



CITY DEAL

Preston, South Ribble & Lancashire

CITY DEAL EXECUTIVE AND STEWARDSHIP BOARD

Private and Confidential: NO

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A582 South Ribble Western Distributor - Update

Report Author: Marcus Hudson, Tel: 01772 530696,
marcus.hudson@lancashire.gov.uk

Executive Summary

This report provides an update to the Department for Transport advice regarding the programme period for the Major Road Network and Large Local Major schemes and consequent changes made to the scheme's milestone during 2021.

Recommendation

The City Deal Executive is asked to note the report.

Background and Advice

In July 2020, the City Deal Executive & Stewardship Board was presented with details and costs of activities to be completed in the period to the preparation of the Outline Business Case, anticipated at the time to be completed in March 2021. This timeframe, and indeed the scheme's overall development and construction programme, has been driven by the need to adhere to the Department for Transport's requirement that the scheme will be delivered within the Treasury spend period by March 2025.

In November of last year, the Department for Transport wrote to the county council, as scheme promoter, and to the Department for Business, Energy and Industrial Strategy to clarify the Department's funding arrangements and its timing for this scheme in the context of the City Deal. The correspondence noted the expectation that with November's Spending review likely to provide only one year's funding for this transport programme, the March 2025 date should not be used as an end point for the scheme.

In December, the Department confirmed and expanded on its position in correspondence to all scheme promoters nationwide. This confirmed the Department's position that:

Government remains committed to the Major Road Network and continues to support MRN and Large Local Major schemes... When the MRN/LLM programme was



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launched, it was in the expectation that a funding settlement extending to, and including 2024/25 would be agreed in a forthcoming Spending Review and that the amount of funding available would be £3.5BN over that period.

Given all that has happened over the last year the November 2020 Spending Review has resulted in a one year settlement for 2021/22. Although a multi-year settlement may be possible at a future spending review, it means the process for approving MRN and LLM projects will need to adapt. As such, we are continuing to work with local authority promoters to take forward schemes prioritised for the programme based on the individual project timetables...

Approval of government funding will be dealt with on a case by case basis. You should ignore the end 2024/25 date as this is no longer relevant at the moment.

Changes in the Department's funding timescales has allowed for a review of the scheme's delivery programme, and a refocus of efforts and resources to other projects. This affects the programme and a number of key milestones due to be met during 2021:

- Concluding the design and costing exercise for the A582 and Lancashire Central off-site highway works (collectively contained in the business case for funding) will extend to July 2021 (previously reported to the October meeting as spring 2021);
- Completing the Outline Business Case and its issue by the consultant will be in August 2021. This will allow for these costings to be incorporated into the economic case and will also allow for other additional work expected by the Department following the release of new transport advisory guidance and economic forecasts by the Government (as highlighted at the October meeting);
- Making of the Compulsory Purchase Order will follow the submission of the Outline Business Case and its assessment and acceptance by the Department.

These changes do not result in cost increases for the development work currently approved and budgeted for. This includes the consultancy work to producing the Outline Business Case, which can be sensibly paused to await the outputs of the design and costing exercise.

The submission of both the Outline Business Case and the Compulsory Purchase Order to the Secretary of State will require written confirmation that the scheme is fully funded with the requisite local contribution. This means that the City Deal Executive & Stewardship Board would need to be in a position to approve the full cost of funding for the scheme at the point the Outline Business Case is submitted. The extended timeframe for these milestones may therefore assist efforts to reach a conclusion to the funding position under the City Deal Review.



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Financial Implications

The pause on works to complete the business case will not lead to any abortive work that will need to be redone at a later date, so at this point there is no pressure on the approved spend on business case making and no pressure on the full scheme budget due to this delay.

Legal Implications

There are no specific legal implications in respect of this update report. The county council's legal team will continue to provide support in respect of the Compulsory Purchase Order procedure and in respect of any contractual arrangements required in due course for the scheme implementation.

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A