

THE LEICESTER NORTH WEST MAJOR TRANSPORT SCHEME PHASE 1

Report of LLTB 'Designated Officer'

1. Purpose

- 1.1 The purpose of this paper is to seek Full Approval (including detailed Business Case approval) for the Leicester North West Major Transport Scheme Phase 1 in accordance with the Leicester and Leicestershire Transport Board (LLTB) Assurance Framework.

2. Background

- 2.1 The Leicester North West Major Transport Scheme comprises the A50 Groby Road transport corridor improvements and A6 Abbey Lane/Loughborough Road transport corridor improvements schemes. These schemes were prioritised for funding by the Leicester and Leicestershire Transport Board at its meeting on 22nd July 2013.
- 2.2 The scheme has been programmed into phases for deliverability reasons with Phase 1 comprising improvements to the A50 "County Hall" roundabout, A50/New Parks Way roundabout, A563/Aikman Avenue Junction and pedestrian and cycling infrastructure improvements along the A50 between the A50 "County Hall" roundabout and A50/Blackbird road junction. Plans of the Phase 1 proposals will be provided at the meeting. The proposals have been approved by both promoting authorities (Leicester City and Leicestershire County Councils). The Decision papers relating to the scheme are available on the relevant websites at:

Leicester City Council:

<http://www.cabinet.leicester.gov.uk:8071/ieDecisionDetails.aspx?ID=575>

Leicestershire County Council:

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4360&Ver=4>
(see item 275)

3. Scheme Delivery

Detailed Business Case

- 3.1 The scheme has been programmed into phases for deliverability reasons. The proportionate business case for the first phase of the scheme has been developed and assessed in accordance with the Leicester and Leicestershire Transport Body's Assurance Framework. The scheme is expected to produce a Benefit Cost Ratio of 3.8. This is classified as High Value for Money by the Department for Transport. The business case is included at Appendix C1 and can also be accessed via the following link:
<http://www.leics.gov.uk/lnwmtpbusinesscase.pdf>

- 3.2 The Designated Officer to the LLTB (Andy Rose, LLEP Economic Growth & Investment Manager), in accordance with the Assurance Framework, commissioned AECOM consultants to provide an independent review of the North West Major Transport Scheme Phase 1 Business Case, with the objective of advising the LLTB whether the submitted document represents a proportionate business case which the LLTB can use to assess whether the scheme should proceed; and whether the value for money assessment produces results which are in line with schemes of this type.
- 3.3 The AECOM review provided some useful suggestions as to how the Business Case could be further developed and presented. It is noted that a simplified approach has been adopted, but nevertheless which follows DfT/WebTAG methodologies proportionate to the timescale, budget, objectives and deliverability of the scheme. The AECOM review confirms that the Business Case is proportionate and that the Value for Money assessment is in-line with the expectations of the Assurance Framework. The progress of the scheme and the development and delivery of future phases will be monitored by the LLTB.

Procurement Strategy and Scheme Cost

- 3.4 The procurement strategy for the scheme is to secure the main works through the Midlands Highways Alliance Medium Schemes Framework using the “Early Contractor Involvement” route. The main contractor has been selected and engaged and the Target Price (in accordance with the New Engineering Construction form of contract) is currently being finalised. Minor civil engineering work such as construction of the proposed cycle and pedestrian facilities between the New Parks Way Roundabout and the Blackbird Road/A50 junction will be provided by Leicester City Council’s in-house unit “City Highways”.
- 3.5 The estimated scheme cost is £7.7m as identified in the business case. The authorities are also taking the opportunity to deliver highway maintenance works concurrently with the improvement works to minimise disruption on the highway network over the next two years. The Transport Board is being asked to allocate Local Growth Funds to Phase 1, that have been ring fenced for the Leicester North West Transport Scheme for 2015/16/17, with the balance of the cost of the scheme being funded by the promoters’ contributions.

4. Accountable Body Comments

- 4.1 The overall scheme is estimated to cost £19m (spread over the 3 years from 2015/16 to 2017/18) of which £16.1m is expected to be funded by the Government’s Local Growth Fund. The remaining £2.9m is match funding, shared between Leicester City Council (£1.5m) and Leicestershire County Council (£1.4m). The original spending profile includes £4.5m for 2015/16 (£3.5m of LGF and £0.5m from each Council). The estimated cost of Phase 1 is £7.7m as identified in the business case plus the cost of maintenance works to be added to the scheme.

- 4.2 The LGF is received by Leicester City Council as accountable body to the LLEP. There is a risk, albeit thought to be small, that the Government could adjust subsequent years' LGF allocations. A contract of circa £7.5m is to be awarded by the County Council, resulting in a commitment to expenditure of some £3m more than the £4.5m funding identified for 2015/16. In the unlikely event that future years' LGF funding ceases to be available, £1.9m could be covered from the remaining identified council match funding for the subsequent phases of the scheme which would be unlikely to proceed. However, the balance of £1.1m would need to be shared between the two councils (likely to be from other planned match funding freed up due to any other LGF schemes also not progressing).

Colin Sharpe, Head of Finance, te: 0116 454 4081

5. Recommendation

- 5.1 The Transport Board is recommended to:-

- a) approve the Business case for the Leicester North West Transport Scheme Phase 1;
- b) grant Full Approval for Phase 1 of the Leicester North West Major Transport Scheme with funding as set out in this report; and
- c) note that the accountable body (Leicester City Council) will enter into relevant agreements with the two scheme promoters to make funds available in accordance with LLTB budget approval.