

MEETING: CABINET MEMBER - TECHNICAL SERVICES  
DATE: Wednesday 15 December 2010  
TIME: 10.00 am  
VENUE: Town Hall, Bootle (This meeting will also be video conferenced to the Town Hall, Southport)

Councillor

DECISION MAKER: Fairclough  
SUBSTITUTE: Maher

SPOKESPERSONS: Jones Tonkiss

SUBSTITUTES: Dorgan Fenton

COMMITTEE OFFICER: Paul Fraser  
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The Cabinet is responsible for making what are known as Key Decisions, which will be notified on the Forward Plan. Items marked with an \* on the agenda involve Key Decisions

A key decision, as defined in the Council's Constitution, is: -

- any Executive decision that is not in the Annual Revenue Budget and Capital Programme approved by the Council and which requires a gross budget expenditure, saving or virement of more than £100,000 or more than 2% of a Departmental budget, whichever is the greater
- any Executive decision where the outcome will have a significant impact on a significant number of people living or working in two or more Wards

**If you have any special needs that may require arrangements to facilitate your attendance at this meeting, please contact the Committee Officer named above, who will endeavour to assist.**

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# AGENDA

Items marked with an \* involve key decisions

<u>Item No.</u>	<u>Subject/Author(s)</u>	<u>Wards Affected</u>	
1.	<b>Apologies for Absence</b>		
2.	<b>Declarations of Interest</b> Members and Officers are requested to give notice of any personal or prejudicial interest and the nature of that interest, relating to any item on the agenda in accordance with the relevant Code of Conduct.		
3.	<b>Minutes of the Meeting held on 1 December 2010</b>		(Pages 5 - 10)
* 4.	<b>Thornton Switch Island Link - Best And Final Funding Bid</b>  Report of the Planning and Economic Development Director	Manor; Molyneux; Netherton and Orrell; Park; St. Oswald; Sudell;	(Pages 11 - 36)
5.	<b>52 Church Road Seaforth - Refusal Of Planning Application S/2010/1408 For The Construction Of A Vehicular Access To A Classified Road</b>  Report of the Planning and Economic Development Director	Linacre;	(Pages 37 - 42)
6.	<b>Merseyside Engineers Laboratory Service (MELS)</b>  Report of the Planning and Economic Development Director	All Wards;	(Pages 43 - 52)

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**THE "CALL IN" PERIOD FOR THIS SET OF MINUTES ENDS AT 12 NOON ON WEDNESDAY, 8 DECEMBER 2010.**

## **CABINET MEMBER - TECHNICAL SERVICES**

### **MEETING HELD AT THE TOWN HALL, BOOTLE ON WEDNESDAY 1 DECEMBER 2010**

PRESENT: Councillor Fairclough

ALSO PRESENT: Councillors Jones and Tonkiss

#### **108. APOLOGIES FOR ABSENCE**

No apologies for absence were received.

#### **109. DECLARATIONS OF INTEREST**

No declarations of interest were received.

#### **110. MINUTES OF THE MEETING HELD ON 17 NOVEMBER 2010**

RESOLVED:

That the Minutes of the meeting held on 17 November 2010 be confirmed as a correct record.

#### **111. 2010/11 LOCAL TRANSPORT PLAN - REVISED TECHNICAL SERVICES CAPITAL PROGRAMME**

Further to Minute No. 83 of 6 October 2010, the Cabinet Member considered the report of the Planning and Economic Development Director seeking approval to revise the funding allocations within the approved 2010/11 Local Transport Plan (LTP) Transportation Capital Programme; indicating that the funding allocations would reflect the current financial programme position for the 2010/11 LTP Transportation Capital Programme; and indicating that a decision on this matter was required as the Cabinet Member had delegated powers to approve the programme of schemes within the LTP and that the detail and funding programme had changed due to changes to funding allocations and scheme cost estimates and project delivery timescales.

Annex A to the report identified the entire LTP programme.

The report concluded that the revised programmes identified for Integrated Transport, Street Lighting, Highway Structures Maintenance, UTC, Drainage and Highway Maintenance could be accommodated within the overall approved 2010/11 LTP Transportation Capital Programme; that all spend would be contained within the 2010/11 LTP Transportation Capital Programme; and that the approval of the revised allocations of funding for schemes within the 2010/11 LTP Transportation Capital Programme would ensure that the overall programme was on target to meet the Single Capital Pot Allocations.

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RESOLVED:

That the revised 2010/11 Local Transport Plan Transportation Capital Programme be approved.

## **112. RESPONSE TO DEPARTMENT FOR TRANSPORT CONSULTATION - REVISIONS TO STRATEGIC NATIONAL CORRIDORS**

The Cabinet Member considered the report of the Planning and Economic Development Director seeking approval of the Council's response to a recent Department for Transport (DfT) Consultation on Promoting connectivity between Capital Cities of the United Kingdom - A Consultation on Revising National Strategic Transport Corridors; and indicating that a decision on this matter was required as the Cabinet Member had delegated powers to approve the response to Transport Consultation exercises and that the proposals related to the highway network in the south of the Borough.

The report detailed the proposed changes and the responses that had been developed in consultation with officers at the North West Regional Leaders Board, the Northwest Regional Development Agency and other local authorities on Merseyside and that, as a consequence, the responses reflected regional and local issues.

The report concluded by indicating that the main impact of the designation of the A565 in Sefton as a Strategic National Corridor would be to raise its profile with regard to future investment, with the responsibility for this resting with the Secretary of State, but that the Council would maintain responsibility for its day to day maintenance.

RESOLVED:

That the proposed response to the Department for Transport as set out in the report, in response to the consultation on proposed revisions to Strategic National Corridors be approved.

## **113. SOUTHPORT CYCLE TOWN - EAST WEST LINK**

Further to Minute No. 98(2) of 3 November 2010, the Cabinet Member considered the report of the Planning and Economic Development Director that provided a response to the request for additional information on the number and spacing of the proposed speed tables on Portland Street as part of the Southport Cycle Town - East West link and the investigation into the suitability of carriageway conditions where they were proposed to be sited.

The report indicated that it was proposed to construct 12 speed tables along a 1,550 metre length of Portland Street; that concerns had been raised regarding the number of speed tables but that to reduce the number

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further would have a significant impact on the ability to reduce vehicle speeds and thereby reduce its attractiveness to cyclists; and that with regard to the effects of ground borne vibration on surrounding properties due to poor ground conditions, evidence from the Transport Research Laboratory concluded that even in the poorest ground conditions, even very minor fatigue damage was unlikely to occur unless the profile was placed less than 3m from the nearest foundation on soft soils.

RESOLVED:

That the report providing additional information on the number and spacing of the proposed speed tables and the investigation into the suitability of carriageway conditions where they are proposed to be sited be noted.

#### **114. SOUTHPORT CYCLE TOWN PORTLAND STREET CYCLING IMPROVEMENTS - ACCEPTANCE OF TENDER**

The Cabinet Member considered the report of the Planning and Economic Development Director that sought approval to accept a tender for Southport Cycle Town, Portland Street Cycling Improvements, which comprised a scheme to introduce speed management measures to improve the facilities for cyclists including:-

- proposed speed tables at twelve junctions along Portland Street
- a proposed 20mph zone between Eastbank Street/Southbank Road and Duke Street
- a proposed junction improvement at Portland Street/Shakespeare Street
- improved crossing facilities for cyclists across Lord Street.

RESOLVED: That

- (1) the lowest compliant tender received from Dowhigh Limited of Liverpool in the sum of £251,338.67. for the Southport Cycle Town - Portland Street Cycling Improvements scheme be approved; and
- (2) the Interim Head of Corporate Legal Services be requested to prepare a formal contract with the successful tenderer.

#### **115. ADOPTION OF PART OF PARKLANDS WAY WATERLOO - SECTION 228 OF THE HIGHWAYS ACT 1980**

The Cabinet Member considered the report of the Planning and Economic Development Director seeking authority, in conjunction with the Interim Head of Corporate Legal Services, to adopt an area of highway pursuant to Section 228 of the Highways Act 1980, as detailed in the report and as shown on the plan numbered DC0689; and indicating that a decision on the matter was required to allow the Local Authority to maintain and adopt the area of highway, at public expense, but which did not form part of the adopted highway network at the present time.

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<b>Location</b>	<b>Plan No.</b>	<b>Applicant</b>
Part of Parklands Way, Waterloo	DC0689	Persimmon Homes NW Ltd.

RESOLVED: That

- (1) the Interim Head of Corporate Legal Services, in conjunction with the Planning and Economic Development Director, be authorised to adopt the area of highway pursuant to Section 228 of the Highways Act 1980 as detailed within the report and as shown upon the plan numbered DC0689; and
- (2) subject to there being no objections to the statutory notices the Planning and Economic Development Director formally adopt that part of Parklands Way, Waterloo.

## **116. LOCAL TRANSPORT PLAN 3 PRIORITIES**

The Cabinet Member considered the report of the Planning and Economic Development Director seeking approval of Sefton's response to the public consultation on the third Merseyside Local Transport Plan (LTP3) Preferred Strategy and seeking confirmation of the priorities for LTP3 in Sefton.

The report indicated that a public consultation on the 'Challenges and Opportunities' for the next LTP was undertaken in March-April 2010 and that a series of officer workshops was held to achieve the LTP's objectives; that the results of the workshops were detailed in Annexes A and B attached to the report; whilst Annex C provided a summary of other comments received from Area Committees, the Sefton Area Partnership of Parish Councils and the Sefton Economic Forum; and that the combined Sefton response to the LPT consultation questions and other key comments related to the following topics:

- LTP3 Vision and new Mobility Culture
- LTP3 Goals
- Challenges and Opportunities
- Underlying Principles
- Policy Focus
- Delivery Focus
- Future Development
- Short Term Implementation Plan
- Next Steps
- Suggested Activities
- Disadvantaged Communities
- Further Comments

The report also detailed that the Sefton LTP3 priorities related to:



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- Thornton to Switch Island link
- Maintenance of Highway Assets
- Road Safety
- Traffic Management and Parking
- Accessibility
- Health Lifestyles
- A565 Route Management Strategy

RESOLVED: That

- (1) the proposed Sefton Council response to the Local Transport Plan Preferred Strategy Public Consultation be approved; and
- (2) the priorities for the LTP3 implementation programme be approved.

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**REPORT TO:** CABINET MEMBER TECHNICAL SERVICES  
CABINET

**DATE:** 15<sup>TH</sup> DECEMBER 2010  
16<sup>TH</sup> DECEMBER 2010

**SUBJECT:** THORNTON SWITCH ISLAND LINK – BEST AND FINAL  
FUNDING BID

**WARDS  
AFFECTED:** Park, St Oswald, Netherton & Orrell, Molyneux, Manor,  
Sudell

**REPORT OF:** Andy Wallis, Planning and Economic Development Director

**CONTACT  
OFFICER:** Stuart Waldron, Assistant Director, Transportation & Spatial  
Planning – Telephone 0151 934 4235  
Stephen Birch, Transportation & Development  
Telephone 0151 934 4225

**EXEMPT/  
CONFIDENTIAL:** N/A

## **PURPOSE/SUMMARY:**

In October 2010 the Department for Transport (DfT) advised the Council that the Thornton Switch Island Link that had previously been granted Programme Entry within the Department's Major Scheme Funding Programme, had further to the Comprehensive Spending Review, been prioritised in the Supported Pool of schemes. Supported Pool status means the DfT are prepared to find funding support for the scheme subject to agreeing a 'best and final funding bid'. The purpose of the report is to seek Cabinet approval to the Council's 'best and final funding bid' prior to submission to the DfT by the deadline of 4<sup>th</sup> January 2011.

## **REASON WHY DECISION REQUIRED:**

If the Council wish to proceed with the scheme the Government expect a financial commitment from the Authority and have requested the Authority to make a 'best and final funding bid'. As a budget issue the Cabinet need to approve the revised funding package.

## **RECOMMENDATION(S):**

It is recommended that:

Cabinet Member Technical Services

- i) notes the report
- ii) recommends that Cabinet approves the funding proposals included in the report, including the Council's contribution for submission to the Department for Transport as the 'best and final funding bid'.

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Cabinet

- i) notes the report.
- ii) approves the funding proposals outlined in the report, including the Council's contribution, to be submitted to the Department for Transport as the Council's 'best and final funding bid' for apportioning funding commitment for the scheme.

**KEY DECISION:**

Yes

**FORWARD PLAN:**

No. – Rule 15 authorised by the Chair of the Overview & Scrutiny Committee (Performance and Corporate Services).

**IMPLEMENTATION DATE:**

Following expiry of the 'call in' period for the minutes of the meeting

**ALTERNATIVE OPTIONS: N/A**

**IMPLICATIONS:**

**Budget/Policy Framework:**

**Financial:** Proposed commitment contained within Council's previously approved allocation in the medium term financial plan. Subject to confirmation by the DfT, a revised funding profile for the Council's allocation will be submitted to Cabinet for approval.

<b><u>CAPITAL EXPENDITURE</u></b>	<b>2010 2011 £</b>	<b>2011/ 2012 £</b>	<b>2012/ 2013 £</b>	<b>2013/ 2014 £</b>
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

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## Legal:

**Risk Assessment:** The proposed funding bid will be subject to approval by the Department for Transport. Should the scheme not proceed, any costs incurred by the Council may be classed as abortive. Capital accounting rules require that abortive costs are charged to revenue which would require them to be funded from the general Fund Balances.

If the proposed funding bid is accepted by the Department for Transport, the DfT contribution will be fixed at the proposed amount. This means that the Council will be responsible for any additional costs arising from the project, such as costs associated with changes in the project or any overspend. Should any overspend exceed the contingency that has been retained within the proposed scheme budget, additional capital resources would be required.

**Asset Management:** N/A

### CONSULTATION UNDERTAKEN/VIEWS

FD575 The Interim Head of Corporate Finance & Information Services has been consulted and has no comments on this report.

LEGAL SERVICES DEPARTMENT

### CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People		√	

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**LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

Cabinet - 17<sup>th</sup> May 2007 – Thornton Switch Island Link Scheme – Funding  
Cabinet - 29<sup>th</sup> November 2010 – Thornton Switch Island Link – Funding  
Cabinet - 2<sup>nd</sup> October 2008 – Thornton switch Island Link – Programme Entry  
Cabinet - 1<sup>st</sup> October 2009 – Thornton Switch Island Link Commissioning Report/  
Revised Project Management/Programme and Scheme cost profile  
Cabinet - 10<sup>th</sup> June 2010 – Thornton Switch Island Link – Current Situation

## 1. Background

- 1.1 A report to Cabinet on the 10<sup>th</sup> June 2010 indicated that the new Government was to review all spending plans for major schemes approved by the previous administration. This included the Thornton Switch Island Link Road scheme, that was effectively put on hold until after the Comprehensive Spending Review was announced in October 2010. Any future expenditure would be at the Council's expense.
- 1.2 Cabinet agreed to permit the submission of the Planning Application to proceed, but all other work was halted.
- 1.3 On 29<sup>th</sup> October 2010 the DfT advised the Council that further to the Government's announcement of the outcome of the Spending Review on 20<sup>th</sup> October 2010, plans for major schemes had been announced.
- 1.4 The DfT advised that schemes that had previously been granted Programme Entry, ie an acceptable Business Case had been submitted and approved, had been prioritised into three pools: the Supported Pool; the Development Pool; and the Pre-Qualification Pool.
- 1.5 Thornton to Switch Island Link was in the Supported Pool. This meant the DfT was prepared to fund the scheme subject to the Council submitting a 'best and final funding bid' by the end of December. The Department expected the Council to demonstrate in this bid that all opportunities for cost savings and value maximisation had been explored and incorporated into the funding package.
- 1.6 On 11<sup>th</sup> November 2010 the Council received further guidance and a form for submission of the Council's 'Best and Final Funding Bid'. The main requirements can be summarised as follows:
  - Ministers want to ensure all reasonable efforts have been made both to reduce costs and secure additional funding.
  - provide an opportunity for the Council to make significant improvements to the scheme proposals in this competitive process. (DfT will provide guidance but the final judgement on the bid is the Council's responsibility).
  - bid to be submitted by Tuesday 4<sup>th</sup> January 2011.
- 1.7 Further consultation with the nominated DfT officials would indicate:
  - there is insufficient funding to enable all 10 schemes from across the country to be funded at the levels identified in the approved Business Cases when Programme Entry was granted.
  - the Minister is expecting a reduced DfT contribution to that agreed at Programme Entry stage, ie the Council contribution will have to increase either from its own resources or a third party.

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- no indication of the scale of increased contribution has been given, or whether an opportunity to negotiate will be given.

1.8 The purpose of this report is to advise Members of the funding issues relating to the scheme and make a recommendation of the proposed 'best and final bid'.

## **2. Current Position with Scheme Progress**

2.1 The Planning Application was submitted in July 2010 and will be considered by Planning Committee on 15<sup>th</sup> December 2010. Cabinet will be advised verbally of the Committee's decision.

2.2 If approved, as a development in the Green Belt, it will have to be referred to Government Office. GONW may decide to 'call-in' the application, which almost certainly leads to Public Inquiry being held.

2.3 Subject to Planning approval it will also be necessary to commence the statutory procedures to progress a Side Roads Order, for the closure of roads that cross the proposed route, and a Compulsory Purchase Order should purchase of land by negotiation fail, that may also require consideration at a Public Inquiry.

2.4 The Council is well positioned to review scheme costs now a firmer programme is emerging should funding be approved. The appointment of a Contractor / Consultant consortium to design and deliver the scheme at an early stage means that a range of skills, experience and up-to-date knowledge of the construction industry can be drawn on that will permit accurate costings to be determined.

2.5 Furthermore the scheme in highway engineering terms is relatively straightforward. There are no major high value structures to be built that have high risk funding implications and work on previous schemes over many years, supplemented by recent surveys, has given a very good understanding of conditions that can be expected to be encountered during construction. Progress with design and discussions with parties affected by the scheme has also enabled details to be agreed that again gives more certainty in scheme costs, thus reducing the contingency elements to be included.

2.6 As indicated above the scheme has been prioritised in the Supported Pool of major national transport schemes. The DfT have undertaken a review of the Benefit Cost Ratio's (BCR) of these ten schemes to ensure a consistent assessment. The BCR is an indication of the benefits that can be attributed a monetary value (ie journey time savings, reliability, wider economic impacts etc). The assessment for Thornton Switch Island Link has increased from 12.14 to 34.64. When the scheme was granted Programme Entry under the previous administrations guidance a BCR in excess of 2 was required to show value for money.



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## 3. Funding Commitment to Date

3.1 In May 2007 Cabinet approved the following funding package for inclusion in the Capital Programme. This was based on DfT guidance that required a minimum 10% contribution from the scheme promoter to the base costs, and inclusion of an Additional Risk Layer (Optimism Bias) to cover the potential for additional cost during scheme development and during delivery on site, this allowance to be shared equally. Consequently, the following was approved:

	Estimated Cost £m	Funding Responsibility	
		DfT £m	Sefton £m
<u>Quantified Cost Estimate (QCE)</u>			
Eligible Preparation Cost	0.992		
Construction Cost	9.552		
Supervision	0.413		
Statutory Undertaking Cost	0.250		
Qualified Risk Assessment	<u>1.680</u>		
Total	12.887	11.598	1.289
Inflation Allowance	<u>7.123</u>	<u>5.593</u>	<u>1.530</u>
TOTAL QCE	20.010	17.191	2.819
Additional Risk Layer (level set by DfT)	5.187	2.594	2.593
Non-Eligible Costs (Land, Order process etc)	<u>0.500</u>		<u>0.500</u>
TOTAL	<u>£25.697m</u>	<u>£19.785m</u>	<u>£ 5.912m</u>

(Costs based on 2005 prices)

3.2 The Council was advised that the scheme had been granted Programme Entry on the 15<sup>th</sup> September 2008, at which time the following funding package was accepted in the programme as a basis to permit the scheme to move through the development stages:

	Total £m	DfT £m	Sefton £m
Quantified Cost Estimate (QCE) (inc Inflation Allowance)	17.351	15.616	1.735
Additional Risk Layer	3.817	1.909	1.908
Total	<u>£21.168m</u>	<u>£17.525m</u>	<u>£3.643m</u>

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- 3.3 The main changes, resulting in a lower cost estimate being accepted at this stage by the DfT were a result of changes in the calculation of the Inflation Allowance and Additional Risk Layer based on revised information and guidance.
- 3.4 The overall allowance for the scheme of £5.912m in the Council's Capital Programme was not amended because non-eligible costs still had to be covered. In addition, as the funding was spread over a number of financial years to 2012/13, it was considered appropriate to retain the balance in the programme for potential additional costs as scheme development progressed and potential increases in the risk allocation.
- 3.5 The profile of the Council's commitment has been reported to Cabinet at the following meetings to keep the Medium Term Financial Plan up-to-date:  
17th May 2007, 29<sup>th</sup> November 2007, 2<sup>nd</sup> October 2008, 1<sup>st</sup> October 2009 and 10<sup>th</sup> June 2010.

## 4. Current Funding Status

- 4.1 With the approval of the scheme by the new Government, further to the Comprehensive Spending Review and inclusion in the 'Supported Pool' of major schemes, the Department for Transport have announced revised funding arrangements.
- 4.2 The current scheme funding has been accepted as:

	£m
Estimated Total Scheme Cost (inclusive of eligible preparation costs)	17.351
DfT Contribution	15.616
Local Authority Contribution	1.735
Third Party Contribution	Nil

## 5. 'Best and Final' Funding Bid

- 5.1 As indicated in 1.5–1.6 above the DfT has now established a competitive process for the Local Authorities with schemes in the 'Supported Pool'. In addition all allowances for funding Additional Risk Layers (Optimism Bias) have been removed.
- 5.2 Hence the DfT is asking promoting Local Authorities to identify a fixed contribution from the DfT that cannot be altered in the future and furthermore shows a reduction on the previously approved £15.616m. For clarity this would

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mean that any additional costs after the funding package is approved will fall on the Council as promoting authority.

## Up-to-date Scheme Costs

- 5.3 Further to the cost estimate submitted in the Business Case, scheme development has moved on in that the details such as alignments, drainage proposals, carriageway construction, have all now been agreed as have revisions to the VOSA Vehicle Testing site at the Switch Island junction. The Planning Application has been submitted and further work on land requirement progressed. Hence a more accurate scheme cost can be determined. In addition, with a contractor already involved, costs based on commercial experience can be used. Therefore, a workshop has been held with all the delivery partners where the scheme programme and delivery processes were broken down into detail and costed accordingly. At this stage it has been assumed the delivery programme will include a Public Inquiry as a result of a 'call-in' to the Planning Application and possibly the Side Road / Compulsory Purchase Orders.
- 5.4 In addition a robust assessment of the opportunities for value engineering opportunities (ie alternative measures / materials / processes that result in a cost saving) has been undertaken and a full review of the risk register and allocated contingency costs has been completed.
- 5.5 Consequently the following table indicates the current cost of the scheme as now proposed, the cost savings that can be generated through value engineering etc and a revised scheme cost.

	Costs at Nov 2010 £'m	Cost Savings £'m	Revised Cost £'m
Preparatory Costs (Eligible Only) - Phase 1a / Prelim Design, Environmental Assessment & Planning Application ( <i>Actual completed cost</i> )	1.492	0	1.492
- Phase 1b (Statutory Process, Detail Design)	1.083	0.130	0.953
Construction Costs (Inc Supervision)	14.044	0.813	13.231
Statutory Undertaking Costs	0.720	0	0.720
Risk	1.685	0.503	1.182
Inflation	1.254	0.244	1.010
Eligible Scheme Costs	<u>£20.278</u>	<u>£1.690</u>	<u>£18.588</u>

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	Costs at Nov 2010 £'m	Cost Savings £'m	Revised Cost £'m
Ineligible Preparation Costs	0.200	0	0.200
Land Cost	0.500	0.050	0.450
Total Scheme Cost Estimate November 2010	<u>£20.978m</u>	<u>£ 1.740m</u>	<u>£19.238m</u>

## Note

- 1) The increase over the Business Case estimate is as expected, taking account of the development of the scheme up to submission of the Planning Application, and increased costs between 2005 and 2010. Based on the 2005 original estimates these additional costs are in line with those anticipated and covered within the Additional Risk Layer (Optimism Bias).
- 2) Should a Public Inquiry not be required it is estimated this will save £0.2m of Ineligible Preparation Costs.

## Best and Final Funding Bid

- 5.6 In determining the Best and Final Funding Bid to the DfT for determining their fixed contribution the following needs to be taken into consideration:
- there needs to be a significant reduction in that previously indicated.
  - the Council have allocated £5.912m in the Capital Programme based on previous estimates and guidance.
  - the strong commitment to delivering the scheme balanced against the other financial pressures on the authority.

## Proposal

- 5.7 Original guidance required a minimum 10% contribution. 10% of the current Eligible Costs = £1.859m. Hence a 90% contribution from DfT = £16.729m, against the currently indicated allocation of £15.616m.
- 5.8 The Council has £5.912m allocated to the scheme which it is recommended be retained at this level. Hence with known ineligible costs of £0.650 and allowing for a contingency layer to cover potential additional costs and possibly the cost of the associated traffic calming and safety works on the existing roads to ensure strategic through traffic makes best use of the road, then it is considered a Council contribution of approximately £4.0m could be sustained.

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5.9 This would give an overall cost profile of:

Estimated Total Outturn Cost	£18.588m
Local Authority Contribution	£ 4.088m (22%)
DfT <u>Fixed</u> Contribution	£14.500m (78%)

5.10 This would offer the DfT a saving of £1.116m on the previously indicated contribution, over and above the removal of the Additional Risk Layer allocation.

5.11 The Council's funding can therefore be summarised as:

Local Authority Contribution	£4.088m
Ineligible Costs	£0.650m
Contingency	£1.174m
<b>TOTAL</b>	<b>£5.912m</b>

5.12 The DfT have circulated a form for the Council to submit its funding bid and a draft version, incorporating the above funding proposal is attached as Annex A.

## 6. Conclusions

6.1 The Council has been promoting this scheme for many years and there is overwhelming public support for the scheme, as demonstrated by the public consultations undertaken over recent years.

6.2 The Government has fully recognised the benefits and value for money the scheme offers by initially granting Programme Entry in September 2008, and now the scheme is one of only 10 schemes nationally to be placed in the 'Supported Pool' by the new administration.

6.3 The Council recognises the current funding constraints and wishes to work with the Department for Transport to agree a funding package that is acceptable to both partners.

6.4 The funding package set out in the report and the required DfT form is considered deliverable within the current allocation in the Council's Capital Programme, with an allowance for additional costs that become the scheme promoter's responsibility.

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## 7. Recommendation(s)

That Cabinet Member Technical Services:

- i) notes the report; and
- ii) recommends that Cabinet approves the funding proposals included in the report, including the Council's contribution for submission to the Department for Transport as the 'best and final funding bid'.

Cabinet

- i) notes the report; and
- ii) approves the funding proposals outlined in the report, including the Council's contribution, to be submitted to the Department for Transport as the Council's 'best and final funding bid' for apportioning funding commitment for the scheme.



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<b>LOCAL AUTHORITY MAJOR SCHEMES BEST AND FINAL FUNDING BID</b>	
<b>Scheme Name</b>	Thornton to Switch Island Link
<b>Local Authority</b>	Sefton MBC

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<b>SECTION 1: THE SCHEME AS PREVIOUSLY APPROVED</b>	
<i>This section should describe the scheme as approved at Programme Entry. Please state separately if there have been any subsequent changes previously notified to or discussed with DfT prior to June 2010.</i>	
<b>Date of Programme Entry</b>	<b>15 September 2008</b>
<b>Estimated total scheme cost</b> (inclusive of eligible preparatory costs)	<b>£17.351m</b>
<b>DfT contribution</b>	<b>£15.616m</b>
<b>Local Authority Contribution</b>	<b>£1.73m</b>
<b>Third party contribution</b>	<b>£nil</b>
<b>1.1 Description of the scheme</b> <i>This should clearly state the scope of the scheme and describe all of its key components</i>	
<p>The proposed Thornton to Switch Island Link is located in the Borough of Sefton on Merseyside (see attached plan). The scheme comprises a single carriageway link road, approximately 4.3 kilometres in length between the A565 Southport Road, Thornton at the westerly end and the M57, M58, A59 and A5036 Switch Island junction at the eastern end, by-passing the residential communities of Thornton and Netherton (see attached plans).</p> <p>The route will be constructed as a 10 metres wide, two lane, single carriageway with 1m wide hardstrips and a 2.5 metre wide verge. It has been designed assuming a speed limit of 50mph. The road will have some sections on low embankment and others in shallow cutting where it runs close to existing residential properties, but will mostly be close to existing ground level. Surface drainage of the highway will be collected by a kerb and gully system and discharged via verge piped drainage systems, silt traps and oil interceptors to four new attenuation ponds, and subsequently into existing drainage ditches. There are no proposed bridges or retaining structures to be incorporated along the route, other than piped culverts under the route.</p> <p>The route will only be lit where there are specific safety reasons for doing so, which is mainly associated with the junctions and crossings along the route. It is not proposed that there will be any footways along the route other than locally to specific pedestrian crossing points. It is proposed that there are two signal controlled pedestrian crossings at Chapel Lane and at Holgate. Two bus lay-bys are to be incorporated on the link near the junction with Long Lane to replace existing stops on Southport Road.</p> <p>From the western end, the link road alignment commences near the junction of Southport Road / Long Lane / Ince Road, with a new junction arrangement allowing all turning movements. The route will be linked to the existing highway of Park View by a spur link to a new roundabout junction. A new traffic signal controlled junction will be constructed where the route crosses Brickwall Lane (B5422). The junction will incorporate additional lanes on each approach arm to accommodate turning traffic and the traffic signals will include a pedestrian phase to enable people to cross the road safely. There will be another traffic signal controlled junction at Chapel Lane to permit access to Brook House Farm on the north side of the link road. There will be no access to the new link from Chapel Lane on the south side of the link.</p> <p>At its eastern end, the link road will be connected to the traffic signal controlled Switch Island junction. This will involve a modification of the layout of the junction on the west side to incorporate west bound access to the link road from the south end of Switch Island, and eastbound flow from the link road into Switch Island at the north end of the junction. These arrangements have been discussed with the Highways Agency. The movements of traffic</p>	

entering and leaving the new link road and the implications for Switch Island have been modelled and the results have been assessed by the Highways Agency and their consultants and they are satisfied that the junction will continue to operate successfully.

One of the key requirements for the scheme was to facilitate the transfer of strategic (through) traffic from the existing highway network but without creating additional highway capacity. To achieve this, it is important that the existing highway network does not provide an alternative through route but serves primarily local traffic and provides better conditions for walking, cycling and public transport. A series of complimentary traffic management measures, therefore, have been developed for the existing highway network, specifically Lydiate Lane and the Northern Perimeter Road. They are an important element of the overall scheme and have been included in the traffic modelling and considered in the assessment of the transport impacts of the scheme.

## **1.2 What are the primary objectives of the scheme?**

*Please limit this to the primary objectives (ideally no more than 3) such as reducing congestion; the problems to which this scheme is the solution. Do not include secondary objectives i.e. things that the scheme will contribute to (for example it may be an objective of a new road scheme to include improved facilities for cyclists, but that is not a primary objective)*

- Relieve congestion on the local highway network in the Thornton to Switch Island corridor, providing a more direct alternative route for strategic traffic, thereby reducing delays and improving journey times.
- Improve strategic highway access between the northwest's motorway system and Southport, the Port of Liverpool and the Atlantic Gateway Strategic Investment Area, providing more reliable journey times and reduced delays to strategic traffic.
- Provide improvements in local environmental quality, access and safety for the local communities of Netherton, Thornton and the Sefton villages.

## **1.3 Has the total estimated cost of the scheme changed since the award of Programme Entry as stated above?**

*If yes please provide the latest cost of the scheme with a summary and explanation of the key changes from the cost breakdown provided in the Programme Entry MSBC. Please use this section to identify any cost savings that you have already made since the award of Programme Entry.*

Yes

There have been two significant iterations of the cost estimating process since Programme Entry. The first of these took place during the ECI tendering process, when the potential contractors were asked to prepare a cost estimate as part of the tender. Subsequently, following the development of the design to a stage where the planning application could be submitted, the project team (led by the main contractor) reviewed the costs in order to prepare an initial target cost. The results of this latest review of costs, which was based on prices for Q1 2010, have been used as the latest cost estimate presented below.

This latest cost estimate shows an approximately 17% increase in the total cost of the scheme since Programme Entry. The cost breakdown is presented below and a discussion of the main changes since Programme Entry is also provided as an explanation of the change in estimated cost. **Please note that these are the estimated costs before the identification of any potential savings, which are presented in Section 2.3.**

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<b>Preparatory Costs (Eligible only)</b>	
Phase 1a (Preliminary Design, Environmental Assessment, Planning Application)	£1.492m**
Phase 1b (Statutory Processes, Detailed Design)	£1.083m
<b>Construction Costs (including supervision)</b>	£14.044m
<b>Statutory Undertakers' Diversions</b>	£0.720m
<b>Risk</b>	£1.685m
<b>Inflation</b>	£1.254m
<b>Eligible Scheme Costs</b>	<b><u>£20.278m</u></b>
<b>Ineligible Preparation Costs</b>	£0.200m
<b>Land</b>	£0.500m
<b>Total Scheme Cost Estimate (June 2010)</b>	<b><u>£20.978m</u></b>

*\*\* The Phase 1a costs given here are actual costs already expended up to the submission of the planning application in July 2010.*

**Phase 1a** – There has been a significant increase in the preparatory costs as part of Phase 1a of the ECI contract compared to the expected preparatory costs identified in the Programme Entry budget. This has mainly been due to the extent of work undertaken on the scheme design, environmental assessment and planning application. For example, approximately £190,000 was spent on finalising the planning application in taking Counsel advice about the submission and amending the documentation to take account of the advice received. This work was considered important and appropriate because of the effect on the likelihood of a Public Inquiry on planning issues. It is hoped that the impact of this work will be to reduce or even avoid the need for a Public Inquiry, which would offer significant benefits both in costs and programme.

**Phase 1b** – There has also been an increase in the preparatory costs anticipated for Phase 1b. This is based on the contractor's estimate based on a better understanding of the scheme and what is required. However, the main aspect of the change in this element is the transfer of the costs of detailed design from the Construction phase (where it was included at Programme Entry stage) into Phase 1b. This is primarily a programming issue to enable the more efficient and effective delivery of the scheme and is mainly simply a transfer of costs rather than an increase in the estimate.

**Construction** – There is a significant increase in the cost estimate for the construction phase (from £9.999m at Programme Entry to £14.044m in the current estimate). Despite the transfer of Detailed Design costs, the Construction cost estimate has increased substantially. This is largely due to pricing factors and inflation. The Programme Entry estimates were based on 2005 prices and consequently attracted a high level of inflation (£4.505m at Programme Entry). The latest estimate is based on 2010 prices and, as a

result, inflation estimates have reduced to £1.254m. This difference in price rates and inflation accounts for much of the change in construction cost estimates (about 75%), although there have been other factors that have also changed and have made up the other 25% of the increase.

The need to include the works on the VOSA site (see 2.1 below) has added at least £180,000 to the construction costs. The development of the scheme design has also identified additional construction costs. In particular, for example, the latest estimate for the required environmental and landscape mitigation measures is approximately £200,000 more than had been allowed for in the Programme Entry estimate.

**Statutory Undertakers' Diversions** – The estimate for diversions of electricity, gas and telecommunications infrastructure has increased significantly since Programme Entry (from £370,000 to £720,000). This based on a combination of the initial estimates received from the utility companies and an analysis by the project team of the realistic costs that might be required (i.e. the utility company estimates are much higher than the amount currently included in the cost estimate). The need for works on the VOSA site also requires additional diversions, substantially contributing to the increased costs for diversion works.

**Risk** – The scheme risk register has been reviewed and updated on a regular basis during the project. The allocation for risk has remained similar to that proposed at Programme Entry.

**Inflation** – As described above, the amount identified for inflation is now substantially less because 2010 prices have been used for the latest estimate, rather than 2005 prices as used in the Programme Entry estimate.

In order to provide an overall estimate of the total scheme cost, the ineligible preparation costs and land costs have also been identified. Land costs were not included in the Programme Entry submission and have therefore been kept separate from the other scheme costs.

It is acknowledged and accepted that the Additional Risk Layer cost sharing mechanism has been discontinued. However, if the reduced percentage of 'optimism bias' that would have applied at the previous Conditional Appraisal application was applied to the current cost estimate, the current total scheme cost (including an additional risk layer) would remain very similar to the Programme Entry estimate incorporating the additional risk layer. This means that elements of the additional contingency provided by the additional risk layer have largely been incorporated into the initial target cost, whether in cost expended or in better developed and more up to date cost estimates.

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## **SECTION 2: REVISED SCHEME PROPOSAL**

*This section should describe the changes you are proposing to make for the purposes of your Best and Final Funding Bid as described in the DfT document "Investment in Local Major Transport Schemes" published on 26 October*

### **2.1 Are you proposing any changes of scope from the scheme as described in Section 1 above**

*If yes, please describe in detail the changes you are proposing and revised cost breakdown with a read-across from the costs set out in the Programme Entry MSBC (or the latest cost estimate at 1.3 above). Please also attach explanatory maps, diagrams etc. as appropriate.*

The new links to Switch Island will also require amendments to the area of the site presently occupied by the Vehicle Operators Service Agency (VOSA). The details of these requirements had not been defined at the time of Programme Entry. As part of the design work undertaken in preparing the planning application, a proposed site layout was developed based on other existing VOSA sites. The proposed layout was discussed and agreed with VOSA. Plans are attached as requested.

All the existing features of the site will be relocated within a revised layout, contained within the area bounded by Switch Island and the two sections of the new link road. Details are shown on the accompanying plans. The estimated costs of the proposed works amount to £180,000, which have been incorporated into the scheme costs. Details of these costs were not available at the time of programme entry and although an allowance was included in the cost estimate, it was included within the risk allocation and not identified separately.

The proposed new layout of the VOSA facility has also had some implications for statutory undertakers' diversions as it is likely that an electricity cable will require diversion to accommodate the reconfigured VOSA site. This has contributed to the anticipated increase in utility diversion costs for the scheme.

### **2.2 What, if any, additional changes of scope have you ruled out for the purposes of your Best and Final Funding Bid? Please give reasons**

The detailed and rigorous option appraisal process that was used to identify the proposed route ensured that the best option for achieving the scheme objectives was selected. The basis of the option appraisal has been reviewed and is considered to still be relevant and appropriate. The potential for changing the scope of the scheme is very limited, without compromising the achievement of the objectives. The route selected is the best route to achieve the objectives and revisions to the route alignment would not be either appropriate or practical. In engineering terms, the scheme is straightforward and there are no components of the scheme that can be either removed or amended. Consequently, there are no other proposals for any changes in the scope of the project.

### **2.3 Whether or not you are not proposing a change of scope, please identify any savings that can be made to the total cost of the scheme, for example through value engineering?**

*Please provide details with a summary and explanation of the further savings beyond those already identified at 2.1 above or, if no scope changes are proposed, with reference to the cost breakdown provided in the Programme Entry MSBC (or the latest cost estimate at 1.3 above)*

As part of the process of preparing this Best and Final Funding Bid, the scheme costs have been reviewed to identify the potential for savings for the scheme. All stages of the project

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have been examined to identify opportunities for efficiencies and savings, including a review and update of the risk register. Overall, the potential for major value engineering measures is limited because of the scope of the scheme. It is a relatively simple scheme, with no major structures or other features that could be redesigned or delivered in a different way. Nevertheless, some potential has been identified and has been incorporated into a revised cost update. The opportunities for savings in the scheme budget are identified below and discussed in detail in subsequent paragraphs.

	<b>Cost saving</b>	<b>Revised total</b>
<b>Preparatory Costs (Eligible only)</b>		
Phase 1a (Preliminary Design, Environmental Assessment, Planning Application)	0	£1.492m
Phase 1b (Statutory Processes, Detailed Design)	£0.130m	£0.953m
<b>Construction Costs</b> (including supervision)	£0.813m	£13.231m
<b>Statutory Undertakers' Diversions</b>	0	£0.720m
<b>Risk</b>	£0.503m	£1.182m
<b>Inflation</b>	£0.244m	£1.010m
<b>Eligible Scheme Costs</b>	<b><u>£1.690m</u></b>	<b><u>£18.588m</u></b>
<b>Ineligible Preparation Costs</b>	0	£0.200m
<b>Land</b>	£0.050m	£0.450m
<b>Total Scheme Cost Estimate (November 2010)</b>	<b><u>£1.740m</u></b>	<b><u>£19.238m</u></b>

**Phase 1b** – An anticipated saving of £130,000 has been identified. This relates mainly to the costs associated with the re-submission of the business case for the scheme, which will no longer be required (subject to the acceptance of the Best and Final Funding Bid) and the identification of some other savings in consultant fees.

**Construction** – Opportunities for value engineering and other options for savings during construction have been reviewed. A total of £813,000 saving has been identified. This comprises approximately £455,000 of value engineering and £358,000 of other savings. The value engineering savings consist mainly of a reduction in the amount of lighting required for the scheme and associated electrical supplies, review of required pavement thickness, reduction in temporary fencing, site office arrangements and competitive pricing. Other cost savings were identified in the estimating process and the more efficient integration of site supervision.

**Risk** – The latest review of the risk register resulted in a reduction of the level of risk in some areas and a resultant saving of about £500,000.

**Inflation** – Some savings have been identified in inflation through the use of a lower

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inflation figure than previously, reflecting the current economic conditions. However, the review of the major scheme programme and the availability of funding only from 2012/13 has extended the potential start date for the scheme and resulted in some additional inflation being applied to the scheme because of the changes in programme. Therefore, the saving in inflation is not as great as might have otherwise been achieved.

**Land** – The latest land cost estimates indicate that a saving of £50,000 can be made.

## **SECTION 3: IMPACT OF CHANGES PROPOSED**

*This section should describe the impact of the changes you are proposing in Section 2 above compared to the previously configured scheme as described in Section 1*

### **3.1 What impact, if any, would the proposed changes have upon achievement of your primary objectives?**

All the objectives will still be achieved.

### **3.2 What impact, if any, would the proposed changes be likely to have on the overall value for money case for the scheme, and in particular on the benefits and costs previously estimated?**

*Where possible, please provide estimates of what impact each proposed change would have on the costs and benefits of the scheme. This should cover both monetised and non-monetised costs and benefits.*

The revised scheme cost estimate identified above (in section 2.3) is very similar to the Investment Cost figure used in the original Benefit Cost assessment presented in the MSBC. This indicates that the PVC used in the Business Case would effectively remain unchanged. The update of the traffic modelling undertaken for the environmental assessment and in response to comments from the DfT at Programme Entry stage indicates that there are no major changes to the expected journey time savings, which provide the scheme benefits, although no new TEE table has been generated at this stage.

The BCR presented in the MSBC, as subsequently amended in response to comments from the DfT appraisal team, therefore remains valid and is not materially changed by the revised scheme costs presented above.

The value for money information and revised BCR prepared by the DfT as part of the spending review has been scrutinised. The spending review adjustments have resulted in a significant increase in the BCR. The scheme already offered excellent value for money, but the revisions mean that the scheme offers exceptional value for money. The main reason for this appears to be the way that indirect tax has been removed from the costs of the scheme. The relative simplicity of the scheme means that it has a low construction cost and removal of the indirect tax reduces the scheme costs by about 60%. When this reduction is combined with an increase in overall scheme benefits due to the reliability and wider impacts contributions, it results in a major change in the BCR. If the changes in indirect tax are not included, there is still an increase in the BCR, but it is much smaller.

The Council has always maintained that the scheme offers significant value for money because it is a relatively simple, low cost scheme that offers substantial journey time savings and with limited environmental impacts. The DfT's review of value for money has confirmed that position and Sefton Council is happy to accept the revised figures.



**3.3 What impact, if any, would the proposed changes have on the statutory orders or permissions required or the timetable for obtaining these?**

*For example would fresh planning consent need to be sought?*

No changes to the orders or permissions are required. The planning application for the scheme was submitted in July 2010 and has been ?? by Sefton Council's Planning Committee. The application has been referred to GONW for a decision about whether a Planning Inquiry is required. The Side Roads Order and Compulsory Purchase Order processes will be pursued once acceptance of the BAFFB has been confirmed.

**3.4 What impact, if any, would the proposed changes have on the procurement arrangements or timetable?**

*For example would any retendering be required?*

The design and construction contract has already been procured through an Early Contractor Involvement contract and no further procurement will be required.

**3.5 What is the estimated start and completion date of the scheme as now proposed, taking into account any of the impacts described above?**

*For the purposes of this question assume that no DfT funding will be available before 2012/13. Please list all relevant milestones including start and completion of statutory processes, public inquiries, procurement etc.*

An outline of key milestones is provided below.

Sefton Planning Committee	Dec 2010
DfT confirmation of BAFFB	Jan 2011
Publish draft Orders (SRO, CPO)	Feb 2011
SoS decision on need for planning PI	Feb 2011
SoS decision on need for Orders PI	June 2011
Public Inquiry	Nov 2011
SoS Decision	March 2012
Construction start	Sept 2012
Construction complete	Sept 2013

# Agenda Item 4

<b>SECTION 4: FUNDING</b>						
<i>This section is to detail the cost and funding for your revised proposal as described in Section 2 above. Please quote all amounts in £m to three decimal points (i.e. to the nearest £1000)</i>						
<b>4.1 What is your estimate of the total outturn cost of the scheme?</b> <i>After taking into account all the proposed changes described in Section 2 above.</i>					<b>£18.588m</b> (excludes land and ineligible preparatory costs)	
<b>4.2 Please state what inflation assumption you are using?</b>					<b>2.7% pa</b>	
<b>4.3 Please provide a breakdown of the proposed funding sources for the scheme</b>						
<b>(a) Local Authority contribution</b> <i>This needs to cover the difference between the total cost of the scheme as stated above and the total of the requested DfT and agreed third party contributions.</i>					<b>£4.088m</b>	
<b>(b) Agreed third party contributions</b> <i>Please name each contributor on a separate line and provide evidence of agreement (e.g. a letter from the funder outlining the degree of commitment, timing for release of funds and any other conditions etc).</i>					<b>Nil</b>	
<b>(c) DfT funding requested</b> <i>You are reminded that, as set out in the document "Investment in Local Major Transport Schemes" the risk layer cost sharing mechanism is being discontinued and the figure you enter here will, if accepted, be the maximum funding that DfT will provide for the scheme. If you wish eligible preparatory costs (as defined by previous guidance) to be paid these will need to be consolidated within this funding request.</i>					<b>£14.500m</b>	
<b>4.4 What is the estimated funding profile?</b> <i>Assume that no DfT funding will be available before 2012/13 Please specify the third party contributor(s) and list each one (if more than one) on a separate line.</i>						
	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
<b>LA contribution</b>	£1.492m	£0.518m	£0.398m	£1.530m	£0.150m	
<b>Third Party contribution</b>						
<b>DfT funding requested</b>			£7.000m	£7.500m		
<b>Total (excluding land and ineligible prep costs)</b>	<b>£1.492m</b>	<b>£0.518m</b>	<b>£7.398m</b>	<b>£9.030m</b>	<b>£0.150m</b>	
<b>Breakdown by stage</b>						
Phase 1a	£1.492m					
Phase 1b		£0.370m	£0.583m			
Construction			£5.232m	£7.849m	£0.150m	
Stats diversions			£0.720m			
Risk		£0.118m	£0.473m	£0.591m		
Inflation		£0.030m	£0.390m	£0.590m		
<b>Total Eligible Scheme Cost</b>	<b>£1.492m</b>	<b>£0.518m</b>	<b>£7.398m</b>	<b>£9.030m</b>	<b>£0.150m</b>	
<b>Ineligible Prep Costs</b>	£0.100m	£0.100m				
<b>Land</b>			£0.450m			
<b>TOTAL</b>	<b>£1.592m</b>	<b>£0.618m</b>	<b>£7.848m</b>	<b>£9.030m</b>	<b>£0.150m</b>	

## **SECTION 5: ADDITIONAL INFORMATION**

*Please add any additional information that is relevant to your Best and Final Funding Bid that is not covered elsewhere in the form*

The public and political support for the delivery of the Thornton to Switch Island Link remains very high. The response to the Government's announcement that the scheme was being included in the Supported Pool was overwhelmingly positive. There is cross party support for the scheme within Sefton Council and the authority's commitment to delivering the scheme is demonstrated by the saving it is offering to the DfT and its own increased contribution.

The Council's commitment to the scheme is also demonstrated by the decision to proceed with the planning application during the major scheme review. The inclusion of the scheme in the Supported Pool has vindicated that decision and also enabled the Council to be in a position to react quickly to the opportunity to proceed with the scheme.

The scheme is not complex, it has no major engineering or environmental constraints and the structures are in place in the project team to enable delivery of the scheme as soon as the statutory processes have been completed. The contractor/designer team have been working with the Council and its consultants for 17 months and are well placed to deliver the scheme.

The scheme programme and cost estimates include an assumption that a Public Inquiry will be required, whether for planning issues or the Orders. However, the project team has invested considerable time and effort in trying to reduce the potential for a Public Inquiry. If there is no requirement for a Public Inquiry, there is the potential to bring forward the start of construction for the scheme by about 7-8 months, possibly to Jan/Feb 2012. This has benefits both for the overall scheme cost and the delivery programme. However, it would also affect the project spend profile and profile of the DfT contribution, resulting in a greater proportion of the contribution being required in 2012/13.

The potential for an earlier delivery of the scheme is identified at this stage so that the DfT can consider the implications for the profile of their contribution. Subject to the acceptance of the BAFFB, the project team will advise the DfT of any significant decisions that may influence the delivery programme.

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## SECTION 151 OFFICER DECLARATION

As Section 151 Officer for Sefton Council I declare that the scheme cost estimates quoted in this bid are accurate to the best of my knowledge and that Sefton Council has the intention and the means to deliver this scheme on the basis of its proposed funding contribution at section 4.3 (a) above, on the understanding that no further increase in DfT funding will be considered beyond the maximum contribution requested at 4.3 (c).

Name: Mike Martin	Signed:
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## SENIOR RESPONSIBLE OWNER DECLARATION

As Senior Responsible Owner for Thornton to Switch Island Link, I hereby submit this Best and Final Funding Bid to DfT on behalf of Sefton Council and confirm that I have the necessary authority to do so.

Name: Stuart Waldron	Signed:
Position: Assistant Director Transportation and Development	

## CONTACT DETAILS FOR FURTHER ENQUIRIES

<b>Lead Contact:</b> <b>Position:</b> <b>Tel:</b> <b>E-mail:</b>	Stephen Birch Team Leader, Strategic Transportation Planning Unit 0151 934 4225 <a href="mailto:Stephen.birch@sefton.gov.uk">Stephen.birch@sefton.gov.uk</a>
<b>Alternative Contact:</b> <b>Position:</b> <b>Tel:</b> <b>E-mail:</b>	Colin Jolliffe Project Leader, Capita Symonds 0151 934 4244 <a href="mailto:Colin.jolliffe@capita.co.uk">Colin.jolliffe@capita.co.uk</a>

# Agenda Item 5

**REPORT TO:** CABINET MEMBER – TECHNICAL SERVICES

**DATE:** 15 DECEMBER 2010

**SUBJECT:** REFUSAL OF PLANNING APPLICATION – S/2010/1408  
CONSTRUCTION OF A VEHICULAR ACCESS TO A  
CLASSIFIED ROAD – 52 CHURCH ROAD, SEAFORTH

**WARDS  
AFFECTED:** LINACRE

**REPORT OF:** ANDY WALLIS – DIRECTOR OF PLANNING AND  
ECONOMIC DEVELOPMENT

**CONTACT  
OFFICER:** PETER OVINGTON 0151-934-4593

**EXEMPT/  
CONFIDENTIAL:** NO

**PURPOSE/SUMMARY:**

Planning Application S/2010/1408 has been received for the construction of a vehicular access to a classified road. This report considers the highway implications of the application.

**REASON WHY DECISION REQUIRED:**

The Council's Constitution requires the approval of the Cabinet Member for Technical Services prior to refusal of a planning application, where highway grounds are the sole reason for planning refusal. In this case, the Planning and Economic Development Director has no planning reason to refuse the application. The Traffic Services Manager has concerns over the application and the Cabinet Member is therefore requested to consider the highway issues involved.

**RECOMMENDATION(S):**

It is recommended that the Planning Committee be requested to refuse Planning Application S/2010/1408 on the grounds that the development would lead to conditions which are considered to be detrimental to highway safety.

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**KEY DECISION:** NO

**FORWARD PLAN:** Not appropriate

**IMPLEMENTATION DATE:**

**ALTERNATIVE OPTIONS:**

There are none available

**IMPLICATIONS:**

**Budget/Policy Framework:**

**Financial:** NONE

<b><u>CAPITAL EXPENDITURE</u></b>	<b>2009 2010 £</b>	<b>2010/ 2011 £</b>	<b>2011/ 2012 £</b>	<b>2012/ 2013 £</b>
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

**Legal:**

**Risk Assessment:**

**Asset Management:**

**CONSULTATION UNDERTAKEN/VIEWS**

**CORPORATE OBJECTIVE MONITORING:**

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities	√		
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability		√	
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy		√	
8	Children and Young People		√	

**LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

Planning Application S/2010/1408

# Agenda Item 5

## **1.0 INTRODUCTION**

- 1.1 The Council's Constitution requires the approval of the Cabinet Member for Technical Services where highway grounds are the sole reason for a planning refusal. In this case, the Planning and Economic Development Director has no planning reason to refuse the application. The Traffic Services Manager has concerns over the application and the Cabinet Member is therefore requested to consider the highway issues involved and determine if a refusal; should be recommended to the Planning Committee.

## **2.0 PROPOSALS**

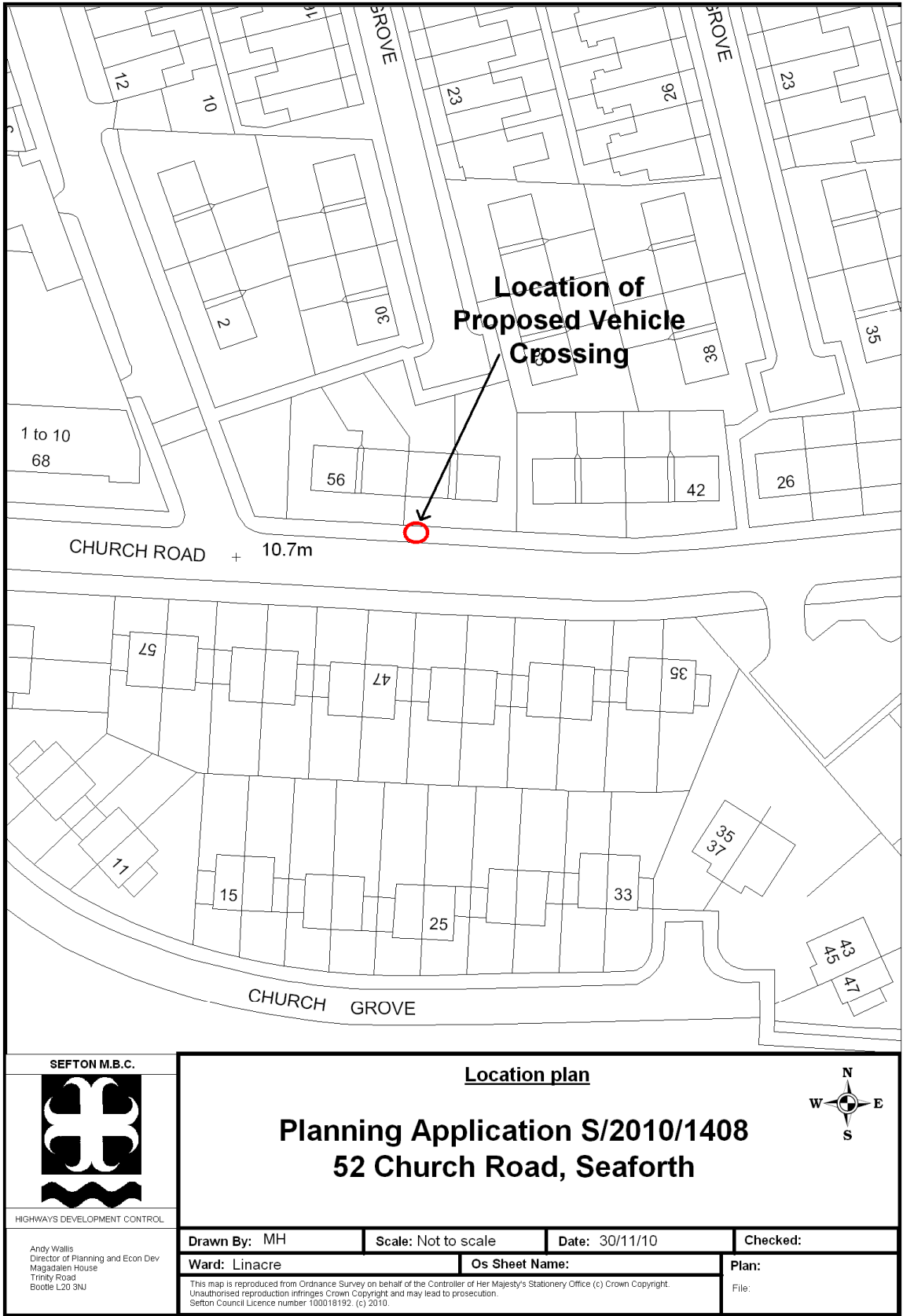
- 2.1 Planning Application S/2010/1408 has been received for the construction of a vehicular access to a classified road at 52 Church Road, Seaforth.
- 2.2 The location of the site is situated on a classified road, which provides a link between Seaforth Road and a number of other residential streets such as Rossini Street, Rawson Road and Clarendon Road. There are also a number of Traffic Regulation Orders (TRO's) situated along Church Road resulting in a prohibition of driving to Balfe Street, Caradoc Road and Crosby Road South.
- 2.3 There is insufficient space to park a car at 90° to the front of the property, as there is 4.5m between the front of the building and the back edge of the footway. This is unacceptable as a standard sized vehicle would overhang onto the highway and would create an unnecessary obstacle to pedestrians, especially those who are partially sighted.

## **3.0 RECOMMENDATION**

- 3.1 It is recommended that the Planning Committee be requested to refuse Planning Application S/2010/1408 on the grounds that the development would lead to conditions that are detrimental to highway safety.

**Andy Wallis**  
**Planning & Economic Regeneration Director**





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**REPORT TO:** Cabinet Member Technical Services  
Cabinet

**DATE:** 15<sup>th</sup> December 2010  
16<sup>th</sup> December 2010

**SUBJECT:** Merseyside Engineers Laboratory Service (MELS)

**WARDS  
AFFECTED:** All

**REPORT OF:** Andy Wallis Planning & Economic Regeneration Director

**CONTACT  
OFFICER:** Stuart Waldron Assistant Director Transport & Spatial Planning  
0151 934 4006  
Jerry McConkey Network Manager  
0151 934 4222

**EXEMPT/  
CONFIDENTIAL:** No

## **PURPOSE/SUMMARY:**

To appraise Members of the current situation with regard to the support and funding for the Merseyside Engineers Laboratory Service (MELS) for which Sefton Council is the lead authority and accountable body on behalf of the five Merseyside Districts. The report highlights the current and future budget situation that impacts on the viability of this Business Unit and hence staff resources.

## **REASON WHY DECISION REQUIRED:**

Sefton Council act as lead authority and accountable body for the Merseyside Engineers Laboratory Service within the terms of a formal Agreement governing the service. Reduced demand for the service, due to the current financial situation, has resulted in a need to review the viability of this Business Unit. The Council as lead authority needs to approve and implement the outcome of the review, in consultation with the District Partners.

## **RECOMMENDATION(S):**

It is recommend that Cabinet Member Technical Services recommends to Cabinet

1. The Merseyside Districts Authorities view that sufficient funding and hence commissions will not be available in the foreseeable future to maintain the Merseyside Engineers Laboratory Services as a viable Business Unit be noted.
2. In accordance with the Service Agreement with the Merseyside Districts Authorities the withdrawal of Sefton Council's consent to act as Designated

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Council and the termination of the MELS Agreement be approved.

3. That officers continue to seek the full co-operation of the partner District Authorities to seek redeployment of the staff and to explore opportunities for the potential future utilisation of these specialist skills and equipment, including by private sector interests.

Note that this will involve a reduction in staff, to be achieved through the Council's normal personnel procedures and if necessary compulsory redundancies. Under the terms of the Agreement all the Merseyside District Authorities will be responsible for considering redeployment opportunities and to share any costs.

**KEY DECISION:** No

**FORWARD PLAN:** No

**IMPLEMENTATION DATE:** Following the expiry of the 'call in' period for the minutes of the meeting.

## **ALTERNATIVE OPTIONS:**

The current joint Agreement for the service permits one of the other constituent authorities to take over the responsibilities of Designated Council and become the accountable body for the service. All four districts have been consulted and all have indicated they do not wish to pursue this course of action.

## **IMPLICATIONS:**

**Budget/Policy Framework:** The service currently places demands on the Aids to Movement Budget within the Technical Services Portfolio with regard to the council's contribution to a 'core' fee (£15k/yr) and to cover any annual deficit in the budget after fees from commissions are taken into account.

**Financial:**

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<b><u>CAPITAL EXPENDITURE</u></b>	<b>2006/ 2007 £</b>	<b>2007/ 2008 £</b>	<b>2008/ 2009 £</b>	<b>2009/ 2010 £</b>
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

**Legal:** The terms and conditions of the Legal Agreement between the Constituent Authorities have been considered in compiling this report.

**Risk Assessment:**

**Asset Management:**

**CONSULTATION UNDERTAKEN/VIEWS**  
**FD573 The Interim Head of Corporate Finance & Information Services has been consulted and has no comments on this report.**  
**LEGAL SERVICES DEPARTMENT**

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## CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities			√
3	Jobs and Prosperity			√
4	Improving Health and Well-Being			√
5	Environmental Sustainability			√
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy			√
8	Children and Young People		√	

### **LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

The Merseyside Engineers Laboratory Services Agreement of January 1992, amended in November 1994.

## 1.0 Background

- 1.1 The establishment of a Merseyside Engineers Laboratory Service (MELS) dates back to the former County Council, and on abolition Sefton Council became the lead authority and accountable body.
- 1.2 A formal Agreement was signed on the 22<sup>nd</sup> January 1992 by the five Merseyside District Authorities (Sefton, St Helens, Wirral, Liverpool and Knowsley) to formally establish management and accountability responsibilities, including details of how the constituent authorities may withdraw from the Agreement. A supplementary Agreement was signed on the 7<sup>th</sup> November 1994 amending the period of notice for a Constituent Authority to withdraw from 12 months to 3 months.
- 1.3 Within the terms of the Agreement, as lead authority and accountable body Sefton Council became 'the Designated Authority', the other four district authorities being referred to as 'Constituent Authorities'.
- 1.4 As a consequence the Council operate a Business Unit on behalf of the Merseyside Districts. It is intended that the service shall be non-profit making and self financing with the charge for each element of the service being derived from and assessment of the costs involved.
- 1.5 The services provided by MELS include:
  - Highways and geotechnical laboratory services
  - Materials testing/failure analysis
  - Site investigations
  - Road condition surveys
  - Technical/policy support
  - Project management support
  - Research/innovation support and advice.
- 1.6 The service employs 9.5 fte staff and is based in the Cambridge Road Depot in Seaforth.

The Constituent Authorities undertake to use their best endeavours to make the fullest possible use of the Laboratory Service to satisfy their particular needs.

The operational budget is circa £600,000 per year. To fund this the 5 Districts are charged a core fee totalling £78k per year (Sefton - £15k / yr), the remaining funding coming from fees for individual work commissions. These commissions are mainly by the five Merseyside Districts, but work from other neighbouring authorities has been undertaken.

Typically over recent years departments within Sefton Council have commissioned over 40% of the value of commercial works delivered i.e. relating to Highway Maintenance and Improvement Schemes, monitoring third

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party works within the highway and property and architectural services projects. Forecasting for all these areas of work indicate substantial reductions in funding and even cessation of programmes. In addition to maximise what can be achieved with available funding the scope and scale of services currently sought relating to material testing and surveys will be reduced.

- 1.7 Any deficit in the annual account results in a supplementary invoice to the Constituent Authorities in accordance with the population based distribution formula.

## **2.0 Service Review**

- 2.1 Over recent financial years the volume of commissions placed by the Constituent Authorities has declined.

- 2.2 In the current financial conditions with substantially reduced capital and revenue budgets for maintenance and new improvement schemes the potential to grow and develop the business has become extremely difficult to achieve. All the Constituent Authorities have confirmed this position.

- 2.3 Efforts have been made to find new initiatives to support the business, including work to monitor the standard of statutory undertakers' reinstatements, and seek replacement as appropriate. However, this approach requires significant management and administrative time from core partner resources that all districts report as being under pressure. Commissions from other authorities have also been sought but again opportunities are becoming increasingly limited.

- 2.4 The Constituent Authorities are all concerned about the increasing demand to cover deficits in the operational budget from revenue budgets at a time when substantial cuts are under consideration. As a consequence the future of the service has been reviewed and the following options considered:

- i) New Agreement with financial arrangements that guarantee sufficient work to provide a Balanced Account.

All districts have indicated they could not sign up to a commitment that provides a guaranteed level of work.

- ii) Externalise the Services with existing Private Sector Partner or to the Open Market.

A number of the Constituent Authorities have arrangements in place with private sector companies providing services that link into those provided by MELS.

Assessments of this option would indicate complex legal and financial issues, and private sector partners requiring exclusivity of use and possibly mandatory buy in to services.



The Constituent Authorities have indicated that they would not be in a position to sign up to such agreements, and in addition significant liabilities would be retained, particularly on the lead authority.

### iii) Closure of the Service

The scope and scale of demand for the MELS services by each Constituent Authority will be substantially reduced due to greatly reduced capital and revenue budgets from 2011/12 onwards. As a consequence, it is considered a viable service cannot be maintained at current resource levels. Options to reduce resource levels have been considered but to be viable a range of services would still need to be available that could be difficult to achieve, and furthermore the level of on-costs associated with the service will become disproportionately high significantly affecting the value for money provided.

## 2.5 Directing Group Recommendation

The MELS Agreement established a Directing Group to manage the service comprising Chief Officers or nominees from the five Merseyside Districts as Constituent Authorities.

The Directing Group has considered in detail the review of the service and concluded that a viable Business Unit cannot be maintained and hence the service should be discontinued in its present form.

Assessments of the options to sell or externalise the service in its current form would indicate it is not a commercially viable proposition and substantial alterations to operating practice and resources would be required.

## 3.0 Proposal

3.1 As Designated Council, the Agreement places increased liabilities on Sefton Council as lead authority and accountable body. The impacts on revenue budgets with no return on expenditure are unsustainable. As a consequence it is recommended that taking the views of the Constituent Authorities through the Directing Group into account, the Council take the lead and give notice to withdraw its consent to be the Designated Council and to terminate the Agreement.

### 3.2 Procedure for Termination

In accordance with the Merseyside Engineers Laboratory Services Agreement of January 1992, amended in November 1994, the following clauses are relevant to the proposed termination of the Agreement:

- i) The Constituent Authorities must give not less than three months notice of termination.

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- ii) The Designated Council (Sefton Council) may give notice unto itself.
- iii) The Designated Council may give not less than three months notice to the Constituent Authorities to withdraw its consent to act as Designated Council. In this event the Agreement will terminate when withdrawal takes effect unless the Constituent Authorities have agreed another Council will be the Designated Council.
- iv) with regard to terminating the Agreement the Constituent Authorities responsibilities will be:
  - In the event that the service shall be discontinued the Constituent Authorities shall share in equal proportion the cost of such discontinuance account being taken of the cost of any redeployment of staff undertaken by the Constituent Authorities.
  - The Constituent Authorities will use their best endeavours to redeploy the staff appointed to the service within their own establishments.
  - The Constituent Authorities shall pay a proportion of all other outstanding debts such proportion being related to the respective populations of the Constituent Authorities.

3.3 The Director of Planning and Economic Development as Sefton's representative on the Directing Group has requested each of the Constituent Authorities to advise if Sefton withdraw as Designated Council if their authority would wish to take over this position as permitted in the Agreement. The other four Merseyside District Authorities have confirmed they would not wish to become the Designated Authority

3.4 It is therefore proposed that:

Sefton gives notice that it withdraws its consent to act as Designated Council – Clause 10(1) – 1992 Agreement as amended by Clause 2 of the 1994 Agreement

Sefton gives notice to terminate the Agreement – Clause 2(1) – 1992 Agreement as amended by Clause 1 of the 1994 Agreement.

3.5 If approved it is proposed to give formal notification of these actions on the 31<sup>st</sup> December 2010 to become effective on the 31<sup>st</sup> March 2011.

3.6 The Council will have to issue statutory notices to the staff on the 31<sup>st</sup> December 2010, to permit termination of employment on the 31<sup>st</sup> March 2011.

The reduction in staff will be achieved through the Council's normal personnel procedures and if necessary compulsory redundancies. Under the terms of the Agreement all the Merseyside District Constituent Authorities will be responsible for considering redeployment opportunities and to share the costs.

## **4.0 External Mitigation**

- 4.1 The demand for the services provided by MELS is required on a commercial basis on a geographically wider and more focused basis than the MELS Agreement would permit to be considered.
- 4.2 There may be an opportunity for the private sector to utilise the expertise and skills of the MELS staff to establish a fully commercial private sector venture. Furthermore the Council will have equipment for disposal and a vacant facility to manage. Should such interest come forward the Council will seek to co-operate opportunities to mitigate the impact of the service termination.

## **5.0 Conclusion**

- 5.1 The Directing Group of representatives from the five Merseyside District Constituent Authorities stressed that concluding that the service viability can no longer be maintained, was not a reflection of the excellent service provided by MELS over many years.
- 5.2 As Designated Council it is correct that the Council in partnership with the Constituent Authorities should take the lead in managing the way forward.
- 5.3 The proposed termination of the Agreement is considered the appropriate way forward to reduce unsustainable demands on revenue budgets.

## **6.0 Recommendation**

It is recommend that Cabinet Member Technical Services recommends to Cabinet

- (i) The Merseyside Districts Authorities view that sufficient funding and hence commissions will not be available in the foreseeable future to maintain the Merseyside Engineers Laboratory Services as a viable Business Unit be noted.
- (ii) In accordance with the Service Agreement with the Merseyside Districts Authorities the withdrawal of Sefton Council's consent to act as Designated Council and the termination of the MELS Agreement be approved.

Note that this will involve a reduction in staff, to be achieved through the Council's normal personnel procedures and if necessary compulsory redundancies. Under the terms of the Agreement all the Merseyside District Authorities will be responsible for considering redeployment opportunities and to share any costs.

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