

Report to:	Cabinet Council	Date of Meeting:	3 September 2015 17 September 2015
Subject:	A565 North Liverpool Key Corridor Scheme	Wards Affected:	Derby;
Report of:	Chief Executive		
Is this a Key Decision?	Yes	Is it included in the Forward Plan?	Yes
Exempt/Confidential	No		

Purpose/Summary

This report is intended to update Members on the progress of the A565 North Liverpool Key Corridor Major Scheme which includes the proposed dualling of the A565 Derby Road from the junction of Millers Bridge (in Sefton) to Bank Hall Road (in Liverpool) and associated cycle improvements on Derby Road and to seek approval for the scheme. The report also seeks a contribution from the Capital Programme in order to draw down funds from the Liverpool City Region Growth Fund and approval for officers to begin negotiations with the landowners affected by the scheme.

Recommendation(s)

Cabinet

- i) Members note progress of the A565 North Liverpool Key Corridor scheme.
- ii) Members approve the proposed scheme layout (Appendix A)
- iii) Members approve the Draft Memorandum of Understanding between Sefton BC and Liverpool CC governing the delivery of the project.
- iv) That Cabinet recommends that Council approves the inclusion of this scheme in the Capital Programme 2016/17 as a priority against available resources.
- v) Sefton Officers begin negotiations with affected landowners with a view to acquiring the necessary land and associated rights to facilitate the delivery of the scheme in advance of Cabinet approving the necessary Compulsory Purchase Order(s)
- vi) The Head of Housing and Regeneration in consultation with the Head of Regulation & Compliance be authorised to negotiate and enter into agreements

with interested parties with a view to agreeing terms for the purchase by agreement or payment of compensation for the purchase of any interest or rights over land included in the proposed scheme areas, including, where appropriate, compensation for disturbance and arrangements for relocation and to complete purchases and land transfers and pay compensation in accordance with agreements

- vii) Authority be granted for the Section 151 officer to sign off the Outline Business Case based on the best estimates contained within the report

Council

Council is recommended to approve the inclusion of this scheme in the Capital Programme 2016/17 as a priority against available resources.

How does the decision contribute to the Council's Corporate Objectives?

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

Reasons for the Recommendation:

Liverpool City Council, as the scheme's sponsor, have determined a programme for delivery of the scheme to link with other proposed Key Corridor works within and around the city centre. They have also committed to achieving indicative spend targets of the Growth Fund within 2016/17 and 2017/18. In order to achieve the programme, the City Council has determined that Compulsory Purchase Orders will need to be served on affected properties along the corridor in November 2015. As such it is necessary to complete further consultation with affected owners to determine any details missing from the land referencing exercise completed to date and to begin negotiations over land value.

Liverpool City Council have taken a report to their Cabinet on 7th August 2015 to seek approval for the scheme, to confirm the City Council's financial contribution to the project and to seek approval for negotiations with landowners within Liverpool.

It has been proposed that both Sefton BC and Liverpool CC would bring further reports to their respective Cabinets to seek approval for the serving of Compulsory Purchase Orders.

Alternative Options Considered and Rejected:

The scheme could be delivered as two separate projects, one in Liverpool and the other in Sefton. However, it is clear that the traffic management and control measures necessary for each separate scheme would impact greatly on traffic movements within the neighbouring district and as such, the adjacent works would need to be very carefully programmed and managed.

It is considered sensible, therefore, as over 80% of the project is within Liverpool, and that they submitted the original project to the Liverpool City region, as the project sponsor, that the project should be delivered by Liverpool as one scheme, albeit phased to minimise disruption.

What will it cost and how will it be financed?

(A) Revenue Costs

(B) Capital Costs

Liverpool City Council initially identified a scheme cost of approx. £15m and this sum was allocated within the Growth Plan for the delivery of the scheme. As the Growth Fund requires a minimum contribution of 10% contribution to be provided locally, Liverpool CC had proposed to fund this. Consequently Government allocated £13.3m towards the scheme.

To secure the Growth Plan allocation, a Business Case needs to be submitted, in accordance with the Assurance Framework agreed by the City Region. The Outline Business Case (OBC) which will set out the economic assessment of the scheme is targeted for submission at in September 2015 once the final estimated costs have been established and economic appraisal completed. The Full Business Case is targeted for submission in December 2015. It is anticipated that, if successful, the funding will be approved by the Combined Authority in early 2016.

The latest cost estimate, provided by Mott McDonald as part of their development of the scheme Outline Business Case, identified an estimated cost significantly in excess of the £15m figure. This cost has since been reviewed by Amey, Liverpool City Council's partner contractor, and includes an allowance for statutory undertaker's costs. Similarly, an assessment has been completed by the Sefton Council's Property Management team of the likely land acquisition and potential compensatory costs of the scheme within Sefton. This uses the methodology adopted by Liverpool CC in the determination of land costs within Liverpool and includes an allowance for costs associated with Compulsory Purchase Order Inquiry.

Discussions have been held between officers from Liverpool City Council and Sefton to determine an appropriate division of funding to fund the gap between the estimated scheme cost and the £13.3m Government contribution.

From these discussions it is proposed that the Sefton contribution be limited to the acquisition costs of land within Sefton and a proportion of the works, fees and survey costs over the £13.3m. If a judicial review is required in order to secure the necessary land it is proposed that Sefton contribute to this based on this based on the relative numbers of objections received in each authority's area.

Amey, have provided an estimate of the works costs in total and the proportion of costs in Sefton. This shows a percentage of the works costs within Sefton to be 18.47%.

Liverpool City Council, in their report to Cabinet on 07 August 2015 have proposed a Sefton Council allocation to the works cost of £ 698,000. A preliminary estimate of land acquisition and possible disturbance costs has been completed. This totals £683,350. It is considered sensible to apply the Department of Transport standard Optimism Bias of 44% to these costs. This is effectively the contingency sum which the DfT expect to be used at this stage in the project development and will be used in the OBC submission.

Liverpool's interpretation of Sefton's contribution to the works –	£ 698,000
Sefton's estimate of Land acquisition and related costs -	£ 683,350
Sub Total	£ 1,381,350
Optimism bias (44%)	£ 607,794
Total anticipated Sefton Contribution	£ 1,989,144

The entire scheme cost, including land acquisitions, is estimated as £ 24,084,350

The Council's Strategic Capital Investment Group have considered the scheme and have recommended the scheme be submitted to Cabinet for consideration.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Financial

The Council, as a funding contributor to the scheme, will need to provide a statement from the Section 151 Officer to confirm a willingness to contribute to the scheme costs.

Legal

To deliver the scheme some land will be required. Initial discussions will be held with the landowners to determine whether land can be secured through negotiation. In order to avoid delay to the delivery of the project details will be secured to enable a Compulsory Purchase Order to be served.

Human Resources		
Equality		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

Impact of the Proposals on Service Delivery:

None

What consultations have taken place on the proposals and when?

The Chief Finance Officer has been consulted and has no comments to the report (FD 3717/15)

Head of Regulation and Compliance has been consulted and any comments have been incorporated into the report. (LD 3000/15)

SCIG 27 August 2015, considered the project and agreed

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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Background Papers:

Report to Liverpool City Council Cabinet on 07 August 2015 (EDR/22/15) to be found on Liverpool City Council’s Website -

<http://councillors.liverpool.gov.uk/ieListMeetings.aspx?CId=1201&Year=0>

1. Introduction/Background

- 1.1 Coordination of strategic investment, including transport, is now undertaken at City Region level, through the Combined Authority, together with the Local Enterprise Partnership. The Liverpool City Region (LCR) Growth Plan was submitted to Government in December 2013. In summer 2014 Government announced £232.3m of funding for the City Region over the next 6 years.
- 1.2 Investment in transport infrastructure element of the Growth Plan consists of approximately £120m for 13 major transport schemes and this also includes requirements for approximately 10% contribution to be provided locally.
- 1.3 The North Liverpool Key Corridor scheme is one of the 13 major projects within the Growth Plan. This project consists of improvements to the A565 corridor through North Liverpool and into Sefton, to be delivered in three phases between 2016/17-2018/19.
- 1.4 This scheme consists of three elements, the dualling of the two remaining sections of single carriageway along the A565 between Seaforth and Liverpool and improvements to the parallel Regent Road corridor to improve facilities for walking and cycling. The part of the scheme most relevant to Sefton is the dualling of a section of the A565 from Millers Bridge to Bankhall Street, part of which is located within Sefton.
- 1.5 There will be a requirement for some land acquisition on the eastern side of the A565 to enable the widening, but no buildings are affected on the section within Sefton.

2 Scheme Details

- 2.1 The preferred scheme completes Phases 5 and 6 of the previously known Atlantic Avenue (A565) highway dualling scheme. Over the years phases 1 to 4 have been completed by both Merseyside Development Corporation and Liverpool City Council. The completion of the upgrade to the A565 was a key element of the Northshore Master plan; the first Local Transport Plan for Merseyside (2000/01 to 2005/06) and is still considered by Liverpool City Council to a priority due to the potential the scheme has to create considerable employment opportunities.
- 2.2 The A565 corridor is a major north-south commuter and goods route between Liverpool City Centre and North Liverpool and Sefton. Dualling the corridor improves local journey times whilst unlocking investment and employment opportunities. The project also includes highway improvements on Regent Road and King Edward Street, including the improvement of pedestrian facilities, with the aim of reducing congestion and improving local accessibility by enhanced east-west movement.
- 2.3 Appendix A shows the extent of the proposed works. Appendix B highlights the section of the improvements in Sefton including the section of Derby Road on which the section of dualling will be extended to the boundary with Liverpool and the section of Regent Road onto which a dedicated cycle route is proposed.

2.4 The key features of the modifications within Sefton are as follows;

- The Central reserve which currently extends from the Millers Bridge junction to the south of the junction with Douglas Place will extend to the Sefton/Liverpool boundary.
- Access to Princes Street, Bedford Place, Dacre Street and Raleigh Street will be 'left in – left out' only. (Access to Douglas Place, Howe Street and Effingham Street is currently already left in left out).
- The junction of the A565 and Millers Bridge will have the right turn re-instated. The new alignment provides space for the right turn to be easily accommodated without having an impact on through traffic.
- No land is required on the western side of the junction and the footway will remain largely as existing.
- Land is required on the eastern side of the road to accommodate the additional carriageway width that the widening involves. No buildings are required within Sefton – most of the land is either soft and hard landscaping, car parking, or undeveloped redundant former industrial land.

3 Governance

3.1 The Majority of the scheme is located in Liverpool and as such Liverpool City Council is the lead authority and project sponsor. The attached Draft Memorandum of Understanding (MoU) for the management and delivery of the scheme has been developed and agreed by officers of both Authorities.

3.2 As well as setting out the determination of each authority's funding contribution the scheme the MoU includes the following areas;

- Governance of the scheme and project management responsibilities
- Financial Management arrangements
- Contractor Procurement
- Risk Management
- Responsibility for land acquisition and CPO processes

4 Scheme Funding

4.1 Liverpool City Council initially identified a scheme cost of approx. £15m and this sum was allocated within the Growth Plan for the delivery of the scheme. As the Growth Fund requires a minimum contribution of 10% contribution to be provided locally, Liverpool CC had proposed to fund this. Consequently Government allocated £13.3m towards the scheme.

4.2 To secure the Growth Plan allocation, a Business Case needs to be submitted, in accordance with the Assurance Framework agreed by the City Region. The Outline Business Case (OBC) which will set out the economic assessment of the scheme is targeted for submission in September 2015 once the final estimated costs have been established and economic appraisal completed. The Full Business Case is targeted for submission in December 2015. It is anticipated that,

if successful, the funding will be approved by the Combined Authority in early 2016.

- 4.3 The latest cost estimate, provided by Mott McDonald as part of their development of the scheme Outline Business Case, identified an estimated cost significantly in excess of the £15m figure. This cost has since been reviewed by Amey, Liverpool City Council's partner contractor, and includes an allowance for statutory undertaker's costs. Similarly, an assessment has been completed by the Sefton Council's Property Management team of the likely land acquisition and potential compensatory costs of the scheme within Sefton. This uses the methodology adopted by Liverpool CC in the determination of land costs within Liverpool and includes an allowance for costs associated with Compulsory Purchase Order Inquiry.
- 4.4 Discussions have been held between officers from Liverpool City Council and Sefton to determine an appropriate division of funding to fund the gap between the estimated scheme cost and the £13.3m Government contribution.
- 4.5 From these discussions it is proposed that the Sefton contribution be limited to the acquisition costs of land within Sefton and a proportion of the works, fees and survey costs over the £13.3m. If a judicial review is required in order to secure the necessary land it is proposed that Sefton contribute to this based on the proportion of objections received within each authority.
- 4.6 Amey, have provided an estimate of the works costs in total and the proportion of costs in Sefton. This shows a percentage of the works costs within Sefton to be 18.47%.
- 4.7 Liverpool City Council, in their Cabinet Report of 7th August have included both the Northern Key Corridor highway scheme together with works to one of the affected bridges which is being funded separately (mainly from the Challenge Fund). Sefton's contribution is based on a percentage of the highway scheme costs only.

The respective costs are believed to be;

Northern Key Corridor Highway Works	£23,401,000
Bridge Works	£ 8,967,000

- 4.8 In the LCC Cabinet Report, it is identified that the Sefton contribution to the works cost will be £698,000. The report also confirms that Sefton's Land acquisition and disturbance costs are not included.
- 4.9 The estimate of land acquisition and disturbance costs within Sefton has been determined at £683,350.
- 4.10 It is important to note, however, that in presenting costs in the OBC to secure approval for the Growth Fund allocation it is common practice to apply an Optimism Bias (OB) of 44% to the estimated costs. This is effectively a contingency determined by the Department for Transport to be appropriate for initial estimates included in OBC submissions. Liverpool CC and Amey consider

that the final works costs should be less the 44% OB and have agreed that a £2m Risk Allowance is appropriate. This is reflected in their costs.

- 4.11 Similarly Liverpool CC are confident that the anticipated statutory undertakers diversion costs can be significantly reduced from the £4m allowance (shown in the Liverpool report at £6.2m to allow for costs related to the bridge works) but are not yet in a position to provide detailed estimates from the Statutory Undertakers. However trial pits, aimed at accurately locating underground equipment, have recently been completed and detailed discussions are ongoing with each of the authorities to determine realistic diversion or protection costs.
- 4.12 There is a concern that the £698,000 Sefton contribution, whilst included within the LCC Cabinet Report, may not accurately represent the final cost to Sefton when the agreed percentage is applied to the final works costs. As such, it is deemed sensible, from a budgeting perspective to apply the DfT criteria to determine the Sefton contribution. Applying the 44% OB to both figures identifies the following contribution.

Sefton's contribution to the works (in the LCC Cab Report)	£ 698,000
Sefton's estimate of Land acquisition and related costs -	£ 683,350
Sub Total	£ 1,381,350
Optimism bias (44%)	£ 607,794
Total anticipated Sefton Contribution	£ 1,989,144

- 4.13 The final Local Authority contributions will be based upon the final scheme costs which could be less or more than the estimate. It is proposed that the Sefton contribution will be capped at 10% more than the above estimate should final costs exceed this figure. It is proposed that this is set out in the MoU.
- 4.14 In the MoU it is assumed that the Growth Fund will be contribution will be received in full. It is proposed that a side agreement be included which will determine the responsibilities of ensuring that any conditions associated with the Growth Fund contribution are met in full. It is proposed that Liverpool CC, as principal sponsors of the project are given the chief responsibility for fulfilling these conditions as they will be contracting with Merseytravel on behalf of the Combined Authority.
- 4.15 The Council's Strategic Capital Investment Group have considered the scheme and have recommended the scheme be submitted to Cabinet for consideration.

5. Land Acquisition

- 5.1 Liverpool City Council engaged land referencing consultants to determine the number and extent of land interests along the A565 corridor. They have obtained all land registry titles and entered all details in a database. This information will be worked up to form a CPO schedule.

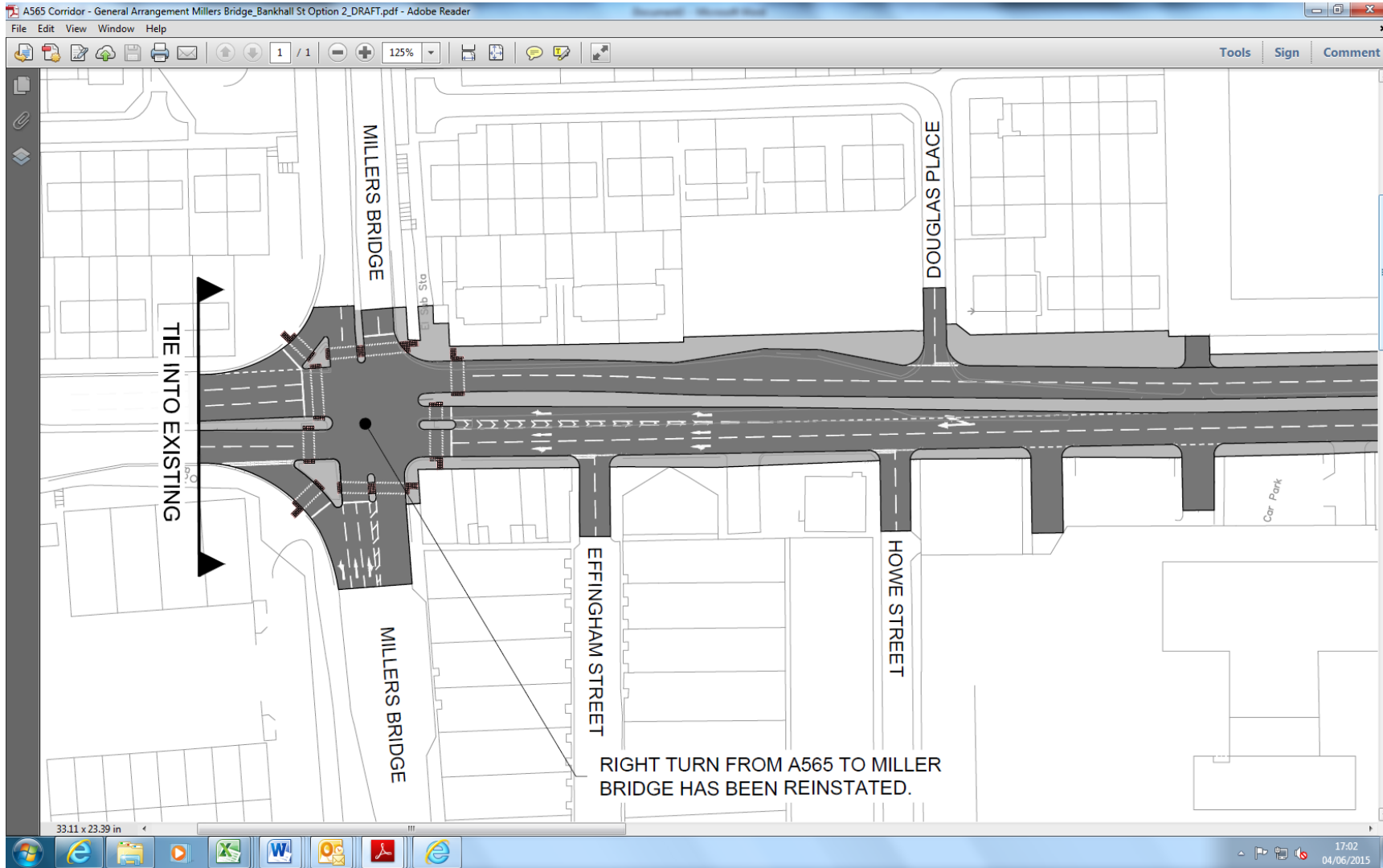
- 5.2 It is acknowledged that the consultants need to undertake contact referencing (visiting each site) to confirm the details secured to date, identify any third party rights and complete any gaps. It is considered this is essential in order to secure the necessary information to complete the schedule. The visit includes the handing over of a formal letter requesting information to which the recipient has 14 days to respond.
- 5.3 Liverpool City Council have appointed a Consultant to guide both Authorities through the necessary processes to secure the various interests. They have advised that the process of land negotiation should run in parallel to the serving of CPO notices. They have also advised that any discussions or negotiations with affected landowners should only be undertaken when the scheme has been approved.
- 5.4 Liverpool City Council's Cabinet received scheme details and a recommendation for scheme approval on 7th August 2015. Negotiations with landowners will only commence following the expiration of the call in period for both authorities.
- 5.5 In parallel with the process in Liverpool, it is recommended that negotiations with landowners in Sefton are commenced, to seek acquisition by agreement if possible.
- 5.6 Members will receive a further request to serve the necessary Compulsory Purchase Orders once all the details have been secured. It is anticipated that this will be in November 2015.

6. Conclusions

- 6.1 The Northern Key Corridor Scheme is a significant scheme within the Liverpool City Region and completes a long standing programme of improvements to the A565 corridor first promoted by the Merseyside Development Corporation. The Primary aim is to reduce congestion on this major North South route between Sefton and Liverpool and to provide the infrastructure for new development.
- 6.2 The scheme has been identified as one of the LCR major transport schemes to be funded through the Local Growth Fund. An Outline Business Case (OBC) is being prepared for submission in September, to be followed by a Full Business Case in December 2015.
- 6.3 Liverpool City Council are the project sponsor as over 80% of the works are within the City Boundary, A Memorandum of Understanding has been developed between the two authorities to govern how the scheme is delivered.
- 6.4 The scheme consists of the dualling of the A565. Land I required from the east side of the existing highway. Permission is sought to negotiate with the affected landowners.
- 6.5 It has been agreed that both authorities will fund the land acquisition and related costs within each authority's areas and will also fund a proportion of the gap between the total anticipated works costs and the Growth fund contribution.

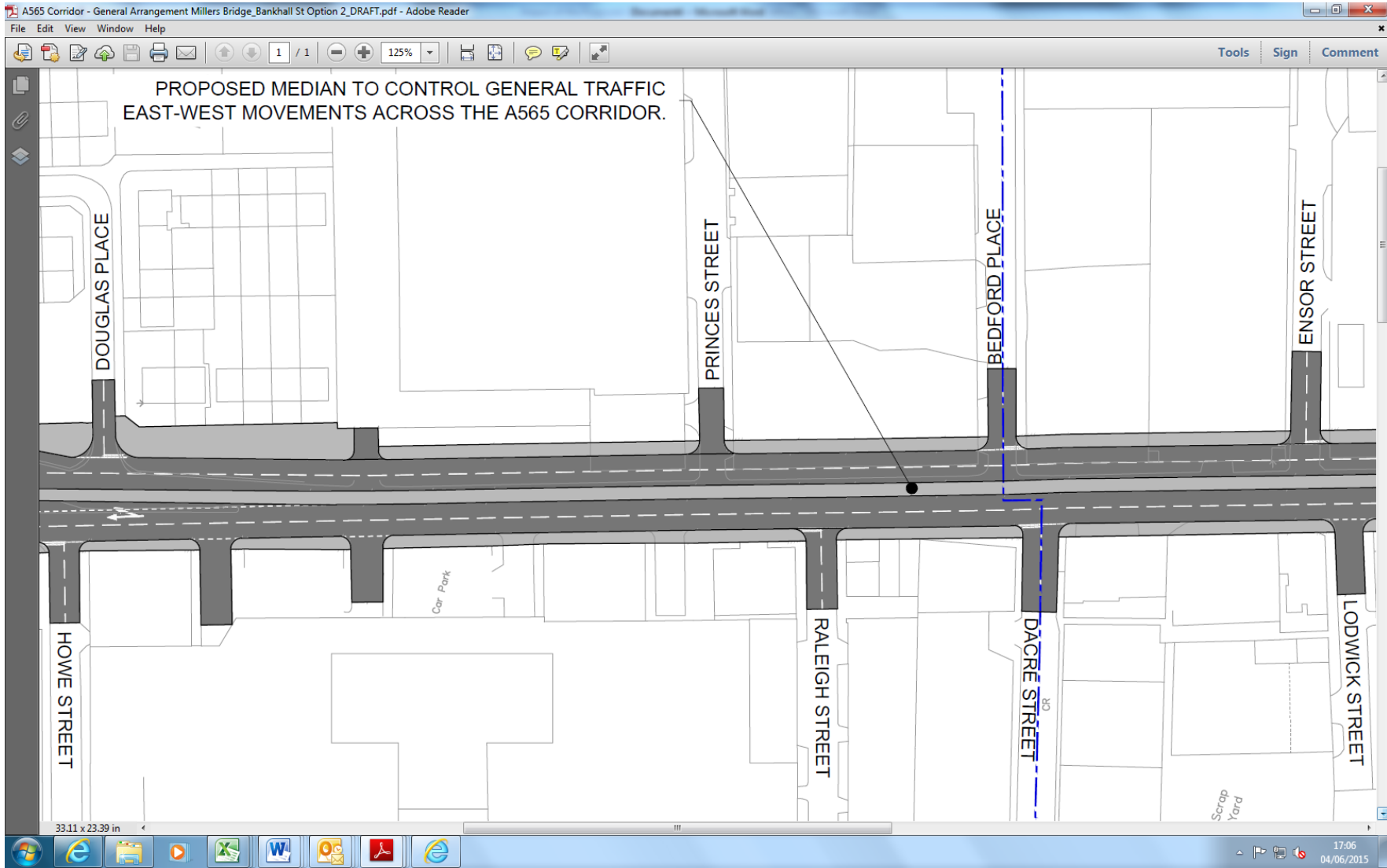
6.6 Sefton Council's contribution, applying a contingency, has been estimated at £ 1,989k to a scheme of total cost £ 24,084k .

Appendix A



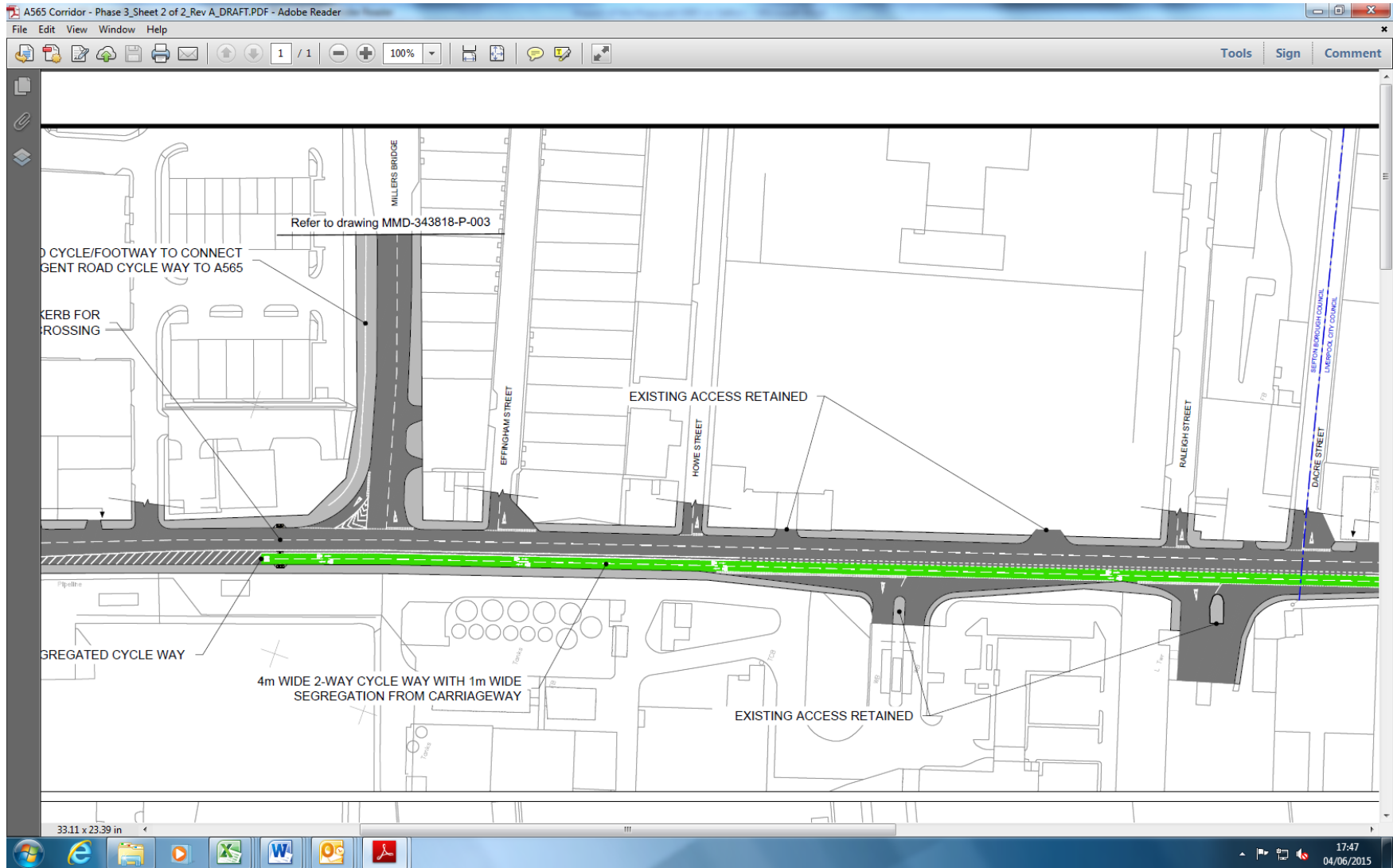
Proposed A565

Northern Corridor Improvements showing the proposed dualling at the Millers Bridge Junction



A565 Northern Corridor Improvements showing Douglas Place to the Liverpool boundary at Bedford Place

Proposed



Complementary Proposals to introduce a 2- way Cycle Way on Regent Road are part of the overall scheme