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

SECTION 1: THE SCHEME AS PREVIOUSLY APPROVED *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.*	
Date of Programme Entry	**15 September 2008**
Estimated total scheme cost (inclusive of eligible preparatory costs)	**£17.351m**
DfT contribution	**£15.616m**
Local Authority Contribution	**£1.73m**
Third party contribution	**£nil**

1.1 Description of the scheme *This should clearly state the scope of the scheme and describe all of its key components*

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).

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.

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.

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.

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

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.**

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

** *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.

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

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.

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

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

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

SECTION 4: FUNDING

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)

4.1 What is your estimate of the total outturn cost of the scheme? *After taking into account all the proposed changes described in Section 2 above.*	**£18.588m** (excludes land and ineligible preparatory costs)
4.2 Please state what inflation assumption you are using?	**2.7% pa**

4.3 Please provide a breakdown of the proposed funding sources for the scheme

(a) Local Authority contribution *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.*	**£4.088m**
(b) Agreed third party contributions *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).*	**Nil**
(c) DfT funding requested *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.*	**£14.500m**

4.4 What is the estimated funding profile?

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.

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
LA contribution	£1.492m	£0.518m	£0.398m	£1.530m	£0.150m	
Third Party contribution						
DfT funding requested			£7.000m	£7.500m		
Total (excluding land and ineligible prep costs)	**£1.492m**	**£0.518m**	**£7.398m**	**£9.030m**	**£0.150m**	
Breakdown by stage						
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		
Total Eligible Scheme Cost	**£1.492m**	**£0.518m**	**£7.398m**	**£9.030m**	**£0.150m**	
Ineligible Prep Costs	£0.100m	£0.100m				
Land			£0.450m			
TOTAL	**£1.592m**	**£0.618m**	**£7.848m**	**£9.030m**	**£0.150m**	

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.

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:

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	

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