

Meeting:	Cabinet
Meeting date:	21 January 2021
Title of report:	Hereford Transport Strategy
Report by:	Cabinet member for infrastructure and transport

Classification

Open

Decision type

Non-key

Wards affected

Countywide

Purpose

For cabinet to set out its recommendations to council with regard to stopping the western bypass and southern link road schemes and amendment to the capital programme.

For cabinet to agree allocation of ear marked revenue reserves to cover the costs of decapitalising the two road schemes in the event that council agrees to stop the schemes.

Recommendation(s)

Following Cabinet's recommendation of 3 December 2020 to stop the western bypass and southern link road schemes THAT:

- (a) Cabinet also recommends to council that the Hereford Transport Package and South Wye Transport Package be removed from the capital programme; and**
- (b) Subject to Council agreeing to stop the western bypass and southern link road schemes, cabinet, instructs the chief finance officer to allocate the finance resilience earmarked reserve amounting to £11.833m to cover the**

costs associated with the western bypass and southern link road schemes being de-capitalised.

Alternative options

1. There are no alternative options to this report if cabinet wishes to progress its recommendation of 3 December 2020 to stop the western bypass and southern link road schemes. Both schemes are included in the core strategy and local transport plan and the Monitoring Officer has confirmed that stopping these schemes would constitute a change to the budget and policy framework and this is a decision which can only be made by full council. The financial consequences of stopping these two schemes is that an amendment to the capital programme is required to remove the Hereford Transport Package project which currently funds the development of the western bypass and the South Wye Transport Package project which has funded the southern link road. The capital programme can only be amended with the agreement of council. Finally, as was reported 3 December 2020, stopping these schemes will result in the projects being decapitalised as confirmed by the Chief Finance Officer and capital spend to date will need to be funded from ear marked revenue reserves.

Key considerations

2. Cabinet determined to pause and review the western bypass and southern link road schemes in its decision of 22 October 2019 (report [here](#)) and agreed the scope of the review 24 January 2020 (report [here](#)). The review included a peer assessment of the evidence base for the two road schemes and a fresh review of the transport strategy for Hereford. This was undertaken in the context of the council's declaration of a climate emergency and a need to consider alternative transport proposals for Hereford which would take into account a range of objectives including carbon reduction.
3. Cabinet considered the peer assessment and findings of the strategy review and recommendations of the General Scrutiny Committee at its meeting of 3 December 2020 and made the following decision (decision detail [here](#)):

That cabinet:

- (a) notes and considers the review findings and the recommendations and comments of the general scrutiny committee;**
- (b) identifies strategic transport packages A+ B + from package C demand management – option 11 car parking + package E as the preferred options to take forward;**
- (c) agrees the recommendations A to M of the general scrutiny committee which are set out at Appendix E with the exception of recommendation K;**
- (d) seeks a further report to set out the implications of taking forward the preferred package(s) and confirms authority for subsequent work to proceed; and**
- (e) with regard to the two road schemes (the southern link road and western bypass) is minded to recommend to**
 - i. stop progress of the southern link road; and**
 - ii. stop progress of the western bypass.**

The Monitoring Officer advised cabinet members that part (e) of the decision would need to be referred to Council for a decision.

4. This report addresses the issues which cabinet need to determine and consider in relation to recommendation (e) which concerns stopping the western bypass and southern link road schemes. A further report will be made to cabinet in relation to recommendation (d) after the issue of the road schemes has been determined by full council.
5. The financial and legal implications of stopping western bypass and southern link road schemes are set out in the appropriate sections of the report below.
6. Noting that both schemes have been paused since October 2019 there are project specific activities which will need to be concluded following a formal decision to stop the schemes and this will be managed in accordance with the council's new project management approach and any appropriate governance.

Community impact

7. The review has been undertaken in the context of the County Plan 2020-24, adopted by council February 2020 which sets out that:

“We know that in the future transport systems must, and will, change, so we need to rethink our investment now in transport infrastructure to tackle the 21st century challenges of climate emergency and to support the wellbeing of our population. This will be central to the review of the Hereford bypass and southern link road schemes and the urgent update of our Core Strategy and planning policies.”

8. The County Plan's Delivery Plan 2020-22 was agreed by cabinet November 2020 and this includes specific reference to completing the Hereford Transport Strategy Review and beginning the implementation of preferred options (EN2.1). The Delivery Plan also sets out other related key projects and initiatives which will be supported by progressing the development of transport strategy and delivery of preferred options including:

- EN0.1 – developing evidence base to inform update of the core strategy
- EN2.2 – continue to deliver and extend Choose How You Move sustainable and active travel programme to increase levels of walking and cycling
- EN2.3 – significantly increase electric vehicle charging infrastructure
- EN2.4 – explore the feasibility for the development of a cycle super highway
- EC2.1 – development of £25m Town Investment Plan for Hereford
- EC2.4 – continue to support development of the Hereford Enterprise Zone

Environmental Impact

9. There are no specific environmental impacts as a result of this report. As set out in the report to cabinet 3 December 2020, the Hereford Transport Strategy Review identified key objectives in respect of environmental impacts and climate emergency, expressed by 8 outcomes. The outcomes were used to help assess package contributions to carbon reduction (operational and embodied carbon), reducing the need to travel by private motor vehicle, impacts on air quality, and impacts on natural and built environment. These

outcomes were set out in the review report to enable cabinet to determine its preferred combination of package elements.

Equality duty

10. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
11. There are no specific equality duty implications as a result of this report. As reported to cabinet 3 December 2020, the assessment of options and packages of options took into account a range of outcome indicators which provide an assessment of impacts on society and this includes the following outcome O14 and indicator 14.1 which considers those with protected characteristics.

O14: All sectors of society have easy and affordable access to the services and facilities they need	14.1 What impact does the option have on meeting the accessibility needs of all sectors of society, including those with protected characteristics or those without access to a car?
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12. Whilst at this stage most options have not been subject to detailed design, the infrastructure measures which would change the physical characteristics of the transport network will be subject to the appropriate design standards and will follow the principles set out in the governments 'Inclusive Transport Strategy' 2018 if they are to be taken forward.

Resource implications

13. As reported to cabinet 3 December 2020 stopping the two road schemes requires that they both be decapitalised and capital costs incurred in their development need to be funded from revenue. Decapitalisation of costs for the transport packages involves reversing capital costs incurred to date, less any eligible capital costs that can remain (for example for the purchases of premises). The funding of the decapitalised costs also requires reversing meaning that the cost requires funding from revenue resources. The table below sets out total spend to date (capital and revenue) including estimated outstanding costs and identifies the amount of funds, £11.833m, which will be required to de-capitalise both packages.

Package		Spend up to March 2020	Spend in 2020/21	Estimated outstanding costs	Totals package Costs	Capital costs subject to de-capitalisation
£000s						
HTP	Rev	5,110	0	0	5,110	
	Cap	3,970	100	350	4,420	4,420
					9,530	
SWTP	Rev	0	0	0	0	
	Cap	7,334	29	50	7,413	7,413
	Assets *	821	0	0	821	
Totals		17,235	129	400	17,764	11,833
Total required from ear marked reserves to fund decapitalisation of the HTP and SWTP						11,833

*Retained assets to a value of £821k are costs of purchasing properties. These do not need to be decapitalised as they will remain as an asset to the council.

14. The outstanding costs estimated for each package included in the figures provided above comprise:

- i. HTP – estimate remaining project costs - £350k
 - Gain share contractual payment associated with works completed during 2018/19 and 2019/20 prior to decision to pause scheme £200k (see details at paragraph 15)
 - Removal of boreholes £140k
 - Final payment on Peer Assessment commission £10k
- ii. SWTP – estimated remaining project costs - £50k
 - Gain share contractual payment associated with works completed financial year 2018/19 £40k (see details at paragraph 15)
 - Outstanding compensation payments to landowners £10k

15. It is important to note that gain share contractual payments are not penalty payments for early termination of contracted works and that no penalty payments have either been claimed or paid as a result of stopping work on the HTP or SWTP. A target cost value was agreed for the HTP programme of works during the 2018/19 financial year following selection of the red route for the western bypass. These works extended into the 2019/20 financial year and the original target cost continued into this financial year up to the point where works were stopped. During the delivery of the works changes were captured in compensation events which provided the revised target cost. When the decision was taken to stop work on the HTP project a compensation event was prepared which removed from the target cost the value of activities which would not to be completed. This provided the final target cost. In line with the terms of the contract the defined (actual) cost up to the point where works were stopped was compared to the final target cost and this is the basis for the calculation of the gain share element for the project. The SWTP gain share calculation followed the same process as set out above. In both cases the gain share payments represent costs for works completed prior to the decision to pause the projects. In commissioning this work through the public realm contract a robust process for commissioning and managing the work has taken place. The scope of work and target cost for each commission were scrutinised in detail prior to being agreed and all changes were managed using a change control process to ensure the final target reflects correctly any changes to scope of work. Calculation of the gain share against actual cost (which can be

accessed and validated) ensures costs are controlled, transparent and ensures value for money for this work.

16. Whilst cabinet has the authority to confirm the use of reserves for this purpose it is recommended that movement of the revenue funds be made subject to council confirming agreement to stop the two schemes. Council will be advised that this would result in the schemes being de-capitalised and the revenue reserves used as set out in paragraph 13.
17. The capital programme currently includes two items: Hereford Transport Package and South Wye Transport Package which have funded development of the western bypass and southern link road schemes respectively. Whilst there is no funding in the SWTP following the Marches LEP's decision to remove the local growth deal grant which had been secured for the SWTP, the Hereford Transport Package has £3.75m remaining for capital expenditure on the western bypass, after all final costs have been settled as detailed above. This budget has been funded from prudential borrowing. Given that council is being asked to confirm that both of these schemes are stopped it is also recommended that the council confirm the associated removal of the HTP and SWTP from the capital programme.

Legal implications

18. This decision is in two parts. Recommendation (a) is an amendment to the capital programme and can only be taken by full council on recommendation from cabinet. Recommendation (b) is an executive function.

Other legal implications: Southern link Road

19. The compulsory purchase order (CPO) for the South Wye Transport Package (SWTP) was confirmed in March 2019 pursuant to the Acquisition of Land Act 1981 for the SLR along with the side roads order (SRO) being made pursuant to the Highways Act 1980.
20. The CPO provides the council with the authority to progress with the purchase of land required for the SWTP. The CPO in place allows the council to compulsorily purchase all land that falls within the CPO corridor of the SLR for the purposes of building the road if the general vesting declaration is executed. The general vesting declaration has to be executed within three years of the date of confirmation of the CPO (March 2022) otherwise the CPO lapses.
21. The council have negotiated land option agreements with 4 of the landowners but these have not been completed. If completed, they will allow the council to purchase the land but only if the general vesting declaration is executed. 2 further option agreements have been completed but again will only allow the council to purchase the land if the general vesting declaration is executed. As a result of the Cabinet recommendation the vesting declaration will not be executed.
22. The council have completed acquisition on one parcel of land prior to the confirmation of the CPO which contractually requires the council to offer the landowner the first opportunity to re-acquire the land at the originating purchase price if the SLR does not proceed.
23. Planning permission for the SLR has been granted and implemented in accordance with the Town and Country Planning Act 1990.
24. Where there is planning blight, the property/landowner can serve a blight notice which requires the authority to purchase the affected land at the market value ignoring the effect

of the proposed highway project on the value of the land. Once planning blight occurs, the affected landowner can bring forward the acquisition of their interest in the blighted land within a timeframe that suits the landowner rather than the project programme of the council.

25. Blight notices could be served by claimant landowners whose land falls within the confines of the CPO corridor, if blight notices are received the council assesses them and either accepts or rejects them. There are currently no live blight notices on the SLR scheme.

Other legal implications: Western bypass

26. The Western Bypass as part of the Hereford Transport Package (HTP) has not been designated as a specific type of road scheme, requiring either a CPO and planning permission for its construction, or a development consent order but it has undergone a number of public non statutory consultations involving statutory bodies and public representations. Planning has not been secured for the scheme.
27. The scheme is included in the Core Strategy as the Relief Road Corridor (shown in Figure 4.2 of the Core Strategy) and referred to as the Red Route on previous decisions made. Blight notices can be served by claimant landowners whose land falls within the Relief Road Corridor, and or the Red Route. If blight notices are received the council assesses them and either accepts or reject them. There is one current blight notice that is being considered by the council.
28. The recommendations in this report follow the decision by cabinet on 3 December 2020 at (e) and are in accordance with, and progression of the cabinet decision. There are no other legal considerations or problems with the cabinet member doing what is proposed.

Risk management

29. The risks associated with stopping the western bypass and southern link road schemes were set out in the report to cabinet 3 December 2020. The key risks related to consideration that this would be a decision impacting the policy and budget framework and the resultant need to decapitalise both schemes. This report sets out the requirements to address these risks including recommendations for consideration of council which address the issues in respect of change to policy and budget framework and a recommendation that cabinet agrees to the allocation of revenue reserves to cover costs of decapitalisation.

Consultees

30. No consultation has been carried out in respect of this report. Consultation with the public, stakeholders and members in development of transport strategy options has been reported in previous reports.

Appendices

None

Background papers

None

Please include a glossary of terms, abbreviations and acronyms used in this report.

HTP – Hereford Transport Package (which includes the western bypass)

SWTP – South Wye Transport Package (which includes the southern link road)

SLR – Southern Link Road

CPO – Compulsory Purchase Order