



<u>Committee and Date</u>	<u>Item</u>
Scrutiny – Place Overview Committee 5 <sup>th</sup> November 2020	<u>Public</u>

## Shrewsbury North West Relief Road (NWRR) – Project Update

**Responsible Officer** Matt Johnson – Strategic Projects Executive Manager  
e-mail; Matt.johnson@shropshire.gov.uk

### 1. Summary

- 1.1 This report will update Scrutiny Committee Members on the NWRR project programme, budget forecasts, environmental assessment process, and the current opportunities and risks around a combined NWRR and Flood Alleviation Scheme (FAS).
- 1.2 The process of developing the Full Business Case for the NWRR incorporating these elements is then described.

### 2. Recommendations

- a) To note the NWRR budget and programme updates.
- b) To note that further reports will be brought back to Scrutiny, annually for the next 2 years, and then 6 monthly or quarterly as required, during the preparation of the Full Business Case, Contractor Procurement, and Construction phase.

### 3.0 Report

#### Background

3.1 The lack of a direct road link between the northern and western parts of Shrewsbury has been a major source of traffic problems for a very long time and the issue continues to grow. 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.

**3.2** Shrewsbury continues to accommodate planned growth. 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.

### **3.3** 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

**3.4** 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 Oxon Link Road and SITP, will not achieve their full potential as projects.

### **3.5** 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.

**3.6** A completed Outline Business Case (OBC) was submitted to DfT in December 2017 following Council endorsement (13th Dec 2017), of the funding profile, 5 year build plan, and the requirement for a local funding contribution.

**3.7** Following a year of standstill pending DfTs announcement of successful LLM schemes, the award of funding and LLM Programme Entry Offer was finally confirmed 21<sup>st</sup> March 2019. The Programme Entry is based on a £54.4m offer (capped) towards estimated scheme NWRR cost in OBC of £71.4m, to be paid as a Capital Grant

**3.8** The Oxon Link Road project was formally incorporated into the NWRR project at Council 27<sup>th</sup> Feb 2020, following agreement to do so through by the Marches LEP Board on 7<sup>th</sup> November 2019. – See Appendix 1

**3.9** – Shropshire Council is now pursuing delivery of the NWRR (incorporating the former OLR section) as a single project and budget, with combined outcomes and outputs

#### **4.0 NWRR Programme and Key Dates;**

- DfT Funding Award – 21<sup>st</sup> March 2019
- Commenced Procurement (SCAPE Framework) – Summer 2020
- Planning Application Submitted – Feb 2021
- Planning Committee – Autumn 2021
- Public Inquiry – Autumn 2021 – Spring 2022
- Final DfT Full Business Case (FBC) Endorsement – Winter 2021
- Contract Award – Winter 2021
- Construction Starts – Spring 2022
- Road Open – Winter 2023
- Full construction (off highway) completed Spring / Summer 2024

#### **5.0 Budget and outturn forecast**

The overall funding package for the (now combined NWRR / OLR) scheme is:

- Estimated joint scheme cost at OBC **£87.1m** (Budget Approved)  
Comprising;
- DfT Funding £54.4m
- LEP Funding - £4.2m
- Balance funded by Shropshire Council (CiL, s.106, land receipts);
- £19.8m (NWRR)
- £8.7m (OLR)
- Total Project Budget- £87.1m

#### **5.1 Current Out-turn Forecast**

Place Overview Committee 5th November 2020– Shrewsbury North West Relief Road – Project Update

<b>NWRR Forecast Costs to Project Completion (01/06/2020)</b>			
<b>Expenditure Incurred to 30/03/20</b>		<b>5,846,160</b>	Including; design Fees, Consultation, SC Internal costs
<b>Pre-Construction Phase under SCAPE Framework (Fixed % stage 4 Entry Cost)</b>		<b>1,357,077</b>	Optionally up to <b>2,713,888</b> . See note. Based on fixed % of value of scheme Option remains to include early Enabling Works of £726,744 and £630,067 of additional scope. This additional scope element will only be included if there is a high likelihood of saving more than the incurred costs
<b>Construction Phase (Stage 5 Under SCAPE Framework)</b>		<b>69,304,959</b>	
<b>Project Constructuon Phase Risks</b>	TBC – % Contractor / Council split	<b>7,128,219</b>	Risk holder and contingency allocation to be determined through negotiation with Contactor
<b>Utility Diversions</b>		<b>4,478,137</b>	Current reasonable worst case estimate. (C3/C4 Stages)
Shropshire Council Costs	Public Inquiry	<b>100,000</b>	Estimated Figure
Shropshire Council Costs	Project Management	<b>500,000</b>	Estimated Figure
<b>WSP - from 01/04/20</b>			
WSP Fees - DESIGN		<b>3,928,342</b>	
WSP Fees -Site Supervision		inc above	
WSP Fees - Project management		inc above	
<b>Land Acquisitions</b>			
Acquisition Costs		<b>1,300,000</b>	Based on worst case (2017) NWRR OBC Estimate, availability of existing SC landholdings around OLR and signed s.106 agreements with developers (£4.3m). UPDATED JULY 2020
Land agent Fees		<b>100,000</b>	Estimated Figure
Legal Costs		<b>500,000</b>	Estimated Figure
Estates Fees		<b>200,000</b>	Estimated Figure
<b>Project Client Contingency (10%)</b>		<b>962,834</b>	10% of worst case current SC estimates for scope outside of construction contract
	<b>Current Total Project Outturn Cost Estimate (01/06/20200)</b>	<b>95,705,728</b>	
<b>Total approved budgets in Shropshire Council capital programme</b>			
<b>Oxon Link Road</b>	LEP Grant	<b>4,200,000</b>	
	CIL	<b>300,000</b>	
	S106	<b>8,265,277</b>	
	NHB	<b>168,945</b>	
		<b>12,934,222</b>	
<b>NWRR</b>	DfT - Large Local Majors Fund	<b>54,406,419</b>	
	Shropshire Council Match	<b>19,846,294</b>	See Below
		<b>74,252,713</b>	
	<b>Total Overall approved budget</b>	<b>87,186,935</b>	
	<b>Current Net Overrun</b>	<b>8,518,793</b>	
	<b>Current Forecast Outturn</b>		
	<i>Possible Savings from Construction</i>	<b>14,369,933</b>	
	Reasonable Worst Case Scenario	<b>8,518,793</b>	<b>Overspend</b>
	Reasonable Best Case Scenario	<b>-5,851,140</b>	<b>Underspend</b>

- Current out-turn forecast window- £8.5m overspend to £5.8m underspend

- Estimated risk items currently still include construction phase risks and required utility diversions

### **5.1.1 Cost Mitigation opportunities**

- Estimated risk items - £7.1m construction phase risks and £4.5m utility diversions
- Structures costs- Ground Investigation studies phase 2 now underway to inform detailed design
- SCAPE – Pre-Construction contract now awarded to explore programme and construction phase opportunities

**5.1.2** At the time of this report, and at this stage of a project of this nature, it is to be expected that there remain unresolved cost items, pending further investigation and design leading to increased cost certainty. It should be noted that all remaining estimated costs are based on a reasonable worst case scenario, and that appropriate construction and client side risk allocations (of a value appropriate for such a project) remain in place to offset such matters until such time as cost certainty is in place.

**5.1.3** The Council is required to complete quarterly returns to DfT reporting on variations to the contracted spend profile and programme requirements, and has been doing so since Q1 2019. To date these have all been submitted on the basis that there are no changes required to overall spend, or drawdown profile and that the project is operating with acceptable tolerances.. If there are requirements to adjust the contracted programme or budget (at such time that the project is forecasting a variance in either), this will be taken through the existing governance structure for approval (Project Board, Executive Board and Capital Investment Board), prior to DfT engagement.

**5.1.4** Further reports to Members will follow in due course as the outturn cost estimate is further refined. Full cost certainty at the time of the FBC and construction contract award will be required before a decision is taken to proceed.

### **5.2 Additional local value (non monetised)**

Through use of the SCAPE Framework, the following additional contracted Social Value outputs can be incorporated into the construction phase;

- The NWRR scheme will create employment opportunities for local people, including those who have been in long-term unemployment, people with disabilities, and young people with fewer opportunities.
- The project will be committed to sourcing a proportion of materials through local supply chains, and as a result, will help the local economy.
- The NWRR scheme will provide training opportunities, such as BTEC, City & Guilds, NVQ and HNC qualifications for young apprentices.

- The contractor will be required to ensure funding is available for community initiatives.

## 6.0 Environmental Approach

### 6.1 Environmental Objectives (OBC):

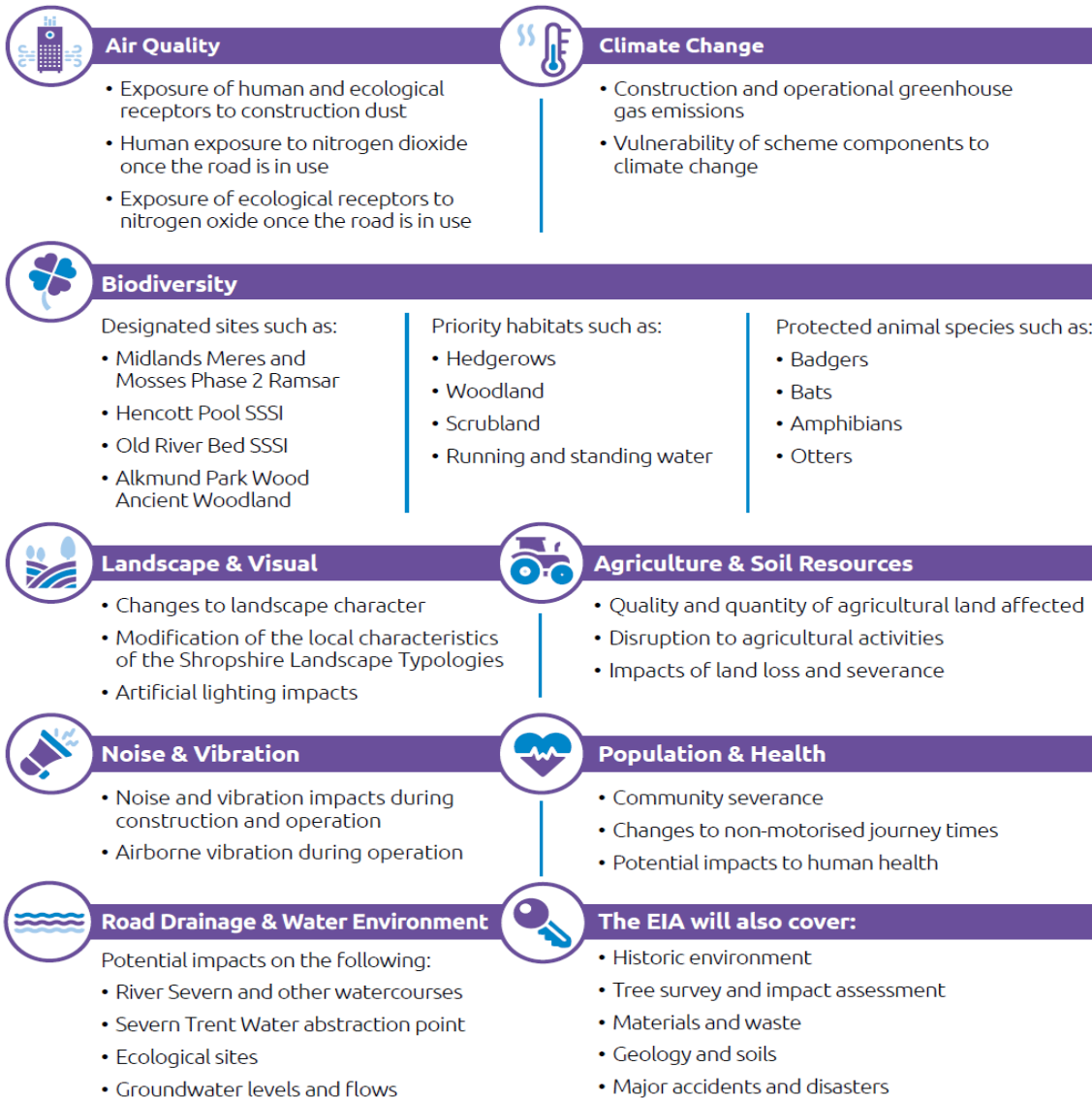
- To improve connectivity and accessibility between the north and west of Shrewsbury for all modes of transport incl. walking and cycling
- To reduce traffic congestion in Shrewsbury town centre and the north and west approaches to the town
- To improve the efficiency of Shrewsbury's transport network for all modes of transport, including increases in active travel modes.
- To enhance the benefits of the Shrewsbury Integrated Transport Package.
- To reduce the number of people killed or seriously injured on roads in Shrewsbury.
- To improve air quality, especially in the town centre and built-up areas of Shrewsbury
- To reduce net emissions of CO2 and other greenhouse gases.
- Legacy landscape, habitat and wildlife enhancements through design and construction phase

The Environmental Impact Assessment (EIA) will help Shropshire Council and the public understand the scale of potential environmental effects associated with the construction and operation of the North West Relief Road (NWRR). The Environmental Statement (ES) will summarise the findings of the EIA to inform the planning decision. The timeline is as follows:

STAGES	Scoping (the content of the EIA)	Preparation of the Environmental Statement (ES)	Submission of Planning Application and consultation	Decision Making
TIMEFAMES	Submission of EIA Scoping Report: 28/10/2019 ..... Receipt of Scoping Opinion: 28/01/2020	January to May 2020	Minimum 16 weeks from Planning Application	

## Scope of Environmental Impact Assessment (EIA)

The scope of the EIA has been determined through consultation with statutory and non-statutory environmental bodies, and will include the following environmental elements:





## Establishing the Baseline

The environmental baseline within the site and the surrounding area is established during the EIA process. This is based on desk based studies and field surveys undertaken for an extensive range of topics e.g. air quality, ecology, historic environment, landscape & visual, and noise.

## Indicative environmental mitigation measures

The following measures are already included in the design of the NWRR to **avoid** and/or **minimise** potential adverse environmental effects:

Provision of multi-species culverts (e.g. allowing badgers and bats to cross the scheme) along the route of NWRR



Development of a landscape strategy to help integrate the NWRR within the landscape and enhance biodiversity value



Highways realignment to avoid potential impacts on ecological sites and irreplaceable habitats



Identification of opportunities to minimise the export and import of material resources



The following mitigation are examples of measures which will be adopted to **minimise/rectify/reduce/offset** potential adverse environmental effects:

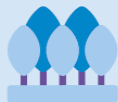
Implementation of traffic management and construction environmental management plans



Provision of earth mounding or acoustic fencing where required



Protection of retained trees during construction



Construction timing to avoid disruption of nearby properties and notable species



### 6.1.2 Air Quality and Carbon Assessment

One of the objectives set out in the OBC for the NWRR, which was issued in December 2017, is to “contribute towards a reduction in greenhouse gas emissions”. The analysis included in the OBC predicts that the proposed

scheme will lead to an overall reduction in greenhouse gas emissions, compared with the “Do Minimum” situation.

The Environmental Impact Assessment (EIA) currently being completed for the NWRR will include updated predictions of greenhouse gas emissions generated by the proposed scheme. Embodied carbon during construction and operational carbon will be considered. The EIA will also consider the proposed scheme’s vulnerability and resilience to the effects of climate change.

The Board of the NWRR has already commissioned a further study in respect of assessing the carbon performance of the new road in terms of both embodied carbon (i.e. construction) and operational carbon effects. This report is now received in draft form and is being reviewed jointly by the NWRR Project Board and Shropshire Councils Carbon Team.

Shropshire Council has stated firm commitments to tackling climate change and becoming carbon neutral by 2030. The NWRR has a potential role to play in this by removing some through journeys from Shrewsbury town centre (where traffic is often stationary or slow moving) and offering some of them an alternative, more fuel efficient route which will result in a reduction in CO2 emissions.

The traffic modelling work undertaken for the NWRR uses a variable demand model which includes an element of induced traffic. This acknowledges that by making the highway network more efficient the NWRR will result in some additional trips when compared to the without NWRR situation. These additional trips will increase CO2 emissions. The Environmental Impact Assessment will assess the overall net change in CO2 emissions and this will be reported in the Environmental Statement.

The NWRR proposals have been amended to protect ecologically important sites and the proposals include green infrastructure to enable and encourage journeys by pedestrians and cyclists between north and west Shrewsbury.

The Full Carbon Report and EIA will be part of the Full Planning Application

## **7.0 Identified Opportunities and Synergies**

With the improved resilience of Shrewsbury’s transport network and reduced levels of through traffic within the historic centre, there are a number of parallel strategies and ambitions that will benefit considerably from the delivery of the NWRR. The direct linkages will be explored further as part of the Full Business Case, however to note at this stage, these will include;

- Public Transport- Improved journey time reliability and quicker transit times can improve uptake of bus based journeys. This will reduce traffic levels further and could also reduce in the medium to longer

- term the requirement for Council bus subsidy payments as services approach a great level of commercial viability.
- Park and Ride – Improvements in transit time and journey time reliability will be a key aspect around the success of the planned improvements in Shrewsbury’s Park and Ride offer.
  - Shrewsbury Big Town Plans delivery on its ambitions (below) for “Improving Movement and Place” will be to a large extent interrelated to the opening of the NWRR;
    - Developing a great walking environment;
    - Creating a cycling culture;
    - Reducing the impact of parking in the centre;
    - Developing an overall traffic management strategy
  - Strategic connectivity / land value uplift to SUE West – The completion of the former OLR section as part of the wider NWRR will deliver on contracted outputs (through mitigation of the traffic generated) relating to the Councils current housing and employment land allocations. An estimated 7 min journey time from Battlefield to the SUE West area could add considerably to the markets appetite to develop.
  - Wider medium and long term growth and redevelopment of Shrewsbury town centre. – The reduction in through traffic will facilitate the potential reallocation of current road space to developable land (Smithfield Rd), and assist in widening opportunities for a new access point to the north of the town (via Berwick Rd) for potential new Park and Walk / Ride services.

## **8.0 Combining the NWRR and a Water Resource Scheme**

The Severn Valley Water Management Scheme (SVWMS) is one of the first projects to be considered by the River Severn Partnership. Whilst at a very early stage of development, the project is aiming to reduce flood risk to nearly 3000 homes along the River Severn. This initiative aims to mitigate and manage flood events up to and including those with a 1% chance of occurring in any given year (I.e. a 1 in 100 year return period flood event). In addition, the design will include an allowance for the impact of future climate change. To set that in context, the flooding impacts seen throughout Shrewsbury during the flood events in 2007 and 2020 would not have been experienced were this scheme to have been in place.

**8.1** At the time of this report, the NWRR Project and the SVWMS (being developed through the Environment Agency) are working collaboratively to explore options and opportunities around the joint delivery of a road and flood scheme. This has caused the current delay in a full Planning Application for the NWRR from July 2020 to date. Such a standstill can be accommodated in the short term by the NWRR project (within current contracted DfT spend and programme commitments), however a further decision on proceeding jointly,

and the scope of any future planning application, will need to be resolved in advance of a programmed February 2021 Planning Application. Further reports on this progress will be brought before Members in due course.

## 8.2 Joint Opportunities;

- Environmental gain and carbon offsetting
- Joint and combined planning approach
- Design and construction cycle cost saving potential to the public purse
- Joint and enhanced overall outputs
- Enhanced potential for local and regional land release for planned growth in housing and employment
- Fast track design and construction option through the existing SCAPE framework engagement under NWRR

## 8.3 Joint Scheme Short Term Plan

- Public and Stakeholder Engagement Phase 1 - Oct – Dec 2020
- Joint governance arrangements – Ongoing
- Joint design and scope evaluation - Ongoing
- Shared planning approach evaluation – Ongoing
- Public and Stakeholder Engagement Phase 2 – Jan – March 2021
- Planning application (NWRR, potentially to incorporate SVWMS accommodating works as resolved at the time) – Feb 2021

## 9.0 The Full Business Case (FBC)

The NWRR OBC was made up of five separate cases, as prescribed in DfT guidance. These are:

- The strategic case which shows that there was a robust ‘case for change’, closely aligned to wider strategic and public policy objectives
- The economic case which shows that the scheme would provide high value for money, based on a formal appraisal undertaken in line with DfT guidance
- The financial case which explains how much the scheme will cost and how it will be paid for, showing that it is affordable
- The commercial case which shows that the scheme is commercially viable
- The management case which shows that the scheme is achievable in practical terms, and explains how the project will be managed to ensure it achieves its objectives

9.1 The FBC will revisit each of the 5 cases and refresh the existing OBC information to include traffic modelling, costs, local funding contributions, the

programme for construction, environmental outputs and modelling etc. Once complete and approved by Full Council, the FBC will be submitted to DfT for evaluation. Instances of considerable or material change in the 5 case approach from OBC will be evaluated and assessed by DfT against the criteria of the Large Local Majors funding stream. Based on acceptable variations (where and if these occur) to the OBC project output requirements, and the overall FBC Value For Money assessment, DfT's approval of the FBC will then see the release of the construction funding to the Council for completion of the NWRR project.

**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 NWRR Outline Business Case -**

<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 Lezley Picton**  
**Cllr Peter Nutting**  
**Cllr Alexander Phillips**  
**Cllr Ioan Jones**  
**Cllr Dean Carroll**

**Appendices**

Appendix 1 – Combined OLR / NWRR Alignment Map