

24 March 2014**Agenda Item:****REPORT OF THE SERVICE DIRECTOR, HIGHWAYS****GEDLING ACCESS ROAD, SCHEME DEVELOPMENT AND FUNDING AGREEMENTS.****Purpose of the Report**

1. To seek approval of Committee to approve delegated authority for the Corporate Director Environment and Resources to approve The Council entering into two agreements with the Homes and Communities Agency to secure funding in relation to the Gedling Access Road and to approve the final terms of the agreements as necessary.

Information and Advice

2. The County Council has been safeguarding proposals for a Gedling village bypass for over 50 years. This scheme forms part of proposals for an A612 Nottingham Eastern Outer Loop Road which has, with the exception of the eastern most section around Gedling village, been successfully completed by the County Council. The Gedling Access Road (GAR) will connect directly to the most recently constructed phase (the Gedling Major Integrated Transport Scheme) which opened to traffic in 2007.
3. The volume of traffic on Arnold Lane (A6211) through Gedling village has increased significantly over recent years, particularly since the opening of the A612 Colwick Loop Road. More recently the traffic on Arnold Lane, Gedling has increased by 5% from 2008 to 2012. This has strengthened the case for constructing a bypass to the village. However due to the limited availability of public funding this project has not until now featured in a programme of construction. The redevelopment of the Gedling Colliery site has been seen as a catalyst for accelerating this project. Until the recent down turn in the economy it had been hoped that the colliery redevelopment proposals could possibly finance the construction of the Gedling Access Road in full. Unfortunately the current commercial viability of the site does not allow the GAR to be wholly funded in this way although a significant contribution to the overall project cost is to be secured from the Homes and Communities Agency (HCA).
4. The redevelopment of the Gedling Colliery site and adjoining lands remains a priority of Gedling Borough Council (GBC) HCA and Nottinghamshire County Council. The supporting infrastructure requires the provision of an access road which also serves the dual purpose of completing a route around the eastern side of the conurbation. A funding package is being assembled to enable the supporting transport infrastructure to be provided.

5. The GAR scheme will firstly accommodate additional traffic generated by, and thereby enabling a major housing / employment development to proceed in full, and secondly resolve existing, congestion, environmental and amenity problems within Gedling village and surrounds. The result will be an improvement in journey time reliability and a reduction in the amount of lost productivity to businesses and employees alike arising from congestion. It is also a fundamental part of the supporting infrastructure required to enable the former Gedling Colliery and adjoining lands to be redeveloped. The redevelopment proposals by the Homes and Communities Agency involve over 1100 new houses as part of a mixed residential / employment (6 hectares) development. Without the GAR the proposed redevelopment could not proceed. GAR will also support other development proposals being promoted in the Gedling Local Plan namely a proposed 820 houses and 18,000m² of employment land at Teal Close (Netherfield) and a proposed new retail (Sainsbury's) and commercial development alongside the A612 in Colwick (approximately 2 miles to the south west of Gedling village).
6. This scheme involves the construction of 4 km of new single carriageway road (7.3m wide) linking the B684 Mapperley Plains Road with the A612 Nottingham Road around the eastern side of the Nottingham conurbation as shown on the Faber Maunsell planning drawing which accompanies this report. The scheme will incorporate a shared use cycle / footway and pedestrian controlled crossings. The displacement of traffic from the roads in Gedling village will lessen the severance effects caused by traffic, particularly for vulnerable road users; improve amenity and environmental conditions for local residents.
7. GAR will also complement and be complemented by the proposals of Nottingham City Council for a series of bus based improvements along a 'southern growth corridor' linking Beeston and the Boots Enterprise Zone in the west to Gedling in the east, including additional bus services and proposed bus priority measures along the A612 through Colwick and Netherfield.
8. The scheme is strongly supported by Gedling Borough Council and the local MP. A public consultation regarding the scheme proposals will be undertaken in spring 2014 by White Young Green Consultants acting on behalf of the HCA as applicant for planning permission.
9. At its Full Council meeting in February 2014 Nottinghamshire County Council resolved to incorporate funding of £5.4m in 2017/18 into its capital programme to support GAR. This report is being presented at this time to follow on from the Full Council approval and as it is necessary to conclude funding agreements with HCA by the end of March 2014. Should the agreements not be reached there is risk that the funding will be redirected to other priority projects nationally, this requirement has recently become more acute.

Scheme Delivery

10. Essentially the HCA wish to hand over responsibility for procurement and delivery of the project to Nottinghamshire County Council as it does not have such an in house resource. To this end the scheme will be delivered via the Medium Schemes Framework contract which has call upon a number of contractors appointed through competitive process to deliver projects within the value range of this scheme. This procurement includes significant Early Contractor Involvement to drive through efficiencies in the scheme delivery and offer confidence surrounding target costs.

11. Nottinghamshire County Council will be responsible for completing necessary statutory procedures required to deliver the project including the assembly of land required for the project.
12. In order to deliver the scheme and secure all necessary funding contributions at the appropriate points from HCA, NCC will need to enter into a funding agreement with that authority such that both have confidence and clarity exists in the delivery model. To this end it is necessary to enter into two separate agreements which are as described below:

Funding Agreement Phase 1

13. This relates to the early construction of a roundabout forming a junction between Arnold Lane (A6211) and the development site as shown on the accompanying drawing. This junction, subject to necessary planning permission will facilitate the construction of around 315 houses also subject to necessary planning permission. The HCA will fund construction of the roundabout which NCC will deliver, through a legal agreement funds will be drawn down from the HCA to NCC at key trigger points. Subject to necessary permissions being granted and land being acquired from Nottingham City Council by the HCA it is anticipated that the roundabout works can commence later in 2014 on this project.

Funding Agreement Phase 2

14. This agreement relates to the acquisition of required land along the route of GAR and will also require NCC drawing down funds from HCA available for land acquisition. At present HCA has a finite contribution available for land acquisition. The delivery of GAR as a whole will be dependent upon various sources of funding as outlined above. All partners will need to monitor costs as the project progresses.
15. Work has taken place to validate anticipated construction costs and land acquisition costs though these remain subject to detail design procedures and in terms of land acquisition subject to potentially fluctuating land values.
16. Each of the funding agreements will seek to protect NCC from significant risk through pre-conditions needing to be met given that at present there are many uncertainties surrounding timescales and delivery largely centred on the determination of the planning application to construct GAR by GBC. There is also potential that a Public inquiry may be required to consider land acquisition.
17. The funding agreements are currently being negotiated between legal representatives of both HCA and NCC and are required to be completed and signed off by March 31st to satisfy conditions placed upon the HCA to secure funding for the project.
18. If the whole GAR scheme does not proceed due to funding shortfalls then only limited development may proceed, otherwise the traffic conditions in Gedling village and surrounds would be unacceptably worsened. It is likely that without the GAR only 300 of the 1120 houses could be built and none of the employment development.
19. The timing is complex, as funding from the HCA must be committed by the end of March 2014 and drawn down by NCC during financial year 2014/15. Other funding strands

(including that from the LTB) do not become available until later. The agenda is therefore still a very challenging one and all partner agencies have much to do to take the project forward.

20. Not proceeding with the project will bring reputational criticism to NCC given that a very clear intention to deliver the project has been stated through its bid for funding through the LTB. Not only would the £10.8m LTB contribution to the GAR scheme be lost but this could also damage the County Council's ability to secure future funding for similar transport projects. If the scheme does not proceed the £10.8m currently allocated by the LTB to GAR would be available for 'reserve' schemes. In which case there is a strong likelihood that the majority of this money would be redirected to other competing schemes elsewhere in the D2N2 LEP.

Other Options Considered

21. There are numerous options surrounding the alignment and route details which have been considered through the design process. The current proposals represent the best solution to meet the complex requirements and parameters surrounding the project.

Reason/s for Recommendation/s

22. To enable a key strategic development site to be realised and unlock much needed development land The Gedling Colliery site is identified as an area of future housing development in the Aligned Core Strategy (ACS), as it is a key strategic site on the urban edge of Nottingham and viewed as a priority for Gedling Borough Council. The ACS notes that current economic difficulties mean that comprehensive development is not considered achievable in the short term but the site remains available and suitable. As such, the site is not included in the housing figures as set out in Policy 2. Policy 7 of the ACS recognises the regeneration benefits arising from the Gedling Colliery site, which offers the opportunity for the redevelopment and reuse of brownfield land to create a new sustainable neighbourhood. Policy 15 of the ACS lists the Gedling Access Road as a scheme which remains important to the delivery of the Core Strategy. The key reason why the Gedling Colliery development site has not been included as a strategic allocation in the ACS is due to viability issues. However the district council has been exploring potential sources of public funding and alternative approaches to improving the viability of the scheme. This financial deadlock would now appear to be resolved with the financial package that is being assembled and support from the County Council.
23. The delivery of GAR will also complete the long awaited bypass of Gedling village.

Statutory and Policy Implications

24. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

25. The GAR as a whole scheme is to be funded from a number of different sources and the latest estimated cost of the scheme is £32.4m. Half of the total scheme cost (£16.2m) was expected to be funded from the newly established Local Transport Body (LTB) for Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) and the remaining 50 % was to be match funded from the HCA and GBC.
26. Unfortunately the Government in allocating funding for the LTB's in July 2013 allocated monies at a level one third below the indicative numbers provided earlier. This meant that the D2N2 LTB had less money to distribute than originally expected. At its board meeting of July 22nd 2013 the D2N2 LTB agreed to allocate £10.8m which represents a significant proportion of the funding delegated to it by government towards the cost of the Gedling Access Road. This to be spent between 2015 and 2019, (currently expected to be spent in 2017/18 and 2018/19). The allocation is subject to LTB gateway progression. The allocation is £5.4m less than originally anticipated by the County Council.
27. This is one of only six schemes supported by the LTB Board across the D2N2 area and is the largest single scheme it is supporting from the £31.2 million available to it for that period. Nottinghamshire County Council promoted the scheme to the Board. In addition the HCA which had already earmarked £7 million towards the road cost's, has agreed a loan for a further £3 million through its Public Land Infrastructure Fund. The Borough Council has indicated in principle provision of £7 million through the Community Infrastructure Levy (CIL), assuming that the Levy is subsequently agreed and adopted.
28. In order to progress the scheme, a further capital contribution of £5.4 million is currently required. This was agreed at the Full Council meeting in February 2014 when Nottinghamshire County Council resolved to incorporate funding of £5.4m in 2017/18 into its capital programme to support GAR. It should be noted that should the projected cost rise above the current estimate then any additional shortfall would also need to be underwritten by the County Council.
29. The County Council will make a strong case for further investment from the Single Local Growth Fund (SLGF) and other available funding streams to make good this shortfall in funding, however if this does not prove possible then the County Council will have to consider allocating funding from its own capital reserves. In order to proceed and start land negotiations, planning and completion of the business case the shortfall needs underwriting pending the decision of SLGF bidding mechanism. A further report to CAMG will be made at the appropriate time following SLGF decisions. The timetable and mechanism for this process is as yet unknown. A report to Full Council, if necessary, will also follow in due course.
30. It is envisaged that a planning application will be determined by GBC in summer 2014 following which there will be a need to attend to statutory procedures including CPO and a Public Inquiry.

RECOMMENDATION/S

It is RECOMMENDED that Committee:

- 1) That approval is given for the County Council to enter into a funding agreement with the HCA by 31st March 2014 to secure funding for roundabout works at Arnold Lane, Gedling with delegated authority to the Corporate Director, Environment and Resources in consultation with the Chair (or Vice-Chair) of Finance and Property Committee and the Chair (or Vice-Chair) of Transport and Highways Committee to approve the final terms of the agreement as necessary once these have been agreed with the HCA.
- 2) That approval is given for the County Council to enter into a funding agreement with the HCA by 31st March 2014 to secure funding for land and property acquisition required to construct the Gedling Access Road with delegated authority to the Corporate Director, Environment and Resources in consultation with both the Chair (or Vice-Chair) of Finance and Property Committee and the Chair (or Vice-Chair) of Transport and Highways Committee to approve the final terms of the funding agreement once agreed with the HCA.
- 3) That approval is given for NCC to enter into negotiation with relevant landowners (or agents of) to acquire relevant land and property and if required to use Compulsory Purchase powers to complete the acquisitions. Progress on land acquisition will be provided to Committee through update reports as required.

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For any enquiries about this report please contact:

Neil Hodgson

Constitutional Comments (CEH 21/03/14)

31. The recommendations fall within the remit of the Finance and Property Committee by virtue of their terms of reference. Council considered the Gedling Access Road in the full budget report in February 2014. Legal advice has and is being taken on the agreements to be entered into with the Homes and Communities Agency to secure the funding available by the deadlines set by the Homes and Communities Agency.

Financial Comments (TMR 20/03/14)

32. The financial implications are set out in the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Electoral Division(s) and Member(s) Affected

Arnold North	Councillors Pauline Allan and Michael Payne
Arnold South	Councillors Roy Allan and Muriel Weisz
Carlton East	Councillors Nikki Brooks and John Clarke
Carlton West	Councillors Darrell Pulk and Jim Creamer
Calverton	Councillor Boyd Elliott