

23rd September 2019

LGF CAPITAL PROGRAMME APPROVALS

Purpose of Report

The paper requests approval of one LGF change request for Upper Don Valley and provides an update on the retained major project 'A630: Parkway Widening' whose Business Case is due to be submitted to Department of Transport (DfT) in October 2019.

Thematic Priority

To secure investment in infrastructure where it will do most to support growth.

Freedom of Information and Schedule 12A of the Local Government Act 1972

The paper will be available under the Combined Authority Publication Scheme

Recommendations

The SCR MCA consider and approve:

1. The change proposed to the existing contract 'Upper Don Valley Flood Alleviation Scheme' which re-profiles £2.3m LGF expenditure from 2019/20 to 2020/21 subject to the conditions set out in this paper.
2. Delegated Authority to the Head of Paid of Service, in conjunction with the Section 73 Officer and the Monitoring Officer, to enter into the contractual arrangements required as a result of the above approval.

The SCR MCA to note:

1. The submission of the retained major 'A630: Sheffield Parkway Widening' full business case to DfT for formal appraisal. On satisfactory conclusion of the DfT appraisal the ringfenced £40.5m SCR MCA will be asked to enter into contractual arrangements as a result of the approval at a future meeting.

1. Introduction

- 1.1 The SCR LGF Programme has a total value of £378m of which £304m is already contracted and partially delivered. This paper requests approval to a change proposed in an existing contracted project, 'Upper Don Valley: Flood Alleviation'.
- 1.2 £40.5m of the remaining £74m is ringfenced for the retained major transport project 'A630: Parkway Widening' and this paper updates on progress towards scheme approval and contract.

2. Proposal and justification

2.1 Upper Don Valley Flood Alleviation Scheme

The Upper Don Valley Flood Alleviation grant was approved by the MCA on 11th June 2018 to manage flood risk in the strategically important Upper Don Valley, which in itself is part of a wider programme to protect the city.

The project experienced delays in securing match funding to enable the scheme to proceed and as a result has proposed a slippage in expenditure. The existing and proposed funding profile is detailed in the table below:

	2018/19	2019/20	2020/21	Total
Grant Agreement	£519,000	£2,941,000	£0	£3,460,000
Change Request	£519,000	£641,000	£2,300,000	£3,460,000
Variance	£0	- £2,300,000	+ £2,300,000	£0

The change request is recommended for approval subject to the following conditions:

1. Enhanced monthly monitoring including;
2. Sheffield City Council to provide procurement milestones; and
3. Sheffield City Council to provide a formal works programme upon appointment of the contractor.

The SCR MCA are asked to approve the change request so that a revised funding agreement can be entered into.

2.2 Parkway Widening

£40.5m of the Local Growth Fund (LGF) allocated to SCR is ringfenced to deliver the A630 Parkway widening scheme, which aims to increase the capacity of the Parkway and J33 of the M1. This is a “retained major” transport project which means that DfT will undertake appraisal of the project business case rather than the SCR Assurance Team and the decision to approve the project and grant funding has been retained by DfT.

A Full Business Case (FBC) is to be submitted to DfT on 15th October 2019 and the scheme promoter is now preparing the final draft. The SCR Executive team is working alongside the scheme promoter as a critical friend to review the business case and finalise the submission in line with government requirements.

At the time of writing, the final tender price is still awaited and hence the final benefit to cost ratio (BCR) cannot yet be confirmed. The need to submit the FBC in October is based on a programme requirement to provide DfT with a suitable assessment window prior to potential approval before the Christmas break. This enables works to commence on site early 2020 and for the scheme to open to traffic in August 2021.

The SCR MCA is asked to note the submission of a Full Business Case for appraisal and approval by DfT.

If the project is approved by DfT, Leaders will be advised and if necessary approval of any funding conditions and contractual arrangements will be sought.

3. Consideration of alternative approaches

- 3.1 If the Upper Don Valley Flood Alleviation change request is rejected, then the scheme may not be deliverable within the yearly funding drawdown allocations currently contracted. This could result in a return of £3.46m to the uncontracted pipeline.

4. Implications

4.1 Financial

The change approval requested in this paper will not increase the overall funding commitment of the LGF Programme as the project was contracted in March 2019.

4.2 Legal

The legal implications of each project have been fully considered by a representative of the Monitoring Officer and included in the recommendations agreed by the Appraisal Panel as presented in the supporting information.

4.3 Risk Management

Risks and Issues management is reported quarterly to the SCR Executive. The A630 Parkway Widening scheme is currently mitigating risks of affordability and DfT funding availability through continued liaison with DfT and estimates incorporating inflation and contingency. The issue of re-profiling UDV grant funding could have the consequence of the project being aborted.

4.4 Equality, Diversity and Social Inclusion

The principles of equality, diversity and social inclusion are built into the application process of individual projects and continue to be considered and addressed by all applications.

5. Communications

- 5.1 The subsequent approval of the A630 Parkway Widening business case presents an opportunity for positive communications; officers from the SCR Executive Team will work with the relevant local authority officers on joint communications activity.

6. Appendices/Annexes

- 6.1 None

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: