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**Cheshire & Warrington Local Enterprise Partnership**

**Performance and Investment Committee**

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| **Title: A51 Tarvin Road** | | **Agenda item: 5** |
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| **Prepared by: Rachel Brosnahan** | | **Date of Meeting: 21st March 2018** |
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1. Executive Summary

The Tarvin Road scheme seeks to address transport problems between the M53/A55/A51 junction and the Tarvin roundabout, which is prone to congestion and travel delay, through a series of highway capacity improvements at key points along the corridor. The project is a priority for Cheshire West and Chester Council (CWAC) and was put forward as part of the LGF round 3 bidding process. The project is expected to improve travel times in and around the area and thereby indirectly support regeneration of the neighbouring areas, such as Chester Northgate. The scheme is also expected to increase air quality through better movement of traffic and reduce the number of accidents on this stretch of road.

1. Recommendations /Actions / Decisions required:

The Performance and Investment Committee is asked to:

* + - **Note** the contents of the Outline Business Case (OBC);
    - **Authorise** the LEP executive to issue a conditional offer letter for up to £3.663m Local Growth Fund grant or 67.5% of the final project costs, whichever is lower.
    - **Approve** 100% funding of any eligible project costs to the end of 17/18 at which time the claims should fall back in line with the adjusted intervention rate, taking into account all the funding claimed to date. (the maximum grant will remain at £3.633m)
    - **Request the following before the final business case is submitted:**
      * Confirmation of the costs of works.
      * Clarification of the timescales
      * Confirmation of the breakdown of match funding.
      * Clarification of any outputs associated with the project.
      * The outstanding issues identified in the appraisal are addressed.

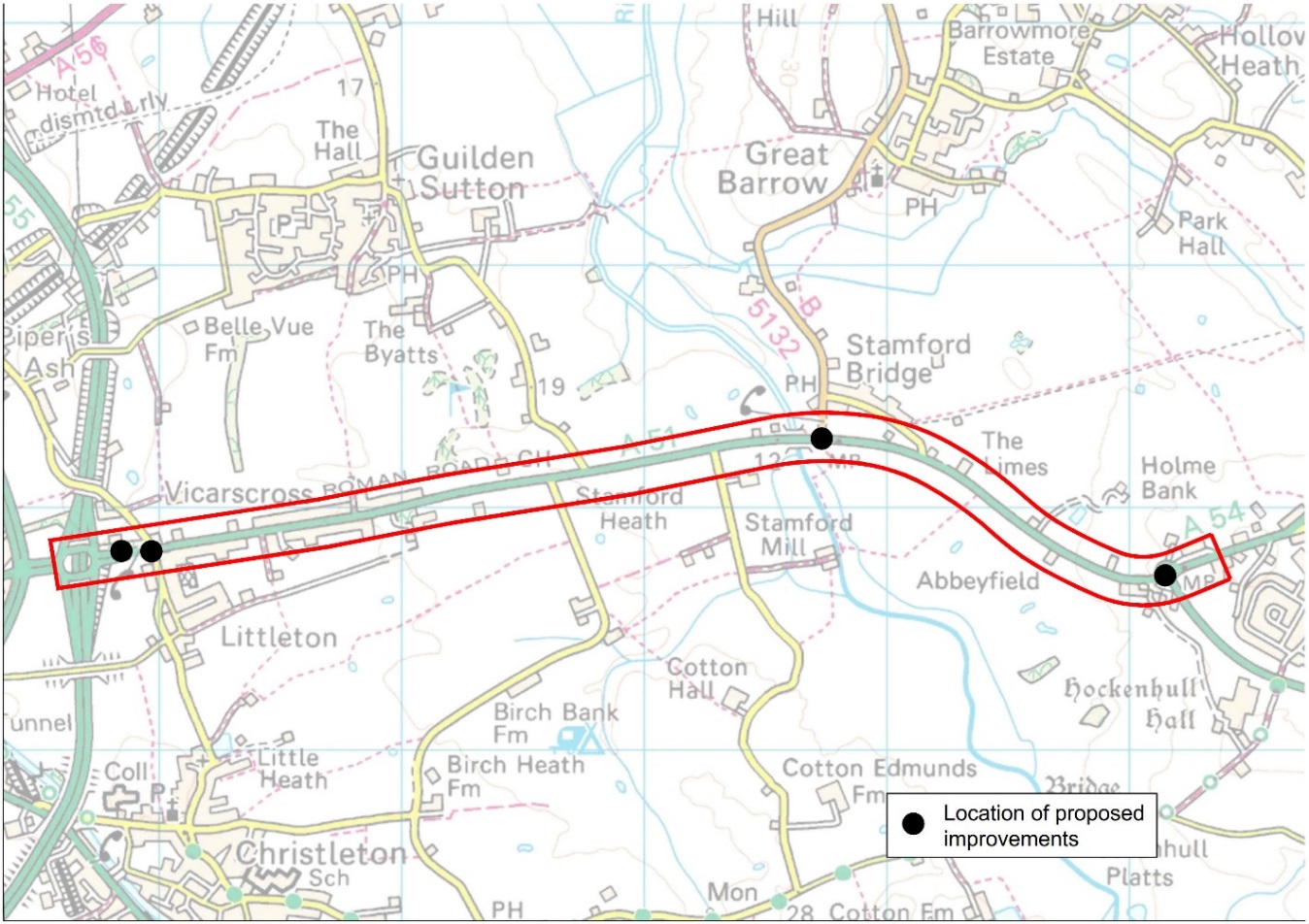
1. **Background**

Currently the stretch of road subject to this application is considered the UK’s 5th most congested in terms of average journey waiting time, outside London (DfT traffic counts 2014). The slow traffic is negatively affecting air quality and the stop start traffic has been the cause of many accidents, especially around the junctions.

1. **Scheme Proposal**

The scheme is broken down into five main elements detailed below:

* An additional left turn lane at Tarvin roundabout from the A51 South to the A51 West;
* Signal and line marking changes at Stamford Bridge to provide 2 lanes straight ahead for eastbound traffic;
* Provision of an extra westbound lane through the Stamford Bridge junction, with a long merge for westbound traffic exiting the junction;
* Removal of some of the existing right turn movements at the Hare Lane/Littleton Lane junction;
* Modifications to the westbound approach and eastbound merge on the A51 at the A51/ A55 junction; and
* New crossing points and footpath provision for pedestrians, bus users and cyclists along the A51 corridor.



* 1. The main objectives of the scheme are:
* **Economic growth**- To achieve improved accessibility to facilitate economic growth and job creation;
* **Strategic connectivity**- To deliver transport network improvements which deliver enhanced connectivity between Chester and Tarvin, and key regional centres such as Crewe, Northwich, Winsford and Manchester Airport;
* **Local connectivity**- To reduce levels of highway congestion and secure enhanced local connectivity between Chester and Tarvin, current and future local housing sites, employment and mixed-use developments; and
* **Wider social impacts**- To ensure local residents enjoy a good quality of life and that the area between Tarvin and Chester remains an attractive place to live, work and play.

1. **Timescales**

The key milestones for the project are:

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| Key Milestones | Timescale |
| Appointment of preferred developer / contractor | Q2 2018 |
| Planning and other statutory approvals | Q3 2018 |
| Work commences | Q3 2018 |
| Work complete | Q3 2021 |
| Final financial claim date | Q4 2021 |
| Proposed project completion date – date by which outputs/outcomes will be achieved | Q4 2021 |

1. **Financial Summary**

The estimated total costs of the works is £4,488,926 and includes base construction costs, preliminaries, design and supervision costs, statutory undertakers works and land acquisition costs. A Quantified Risk Assessment has been applied to the total cost of the scheme and totals £633,183, therefore, the total amount of funding required for the scheme is £5,122,109.

The total estimated costs are less than those identified in the LGF3 submission. Usually where the costs are reduced we reduce the LGF grant pro-rata. In this case the original application requested £3.663m of LGF grant which represented 67.5% of the project costs. If we apply this intervention rate to the updated costs it would reduce the grant by £205k to £3.457m. It is suggested that the offer of grant remains at £3.663m but it is clear the maximum grant that can be claimed will be 67.5% of the final costs. This therefore provides time and scope to firm up costs before seeking final approval for the project and shouldn’t cause unnecessary funding issues at this stage.

1. **Value for Money**

The BCR for the scheme is 3.1 which represents High Value for Money according to the DfT. Sensitivity testing has been carried out including a 25% increase in costs and a 25% decrease in benefits, both tests still show a BCR over 2.

1. **Outputs**

The business case states that the following outputs will be achieved:

* An additional left turn lane at Tarvin roundabout from the A51 South to the A51 West;
* Signal and line marking changes at Stamford Bridge to provide 2 lanes straight ahead for eastbound traffic;
* Provision of an extra westbound lane through the Stamford Bridge junction, with a long merge for westbound traffic exiting the junction;
* Removal of some of the existing right turn movements at the Hare Lane/Littleton Lane junction; and
* Modifications to the westbound approach and eastbound merge on the A51 at the A51/ A55 junction.

While these are all elements we expect to be delivered they are not the economic outputs we would typically look for on a scheme. At the very least we should be able to record the match funding for the scheme but should ask the applicant to explore whether there are any other direct or indirect outputs associated with the scheme. If the scheme is going to take three years to deliver as stated, then there should be construction jobs that could be delivered.

The appraisal recommends that GVA benefits should be calculated and further benefits that add to the robustness of the Value for money case would be useful. It also states that the scheme has the potential to provide 10-20 jobs.

1. **Independent Appraisal**

An independent appraisal has been completed by Aecom and given the business case a score of “Requirements substantially met”. The report identifies a number of areas where information should be provided and included in the final business case.

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| **Comment** |
| **Strategic Case** |  | **Requirements substantially met**  Need to develop a stakeholder engagement plan. Fully understand the constraints of land acquisition and potential environmental improvements. |
| **Economic Case** |  | **Requirements substantially met**  Need to add future maintenance costs, Clarify timescales for GVA benefits, undertake a Distributional Impact Assessment of noise, air quality and accidents. |
| **Financial Case** |  | **Requirements substantially met**  Review scheme costs of CPO is required. |
| **Commercial Case** |  | **Requirements partially met**  Review procurement route and detail contract management arrangements. |
| **Management Case** |  | **Requirements partially met**  Identify the critical path, provide further detail to the risk register and produce a communications plan. |

1. **Appendices**

Outline business case

Aecom Appraisal