

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet
2.	Date:	7 September 2011
3.	Title:	Waverley Link Road
4.	Programme Area:	Environment and Development Services

5. Summary

The report outlines the current position relating to the Waverley Link Road Major Highway Scheme, which is currently in the Department for Transport's (DfT) 'development pool' of schemes that are required to submit a 'best and final funding bid' by the 9 September 2011. It outlines developments since late October 2010, following the Comprehensive Spending Review, and sets out amendments to the scheme previously submitted to the DfT, the revised costs and associated quantified risks contained within the estimate. It also outlines the further public consultation that was undertaken on the scheme, which was one of the issues that the DfT have sought particular clarification on. It seeks to gain Members' support for a 'best and final funding bid' to be submitted to the DfT for an amended scheme that has significant benefits at a lower cost than previously proposed, whilst acknowledging the risks associated with the submission.

6. Recommendations

That subject to the consideration of the results of the consultation:

- i) Members approve a 'best and final funding bid' (BAFFB) to the DfT for the implementation of an amended scheme, with the bid to seek £6.961m from the DfT, with a £0.751m contribution from the Councils Local Transport Plan Integrated Transport (LTP IT) allocation, and developer contributions of £0.857m.**
 - ii) The agreement of the Mayor be sought to exempt this from the provisions of the call in procedure on the grounds that it is urgent. The BAFFB and documentation for the scheme must be received by the DfT by 12 noon on 9 September 2011, failure to submit the bid would mean that the DfT would not consider the scheme further.**
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7. Proposals and Details

Background

On 20 April 2009 Cabinet Member for Regeneration and Development Services approved the submission of a Major Scheme Business Case (MSBC) to the Department for Transport (DfT) seeking funding for a revised Waverley Link Road (WLR) major highway improvement scheme. (Minute Number 221 refers).

A plan of the scheme as submitted to the DfT in 2009 is attached at Appendix A. It provided for a 1.9km long, 7.3m wide single carriageway, with one lane in each direction and a speed limit of 40mph and 3m wide footpath/cycleways were proposed on either side of the road. At its northern end, WLR was proposed to meet a realigned B6066 Highfield Spring and B6066 Highfield Lane at a new four-arm roundabout. At its southern end it would meet the B6200 Retford Road at the existing junction with B6064 Furnace Lane, converting the junction from a three-arm signal controlled junction to a four-arm signal controlled junction. The route of the link road passed through the Woodhouse Mill Playing Fields, owned by Sheffield City Council, and also required the demolition of 4 houses where the road is proposed to meet the B6200 Retford Road.

Previous WLR route options that have been considered by the Council and not taken forward include a route from the B6066 that crossed the River Rother and railway line before joining Fence Roundabout at its southern end, and a route that crossed the River Rother and then through the Sewage Treatment Works and joined the B6200 Retford Road at a former Petrol Filling Station.

The primary objectives of the Waverley Link Road scheme are to:

- a. Support regeneration and economic growth, and mitigate the impacts of increasing traffic levels which have resulted from the EU Objective 1 investment, including the development at the Advanced Manufacturing Park, and the reinvigoration of the economy of South Yorkshire.
- b. Tackle congestion to remove its constraint on development in the area.
- c. Divert traffic away from built-up roads with residential frontage through Handsworth and Orgreave to a more appropriate route therefore reducing noise levels and vehicle emissions experienced by residents.

A secondary benefit of the scheme is that it improves an alternative route into Sheffield that sometimes gets used when the M1 is heavily congested or blocked.

The total scheme costs were estimated at £13.033m of which £11.732m was sought from the DfT, £1.0m contributed by Harworth Estates (UK Coal) secured against the S106 agreements for both Waverley New Community and Helical Governetz planning permissions, and a £0.301m contribution from RMBC using Local Transport Plan funding, RMBC also met the scheme development costs from LTP. The preferred schemes benefit to cost ratio (BCR) was 3.64.

Revised DfT Major Scheme funding process

Before the DfT were able to confirm the status of the scheme in June 2010 as part of the Comprehensive Spending Review the process for "Major Scheme" spending was suspended for review.

In October 2010, the new Major Scheme assessment process was revealed and the Waverley Link Road scheme was placed in the DfT's "development pool". In February 2011 this pool was oversubscribed by about 1:1.5 (50%).

The Department for Transport then wrote to all scheme promoters confirming that they would have to submit a 'best and final funding bid' (BAFFB) by the 9 September 2011, setting out the level of funding the Council will provide for the scheme, the level of funding available from third party contributions, and the maximum funding that will be required from the DfT to deliver the scheme. The Department for Transport will then announce in December 2011 which schemes are to be granted Programme Entry status.

Throughout this process the DfT have stressed that scheme promoters had to demonstrate that all reasonable efforts had been made to reduce costs and secure additional local and third party contributions, whilst carefully considering the impact of any changes to the scope of a scheme in terms of cost reduction which would impact on the overall benefits. The deliverability, including the management of and mitigation against risks, and the public opinion of schemes are also of interest to the DfT.

Revised scope

As the third party contribution from Harworth Estates, which provides for a 10% contribution towards the total scheme costs, is now secured against planning permissions, and no new developments were anticipated, it is not considered possible to increase the amount of third party funding towards the scheme. It was therefore considered that in order to reduce the DfT's contribution towards the scheme a revised scope should be investigated.

Within the MSBC submission in 2009 a 'low cost alternative' (LCA) was also considered. This option did not realign B6066 Highfield Spring but retained the existing roundabout at the junction of B6066 Highfield Lane and with an additional 3-arm roundabout created to the east where Waverley Link Road would join B6066 Highfield Lane. The link road then continued along the same alignment through the UK Coal site and the recreational ground to a new 4-arm signalised junction on the B6200 Retford Road at its junction with B6064 Furnace Lane.

The LCA provided lower benefits than the preferred scheme, primarily due to the 'dog leg' in the route, and had a benefit cost ratio of 3.19.

It should be noted that the MSBC for WLR was prepared and submitted prior to the Waverley New Community and Helical Governetz developments securing planning permission and whilst a sensitivity test to assess the impact of trips associated with these developments was undertaken to ensure that WLR could accommodate them, the associated benefits arising from additional vehicles using the road could not be included at that time.

Given that these development sites have now been granted planning permission they can, as part of the assessment of the scheme, now be considered as committed and the project team therefore anticipated that if the LCA was taken forward as a way of reducing the DfT contribution that it was unlikely to result in the BCR being lower than the previously *preferred* option.

The project team therefore prepared an updated cost estimate for an amended scheme based on the LCA, and which also included:

- the change of junction type at the northern end of WLR from a roundabout to a signalised junction, required in order to meet relevant design standards;
- removal of a Pegasus crossing where a proposed bridleway crosses WLR, due to the anticipated low levels of use meaning it is unlikely to meet the Councils criteria for a controlled crossing, although uncontrolled crossing facilities will be provided;
- the removal of street lighting along the route to minimise the environmental impact of the scheme.

The total scheme costs of this amended LCA scheme are estimated at £8.57m which is a reduction of 34% from the previous MSBC submission. A plan showing the alignment of the amended LCA scheme is attached at Appendix B and a plan showing further detail of the route through the recreation ground is attached at Appendix C.

The updated analysis of the benefits of the scheme indicates that the BCR has risen to around 7:1.

As part of the appraisal for the BAFFB the DfT require an assessment of the Social and Distributional Impacts (SDI's) of proposed schemes. The SDI's are a set of potential scheme impacts and an assessment of how they affect particular vulnerable groups in society or different income groups. These impacts can be environmental impacts (eg Noise, Air Quality) or social impacts (eg severance). This work is ongoing and will be finalised before the 9 September 2011.

Consultation

Whilst the DfT have acknowledged that the scheme submitted within the MSBC has merit, as shown from its inclusion within the 'development pool', they have also indicated that they felt that there had been a lack of further consultation on the preferred alignment through the Woodhouse Mill Recreation Ground since the original consultation which sought residents and businesses views on four options for Waverley Link Road in 2005.

The DfT indicated that when considering the best and final funding bids for schemes and taking decisions on which schemes to support, Ministers will want to understand what level of support a scheme has. The DfT suggested that to de-risk the age of the survey data further consultation should be undertaken.

Following a meeting between the Leaders and Chief Executives of Rotherham and Sheffield on the 22 July 2011 further consultation on the scheme has been progressed. This comprised of approximately 10,000 information leaflets and questionnaires distributed by post to local residents and businesses within the same area that was consulted in 2005. The leaflets were distributed from the 3rd August 2011 with the closing date for responses the 31 August 2011. A copy of the consultation leaflet and questionnaire is attached at Appendix D.

N.B. Due to the reporting deadlines this report was prepared in advance of the closing date of the consultation and as such an addendum to this report detailing the response to the consultation will be provided for Cabinet's consideration.

In addition to the above a public drop-in session was held on Tuesday 16th August 2011 from 2pm to 8pm at The Old Rectory in Handsworth. Officers from both

Rotherham and Sheffield Councils were in attendance in order to answer questions raised by local residents and residents could also submit comments on forms provided. Our records show that 224 people attended the drop-in session. The address information obtained when people entered the drop-in session indicates that the majority of those attending were from the Woodhouse Mill area. It was also clear that the vast majority of those present strongly objected to the proposals for the link road to cross the recreation ground. Comments received from residents at the drop-in session will be included within the consultation report mentioned above.

SCC position

Whilst the Woodhouse Mill recreation ground is located within Rotherham the majority of the land is owned by Sheffield City Council (SCC). Previous SCC resolutions in relation to the scheme are set out in Appendix E but in summary SCC are currently opposed to plans to build a link road on Woodhouse Mill playing fields and have resolved to nominate the playing fields as a Queen Elizabeth II Field. They have also resolved to review the route of the Waverley Link Road scheme and alternative modifications to the existing highways network to accommodate the predicted increase in traffic from the Waverley development.

Officers of Sheffield City Council have recently advised their Leader that Sheffield Council needs to consider its formal position in light of the further public consultation and the Consultants report on the On-Line Alternative (i.e. improvements to the existing roads and junctions in Sheffield) before RMBC decide whether or not to submit a "Best and Final Funding Bid" to Central Government on Friday 9th September.

In early 2011 the potential cost and benefits associated with an On-Line Alternative (OLA) to the Waverley link Road were assessed in detail. The OLA included road widening on Retford Road, Handsworth Road and Highfield lane, and improvements at a number of junctions. A technical note detailing the assessment of the OLA is available on request although in summary the cost of the OLA is estimated at £24.09m and the BCR is 2.71.

The OLA would achieve many of the scheme objectives but would not achieve the objective of reducing the volume of traffic on roads with a residential frontage in Handsworth and Orgreave. Although it would provide similar time-saving benefits to WLR the OLA would cost around three times as much and the resulting BCR is around two-fifths of the WLR. The OLA is not included in the DfT's 'Development Pool' and as such could not seek funding until after 2014/15 and it is very unlikely that the DfT would look favourably on a scheme that costs three times as much as one previously brought to them, particularly as current DfT guidance to scheme promoters is that in order to increase their chances of securing funding that they should offer further reductions in costs.

The QEII Playing Field initiative aims to dedicate 2012 playing fields to celebrate the Queen's Diamond Jubilee and the Olympics. Whilst SCC have applied to Fields In Trust no deed of dedication has yet been signed and advice from RMBC's Legal Services team indicates that although QEII field status affords additional protection against development it does not preclude RMBC using its powers to compulsorily purchase the land.

The current design of WLR seeks to minimise its impact on the Recreation Ground and playing field, with the alignment of the road positioned to the eastern side of the playing field at the southern end. Should a BAFFB be submitted additional detailed

design will be required during which officers will consider the potential to further reduce the impact of the scheme on the Recreation Ground. Further design of the landscaping required and any alterations to the existing playing field would also need to be progressed. It should also be noted that the Waverley New Community proposal will also provide extensive new high quality open space areas, which would more than compensate for the loss of a part of the playing field at Woodhouse Mill.

Conclusion

Previous assessments have shown that the only feasible alignment for Waverley Link Road that would meet DfT criteria for value for money is the route that crosses the recreation ground, with the route to Fence Roundabout and 'on line alternative' improvements both costing significantly more (land required on the route to Fence Roundabout has previously been considered to be of wildlife and ecological importance), and Yorkshire Water have recently reiterated that the land on the route through the Sewage Treatment Works is required for their operations.

Whilst the results of the consultation exercise are still being collated it is clear from the drop-in session that there continues to be a strong objection to the scheme from residents within predominantly, although not exclusively, the Woodhouse Mill area. However, until the overall response to the consultation is available, the level of support, or otherwise, that the scheme has received cannot be determined.

Further assessment of an amended scheme (based on the previous Low Cost Alternative) indicates that it produces significant benefits with a BCR around 7.

It should be noted that Waverley Link Road is a named major highway improvement scheme in the Sheffield City Region Transport Strategy (LTP3), required to open up development opportunities, which all South Yorkshire Authorities and the Sheffield City Region Local Enterprise partnership have endorsed. The scheme will also support the recently announced SCR Enterprise Zone.

Should the Council decide to continue to pursue the current alignment of the link road through the Recreation Ground and submit a best and final funding bid to the Department for Transport, in order to improve the chances of the bid being successful, the amended scheme outlined above and shown on the plan at Appendix B should be submitted as the Council's new preferred scheme.

8. Finance

The total estimated cost of the proposed scheme is £8.57m, which is £4.463m or 34% lower than the scheme submitted to the DfT in 2009.

It is recommended that £751k is provided by RMBC as a contribution to fund all preparation costs using Local Transport Plan Integrated Transport Block funding. The £751k includes a risk / contingency allowance of £154k, which may not be required. Of the RMBC contribution £123k would be required in 2011/12 (post DfT decision in December) and up to £628k in 2012/13.

The proposed scheme would seek a contribution of £6.961m from the Department for Transport, providing an overall cost saving to the DfT of £4.771m, which represents a 41% saving.

Whilst the DfT are seeking increased contributions from third parties the current proposal sees these reduced by 14% to £857k due to the contribution from Harworth Estates, included within the signed S106 agreements, being 10% of the total scheme

costs. However, this contribution does not take into account the cost of the land that Harworth Estates are providing to the Council or the cost of the earthworks and land compaction that they have already undertaken on the alignment of the road as part of the site remediation works, which was valued at £2.2m by Harworth Estates, which means that their actual financial contribution towards the project as a whole is already higher than the further 10% contribution secured through the S106 agreement.

At the start of August 2011 the DfT confirmed with Scheme Promoters that schemes granted Programme entry following the submission of BAFFBs will be required to undertake either a full impact evaluation or scheme monitoring report, the costs of which cannot be requested from DfT. The costs of such evaluation and monitoring are likely to be in the region of £25k and it is intended that funding would be allocated from Local Transport Plan Integrated Block funding, to be incurred in 2015.

To date the Council has capitalised £890K in developing this scheme. If the scheme does not continue to completion it has been confirmed that the expenditure will not lead to the construction of a new asset (i.e. the road). As such these costs will be abortive in nature and will have to be charged to revenue.

9. Risks and Uncertainties

There is a risk that the DfT will consider that the amended scheme does not reduce their contribution enough and/or does not provide sufficient third party contributions, which may result in the amended scheme failing to receive Programme Entry. However, it is considered that further reductions to the cost estimate are not viable.

All the risk of any overspend in the delivery of the scheme will lie 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 (QRA) figure of approximately £1.165m – effectively a contingency against increased cost

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. 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 QRA figure, that these can be contained within the available budget.

Company searches have also been undertaken in respect of the third party Section 106 agreements that are a part of the DfT funding requirements. Whilst the total scheme expenditure assumes that there will be a 10% contribution from third parties, the risk of business failure has been assessed as “high”, on account of a combination of an unfavourable audit opinion and a negative assessment of the health of the ultimate parent, UK Coal plc. However, in August 2011, UK Coal plc published their unaudited six monthly results which showed some improved performance in the group’s results. It is a DfT requirement of the bidding process that the Council have to agree to underwrite any contributions that do not materialise. Therefore, should the company cease to trade the Council would have to attempt to recover this money as a result of insolvency proceedings, or alternatively fund this shortfall itself when the potential for recovery of monies has been exhausted.

The implementation of the scheme is also subject to securing the required planning permission and confirmation of Compulsory Purchase Orders for land and property that the Council cannot acquire through negotiation and any Side Roads Order that may be required. Should objections to the CPO/SRO be received a Public Inquiry would be required.

10. Policy and Performance Agenda Implications

The scheme is a named major highway improvement scheme in the Sheffield City Region Transport Strategy (LTP3), which all South Yorkshire Authorities have adopted, and accords with the aims and objectives to assist the improved management of traffic, and support regeneration and economic growth. The improvement supports the aims and objectives of the Traffic Management Act 2004 in reducing congestion.

11. Background Papers and Consultation

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

Sheffield City Region Transport Strategy 2011 – 2026.

Minute No. 236 of the Cabinet Member for Economic and Development Services delegated powers meeting on 18 April 2005 receiving the results of the Waverley Link Road consultation report and approving that a further report on which option should be pursued brought to a future meeting.

Minute No. 4 of the Cabinet Member for Economic, Regeneration and Development Services delegated powers meeting on 23 May 2005 approving that option E (across Sewage Treatment Works) be progressed and submitted to the DfT.

Minute No. 221 of the Cabinet Member for Regeneration and Development Services delegated powers meeting on 20 April 2009 approving the submission of a revised MSBC for Waverley Link Road to the DfT.

Minute No. C174 of Cabinet on 20 January 2010 approving, subject to the DfT granting WLR Programme Entry, the submission of a planning application for WLR, and approval for the detailed design to continue.

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