

ROTHERHAM BOROUGH COUNCIL

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| 1. | Meeting: | Cabinet |
| 2. | Date: | 15th December 2010 |
| 3. | Title: | A57 Worksop Road / Sheffield Road Improvement M1 Junction 31 to Todwick Crossroads Ward 18 Wales and Ward 6 Holderness |
| 4. | Directorate: | Environment and Development Services |

5. Summary

This report outlines the strategic importance of the A57 Worksop Road Sheffield Road Major Highway Scheme Improvement, progress on which was suspended by the Government following the General Election in anticipation of the Comprehensive Spending Review (CSR). It outlines developments since late October 2010, following the CSR, the options available to the Council, including options for the scheme itself. It also sets out minor amendments to the scheme, revised scheme costs and associated quantified risks contained within the estimate together with potential sources of any other contingency funding. It seeks to gain Members' support 'for a best and final' offer to the Department for Transport (DfT) for an amended scheme that still has significant benefits at a lower cost than the scheme previously proposed.

6. Recommendations

- i) **Members approve a 'best and final offer' bid to the DfT for the implementation of an amended scheme, with the bid to seek £12.7M funding from the DfT and £2.0M from the Council's own capital programme.**
 - ii) **The agreement of the Mayor be sought to exempt this decision from the provisions of the call in procedure on the grounds that it is urgent. The best and final offer bid and documentation for this important scheme must be received by the DfT by 4th January 2011, necessitating submission before the Council closes for Christmas. Failure to submit the bid in time would be seriously prejudicial to the public interest as the scheme would be deleted from the DfT programme of supported schemes.**
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7. Proposals and Detail

Background

The A57 Worksop Road – Sheffield Road Improvement Scheme consists of an improvement of the existing single carriageway to Department for Transport (DfT) dual carriageway standards, designed to accord with a de-restricted speed limit, including improvements to the intersections at Todwick Crossroads (A57/B6463) and the priority controlled A57/Goosecarr Lane junction, as illustrated on drawing no. 122/A57(T).51A/DM1, attached as Appendix A. The scheme incorporates pedestrian crossing facilities at appropriate points along the improvement and facilities for other vulnerable road users. The primary benefits of the scheme are to:

- a. reduce accidents
- b. improved access to Dinnington
- c. reduce congestion
- d. improve journey times
- e. assist with regeneration as part of the overall South Yorkshire Technology Corridor Strategic Economic Zone

The procedure of scheme assessment and approvals was suspended in June this year by the DfT in anticipation of the Comprehensive Review in October. All development work was therefore suspended and the planned local public inquiry into the Compulsory Purchase Order and Side Roads Order was postponed.

Prior to the suspension, the scheme was supported by the DfT and had Programme Entry status. The DfT recognised the economic and other benefits of the scheme and were prepared to invest some £12.77M of funding into the scheme. The Council had also pledged a contribution to the scheme of £2M. (Minute No. 131 of Cabinet held on 2 November 2005 approving £2M contribution from the Council's Capital Programme refers). These two funding sources together amounted to £14.77M. Following completion of detailed design, estimates for the scheme cost immediately prior June this year were £16.3M. It was anticipated that any eventual funding shortfall, then £1.53M, would be sought from the Geographic Programme funded by Yorkshire Forward.

Developments Since late October 2010

In a statement in late October by the DfT and contained in the paper 'Investment in Local Major Transport Schemes' (which followed announcements in the comprehensive spending review), the DfT set out its spending proposals and its prioritisation process for all major schemes being developed by local authorities. The A57 scheme was confirmed as being in the 'Supported Pool'; this is the highest ranking pool of schemes and the only scheme in South Yorkshire included in this category. It is understood that this is primarily in recognition of the scheme's benefit to cost ratio - currently around 10:1, i.e. the benefits to the public are 10 times the cost of implementing the scheme. The benefits are accrued through the improvement of a sub-standard single carriageway road carrying vehicular flows in

excess of its capacity, to a new dual carriageway designed to current standards resulting in:

- a. *User benefits*
- b. *Business benefits*
- c. *Accident benefits*
- d. *Emissions benefits*

These benefits are calculated to amount to over £160M hence demonstrating the true “value for money” of the scheme, and the DfT’s selection of the scheme for the Supported Pool.

In correspondence with the DfT in November, the DfT have asked the Council to submit a ‘best and final funding bid’ not later than 4 January 2011. The bid will set out the level of funding that the Council can provide for the scheme, the funding that is available via third party contributions, and therefore the funding that will be required from the DfT in order to deliver the scheme. The DfT are keen to stress that the Council must demonstrate that all reasonable efforts have been made to reduce costs and secure additional local and third party contributions. Any changes in scheme scope to achieve cost savings and value maximisation must be set out with the bid. If the bid is accepted by the DfT, the scheme will receive a revised and reactivated programme entry approval. This is expected to be in late January.

Reactivated programme entry will be on new terms, based on a fixed maximum DfT contribution. However, the process for funding approvals is streamlined and if accepted in January, the DfT will not require any further submissions in respect of scheme justification. The risk layer cost sharing mechanism under previous guidance will no longer apply. (see also section 9 below). Should the accepted tender price be lower than the estimate then adjustments (downwards) could be made to the DfT contribution.

Scheme Options Considered

Two scheme options were considered in detail, namely the existing scheme as was originally proposed, and an amended scheme with a 50 mph speed restriction and no subway, but with an at grade signal-controlled crossing in a similar location to the deleted subway. This latter option has a lower overall cost, but also a lower benefits to costs ratio (BCR), with the BCR reducing by about 1.5 points from a starting point of just above 10 for the original scheme. However, the amended scheme addresses some of the objections raised on the publication of the Compulsory Purchase Order and Side Roads Order last year. Scheme costs have been re-estimated following the DfT announcements, with the assistance of the Council’s strategic civil engineering partner, and this suggests that the previous scheme prices were approximately 5% too high.

The two options are summarised below:

| Scheme Summary | Cost | Notes |
|-------------------------------|-------------|--|
| 70MPH and Subway | £15.5M | Original Scheme Planning Approved |
| 50MPH and Signalised Crossing | £14.7M | Reduced Scheme Planning Amendment Required |

All the main drivers – namely those of cost, BCR and ‘deliverability’ are effectively summarised in the table above. Discussion with DfT officers, although caveated as ‘not definitive guidance’, suggests that a BCR reducing by about 1.5 points would be unlikely to jeopardise the scheme. The BCR remains very high. However, the reduced scheme is not as deliverable as the original scheme as it requires an additional planning approval to support the amendments. Objections raised at the local public inquiry next year (for the CPO and SRO) may be reduced. Overall anticipated scheme costs – perhaps the key driver for both the DfT and the Council, especially in the absence of any funding from the Geographic Programme funded by Yorkshire Forward, are however almost £1M lower than for the original scheme.

Proposal

It is proposed that the Council submits to the DfT a “best and final” offer for an amended scheme with a 50mph speed limit and a signalised crossing at the position of the previously proposed subway, as illustrated on drawing no. 122/A57(T).51A/DM6 attached as Appendix B. It is considered that this scheme is the most affordable scheme, whilst maintaining the fundamental integrity of the project by retaining the majority of the benefits to be accrued. The scheme will also have a lower risk at construction stage due to the deletion of the subway. It is higher risk in the development stage due to the requirement to have planning approval for the amendments to the scheme. The reduced scheme has an estimated cost of £14.7M, and the Council’s “best and final offer” bid to the DfT is discussed fully below.

8. Finance

The reduced scheme has an estimated cost of £14.7M. This is based on construction during the financial years 2012/13 and 2013/14, with the pre-ordering of utility equipment diversions in April 2012. Comment from the DfT regarding the best and final offer, indicates that any requests for additional funds over those previously approved, in this case £12.77M, would not be looked on favourably. The Geographic Programme funded by Yorkshire Forward is no longer available. A £2M contribution from the Council, i.e. the same commitment as previously, means that the slightly reduced and amended scheme is affordable with both the Council and the DfT making almost identical contributions as previously. It is proposed that the Council’s best and final offer bid to the DfT be practically the same as the previous DfT commitment to the scheme, namely £12.7M

The funding for the proposed reduced scheme would therefore be as follows:

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|-------------------|--------|
| DfT contribution | £12.7M |
| RMBC contribution | £ 2.0M |
| Total | £14.7M |

9. Risks and Uncertainties

As noted above, discussions have been held with the DfT regarding the reduction in BCR resulting from the amendments to the scheme, and particularly the effect that this may have on the schemes status within the 'Supported Pool'. Whilst the scheme continues to return a high BCR, and informal discussions with the DfT have been positive, there is a small risk that the Minister may not accept the revised scheme due to the reduction in the BCR value.

The amended scheme will require amendments to the existing planning approval granted in 2009. The risk remains that the CPO and SRO previously made towards the end of 2009, and which will require modifications, will not be confirmed at a local public inquiry still to be held. However, in the case of both the planning approval and the CPO, the amended scheme requires a reduced land take than that previously proposed due to the removal of the proposed subway from the scheme proposals.

All the risk of any overspend in the delivery of the scheme lies with RMBC, as does the risk of any Part 1 (Land Compensation Act 1973) claims subsequent to the scheme being completed, however this is now normal practice associated with the procurement of major highway schemes.

Included in the estimate is a quantified risk assessment figure of approximately £1.9M – effectively a contingency against increased cost. Furthermore a significant sum is included in the estimate for land acquisition including diminution in value/injurious affection and associated fees, for those properties that are directly affected by land acquisition.

The Council's strategic partner for civil engineering scheme has estimated the cost of the scheme since the DfT announcements and confirmed the cost estimates used in this estimate. They also indicate that other savings may be achievable at the time of tender when more time is available to look at alternatives to the specified materials and to undertake negotiations with land owners.

The estimated cost also includes an inflation element, even though market conditions for the construction industry are perceived to be very competitive (and likely to continue to be so in contrast to the current Retail Price Index and Consumer Price Index).

It is also intended to utilise the support and experience of South Yorkshire partners to ensure that the scheme is deliverable at this level of investment, both prior to construction and once construction is underway.

Ultimately however, the scheme is a major civil engineering project, and risks do remain. However, it is anticipated that with sound risk management procedures and

the quantified risk assessment figure, that these can be contained within the available budget.

10. Policy and Performance Agenda Implications

The scheme is a named major highway improvement scheme in LTP2 and accords with the aims and objectives of the Local Transport Plan in assisting the improved management of traffic, offering road safety benefits and supporting regeneration initiatives. The improvement supports the aims and objectives of the Traffic Management Act 2004 in reducing congestion and improving the free and safe movement of all traffic. The scheme will make a significant contribution to the Corporate and Community Plan themes, particularly the Achieving and Safe objectives.

11. Background Papers and Consultation

Legal Services and Financial Services have been consulted on, and approved, the content of this report.

South Yorkshire Local Transport Plan 2006 – 2011

Minute No. 131 of Cabinet held on 2 November 2005 approving £2M contribution from the Council's Capital Programme.

Minute No. 176 of Cabinet on 11th February 2009 reaffirming the need to progress the scheme and pursue the necessary CPO/SRO processes,

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