

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**6 June 2019**

Report of the Executive Director – Economy, Transport and Environment

**PIPELINE OF MAJOR ROAD NETWORK AND LARGE LOCAL  
MAJOR TRANSPORT SCHEMES (HIGHWAYS, TRANSPORT AND  
INFRASTRUCTURE)**

(1) **Purpose of Report** To update Cabinet on the potential for major highway projects in Derbyshire to be included in programmes recommended to Government by Midlands Connect, and to seek confirmation of the County Council's policy and resource support for these.

(2) **Information and Analysis** At its meeting of 31 January 2019 Cabinet received an update on the assembly of schemes for the Major Road Network (MRN) and Large Local Major (LLM) programmes. These will support the delivery of important projects on a scale which has been beyond the scope of other recent programmes, with grant for MRN projects falling within the range £20 million to £50 million and for LLM projects more than £50 million. They do, though, require minimum local contributions and will inevitably incur significant preparation costs 'at risk' ahead of grant funding confirmation. The programmes will be controlled through business cases assessed by the Department for Transport (DfT) but with Sub-national Transport Bodies (STBs) including Midlands Connect being requested to provide an initial assessment of priorities for the second Roads Investment Strategy (RIS2) period (from 2020 to 2025).

At its January meeting, Cabinet was made aware of work continuing towards an A515 Ashbourne Bypass, noting the exclusion of the A515 from the defined MRN but reaffirming the Council's commitment to the testing of scheme options. At present this work remains focussed on the building of an assessment model meeting Government standards for a future business case. This is a time-consuming exercise because the relevant guidance (WebTAG) sets strict criteria over the accuracy of any model used to support on application for Government grant.

Resources for this model development work are included in the Economy, Transport and Environment Department's Service Plan for 2019-20. Cabinet will need to assess resource requirements for future stages of work when it receives a report on a preferred option. Design and planning processes for this are anticipated to require a budget of at least £0.75 million.

Once in place, the model can be used to test the effectiveness of different scheme options in addressing the town's transport problems, and it is anticipated that Cabinet will be able to consider a report recommending a 'preferred option' early in 2020 and potentially initiate consultation over this.

Cabinet was also advised at its January meeting that the most likely short-term candidate for MRN funding, consistent with the eligibility criteria and with existing Local Transport Plan status, would be the grade-separation of the A61 Chesterfield Inner Relief Road junctions. It was noted that this would be explored with Midlands Connect. Subsequently, taking into account the grant funding and local contributions required, plus the complexities of addressing the A61/A617 'Horns Bridge' junction in particular, assessment has been focussed on the Whittington Moor roundabout.

Preparation work on the Chesterfield-Staveley Regeneration Route (CSRR) was also noted by Cabinet in January and, as considered previously (on 8 November 2018) was the subject of a bid for Housing Infrastructure Fund (HIF) grant (Minute No. 266/18 refers). At the January meeting the potential for an LLM business case was noted should the HIF funding route not be successful or if it would only support partial delivery; this latter issue became more prominent as work on the HIF business case continued, with it being clear that there would be a substantial financial gap between the available grant and project costs. The scheme, though, has a good 'in principle' fit with LLM criteria and, through liaison with partners in the HIF application, it was agreed to withdraw the CSRR from the HIF business case and focus on an LLM application.

Midlands Connect's recommended RIS2 programme of MRN and LLM schemes will be considered by its Strategic Board on 20 June 2019.

Government's request is for a recommended programme of up to ten MRN schemes and two or three LLM schemes across the whole of the Midlands. The Strategic Board will, though, need to consider how well these proposed numbers of schemes align with the strength of the proposals brought forward by local highway authorities and could choose to vary the number submitted accordingly. This assessment needs to take into account the level of local support for the schemes, both as matters of policy and of commitment to the resources needed for delivery.

Whilst Cabinet has, as set out above, noted that both MRN and LLM proposals for Derbyshire were being developed it has not, to date, been asked to make any specific commitment towards project development. Both the CSRR and the grade-separation of the A61 Whittington Moor roundabout are listed as potential schemes within the Derbyshire Local Transport Plan, so already have policy support. Their inclusion in the MRN and LLM programmes does, though, require the commitment of staff and financial resources. These local contributions to scheme costs may, in whole or part, be provided by the developers (for housing or commercial purposes) of associated areas of land. However, these

contributions are subject to considerations of viability which may not be in place until late in the scheme development process, and can be triggered by conditions relating to site occupation rather than the timing of the building of the road scheme. Any promoting authority will, therefore, need to accept a need to underwrite the full costs and to reassure itself of how and when these will be recovered. With regard to the two specific projects under consideration through this report:

- **Whittington Moor roundabout:** This is anticipated to fall at the lower end of the MRN grant funding range i.e. £20 million and would require a minimum local contribution of £3 million. There is potential for significant contributions to the latter from land developers, but the relevant sites are likely to be brought forward, and hence to trigger contributions, over a period of several years. Should the highway scheme progress through MRN programmes, therefore, the Council will need to satisfy itself (and Government) that it can underwrite £3 million of costs.
- **CSRR:** Whilst still the subject of further design and 'value engineering' work, the current cost estimate for the scheme is in the range £80 million to £90 million. This would require a minimum local contribution of £12 million. There is good reason to expect (at the very least) the majority of this to be available from developers. Again, however, for the scheme to proceed through the stages of LLM business case assessment there will be a need for the County Council to confirm that it has a finance strategy in place and can underwrite the costs.

Cabinet will note that whilst the underwriting requirements above are significant they are not immediate. There is also good reason to expect that firm commitments from some developers will be in place before there is a need for a specific commitment from the Council itself. For the purposes of Midlands Connect's initial assessment of priorities, though, Cabinet is requested to acknowledge these requirements and to note that it will need to give future consideration to making provision in its budget, even if these costs are subsequently recoverable. It is also recommended that Chesterfield Borough Council, as local planning authority, is asked to provide assurance over the level of commitment in place to developer contributions.

Notwithstanding the above, the progression of MRN and LLM schemes through the assessment process will definitely incur short-term costs. These include scheme design, preparation for planning applications and the incremental building of the business case covering scheme benefits and impacts and management of the project. In the short term these remain modest. However, for schemes on this scale to proceed within the RIS2 period, allowance needs to be made for continuing their development. Officers estimate the foreseeable needs to be:

- **Whittington Moor Roundabout Grade-Separation**

For engineering design, business case development, planning deliverables,

project management and fees, £0.85 million.

- **CSRR**

For engineering design, business case development, planning deliverables, project management and fees, £1.25 million.

The activities above are carried out in stages, and can be halted in the event of a scheme failing to pass through a business case gateway. However, Cabinet is asked to note the commitment involved.

As set out in the January 2019 report, the defined MRN for Derbyshire would allow consideration of potential schemes which would have been beyond the scope of previous funding programmes. Assessment is continuing of options for the third RIS period and beyond, and a further report will be brought to Cabinet once this is complete. This is also likely to make recommendations on the next steps for the proposed RIS2 schemes.

(3) **Finance Considerations**      The short-term (i.e. 2019-20) requirements for preparation of the A61 Whittington Moor roundabout and the Chesterfield-Staveley Regeneration Route can be met through Officer time and do not require capital commitments. Further stages of work would have to be met from Local Transport Plan allocations, subject to confirmation that these projects are included within Midland Connect's recommended RIS2 programmes for MRN and LLM. If these schemes do not progress, these abortive costs will have to be met from revenue resources.

The longer term costs would expect to be substantially, if not wholly, met from developer contributions. Whilst the amounts available are not yet confirmed, it is still a requirement that the Council underwrites a potential £15 million of expenditure for the schemes to progress. The only method available to the Council to do this would be via borrowing at an estimated annual cost of up to £1 million, this would need to be a priority budget growth item in the year in which the borrowing was required. Whilst it is still too early to tell, this could require reductions in other services to accommodate this pressure. As a result, ahead of committing to this expenditure, it would be necessary to have legal agreements in place to guarantee the availability of developer contributions. Those for Ashbourne Bypass have a specific allocation in place.

## **Other Considerations**

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property, social value and transport considerations.

(4) **Key Decision**      No.

(5) **Call-In**      Is it required that call-in be waived in respect of the

decisions proposed in the report? No.

(6) **Background Papers** Held on file within the Economy, Transport and Environment Department.

(7) **OFFICER'S RECOMMENDATIONS** That Cabinet:

- 7.1 Notes that work on possible bypass options for Ashbourne is continuing and will be reported to Cabinet early in 2020.
- 7.2 Notes the updates on Whittington Moor roundabout and the Chesterfield-Staveley Regeneration Route and their assessment within Midlands Connect's potential Major Road Network and Large Local Major schemes.
- 7.3 Acknowledges the future need for project costs to be underwritten and the potential sums involved.
- 7.4 Requests Chesterfield Borough Council provides a statement on the level of financial commitment to these schemes that will be secured through Developer Contributions.
- 7.5 Notes the short-term cost requirements for ensuring the readiness of these schemes for inclusion in the second Roads Investment Strategy (RIS2) period.
- 7.6 Agrees to receive a further report with recommendations on the proposed RIS2 schemes and a longer-term programme for the third Roads Investment Strategy period and beyond.

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