

Meeting Date:	7 November 2019				
Agenda Item:	6 - Presentation and 8b – discussion item				
Item Subject:	South Wye Transport Package				
For:	Discussion	X	Decision	X	Information
Purpose:					
To update Board Members on discussions between the LEP executive, Herefordshire Council and Department for Transport regarding the South Wye Transport Package (SWTP) project and consider the next steps.					
Recommendations:					
1) To note that the feedback from discussions with Department for Transport (DfT) has confirmed that decisions regarding the funding of the South Wye Transport Package rest with the LEP.					
2) To note the decision taken by Herefordshire Council to review the road element of the SWTP whilst the project continues to be progressed, subject to available funding.					
3) To authorise the LEP executive to agree with Herefordshire Council a revision of the funding agreement for the project. That this revision is for an amended delivery profile adopting a two-phased approach, as outlined in this report, to bring forward delivery of the Active Travel Measures identified in the Package and agree with DfT for a phased drawdown of grant funding pending further decision regarding the Southern Link Road element of the package.					
4) That Herefordshire Council be asked to confirm to the LEP Chair by 10 January 2020 its proposals in relation to the remaining funding available for the package currently allocated to support the delivery of the Southern Link Road and a further report be provided to update the Board at its 27 January 2019 meeting to consider whether or not to provide any further funding for the project.					
Outcome of discussions with Department for Transport and Herefordshire Council					
1. At the meeting of the Board on 27 th September 2019, the Board agreed to defer discussions regarding the South Wye Transport Package until the outcome of discussions with the Department for Transport was known regarding the “retained” status of project that is in place due to the inclusion of a major road scheme within the package.					
2. Discussions between the LEP Director, Herefordshire Council and Department for Transport have now taken place. These discussions have confirmed that decisions regarding the project and the funding allocated from Growth Fund rest with the LEP Board. The retained status of the funding is in recognition of the inclusion within the package of a major road scheme. If the major road element were not to be progressed, the Department for Transport would no longer retain an interest in the project and any change to the project would be a matter for the LEP to consider. Re-profiling of the project to release funding to accelerate grant spend and deliver current elements in a different order or other changes to the package are options that the LEP could consider.					
3. Following the appropriate governance and scrutiny, the formal decision has been taken by Herefordshire Council to review the road element of the SWTP whilst the project continues to be progressed, subject to available funding. The full decision report is available at http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=6398					

4. To ensure the review does not compromise the potential future delivery of the Southern Link Road, Herefordshire has delivered initial construction works on site to ensure the SLR planning consent has been implemented. This has secured consent for the delivery of the remainder of the road subject to any further decision. Other necessary statutory orders (Compulsory Purchase Order and Side Roads order) have also been confirmed and remain in place.
5. Taking account of the decisions taken by Herefordshire Council and the outcome of discussions with the Department for Transport, the LEP Director invited Herefordshire Council to propose a way forward for the project. This to enable the review of the SLR to take place whilst still making progress with the delivery of the outputs identified in the funding agreement for the South Wye Transport Package. This is now set out below and a presentation will be given at the LEP Board providing an overview of the project and setting out the Council's proposed approach.

South Wye Transport Package Background

6. The original contract agreement for the SWTP set out that a blended package of a new road from the A49 to the A465 and a package of active travel measures would support delivery of homes and jobs outputs over the core strategy period up to 2032 / 2033. The delivery of these objectives was linked to the growth of the Enterprise Zone and the delivery of the Strategic Urban Expansion at Lower Bullingham in that period. In addition to the Southern Link Road, work undertaken by the Council has confirmed the active travel elements of the preferred package as new cycleway and improvements on Belmont Road, Holme Lacy Road and on a network of quiet routes to the Enterprise Zone within the south wye area. The funding for the SWTP totals £35m comprising £27m Growth Fund and £8m local contribution from Herefordshire Council. The estimated scheme costs for the SWTP was set out in the 2014 Strategic Outline Business Case as £29,729m or A465/A49 Southern Link and £5m for A465 walking and cycling and public realm schemes in the south wye area.
7. The development of the SWTP and the award of Growth Fund for the project confirmed that significant investment in transport improvements are required in the south wye area to realise the full potential of the development of the Enterprise Zone which will significantly benefit the LEP area as a whole. The review being carried out by Herefordshire Council will determine whether the SLR should remain part of the package or whether other investment would better achieve the outputs identified in the funding agreement for the SWTP or could deliver additional outputs.
8. In order to maintain delivery whilst the review of the southern link road is undertaken, it is proposed to revise the programme in the funding agreement for the project to bring forward the active travel measures. This will benefit the Enterprise Zone and adopt a two phased approach to the draw-down of grant funding. There are advantages of adopting this approach as it will accelerate delivery of the package and growth fund spend. It is possible that additional LEP outputs can be delivered by the project by following this approach.

Phase 1

9. The development of the SWTP to date has included the implementation of the SLR planning consent, development and delivery of the Active Travel Measures (ATM) package of improvements as phase 1 of the South Wye Transport package. Whilst the SLR project is reviewed it would also help to provide confidence to developers to continue investment in the Enterprise Zone and housing delivery.

10. In addition to the work undertaken to date, phase 1 would include the delivery of active travel measures already approved for inclusion in the SWTP based on technical work and public consultation which identified the preferred package. These comprise the following three elements, a. new cycleway and pedestrian improvements on Belmont Road, b. cycleway and pedestrian improvements on Holme Lacy Road and c. a network of quiet routes to the Enterprise Zone within the south wye area.

The delivery of these scheme would result in

A) Provision of 1.2km new high-quality continuous cycleway on Belmont Road which would deliver significant benefits in the south wye area removing a significant barrier to walking and cycling that the existing Belmont Road creates in the south wye area.

B) Cycle and pedestrian improvements for the whole length of Holme Lacy Road to complete a safe and convenient route for sustainable modes from the A49 to the Enterprise Zone. It would provide 1.7km of new cycleway along Holme Lacy Road delivering an attractive dedicated high-quality cycle route for commuters to the Zone and remove a significant barrier at the existing railway bridge over Holme Lacy Road. It would link to the newly opened Straight Mile cycleway and onwards to links across the Zone supporting continued development to the north and south of the site.

C) Improvements to 'quiet routes' to the EZ include a range of improvements to existing on road routes from the wider south wye area to the EZ and would remove barriers currently on these routes which discourage use and would open up possibilities for active travel to a large number of people.

11. Together these three elements would ensure the provision of a high-quality dedicated network for active travel which would support continued sustainable growth of the EZ site and be compatible with the measures being developed by the Lower Bullingham developers. These schemes would represent a significant amount of investment in the sustainable transport infrastructure in the south wye which would not only support the delivery of homes and jobs but would also deliver health benefits with more active forms of travel available, noise and air quality improvements, reductions in severance in communities and would be consistent with the emerging policy regarding carbon reduction and the climate change motion passed by HC in early 2019.

12. The LEP's Enterprise Zone located in Hereford is critical to the economic success of Herefordshire and the wider Marches LEP area, enabling businesses to grow and creating new jobs and investment in the economy. To date the Hereford Enterprise Zone (HEZ) has secured 20 land sales, generated £48m of investment and it is predicted 842 new jobs will be created from the developments brought forward to date.

13. The Enterprise Zone is now moving to a new phase of delivery with the development of a £9million Midlands Centre for Cyber Security and the first purpose-built business incubation space in the Marches LEP area due to open in mid-2020.

14. The Midlands Centre for Cyber security will establish business suites, innovation rooms, IT workshops and a 'Cyber Range' – a cutting edge facility that will defend against the global rise of hacking. Building on local strengths the project will catalyse the development of businesses in a fast-growing major global marketplace creating high value, high tech employment opportunities to the benefit of the Marches as a whole. Cyber Security is identified as a major opportunity in the Strategic Economic Plan and the emerging Local Industrial Strategy.

15. The redevelopment of World War 1 Shell Store into a purpose-built business incubation facility will enable the development of new businesses in the Marches and is the first stage of developing out the 20-acre North Magazine area of the HEZ. The Shell Store will also provide an opportunity for Higher Education

Institutes such as NMiTE to collaborate with businesses enabling their growth and creating new start up business opportunities.

16. The South Wye Transport Package measures will enable the continued development of the HEZ. The sustainable transport measures introduced at the Enterprise Zone to date have been highly successful and the proposed phase 1 improvements would further compliment those already delivered throughout the zone and the Hereford Greenway link into the EZ delivered by the council in 2013. The Enterprise Zone Board are supportive of the continued development of Active Travel Measures which support employers and employees travel to and around the Enterprise Zone. Ensuring enhanced connectivity to Hereford and the wider public transport network will be critical to the HEZ's continued success, in particular realising the full potential of the LEP's investment in the Midlands Centre for Cyber Security and Shell Store developments.
17. The delivery of the Phase 1 would also deliver health benefits / outputs with more active forms of travel available to support people to choose active modes of travel for short distance journeys and commuting to work. Reduced traffic noise and air quality improvements would also be delivered. Severance in local communities in the south wye area would be reduced which would support further sustainable travel to the Enterprise Zone. Advancing investment in these active travel measures would also be consistent with the recent declarations of a Climate Emergency by the Councils in the Marches.

Phase 2

18. It is proposed that progress with Phase 2 be subject to the outcome of the review of the Southern Link Road and the submission of a further proposal from Herefordshire Council regarding the approach to delivering the package and the overall outputs required. It will be necessary for the Board to scrutinise any proposal that were to be presented to ensure it was deliverable and would still achieve the outputs identified for the South Wye Transport Package. Any proposals which are not able to demonstrate they would achieve the objectives identified for the SWTP would need to be considered as part of the open call for capital projects, subject this being agreed by the Board elsewhere on this agenda.

Summary of Phased Approach

Phase 1 (Estimate value £13m) Approx. £10m LEP Funds and £3m Council match	Phase 2 (Estimated value £22m) Approx. £17m LEP Funds and £5m Council match
Project costs to date and delivery of Active Travel Measures currently contained in the approved Package	Delivery of remaining Package element(s) following conclusion of the review of the SLR.
<p>Phase 1:</p> <p>Development of the Southern Link Road detailed design and statutory consents. Development of SWTP full business case. Development and delivery of the preferred package of active travel measures.</p> <p>Actives delivered to date include:</p> <p>Compulsory Purchase Orders confirmed</p> <p>Side Roads Order Confirmed</p> <p>Planning permission in place and implemented</p> <p>Land Purchase/option agreements in place</p> <p>Detailed scheme design</p> <p>Construction Drawings</p> <p>Validated traffic model</p> <p>Business Case development well progressed</p> <p>Consultation</p> <p>Additional draw down would enable:</p> <p>Active Travel Measures detailed design & delivery to include:</p> <ul style="list-style-type: none"> - Holme Lacy Road cycling and walking corridor improvement - Provision of quiet cycle and walking route improvements to the EZ - Belmont Road cycle and pedestrian improvements 	<p>Phase 2:</p> <p>Subject to the review of the SLR this phase would deliver the remaining outputs through either:</p> <ol style="list-style-type: none"> 1. The delivery and completion of the SLR <p>Or</p> <ol style="list-style-type: none"> 2. An expanded programme of Active Travel Measure based on those identified during package development to date. <p>or</p> <ol style="list-style-type: none"> 3. Delivery of new programme of sustainable transport measures which could include major improvements to public transport such as investment in electric bus fleet. <p>In the event that proposals are presented under Option 2 or 3 above, the Board would need to carefully scrutinise whether they would achieve the same level of outputs as currently identified for the SWTP. It is recommended that any proposals which are not able to demonstrate they would achieve the objectives identified for the SWTP, would need to be considered as part of the open call for capital projects.</p>

19. The current growth fund set out the following outputs to be delivered by the SWTP:

Project Name	Deliverables	Values	Agreed Date
South Wye Transport Package	New Home	1,000	2032
South Wye Transport Package	New Jobs	1,000	2032
South Wye Transport Package	Total Length of New Road (km)	3.6	2021
South Wye Transport Package	Public Sector Match	£8,000,000	2021

20. The following are estimated amended outputs associated with the delivery of the SWTP project in the two phases described above. These would be finalised and agreed as part of a variation to the current funding agreement if the Board approves this approach:

Phase 1:

Project Name	Deliverables	Values	Agreed Date
South Wye Transport Package	New Home	350	2032
South Wye Transport Package	New Jobs	350	2032
South Wye Transport Package	Total Length of Improved Road / Cycleway & Pedestrian Improvements(km)	2.9	2021
South Wye Transport Package	Public Sector Match	£3,000,000	2021

Phase 2:

Project Name	Deliverables	Values	Agreed Date
South Wye Transport Package	New Home	650	2032
South Wye Transport Package	New Jobs	650	2032
South Wye Transport Package	Total length of new road (km), Total Length of Improved Road / Cycleway & Pedestrian Improvements(km)	To be confirmed subject to outcome of review	TBC
South Wye Transport Package	Public Sector Match	£5,000,000	TBC

Conclusion

21. The phasing of the project as outlined above represents a pragmatic approach to ensuring the accelerated delivery of LEP outputs whilst allowing some time for review of the SLR to take place. Given the current timescales for Growth Fund spend, the Board is recommended to accept this approach whilst setting a deadline for Herefordshire Council to confirm its preferred approach to delivering phase 2 by 10th January 2020. This would enable the Board to consider whether the full outputs of the SWTP can be achieved or whether the remaining funding should be reallocated at the 27 January 2020 Board meeting. Subject to approval of the Board, the LEP executive would confirm and agree with Herefordshire the details of the revised financial profile and outputs in line with the phased approach outlined above.

Financial implications:

- If the LEP underspends against its Growth Deal allocation, this could impact the level of grant provided by government to the Marches LEP in future.
- The phased approach would enable the release of funding retained by the Department for Transport

Legal Implications:

A revised funding agreement would need to be drawn up to reflect the project being split into the 2 phases if the LEP Board agrees to this approach

Risks, opportunities and impacts:

The LEP Board needs to have an agreed prioritised list of projects in place by mid-January 2020 that will be ready to be contracted and able to spend and defray all funds by March 2021. This is to provide a potential mitigation strategy in the event that the Board does not consider that Herefordshire Council's proposals, when submitted, are able to demonstrate that they will meet the outputs required by the SWTP or that they do not have sufficient confidence that the remaining grant can be defrayed within the funding period.

The LEP needs to ensure any projects selected to use any funds released from Phase 2 address the Growth Deal programme outputs