectivity between the north and west of Shrewsbury for all modes of transport
- Unreliable journey times and long delays
- “Rat-running” traffic on unsuitable rural roads

- Inefficiency of the transport network, especially for buses
- Lack of network resilience
- Road accidents
- Poor air quality
- Carbon and other greenhouse gas emissions

In the future, as the town grows and background traffic demand increases, if nothing is done it is expected that all of the above problems will worsen. Traffic congestion is likely to get worse and journey times will become longer and less predictable as the network becomes less resilient, affecting both public and private transport. Rat-running could increase, as could accidents. In addition:

- Junctions on the existing bypasses (especially A5/A49 Dobbies Island) will become increasingly congested
- The Shrewsbury West Sustainable Urban Extension will suffer from poor accessibility to the north, making it less attractive to new development
- New transport investments, especially the proposed Oxon Link Road, will not achieve their full potential as a transport link.

8. Aims and objectives

The **primary aim** of the Shrewsbury North West Relief Road is:

- **To improve Shrewsbury as a place in which to live, work and invest, by reducing congestion.**

The desired **high level or strategic outcomes** are:

- To reduce congestion
- To support the economic competitiveness of Shrewsbury and Shropshire
- To support the delivery of planned growth and development in Shrewsbury
- To enhance the benefits of other transport investment
- To protect and enhance Shrewsbury's built and natural environment
- To contribute towards a reduction in greenhouse gas emissions
- To improve the quality of life for people in Shrewsbury
- To improve road safety
- To support sustainable modes of transport

The **specific or intermediate objectives** are:

- To reduce traffic congestion
- To improve connectivity and accessibility between the north and west of Shrewsbury for all modes of transport
- To improve the reliability of journey times and reduce unforeseen delays
- To reduce the amount of traffic rat-running on unsuitable rural roads
- To improve the efficiency of Shrewsbury's transport network for all modes of transport.
- To improve the resilience of Shrewsbury's transport network.

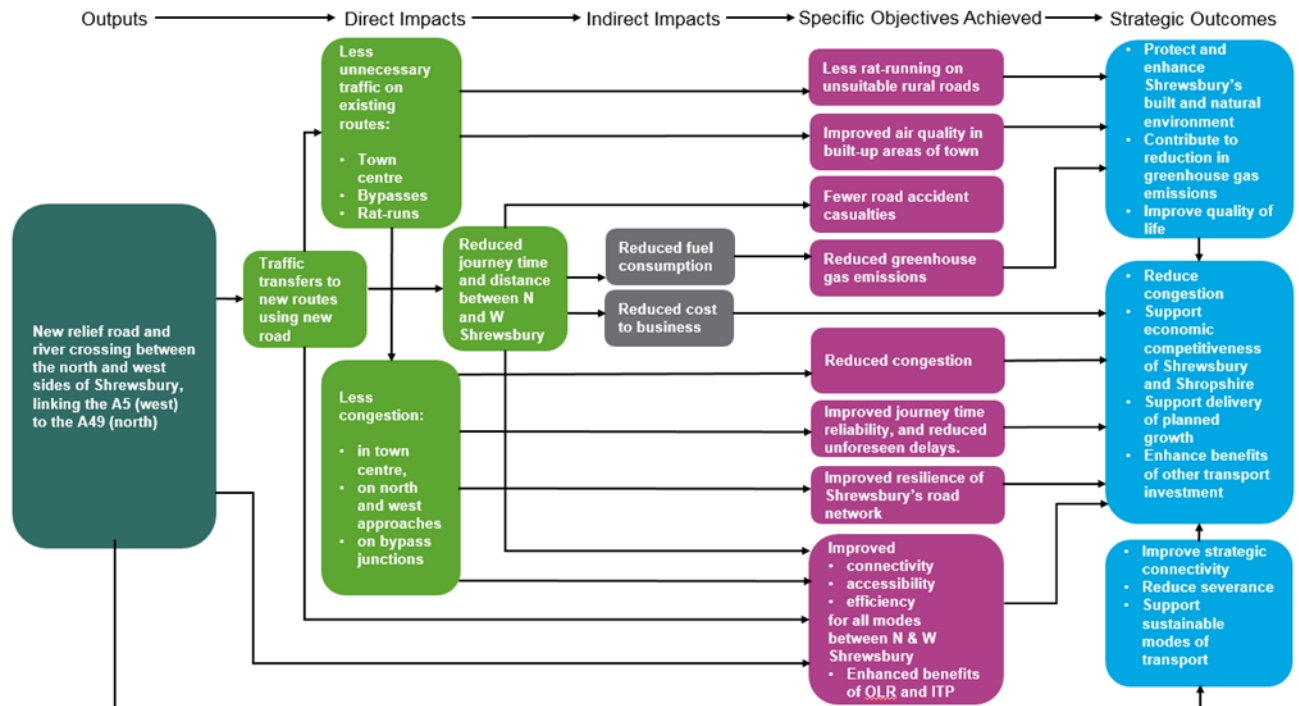
- To enhance the benefits of the Oxon Link Road and Integrated Transport Plan schemes.
- To reduce the number of people killed or seriously injured on roads in Shrewsbury.
- To improve air quality, especially in the built-up areas of Shrewsbury
- To reduce net emissions of CO2 and other greenhouse gases

The **operational objectives** are:

- To provide a new river crossing between the western and northern parts of the town, linking the A5 (west) to the A49 (north).
- To reduce traffic congestion in Shrewsbury town centre, on the north and west approaches to the town, and on the bypasses
- To significantly reduce journey times and distances between the north and west of Shrewsbury
- To significantly reduce the amount of traffic unnecessarily crossing the town centre
- To provide traffic relief to key junctions on the existing bypasses, including the A5/A49 Dobbies Island.
- To significantly improve the accessibility of the Shrewsbury West Sustainable Urban Extension.

9. Delivery of the objectives

The Strategic case shows how a NWRR is expected deliver these objectives, as illustrated below:



The specific objectives will have been achieved if the scheme leads to:

- Less traffic congestion (i.e. shorter journey times) in Shrewsbury town centre (e.g. Smithfield Road)
- Less traffic congestion (i.e. shorter journey times) on the northern and western approaches to Shrewsbury town centre, and on the bypasses
- Improved connectivity and accessibility (i.e. shorter journey times and distances) between the north and west of Shrewsbury for all modes of transport
- More reliable journey times and fewer unexpected delays
- Less traffic rat-running on rural roads to the north and west of Shrewsbury
- A more efficient network (i.e. shorter journey times and distances in the area generally) for cars, goods vehicles, buses and cycles
- A more resilient network, better able to cope with unexpected or unusual events
- Enhanced benefits of the Oxon Link Road (i.e. improved accessibility to new development at Oxon)
- Enhanced benefits of the Shrewsbury Integrated Transport Plan:
- Less traffic overall in the town centre
- Less congestion at junctions on the distributor ring road
- Fewer people killed or seriously injured on roads in Shrewsbury

- Improved air quality, especially in the declared Air Quality Management Areas (AQMAs) at Heathgates and Shrewsbury Town Centre
- Reduced overall emissions of CO₂ and other greenhouse gases

10. **Scope of the proposed scheme**

The proposed scheme will comprise a new 7.3m single carriageway all-purpose road to the north-west of Shrewsbury, from the eastern end of the proposed Oxon Link Road to the western end of the existing Battlefield Link Road, including a new single carriageway bridge over the River Severn and its floodplain, and a new bridge over the railway. It will include a combined footway, cycleway/bridleway

The NWRR, Oxon Link Road and Battlefield Link Road will form a complete route between the A5 trunk road at Churncote Roundabout and the A49/A53 Battlefield Roundabout, completing an orbital bypass for Shrewsbury. The scheme will include “at grade” roundabout junctions at Holyhead Road and Berwick Road and an enlarged roundabout at Ellesmere Road. Huffley Lane will be diverted to a new junction with A528 Ellesmere Road, north of the roundabout.

The scheme includes landscaping, planting, and environmental mitigation work including the acquisition of Hencott Pool to enable habitat improvements. (Appendix.1)

11. **Constraints**

The Strategic case identifies the potential constraints on the development of a NWRR:

- Physical constraints (including the need to cross the River Severn)
- Environmental constraints (including impacts on landscape, ecology and water resources)
- Financial constraints
- Contractual constraints
- Public acceptability constraints

Subject to mitigation of environmental impacts, and the availability of government funding it is concluded that there are no insurmountable constraints on the construction of a NWRR.

12. **Interdependencies**

The NWRR depends on the provision of the proposed Oxon Link Road (from A5 Churncote to Holyhead Road). This scheme is being funded from the Local Growth Fund. Construction of the Oxon Link Road is programmed to commence in 2019 and to complete by March 2021

There are no currently proposed schemes which are themselves dependent on the NWRR.

13. Consultation

Consultations have taken place over a number of years, culminating in an extensive public and stakeholder information sharing / informal consultation exercise prior to the submission of the OBC in November 2017. Subject to a positive response to the OBC by DfT, further full Public and Stakeholder consultation will then be taken in advance of, and then as part of, a full Planning Application.

Public exhibitions were held at the following venues:

- Shirehall, Shrewsbury Tuesday 17th October 5pm until 8pm
- The Darwin Shopping Centre, Shrewsbury Friday 20th October , 2pm to 5pm
- The Darwin Shopping Centre, Shrewsbury Saturday 21st October , 10am to 5pm
- The Grange Youth Centre, Mount Pleasant Road, Shrewsbury Monday 23rd October 2pm to 8pm
- Baschurch Village Hall, Eyton Lane Tuesday 24th October 4pm until 8pm
- Oxon Church Community Hall, Welshpool Road, Shrewsbury Wednesday 25th October 2pm to 8pm

In addition meetings were offered to all landowners directly affected by the road scheme.

In total 633 responses were received from individuals and businesses by the 8th November via postal and online questionnaires

The responses received from the public and businesses showed that 67.5% agreed that the preferred route should be built and 30.3% disagreed and 2.2% didn't know. In summary the majority of respondents believe a NWRR should be built.

14. Options considered

The Council has considered a full range of possible road, non-road and non-car options, over a number of years, culminating in the adoption of a preferred route in 2008. The proposed scheme is closely based on the 2008 preferred route, with the main difference being a reduction from 10m to 7.3m carriageway standard, similar to that proposed for the Oxon Link Road. The preferred route is the one considered most acceptable to local people and stakeholders.

15. Expected impacts of the scheme

Previous studies have consistently shown that a NWRR would reduce traffic (and hence congestion) on existing roads within and around Shrewsbury. Detailed, up to date modelling is being undertaken and is expected to confirm this for the current proposal. It will also be used to test how effective a NWRR would be in reducing traffic and delay in identified problem locations, as a measure of how well it will deliver the scheme's objectives.

16. Summary of the Economic and Financial Cases

The economic case results are not yet complete and will unlikely to be ready until mid-December (for the fixed demand model). Previous model outputs (based upon the 2009 fixed demand model) indicated at Benefit Cost Ratio (BCR) of approximately 4. In DfT value for money (VfM) terms this is considered to offer a very high value for money.

- Poor VfM - if BCR is below 1.0;
- Low VfM - if the BCR is between 1.0 and 1.5;
- Medium VfM - if the BCR is between 1.5 and 2;
- High VfM - if the BCR is between 2.0 and 4.0; and
- Very High VfM - if the BCR is greater than 4.0.

Early indications from the current fixed demand model indicate that traffic volumes and the benefits previously reported would remain high. However, the final month of the model sees the incorporation of a Variable Demand Model (VDM) element to the model. This is upon insistence from the DfT in their guidance. This VDM model can see traffic choose to travel in alternative time periods as it experiences congestion. The results of introducing VDM are that traffic benefits associated with congestion relief can therefore drop.

Scheme costs were previously estimated within the development funding bid were £105 million. These were the risk adjusted costs which included optimism bias. These costs are currently being revised.

DfT expect a local contribution towards these costs of between 20-30%, and have stated that the scheme is in competition with other schemes (between 10-12) in this round of funding. They have also noted the higher the local contribution, the more favourably the scheme will be looked at in competition.

17. Summary of the Commercial Case

Early engagement with the contractor construction market has indicated they would prefer a traditional procurement contract over a design and build contract to deliver the scheme. A summary of both options are provided below:

18. Traditional Contract

Traditional contracts are the most commonly used method of procurement and are suitable for complex projects where functionality is a prime objective, especially those that require specialist services for design and construction. This method provides time predictability and cost certainty, although it is not always suitable for fast track projects where time is a key consideration.

Traditional contracts typically require certainty of detailed design input, which inevitably warrants the allocation of adequate time to provide the contractor with sufficient buildable design information. Efficacy of this tendering approach is therefore dependant on full design documentation being in place before the contractor can be invited to tender.

19. Design and Build

This method of procurement involves the contractor being responsible for the design as well as construction. It can be suitable for cost certainty and fast track construction. This approach is not suitable where the client brief is developing or for very complex projects. The main contractor takes responsibility for both design and construction and will use either in-house designers or employ consultants to carry out the design. The main contractor has a direct influence over the design process and as such takes on the associated risks.

Although it is not necessary for full documentation (including the design) to be in place before the contractor can be invited to tender, for carrying out the work, it is important that the client's brief and requirements are clearly set out.

The preferred form of contract is a New Engineering and Construction Contract NEC3 suite of contracts.

3. Risk Assessment and Opportunities Appraisal

A project of the scale and cost of the NWRR is intended to create benefits and deliver across a wide range of strategic ambitions for the Council, and also deliver more localised improvements to specific concerns currently negatively impacting Shrewsbury.

Summarised below are the range of current high level risks for the town, its economy and its environment associated with not delivering the NWRR, and also the opportunities / benefits that will accrue from the completion of the NWRR;

Risk summary – “Do Nothing” / non delivery of the NWRR;

- Traffic congestion
- Poor connectivity between the north and west of Shrewsbury for all modes of transport
- Unreliable journey times and long delays
- “Rat-running” traffic on unsuitable rural roads
- Inefficiency of the transport network, especially for buses
- Lack of network resilience
- Road accidents
- Poor air quality
- Carbon and other greenhouse gas emissions

Opportunities / benefits summary through delivery of the NWRR;

- To reduce traffic congestion
 - To improve connectivity and accessibility between the north and west of Shrewsbury for all modes of transport
 - To improve the reliability of journey times and reduce unforeseen delays
 - To reduce the amount of traffic rat-running on unsuitable rural roads
 - To improve the efficiency of Shrewsbury's transport network for all modes of transport.
 - To improve the resilience of Shrewsbury's transport network.
 - To enhance the benefits of the Oxon Link Road and Shrewsbury Integrated Transport Plan schemes.
 - To reduce the number of people killed or seriously injured on roads in Shrewsbury.
 - To improve air quality, especially in the built-up areas of Shrewsbury
 - To reduce net emissions of CO2 and other greenhouse gases
- Subject to a positive outcome from DfT on submission of the OBC, full Pre-Planning Consultation and Planning Applications will be prepared and submitted, at which time a full risk assessment and Opportunities appraisal will be undertaken.

4. Financial Implications

4.1- OBC preparation costs to the point of submission.

Shropshire Council submitted a bid for funding under the Department for Transport's Local Major Fund (LMF) in September 2016. This application was submitted via, and supported by, the Marches Local Enterprise Partnership. Shropshire Council was successful in being awarded £942,875 of external project development revenue funding under the LMF, this being matched with £49,625 of Council funds.

4.2- Further Business Case development and future NWRR build costs.

As above (paragraph 16), current predicted combined NWRR Full Business Case and build costs are £105m. In line with DfT's expectations of local funding contributions of between 20% and 30%, this would, subject to a successful submission, require between £21m and £31.5m of Council funding.

The following is to be noted at the time of this report;

- a- Although a willingness to fund the local contribution, and the value of this against total costs are important and required elements of any OBC submission, there is no binding agreement to pursue a Full Business Case and construction, and therefore provide this local match funding at this time.
- b- Assuming a successful submission, DfT have indicated that any announcement of such would be made through the Spring Statement (expected April/May 2018).
- c- It is only at the time the Council agrees to pursue the scheme further, through Full Business Case to construction, assuming any positive announcement, that the mechanism and value of the local contribution will need to be agreed and contracted with DfT.
- d- Work is ongoing on the predicted costs of the construction programme, and indications are that this may reduce from the current £105m and as such, the final OBC will be drafted to reflect this.
- e- Officers are currently working within the mechanisms of the Councils future Capital Programme to establish the most suitable way to identify, allocate and provide this local funding. The results of this will be presented to Members in due course.
- f- The options to service any confirmed local match funding will be the subject of a further paper in Spring 2018 to Cabinet and Full Council.
- g- In order to support the OBC submission, it is suggested that the Council offers a maximum local contribution of £25m at this time (23.8%)
- h- Based on the final NWRR construction costs, this actual value can then be reduced to 23.8% of the final submitted construction costs.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

National Policies

- Creating Growth, Cutting Carbon: Making Sustainable Local Transport Happen. Local Transport White Paper, 2011:
- Roads Investment Strategy 2015/16 to 2019/11
- National Infrastructure Delivery Plan (2016 – 2021)
- Roads Investment: The Roads Funding Package
- National Planning Policy Framework (NPPF)

Regional Policies and Guidance

- | |
|---|
| <ul style="list-style-type: none">• The Midlands Engine for Growth Prospectus and Midlands Connect Strategy• The Marches Strategic Economic Plan: “Accelerating Growth through Opportunity• The Marches LEP –Strategy for Growth (2013 – 2022)• The Marches Growth Deal• The Marches and Mid-Wales Freight Strategy |
|---|

Local Policies

- | |
|--|
| <ul style="list-style-type: none">• Shrewsbury Growth Point• Shropshire Local Plan (2011 - 2026)• Shrewsbury and Surrounding Area Place Plan• Shropshire Local Transport Plan (2011 – 2026)• Shropshire Economic Growth Strategy (2017 - 2021) |
|--|

Cabinet Member (Portfolio Holder) Cllr Steve Davenport

Local Members;

Cllr Peter Adams

Cllr Peter Nutting

Cllr Alexander Phillips

Cllr Ioan Jones

Cllr Dean Carroll

Appendices

Appendix 1. – Hencott Pool location map
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Department for Transport

Matt Johnson
Shropshire Council
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Robert S Fox
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e-mail: roberts.fox@dft.gov.uk

Web Site: www.dft.gov.uk

21 March 2019

Dear Matt,

SHREWSBURY NORTH WESTERN RELIEF ROAD - PROGRAMME ENTRY: LARGE LOCAL MAJOR SCHEMES PROGRAMME

Following the receipt of your Business Case for the above scheme and subsequent discussions, this letter confirms that Ministers have agreed to provide Shropshire Council with the agreed level of funding below, subject to the following conditions, and thereby confirm Programme Entry for the scheme within the Large Local Major schemes programme. This should allow your Authority to complete the negotiation of all the remaining legal and procurement processes (but not enter into final contractual or other legal commitments) following which a request for Full Approval can be made. Once Full Approval has been granted the required contractual and other legal commitments can be entered into.

DfT Funding

As part of this approval the Department will provide a maximum capped funding contribution of up to **£54.4 million** towards the estimated total scheme cost of **£71.4 million**. Should Full Approval of your scheme be granted, funding will be paid as capital grant under Section 31 of the Local Government Act 2003. We will discuss with you the final profile of funding and the extent to which funding is to be provided in advance of Full Approval. For this purpose I would be grateful if you would let me have your latest estimated profile of spending including a breakdown of costs to be incurred prior to Full Approval.

Terms and Conditions of Funding

This offer of funding is subject to the following conditions:

- i. This funding approval is granted entirely without prejudice to any view that the Secretary of State or other Ministers may take on any future application for statutory powers or in accordance with any other functions.

- ii. The scheme must be implemented in accordance with the scheme proposals as set out in your funding bid as submitted to the Department and subject to any changes which may occur as a result of further design or as a result of any remaining statutory procedures. Ministers reserve the right to reconsider their decision on funding if there are any changes to the overall cost, scope or design of the scheme which they consider to be material, particularly where such changes would alter the value for money of the scheme. You must notify the Department immediately of any such material changes.
- iii. The Department's contribution will be up to a maximum of **£54.4 million**. (This figure excludes the £0.942m grant awarded previously towards the development of the scheme business case.) No further funding will be provided by the Department. Shropshire Council is solely responsible for meeting any expenditure over and above this amount. The Department's contribution is also subject to the future availability of funding.
- iv. We expect you to keep the cost estimate for the scheme under review. If the total estimated costs fall below £71.4m, the Department's contribution will also reduce proportionately. The total estimated costs for the scheme should include costs necessary to bring the new infrastructure into public use but not any ongoing costs of care and maintenance.
- v. Should this scheme progress to Full Approval, further detailed conditions would apply to any grant payable. The grant would be claimed annually in advance.
- vi. Shropshire Council will be solely responsible for the validity of the procurement process for the scheme.
- vii. Shropshire Council continues to develop the business case for the scheme in accordance with the Department's Transport Business Case guidance and Transport Appraisal Guidance (WebTAG).
- viii. The Department is kept closely informed of progress with, and expenditure on, the scheme. It is important that you complete and return quarterly monitoring forms by the due date. In general, updates of progress, and information on work carried out should be shared with DfT on an open and transparent basis and no reasonable request for information withheld.
- ix. A DfT representative may attend Project Board meetings as observer and Project Board papers and minutes should be provided to DfT on request.
- x. Shropshire Council will carry out a full evaluation of the scheme, the details of which we would wish to discuss with you and agree before Final Approval. We would expect you to make the results of this evaluation available to the Department.

I should be grateful for written confirmation that Shropshire Council agrees to these conditions, including certification from your Section 151 Officer that the Council accepts the above terms and conditions.

Full Approval

You are required to submit a final business case to the Department for Full Approval. This will need to include:

- confirmation of the overall cost and scope of the scheme;
- a declaration that that you have acquired all the necessary statutory powers to construct the scheme;
- confirmation that you have completed the procurement process to a stage where you have a preferred bidder and a firm and final offer; and
- confirmation from your S151 officer that Shropshire Council has the ability to cover all remaining funding required over and above the capped Departmental amount including any additional funding required as a result of the remaining legal and procurement processes.

We look forward to working with you on updating of the Business case and to receiving a bid for Full Approval once any remaining legal and procurement processes have been satisfactorily completed.

I am copying this letter to Louise Claire, DfT Area Lead.

Yours sincerely,



Robert S Fox

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