

# Cheshire East Council

## Cabinet

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| <b>Date of Meeting:</b>  | 5 <sup>th</sup> December 2017                        |
| <b>Report of:</b>        | Executive Director Place                             |
| <b>Subject/Title:</b>    | North West Crewe Package Scheme Delivery and Funding |
| <b>Portfolio Holder:</b> | Cllr Don Stockton, Environment                       |

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### 1. Report Summary

- 1.1. The Council has set out a clear vision and strategy for sustainable economic growth in the recently adopted Local Plan. A key element of this strategy is a significant investment programme in transport infrastructure to support the housing and jobs in the Borough.
- 1.2. Significant progress has been made in delivering the Council's strategic infrastructure programme. Recent years have seen the completion of schemes such as Crewe Green Link Road, Basford West Spine Road, Alderley Edge Bypass, the M6 Junction 16 and 17 Pinch Point schemes, and the new Rail Exchange and car park interchange facility at Weston Road, Crewe. A number of other schemes in the Council's Local Plan Infrastructure Development Plan are either on site or being developed.
- 1.3. The Leighton West area on the edge of Crewe includes the Leighton strategic housing sites all of which were allocated in the Local Plan. The allocation was supported by a proposal for new highway infrastructure to provide additional capacity on the highway network and access to the new sites. This is referred to as the North West Crewe Package.
- 1.4. The proposal is included in the Infrastructure Delivery Plan and includes; a north-south spine road, the realignment of Smithy Lane, an east-west Link Road from A530 to the Spine Road and a series of junction improvements. A plan is included as Appendix 1.
- 1.5. The North West Crewe Package forms a key part of the Local Plan infrastructure programme for wider Crewe, which will deliver an improved highway network for the town. The benefits of the North West Crewe Package also extend to unlocking a number of other housing and employment Local Plan allocation sites by improving wider traffic movements and transport links, particularly in North Crewe.

- 1.6. As such, the delivery of the North West Crewe Package is important to achieving a supply of development sites in the wider Crewe area and to uphold the Local Plan strategy. The housing sites that would be opened up would also make a significant contribution to maintaining the Council's 5 year housing supply and therefore enable the effective management of any planning applications for land not allocated in the Local Plan. The successful delivery of these sites will also support the emerging strategy development work in the Crewe Masterplan and HS2 Constellation Partnership.
- 1.7. The new infrastructure will also provide a new access to Leighton Hospital. These improvements to the Hospital access junction will provide capacity for the predicted growth in traffic during the Local Plan period up to 2030.
- 1.8. This report sets out a proposed delivery and funding strategy for the package of improvements in support of the masterplan for Leighton. It would minimise the traffic and road safety impacts of the developments by building the road infrastructure in advance of the development. This will also ensure that construction traffic can make use of the new roads.
- 1.9. This report sets out the progress to date with the scheme and makes recommendations to continue work towards the submission of a planning application for all phases of the package next year. A high level programme for delivery is also included.
- 1.10. The report also details the current funding assumptions for the package of works relating to grant funding, developer contributions, capital receipts from Council owned development land and direct Council contribution.

## **2. Recommendation**

### **2.1. The Cabinet is recommended :**

- i. To note the latest total scheme cost estimate for all phases of the North West Crewe infrastructure package is £41.6 million.
- ii. To recommend to Council that the scheme budget profile be adjusted in line with the attached appendices in the Council's capital programme.
- iii. To note that the bid for £5m to the National Productivity Fund (Local Roads element) has been successful and that this money needs to be spent by March 2020.
- iv. To note that a bid has also been made for £10m to the Housing Infrastructure Fund to support this scheme and that the outcome of this bid is expected by the end of this year, but is not guaranteed.
- v. To authorise the Executive Director Place in consultation with the Director of Legal Services and the Portfolio Holder for Environment, to complete the assembly of the necessary land

and third party funding contributions required for delivery of the scheme.

- vi. To authorise the Executive Director Place, in consultation with the Portfolio Holder for Environment to proceed with all necessary technical work for the submission of a planning application and to finalise detailed design for all phases of the works, including site investigation and any required early diversions of statutory undertaker's apparatus, to a maximum scheme budget of £2.53m. (Prior years expenditure is approximately £330k)
- vii. To note that further Cabinet reports will be coming forward with recommendations on the procurement process and the statutory process to deliver this package of works.

### **3. Reasons for Recommendation**

- 3.1. This strategic scheme includes a package of measures in the Leighton area of Crewe which will enable the delivery of the Local Plan allocated strategic sites at Leighton West (850 homes - site ref LPS4), Leighton (500 homes – site ref LPS5). The scheme will accommodate the traffic impacts arising from planned housing growth in the North Crewe corridor, support the proposals for Bentley Motors, address congestion issues in the area and improve access to the hospital.
- 3.2. The Council are owners of a significant element of the Leighton West site, so the development of this site will also generate a capital receipt.
- 3.3. The package of measures include :
  - a new north – south spine road to connect the east-west link road to the new hospital access and to provide access to the Leighton West strategic site.
  - a realigned Smithy Lane to connect the new roundabout above to the A530 and provide a new access to the hospital.
  - a new roundabout on Flowers Lane to serve the Leighton Development.
  - a new east – west link road to connect Minshull New Road to the A530
  - A remodelled junction between Flowers Lane and the A530 and Eardswick lane.

A general arrangement of the proposed scheme is attached as Appendix 1.

- 3.4. Further cabinet reports will follow in due course on the procurement and statutory processes for the package.

- 3.5. The proposal is subject to planning approval and it is envisaged that it will be delivered in 3 phases, subject to funding availability. The first phase of the package, for the delivery of the north-west spine road, realigned Smithy Lane and associated junctions is estimated to cost approximately £20m.
- 3.6. The strategy assumes developer contributions to the package which are consistent with the contributions obtained from other development sites in North Crewe.
- 3.7. The Council recently received the news that a bid for £5m to the Local Roads element of the National Productivity Investment Fund had been successful. This national fund is aimed at removing transport infrastructure related blockages to housing delivery. This element of funding will need to be spent by March 2020.
- 3.8. The Council has also submitted a bid for £10m to the Housing Infrastructure Fund which is another government fund targeted at enabling early delivery of housing development. If successful, this element of funding will need to be spent by March 2021.
- 3.9. This scheme is in the early stages of development prior to a planning submission for the whole package planned for spring 2018. Appendix 2 shows a high level programme and the funding assumptions for all phases of the NW Crewe package based on current cost estimates. It shows how the projected £11m of Council funding (inc prior years expenditure) will be combined with approximately £15m of grant funding and approximately £15m of developer contributions and capital receipts to fund the whole package.
- 3.10. To ensure that the infrastructure can be delivered prior to the housing and therefore in advance of the receipt of the developer contributions, it is envisaged that the Council will forward fund the developer S106 contributions so that contracts for the delivery of the infrastructure can be entered into, subject to planning approval.
- 3.11. Appendix 2 also indicates the cost estimates for each of the proposed phases of the scheme and the assumed allocation of the various funding sources to each phase. The precise timing of the delivery of the phases will depend on detailed traffic modelling work that will accompany the planning applications for the strategic housing sites, the detail of any planning conditions and the rates at which the housing is built out. However, as a minimum it is assumed that Phase 1 (Sections 1 and 2) will need to be delivered in advance of the development so that access can be provided to the Leighton West strategic site to allow construction to commence and to provide the capacity on the local network for the traffic demand created by the new development.
- 3.12. Approval is now sought to progress the scheme to a planning submission in Spring 2018 which will include pre-planning public consultation. This will take scheme expenditure to an estimated £2.53m (including approx. £0.33m prior year expenditure). This budget will also allow some limited

early statutory service diversions if required. Further reports will look at the continuation of the funding strategy once the outcomes of the current bids are known.

#### **4. Other Options Considered**

**Option - Ceasing work on developing the package of highway works.**

**Option - Reducing the Council's contributions to the North West Crewe Infrastructure Package before replacement external funding is identified.**

- 4.1. The options above would put at risk the delivery of this key element of the Council's growth strategy for North Crewe. This would lead to non-achievement of the Council's ambitions for plan led growth as set out in the Local Plan, as the development of the key strategic housing and employment sites enabled by the highway infrastructure could not be demonstrated to be deliverable. This would leave delivery of the Local Plan Strategy at risk, and lead to unwanted planning applications and appeals on land not allocated in the Local Plan.
- 4.2. The Local Plan Strategy was underpinned by evidence that the Council was committed to maintaining a supply of development sites and to meeting the challenge of delivering the transport infrastructure required to enable delivery of those sites as detailed in the Infrastructure Delivery Plan. It is therefore important in terms of maintaining delivery of housing and jobs related growth that the supply of development sites is achieved. The success of the newly adopted Local Plan Strategy is therefore fundamentally linked to the continued commitment to deliver the necessary infrastructure to support the planned growth.

**Option - Halting the forward funding approach to developer contributions so that the contract for delivery of the highway work would not be entered into until the developer contributions have all been received.**

- 4.3. The development of the Leighton West strategic site is dependent for its highway access on the north-south link road, so development of the site cannot progress until the road is constructed (subject to the planning process). The Council is not therefore able to wait for receipt of the S106 developer contributions and the capital receipt before awarding a contract for the delivery of the highway improvement works, so forward funding of this element will be necessary. Forward funding developer/landowner contributions is not guaranteed and therefore the Council would fund this element if less s106 planning obligation contributions are received than predicted.

## 5. Background

- 5.1. The Vision for Crewe identified in the recently adopted Local Plan Strategy is that “by 2030, as a gateway to the North West, Crewe will be a nationally significant economic centre; one of the leading advanced engineering and manufacturing centres in England; and a sought-after place to live and do business in Cheshire.”
- 5.2. As a principal town, Crewe was identified in the Local Plan as being required to accommodate in the order of 65ha of employment land and 7,700 new homes.
- 5.3. To contribute to the required housing supply, in north Crewe, strategic housing allocations were identified in the Local Plan at Leighton West, Leighton, Sydney Road, Broughton Road and Crewe Green, in addition to other previously committed sites in the corridor.
- 5.4. The “Leighton West” strategic site allocation (reference LPS4) for 850 homes and the “Leighton” strategic site allocation (reference LPS5) for 500 homes are both directly unlocked by the North West Crewe package of highway measures. Local plan policies in place for both sites require highway improvements that need to be phased with the development of the site and also delivered through masterplanning of the overall area. Local Plan policies also require both sites to contribute to the highway improvements.

## 6. Wards Affected and Local Ward Members

### 6.1. Wards Affected

- 6.1.1. Leighton Ward

### 6.2. Local Ward Members

- 6.2.1. Cllr. Derek Bebbington.

## 7. Implications of Recommendation

### 7.1. Policy Implications

- 7.1.1. It relates directly to the delivery of the Council's Corporate Plan, **Outcome 2 – Cheshire East has a strong and resilient economy.**
- 7.1.2. The recently adopted Local Plan Strategy is the Council's most important tool for shaping development in Cheshire East over the period to 2030. The Strategy supports the Council's priority of jobs-led growth. The plan has been developed to support the generation of jobs focused around Crewe High Growth City, the M6 Corridor and the North Cheshire Science Corridor. In addition, there is provision for extended employment sites in our main towns.

- 7.1.3. As part of the Local Plan Strategy the Council identified in the Infrastructure Development Plan (July 2016) what infrastructure of strategic significance is needed to support the scale of development proposed and how such infrastructure can be provided. Infrastructure of strategic significance is defined as that which is over and above the normal provision that is part and parcel of developing a site.
- 7.1.4. The North West Crewe Package of schemes is in the Council's strategic highways programme and is included in the Infrastructure Delivery Plan.
- 7.1.5. The North West Crewe Package of new highways and junction improvements is closely linked to the delivery of significant numbers of new houses and to supporting the Bentley Masterplan and is referred to as Local Plan Sites LPS4 Leighton West and LPS5 Leighton.
- 7.1.6. The North West Crewe Package aligns strongly to both the Economic Development Strategy and the Vision and Strategy for Economic Growth.
- 7.1.7. It is included in the Local Transport Plan 2015 Policy B2 – Enabling Development.

## **7.2. Legal Implications**

- 7.2.1. A planning application will need to be submitted prior to any works taking place and any requirements of such permission will need to be met as detailed in that permission.
- 7.2.2. The Heads of Terms and Legal agreements to secure land for the highway infrastructure have yet to be finalised. Further advice will need to be taken once the land issues have been fully investigated. This information will be contained within a subsequent Land and CPO Strategy Report.
- 7.2.3. The Council is subject to strict rules on the pooling of funds through Section 106 agreements and cannot pool more than 5 contributions from such agreements. Additionally, there are some risks in the Council forward funding infrastructure projects on the basis of potential Section 106 funds. For example, the receipt of section 106 monies is conditional on the terms of the individual section 106 agreements and the ability of the developer to pay. There is therefore a risk that valid section 106 agreements never lead to the receipt of funds so this funding stream cannot be absolutely guaranteed at this stage.
- 7.2.4. Use of the National Productivity Investment Fund (NPIF) will be subject to specific conditions of the grant(s). As at the date of this report the specific legal terms are unknown but HM Treasury has indicated that the use of the National Productivity Investment Fund may be assessed by third parties. It is understood that Local Road Network element of NPIF must be spend no later than FY 2019/20 and that the Housing Infrastructure Fund element of NPIF must be spent by FY 2020/21.



- 7.2.5. The Council will therefore need to ensure that the use of the NPIF grant accords with the specific grant conditions and that any third party assessment concurs with the Council's allocation of this funding to the North West Crewe Package of infrastructure works.
- 7.2.6. There is therefore a risk that the NPIF grant is not allocated to the current scheme despite the council's best efforts and that additional funding is required from the Council to complete the scheme.

### **7.3. Financial Implications**

- 7.3.1. The approved 2017-20 Capital Programme includes £1.7m in the current financial year, with £0.33m prior year expenditure. Future years budget totalling £24.7m are included in the Addendum to the capital programme.
- 7.3.2. The revised scheme cost of £41.6m will be included in the 2018/21 Capital Programme Addendum and reported to Council as part of the Medium Term Financial Strategy on 22nd February 2018.
- 7.3.3. The impact of the additional funding requirement from Cheshire East resources will be considered as part of the overall affordability of the capital programme.
- 7.3.4. If, ultimately, the scheme is not funded the resources set aside for the development of the scheme will have to be met from the revenue budget.

### **7.4. Equality Implications**

- 7.4.1. There will be provision in the package of works for non motorised users in line with current design standards.

### **7.5. Rural Community Implications**

- 7.5.1. There will be no rural community implications as a result of this recommendation.

### **7.6. Human Resources Implications**

- 7.6.1. There will be no human resource implications as a result of this recommendation.



## **7.7. Health and Wellbeing Implications**

- 7.7.1. The final design of the scheme will accommodate both pedestrian and cyclists to prevent, so far as is reasonably possible, the new infrastructure acting as a barrier to those wishing to walk or cycle to access North West Crewe inner town centre facilities, Leighton Hospital, residential and employment sites including Bentley Motors.
- 7.7.2. The design will be subject to a safety audit process to ensure that vulnerable road users, including pedestrians and cyclists are taken in to account in the final scheme.
- 7.7.3. The scheme will have environmental benefits, through reducing traffic congestion, improving travel times and reliability and encouraging multi modal forms of transport such as cycling and walking.

## **7.8. Implications for Children and Young People**

- 7.8.1. There will be no implications for children and young people as a result of this recommendation.

## **7.9. Overview and Scrutiny Committee Implications**

- 7.9.1. There will be no scrutiny committee implications as result of this recommendation.

## **7.10. Other Implications (Please Specify)**

- 7.10.1. There will be no other implications as a result of this recommendation.

## **8. Risk Management**

- 8.1. Robust governance arrangements for the scheme have been operating within the Strategic Infrastructure project management framework and a risk register and issues log are in place, which include monitoring and effective control of identified risks and issues.
- 8.2. The assumed funding from Section 106 agreements is not all secured so there remains a funding risk. Mitigation of this risk is underway via close working with the planning team and negotiations with developers to ensure that sufficient contribution will be secured.
- 8.3. Similarly, the outcome of one of the two bids to the National Productivity Investment Fund is not yet known. The project management framework adopted in the Strategic Infrastructure Service includes a gateway review

process that identifies key points in a project lifecycle where approvals are required. These review points will include when the outcomes of the bids are known.

- 8.4. In addition, Local Enterprise Partnership (LEP) funding of £600k is sought as a contribution to the project as the Connect2 cycleway will go through the wider area. A business case to secure the funds is likely to be required to release the funding
- 8.5. Land for delivery of the scheme is dependent on dedication of the route corridor by planning condition when the application for the strategic housing sites are determined by the council. Discussions with the prospective developers are underway on the basis that this condition will be in place.

## **9. Access to Information**

- 9.1. The background papers relating to this report can be inspected by contacting the report writer.

## **10. Contact Information**

Contact details for this report are as follows:

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