

## Report to the Cabinet

Meeting to be held on Thursday, 10 August 2017

### Report of the Director of Corporate Commissioning

#### Part I

Electoral Divisions affected:  
Fylde West; St. Annes  
South; and Lytham

#### M55 Heyhouses Link Road

(Appendices 'A' - 'C' refer)

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#### Executive Summary

Approval is sought to allocate £1.7 million from the Integrated Transport block of the capital programme to support the delivery of the M55 Heyhouses Link Road. The scheme at present has an estimated cost of approximately £21.7 million which requires other contributions planned to be provided by Fylde Borough Council, the Lancashire Enterprise Partnership, Highways England, the Department for Transport and Kensington Developments Limited.

The county council's contribution will be subject to all other contributions being secured to fund the estimated scheme cost of the scheme.

This is deemed to be a Key Decision and the provisions of Standing Order No 25 have been complied with.

#### Recommendation

The Cabinet is recommended to:

- (i) Approve the arrangements for the construction of the Heyhouses link road as described in this report.
- (ii) Authorise an allocation of £1.7million from the indicative Department for Transport 2020/21 Integrated Transport allocation of £6.054 million to support the accelerated delivery of the M55 Heyhouses Link Road.
- (iii) Note the county council as scheme promoter would be bearing the financial risk should a scheme outturn cost exceed the value of contributions received.
- (iv) Receive a further report in due course to consider a scheme proposal.

## Background and Advice

The proposed link road would connect the existing roundabout at Whitehills Road to the north with Heyhouses Lane near the Cyprus Point development site to the south. A general arrangement of the scheme is shown at Appendix 'A' and illustrates a single carriageway road built to current highway standards which will facilitate a much more commodious route between the M55 Junction 4 at Peel Hill and the Heyhouses area of St Annes, replacing the substandard Wild Lane/North Houses Lane moss road. This provides significantly improved access by all transport modes to local development sites as well as supporting the tourism sector. It is proposed that the road will have an 'A' classification replacing the existing B5410 over its full length and form part of the draft Lancashire key route network as agreed by Transport for Lancashire and recognising Lytham St Annes as an important economic centre. The link road is included in both the previous and emerging Fylde local plan and is a proposal within the adopted Fylde Coast Transport Masterplan produced by the county council.

Access between the strategic highway network and the Lytham St Annes area using alternative routes is circuitous and congested leading to unreliable journey times. The most direct route via Wild Lane/North Houses Lane is a narrow moss road with limited passing places which has been closed on safety grounds since 2013. Current highway provision cannot satisfy expected network demands resulting from significant employment and housing growth in the immediate vicinity, including the Blackpool Airport Enterprise Zone, Whitehills Business Park and a strategic housing location.

Alternative highway-based interventions have been considered as indicated below:

- Do nothing; this would result in the scheme not being delivered and the area continuing to suffer from congestion, poor connectivity and constrained housing development and employment opportunities. Under this scenario the highway authority would be unable to support development at particular locations as the network would be operating under severely congested conditions.
- Reconstruction of the failed section of Wild Lane; reinstatement of Wild Lane would not secure a suitable all-purpose route, would be an ongoing risk of this and other sections of the road failing in the future would remain.
- Kensington Developments Limited deliver the road; this would be in line with development related trigger points. It is estimated that this could take an additional five years to complete the link road and due to the commercial nature of such development, there is no certainty of scheme delivery.

None of these options overcome the existing issues of congestion in the foreseeable future or act as catalyst to support the development opportunities that are currently constrained.

The mechanism for funding and managing the project as described in this report would give the greatest certainty of scheme delivery and provide scheme

acceleration when compared to the alternative solely of relying on Kensington Development Limited.

The benefits of a link road are that it:

- Improves the commercial viability for Kensington Developments Limited to deliver 1,150 homes at the Queensway residential site
- Enables delivery of Queensway employment site;
- Supports employment of up to 2,000 people by improving accessibility to two existing business parks;
- Provides greater connectivity to Blackpool Airport Enterprise Zone;
- Relieves congestion at M55 Junction 3 and on local corridors;
- Provides a more resilient road network;
- Discourages strategic traffic from using local routes;
- Reduces journey time and length and vehicle emissions;
- Satisfies highway requirements of existing and planned development sites as per the emerging local plan;
- Delivers journey reliability;
- Improves pedestrian, cyclist and equestrian facilities on a parallel route to the new link road;
- Increases GVA by £25m up to 2035.

### **Link Road progress and project management**

The proposed link road underwent a Public Inquiry in January 2012 with planning permission granted at that time to Kensington Developments Limited. Enabling works carried out in 2017 by Kensington Developments Limited have ensured that planning permission remains in place.

The link road scheme is being designed by Kensington Developments Limited's appointed consultant. County council officers are engaged in design review meeting with both Kensington Developments Limited and the consultant to be satisfied as to the efficacy of what will become contract documents for the construction of the road.

It is proposed that the county council be the scheme promoter and would approve contract documents, manage the procurement and award of a works contract, supervise construction and adopt the road as a highway maintainable at public expense upon its completion.

At its meeting on 13 July, Cabinet authorised officers to commence a procurement exercise for the M55 Heyhouses Link Road on the basis that no contractual commitment will be entered into until all the funding has been secured and is available for this project.

A project-specific governance structure is being created based on established and operating arrangements for schemes currently being delivered by the county council. Delivery of the project will be overseen by a Project Board. The Project Board will be responsible for managing the development and delivery of the project and will include representatives from the following organisations.

- Lancashire County Council

- Lancashire Enterprise Partnership
- Fylde Borough Council
- Kensington Developments Ltd

The Project Board will be chaired by the county council. The senior officer responsible for the delivery of the project is Director, Community Services. The project manager will be an officer of the county council.

Prospective funding partners have been identified and are listed in the financial section of this report.

Liaison meetings between officers and Members of Fylde borough council and the county council together with representatives of Kensington Developments Limited and the Lancashire Enterprise Partnership have been taking place on a regular basis since December 2015, which has supported the development of the scheme to this point.

Project milestones are set out in Appendix 'C', based upon these and should all funding contributions be secured to a level which meet the total project cost estimate by March 2018, it is feasible that a contract could be awarded late April 2018. Subject to this, site set up and preliminary works could commence in late June 2018 followed by a 30 month contract period. The road could be completed and open for use in March 2021. The works to convert the existing Wild Lane to a sustainable corridor would be delivered in parallel to the main works and also be completed at the same time.

## **Consultations**

The highway scheme has been subject to a planning application including consultation and a Public Inquiry in January 2012. The link road is included in the previous and emerging Fylde local plan and is within the adopted Fylde Coast Transport Masterplan produced by the county council.

Letters of support for a recent business case submission to the Department for Transport in relation to the National Productivity Investment Fund elicited letters of support from:

- Kensington Development - landowner and developer
- Fylde BC - Local Planning Authority and part funder
- Blackpool and Fylde College
- Homes & Communities Agency - part financier to the developer
- Blackpool Council - adjacent local planning and transport authority
- Lancashire Enterprise Partnership (LEP)
- Mark Menzies MP
- BAE Systems – national employer
- County Councillor Paul Hayhurst (Fylde West)

Other county councillors where divisions will be directly or indirectly influenced by the new link road have been advised on the project.

Further consultations will take place in due course.

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

Notwithstanding the financial contributions that may be secured to part fund the link road, the county council will be responsible for its delivery and bear the financial risk of any cost increases above an approved scheme estimate which would be identified through a further report to Cabinet in due course.

A risk log has been established for the project and is being maintained and has informed the current scheme estimate. Each risk has been evaluated financially having regard to implications. Risks are being monitored and mitigation measures are being put in place as appropriate. A further allowance has been included in the cost estimate to provide full risk coverage at this stage. The value of risk will be kept under review as risks and their value can change. Financial risk will be continued to be evaluated in the later report to consider the scheme proposal. The risk log and summary is attached at Appendix 'B'.

A detailed risk workshop including all relevant stakeholder will be held in September 2017 to assist in refining the risk log and informing the estimated total project cost. Risk monitoring and mitigation will be a key feature of the project for its whole duration.

The link road completion date identified in this report is dependent upon milestones highlighted in Appendix 'C' being satisfied, these are not guaranteed and may be subject to change.

There is a risk of failure to secure the contributions referred to in the financial section of the report to the extent that the estimated project cost is not met.

Failure to secure county council funding will mean that funding from LEP Local Growth Fund will not be secured which would make the scheme unviable.

On the basis that the road is delivered there is no risk of clawback from the Department for Transport or Highways England as funders.

The risk log references the risk of clawback of the LEP contribution as a result of delay in housing delivery. If this risk is not managed by others, there is a risk that the county council as scheme promoter will be required to return the LEP contribution and make an additional financial contribution accordingly. The matter will form part of a further report to Cabinet.

### **Financial**

This report is requesting a county council allocation of £1.7 million from the indicative Department for Transport 2020/21 Integrated Transport allocation of £6.054 million to support the early delivery of the proposed M55 link road with an estimated cost of £21.68 million.

The level of contribution that the county council would make on this basis is the amount estimated to be necessary to fund the reconstruction of the failed section of Wild Lane.

Further contributions are anticipated to be provided as follows:

- £1.0 million from Fylde Borough Council – funding agreed
- £1.98 million from the LEP Local Growth Fund – Funding agreed in principle subject to a Business Case – decision expected end of January 2018
- £5 million Highways England Growth and Housing Fund – Scheme has progressed to second stage of competitive funding process. Investment decision expected in September 2017
- £5 million from the Department for Transport National Productivity Investment Fund – Business case was submitted in July 2017 and decision expected late autumn
- £7.0m Developer (Kensington Developments Limited) – Confirmed

Other local contributions as a result of development may be secured but cannot be guaranteed.

Highways England as prospective gap funder would have first call on any residual funding should the final outturn cost be lower than the approved scheme budget.

### **List of Background Papers**

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None		
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Reason for inclusion in Part II, if appropriate		
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