

30 November 2020**Agenda Item: 6****REPORT OF CORPORATE DIRECTOR, PLACE****HUCKNALL TOWN CENTRE IMPROVEMENT SCHEME – CAPITAL
VARIATION****Purpose of the Report**

1. To approve a variation to the capital programme for additional funding associated with the Hucknall Town Centre Improvement Scheme.

Information

2. The Hucknall Town Centre Improvement Scheme (HTCIS) comprised of a transport improvement project promoted by Nottinghamshire County Council (NCC) made up of a new road between Station Road and Annesley Road. This new road enabled the pedestrianisation of that part of High Street between Baker Street and Watnall Road. The transport scheme had a number of objectives set-out in the business case, these included:
 - To promote the renewal and regeneration of the town centre;
 - To improve the quality of life in and around the town centre by enhancing the quality of environment; and
 - To make best use of highway assets by reducing levels of traffic congestion through the Hucknall town centre and enhancing the status of public transport.
3. The original general arrangement drawings for the scheme are shown on the attached plans H/JH13379/500A and 501A.
4. The new road, named Torkard Way, is 450m long and single carriageway and opened for traffic in November 2016. The associated works include a new traffic signal junction on Station Road and a mini roundabout at its junction with Annesley Road. Other works include the realignment of Ashgate Road which includes the introduction of a traffic signalled junction to replace the existing double mini roundabouts. This new traffic-controlled junction is linked to the new junction further along Station Road and provides improved pedestrian crossing points providing better access to Hucknall Tram Stop and Train Station.
5. After the opening of Torkard Way, phase two of the works pedestrianising a section of the Hucknall High Street started in December 2016 and completed in June 2017. The completion of this section of works, enabled the existing weekly market (established in 1875) to be relocated to the pedestrianised area to take advantage of the traffic free environment.

6. In January 2019, a monitoring report was completed and submitted to the Department of Transport (DfT). The report provided information on a variety of different kinds of data including traffic flows, pedestrian movements, shop occupancy rates and journey times with the ultimate aim of determining whether the scheme has met the initial scheme objectives as set out in the Best and Final Funding submission to the DfT from 2011.
7. The monitoring report concluded that the scheme objectives were largely met and referenced shop occupancy rates improving in the town, footfall up on the High Street on nearby routes and an increase in cycling and bus patronage levels. The High Street element of the scheme was also 'highly commended' in the Institution of Civil Engineers East Midlands Merit Awards in 2019 and nominated in the Great British High Street Awards in 2018.
8. This report is presented now as the land deals referenced in paragraph 18 are concluding and an updated assessment of Part 1 compensation claims has been completed hence a whole scheme cost appraisal can be completed.

Funding Package

9. The total scheme cost for the project of £13.433m was funded from a number of sources summarised in the table below, this was reported and approved at a meeting of the Transport and Highways Committee on 10th December 2015.

Funding Source	Value (£m)
Department for Transport	8.489
Ashfield District Council	1.350
Nottinghamshire County Council	
Land Purchases	2.325
Integrated Transport Measures (allocation 17/18)	0.319
Capital Asset Management Group (approved 23 rd Nov 2015)	0.500
Flood Defence Grant in Aid (FDGiA)	0.450
Total	13.433

10. The Department for Transport (DfT) provided a maximum capped funding contribution of £8.489m towards the full scheme costs and is paid as capital grant under Section 31 of the Local Government Act 2003, this required the County Council to underwrite any costs overrun of the scheme.
11. The business case included an economic appraisal and the scheme scored a Benefit Cost Ratio (BCR) of 7.82, a BCR of 4.0 or above indicates a "very high Value for Money" scheme.

Construction

12. The main construction works were procured through the Midlands Highway Alliance (MHA) Medium Schemes Framework 2 of which Nottinghamshire County Council is a member, the contract was based on the NEC3 Option C (target cost).

13. The original agreed target was £7.245m and a construction contingency of £0.479m (6.7%) allocated within the overall project costs.
14. The final outturn costs for the main construction works was £8.574m that is an increase £0.85m factoring in the allocated construction contingency. The increase of costs during the construction works were mainly related to ground condition in the town centre environment including delay and disruption due to asbestos, additional excavation, fill and capping along the route of the new road and hard material found in the High Street excavations.

Land Acquisition

15. The County Council have been acquiring plots of land required to deliver the road scheme over a number of years. In 2014 there were six further plots to be acquired and whilst discussions were ongoing, the County Council progressed with a Compulsory Purchase Order (CPO) to secure the remaining land required for highway purposes. It is standard practice that CPO powers are progressed simultaneously with land acquisition to assist with scheme delivery. Approval to acquire land and property required for the scheme was done via reports to Transport and Highways Committee on 9th January 2014 and 22nd May 2014.
16. The CPO for the final six plots was made on 22nd May 2014 and this was confirmed by the DfT National Transport Casework Team confirmed the CPO on 18th November 2014.
17. Within the approved funding package, £0.330m was allocated for the land still be to be acquired and by 2015, £0.121m had been agreed for 3 of the remaining plots required to deliver the scheme.
18. During 2020, settlement of terms has been agreed for the remaining plots totalling £0.225m and the status is as follows:
 - i. Terms have been agreed for an undeveloped site adjoining 38-40 Highway and the subject property now forms new highway (for buses only) leading from Torkard Way to the High Street in the town centre. Terms were reported to a meeting of the Policy Committee on 15th July 2020 with details set out in an exempt appendix, approval was granted for a variation to the capital programme;
 - ii. Terms have been agreed for land acquisition to rear of 48 High Street, Hucknall that now forms part of the new highway and delegated approval was signed off in February 2020, approval is required for a variation to the capital programme to fund the payment of compensation at this site; and
 - iii. No further compensation payments are expected for the remaining plot of land.
19. The settlements figures agreed are in accordance with Section 5 of the Land Compensation Act 1961. This legislation sets out the rules for assessing compensation where land is taken and includes consideration of the value of permanent land taken, basic loss payments, disturbance and statutory interest.
20. The total payable for the six plots included within the confirmed CPO is £0.346m, this a slight increase from the £0.330m allocated within the total scheme costs prior to main construction works commencing.

Part 1 of the Land Compensation Act 1973

21. Under Part 1 of the Land Compensation Act 1973, compensation can be claimed by people who own and also occupy property that has been reduced in value by physical factors caused by the use of a new or altered road. The seven physical factors are noise, vibration, smell, fumes, smoke, artificial light, discharge onto the land of any solid or liquid substance.
22. In the case of the new road, Torkard Way, it was constructed within a town centre environment and required the demolition of buildings along its route. The new road intersected a number of existing roads including Titchfield Street, Albert Street, Wollaton Street and Perlethorpe Drive.
23. Claims are made by the claimant to the County Council as compensating authority. The first claim date was November 2017, subject to persons having a qualifying interest they could submit a claim at any point before November 2023.
24. Within the total scheme costs, a provision of £0.467m was allocated towards Part 1 compensation claims.
25. For Hucknall TCIS, there have been 185 claims have been received to date, with 64 withdrawn. Further claims could still be received, and progress varies across each individual claim. An estimate has been made on the likely success and value of claims and this is £0.455m that is a reduction of £12k on the original allocated amount in the total scheme costs. The estimate is made up of £0.370m for claims and £0.95m in fees, as £10k paid to date the outstanding value is £0.445m.

Cladding

26. Cladding was installed as part of the original scheme to the exterior side facades 40 (Peacocks) and 44-46 (Wetherspoons) as required by the granted planning permission. However, this had to be taken down following damage from being climbed upon and further investigation highlighted that an alternative design and arrangement should be implemented.
27. The area is now within a conversation area and a lightweight meshing with artwork has been agreed in principle, installation is subject to a non-material amendment of the planning consent and procurement. It is estimated that £40,000 is allocated to complete the works inclusive of fees.

Finance

28. In 2020/21, £33,000 of external funding remained unallocated to the scheme and needs to be applied to the budget. Following the assessment of the overall project costs now land acquisitions are completing additional funding of £0.677m is required.
29. This additional funding is required to complete the land acquisitions agreed (£0.225m), complete the cladding works (£40k) and allocation for likely and expected Part 1 claims (£0.445m).

30. As Part 1 claims can still be submitted until November 2023, funding should be split across future financial years, **with the suggested funding profile shown in the table below.**

£000	2020/21	2021/22	2022/23	Total
Capital Funding Source:				
Additional NCC Resources	276,632	200,000	200,000	676,632
External funding	33,000			33,000
Total	309,632	200,000	200,000	709,632

31. As part of the delivery of Hucknall TCIS scheme, land and property were purchased historically. Due to redesign of Torkard Way as part of the scheme development, some of these properties did not require demolition and land acquired not required for new highway.
32. In addition, as they were owned by the County Council and either unoccupied or let then no Part 1 compensation claims are eligible. Following completion and opening of Torkard Way, disposal of land and property no longer required has been ongoing. Capital receipts received have not been allocated directly to the total scheme budget and a summary of disposals is as follows:
- 28 Baker Street: £60,000, acquired 30th April 1987
 - 22 Wollaton Street: £78,000, acquired 31st July 1978
 - 36 Wollaton Street: £75,000, acquired 30th November 1977
 - 28 Titchfield Street: £71,000, acquired 31st May 2013
 - 41 Titchfield Street: £75,050, acquired 13th September 1984
 - 30 Titchfield Street: Estimate £90,000 (sitting tenant, in progress), acquired 4th August 1995
 - 39 Titchfield Street: £90,000 – awaiting confirmation of completion, acquired 22nd November 1988
 - Land adjoining 2 Kneesall Grove: £4,250, part acquired 22nd May 1987 (from 37 Wollaton Street) and remainder acquired 4th August 1988
 - Land to rear of 16-22 High Street: £40,000, acquired 30th November 1989
 - Total: £583,300
33. The original acquisition costs were taken into account as part of the County Council's contribution to the scheme. There are potentially some further disposals at Mill Yard (near 28 Baker Street) and land adjoining 3 Kneesall Grove, but these are expected to be of fairly low value (small parcels of garden land).
34. Overall, additional costs were incurred during construction of the new road and pedestrianising the High Street that were above contingency provisions. These reflect the challenges of implementing new infrastructure in a town centre environment. Within the scheme assumptions, estimates for outstanding land acquisitions and compensation claims were consistent with actuals and refined assessments of compensation following completion of the scheme. Taking into account capital receipts received the overall budget costs are within £394k of original allocations representing an increase of less than 3%.

Other Options Considered

35. Other options considered relate to either not making the compensation payments or continue negotiations. However, landowners are part 1 claimants are likely to make an application to Lands Tribunal to settle claims. However, the costs associated with making an application are likely to exceed the proposed settlement with no guarantee of success.
36. Alternative designs around cladding have been considered and whether or not a replacement is required at all.

Reason/s for Recommendation/s

37. Settlement of the landowner's claim without incurring further costs to the County Council in fees and interest. Settlement of Part 1 claims without incurring further costs to the County Council in fees and interest.
38. Fully implemented and discharged planning permission.

Statutory and Policy Implications

39. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, 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.

Finance Implications

40. Financial implications relating to the land acquisition, compensation and cladding works are described in this report and values summarised in paragraph 29. A further allocation of £0.677m over the next 3 financial years is required to meet the compensation and planning requirements detailed in this report. In addition, the £33,000 of unallocated external funding needs to be applied to the budget with the current financial year. These values total £0.710m that is required to fund the outstanding elements required as part of the overall scheme delivery.

£000	2020/21	2021/22	2022/23	Total
Capital Funding Source:				
Additional NCC Resources	276,632	200,000	200,000	676,632
External funding	33,000			33,000
Total	309,632	200,000	200,000	709,632

RECOMMENDATION/S

It is **RECOMMENDED** that Committee:

- 1) Approve the additional funding allocation of £0.677m related to the Hucknall Town Centre Improvement Scheme.

Adrian Smith
Corporate Director Place

For any enquiries about this report please contact: Mike Barnett 0115 977 3118

Constitutional Comments (AK 20/11/2020)

41. This report falls within the remit of Finance and Major Contracts Management Committee by virtue of its terms of reference and the Council's financial regulations.

Financial Comments (GB 20/11/2020)

42. It is proposed that the capital programme is varied by £0.709m to reflect the additional costs as set out in this report funded from NCC borrowing of £0.677m and external funding of £0.033m. The costs will be monitored through the usual capital monitoring process.

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.

- 1-year Department for Transport Monitoring Report – January 2019
- Hucknall Town Centre Improvement Scheme – Scheme Update and Confirmation of Construction Cost – December 2015
- Hucknall Town Centre Improvement Scheme – Compulsory Purchase Orders – January 2014
- Hucknall Town Centre Improvement Scheme – Update and Compulsory Purchase Orders (Highways Act 1980) – May 2014
- Hucknall Town Centre Improvement Scheme – Update Report – October 2012
- Best and Final Funding Bid to Department for Transport – 2011

Electoral Division(s) and Member(s) Affected

Hucknall North ED
Hucknall South ED

Councillor Phil Rostance
Councillor Ben Bradley