

Cabinet – 4 April 2012

Darlaston Strategic Development Area – Highways Improvements

Portfolio: Councillor Tom Ansell, Transport
Councillor Adrian Andrew, Deputy Leader and Regeneration

Service: Strategic Regeneration

Wards: Bentley & Darlaston North, Pleck

Key decision: Yes

Forward plan: Yes

1. Summary

- 1.1 Since 2003, the Council has been promoting a set of highways improvements in the Darlaston Strategic Development Area (DSDA). The aim is to facilitate inward investment to the area and create new employment opportunities that will benefit local people. The potential for transport improvements to support the bringing forward of high-quality employment in the area is recognised in the Black Country Core Strategy.
- 1.2 A major scheme business case for the proposed highways improvements was submitted to the Department for Transport (DfT) in March 2010. During that year the appraisal of this business case was put on hold because of the May general election; the June emergency budget; and the October Comprehensive Spending Review.
- 1.3 In February 2011, the DfT asked for a Best and Final Funding Offer to be submitted by September 2011 which summarised the scheme proposals; updated the business case (or value-for-money considerations); and set-out a final funding offer incorporating cost savings and third party contributions. The submission acknowledges that project risk is the sole responsibility of the Council.
- 1.4 The DfT granted Programme Entry status on 14th December, 2011. The Programme Entry approval fixes the maximum value that can be claimed from the DfT.
- 1.5 This report seeks Cabinet approval to make an application to the DfT for full approval (anticipated spring 2013) and then implement the scheme over the subsequent 2 years. It sets out the level of financial commitment required from the Council in the 2010/11 – 2015/16 period and the risks that accompany this commitment.

2. Recommendations

- 2.1 To approve the scheme will be delivered to the current road alignment set out within Appendix A;
- 2.2 To agree the project management structure for the project as set out with in Appendix B;
- 2.3 To approve the finance package and expenditure profile as set out in Appendix C and detailed in section 6;
- 2.4 To give the Executive Director – Regeneration the authority to progress the scheme in line with Section 5;
- 2.5 To approve the publication of a Compulsory Purchase Order (CPO) to acquire all necessary land/property in order to deliver the scheme as set in the overview plans at Appendix D;
- 2.6 To approve the use of Birse Civils Ltd for constructing the scheme through the Transport Capital Programme Framework;
- 2.7 To approve the preparation and submission of a Full Approval application to DfT in 2013;
- 2.8 Agree that the name of the scheme remains as ‘Darlaston Strategic Development Area Access Project’ to prevent the DfT from withdrawing funding;
- 2.9 Agree to receive a further a report following the DfT full approval funding decision and prior to the start of construction works on site, setting out the project costs, funding, risks and implementation arrangements.

3. Report detail

- 3.1 Since 2003, the Council has been promoting a major transport scheme in the Darlaston Strategic Development Area (DSDA) to improve key parts of the local highway network and help stimulate major investment in new employment opportunities.
- 3.2 Walsall’s Unitary Development Plan has recognised the area as a major concentration of ‘Core Employment’ for industry and warehousing. The Black Country Core Strategy, adopted in February 2010, has included DSDA in a proposed regeneration corridor, where investment is to be concentrated and supported by transport and other infrastructure. More recently a large part of the Darlaston area has been designated as an Enterprise Zone and the Council has consulted on a Local Development Order to promote the development of industry and warehousing.
- 3.3 The highways scheme is considered essential to unlock the economic potential of the DSDA, including the proposed remediation of the former IMI site in Darlaston Road (currently owned by Homes and Communities Agency). All regeneration stakeholders have indicated their support for the highways scheme and

acknowledge its enabling role in achieving regeneration objectives. It is believed that the DSDA could ultimately create up to 2,800 jobs, thereby offering significant opportunities to local people.

- 3.4 A major scheme business case for the proposed highways improvements was submitted to the Department for Transport (DfT) in March 2010.
- 3.5 The scheme has the support of stakeholders across the West Midlands Metropolitan Area through the West Midlands Local Transport Plan 2011 and is considered a priority for delivery in the period up to 2016.
- 3.6 The appraisal of the business case was put on hold by DfT in 2010 because of the May general election; the June emergency budget; and the October Comprehensive Spending Review. In November 2010, the DfT asked for an Expression of Interest (EoI) document to be completed which summarised the scheme proposals; addressed how the scope of the project could be reviewed; identified potential cost savings; indicated if and how the funding package can be improved; and acknowledged that project risk will be the sole responsibility of the Council. This was duly completed and submitted to the DfT on 4th January 2011.
- 3.7 The Council was subsequently invited to submit a Best and Final Funding Bid by September 2011. This was duly completed and submitted to the DfT on 8th September 2011. Through value engineering and cost saving measures introduced, a new scheme cost of £26.637m was derived. On the 14th December, 2011 the DfT gave approval to the scheme business case and awarded it 'Programme Entry' status.

Description of Scheme

- 3.8 The scheme described in the September 2011 Best and Final Funding bid includes improvements to outdated highways infrastructure in Bentley Road South, Bentley Mill Way, Wallows Lane/Bescot Road junction and Darlaston Road/Bescot Road junction. The proposed alignment is set out at **Appendix A**. This scheme has a total capital cost of £26.637m (including allowances for inflation and risk), of which £12.321m is required locally. The scheme has a Benefit Cost Ratio of 4.71 to 1, which was considered 'high' by the DfT at the time of submission. The September 2011 programme indicated that the scheme could be completed and open by late 2014/15.

Compulsory Purchase Order (CPO)

- 3.9 There are approximately 60 plots of land that are required to implement the scheme. These are typically small strips of land next to the existing highway boundary and portions of front garden, but two businesses (Beswick Resources at 2 Bescot Road and a Bed & Breakfast at 1 Darlaston Road) will be required at the Darlaston Road/Bescot Road junction in Pleck.
- 3.10 Cabinet agreed in February 2011 that the land/property acquisition required for the scheme should be started in line with the application to the DfT for project funding. The Council has already completed a process of querying land/property ownership and updating valuations. Over the past 6 months, the Council has

made efforts to attempt to acquire land and property by negotiated sales. However to date it has not been possible to agree any sales.

- 3.11 Whilst the Council would like to continue to negotiate all land/property sales, it is now necessary to assume that a Compulsory Purchase Order (CPO) will need to be published and has started the preparatory work for this in tandem with the ongoing negotiations.
- 3.12 Officers have been working with a legal firm – Cobbetts LLP – and a land/property specialist – GVA Limited – to prepare a draft schedule of all affected owners, lessees, tenants and occupiers of the properties in question. On behalf of the Council, Cobbetts LLP have written to these persons asking them to confirm their interest (and any other known interest) in the land/property. The affected land/properties are identified on the overview plans at Appendix D.
- 3.13 The scheme has been designed to minimise land take. It is therefore not believed that the impact on any land or property can be designed out of the project. All affected land/property owners are generally entitled to compensation following the taking of possession of land.
- 3.14 The Council now needs to determine whether to make a Compulsory Purchase Order (CPO) pursuant to the Acquisition of Land Act 1981 and Highways Act 1980. A CPO is a legal instrument which is at the disposal of any local authority. A CPO allows the local authority in question to acquire land from parties unwilling to sell, by purchasing that land from them, against their wishes, at the current approximate market value.
- 3.15 In summary therefore, the Council will continue to attempt to agree normal sales with all affected land owners. However, should a CPO be published, any landowners that do not wish to sell their land to the Council may be forced to do so by the above legal means.
- 3.16 It is now proposed that such an order is published later this month (April 2012). Subsequently, objections can be made to any CPO process by affected parties and where it is deemed necessary a local public enquiry can be initiated in order to ensure full scrutiny of the CPO in question.

Recommended Way Forward

- 3.17 In order to ensure the delivery of the scheme to a timeframe acceptable to the DfT, this will involve publishing a CPO immediately and acquiring the necessary land and property over the next 12 months. Utility diversions will also need to be placed before construction works start to ensure minimum delay is encountered and prevent time and cost over runs wherever possible.
- 3.18 To satisfy the DfT requirements for ‘full approval’, all statutory powers need to be in place; construction costs and procurement need to be finalised; and evaluation and monitoring arrangements also need to be finalised. It is anticipated that an application will be made in spring 2013.

3.19 The scale of work required to meet the DfT's requirements and the urgency of the land and property acquisition timetable mean that a dedicated project team will need to be set up no later than April 2012 where Council officers work alongside the contractor, Birse Civils Limited, to finalise outstanding scheme design components; agree a contract target cost; and finalise a construction programme. This will require dedicated input from Council officers within Regeneration Services, Neighbourhood Services and Corporate Services. The Project Team will be managed within Regeneration Services.

4. Council priorities

4.1 The construction of an improved road network in the DSDA will benefit all sections of the community by providing better links between major distributor roads. The redevelopment of derelict land in the DSDA is projected to provide new jobs, many of which will directly benefit the local community. Facilitating new investment in job opportunities in the DSDA is the ultimate objective of the highways project.

4.2 Receiving Programme Entry is a key stage in the bid to provide new highway infrastructure, which itself will support the regeneration of the area. The proposed highway improvements will be designed and constructed to the latest standards and permit new links within the area thereby benefiting all road users including cyclists, pedestrians, the elderly and children.

4.3 The DSDA is adjacent to the busy M6 motorway and in an area where there is known ground contamination. However, the impact of the highway proposals is limited to a small geographic area and the Planning Authority has confirmed that the proposals do not require an Environmental Impact Assessment. An initial scoping study has already been undertaken, and site investigation prior to construction will address any outstanding issues.

5. Risk management

5.1 Risk: The approvals sought in this report will enable officers to progress project appraisal and ultimately obtain final funding approval.

5.2 At this stage the key risk to the project is financial – as with all projects that are funded by central government, there is no guarantee that the project will receive full and final approval. The project received Programme Entry from the DfT on the 14th December, 2011.

5.3 Failure to secure Full Approval will result in abortive costs relating to the CPO, utility diversions and staffing costs incurred to date to move the scheme forward. The Council will not be tied into any contracts with the Civil Engineering contractor until after Full Approval is received.

- 5.4 As part of the Comprehensive Spending Review and the reduction in all departmental budgets, the DfT have removed the overall risk layer on major transport projects. The implication for Walsall Council is that the scheme has to be delivered for the amount agreed with the DfT. Any overspend on the project costs will have to be met in full by the local authority.
- 5.5 There are other key risks that will apply throughout the project and irrespective of the DfT's funding decision. The following have been identified and actions taken to mitigate wherever practicable as follows: -
- Design – the scheme includes an aqueduct and two bridges. Liaison with Network Rail and British Waterways is a prerequisite to ensure delivery – there is a risk they could formally object to elements of the scheme. Network Rail has agreed to remove the existing rail structure in Bentley Road South and construct a new bridge in line with the scheme programme. Risk associated with the bridge construction and rail possessions have thereby been transferred to Network Rail and reduce the overall risk of delay to the construction programme. British Waterways have been fully involved in the design process of the canal bridges and Bentley Bridge has been successfully delivered as part of the advance works.
 - Partners – formal project management arrangements have been put in place with a Joint Board and Strategic Management Team to ensure coordination and effective delivery.
 - Ground conditions – the Council is responsible for ground conditions on land directly affected by the highway proposals. Ground investigation has taken place to identify contaminants and inform mitigation measures; further work will now be undertaken.
 - Programme & land acquisition – although the Council's Estates & Assets Management Team have been liaising with affected landowners, it is evident that all necessary land cannot be acquired by negotiation. Consequently, statutory orders have been prepared and the project programme has been developed to allow for a possible local public inquiry associated with a Compulsory Purchase Order. There is also the risk that the Secretary of State may not confirm the order.
 - Public relations – promoting the scheme has the potential to blight land and properties. Progressing the detailed design of the scheme will help mitigate this risk. Legal support will also help manage any such issues, should they arise. Residents in Pleck may object to the short- and long-term implications of constructing the scheme, when the ultimate objective is to bring new employment investment to the neighbouring area of Darlaston. A high-profile public consultation and PR exercise carried out in summer 2009 and a follow-up campaign in 2011 have helped local people understand why the Council is promoting the project and reassure people about the short-term inconvenience and long-term benefits. A key aim of all consultation has been to reduce the risk of possible objectors forcing a local public inquiry.

6. Financial implications

Expenditure to Date – Advance Works

- 6.1 Due to the threat of road closure to HGVs presented by two weak bridges in Bentley Road South, Cabinet agreed at its 18th March 2009 meeting that advance works funded from the Council's Local Transport Plan (LTP) Capital Programme and the European Regional Development Fund (ERDF) should take place to reconstruct Bentley Bridge. The £1.2m works commenced on 11th May 2009 and were completed in July 2010.

Improved Funding Offer – Main Works

- 6.2 The funding package for the remaining elements of the scheme was improved in 2011 by reducing the scheme scope and cost; increasing third party contributions; and increasing the Council's contribution.
- 6.3 With this in mind, officers have set out a proposed funding package for the revised scheme to 2016/17, which includes DfT funding of £14.316m (60%); Council funding of £5.664m (20%), which includes the £1.200m already incurred on advance works; Centro funding of £5.665m (20%); and private sector contributions of £0.992m. The scheme was appraised by the DfT on this basis.
- 6.4 The outstanding Council elements will be funded from £1.484m of the Council's Integrated Transport Block allocation for the 2011/12 – 2014/15 period; and the remaining £2.980m (10% of the total scheme cost) will be financed through internal borrowing.
- 6.5 Internal borrowing repayments will be met from Integrated Transport Block resources. Commencing in 2015/16, this will be split proportionally over a set number of years to allow delivery of other Council priorities in each financial year.

Third Party Contributions

- 6.6 Centro will match Walsall Council's local contribution to a value of £5.665m. To date Walsall has received approval for £5.00m of this funding in the 2011/12 – 2014/15 period, which was approved at the ITA Urgency Sub-Committee meeting on 7th September 2011. Officers are currently negotiating with Centro regarding the outstanding £0.665m to be provided in 2015/16. In the interim, Walsall Council has underwritten the costs as part of the bid to the DfT.
- 6.7 Private sector contributions (in land or cash) have been agreed with three land owners/developers as part of the bid. These are £0.098m (land) from European Metal Recycling (EMR); £0.094m (land) from J H Holland Limited; and £0.800m (cash) from Parkhill Estates Limited. At present the contributions have been confirmed in writing, but legal agreements will need to be established to formalise the payment. In the interim, Walsall Council has underwritten the costs as part of the bid to the DfT.
- 6.8 The Parkhill Estates Limited contribution is subject to planning permission being received on the IMI site for the full scale remediation. If planning permission is not granted the Council will be liable for the £0.8m shortfall in scheme funding.

6.9 The scheme is to be benchmarked as shown in Appendix A. Any developments or changes due to developments requested will need to be funded from additional budgets to prevent the scheme from overspending against the allocated budget.

7. Legal implications

7.1 The acquisition of land and property to implement the scheme requires appropriate legal support. Following a decision of Cabinet in November 2008, Cobbetts LLP were appointed to provide external legal support in line with Council guidelines.

7.2 GVA have been appointed to lead on the negotiations for the land acquisition required on behalf of Walsall Council. They have lead on negotiated sales to date and will continue to advise throughout the CPO process that is now required.

8. Property implications

There are no property implications within this report.

9. Staffing implications

9.1 The Council will need to continue to commit staff resources to the project in order to negotiate with landowners and other interested parties; conduct public consultation; for project management; to progress the detailed design; and to support the implementation of any statutory orders that may be required. In addition to site supervision required once construction commences.

9.2 Staff from the Transportation Strategy and Policy team (Regeneration) and Major Projects and Minor Improvements (Neighbourhoods) will move to form a new temporary project team to deliver the DSDA project. Once complete all staff will revert back to their substantive posts. All costs associated with the posts have been accounted for in the DSDA budget.

9.3 **Performance management:** The DSDA Performance Board is responsible for monitoring key performance indicators (KPIs) and achievement of project milestones. Performance management data is also regularly shared with the Department for Transport and West Midlands Chief Engineers & Planning Officers Group (via Major Project Monitoring Reports).

10. Equality implications

The proposed improved highway network will provide improved transport links into the regenerated area. The scheme will greatly improve conditions for pedestrians and cyclists. Footway improvements will cater for use by disabled people.

11. Consultation

11.1 There has already been consultation with key stakeholders, residents and businesses that may be partially or significantly affected by the proposals. In conjunction with regeneration officers, consultation will be ongoing and developed as an integral part of the development of the project.

11.2 Further consultation and engagement will continue during the build up towards construction and during the works whilst out on site.

Background papers

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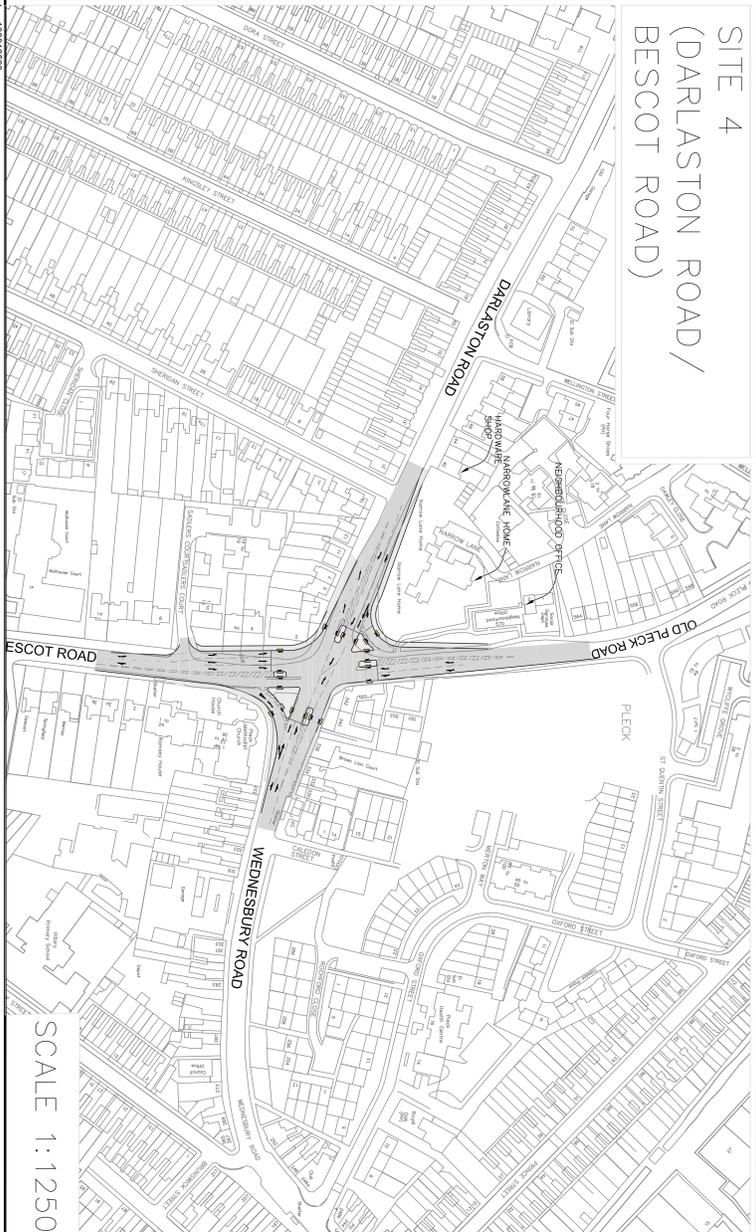
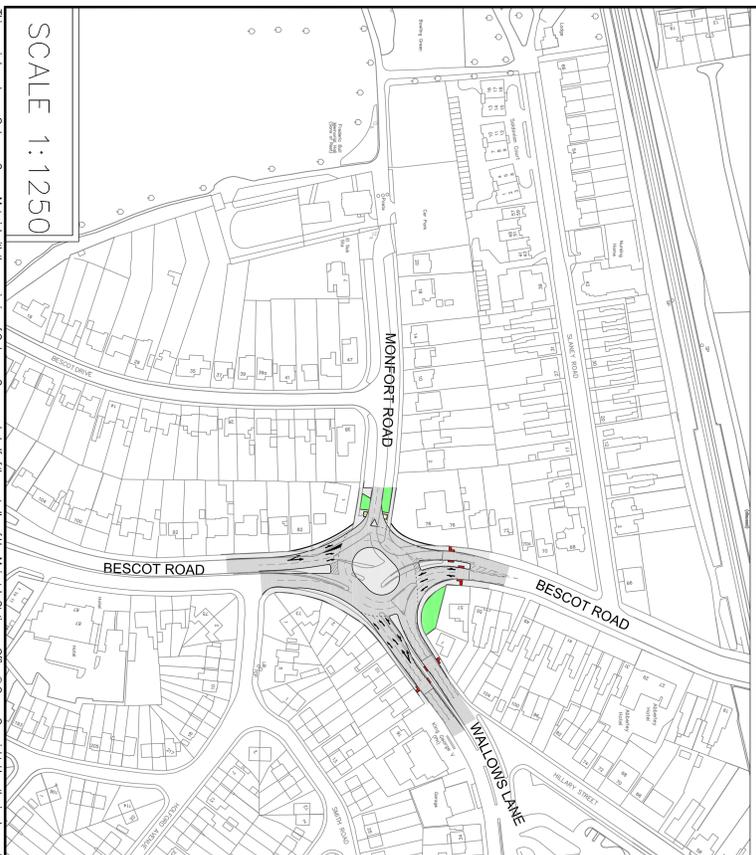
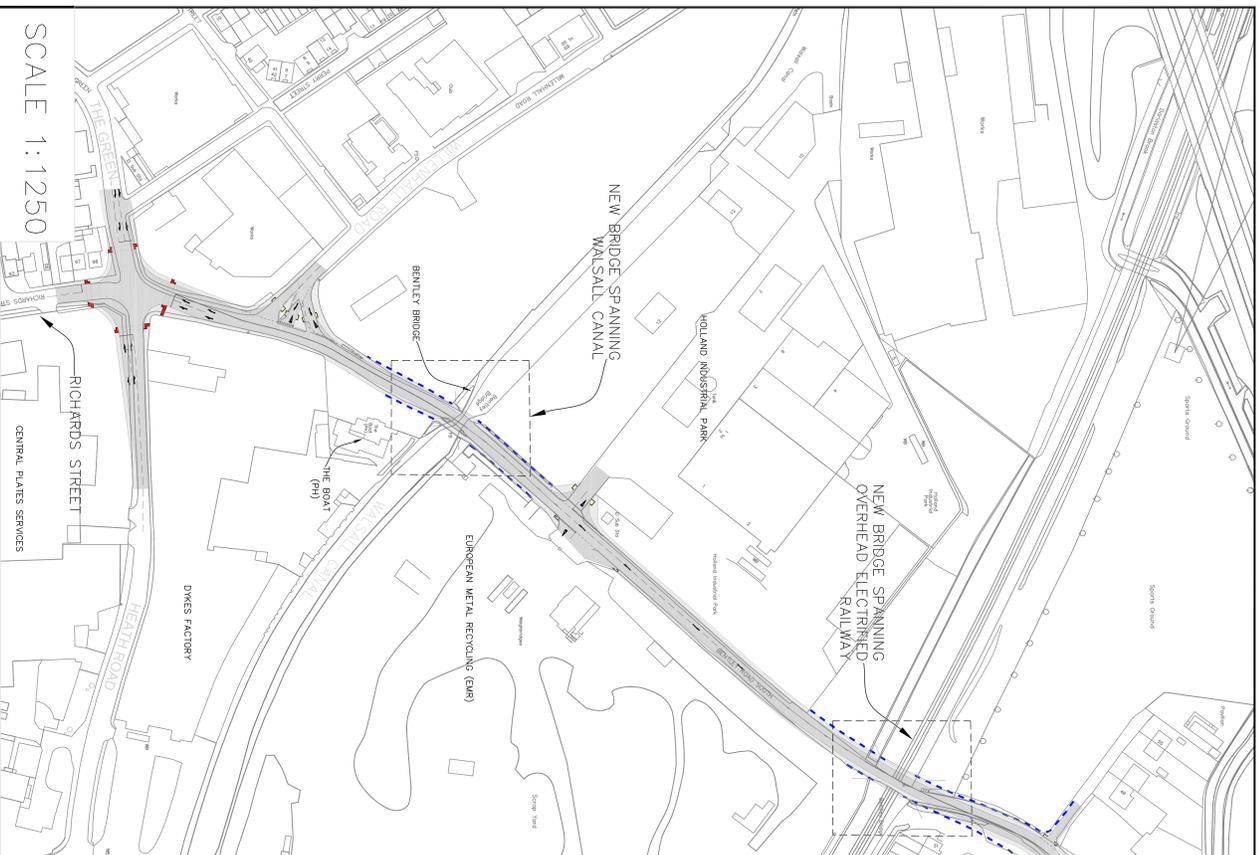
Tim Johnson
Executive Director
16 March 2011



Councillor Adrian Andrew
Deputy Leader
Portfolio holder Regeneration



Councillor Tom Ansell
Portfolio holder Transportation
& Environment



NOTE
Original drawing size A0.
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does not apply.

Project:
DARLASTON STRATEGIC
DEVELOPMENT AREA
ACCESS PROJECT

HIGHWAY ALIGNMENT
PROPOSALS

Design: Peter Westwood
CAD: Peter Westwood
CHK: Matt Cawson
Appr: Stuart Eversen
Date: October 2010
Scale: AS SHOWN



No. MP/DAP/GEN-01

DSDA Project

**Senior
Responsible
Officer**

Tim Johnson

Highways Project

Stuart Everton

**Regeneration
Project**

Simon Tranter

Highways Performance Board

Senior Responsible Owner

Tim Johnson

Executive Director – Regeneration

Senior User*

Cllr. Tom Ansell
*Cabinet Member
for Transport*

Cllr. Adrian Andrew
*Cabinet Member
for Regeneration*

Senior Supplier

Steve Pretty
Head of

*Engineering &
Transportation*

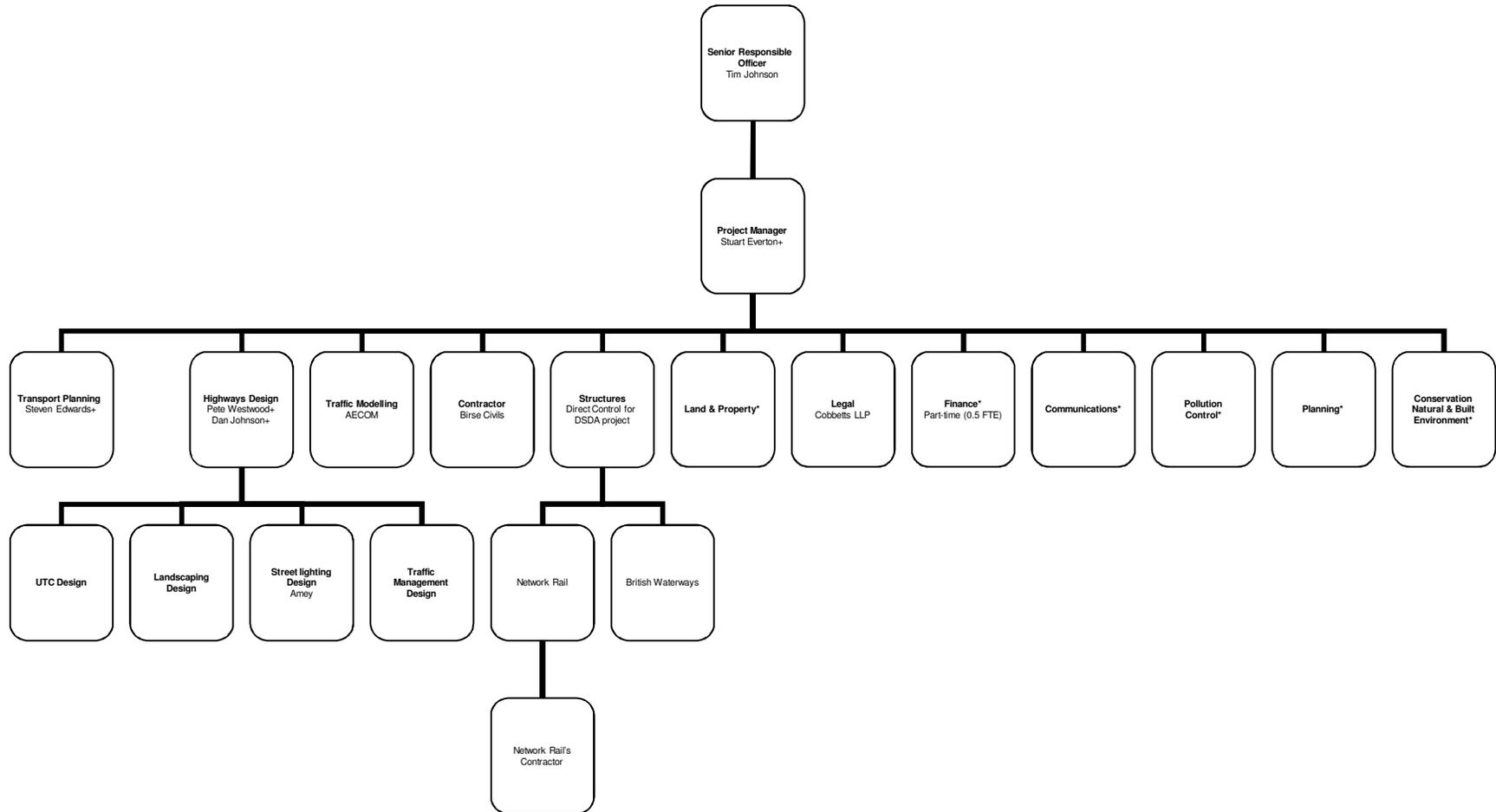
Project Manager**

Stuart Everton
*Regeneration
Manager –
Transportation*

*representing the interests of those people who will use the final product.

**non-voting member.

Highways Project Team



* denotes potential for shared resource with Regeneration Project Team

+ denotes posts to transfer into new project team and be funded from DSDA budget

**Walsall DSDA Access Project
Cashflow**

	Pre-Contract	Year 1	Year 2	Year 3	Year 4	Year 5	Retention	Total	Comments
	£m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m		
COSTS									
Pre-contract	1.200							1.200	advance works completed 2009/10
Contract value				7.091	4.111	0.561	0.619	12.382	3.18% inflation pa; 5% retention
Land			0.699	0.699				1.398	2% inflation
Statutory Diversions			1.761	1.761				3.522	4% inflation
Scheme Development		0.167	0.421	0.741	0.755	0.675		2.758	2.5% inflation
Risk (QRA)			0.287	1.012	0.956	0.886		3.141	
Inflation			0.752	0.785	0.272	0.427		2.236	
Interest cost								0.000	
Total scheme cost	1.200	0.167	3.920	12.089	6.094	2.549	0.619	26.637	
FUNDING									
External									
DfT				8.039	4.322	1.646	0.309	14.316	claims quarterly in arrears
Centro		1.250	1.250	1.250	1.250	0.665		5.665	receipts in advance
J H Holland				0.094				0.094	land
EMR Ltd				0.098				0.098	land
Parkhill Estates				0.800				0.800	money
Internal	1.200							1.200	funded pre-2011/12
Budget		0.371	0.371	0.371	0.371			1.484	Integrated Transport Block (ITB)
Internal borrowing			0.844	1.437	0.151	0.238	0.310	2.980	funded from future ITB budgets
Borrowing costs			0.000	0.000	0.000	0.000	0.000	0.000	
Land from Estates								0.000	
C/f from 11/12		-1.454	1.454					0.000	
Total scheme funding	1.200	0.167	3.919	12.089	6.094	2.549	0.619	26.637	

NOTE
The red lines on this drawing represent areas of land that are of interest to the scheme. They do not necessarily represent existing land ownership boundaries or future CPO boundaries.



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No	Revisions	By	CHD Date	Purpose of Issue	Rev	Auth	Date
A	Plots changed to reflect revised layout	PJW	PPS 06/11				
B	Plots changed to reflect revised layout	PJW	PPS 01/12				
C	Plots renumbered & revised	DJ	PIE 02/12				

OS Sheet
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OS Sheet
SO9898SE

OS Sheet
SO9897NW

OS Sheet
SO9897NE

OS Sheet
SO9897SE

OS Sheet
SO9997NW

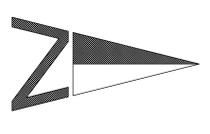
KEY

	Privately owned land (possibly requiring CPO for ownership)
	Privately owned land (possibly requiring CPO for rights)
	RFI Plot reference number with National Grid coordinates to the approximate centre of the plot

DARLASTON STRATEGIC DEVELOPMENT AREA
LAND INTERESTS PLAN
SITE OVERVIEW - SHEET 1 OF 2

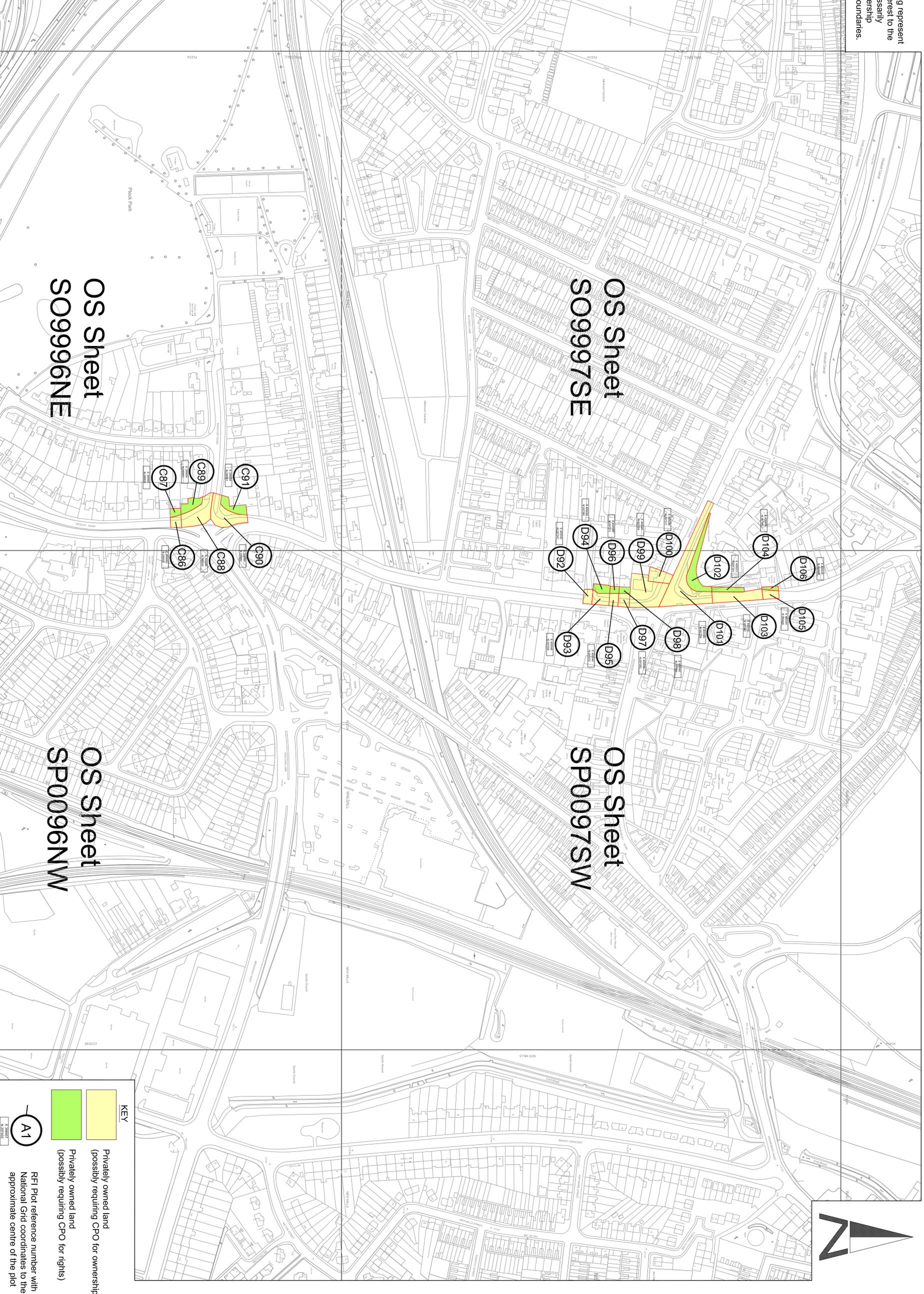
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MAJOR PROJECTS & MINOR IMPROVEMENTS
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**OS Sheet
SO9996NE**

**OS Sheet
SO9997SE**

**OS Sheet
SP0097SW**

**OS Sheet
SP0096NW**

KEY

- Privately owned land (possibly requiring CPO for ownership)
- Privately owned land (possibly requiring CPO for rights)
- A1 RFI Plot reference number with National Grid coordinates to the approximate centre of the plot

No	Revisions	By	CHD Date	Purpose of Issue	Rev	Auth	Date
A	Plots changed and renumbered	PJW	PRS 09/09				
B	Plots changed to reflect revised layout	PJW	PRS 06/11				
C	Plots renumbered & revised	DJ	PIE 02/12				

**DARLASTON STRATEGIC DEVELOPMENT AREA
LAND INTERESTS PLAN
SITE OVERVIEW - SHEET 2 OF 2**

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Checked:	PPS
Date:	March 2009
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Walsall Council
ENGINEERING & TRANSPORTATION SERVICES
MAJOR PROJECTS & MINOR IMPROVEMENTS

Drawing No. **MP/DSDALAN-02**