

Decision maker:	Cabinet member Infrastructure and transport
Decision date:	Friday, 22 January 2021
Title of report:	Hereford City Centre Transport Package (HCCTP)
Report by:	Acting Assistant Director for Highways and Transport / Head of Infrastructure Delivery

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

Aylestone Hill; Central; College; Eign Hill; Widemarsh;

Purpose

This report provides an update on the budget for the Hereford City Centre Transport Package (HCCTP) project and seeks approval of budget adjustments.

Recommendation(s)

That:

- (a) within the overall capital programme allocation of £40.651 million for the Hereford city centre transport package (HCCTP), a £1.377m increase in budget for City Link Road Land Acquisition to £16.25m, and a £1.318m reduction in budget for the Transport Hub and Public Realm to £5.172m, be approved; and
- (b) the Director for Economy and Place in consultation with the Section 151 officer be authorised to take all operational decisions necessary to make the remaining City Link Road land acquisition payments.

Alternative options

1. None, the remaining City Link Road land acquisition payments are statutory payments due in line with the Compulsory Purchase Order (CPO) and therefore the budget split has to be adjusted to enable these payments to be made.

Key considerations

2. The HCCTP is a key project in supporting the development and growth of Hereford. It is an integrated package of schemes comprising:
 - A new link road between the A465 and A49(T), Station Approach, formerly known as the City Link Road (CLR);
 - Public transport, pedestrian and cycle infrastructure improvements comprising;
 - Public realm improvements which include improved walking, cycling and public transport infrastructure in Commercial Road, Blueschool Street and Newmarket Street., and
 - A new multi-modal Transport Hub at Hereford railway station.
3. As a part of the Marches Growth Deal (2014), the HCCTP was one of the transport schemes identified as having priority for delivery in 2015/16. Provision of £27m was included in the council's capital programme for the project with further funding of £16m funded by the Marches LEP following submission of a successful business case.
4. The estimated costs of delivering the HCCTP referred to above were set out in a detailed business case submitted to the Marches LEP. This outlined construction, land, statutory undertakers and professional fee costs for both the road and public realm package elements of the project. Costs were estimated at quarter 4 2014 prices and were then factored to include an appropriate amount of risk and construction based inflation to reflect the expected duration of the project delivery. The developed package was estimated at £40.651m which reduced the local contribution required to £24.651m.
5. In November 2017 the Cabinet Member Infrastructure took a decision to revise the funding allocations in relation to the key elements of the package as outlined within that decision report using best known forecast information at that current time. Forecast outturn costs for land acquisition were £3.850m more than originally estimated in the business case due to additional land being acquired outside the footprint of the road which was not contained within the land cost estimated in the business case. This additional land was acquired as a result of landowners requesting that their full plots were purchased, not just the land required for the road, in line with their entitlement under the CPO process. The increased costs associated with the purchase of sites resulted in an increase against original business case allocation and the decision allocated the budget contingency and risk allowances to address the increased costs. This report can be viewed using the following link:

6. The CLR was completed and opened to traffic at the end of 2017. The new road has enabled access to plots of land for future development, with the construction of a new medical centre and student accommodation scheme serving higher education students nearing completion. Both projects are anticipated to increase patronage and demand for better public transport, and include improvements to public spaces and pedestrian and cycle provisions in the locality.
7. At the time of the 2017 report there were a number of plots where the final values had not been agreed. In the process of finalising these, the value of the balance of compensation payments and associated legal and agent's fees for these plots has in some instances increased above that anticipated when the 2017 land forecast was set out in the cabinet member update report. This is principally due to; an increase in associated legal and agent fees, compensation payments being greater than the initial assumptions due to changes in market values at the time of the CPO vesting in June 2015, further claims for disturbance and disruption, and additional interests being identified for some plots.
8. These changes to the forecast outturn land costs and project programme require a revision to the HCCTP budget breakdown. Details are outlined in paragraph 46 in the resources section of this report. This will result in a reduced proportion of the overall budget being available for the remaining elements than anticipated in the 2015 business case and the 2017 update report.
9. Those parties whose land was acquired under the CPO process have a period of 6 years from the date in which the CPO was vested to make a claim to the upper land tribunal to resolve the final settlement for their land. This period expires in June 2021 and the approach of this date makes the potential for claims to be taken to the upper land tribunal increases, together with the associated risk of increased cost of the tribunal route. It is therefore important that the budget is updated to enable offers to be made in a timely way to avoid claims being escalated to the upper land tribunal.
10. The current administration are keen to ensure that the further works on the remaining elements do not have an undue focus on hard paving works and that the provisions to support public transport, walking and cycling are the focus of the remaining investment. Despite a reduction in the budget allocated to the construction of the transport hub and public realm, the project will seek to continue to deliver the objectives as outlined in the 2015 business case for HCCTP. In order to achieve this within the £40.651m overall budget, it will be necessary to develop a design that reflects the budget available.
11. The progression of the remaining elements of the HCCTP will be the subject of a further governance decision which will lay out the budget and programme for these elements.

Community impact

12. Local Transport Plan 2016 – 2031 sets out the council's strategy for supporting economic growth, improving health and wellbeing and reducing the environmental impacts of transport. It outlines the HCCTP within the strategy to contribute to the delivery of significant improvements to the transport network. It also highlights that as well as reducing congestion and emissions, switching to walking and cycling will also improve public health, fitness and well-being. By improving public transport infrastructure and providing a more pedestrian and cycle friendly environment it is intended there will be less congestion and a benefit to wide range of people and groups within the business and resident community.

13. The HCCTP also contributes to the County Plan 2020 – 2024 which outlines the ambitions for the council over the next four years and how they will be delivered. These are:
- **Environment** – Protect and enhance our environment and keep Herefordshire a great place to live
 - **Community** – Strengthen communities to ensure that everyone lives well and safely together
 - **Economy** – Support an economy which builds on the county's strengths and resources
14. The city link road was designed to take traffic from the inner ring road in Hereford – and so enable Newmarket and Blueschool Streets to be further upgraded for easier pedestrian movement and reduction in through traffic that would be transferred to the link road. By removing existing barriers and improving access, the expansion of the city centre northwards, into the regeneration area, has been enabled.

Environmental Impact

15. This HCCTP will support the delivery of the council's environmental policy commitments and aligns to the following success measures in the County Plan.
- Improve the air quality within Herefordshire
 - Increase the number of short distance trips being done by sustainable modes of travel – walking, cycling, public transport
16. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
17. The HCCTP is a blended package comprising a new road with public transport and active travel measures. The development of this project has sought to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance.
18. Transport and transport infrastructure are currently significant contributors to carbon emissions in both embodied and operational carbon. Both new and existing infrastructure has the potential to impact the ecological environment in the area surrounding that infrastructure. The remaining works to be delivered as part of this package provide an opportunity to deliver a mode shift from cars to public transport, walking and cycling by enhancing the provision for these modes. This will encourage access to the city centre using these modes. This mode shift will support the reduction in carbon emissions from transport in the city centre together with improvements in air quality. The scheme also provides the opportunity to introduce further landscaping including tree and shrub planting within the transport hub and public realm. This will support increases in biodiversity.

Equality duty

19. 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.
20. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regards to equality legislation.
21. Considerable consultation has been undertaken during the development of the HCCTP as a part of the statutory planning process as well as part of the wider community engagement process.
22. Consultation has taken place with the Equality Team on this decision. It is considered that there is no negative impacts on the Protected Characteristics identified in the Equality Act 2010 as part of this decision however it is noted that changes in the public realm have the potential to have a high impact including the potential for negative impacts on those with protected characteristics.
23. It will be essential that the needs of users are reflected in the design process as the remaining elements of the scheme develops. Further Equality Impact Assessments (EqIA) will be carried out during their development process to understand potential positive and negative impacts the scheme may have on each of the nine protected characteristics and on any other vulnerable groups.

Resource implications

24. The scheme is included in the council's capital programme with an approved budget of £40.651m for the delivery of the road scheme and complimentary package of measures. The business case outlines the package as comprising nine elements, two of which having been completed to date and the remaining seven being to be completed as part of the transport hub and public realm works.
25. The table below outlines the funding streams for the HCCTP:

Funding streams	Current funding required to date	Remaining 20/21 & Future Years	Total
	£000	£000	£000
<i>Marches LEP Grant</i>	16,000	0	16,000
<i>Capital Programme / Capital Borrowing</i>	18,020	6,631	24,651
TOTAL	34,020	6,631	40,651

26. The November 2017 Cabinet Member decision report provided an updated forecast outturn cost for the project against the original figures set out in the business case submitted to the Marches LEP. This decision increased the allocation for CLR land from £11.023m to £14.873m, through the use of risk and inflation sums within the 2015 business case. Details of this decision can be viewed using the following link:

<http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=4892>

27. The forecast outturn cost for CLR land acquisition is now £16.25m, an increase of £1.377m from the figure detailed in the 2017 decision. This is due to final values of a number of plots not having been agreed at the time of the 2017 report. In the process of finalising these, the value of the balance of compensation payments and associated legal and agent's fees for these plots has in some instances increased above that anticipated when the 2017 land forecast was set out in the cabinet member update report. This is principally due to; compensation payments being greater than the initial assumptions due to changes in market values at the time of the CPO vesting, an increase in associated legal and agent fees, further claims for disturbance and disruption, and additional interests being identified for some plots.
28. The majority of the increase in CLR land acquisition costs will be funded from the budget for the transport hub and public realm elements of the scheme, which will be reduced by £1.318m to £5.172m. The balance will be funded from the remaining risk and inflation allowances within the CLR part of the budget.
29. The forecast outturn for the project remains at £40.651m in accordance with the budget contained within the capital programme and business case approved by the LEP for Growth Funding. Despite a reduction in the budget allocated to the construction of the transport hub and public realm, the project will seek to continue to deliver the objectives as outlined in the 2015 business case for HCCTP. In order to achieve this within the £40.651m overall budget, it will be necessary to develop a design that reflects the budget available. The construction of the remaining elements will be the subject of a further governance decision at which point the delivery of the business case objectives will be confirmed.

Legal implications

30. This is an Executive function under the Council's Constitution Part 3 Section 3 and is a key decision because it is likely to be significant having regard to the strategic nature of the decision; and/ or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards in Herefordshire) affected. It is also likely to result in the council incurring expenditure which is, or the making or savings which are, significant having regard to the Council's budget for the service or function concerned.
31. The city link road forms the largest single element of the HCCTP and was completed in 2017 following the grant of planning permission in 2010 and confirmation of the CPO and SRO in September 2014 following an inquiry in 2013. The general vesting declaration was executed in June 2015.
32. Land vested to the council under the provision of the CPO following its confirmation and the execution of the GVD, and advance compensation payments under the compulsory purchase legislative provisions were paid to the landowners and those with a legal interest

in land the subject of the CPO. The majority of the final outstanding compulsory purchase compensation payments have been made except for those referred to in paragraph 27.

33. There are no legal problems with doing what is proposed as the recommendation is in accordance with, and progression of the original cabinet member decision in 2017, and accords with the business case on package objectives and targets which secured the funding from the Marches LEP Growth Fund. The final outstanding compensation payments are statutory compulsory purchase payments due.

Risk management

34. Risks associated with this decision are outlined in the table below:

Risk / opportunity	Mitigation
There is a risk that the objectives of the HCCTP are not met as a result of the reduced budget available for the transport hub and public realm. This could result in claw back of funding from the LEP.	<p>The available budget and the scheme objectives will be utilised to shape the further development of the transport hub and public realm works to ensure that these are met.</p> <p>The cost estimates for the works will continue to be updated as the design develops to monitor and inform further decisions.</p>
There is a risk that there are additional claims associated with CLR land plots.	The current assessment of forecast of remaining land costs includes an element of contingency for possible additional claims.

Consultees

35. Consultation and engagement has taken place throughout the development of the HCCTP project and the delivery of the CLR element with ward members, key stakeholders and members of the public.
36. Further engagement and consultation is proposed in relation to the transport hub and public realm elements to enable the public and key stakeholders to have input into the further development of the remaining elements of the HCCTP. All feedback will be assessed and a consultation report will be prepared which will summarise the feedback received and how this will inform the development of the remaining elements.
37. As this is a key decision, political group consultation has been undertaken. The group leader responses received are laid out below:

Herefordshire Independents

The group are generally in favour of moving forward swiftly with the proposals.

Green Party

Cllr Milln – Central Ward:

Cllr Milln raised the concern that the reduction in budget for the transport hub and public realm elements, resulting from the increased land costs, could adversely impact the ability to deliver quality schemes that achieve the desired modal shift. To this end concern was also raised that by constraining the design of the remaining elements to the budget it might not enable the design requirements to be achieved.

Appendices

None

Background papers

None identified