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**Cheshire & Warrington Local Enterprise Partnership**

**Performance and Investment Committee**

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| **Title: Warrington East Highway Scheme** | **Agenda item: 4** |
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| **Prepared by: Rachel Brosnahan** | **Date of Meeting: 21st March 2018** |
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1. **Executive Summary**

Warrington East Highway Scheme is the second phase of a three phase scheme on the A574 in Warrington. The £13.35m project seeks to ease the significant congestion in the area and increase capacity on the road network in East Warrington to support the development of housing and commercial opportunities. The scheme proposed will deliver:

* Partial signalisation of College Place Roundabout.
* Partial signalisation of the Oakwood Gate/Birchwood Way Roundabout
* Partial dualling of Birchwood Way north of the Moss Gate signalised junction

The Business case has been developed by Mott Macdonald and evaluated by WSP. The scheme, if approved will be delivered by Balfour Beatty.

The business case is well put together and makes a clear the need for the project. The BCR is 3.43 which represents a very high value for money.

The appraisal has an overall score of 3: requirements partially met. The appraisal states that “the submission demonstrates that the project has been developed to the expected standard for conditional approval.”

Warrington Borough Council have got a good track record for delivery. The LGF funded m62 j8 scheme is due to complete in May, on time and potentially slightly under budget. Also delivered with LGF grant funding was Birchwood Pinchpoint which completed in 2016.

1. **Recommendations /Actions / Decisions required:**

* **Note** the content of the Outline Business Case and Appraisal
* **Authorise** the LEP executive to issue a conditional offer letter for £6.9m
* **Approve** 100% funding for any project costs to the end of 17/18 at which time the claims should fall back in line withy the adjusted intervention rate, taking into account all funding claimed to date. (the maximum grant will remain at £6.9m)
* **Request** the following is completed before the final business case is submitted:
  + Confirmation of the project costs;
  + Update the BCR to reflect the latest project costs;
  + Clarification of the economic outputs the scheme is likely to either directly or indirectly;
  + All the areas identified in the appraisal as needing further work are addressed; and
  + Confirmation from WBC that any cost overruns on the project will be met by them.

1. **Background**
   1. East Warrington is situated between the M6 and M62 motorways, home to 400 businesses, employing 17,000 people plus 12,000 residents. Current congestion in the area is hindering development. Buses also experience long delays in the area and is considered a major factor in why only 5.5% of the East Warrington workforce use public transport.
2. **Scheme Proposal**
   1. The project which has been designed to ease congestion is split into four main elements, new signals at three points and the partial dualing of Birchwood Way.
   2. The strategic objectives of the scheme are to:
   * **Improve network resilience to incidents**, particularly those arising from the Strategic Road Network to ensure continued mobility reliability for our commercial occupiers
   * **Facilitate development** and increased occupancy of existing employment land and stock in Birchwood and Woolston Grange to generate additional employment and training opportunities
   * **Improve journey reliability times** for both people and goods by reducing congestion at identified pinch points
   * **Facilitate the release of land for housing and commercial development** through provision of a safe, reliable and well connected transport network.
   * **Provide a safe, well connected network for cyclists and pedestrians** to encourage & facilitate access to existing and future employment by a choice of modes
   * **Improve bus connectivity, journey times and reliability** to encourage access to existing and future employment by public.
   1. Traffic modelling shows that without the scheme the traffic congestion will get significantly worse by 2028 with an expected 52% increase in journey delays.
3. **Timescales**
   1. The project is expected to start as early as May 2018. Calrification has been sought as to when the project will complete as it is expected to complete substantially before March 21, the milestone given in the business case.

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| **Milestone** | **Date** |
| Construction design –Main works | January 2018 |
| Target Cost | March 2018 |
| Finalisation of business case | April 2018 |
| Performance and Investment Committee Final approval | April 2018 |
| Construction Contract Award | April 2018 |
| Construction –Main Works (mobilisation) | April 2018 |
| Construction Phase Main works | May 2018 |
| Scheme Completion | March 2021 |

1. **Financial Summary**
   1. The scheme is expected to cost approximately £13.35m. The costs will be finalised when the target cost is received from Balfour Beatty at the end of the month.
   2. Maintenance costs have not been included. These will become part of the Council’s maintenance and operation costs of transport networks.
   3. The project will be funded as detailed in the table below:

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| **Source** | **Amount (£m)** |
| Local Growth Fund | 6.9 |
| WBC borrowing | 3.955 |
| Enterprise Zone (EZ) | 2 |
| Private Sector | 0.5 |
| **Total** | **13.355** |

There is some uncertainty about the timing of the EZ grant. A letter has been sent to WBC confirming that the EZ will pay for the cost of WBC borrowing the £2m contribution until the EZ has the funds to pay the contribution to the project. As this project will not directly result in any increase in business rates, it is likely that they scheme will be a low priority for the EZ and as such the funding won’t be available for at least five years. WBC have accepted this stance.

* 1. The project costs to date are approximately £1.2m. These costs are high due to the amount of work to get the project to this stage including, substantial traffic modelling work. If conditional approval is given, then this amount will be claimed from the LEP at the end of the quarter.

1. **Value for Money**
   1. The project has been given a BCR of 3.43 which represent very high value for money. The Net Present Value of benefits is £38.82m.
   2. The only economic outputs expected to be delivered by the scheme are public and private leverage as detailed in 6.3. Whether the scheme can be expected to indirectly support the delivery of other schemes should be clarified prior to submission of the final business case.
   3. It is very pleasing to see that the Council intends to undertake a review of the benefits of the scheme one year after it completes.
2. **Independent Appraisal**
   1. WSP have completed the appraisal of the business case. Their scores against each case and main comments are detailed in the table below:

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| **Comment** |
| **Strategic Case** | **2** | **Requirements substantially met**  Need to state what would constitute success against identified measures. The problems and scheme impact should be quantified. Need to make clear what is this scheme and what is part of the NIPF scheme. |
| **Economic Case** | **2** | **Requirements substantially met**  Need to be clear exactly what the scheme is doing.  Uncertainty exists around what extent of dualing between Moss Gate and M62 J11 should be in the Do Nothing models. |
| **Financial Case** | **3** | **Requirements partially met**  Evidence of the commitment to underwrite private sector contributions and potential cost increases needs to be provided. |
| **Commercial Case** | **3** | **Requirements partially met**  The procurement has not been finalised. Scape framework has been detailed as a preferred procurement route.  The QRA report and risk register should also be presented with the BC. |
| **Management Case** | **3** | **Requirements partially met**  Details of any requirements for planning permissions, land acquisition, environmental consents and traffic regulations need to be provided. |

The scores reflect the interim nature of the business case. It reflects the fact that the costs are still pre-target costs, the QRA is still provisional, similarly with the delivery construction programme, and the Council will be approving Balfour Beatty as the contractor at the council meeting on 9th April. Most of these points will be addressed by the end of March after Balfour Beatty submit their target costs with a finalised QRA and programme and are expected to be fully addressed before submission of the final business plan in April.

1. **Appendices**

WSP appraisal

Mot Macdonald Outline Business Case