

Executive Summary: Gunnels Wood Road

*Prepared for the Stevenage Development Board
Full Business Cases are available on request*

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Executive Summary from Business Case Assurance Panel

Project Title

Gunnels Wood Road Infrastructure

Assurance Panel Feedback

Assurance Panel discussion was held on the 7th October. Full minutes for this discussion can be provided on request.

Overall the panel discussion was very positive towards the business case. The Panel unanimously supported the business case, with the following amendments to be incorporated:

- Explore implications and risk mitigation for the reversion of capital to revenue in the event that the scheme is not delivered as a capital scheme; tri-party meeting to be held. Memorandum of Understanding to be signed prior to drawdown of any funds.
- A Plan and commitment is needed for securing stage 2 funding should the Levelling-up bid not be supported.
- Additional engagement with GSK needed following their commitment to the delivery of a life science park, to secure stronger commitment that the land required for the infrastructure development will be allocated. The accountable body is advised to consider making drawdown of the funding conditional on receiving additional assurance that the land is allocated, with a signed commitment and timetable for transfer by GSK.
- Ensure the business case is clear what the deliverables are for stage 1, and the potential wider economic benefits of stage 2
- Subsidy Control Assurance/ advice to be completed and appended to the business case when submitted to the Accountable Body processes.

Recommendations for Board

To endorse the project Gunnels Wood Road Infrastructure business case to progress to the Accountable body processes.

Overview

Project Title
Gunnels Wood Road Infrastructure
Project Location
Gunnels Wood Road
Partner/Co-Funding Organisations
Hertfordshire County Council, Hertfordshire Local Enterprise Partnership, Stevenage Borough Council
Total Project Costs (£)
Stage one: £2,123,000 Stage two: £10,100,000
Total Town's Fund Allocation (£)
Stage one: £1,000,000
Other Public Sector Investment (£)
Stage one: £1,013,000 Hertfordshire LEP, £110,000 Hertfordshire County Council
Total Third Sector Investment (£)
N/A
Total Private Sector Investment (£)
£2,000,000 (approximate land value)

Project Description (500 words max)

The purpose of the Gunnels Wood Road Infrastructure Improvements Scheme Stage 1 Project is to unlock development land and lead to the creation of additional high-quality jobs in the Gunnels Wood Employment Area. It will do this by carrying out preparatory works only leading, in due course, to undertaking a range of transport improvements in and around the Gunnels Wood Road Infrastructure Improvement Scheme. The construction of these transport improvements, known as Stage 2, will include pedestrian, cycling & public transport improvements, together with upgrading the Gunnels Wood Road roundabout itself into a gyratory-style junction and widening the A602 between the A1072 and the A1(M).

A separate business case has been submitted to government under the Levelling Up initiative, seeking funding of £10.1 million for the phase 2 transport improvements.

The preparatory works include further traffic modelling work, project management, communications and engagement, high level delivery programme, surveys and investigations (including land ownership, topographical, geotechnical, environmental, ecological, Statutory Undertakers' enquiries, highway drainage, structures, street lighting and any other possible construction constraints), detailed design (including technical approvals and road safety audits), construction costings (including inflation, optimism bias etc.), preparation of invitation to tender pack, preparation and signing of a legal agreement, relocation of boundary walls and fences and the advance diversion of Statutory Undertakers' apparatus.

The A602 is a busy, strategic road on the primary route network that runs from Hitchin in the North West to Ware in the South East. At Stevenage, the A602 connects with the A1(M) London to Edinburgh road at junction 7 (Stevenage) and junction 8 (North Stevenage/Hitchin).

The A602 Broadhall Way generally runs east-west through the area of the proposed scheme and the A1072 Gunnels Wood Road forms the northern arm of the existing roundabout, acting as the main distributor to the extensive employment area on the western side of Stevenage. The southern arm of the roundabout is the main vehicular access to the Glaxo SmithKline (GSK), campus.

What was submitted in the Stevenage Town Investment Plan?

The original proposal submitted as part of the Stevenage Town Investment Plan identified two clear stages of delivery; the design produced as part of stage one will enable the partners to work together to seek the additional funding required for the physical delivery.

What has changed?

£1.013m of funding from Hertfordshire Local Enterprise Partnership was secured to assist with the delivery of stage one, resulting in physical enabling works being included within the scope.

Key Purposes of the Project

Purpose and Key Elements of the Project

The purpose of this project is to:

- a) Produce a design for infrastructure improvements in Gunnels Wood Road and carry out enabling works
- b) Unlock land for development by increasing the capacity of the highway network along Gunnels Wood Road
- c) Deliver high-value employment and training opportunities in the life-science sector
- d) Deliver physical improvements to the highway network in Gunnels Wood Road, principally by improving the A602/Gunnels Wood Road roundabout

Stage 1 (part-funding by Towns Fund) will deliver the design and enabling works; stage two will deliver the infrastructure and outputs.

Configuration of the Project

Activity	Status and Commentary
Planning Application	Any planning permissions will be secured later in the programme.
Design of the scheme	Stage one funding includes design works; traffic modelling has commenced.
Construction	Enabling works are included as part of stage one.
Land sale	Positive discussions with GSK; need to be progressed to secure firmer commitment.
Towns Fund delivery	Full programme in place with clear milestones.

Strategic Case

Indicate how this project meets the Town Investment Plan Vision (<i>tick</i>)		
	Reflecting and Re-Interpreting our New Town Heritage for future generations	
	Embracing Sustainable Travel to maximise the benefits of our strategic location and link our communities with jobs and leisure	✓
	Transforming our Town Centre as a key place of opportunity and integration for business, residents and visitors	
	Upskilling and providing opportunities for all our people to benefit from innovation & growth	✓
	Supercharging the growth of National and International Business Base	✓
Indicate which <i>challenge(s)</i> this project intends to meet (<i>tick</i>)		
	Challenge 1: Ageing Infrastructure – Urban Disconnections and a Brake on Growth	✓
	Challenge 2: Bridging the Skills Gap and Raising Aspirations	✓
	Challenge 3: Town Centre Transformation	
	Challenge 4: A Resident Population Being Left Behind	✓
	Challenge 5: Lack of Suitable Modern Space for Growth	✓
Indicate which <i>opportunity(ies)</i> this project supports (<i>tick</i>)		
	Opportunity 1: National and International Gateway for UK PLC	✓
	Opportunity 2: Innovation Hub, High Growth Potential and STEM City	✓
	Opportunity 3: The Untapped Potential of Stevenage People	✓
	Opportunity 4: Building Wealth and Reclaiming Expenditure	
	Opportunity 5: Reviving Stevenage's Sustainable Travel Network	✓

Policy Alignment (List only, 2.3)

National Policy	Local Policy
<ul style="list-style-type: none"> National Infrastructure Strategy (2020) 	<ul style="list-style-type: none"> LEP Strategic Economic Plan (2017) Hertfordshire Local Industrial Strategy (2019) Hertfordshire Recovery Plan (October 2020) HCC Corporate Plan 2019-2025 HCC Local Transport Plan 4 North Central Hertfordshire Growth and Transport Plan Stevenage Local Plan

Expected Outputs/Outcomes (2.5.11)

Jobs Created	Circa 1,750
Commercial Floorspace Developed or Upgraded sqm	70,000
Private sector leverage	£88.55m
Footpath, cycleway and road improvements	3km

Wider Outcomes and Benefits (2.5.12)

Note that these outputs are for this scheme only and do not relate to any other Stevenage regeneration outputs. The source for these economic outputs is the Stevenage Town Investment Plan and the recent (March 2021) Economic Impact Assessment report prepared by Charles Monck & Associates for Stevenage Bioscience Catalyst. (note that this report is not published) Charles Monck has calculated the economic figures using projections of sector growth based on their knowledge of the market for the Stevenage Bioscience Catalyst area only on the GSK campus.

Date and development	Developed sq ft	Hertfordshire		UK Level	
		Net GVA p.a.	Net Employment	Net GVA p.a.	Net Employment
2020 current SBC portfolio	160,000	£20m	330	£34m	640
2030 with Sycamore House	253,000	£35m	570	£60m	1,100
2030 with gyratory	483,000	£61m	940	£105m	1,800
2040 with gyratory	732,000	£96m	1,510	£165m	2,900

Economic Case

Economic Benefits (3.3.1)

See table of outputs/outcomes above.

Place Based Analysis (3.6.1)

Benefits related to the preferred option which are quantifiable and those wider in scope or non-quantifiable are set in the place-based analysis described below, taking account of local employment impacts.

Target Area	Gunnels Wood Road, Central Core West
External dependencies	Private land ownership. Development potential of site dependant on market conditions.
Benefits to the Target Area: Quantified	Increase presence of life science sector in Stevenage and promote integration with the town.
Benefits to the Target Area: Qualitative	<p><u>Economic</u></p> <ul style="list-style-type: none"> • Unlock development capacity in Gunnels Wood Road and provide opportunity to consolidate reputation as leading Cell & Gene life science cluster • Significant local economic impact from job creation, which can be harnessed across the town • Stronger perception of Stevenage as a place to invest • Higher levels of investor confidence conducive to acceleration of transformation throughout Stevenage Central <p><u>Environmental</u></p> <ul style="list-style-type: none"> • Improved visual environment • Enhanced journeys along key infrastructure route within Stevenage • Cleaner air and healthier lifestyles through decrease in traffic and wider promotion of sustainable transport <p><u>Social</u></p> <ul style="list-style-type: none"> • Higher-paid jobs will be created

	<ul style="list-style-type: none"> Better local amenities due to increase patronage of retail, hospitality and leisure activities in the town centre.
Possible collateral effects in the target area or wider spatial area	<p><u>Positive effects</u></p> <ul style="list-style-type: none"> Acceleration of on-going regeneration of the wider town, and direct benefits this can have for the town centre <p><u>Negative effects</u></p> <ul style="list-style-type: none"> Need to ensure sites are not developed in silo
Adverse effects on protected groups	None so far identified
Different impacts by income group	<p>High quality office development likely to benefit white and blue collar occupations</p> <p>Job opportunities will likely have minimum skills thresholds (levels 3-5); imperative this is mitigated through training opportunities</p>
Views of local stakeholders	TBC
Alignment with wider public policy in the relevant area/s and the UK as a whole/s	<p><u>National</u></p> <p>Boost to:</p> <p>Prospects for the UK Innovation Strategy</p> <p>Net Zero Carbon Policies</p> <p><u>Sub-regional</u></p> <p>Hertfordshire Covid Recovery Plan: contributes to equipping Hertfordshire's places for mid-21st Century living supporting town centres and town-level economies building digital connectivity.</p> <p>Boosts enterprise and innovation and international trade and investment.</p> <p>Sub-regional and Local Transport Policies: helps create a built environment conducive to improved accessibility; reduces the need to travel; encourages change in people's travel behaviour</p> <p><u>Local</u></p> <p>Stevenage Local Plan 2019-2031. Directly addresses Local Plan's ambitions for new employment opportunities.</p>
Dependency on the successful delivery of other proposals	New commercial space dependant on progress of GSK's redevelopment of the site

<p>Link of Benefits Estimated Link to Theory of Change and Strategic Case</p>	<ul style="list-style-type: none"> • Release and acceleration of a key employment development site • Construction of high-quality new commercial space • Attraction of high profile business occupiers • Increased footfall boosting prospects for revived retail, leisure and hospitality sector • Consolidation of Cell & Gene Therapy cluster in Stevenage • Enhanced patronage of and investment in upgraded food and beverage outlets. • Delivery of jobs and training opportunities, increasing the pipeline demand for investment in skills 	
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Financial Case

Funding Profile (4.2.6)

LEP	£1,013,000
Towns Fund	£1,000,000
HCC	£110,000

Funding Schedule (4.2.7)

Funding (£K)	Sunk	21/22	22/23	23/24	Total Remaining	Total
HCC (Revenue)	£50	£30	£30		£60	£110
Stevenage Town Deal			£600	£400	£1,000	£1,000
Herts LEP		£478	£535		£1,013	£1,013
Total	£50	£508	£1,165	£400	£2,073	£2,123

Costs (K)						
Spend to date	Sunk	21/22	22/23	23/24	Total Remaining	Total
Forecast Costs	£50	£69			69.000	119.000
Uncommitted costs		£439	£1,165	£400	£2,004	£2,004
Total						£0
	£50	£508	£1,165	£400	£2,073	£2,123

Variance (Proposed Funding v Costs)	£0	£0	£0	£0	£0	£0
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Activity	Estimated cost
Project management	£110,000
Communications and engagement	£30,000
Further traffic modelling work	£30,000
High level delivery programme	£3,000
Surveys and investigations, including land ownership, topographical, geotechnical, environmental, ecological, Statutory Undertakers' enquiries, highway drainage, structures, street lighting and any other possible construction constraints)	£200,000
Design, technical approvals and road safety audits	£350,000
Construction costings (including inflation, optimism bias etc.)	£10,000
Procurement including prequalification, preparing and issuing invitation to tender pack, responding to tender queries and tender evaluation	£45,000
HCC's professional fees e.g. land agent, legal	£30,000
GSK's professional fees e.g. land agent, legal	£30,000
Advance works, including site clearance and the relocation of boundary walls and fences	£325,000
Advance diversion of Statutory Undertakers' apparatus.	£960,000
Total	£2,123,000

Commercial Case

Delivery Model (5.2.4-6)

It is anticipated the scheme delivery will be procured through established and previously utilised Highways Framework arrangements. It is anticipated that HCC's existing framework contract for the development of Major Transport projects with WSP will be utilised for this bid. Stage 2 will likely use the (Eastern Highways Alliance 3 Framework or similar) to speed delivery and to benefit from established and market tested competitive processes, utilising contractors who have experience of working on the HCC network. This procurement route has been used to deliver projects in Hertfordshire and wider local authorities.

Hertfordshire County Council has a very experienced team that has recently delivered the New River Bridge and is currently delivering the A120 and A602 projects through similar contracting arrangements and governance.

Risks (5.2.11)

Risk	Mitigation
Traffic modelling results highlight that the benefits will be too low to warrant proceeding with the project	<ul style="list-style-type: none"> • Check traffic modelling assumptions • Value engineering
Land acquisition/dedication (from GSK) (the current cost estimate does not include any allowance for land)	<ul style="list-style-type: none"> • Engage Estates Team • Appoint a land agent • Request a formal land valuation • Work collaboratively with GSK to secure the land needed
Funding is not forthcoming	<ul style="list-style-type: none"> • Prepare a robust business case that can be tailored for different funding sources • Make adequate provision for risk and contingency • Continue to engage with funding partners • Seek out alternative sources of funding (e.g. LEP, DfT, Town Deal, Levelling Up Fund, etc.)
All funding being offered is capital and comes with the risk that HCC might have to fund this from its revenue budget if the scheme does not proceed	<ul style="list-style-type: none"> • Brief senior management and Members about the costs, risks and benefits and seek their approval to proceed
Ability to secure funding for the construction phase	<ul style="list-style-type: none"> • Develop a robust business case that can be tailored to a range of funding sources

	<ul style="list-style-type: none"> • In the first instance apply for funding under the Levelling Up Fund (LUF) via SBC
Sufficiency of contingency provision in the cost estimate inherited from the Stevenage Town Investment Plan	<ul style="list-style-type: none"> • Hold a workshop with SBC officers to discuss the sufficiency of the contingency allowance • Hold a risk workshop
Having to return funding if scheme does not progress beyond preparatory work	<ul style="list-style-type: none"> • Engage Legal Services • Negotiate a robust agreement with funding partners
Stakeholder acceptability	<ul style="list-style-type: none"> • Communicate project benefits and how they contribute to corporate priorities e.g. LTP4 • Engage with Members and stakeholders
Construction cannot be completed by March 2025	<ul style="list-style-type: none"> • Continued liaison with Highways England about proposed project to upgrade the A1(M) to a smart motorway between junctions 6 and 8 • Continued liaison with HCC Network Manager • Submit Provisional Advance Authorisation to secure road space • Design & Build contract to minimise programme duration
Buildability	<ul style="list-style-type: none"> • Investigating options for early contractor involvement • Consider technology (BIM and digital engineering)

Management Case

Key Participants, Accountabilities and Responsibilities (6.2.2.)

Role	HCC
Senior Responsible Officer/ Project Executive	Rupert Thacker (on behalf of HCC Transportation Major Projects Board)
Group Manager	David Burt
Project Sponsor	Paul Rogers
Design Project Director	Graham Higgins (WSP)
Design Project Manager	Livio Martelli (WSP)

Hertfordshire County Council has an experienced team that has recently delivered the New River Bridge project broadly on time and within budget. The team is also currently delivering the A120 and A602 projects. The team has reach back to technical, contract and project management experts within Arup and WSP via the CST and TIPS contracts.

