

**THORNTON TO SWITCH ISLAND LINK – STRATEGIC & POLITICAL RISKS  
CABINET MEMBER BRIEFING NOTE  
December 2009**

A report is being presented to Cabinet on 17<sup>th</sup> December 2009 setting out the scheme proposals for the proposed Thornton to Switch Island Link and requesting Cabinet approval of the scheme layout design and approval to present the proposals to the public early in 2010. During the Cabinet Member briefing for the report, Cabinet Member requested a summary note on the main strategic and political risks to the scheme, in anticipation of potential questions at Cabinet. This briefing note provides a short review of the main risks to the scheme and the current understanding of potential mitigating factors.

A full risk register for the project is being maintained by the project team and this is reviewed and updated on a quarterly basis. Any issues that might affect the risk register are also considered as part of the monthly progress meetings and the quarterly Project Board meetings. The risks described below are included on the scheme risk register, which also includes a full range of other risks to the project, for both the planning stage and the construction phase.

**1. Change in transport legislation or Government policy**

Risk : Government policies and priorities in relation to transport are under review through the DaSTS process and may change further depending on the result of the General Election in 2010. If there are significant changes in approach, this could undermine the strategic case and justification for the scheme, possibly leading to the withdrawal of support from either the Department for Transport or the Secretary of State.

Mitigating factors : The scheme has a strong business case and conforms with the key areas of existing Government policies that are not likely to change significantly in the future. In addition, it is expected that a planning application will have been submitted by the time of any election and that substantial progress on the scheme can be made before any major changes of policy and direction would take effect.

**2. Change in Government spending policy**

Risk : There is already evidence of increasing restraint on public spending at a national level. All Government spending programmes are under scrutiny and are likely to see significant reductions in the future. The extent to which this will apply to the transport sector and to existing spending commitments is uncertain. However, major reductions in public spending could have implications for the funding of the scheme.

Mitigating factors : The scheme currently offers excellent value for money (measured as the benefit cost ratio (BCR)) and is making good progress within existing budgets. As long as the scheme continues to make progress and does not incur substantial cost increases, it is expected that it would retain the commitment within the Regional Funding Allocation (RFA). Even if the RFA is reduced, those schemes that are experiencing delays and cost increases are likely to be at greater risk of being removed from the RFA programme.

**3. Failure or delay in Council approval and commitment**

Risk : In common with national spending restrictions, there are also significant funding constraints at a local level and Sefton Council is exploring a wide range of cost saving

measures. It is possible that major capital schemes, such as the Thornton to Switch Island Link, could come under such scrutiny. Department for Transport approval can only be granted if there is a clearly stated commitment from the local authority to make its contribution to the scheme. Sefton Council has made that commitment for this scheme, but if that commitment were withdrawn, the Government would also withdraw its support.

Mitigating factors : There is very strong public and cross-party political support for the scheme, which is seen as essential for the Borough as a whole, not just the Thornton and Netherton areas. It is anticipated that this level of support would be maintained.

#### **4. Failure or delay in Regional approval and commitment**

Risk : In addition to the commitment from the local authority to contribute to the scheme, Department for Transport approval can only be granted if there is continuing regional support. At present, the Thornton to Switch Island Link is acknowledged as a regional priority and continues to be included in the RFA. If the Region decides to review and re-allocate the RFA, withdrawal of support for the scheme would mean that the Government would also withdraw its support.

Mitigating factors : The scheme is currently making good progress within existing budgets and is retaining its place in the RFA funding profile. As long as the scheme continues to make progress and does not incur substantial cost increases, it is likely to remain within the RFA. Even if the RFA is reduced, those schemes that are experiencing delays and cost increases are likely to be at greater risk of being removed from the RFA programme.

#### **5. Potential for significant objections to the scheme**

Risk : There is a potential that a significant objection to the scheme or the compulsory purchase order could arise that would be examined at a public inquiry. Depending on the nature of the objection, it could substantially delay or even prevent the scheme. At the least, it would probably increase the cost of the scheme.

Mitigating factors : At present, there is no indication that any significant objections will arise. There is widespread public support for the scheme and consultation with statutory consultees and other key stakeholders has not identified any major concerns of this nature.

#### **6. Cost increases and delays**

Risk : There are a variety of factors that could lead to delays in the delivery of the scheme or to increases in costs. Any substantial increase in cost or significant delay could affect the position of the scheme within the RFA (as described above), which would then affect the likelihood of securing the necessary funding for the scheme.

Mitigating factors : The project team is maintaining a risk register which identifies the potential risks to the scheme and includes measures to manage and reduce the risk. In addition, the monthly progress meetings and quarterly Project Board meetings review and report on programme and budgets. Quarterly updates are also submitted to Government Office NW and the DfT.