

REPORT TO: Cabinet

DATE: 10th June 2010

SUBJECT: Thornton to Switch Island Link – Current Situation

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

REPORT OF: Andy Wallis Planning & Economic Regeneration Director

CONTACT OFFICER: Stuart Waldron Assistant Director Transport & Spatial Planning
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EXEMPT/ CONFIDENTIAL: N/A

PURPOSE/SUMMARY:

In line with the new Government's intention to reconsider all spending plans, the Council has been informed of a review of highway schemes. This review will include the proposed new Thornton to Switch Island Link Road. This report sets out the implications of this and considers possible options for Members consideration.

REASON WHY DECISION REQUIRED:

The previously provided statements by the Department for Transport with regard to the funding of the scheme have now changed and hence Cabinet approval is required for future expenditure.

RECOMMENDATION(S):

It is recommended that:

- i) The Cabinet Member Technical Services resolution of the 10th March 2010 to authorise the Assistant Director (Transportation and Spatial Planning) to submit the planning application for the Thornton to Switch Island Link and provide appropriate support through consideration by Sefton, be reaffirmed;
- ii) Further to the outcome of the Planning Application a report be submitted to a future Cabinet meeting on progress of the Department for Transport Major Transport Scheme Funding review;
- iii) Drafting of the Compulsory Purchase Order/Side Roads Order be completed but not submitted to Cabinet
- iv) The voluntary acquisition of land already undergoing legal procedures be completed. Further progress on land acquisition be placed on hold subject to the outcome of the planning application and funding review.

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:

None

IMPLICATIONS:

Budget/Policy Framework: Cabinet approved the spend profile for the scheme for 2009/10 – 2012/13, totalling £5.912m on the 1st October 2009. The allocations were included in the Capital Programme 2010/11 – 11/12 approved by Cabinet on the 4th March 2010.

Financial:

<u>CAPITAL EXPENDITURE</u>	2006/ 2007 £	2007/ 2008 £	2008/ 2009 £	2009/ 2010 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
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: Issues identified in the report

Risk Assessment: The letter from the Department for Transport advising of the Spending Programme Review alters the level of commitment previously advised regarding the scheme funding. 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 General Fund Balances.

Asset Management: N/A

CONSULTATION UNDERTAKEN/VIEWS

FD 418 - The Head of Corporate Finance & Information Services has been consulted and has no comments on this report

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

1.0 Introduction

- 1.1 Cabinet at its meeting on the 1st October 2009, approved the progression of the Thornton to Switch Island Link Scheme including a revised Scheme Programme and Cost Profile.
- 1.2 The revised cost profile has subsequently been included in the 2010/11 – 2011/12 Capital Programme approved by Cabinet on the 4th March 2010.
- 1.3 In accordance with Project Management arrangements, approved by Cabinet on the 1st October 2009, Cabinet Member Technical Services on the 10th March 2010 authorised the Assistant Director (Transportation & Spatial Planning) to submit the planning application for the scheme.

2.0 Background

2.1 Objective of Scheme

The scheme has been identified in Sub Regional priorities and was prioritised for funding at a Regional level through the Regional Funding Allocation process.

The Business Case developed for the scheme demonstrates the clear benefits of the scheme:

- Reduced congestion and improved journey times between the A565 in Thornton and the motorway network at Switch Island.
- Improved access to Southport
- Improved access to the Port of Liverpool and local regeneration areas
- Environmental and Well-being benefits by removing through traffic from local roads thereby improving local environmental conditions and improving access by public transport, cycling and walking.

The Business Case also demonstrates very high value for money and very strong public support for the scheme that was confirmed during a recent public consultation exercise in February 2010.

2.2 Brief History

Long-standing public concerns over traffic congestion, safety and environmental conditions relating to high volumes of through traffic on the A5207 Northern Perimeter Road/ Lydiate Lane route through Netherton and Thornton. Resulted in:

Late 1980's	New dual carriageway highway link proposals developed.
Mid 1995	Secretary of State decision not to approve the funding for the scheme despite positive Public Inquiry Inspector's report.

Early 2000's	Local Transport Plan process re-introduced potential for highway schemes to be progressed. Public consultation on a range of options identified a single carriageway scheme as the preferred scheme.
2006	Thornton to Switch Island Link single carriageway scheme included in the 2 nd Merseyside Local Transport Plan for Merseyside.
Summer 2006	Regional Funding Allocation – TSIL identified as a Regional priority for Department for Transport Major Scheme Funding.
November 2007	Major Scheme Business Case submitted to the Department for Transport
September 2008	Business Case accepted and Programme Entry granted.
June 2009	Appointment of Balfour Beatty and design partner Jacobs under Early Contractor Involvement (ECI) contract

2.3 Department for Transport (DfT) Approval Process

In 2006 the Department for Transport established a three stage process for authorities to secure Major Scheme funding:

Stage 1	Programme Entry	Approval of Business Case with indication of intention to provide funding towards scheme.
Stage 2	Conditional Approval	After completion of statutory processes.
Stage 3	Full Approval	After receipt of Tenders, land purchase etc. Note: if have Early Contractor Involvement Stage 2 & 3 can be combined.

DfT will fund up to 90% of the cost of the scheme with the promoter funding the remaining 10%.

Scheme preparation costs are at the promoter's risk up to Full Approval, when 50% can be included in the 10% promoter's contribution and claims submitted for eligible costs to date

3.0 Current Position – Scheme Progress to Date

3.1 Programme Entry was granted by DfT in September 2008, based on the spending profile in the North West Region's RFA priorities.

- 3.2 Subsequently, the detailed route alignment has been agreed, and a contract awarded to a Contractor/Consultant partnership to develop and deliver the scheme (Early Contractor Involvement process). The statutory processes are being progressed with regard to the required Planning Application, Side Roads Order and Compulsory Purchase Order (CPO).
- 3.3 The Planning Application preparation is now in the final stages of completion, having been slightly delayed in submission while legal advice has been sought on the complex issues relating to how the proposal is presented with regard to decisions on the previous scheme.
- 3.4 Collation of information and drafting for the Side Roads Order and CPO is in progress.
- 3.5 The Council's funding contribution of £5.912m has been approved as follows:

	Approved at Programme Entry £'m	<i>Spend to March 2010</i> Proposed April 2010 Onwards £'m
2008/09	0.830	0.114
2009/10	0.958	1.098
2010/11	0.512	0.736
2011/12	1.597	1.949
2012/13	2.015	2.015
Total	£5.912m	£5.912m

4.0 Current DfT Funding Position – 11 May 2010 – Copy Attached Annex A

- 4.1 The letter from the DfT indicates that a review will take place of Regional Funding Programmes and hence at this stage they are unable to confirm any continued intention to funding profiles for any schemes with Programme Entry seeking Conditional or Full Approval. If the scheme promoter chooses to continue with work on the scheme, it will be at their own risk.

No information on timescales or processes for the review has been given.

- 4.2 Members will note that at present Department for Transport, Sefton & Liverpool Councils and Highways Agency are funding a study to determine the need for and potential for sustainable transport interventions to accommodate improved access to the Port of Liverpool in Sefton and North Liverpool in support of the continued development of the Port as a Regional economic asset.

Funding for improvements was also prioritised in the Regional Funding Programme from 2015/16 onwards. The continuation of this study and future funding will similarly be in the current funding review.

5.0 Options for consideration

5.1 The Programme Entry approval indicates progress up to Full Approval is at promoter's risk with regard to completing the necessary statutory processes. Cabinet accepted this risk when approving the submission of the Business Case and funding profile.

5.2 Issues for consideration:

Financial Risk The latest letter adds additional risk in that funding for the programme is under review, and schemes may have to be taken out the programme to address budget reductions and Minister's priorities.

Contractual Risk Contract awarded to Contractor/Consultant consortium to develop and construct Scheme. Under terms of contract:

If notice given to stop works at a specific stage with a valid reason, such as a funding review, there will not be any additional financial cost to the Authority

If the contract is terminated without such notice, the contractor may be able to claim for certain costs that would have been expected to be recovered over the full life span of the scheme.

Statutory Procedures

Planning Application:

If the Planning Application is submitted it should be determined within 16 weeks by Sefton. However, as the scheme is a development within Green Belt it will have to be referred to Government Office. GONW may decide to 'call in' the application, which almost certainly leads to a Public Inquiry being held. At that stage the Authority could make the decision to withdraw the scheme, due to the high costs involved with a Public Inquiry and no clear funding commitment from DfT.

Compulsory Purchase and Side Road Orders:

The next formal stage is to finalise the Orders and submit to Cabinet for approval. Once made the Orders would have to be submitted to the appropriate Government Department for confirmation and possible public inquiry. Making the Compulsory Purchase Order would increase the possibility of the Council being served with blight notices.

Land Acquisitions

In preliminary discussions with Land Owners a small area required for this scheme has become available as part of a land swap and was approved by Cabinet on 14th January 2010. As the legal processes have commenced it is proposed this be completed to avoid abortive legal costs.

5.3 Therefore options at this stage are:

- Option 1 Cease Progress Immediately
- Put on hold preparation of Planning Application, Orders etc.
- ECI Contractor costs to be met in accordance with the contract.
- If no further expenditure in 2010/11, this may save approximately £536k from the existing 2010/11 capital budget.
- Option 2 Submit Planning Application and provide necessary technical support through the process of consideration by the Planning Committee. Continue drafting of CPO/Side Roads Order, but do not submit to Cabinet. Complete land acquisition already in progress but suspend any further land acquisition.
- Review funding position after referral to Government Office before Sefton Council become committed to costs of potential public inquiry.
- This would require approximately £30k from the existing budget but will leave an unexpended balance in 2010/11 of £506k if there are no costs incurred in respect of a potential Public Inquiry.

6.0 Recommendation:

6.1 Due to the potential contractual issues with the ECI contractor and also to demonstrate continued support for the scheme it is recommended that Option 2 be adopted and the ECI contractor given notice that work is to stop when defined elements have been completed to achieve this.

The current 'land swap' be completed, but further discussion on land availability be put on hold.

6.2 Review the funding position after these stages have been completed.

6.3 It is recommended that:

- i) The Cabinet Member Technical Services resolution of the 10th March 2010 to authorise the Assistant Director (Transportation and Spatial Planning) to submit the planning application for the Thornton Switch Island Link and provide appropriate support through consideration by Sefton, be reaffirmed;
- ii) Further to the outcome of the Planning Application a report be submitted to a future Cabinet meeting on progress of the Department for Transport

Major Transport Scheme Funding;

- iii) Drafting of the CPO/Side Roads Order be completed but not submitted to Cabinet
- iv) The voluntary acquisition of land already undergoing legal procedures be completed. Further progress on land acquisition be placed on hold subject to the outcome of the planning application and funding review.

Department for
Transport

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11 MAY 2010

Dear Mr Birch

Thornton to Switch Island Link Scheme

I thought I would write to set out the current situation as regards the Regional Funding Programme given the uncertainty over future funding following the election.

In recent months DfT has, along with HM Treasury, undertaken a stock take of the financial commitments of transport. The main emphasis of that analysis centred on 2010/11 expenditure and the pipeline spend effect in subsequent years. DfT now has a clear spend profile for the coming financial year in place which allowed Ministers to announce a number of new Programme Entry and Full Approval schemes in recent weeks. This stock take was vital in demonstrating affordability and timing of delivery.

The RFA funding position and priorities remain uncertain until Ministers have set out their spending priorities. This means that at this stage we are unable to confirm funding profiles for any new schemes seeking approvals or for existing schemes seeking Conditional or Full Approval. Given this position, it would be prudent for us to take stock of all business cases seeking approval in order to feed into wider considerations for Ministers over the next few months.

Your scheme will form part of this stock take. The Department is unlikely to be involved in any discussions with you over the coming months as you work up detailed designs and seek any statutory permissions. However I thought it prudent to write so that you are aware of the current position and could decide whether to continue work on the scheme. If you choose to continue work on your major scheme, it will have to be at your own risk.

I realise that this may come as a disappointment and builds some uncertainty into your planning process. Through the review we hope to start building greater certainty which will hopefully enable us to restart discussions with promoters in due course.

At this stage I cannot confirm how long it will take to complete the stock take as it will be dependent on Ministerial decisions and discussions about wider Government spending over the coming months. I shall hopefully be able to update you again in due course when the position is clearer.

I am copying this letter to Jo Lappin and colleagues in the Government Office for the North West, Dave Colbert at 4NW and Roy Newton at GM Joint Transport Policy Team.

Yours faithfully
Charlie Sunderland