

Meeting COUNTY COUNCIL

Date 30<sup>th</sup> June 2011

agenda item number **9**

## **HUCKNALL TOWN CENTRE IMPROVEMENT SCHEME – BEST AND FINAL FUNDING BID SUBMISSION TO THE DEPARTMENT FOR TRANSPORT**

### **Purpose of the Report**

1. To seek County Council approval for a ‘best and final’ funding bid submission to the Department for Transport (DfT) for the Hucknall Town Centre Improvement Scheme. A full submission must be made by 9<sup>th</sup> September 2011.

### **Background and Aims of the scheme**

2. This major transport scheme proposes the construction of a 0.5km inner relief road parallel to the existing town centre High Street. The new road will seek to displace traffic from the currently congested High Street which will then be part pedestrianised to create a high quality, safe and attractive town centre environment. The scheme will help rejuvenate the town and stimulate the local economy of Hucknall which currently has a population of around 30,000. The scheme is shown in the drawing as Appendix A of this report.
3. The High Street experiences high levels of traffic congestion and the pedestrian environment is extremely constrained with footways less than 1.5 m wide in places. As a result road safety in the town centre is an issue. Between 2006 and 2010 there had been 22 personal injury accidents along the High Street of which 7 involved pedestrians, 5 involved cyclists and 1 involved a motor cyclist, thus emphasising the plight of vulnerable road users in this location. The scheme aims to address this issue.
4. The current congested town centre is constraining economic growth. The town centre is well located close to the NET tram link and opportunity brought about by significant proposed new development needs to be captured to offer the town a chance to become a more vibrant, thriving and modern town centre with a more economically sustainable local community.

5. Ashfield District Council (ADC) proposes that 3,600 or more houses should be built in and adjacent to the Hucknall area by 2026. Also depending upon decisions made by Gedling Borough Council (GBC) regarding the locations of major housing sites up to 2,200 houses could be built in close proximity to Hucknall also by 2026. In terms of employment land a proposal for 38 hectares of industrial development on Watnall Road to the west of the town centre is being considered for development by 2026, this being the Rolls Royce site.
6. Such development allocations and proposals will exacerbate the current traffic congestion in Hucknall and will give rise to significant road safety issues. The proposed scheme sets the scene for regeneration by removing vehicular traffic from the town centre. Improvements to the overall transport infrastructure will also contribute to the revitalisation of the town in an attempt to halt any further economic decline.
7. In December 2009, the scheme received Programme Entry into the Major Transport Scheme process from the DfT with a provisional allocation of £10.099m. At that time the outturn scheme cost was estimated at £12.659m (other costs to be funded by ADC and the County Council, including the value of land already acquired). The process at the time included provision for scheme promoters to claim a proportion of preparatory costs, and also included a risk layer for cost increases, which the DfT would be prepared to meet in part.
8. Following the Comprehensive Spending Review in 2010, new arrangements were put in place for the Major Transport Scheme approval process. The scheme was placed in the 'Development Pool' having been considered by the DfT to offer High Value for money. An expression of interest submission was made to DfT in January 2011 confirming that the County Council wished the scheme to be taken forward for consideration in the Spending Review period. This bid sought £9.8m of DfT funding. The DfT have announced that there is a budget of £650m available nationally with 45 schemes, totalling £950m, vying for the monies on a competitive basis.
9. The new DfT arrangements attempt to streamline the major scheme process, and at the same time place great emphasis on reducing the funding requirement to DfT by asking scheme promoters to both reduce scheme costs and increase the level of local contributions. DfT state that '*reductions in the DfT spend are likely to be a major determinant of success.*'

### **Scheme programme**

10. A planning application for the scheme was submitted in December 2009. Additional work has been necessary including a flood risk assessment, additional noise assessments, and environmental enhancement work. It is anticipated that the scheme will be brought before the Planning and Licensing Committee later this year.

11. Although the Major Transport Scheme process has been 'streamlined' there is still a substantial amount of scheme assessment and evaluation required. A revised value for money assessment is required, in addition to updated traffic modelling, environmental and social distribution impacts. This work is underway, and is required to be submitted before the Best and Final Funding Bid submission on 9<sup>th</sup> September 2011.
12. Should DfT award funding for the project following the September 2011 submission it is forecast that works could commence on site during Autumn 2013 which would enable the new road to be opened to traffic during Spring 2015 with final completion of the High Street pedestrianisation planned for Autumn / Winter 2015. It will be necessary to follow all statutory procedures to seek final approvals and consent prior to works going ahead which it is expected will include for a public inquiry relating to proposals to acquire land and property to deliver the scheme. It is envisaged the public inquiry could be programmed for Autumn / Winter 2012. The cost of the public inquiry is estimated to be just over £90,000 and included for in the current forecast scheme costs.

### **Scheme cost reductions and additional local contributions**

13. The scheme has been reviewed in terms of its scope and the potential for costs savings throughout its full development and indeed, significant changes to the scheme were made since the original bid was made to DfT in 2007 including the reduction in size and scope of two junctions. A further review is underway to consider additional cost savings that can be made without impacting on the safety, quality and objectives of the scheme.
14. Costs incurred during the preparation of the scheme - in advance of construction - were previously recouped on a 50% basis from the DfT. Whilst the new guidance still permits preparatory costs to be claimed it would be unwise to do so as this would not reduce the amount of funding required from DfT to complete the scheme and place the scheme at a disadvantage compared to other schemes. Therefore, all preparatory costs incurred until construction will be met locally. Scheme development costs incurred and including for all work necessary to complete the September 2011 submission are forecast to be around £780,000.
15. The cost of the scheme from this point forward is currently estimated at £10.697m (this excludes all design, planning and land acquisition already incurred) subject to ongoing scheme review as referred to below at paragraph 22.
16. In 2008 ADC approved a contribution of up to £1m towards the scheme sourced from developer transport contributions (TR6 funds). Approximately £750,000 is remaining to be allocated. Therefore a further £9.947m is required from this point forward. As previously stated in paragraph 8, the funding sought from DfT in the December 2010 expression of interest was £9.8m which would necessitate an NCC capital contribution of £144,000.

17. It is imperative that the DfT contribution is reduced and it is envisaged that a reduction of over £1m (ie down to £8.8m or less) will be required. A reduction of £1m would bring the DfT contribution of money still to be spent down from 92% of scheme costs to 82%, whilst a reduction of £1.5m would reduce the DfT contribution to 78%. The County Council however, will also need to agree to take on the risk of all scheme cost increases over and above this, as the DfT contribution would be made on a fixed and final basis.
18. As a proportion of the total scheme cost including scheme development fees and land already purchased a £1m reduction would bring the DfT contribution down from 75% of total scheme costs to 67%. Whilst a £1.5m reduction would reduce DfT contribution to 63%.
19. Additional developer contributions could be secured from both ADC and GBC and discussions are taking place to finalise these arrangements.
20. The original bid to Government included an allowance of nearly £1m to cover potential third party liabilities. The authority is undertaking a thorough review of likely compensation payments and land costs to provide more certainty regarding potential claims and costs to the authority, any significant variance will be reported to the Cabinet Member.
21. The 'best and final' bid needs to confirm the details of the scheme, highlight any changes in its scope and identify the funding contribution required from DfT. The information submitted in this form will be binding and must be submitted by 9<sup>th</sup> September 2011.
22. Prior to submitting the best and final bid a full appraisal of scheme costs is being undertaken. This review will include updating forecast construction and statutory undertaker costs which is being carried out by in house design staff. A comprehensive review of the value of properties yet to be acquired is also being carried out, 25 land parcels / properties are in NCC ownership and have been acquired as opportunity arose however 24 are still required including the Titchfield Street factory site. The acquisition of these properties will be met from project costs hence an up to date estimation of value is required. Additionally a risk assessment of potential future claims for compensation will be undertaken. Given that DfT is absolutely clear any unforeseen cost increases will need to be met locally these reviews need to be comprehensive.
23. The timescales required to satisfy DfT do not allow for the information from these ongoing reviews to be presented at this time. It is suggested that an updated scheme cost and risk appraisal be presented to Cabinet Member for Transport and Highways and Cabinet Member for Finance for consideration and approval prior to submitting the best and final funding bid to DfT.
24. Following a short period of assessment and possible negotiation (which will be discussed with Cabinet Member as appropriate) DfT has indicated that it will advise by the end of January 2012 if the bid is accepted.

25. The Capital Programme needs to be increased by £10.112m, although it is noted that this is an indicative figure at present. The scheme will be funded by a combination of DfT funding, Ashfield District Council and NCC contributions, together with potential other developer contributions. As far as the NCC contribution is concerned, at this stage it is envisaged that LTP funding will be utilised in part, but a further £650,000 will be required to be transferred from the Anticipated Future Schemes budget of £22.744m.

## **RECOMMENDATION**

26. It is RECOMMENDED that:

Council authorise a variation to the Capital Programme of £10.112m, including £650,000 from the Anticipated Future Schemes allocation, in line with section 4.2.6.3 of the Financial Regulations, with specific funding determined following the outcome of the Department for Transport bidding process.

Cabinet Member for Transport and Highways, and Cabinet Member for Finance jointly through delegated authority consider and approve or otherwise the best and final bid to Department for Transport. This in light of the ongoing scheme review and subject to negotiations with Ashfield District Council and Gedling Borough Council regarding financial contributions.

## **COUNCILLOR RICHARD JACKSON Cabinet Member for Transport and Highways**

### **Statutory and Policy Implications**

27. This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder and those using the service and where such implications are material they have been described in the text of the report.

### **Equal Opportunities Implications**

28. This report has been compiled after consideration of implications in respect of Equal Opportunities, Finance, Personnel, Crime and Disorder (Community Safety), the Local Member and those using the service. Where such implications are material they have been brought out in the text of the report.

## **Comments of the Service Director – Finance**

As noted above, an indicative increase of £10.112m will be made to the Capital Programme in line with Financial Regulations. The detailed funding of the scheme will be dependent upon the scale of the DfT allocation, developer contributions and NCC capital allocations (MA 03.06.11)

## **Legal Services' Comments**

Full Council has the power to approve Recommendation. (02.06.11 SB)

## **Electoral Division(s) and Member(s) Affected**

Hucknall:      Councillor Rev Tom Irvine  
                     Councillor Mick Murphy  
                     Councillor Kevin Rostance

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6 June 2011