

MEETING:	CABINET
MEETING DATE:	18 December 2014
TITLE OF REPORT:	SOUTH WYE TRANSPORT PACKAGE
REPORT BY:	Assistant Director Commissioning Place Based

Classification

Open

Key Decision

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 to which the decision relates

And

This is a key decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the county

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

Hollington, Stoney Street, Belmont and St Martins & Hinton

Purpose

To consider responses to the resolutions of General Overview & Scrutiny Committee (2 December 2014) following the call in of the decision of cabinet taken on 13 November, and confirm a preferred option for the South Wye Transport Package (SWTP) including the preferred route for a new link road from the A49 to the A465 (with a link to the B4349)

Recommendation(s)

THAT:

- (a) **the responses to the resolutions of General Overview & Scrutiny Committee (2 December 2014) as set out in this report be noted and in light of those responses the following recommendations (previously agreed by cabinet) be reaffirmed**

- (b) route SC2 is selected as the preferred route for the Southern Link Road (SLR);**
- (c) authority is delegated to Assistant Director Place Based Commissioning to prepare and submit a planning application for a scheme along route SC2; and**
- (d) subject to planning consent being obtained authority is delegated to the Assistant Director Place Based Commissioning to continue detailed design of the scheme and develop proposals for land acquisition. A further report will be prepared for cabinet outlining land and property acquisition plans and draft orders in due course**

Alternative Options

- 1 Following consideration of the responses to the resolutions of General Overview & Scrutiny Committee (2 December 2014) the alternative would be to not select SC2 as the preferred route for the Southern Link Road (SLR). The transport objectives of SWTP could not be achieved. Economic growth at the Hereford Enterprise Zone (HEZ) would be affected and congestion could not be reduced. This option would be inconsistent with the Local Transport Plan, Unitary Development Plan, emerging Local Development Framework and the Strategic Economic Plan for the Marches Local Enterprise Partnership.

Reasons for Recommendations

- 2 Both of the recommendations of General Overview & Scrutiny Committee have been considered in turn. Detailed responses are provided within the report for consideration by cabinet. These responses confirm that it remains appropriate to recommend that SC2 be selected as the preferred route for the SLR as part of a package of measures in the South Wye area.
- 3 A package of measures that would overcome transport problems within the South Wye area of Hereford has been developed and assessed. The SWTP has identified a number of possible improvements, covering different transportation modes, strategies and interventions, in accordance with the council's Local Transport Plan strategy.
- 4 The assessment has concluded that in order to address the transport problems and meet the objectives set for the SWTP, a new SLR from the A49 to the A465 (with a link to B4349) is necessary, as part of an overall package of complementary measures.
- 5 The SWTP was considered by cabinet at its meeting on 13 November 2014.
- 6 Cabinet considered a detailed report on the subject. This considered the consultation responses received and sought confirmation of a preferred package for a new link road from the A49 to the A465 (with a link to B4349)
- 7 Subsequent to the meeting, the decision (Ref: 2014-15.Cab.022.Key) was called in under the relevant provisions of the council's constitution.
- 8 General Overview & Scrutiny Committee met on the 2 December 2014 and considered a comprehensive report which set out a detailed response to each point of the call in.

- 9 The project team attended the meeting and responded to all questions put by members of the committee.
- 10 The General Overview & Scrutiny Committee resolved:
- That the decision on the preferred route option be referred back to cabinet, with the following recommendations:
1. So that Cabinet can be advised by the Finance Director (and council's Section 151 Officer) as to the robustness of the approach and actuality of the cost modelling and the consequent scoring given to all routes under the options appraisal process; and
 2. As Grafton Wood is now designated Ancient Woodland that SC2 is re-examined, in the light of mitigations and extra costs required, as the preferred option.
- 11 These two points have been considered and this report provides detailed response to each to enable cabinet to consider these issues. The appraisal of the options for the SWTP has followed national guidance and officers are satisfied that it is robust. Option SC2 for the alignment of the SLR element scored the highest for all of the routes appraised. This also received the highest levels of support based on feedback from public consultation. Cabinet is invited to approve the above recommendations to select SC2 as the preferred route to be taken forward for planning and implementation as part of a complementary package of measures to address the transport problems in the South Wye area of Hereford.

Key Considerations

- 12 As outlined in the report to cabinet, the aim of the SWTP is to promote economic growth within Hereford, while tackling specific problems in the South Wye area. The provision of transport infrastructure and improvements will achieve this by unlocking the barriers for both housing and economic growth, including land at the HEZ.

The aims of the SWTP are:

Economic:

- Reduce congestion and delay
- Enable access, particularly to developments such as the HEZ

Environmental:

- Reduce the growth in emissions such as CO₂, NO_x and PM₁₀s
- Reduce traffic noise

Health:

- Encourage physical activity
- Reduce accidents

- 13 The SWTP has been developed to bring forward transport improvements in accordance with the council's Local Transport Plan strategy for Hereford. It is also consistent with the adopted Unitary Development Plan, emerging Local Development Framework and the Strategic Economic Plan for the Marches Local Enterprise Partnership.

- 14 The aim of the SWTP is to promote economic growth within Hereford while tackling specific problems in the South Wye area. The provision of transport infrastructure and improvements is to achieve this by unlocking the barriers for both housing and economic growth, including land at the HEZ.
- 15 The SWTP was considered by cabinet at its meeting on 13 November 2014.
- 16 Cabinet considered a detailed report on the subject. This considered the consultation responses received and sought confirmation of a preferred package for a new link road from the A49 to the A465 (and link to B4349).
- 17 At the meeting, cabinet resolved that:
- a) Route SC2 is selected as the preferred route for the Southern Link Road (SLR);
 - b) Authority is delegated to Assistant Director Place Based Commissioning to prepare and submit a planning application for a scheme along route SC2; and,
 - c) Subject to planning consent being obtained authority is delegated to the Assistant Director Place Based Commissioning to continue detailed design of the scheme and develop proposals for land acquisition. A further report will be prepared for cabinet outlining land and property acquisition plans and draft orders in due course.

Call-in considered by General Overview and Scrutiny

- 18 Subsequent to the meeting, the decision (Ref: 2014-15.Cab.022.Key) was called in under the relevant provisions of the council's constitution. The Notification of Call-In can be viewed within the report to Scrutiny at:

[Call-in of the Cabinet Decision on the South Wye Transport Package](#)

- 19 The report and recommendations to cabinet were based upon considerable technical appraisal work carried out by a multi-disciplinary professional project team. This team brought together expertise from the relevant departments of the council and our service delivery partners Balfour Beatty Living Places and consultants Parsons Brinckerhoff.

- 20 The project team prepared a comprehensive report titled Response to the South Wye Transport Package Call-In which was submitted to the General Overview & Scrutiny Committee in advance of their meeting. This response report can be viewed at

[Response to South Wye Transport Package call-in](#)

- 21 The project team including senior representatives from Balfour Beatty Living Places and Parsons Brinckerhoff attended the General Overview & Scrutiny meeting on 2 December 2014 to explain these responses to the committee and respond to questions. A number of questions relevant to the Call-In were received from the public and responses were also provided to the committee.

- 22 At the General Overview & Scrutiny meeting Members questioned the project team in detail and responses were given in relation to all issues raised. The meeting examined the project in depth and lasted some four hours.

- 23 The response report presented confirmed:

Further information on the subject of this report is available from
Maired Lane, Construction Manager on Tel (01432) 260944

- the policy context for SWTP and demonstrated its compliance with local and national policy
- compliance with National Planning Policy Framework relating to ancient woodland.
- impact and benefits appraisal and transport benefits of the SWTP consultation that had taken place to date as part of the project
- consideration and appraisal of the no road option as part of the project
- that the Package Assembly Report was intended to accompany the planning application and was therefore not yet published. It was confirmed that it was not a background paper to the 13 November cabinet decision.

24 Following detailed questioning of the project team, the committee resolved that the decision on the preferred route option be referred back to cabinet, with the following recommendations:

1. So that cabinet can be advised by the Finance Director (and council's Section 151 Officer) as to the robustness of the approach and actuality of the cost modelling and the consequent scoring given to all routes under the options appraisal process; and
2. As Grafton Wood is now designated Ancient Woodland that SC2 is re-examined, in the light of mitigations and extra costs required, as the preferred option.

Response to Recommendations of General Overview and Scrutiny

25 The recommendations of General Overview & Scrutiny Committee are considered in turn.

26 **Scrutiny Recommendation 1:** So that cabinet can be advised by the Finance Director (and council's Section 151 Officer) as to the robustness of the approach and actuality of the cost modelling and the consequent scoring given to all routes under the options appraisal process;

27 The reference by General Overview & Scrutiny to the Finance Director (and council's Section 151 Officer) has been taken to mean the Chief Financial Officer (Section 151 Officer). The Chief Financial Officer (Section 151 Officer) has reviewed the approach taken to the cost modelling and scoring of all routes and is satisfied that the approach taken is robust. He is able to provide further reassurance to cabinet that costs have been developed appropriately. All cost estimates have been carried out in accordance with relevant guidance and industry best practice for this kind of project and has been consistent across each route option for the SLR. This includes those developed following the public consultation in response to issues raised by respondents. The estimates have been prepared by qualified Quantity Surveyors and reviewed by senior practitioners with relevant experience. Whilst the approach is complex, it is summarised below in a level of detail to provide reassurance that a robust approach to cost estimation has been carried out.

28 Comparative costs have been developed under the series headings within Volume 1 - Specification for Highway Works of the Manual of Contract Documents for Highway Works. Parsons Brinckerhoff derived rates from the appropriate industry source

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materials (notably the 2012 edition of Spon's Civil Engineering and Highway Works Price Book). The cost rate and quantity required for each civil engineering highway element of the scheme was identified in calculating the cost.

- 29 Structure cost estimates have been developed based on a square metre rate for the particular structure type. The rate is multiplied by the structure area to provide an estimate for each structure. The structures estimates are added to the civil engineering highway costs established under the series headings (outlined above) to give the construction cost estimate. A quantities contingency of 5% is added separately to the works cost estimate for each route option.
- 30 Where appropriate, quantities have been produced using detailed computer aided design drawings and earthworks quantities and have been calculated using 3D modelling techniques (industry standard software).
- 31 Allowances for particular items, such as works undertaken by statutory bodies, have been included as a lump sum allowance based on experience of projects of this type and informed by discussions with utility companies to determine the extent of their equipment in the study area. Further items, such as design fees, have been included at a percentage of construction costs derived from comparisons with similar schemes. This is in accordance with the approach taken across the industry for a project at this stage.
- 32 Optimism bias of 44% has been applied to scheme costs for all the route options in accordance with HM Treasury's Green Book (Supplementary Guidance). The optimism bias is applied to capital works cost estimates only and is not applied to preliminaries, design, supervision, land or contingency. No separate "risk allowance" is made within the cost estimates. Risk is managed within the optimism bias allowance and, as stated above, a contingency has been applied to the quantities used in the cost estimate build up.
- 33 The application of the 44% optimism bias is in line with the relevant supplementary guidance and is a function of the scheme's complexity and the current maturity of the design. The SLR falls within the definition of a "standard civil engineering project" in the guidance as a project "not requiring special design considerations e.g. most new roads and some utility projects". For a "standard civil engineering project" the recommended optimism bias range on capital expenditure is between 3% and 44%. The guidance recommends that the upper bound is used as the starting value for calculating the optimism bias level. Given the level of design and procurement maturity of the scheme (it is only at the route selection stage: planning permission has not yet been secured, land has not yet been secured, and tenders have not been sought for delivery of the scheme), the guidance indicates that there are no grounds to reduce the optimism bias from the upper bound.
- 34 A review of the costings prepared by Parsons Brinckerhoff was carried out in October 2014, by Balfour Beatty Living Places commercial team. Several areas were challenged to understand the development of the costs, items descriptions and underlining assumptions. The conclusion of this review was that the estimates were reasonable and appropriate for comparative costing at the current stage of design maturity based on the schedule of quantities. As a further cross check, the rates used within the cost estimates were validated by Balfour Beatty Construction Services.
- 35 The Preferred Route Option report attached to the Cabinet report on 13 November 2014 included scheme costs for the route options. The scheme costs estimated for the four routes included within the public consultation are quoted within the South

Wye Transport Package – Preferred Option report section 6.10 Scheme Cost of Options in Table 12.

- 36 The post consultation scheme cost estimates for SC8, SC8A and SC9 are quoted in section 12.2.33, Table 17.

Route Option	SC2	SC2A	SC5	SC7	SC8	SC8A	SC9
Estimated Cost	£16.5m-£25m	£19.5m-£29m	£24m-£35m	£21m-£31m	£17.9m-£26.5m	£25.4m-£38.6m	£17.2m-£25.3m
Appraisal Score for "Cost to Broad Transport Budget"	2	1	0	0	1.5	0	2
AST Appraisal Total	6.5	5.5	2.5	4	6	4.5	5

- 37 SC2 is the least expensive route option at £25m based on the upper bound of optimism bias.

- 38 The individual route cost estimates were translated in to a numerical score within the Appraisal Summary Table. The scoring of the 'Cost to broad transport budget' has been based on a seven point scale. The range for the scores is from -3 (major adverse), through 0 (neutral), to +3 (major beneficial). As all schemes are expected to make a return on their investment they have been scored between 0 (neutral) and +3 (major beneficial). A comparative assessment of the relative scheme costs was then undertaken with +2 given to the two cheapest options and 0 to the three most expensive. See table above which indicates the costs of each of the seven route options and the assessment score for the Cost to broad transport budget. This is one of the elements contained within the overall appraisal summary table for the SWTP which was included in the report to Cabinet on 13 November 2014.

- 39 It is clear from this assessment that the package including route SC2 scores the highest overall with estimated costs of £1.5m less than the next highest scoring option (SC8). If SC8 is preferred, it would need to be subject to further public consultation as this option was not included in the public consultation exercise. This would be likely to add further delay and additional cost to the scheme. Route SC2 is therefore recommended as the preferred route to proceed to the planning and implementation stage.

- 40 **Scrutiny Recommendation 2:** As Grafton Wood is now designated Ancient Woodland that SC2 is re-examined, in the light of mitigations and extra costs required, as the preferred option.

- 41 Parsons Brinckerhoff has confirmed that the inclusion of Grafton Wood on Natural

England's Ancient Woodland Inventory does not increase the recommended mitigation/compensation measures. These would have been exactly the same whether or not Grafton Wood was formally identified as Ancient Woodland. Therefore mitigation will not change as a result of the designation.

- 42 As the scheme is still only at the early stages of development and a route has not yet been selected, further detailed work would follow the selection of a preferred route. Prior to the completion of both the detailed design and the Environmental Statement, the exact impacts (including indirect impacts) and consequent mitigation/compensation would not be fully assessed and considered but it is likely that compensatory habitat will be provided for any direct loss, at a ratio of 2:1 replacement to loss. Any felled trees will also be retained and used to create dead wood habitats.
- 43 All of the seven route options presented in the Preferred Route Option report impact on Grafton Wood. The cost of these measures is likely to form a modest contribution to the overall mitigation cost for the whole scheme and would be covered by the overall allowance under design development within the cost estimates. There is therefore no extra cost for mitigation associated with Grafton Wood above the allowance already made within each route estimate.

Conclusion

- 44 Notwithstanding the matters raised by General Overview & Scrutiny, officers are satisfied that the approach taken to the appraisal of the SWTP has been carried out appropriately and in accordance with relevant national guidance. Appropriate consultation has been carried out for this stage of the project. The project team has provided clear and robust responses to all matters raised by General Overview & Scrutiny and officers therefore considered it appropriate for cabinet to consider and determine the preferred route for a SLR. This would be progressed as part of an overall package of complementary measures to tackle the transport problems within this area of Hereford. As highlighted above and within the report to cabinet on 13 November 2014, the package of measures including the SLR route option SC2 scored the highest in the appraisal of the scheme and also secured the highest level of support from respondents to the recent public consultation. Cabinet is therefore invited to approve the recommendations of this report to take forward a package of measures including a SLR along the SC2 route.
- 45 Subject to a preferred route being selected, this would be progressed alongside a complementary package of measures to achieve the overall objectives of the package. The complementary measures include provision for cyclists and pedestrians, public transport and public realm measures and will be outlined within the planning submission for the SLR element of the package. The complementary measures would not require planning permission as they would be delivered by the Council acting as Highway Authority using Traffic Regulation Orders and other powers. However, the delivery of these elements will be essential to the success of the overall SWTP and funding has been secured to enable them to be delivered alongside the SLR. The detailed programme for the delivery of the overall Package would be the subject of a further report to cabinet once planning permission for the SLR has been secured.
- 46 The report to cabinet on 13 November 2014 outlined an indicative programme for progressing the delivery of the package. Due to the delay in confirming the preferred route for the Southern Link Road, it is necessary to revise this programme as follows:

Planning Application	January 2014
Planning Determination	Spring 2015
Complete Detailed Design	Winter 2015
CPO Process	Spring 2016
Construction Commences	Winter 2016
Construction Complete	end 2017 / early 2018

Community Impact

- 47 The economic, environmental and health objectives of the SWTP contribute to the corporate plan and health and wellbeing strategy. The SWTP aims to reduce congestion and enable access to developments such as the HEZ. A package of measures alongside the new SLR will reduce growth in emissions such as CO₂ and NO_x and reduce traffic noise. The sustainable measures on Holme Lacy and Belmont Road and other links to improve connections to the city cycle network alongside a programme of behavioural change aims to encourage physical activity and reduce accidents.

Equality and Human Rights

- 48 This decision pays due regard to public sector equality duty as set out below.

Note: Under Section 149 of the Equalities Act 2010, the "General Duty" on public authorities is set out thus:

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

eliminate discrimination, harassment, victimisation and any other conduct ... prohibited by or under this Act;

advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

foster good relations between persons who share a relevant protected characteristic and persons who do not share it."

- 49 The appraisal process used to select a preferred route for the SLR assesses the impact of the scheme equally across all route options considered. Social impacts of each route are considered alongside economy, environmental and public account criteria. WebTAG is guidance issued by the Department for Transport for option development and scheme appraisal. Web Tag requires appraisal of how costs and benefits of a scheme accrue to different groups in society.

Financial Implications

- 50 The Chief Financial Officer (Section 151 Officer) has reviewed the approach taken to the cost modelling and scoring of all routes and is satisfied that the approach taken is robust.

- 51 A provisional allocation of £27m of Government funding for the delivery of this project has been made through the Marches LEP. This funding is allocated to support the implementation of the SWTP which comprises a SLR and complementary sustainable transport measures. Any match funding required to deliver the overall package is anticipated to come from private sector contributions and existing transport capital allocations.
- 52 The costs of carrying out the route appraisal and consultation processes during the current year have been £505k and have been funded from the council's revenue budget allocation for the scheme.
- 53 Confirmation of SC2 as the preferred route for the SLR will enable the costs to prepare a planning application and the future costs of completing the detailed design, land and construction to be capitalised. It is anticipated that these capital costs associated with the scheme to remain on programme will be £600k and will be funded from the council's transport capital allocation in 2014/15 and 2015/16 in accordance, pending drawing down of government funding. The process the council will need to follow to draw down funding for the scheme is currently being developed by the Department for Transport.
- 54 The highest estimated cost for the delivery of the SLR along the recommended route of SC2 is £25m which is within the funding allocated.

Legal Implications

- 55 There is no statutory public consultation process required in the choice of a preferred route.
- 56 However there is a common law duty to act fairly but the content of that duty varies, depending upon the circumstances. Given that the construction of the southern link road will adversely affect legally protected interests it would be considered fair to carry out public consultation when choosing a preferred route. This has been carried out during the summer as outlined earlier in the report.
- 57 The council's common law obligation to consult goes no further than letting those who have a potential interest in the matter know, in clear terms what the proposal is and the reasons for it.
- 58 It is noted that, as a result of the public consultation, further possible routes SC8, SC8A and SC9, were further considered by the council's consultants and subjected to the same intensity of appraisal as the other routes.
- 59 Given the additional suggested alternative routes, which arose out of the public consultation, the possibility of a public re-consultation exercise needs to be considered.
- 60 In this regard, case law has determined that if there is to be a re-consultation there must be a "fundamental difference" between the previous proposals consulted on and those now recommended (*R v Shropshire Health Authority ex p Duffus* (1990) and in the very recent Supreme Court case *R (on the application of Moseley (in substitution of Stirling Deceased)) (Appellant) v London Borough of Haringey (Respondent)* (2014), the court did not order that the consultation should be re-run, ruling that to do so would be disproportionate.
- 61 It is noted that the additional alternative routes were further considered by the

council's consultants, and subjected to the same intensity of appraisal as the other routes. From the consultant's report, it is also noted that the preferred SC2 route, (which was subject to public consultation), is a projected £1m less expensive than any of the alternatives, and a projected £1.5m less expensive than the alternative SC8 route. The SC2 route is also the highest scoring of all the alternatives. Given this, it is considered it would be disproportionate in having to re-consult the public on the preferred route.

Risk Management

- 62 Residents and statutory bodies could lodge successful objections to the SWTP and SLR at future statutory stages if the council does not carry out a robust appraisal process in relation to scheme selection. This is being mitigated by appointing internationally respected consultants Parsons Brinckerhoff and following an approach in line with nationally recognised transport guidance. In addition, the work of our consultants is reviewed and challenged through a project team involving technical officers from within the Council and our delivery partner Balfour Beatty. Legal advice has been sought which confirms that the appraisal process followed to date is sound.
- 63 Funding could be withdrawn if a preferred route is not selected and a planning application submitted in accordance with the programme outlined within this report. This risk has been mitigated by ensuring a robust process has been carried out to enable a preferred route to be recommended to cabinet in this report. Resources are also in place to enable the submission of a planning application for the recommended preferred route.
- 64 Whilst a provisional allocation of Government funding has been made to fund the SWTP, the council will be required to complete further funding submissions to the Department for Transport to draw down the funding. The project team will continue to draw upon the expertise of technical consultants to ensure these submissions are robust and the allocated funding is drawn down to enable the scheme to progress in accordance with the programme outlined above. Delays to funding being released by the Department for Transport could result in a delay to the delivery of the scheme and the need to continue to fund development costs for the scheme from existing funding.

Consultees

- 65 A series of member briefings and public exhibitions was held at the Three Counties Hotel Hereford from Tuesday 1 to Thursday 3 July to set out proposals and obtain feedback. The exhibitions were well attended with 199 people attending in total. Two further events were held at Belmont Library and Hereford Library. The public consultation ran from 1 July to 8 August 2014. In total 253 people took the opportunity to respond to the consultation; sending comments using the questionnaire or providing detailed feedback in other formats. The results of this public consultation were contained in the report to Cabinet on 13 November 2014. This report can be viewed at the link below:

<http://councillors.herefordshire.gov.uk/documents/s50021851/South%20Wye%20Transport%20Package.pdf>

In addition, ward members have contributed their views throughout the process and were invited to attend and speak at the meetings of Cabinet and General Overview & Scrutiny Committee.

Appendices

None

Background Papers

- None identified