

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	7 th February 2017
Report of:	Executive Director of Place – Frank Jordan
Subject/Title:	Poynton Relief Road – Statutory Process
Portfolio Holder:	Cllr David Brown – Highways and Infrastructure

1. Report Summary

- 1.1. The Council has set out a clear vision and strategy for employment led economic growth. An important element of this strategy is to improve the Borough's national regional and local infrastructure to improve connectivity.
- 1.2. The Poynton Relief Road (PRR) is an important element of this strategy and is included in the new emerging Local Plan. The scheme will enable job creation, help to deliver housing growth and address longstanding traffic congestion and environmental issues in the village of Poynton. It will also deliver an important component of the wider South East Manchester Multi Modal Strategy (SEMMMS).
- 1.3. The project has been granted planning permission by both Cheshire East Borough Council's Strategic Planning Board and Stockport Metropolitan Borough Council's Planning and Highways Regulation Committee subject to planning conditions and a call in decision by the Secretary of State.
- 1.4. This paper provides an update on the anticipated cost of the scheme and details the funding required in addition to the provisional allocation of central government funding of £22m which has been made available.
- 1.5. This paper also seeks approval, in principle, to the underwriting of the funding gap and to recommend to Council that the scheme budget profile be adjusted accordingly in the Council's Capital Programme so that officers can continue to work towards delivering the scheme.

- 1.6. The report also outlines other potential developer and landowner funding sources which may become available which will reduce the requirement for Council funding. In order for the Council to formally resolve to undertake a CPO process, it is important to demonstrate that the scheme can be funded in advance before any developer income is secured; hence the requirement for the Council to resolve to underwrite, in principle, the potential funding gap.
- 1.7. The paper seeks approval to deliver and fund the adjustments to the design of two key junctions on the (Under Construction) A6 – Manchester Airport Link Road required to accommodate the Poynton Relief Road.

2. Recommendations

It is recommended that Cabinet:

- 2.1. Note the latest total scheme cost estimate of £38,019,000
- 2.2. Note the existing provisional Government Department of Transport (DfT) funding allocation of £22m to the scheme and the processes required to achieve that funding.
- 2.3. Note the £2m held by the Greater Manchester Combined Authority.
- 2.4. Note the maximum resultant funding gap of £14,019,000 which will reduce, as a result of developer contributions the council is able to achieve.
- 2.5. Note the estimated timeline of when the scheme funding is required at Table 1(a) and at Annex A together with the current funding source and shortfall (see Table 1(b))
- 2.6. Approve the underwriting, in principle, of any necessary gap funding required to deliver the proposed new relief road.
- 2.7. Authorise the Executive Director of Place, in consultation with the Director of Legal Services, to negotiate and enter into agreements with key land owners or developers with a view to increasing certainty, as far as is practicable at this stage, as to the level of land owner / developer contributions anticipated as development comes on line.
- 2.8. Authorise the Director of Legal Services in consultation with the Portfolio Holder to finalise the terms of a funding agreement with Stockport Council and / or the Greater Manchester combined authority to provide funding of up to £3.5m towards the Poynton Relief Road, including works to adjust the design of the A6 MARR scheme to facilitate the delivery of Poynton Relief Road

- 2.9. Approve that, as part of the agreement with Stockport Council and / or the Greater Manchester Combined Authority, the works to adjust the design of the A6 MARR scheme, namely capacity improvements to the A34/A555 roundabout and the A555/ A5102 Woodford Road westbound on-slip road are undertaken whilst the A6 MARR scheme is on site and in advance of the delivery of Poynton Relief Road.
- 2.10. Approve that, as part of the agreement with Stockport Council and / or the Greater Manchester Combined Authority, the works to resurface the existing section of the A555 are undertaken whilst the A6 MARR scheme is on site and in advance of the Poynton Relief Road.
- 2.11. Authorise the Head of Strategic Infrastructure to negotiate and agree the cost estimate of these works.
- 2.12. Authorise the Executive Director of Place in discussions with neighbouring authorities, to seek developer contributions to the scheme from development proposals in neighbouring planning authority areas.
- 2.13. Recommend to Full Council that the scheme budget profile be adjusted accordingly in the Council's Capital Programme.

3. Other Options Considered

- 3.1. There are no other identified funding strategy options at this stage.

4. Reasons for Recommendations

- 4.1. This report seeks the approval to underwrite any resultant funding gap between scheme estimated costs and the external funding available.
- 4.2. At this stage funding from developers and landowners from planning obligations emanating from nearby sites or from Community Infrastructure Levy (CIL) contributions to make up the £14m gap cannot be definitely guaranteed as there can be no absolute certainty that development will come forward, even when site become allocated in the Local Plan and planning permission is granted.
- 4.3. To be able to proceed with the necessary statutory orders, there needs to be certainty that the scheme can be delivered even in the absence of any external contributions to the approximately £14m

funding gap. For this reason, it is recommended in this report that the cabinet resolves to underwrite the current estimated total funding gap. This will be an important factor in the determination of any potential objections to the statutory process.

Developer and Landowner Contributions

- 4.4. There are a number of mechanisms by which developer funding may become available to contribute to the scheme. One is via Section 106 contributions from developers / landowners of specific sites which will benefit from the provision of the Relief Road.
- 4.5. Community Infrastructure Levy (CIL) is another potential source of funding from developers of sites throughout the borough. Powers to locally implement the Community Infrastructure Levy (CIL) were included in the Planning Act 2008, and the CIL Regulations were first published in 2010. The CIL is an optional planning charge that Local Authorities are empowered to levy on new developments, with the funds received used to help deliver necessary infrastructure. It would largely replace developer contributions secured through planning obligations applied to planning permissions under Section 106 of the Planning Act 1990.
- 4.6. The Council intends to publish its draft CIL Charging Schedule for Cheshire East developments in February 2017. This will be subject to consultation and formal examination. The detail of how CIL will work alongside S106 obligations, both in the transitional period and after the formal introduction of CIL is not yet determined, but both S106 and CIL will be capable of providing funding to the Relief Road.
- 4.7. Additionally, the recently published draft Greater Manchester Spatial Framework contains proposals for significant development near Poynton which would benefit from the provision of the Relief Road. This report recommends that officers also pursue opportunities for funding for the Poynton Relief Road scheme in discussions with neighbouring planning authorities as the proposals move through the planning process.
- 4.8. Funding opportunities should also be available via S106, CIL or capital receipts from other potential development sites as contributions to this scheme as the project underpins, and is key to delivering, the Local Plan.
- 4.9. The obvious uncertainties regarding the timing of funding given the planning status of the sites under consideration, for the scheme to progress, it is necessary for the Council to underwrite the current funding gap and to forward fund expenditure on the scheme at this stage, until additional external funding can be secured.

- 4.10. Traffic forecasts for the Poynton Relief Road indicate that it will place additional traffic demand on the junction of the A34/A555 and the A555/ A5102 Woodford Road westbound on-slip road.
- 4.11. Officers have agreed in principle with Stockport Metropolitan Borough Council that these adjustments would be undertaken as part of the contract for the A6 MARR scheme. This approach has the advantage of reducing the impact of future additional traffic disruption (in sensitive locations) and as the time between the completion of construction on A6 MARR and the commencement of work on PRR is anticipated to be less than 18 months, avoids the need to potentially have to 'dig up' works undertaken as part of the A6 MARR. Finally, there are clear cost savings to be had in undertaking these works as part of the A6 MARR contract – for example these works can take advantage of existing provision of traffic management.
- 4.12. As such these improvement schemes were included as a 'base' position in the approved planning application for PRR and are therefore a pre-requisite for the delivery of the scheme.
- 4.13. These works on the A6 MARR are included in the overall scheme estimate.

5. Background

Scheme Cost Estimate

- 5.1. The following section of this report sets out the basis upon which the likely level of shortfall funding has been assessed, and discusses some of the variables that will impact upon whether the schemes shortfall funding expectations will be realised.
- 5.2. Table 1a below details the current estimates of the scheme components.
- 5.3. The Quantified Risk Assessment (QRA) has been undertaken in order to determine the amount of risk to be applied to the outline base cost. It includes all types of risk which could affect the cost of the scheme such as planning delay, political decisions, land acquisition issues and legislative delays. The QRA is based on industry knowledge and experience from other, similar schemes which have been recently constructed.
- 5.4. Part 1 Claims are Claims under the Land Compensation Act (1973). This costs has been calculated using the existing number of properties which lie within the immediate vicinity of the new proposed Relief Road. Claims can be made one year post construction and expenditure can occur for up to 7 years after

construction. Given the timescales and level of subjectivity involved, this estimate can be subject to variation through the life of the scheme.

- 5.5. There are other costs outlined in Table 1(a) not considered in the original 2015 scheme estimate. These other costs are required as a result of the planning process such as mitigation measures required in outlying villages resulting from re assignment of existing traffic and additional mitigation measures required on the A523 London Road.

Table 1(a)

Investment Out-turn Cost Component	Calendar Year	Estimated Out-turn Cost
Construction and Preliminaries	2018 – 2019	£23,062,769
Statutory Undertakers Diversions	2018	£3,485,521
Land and Property (Inc. Injurious Affection)	2017 – 2018	£1,850,565
Part 1 Claims	2020 – 2026	£2,068,270
Preparation Costs	2014 – 2017	£2,767,532
Supervision Costs	2018 - 2019	£1,153,138
Quantified Risk Assessment (QRA) Cost	2015 - 2019	£1,581,205
Base Cost (including QRA) Sub Total		£35,969,000
Other scheme Costs not Included in the 2015 Estimate are Outlined Below		
A6MARR Mitigation (A34/A555 junction & A5102 slip road)	2018 - 2019	£1,000,000
A555 resurfacing Works	2018 - 2019	£300,000
Butley Town Junction Improvement	2018 - 2019	£500,000
Adlington / Pott Shrigley / Peak District / Quiet Lane Mitigation	2018 - 2019	£250,000
Sub Total		£2,050,000
Scheme Cost Grand Total		£38,019,000

Table 1(b)

Expected Funding Source	Sum
Local Transport Board (LTB)	£5,600,000
Local Growth Fund (LGF)	£16,400,000
Greater Manchester Combined Authority (GMCA)	£2,000,000
Developer Contribution (Anticipated Section 106 / Community Infrastructure Levy)	£14,019,000
Grand Total	£38,019,000

Department for Transport Approval Process

- 5.6. Poynton Relief Road forms a vital link in the wider infrastructure plan for the borough. It will provide improved highway connectivity for the northern Macclesfield business area and improve the strategic link between the new Manchester Airport Relief Road (A6MARR) (under construction) and junction 17 of the M6 via Congleton.
- 5.7. The Poynton Relief Road achieved Department for Transport (DfT) "Programme Entry" status in the DfT's major schemes programme in July 2014. This means the DfT intend to provide funding, providing there are no significant changes to the scheme and subject to completing a satisfactory Department for Transport Major Scheme Business Case (MSBC) at the appropriate stage and subject to a positive resolution of the Cheshire East and Stockport Borough Councils Strategic Planning Boards to grant planning permission for the scheme.
- 5.8. The next stage in the DfT approval process is Conditional Approval. Conditional Approval can only be applied for once all statutory orders have been obtained. Approval at Conditional Approval stage is a reasonably firm undertaking by the DfT that Full Approval will be granted subject to a small and limited number of conditions.
- 5.9. DfT Full Approval can only be applied for once tenders have been received and a preferred contractor has been selected with a firm and final price. Full Approval is DfT's confirmation that the requested funding to deliver the scheme is available.
- 5.10. Until the DfT confirm that the PRR has "Full Approval" all costs associated with developing the scheme and progressing the DfT bid must be met from the Council's own financial resources.

6. Wards Affected and Local Ward Members

- 6.1. Poynton West and Adlington – Cllr Mike Sewart, Cllr Michael Beanland. Poynton East and Pott Shrigley – Cllr Jos Saunders, Cllr Howard Murray. Prestbury Cllr Paul Findlow.

7. Implications of Recommendations

7.1. Policy Implications

Outcome 1: Our local communities are strong and supportive

Outcome 2: Cheshire East has a strong and resilient Economy

Outcome 3: Cheshire East is a green and sustainable place

Outcome 4: People live well and for longer

7.2 Legal Implications

The main legal implications are set out in the body of the report and relate to the accuracy of the scheme cost estimating and the accuracy of the predicted developer contributions over a longer undefined period of time. Changes such as the introduction of starter homes, and Community Infrastructure Levy (CIL) charging schedules may impact on assumptions made in this report.

It is anticipated that developer contributions in the region of those identified in the body of this report will be recouped, if there is to be sufficient certainty as to the Council's ability to fund the scheme. In order that the acquisition of land using compulsory purchase powers can commence, the Council needs to be prepared to commit to covering any remaining funding gap.

7.3 Financial Implications

Financial implications are dealt with in the main body of the report.

7.4 Equality Implications

There are no equality implications.

7.5 Rural Community Implications

Completion of the Poynton Relief Road will address congestion and facilitate movement across the Borough to the benefit of both urban and rural communities.

7.6 Human Resources Implications

There are no anticipated long term impacts on establishment staffing levels or costs. If additional temporary resources are required these will be met from the project budget.

7.7 Public Health Implications

Completion of the Poynton Relief Road will improve air and noise quality in the town which has a designated Air Quality Management Area thus contributing to the general well-being of local residents and businesses.

7.8. Implications for Children and Young People

No implications for children and young people as distinct from the wider community.

7.9. Other Implications

Not delivering the scheme will present a reputational risk to the Council and will lose the Department of Transports provisional funding allocation of £22m towards the cost of the scheme.

8 Risk Management

8.1 At this stage, the Council is not at risk of being contractually responsible for the underwriting of the expected developer contributions – this situation will only arise if and when the Council enters into a construction contract to deliver the road.

8.2 Likewise, the Council's own capital risk to the project is currently limited to the future project development costs (estimated as £800,000) to take through to the start of construction. This is in addition to the development costs incurred to date.

9 Background papers

None

10 Contact Information

Contact details for this report are as follows :-

Name: Chris Hindle - Head of Strategic Infrastructure
Tel : 01270 686688