

Report Title	City Region Sustainable Transport Settlement (CRSTS) – Delivery of Highways Maintenance / Non-Highways Maintenance and KRN Programme, Update
Portfolio Holder	Deputy Portfolio Holder for Transport and Air Quality
Summary of report	To provide an update on the delivery of the Highways Maintenance / Non-Highways Maintenance, Key Routes Network and the proposed delivery programme for years 2-5 of the programme (2023 to 2027).
Is this report exempt?	No
Is this a Key Decision	Yes In relation to expenditure or savings, it is likely to result in revenue in excess of £250,000 or capital in excess of £250,000 and to be significant in terms of its effects on persons living or working in an area comprising two or more wards or electoral divisions in the area of the Combined Authority.
Is the report urgent	Yes
Is this decision to be exempt from call in	Yes see paragraph 3.10
Local Authorities affected	(All Local Authorities);
Impact and implications of this report	
Financial impact	Yes see paragraph 4.1
Delegation (s) sought	Yes, see recommendation 2.1 C & D
Supporting the Corporate Plan	A Fairer City Region ✓ A Stronger City Region ✓ A Cleaner City Region ✓ A Connected City Region ✓ A Vibrant City Region ✓
Climate Change Implications	Yes see paragraph 4.3
Equality and Diversity implications	Yes see paragraph 4.4
Social Value implications	Yes see paragraph 4.5
Human Resources implications	Yes see paragraph 4.6

Physical Assets implications	Yes see paragraph 4.7
Information Technology implications	No
Legal implications	Yes see paragraph 4.8
Risk and Mitigation	Yes see paragraph 4.9
Privacy implications	No
Communication and consultation implications	No
Contact Officer(s)	Andy Sawyer, Key Route Network Manager
Appendices	No
Background Documents	No

Liverpool City Region Combined Authority

Friday, 3 March 2023

Report of the Executive Director - Place and the Deputy Portfolio Holder for Transport and Air Quality

CITY REGION SUSTAINABLE TRANSPORT SETTLEMENT (CRSTS) – DELIVERY OF HIGHWAYS MAINTENANCE / NON-HIGHWAYS MAINTENANCE AND KRN PROGRAMME, UPDATE

1. PURPOSE OF REPORT

- 1.1 This report provides an update on the ongoing delivery of the Highways Maintenance / Non-Highways Maintenance (CRSTS Maintenance Programme) and Key Routes Network (KRN) programmes which form part of the City Region Sustainable Transport Settlement (CRSTS). It also sets out the proposed delivery programme for years 2-5 of the programme (2023 to 2027) in addition to detailing some proposed changes to the governance arrangements for overseeing delivery of this element of the CRSTS programme.

2. RECOMMENDATIONS

- 2.1. It is recommended that the Liverpool City Region Combined Authority:
- (a) notes the update on the delivery of the Year 1 (2022/23) City Region Sustainable Transport Settlement (CRSTS) Maintenance programme;
 - (b) notes and approves the content of the proposed Years 2 to 5 (2023/27) CRSTS Maintenance programme;
 - (c) delegates authority to the Executive Director Place in consultation with the Chief Legal Officer and Treasurer to put in place and manage funding agreements to disburse funds to delivery partners, in order to progress schemes in the Years 2-5 CRSTS Maintenance programme as detailed in this report;
 - (d) delegates authority to the Executive Director Place to approve changes to the CRSTS Maintenance programme within the overall programme budget, subject to consultation with delivery partners where appropriate;
 - (e) approves the allocation of an additional £1.96m of CRSTS funding to the Key Routes Network (KRN) Levelling Up Programme (increasing the total allocation to the KRN programme to £46.93m), and the provision of this additional sum to Merseytravel to enable delivery of the Queensway Tunnel Lighting project.
 - (f) notes that delegated authority was granted to the Executive Director of Investment and Delivery on 22nd July 2022 to finalise negotiations of detailed

funding terms and associated agreements for the KRN programme, including the Queensway Tunnel Lighting project; and

- (g) notes the exemption of the call in period associated with the Queensway Tunnel Lighting project, as set out in paragraph 3.10.

3. BACKGROUND

Highways Maintenance and Non-Highways Maintenance

- 3.1 At the Combined Authority meeting in March 2022 approval was granted to allocate £232.96m from the total CRSTS budget for Highways Maintenance and Non-Highways Maintenance plans and works developed for the period April 2022 – March 2027. The same meeting also approved a more detailed Year 1 programme, totalling £43.1m which was subsequently disbursed via Grant Funding Agreements (GFA's) as per Table 1 below.

Table 1

Allocation 2022/2023	
	£m
Halton	3.67
Knowsley	6.58
Liverpool	8.95
Sefton	6.21
St Helens	6.20
Wirral	7.29
Merseytravel	4.12
Total	43.01

- 3.2 Works across each of the constituent Local Authorities and Merseytravel have continued to be successfully delivered throughout the year, albeit there have been some challenges that has impacted on progress to date which are summarised below: -
- Delays in the formal sign off of GFAs.
 - Availability of resources both in-house and external consultants.
 - Availability of Contractors.
 - Availability of some materials, with long lead in times being experienced.
 - Adverse weather.
 - High levels of inflation on construction materials.
- 3.3 Monthly Dashboards continue to be submitted by each constituent Local Authority and Merseytravel which track progress, outputs, spend and risk. Quarterly progress meetings are also held with Local Authority officers and officers from the Combined Authority.
- 3.4 Due to varying reasons, some linked to the items listed above some minor changes to the Year 1 programme have been made, with some smaller elements of the programme being deferred into Year 2.

- 3.5 At the time of writing this report and based on Dashboard submissions for up to the end of Quarter 3 (December 2022), circa £13.4m of works had been completed. As anticipated, there is a large portion of works still programmed for delivery in Quarter 4 (Jan-Mar 23) however based on the programme forecasts and risk mitigation measures the programme and target spend for Year 1 officers expect it should still be substantially completed by March 31st 2023. It is anticipated that spend of circa £35m-£38m will be achieved.
- 3.6 It is now important to set out the outline programme for the remaining 4 years (Years 2-5). Over the last six months officers from the Combined Authority have worked closely with the officers from the constituent Local Authorities and Merseytravel to develop and set out the forward programme. A brief summary of the allocations can be found overleaf in Table 2. Due to the size and diverse nature of the programme, as experienced in Year 1, it is inevitable that some elements will change over the 4 years. It is therefore intended that annual (and interim if required) updates will be brought back to the Combined Authority referencing actual delivery and any significant changes to the proposed programme.

Table 2

LA	Yr 2 (£m)	Yr 3 (£m)	Yr 4 (£m)	Yr 5 (£m)	Total
Halton	7.130	5.290	4.410	4.240	21.070
Knowsley	5.610	5.000	7.000	5.000	22.610
Liverpool	11.560	12.200	12.000	5.840	41.600
Sefton	8.150	10.770	8.470	7.510	34.900
St Helens	7.020	7.020	7.020	7.020	28.080
Wirral	8.000	8.060	7.230	7.190	30.480
Merseytravel	2.140	5.960	1.860	1.550	11.510
Total	49.630	54.300	47.980	38.350	190.260

Key Route Network

- 3.7 In addition to the above programme, at the Combined Authority meeting in July 2022 approval was granted to allocate £44.97m from the total CRSTS budget for a programme of works specifically relating to the Key Route Network (KRN). This programme will need to be completed by March 2027, however it is currently anticipated that all works may be completed by late 2026.
- 3.8 Although issued to the relevant constituent Local Authorities and Merseytravel in the Autumn, at the time of writing this report, not all GFAs are yet signed. Officers continue to monitor progress in relation to this and work to remove any barriers to delivery. However, for those that have signed their agreements some works have already commenced and been delivered to a value of circa £2.5m. It is anticipated that this could increase to circa £4m by the end of March 2023.
- 3.9 £9.99m of the total £44.97m KRN allocation approved by the Combined Authority was earmarked for the Queensway Lighting project. Delivered by Merseytravel, the project will see the installation of LED lighting in the Queensway tunnel, significantly reducing running costs and energy consumption of one of the region's key transport assets. Following a procurement process through the Corporate procurement team a preferred supplier was identified. The Early Contractor Involvement phase identified an increase in the allocated project costs.

- 3.10 In order for the project to be delivered to the outputs set out in the business case, authorisation is being sought for additional funding of £1.96m for this project. This will increase the cost of the Queensway Lighting project to £11.9m and increase the overall allocation to the KRN Levelling Up programme to £46.93m. Since approval of the project, inflation has increased dramatically which has resulted in raw material costs and labour rate increases. For example, the copper content in cables was circa £1.5m in May 2022 and is now considered to be in the region of £1.9m. As stated in the recommendations, a relaxation of the call in period is required as the contractor for the works is only able to guarantee the contract price until 3 March 2023, so if approved Merseytravel will commit to this contract immediately following this decision. The Transport Development team has reviewed the business case in line with the SIF Assurance Framework and is satisfied that the economic appraisal for the project is proportionate and robust. The Combined Authority is therefore requested to approve the allocation of a further £1.96m of CRSTS funding to the KRN Levelling Up programme, to cover the additional cost of the Queensway Lighting project.

Change Control

- 3.11 As detailed earlier in this report the Highway Maintenance / Non-Highway Maintenance programme is large, diverse, and made up of multiple individual projects and sub programmes. With a works package as large as this change is inevitable (as experienced already in Year 1) and is likely to be a regular occurrence over the next 4 years. Governance to manage such changes clearly remains important but also must be proportionate and responsive to ensure that unnecessary delays that could be incurred by following such procedures does not negatively impact upon delivery of the works on site.
- 3.12 It is therefore recommended that to assist with this that delegation is granted to the Executive Director of Place to manage change requests for the programme. Changes will normally be submitted by the relevant constituent Local Authorities and Merseytravel, and the Executive Director has put in place structures and processes to agree changes in an efficient and expedient manner, whilst ensuring that appropriate officers are involved in the review process (including consulting legal and finance where necessary or appropriate).

4. IMPACT AND IMPLICATIONS

4.1. Financial

The previously approved budgets and allocations for the Highway Maintenance / Non Highway Maintenance programme remain unchanged. The allocation for the KRN programme will increase from £44.97m to £46.93m, which will be funded from the CRSTS capital budget.

4.2 Supporting the Corporate Plan

Due to the nature of this programme and its associated delivery, the activities will support all five strands of the CA's corporate plan for a fairer, stronger, cleaner, connected and vibrant City Region. This will be achieved by improving active travel, providing improved links to public transport, reduction in congestion and journey times to support carbon reduction, in addition to improved safety, condition, and inclusivity of the existing highway infrastructure.

4.3 Climate Change

The wide-ranging scope of the current and proposed programme delivers projects that will have a direct positive impact on climate change through carbon reduction. This includes, active travel and bus infrastructure improvements, installation of LED street lighting, installation of EV charging infrastructure, utilisation of low temperature asphalts for carriageway resurfacing etc.

4.4 Equality and Diversity

Equality and Diversity implications have been considered as part of the appraisal process in accordance with the Combined Authority's Investment Strategy. An Equalities Impact Assessment has been undertaken for this programme.

4.5 Social Value

The constituent Local Authorities and Merseytravel are encouraged where appropriate and possible, to try and utilise the local supply chain to support the delivery of these programmes of work.

4.6 Human Resources

Resources for the constituent Local Authority teams, Key Route Network, Bus, LTP, Rail, The Transport Development Team, Procurement, Legal, Finance, Human Resources and the Corporate Programme Management Office will be required. This is being funded through CRSTS.

4.7 Physical Assets

The physical assets upgraded as part of this programme will remain the responsibility of the relevant constituent Highway Authority and/or Merseytravel.

4.8 Legal

- 4.8.1 The Combined Authority will enter into Funding Agreements (for the remaining 4 years of the programme) with each of the six Local Authorities and Merseytravel who will deliver and provide progress updates on the respective elements within the programme. These Agreements will take account of any changes made during Year 1 of the programme. Legal Services will also prepare the necessary agreements to enable the entry into the contract for the Queensway Lighting project within the required timescales.

4.9 Risks and Mitigation

Project risks are primarily managed by the constituent Local Authorities and Merseytravel officers who are delivering the works. Key risks are reported via monthly dashboard updates and risk registers.

5. CONCLUSION

- 5.1. The proposal is to commit to the years 2-5 programme for the Highways Maintenance and Non-Highways Maintenance works, which will deliver wide ranging infrastructure improvements across the Liverpool City Region. In addition, an increase to the KRN levelling up programme budget is proposed to enable the Queensway Tunnel Lighting project to delivery significant reductions in energy consumption and running costs for one of the region's key transport assets.

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Appendices:

None

Background Documents:

None