

LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Metro Mayor and Members of the Combined Authority

Meeting: 26 July 2019

Authority/Authorities Affected: All

EXEMPT/CONFIDENTIAL ITEM: No

REPORT OF THE DIRECTOR OF INTEGRATED TRANSPORT AND THE PORTFOLIO HOLDER: TRANSPORT AND AIR QUALITY

APPROVAL TO DISBURSE ADDITIONAL FUNDING TO SUPPORT DEVELOPMENT OF TRANSPORT FEASIBILITY STUDIES

1. PURPOSE OF REPORT

- 1.1 This report relates to the Feasibility Studies Project, which was set up in 2017 to take forward a list of 12 proposed major transport schemes for development towards Outline Business Case (OBC) stage. It also sets out proposed disbursements to local authority partners from an existing financial allocation for the advancement of strategically important transport schemes.
- 1.2 The report notes that this is a process that pre-dates the establishment of the Strategic Investment Fund's feasibility fund, agreed by members in November 2018. As such, this report concerns legacy funding that is available during the current financial year only to support feasibility works around longer-term projects that have no immediate funding route through Transforming Cities Fund but could be future candidates for consideration under the wider Strategic Investment Fund (SIF) or else external funding opportunities.
- 1.2 It should be noted that scheme approval is not being sought at this stage- the report concerns further development of the business cases of these schemes.

2. RECOMMENDATIONS

It is recommended that the Liverpool City Region Combined Authority:

- (a) notes the £3.2 million of legacy funding that is available in the current financial year to support the pre-development and testing of longstanding transport proposals and which supplements existing SIF development funding;
- (b) agrees to the disbursement, in 2019/20, of assigned Strategic Priorities budget resources to support advancement towards Outline Business Case

stage of the 8 projects identified in Table 1 of this report, with the remaining budget being allocated as per Table 2;

- (c) notes that candidate schemes seeking further funding to either progress further pre-development works, or else be considered as candidates for further development funding or candidates for delivery would be managed as part of the Strategic Investment Fund (SIF) process or else as part of agreed external funding bids, on a “without prejudice” basis; and
- (d) a work programme/business case be developed to investigate the modernisation of traffic signals and bus responders across the City Region (to be progressed through SIF Pre-Development application process, as prepared through Key Route Network (KRN) Group).

3. BACKGROUND

- 3.1 Prior to the establishment of devolved city regional funding streams, national and regional funding opportunities would typically be launched for transport schemes to be proposed and progressed by local authorities. The route that applications were required to follow by the Department for Transport typically required, applications to be at an advanced level of preparation in terms of a formal “Green Book” compliant business case development.
- 3.2 The creation of devolved funding streams following the creation of the Combined Authority from 2014 did not in itself change the requirement for schemes to be developed to a set standard, though the commissioner and decision-maker for many schemes is now the Combined Authority rather than the Department for Transport. A relevant example here is the Transforming Cities Fund that forms part of the SIF, though there are likely to be further external bid funding opportunities that sit outside the SIF. An example of this is the Department for Transport (DfT) Major Road Network (MRN) fund for schemes valued at between £20m - £50m
- 3.3 The SIF Assurance Framework requires that Scheme promoters must develop schemes to an acknowledged standard and funding route from Strategic Outline Case, to Outline Business Case (OBC) and to Full Business Case for an application to be deemed eligible and robust.
- 3.4 For a scheme to be developed from Feasibility stage through to Strategic Outline Business Case (SOBC), Outline Business Case (OBC) and Full Business Case (FBC) (and equivalent GRIP stages for rail schemes) – there is a lengthy and often expensive process that requires modelling and appraisal to assess the viability, benefits and costs of a potential scheme. For this reason, the Combined Authority agreed to establish a development fund as part of the relaunch of the SIF in November 2018.
- 3.5 As a precursor to this SIF process, the Liverpool City Region established a Feasibility Studies Project in July 2017. This entailed the creation of a dedicated funding source to help develop business cases for what were felt, at the time, to be strategically important transport proposals and to enable them to be brought forward to a state of readiness. The schemes within this list were proposed by

the LCR Chief Executives at that time, linked to earlier policy support for several of the schemes.

- 3.6 The Feasibility Studies Project included twelve schemes initially, four of which have either been advanced separately via alternative funding streams (principally via the SIF) or have now been withdrawn by the project sponsor. A scheme in St Helens, Parkside Strategic Rail Freight Interchange, moved out of this process as it now sits with the Rail team, who are working with Network Rail to progress this scheme separately to this Feasibility Project. The remaining eight transport schemes/packages have now been developed to Feasibility or Strategic Outline Business Case (SOBC) level via the Feasibility Studies Project and now warrant further development work, and have recently undergone an independent assessment commissioned on behalf of TAG, (undertaken by WSP consultancy service), to determine whether the schemes merited further investment to advance their business case development. The schemes included in proposals going forward are listed below in Appendix 1, along with the Local Authority area. It should be noted that the South Liverpool Global Gateway Eastern Access Corridor scheme location is on the boundaries of Halton, Liverpool and Knowsley and the scheme would be likely to have a distribution of benefits across the three Local Authority areas as well as the wider City Region area.
- 3.7 The Feasibility Studies Project was subsequently allocated £3.2million funding from the Transport Strategic Priorities Budget, which formed part of the 2018/19 Transport Allocation to the LCR. Members agreed that this funding source should sit outside of the Single Investment Fund (SIF) and it is of note that this relates specifically to funding in the previous financial year and has been rolled into the current 2019/20 financial year.
- 3.8 This £3.2 million budget is available now to supplement the existing opportunity available through the SIF process to test the feasibility of several longstanding transport concepts to help build a robust pipeline of candidate schemes. On a “without prejudice” basis, these will be dependent upon suitable funding opportunities becoming available to support their delivery, either from devolved funds or from external bid funding opportunities.

4. PROPOSAL

- 4.1 Drawing on this previous work referred to above, approval is now sought to distribute the carried over £3.2 million Strategic Priorities budget allocation as per Table 1 below, which proposes disbursement of the fund to the constituent local authorities in accordance with envisaged next stage requirements. A maximum initial allocation of £500k per scheme is proposed, with the remaining £491k divided between schemes expected to be above this value.

4.2 This approach to funding disbursement has been proposed to ensure that all eight schemes can be advanced to a stage where we can be competitive for available funding, whilst recognising that in some cases the maximum amount of funding that has been sought by a sponsor cannot be provided due to the finite allocation of the overall Feasibility Studies Project budget. It is important to note, however, that approval is not being sought for the schemes themselves as this report is confined to developing the business cases for each proposal.

4.3 It is reiterated that several schemes in this list are longstanding proposals, but have no immediate funding route through Transforming Cities Fund. They could, however, form future Strategic Investment Fund (SIF) candidates, or else external bid funding opportunities. The key requirement is to test the concepts further to determine the relative strengths and potential of the schemes, and to begin to develop proposals through the established Green Book appraisal process.

Table 1: Proposed Initial Allocations up to £500k

	Local Authority	Scheme	Cost Estimate to OBC (£k)	Funding allocation (£k) (allocations are up to £500k)
1	Knowsley	New by-pass between M58/A506 (Maghull Lane) to Simonswood Industrial Estate & Knowsley Business Park	200	200
2	Liverpool	Rocket Junction	1,000	500
3	Liverpool	South Liverpool Key Corridors	264	264
4	Sefton	Maritime Corridor	85	85
5	Sefton	Southport Eastern Access	160	160
6	Steering group - Merseytravel, Halton, Knowsley, Liverpool	South Liverpool Global Gateway Eastern Access Corridor	800	500
7	Wirral	A41 Corridor	742	500
8	Wirral	Gateways & supporting road infrastructure for Wirral Waters	538	500
			3,789	2709

Table 2: Expected allocations for remaining £491k

	Local Authority	Scheme	Remaining funding expected allocation (£k)
1	Knowsley	New by-pass between M58/A506 (Maghull Lane) to Simonswood Industrial Estate & Knowsley Business Park	0
2	Liverpool	Rocket Junction	151
3	Liverpool	South Liverpool Key Corridors	0
4	Sefton	Maritime Corridor	0
5	Sefton	Southport Eastern Access	0
6	Steering group - Merseytravel, Halton, Knowsley, Liverpool	South Liverpool Global Gateway Eastern Access Corridor	151
7	Wirral	A41 Corridor	151
8	Wirral	Gateways & supporting road infrastructure for Wirral Waters	38
			491

4.4 The above proposal could, of course, be amended if certain schemes in the list were felt to be of particularly strong strategic significance to the LCR and to the North of England and hence were felt to be more of a priority for the funding currently available.

4.5 Since the compilation of the list of schemes in Table 1 above, the need for other transport projects or infrastructure schemes has been identified or have had feasibility studies carried out on them. It is recognised that these would need further development work to be undertaken on them and hence that they could possibly come forward for consideration against any future funding, including SIF pre-development funding. Any approval for funding would, of course, be subject to the development and approval of the appropriate feasibility studies or relevant business cases. These schemes could, for example, include the provision of new or improved local road infrastructure to provide access to the Parkside development in St Helens from M6 Junction 23. In addition, the importance and advantages of improved Urban Traffic Management Control (UTMC) through the use of new and more efficient traffic signal systems is becoming increasingly recognised. Such systems can not only reduce congestion, delays and air pollution but they can at the same time afford higher degrees of bus priority where appropriate. It is worth highlighting that the potential benefits of improved public transport accessibility and urban traffic control have already been recognised in proposals put forward for inclusion in the Transforming Cities Fund list of schemes, more particularly, the Green Bus Routes package and the LCR UTC Traffic Systems Scheme proposals.

5. NEXT STEPS

- 5.1 This funding allows schemes to be worked up to the next level of detail. These will then form candidates against future SIF funding opportunities managed by the Combined Authority or else in response to opportunity-led external funding sources, such as the Large Local Major Schemes Fund.
- 5.2 Investigation into modernisation of traffic signals and systems (including further bus priority measures) to be progressed through the SIF Pre-Development Funding application process. Following that review, recommendations are to be made by TAG to Combined Authority on the furthering of potential short, medium and long term options identified in the review.

6. RESOURCE IMPLICATIONS

6.1 Financial

- 6.1.1 The immediate financial implications concern the distribution of allocated Transport Strategic Priorities Budget (for Feasibility Studies) to advance the business cases of the corresponding projects. Local Authority scheme sponsors will meet costs in excess of the allocation from this budget, with Local Authorities being required to sign a declaration by appropriate officers indicating that the funding from the CA has been spent in accordance with the CA's conditions.
- 6.1.2 The allocations will be made to Local Authorities within 2019/20. The time to develop business cases is lengthy – this can be in excess of 9 -12 months. There is potential that consultancy work commissioned by Local Authorities may exceed financial year-end for 2019/20 due the time for acceptance of funding and procurement processes within the Local Authorities as well as the time for work completion. In such cases, slippage to 2020/21 would need to be arranged by the Local Authority, since dispersal from the CA to Local Authorities is to be undertaken within 2019/20.
- 6.1.3 If costs for the commissioned work on any scheme/package are less than determined in this report, remaining funding is to be returned for allocation within the Feasibility Studies Project to another scheme/package.

6.2 Human Resources

Local Authorities will commission work to consultancy services. Transport teams within each Local Authority will require use of existing resources including procurement, legal and finance services.

6.3 Physical Assets

There are no direct implications arising from this report.

6.4 Information Technology

There are no direct implications arising from this report.

6.5 Risks and Mitigation

Risks will include those associated with project delivery, however, conditions will be detailed within signed agreements to mitigate against these risks. This work will be tendered to consultancies and there is a risk of consultancies not having sufficient staff resources to meet requirements within required timescales. Local Authorities can mitigate against this through contractual commitments within their procurement of consultancy services. There is financial risk of Local Authorities not spending within agreed timescales and potential requirement within Local Authorities for slippage to 2020/21 but dispersal from the CA to Local Authorities is planned for completion within 2019/20.

- 6.6 There is a potential risk that the LCR constituent Local Authorities will not be in a position to respond to national funding streams if this funding is not made available to advance the readiness of these schemes.

7. EQUALITY AND DIVERSITY IMPLICATIONS

No direct implications as a result of this report.

8. COMMUNICATION ISSUES

In terms of the work that is proposed, consultation considerations will be required for each of the schemes as part of their OBC development.

9 CONCLUSION

- 9.1 In order for the CA to be in a position to access forthcoming transport funding opportunities such as DfT major scheme initiatives, the report recommends distribution of the £3.2million funding allocation from the ITB Strategic Priorities Budget for business case development of eight large schemes. These schemes have previously been brought to Feasibility/SOBC stage and are now planned to be developed towards OBC level through this proposed process.

9.2 Investigations into modernisation of traffic signals and systems is to be progressed through the SIF Pre-Development Funding application process. Recommendations following the review to be made to the CA on behalf of TAG with regard to furthering short, medium and long-term options identified in the review.

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Appendices:
Appendix 1 – Scheme Information
Appendix 2 – Scheme Location Plan

Background Documents
None

	Local Authority	Scheme	Scheme Description	How does the scheme align with CA Strategic Priorities
1	Knowsley	New by-pass between M58/A506 (Maghull Lane) to Simonswood Industrial Estate & Knowsley Business Park	The scheme addresses a need to improve access to Knowsley Business Park and Simonswood Industrial Estate from the Strategic Road Network, particularly from the north and east, to improve accessibility and minimise existing circuitous routing for traffic travelling north from the two estates.	The vitality of these economic areas and Knowsley Business Park in particular, is crucial to the economic success of the wider Liverpool City Region due to potential for job creation and economic growth.
2	Liverpool	Rocket Junction	Highway scheme to remodel the Rocket Junction at the end of the M62 to reduce queuing and delays at a key point on the highway network.	The strategic nature of this junction means that congestion could potentially act as a constraint to future economic development. The scheme addresses existing congestion and expected increase with future growth. Other issues pertain around severance, visual amenity, air quality and safety, alongside the junction presenting a barrier to those cycling and walking, which will be addressed as part of the scheme.

	Local Authority	Scheme	Scheme Description	How does the scheme align with CA Strategic Priorities
3	Liverpool	South Liverpool Key Corridors	Improve the South Liverpool Key Corridor (Jericho Lane, Riverside Drive, Sefton Street) to create a high quality southern link into Liverpool City Centre. To relieve existing congestion at the Jericho Lane/Aigburth Road junction, and future proof this for increases in traffic volumes as a result of the Festival Gardens development and other planned developments coming forward.	The scheme involves implementation of highway improvements along the South Liverpool Key Corridor to facilitate internal growth within the area as well as external growth eg in Liverpool City Centre and Liverpool John Lennon Airport, to complete the connectivity of the area and to create a stronger arrival gateway to the south of the city centre.
4	Sefton	Maritime Corridor	Infrastructure improvements on the Maritime Corridor (A5036 Dunnings Bridge Road). A series of junction improvements are proposed at seven junctions in the study area, incorporating widening and other measures to increase capacity. It is also proposed to replace the rail bridge at Heysham Road, to provide additional traffic capacity and reduce issues of existing severance.	The Maritime Corridor is the focus of intensive development activity, with up to 26.8 hectares of development land that could provide up to 6,000 jobs planned for development by 2030. The route suffers from congestion, which is forecast to worsen with the expected developments in the area. The scheme aims to support economic growth and improve traffic management and accessibility, particularly at junctions on the Key Route Network providing access to development sites.

	Local Authority	Scheme	Scheme Description	How does the scheme align with CA Strategic Priorities
5	Sefton	Southport Eastern Access	Highway network improvements to access into and through Southport and accommodate the increase in traffic from new developments.	The scheme addresses congestion and accessibility issues on the two main eastern access routes into Southport. It also aids safety and severance issues, and accommodates future traffic growth from planned developments coming forward.

	Local Authority	Scheme	Scheme Description	How does the scheme align with CA Strategic Priorities
6	Steering group - Merseytravel, Halton, Knowsley, Liverpool	South Liverpool Global Gateway Eastern Access Corridor	Provision of a link between Hale Road close to Liverpool John Lennon Airport (LJLA), the A561/A562 and the wider strategic road network, to improve connectivity for the wider south estuary area and support the delivery of surrounding development.	The proposed scheme is designed to provide additional eastern connectivity to Liverpool John Lennon Airport (LJLA), supporting its plans for it to grow to accommodate 11 million passengers per year by 2050 and provide freight haulage, and to unlock significant housing and employment land in the local south estuary area, as well as addressing issues of congestion and road safety. The existing airport access arrangements provide a lengthy and circuitous route for traffic coming from the east, and cannot accommodate the predicted increase in demand for travel.

	Local Authority	Scheme	Scheme Description	How does the scheme align with CA Strategic Priorities
7	Wirral	A41 Corridor	Multimodal transport improvements around the A41 corridor to improve local and strategic connectivity and support planned growth, redevelopment and regeneration. The A41 corridor has a dual role as a strategic corridor providing access to the Queensway Tunnel and as a local gateway to Birkenhead Town Centre. This creates severance for pedestrians and cyclists in Birkenhead and currently offers a poor quality gateway for people travelling into the town.	Along the corridor there are a number of proposed development sites which could deliver nearly 610,000sqm of floor space and 500 homes. There is therefore a need to improve the quality of the gateway, improve access by sustainable modes and create additional capacity within the transport system (largely focused on public transport) to accommodate future demand.

	Local Authority	Scheme	Scheme Description	How does the scheme align with CA Strategic Priorities
8	Wirral	Gateways & supporting road infrastructure for Wirral Waters	A package of transport infrastructure improvements to serve and bring forward the Wirral Waters development, focused on five key 'gateway' junctions that surround the site and local key corridors. The scheme proposals include junction improvements, enhanced provision for pedestrians and cyclists, improvements to the quality of the public realm and the delivery of a world class public transport network.	Wirral Waters is the UK's largest regeneration project by consented floor space, and the scheme aims to provide high quality transport infrastructure that enables multimodal journeys to and from the site, as well as improved public realm and sense of place.