

SURREY COUNTY COUNCIL**CABINET****DATE: 13 DECEMBER 2016****REPORT OF: MR PETER MARTIN, DEPUTY LEADER****MR JOHN FUREY, CABINET MEMBER FOR HIGHWAYS,
TRANSPORT AND FLOODING****LEAD OFFICER: TREVOR PUGH, STRATEGIC DIRECTOR, ENVIRONMENT &
INFRASTRUCTURE****SUBJECT: SUPPORTING ECONOMIC GROWTH THROUGH INVESTMENT
IN TRANSPORT AND HIGHWAYS INFRASTRUCTURE -
SCHEMES FOR STAINES AND LEATHERHEAD****SUMMARY OF ISSUE:**

Improving transport infrastructure is a key part of the Council's strategic goal of economic prosperity.

Approval is sought to retrospectively submit a business case to the EM3 Local Enterprise Partnership for Staines STP (Phases 1A and 1B) (EM3 LEP), and approval is also sought to submit a business case to the C2C Local Enterprise Partnership for Greater Leatherhead STP (C2C LEP), as additional schemes for the 2016/17 Strategic Economic Plan (SEP) programme of EM3 and C2C Local Enterprise Partnerships (LEPs).

The Council has been in discussions with the relevant Borough and District Councils to secure local contributions. It is a requirement that the County Council confirms that the specified local financial contribution is available when it submits the business cases.

RECOMMENDATIONS:

It is recommended that the Cabinet agrees to:

1. Retrospective approval to submit a Business case for Staines STP (Phases 1A and 1B) (EM3 LEP), and
2. Approval to submit a business case for Leatherhead STP (subject to local contribution being made available).

REASON FOR RECOMMENDATIONS:

Transport infrastructure schemes are a key element of the Strategic Economic Plan (SEPs), submitted by the Local Enterprise Partnerships (LEPs) to Government in March 2014, which sets out how they will support the economic development and regeneration of their areas. The proposed schemes will deliver a range of benefits to Surrey's residents including reduced congestion; improved journey time reliability;

improved network resilience and safety and improved access for cyclists, pedestrians and buses, as well as enabling economic development and regeneration.

Under the funding arrangements, delivery bodies are required to provide a local contribution for the schemes, to reflect the local benefits that will be provided.

For the Leatherhead STP project, Mole Valley District Council is extremely supportive of the proposed scheme, and is committed to doing all it can to identify local match funding.

DETAILS:

Introduction

1. The estimated scheme costs and position regarding the required local financial contributions for the the Staines and Leatherhead STP schemes are set out in Table 1 below:

Table 1 – Projects fully funded third part local contribution					
Project	Estimated cost £(m)	LGF £(m)	SCC Direct contribution £(m)	External/ Developer contributions £(m)	Comments
Staines STP (Phase 1A)	£3.250	£2.438	£0	£0.812	Local contribution secured
Staines STP (Phase 1B)	£1.700	£1.275	£0	£0.425	Delivery once external local contribution received
Greater Leatherhead STP	£4.880	£4.148	£0	£0.732	PIC £32,000 available MVDC seeking to identify remaining match funding.
Totals	£9.830	£7.861	£0	£1.969	

2. Staines STP (Phases 1A and 1B) will deliver a package of measures for sustainable travel options between Heathrow Airport and the 'wider Staines' area to enable the area to reach its latent growth potential.
3. The impact of the scheme will enhance southern access to Heathrow Airport for pedestrians, cyclists and bus users and encourage a modal shift that will improve the reliability of the local highway network.

4. **Staines STP Phase 1A and Phase 1B** - would be treated as one project under one business case but delivered over four financial years, with a local contribution of 25%.
 - **Phase 1A** - has £0.812m of local contribution with:
 - Heathrow Airport Ltd providing £0.549m,
 - and the remainder £0.263m from S106 developer contributions.
 - **Phase 1B** – requires £0.425m local contribution that is anticipated to be received in the near future from developer contributions and London Buses. Once this has been received, this phase of the work can proceed towards delivery. With this phased approach zero direct Surrey CC local contribution is required. The business case was submitted on 30 September 2016.
5. The business case was submitted on 30 September 2016 subject to Cabinet approval in order to meet the EM3 LEP deadlines, and retrospective approval is sought.
6. **The Greater Leatherhead STP** focuses on two key routes for walking and cycling. The first route provides improved connectivity between Fetcham and Leatherhead town centre and the railway station.
7. The second route provides improved sustainable transport access from the business parks in North Leatherhead, home to a significant number of businesses with over 11,000 employees to Leatherhead railway station and onwards into Leatherhead town centre.
 - **Greater Leatherhead STP** - A local contribution of £0.732m (15%) is required for this scheme to proceed. Mole Valley District Council is extremely supportive of the proposed scheme, and is committed to doing all it can to identify local match funding. The scheme will only proceed once the required financial contribution has been secured.

CONSULTATION:

8. The proposed schemes have been developed in consultation with Borough and District partners and have been noted to the LEPs and the neighbouring Local Transport Authorities through the Strategic Economic Plans (SEPs) process as indicated previously.
9. Officers from relevant Boroughs and Districts have been kept informed and engaged in the preparation of the business cases for the schemes through participation on the governance boards for schemes/ scheme clusters.
10. All the expressions of interest that were included in the Strategic Economic Plans submitted to Government are already publicly available on both the EM3 and C2C LEP websites. Where schemes are submitted as business cases these will also be published on the LEP websites.
11. All business cases are subject to up to 12 week public consultation period run by the LEPs, the results of which will be used by the LEPs as part of their independent assurance process.

12. A consultation for Staines STP (Phases 1A and 1B) was carried out during the Spring of 2016 and a consultation for the Leatherhead STP has recently been completed. The feedback is fed into the development of the schemes up to the point they are to be submitted to the LEPs as business cases.
13. This includes all required and necessary consultation with statutory agencies, such as the Highways England, Network Rail and the Environment Agency etc. as well as with statutory undertakers (utility operators) as appropriate to each scheme.
14. The Cabinet should also note that any further statutory consultation will happen once the detailed scheme designs are ready.

Reference to these projects can be found on the Surrey County Council Major Transport schemes web site: <http://www.surreycc.gov.uk/roads-and-transport/roads-and-transport-policies-plans-and-consultations/major-transport-projects>

RISK MANAGEMENT AND IMPLICATIONS:

15. The scheme costs set out in this report are estimates that were reviewed in 2016, based on outline scheme designs. Whilst they include a contingency sum and optimism bias, there is a risk that these costs could increase once the designs are finalised and procurement processes run. If costs increase, such that the local contribution required would exceed the amount stated in this report, then the following mitigation strategies would apply:
 - Further value engineering exercises would be undertaken as the design is developed to see if scheme costs could be brought down without reducing the scope of the scheme.
 - If scheme costs cannot be reduced then the scope of the scheme would be reviewed to see if the primary benefits could still be realised but with a reduced scheme.
 - If it is not possible to reduce the scheme cost in either of these ways, then Surrey CC would engage with the LEPs and the relevant borough/district to establish whether they are able to increase their contribution.

16. If, after following the steps above, the scheme would still require a contribution from Surrey County Council, then a further decision on this would be sought from the Cabinet.

Financial and Value for Money Implications:

17. The proposed transport schemes will deliver significant benefits to Surrey and, depending on the type of scheme, 75% or 85% of their estimated capital cost will be provided by LEP. Therefore, the required local contribution represents good value for money for Surrey residents.
18. Local contributions for both schemes are being met by partner contributions, S106 developer contributions and/or other sources as indicated in Table 1. However, the details presented in Table 1 reflect the position as at the writing of this report. Expectations are that additional contributions may become available from third parties as the schemes are being prepared.
19. In order to optimise value for money, robust procurement will be undertaken for each of the schemes and approval to award the contracts will be sought as required under the Council's constitution.

Section 151 Officer Commentary

20. The schemes in this report are recommended on the basis that the required funding contributions can be secured from partners or developer funding, and will not require a financial contribution from the County Council. Nevertheless the Section 151 Officer notes that financial risks do apply. Scheme costs are estimated and would be expected to evolve as schemes are designed and procured, whereas grant funding is likely to be fixed. Therefore, subject to the mitigation strategy outlined in this report, any increase in costs may result in an increase in the total contribution required. In recognition of this, scheme estimates include appropriate allowances for risk. The Council would also need to meet future maintenance costs of any new infrastructure resulting from these schemes, although it will also benefit from reduced costs associated with renewed assets.
21. The County Council is facing a very serious financial situation, whereby it is forecasting a significant revenue budget overspending in this year, and does not have a balanced nor sustainable budget plan for future years. It is therefore imperative that consideration be given to the strategy for funding future schemes, including contributions from partners and the utilisation of new funding streams.

Legal Implications – Monitoring Officer

22. The report sets out the process by which relevant schemes have already been identified and these are schemes which have been the subject of consultation and may need to have further public consultation, if required, before final approval by the LEPs. The LEPs will need to take account of the results of those consultations when finalising their views.

Equalities and Diversity

23. An initial equalities and diversity screening was carried out in advance of the report to Cabinet of 27 November 2012 which indicated that a full Equalities Impact Assessment was not required. However, project specific equality and diversity screening is to be undertaken as part of the development of each project. All the proposed schemes seek to eliminate any perceived and/or actual inequalities through compliance with up to date design standards which address disabled access and social inclusivity. Improved crossing facilities and disabled access will be provided at pedestrian crossings and junctions, wherever appropriate.

Public Health / Climate change / carbon emissions implications

24. A key objective of many of the proposed schemes, in particular the Sustainable Transport Package Schemes (STP), is to reduce carbon emissions through a combination of reduced vehicle delays, improvements to public transport and encouraging alternative modes of transport to motorised vehicles. In addition to this, improvements in public health can be gained through more walking and cycling.

WHAT HAPPENS NEXT:

25. **For C2C LEP:** Business case for the Greater Leatherhead STP projects are expected to be submitted to the LEP during the winter of 2016/17. The LEP decision could be expected during February 2017.
- For EM3 LEP:** The Business case for 'Wider Staines STP (phase 1)' scheme was submitted on 30 September 2016, subject to approval by Cabinet, to meet the EM3 deadline. The LEP decision can be expected by mid January 2017.
25. Detailed design and procurement for the schemes will commence following approval from the LEP and once the required financial contributions have been secured.. The costs for Detailed Design, Construction, Project Management and Supervision can be reclaimed from the LEP. These costs have been included in the scheme cost estimate submitted in the business cases.
26. Following final approval by the LEPs of the business cases, all partner organisations will be informed of the outcomes. Cabinet Members and Local Members will also be updated by the Cabinet Member for Highways, Transport and Flooding, and the Strategic Director of Environment and Infrastructure. If appropriate, further report or reports to Cabinet may be required to gain approval to start work.

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Consulted:

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Details of external consultation and future consultation arrangements are covered in the Consultation section of this paper.

Annexes: None

Sources/background papers: None

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