

Birmingham City Council

Report to Cabinet

16 March 2021



Subject: A457 Dudley Road Improvement Revised Scheme Update Report

Report of: Acting Director, Inclusive Growth

Relevant Cabinet Member: Councillor Waseem Zaffar – Transport and Environment
Councillor Tristan Chatfield – Finance and Resources
Councillor Sharon Thompson - Homes and Neighbourhoods

Relevant O & S Chair(s): Councillor Liz Clements – Sustainability and Transport
Councillor Sir Albert Bore – Resources
Councillor Penny Holbrook – Housing and Neighbourhoods

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s): Soho & Jewellery Quarter, Ladywood and North Edgbaston		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 008402/2021		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential: Exempt Appendix I - Exempt information paragraph 3. Information relating to the financial or business affairs of any particular person (including the Council).		

1 Executive Summary

- 1.1 This report seeks to update Cabinet on the progress of the Dudley Road Improvement Scheme and seek approval to the Revised Scheme Design and the recommended option as a 'shelf ready' scheme, at a total estimated

capital cost of £29.935m, in line with the Outline Business Case (OBC) approved by Cabinet on 10th November 2020. It should be noted that the delivery of the Main Scheme Works will be subject to approval of a subsequent Full Business Case (FBC) when funding has been identified and secured.

- 1.2 The key benefits of the Original Scheme remain unchanged under the Revised Scheme, supporting and protecting the city's growth objectives within the Greater Icknield area, in terms of enabling access to key development sites which will bring forward approximately 3,000 new homes along with other local facilities and employment opportunities. It is part of a wider growth corridor, and along with development sites in Sandwell, there is potential to deliver over 5,000 homes in the Greater Icknield and Smethwick areas. The scheme also reduces traffic congestion ensuring that traffic is moving efficiently along the corridor which is also a blue route for the emergency services.
- 1.3 In addition, the Revised Scheme provides improvements for public transport, pedestrians and cyclists to align with the Emergency Transport Plan and Active Travel Plan introduced following Covid-19 and aspires towards the longer-term priorities of the Council in terms of sustainable transport and working towards net zero carbon by 2030.
- 1.4 This report seeks approval of the appropriation of approximately 3,485m² of land from the Neighbourhoods Directorate (some of which sits within the Housing Revenue Account) to the Highways division within the Inclusive Growth Directorate to facilitate the delivery of the Revised Scheme.
- 1.5 The report notes that £6.494m of funding was approved by Cabinet in the Outline Business Case for the Dudley Road Improvement Revised Scheme, including £5.043m GBSLEP funding to complete a shelf ready scheme by March 2021. Expenditure on this element of the overall scheme to the 31st March 2021 is estimated at £5.515m and the remaining £0.979m has been reprofiled into the 2021/22 financial year to cover the cost of remaining land acquisition and finishing off the detailed bridge design.
- 1.6 The report includes the opportunity to deliver the Western Road Junction as Phase 1 Advanced Works at a total estimated capital cost of £5.100m ahead of the Main Scheme Works. This is subject to submission of a separate Cabinet Report and FBC. If the Western Road Phase 1 Advanced Works are not approved by Cabinet, they will still be delivered later than planned as part of the Main Scheme Works.

2 Recommendations

- 2.1 Approves the A457 Dudley Road Improvement Revised Scheme Design as a 'shelf ready' scheme at a total estimated capital cost of £29.935m, as shown on the scheme plan in Appendix D, noting that this is in line with the

preferred option approved by Cabinet in the OBC for the Dudley Road Improvement Revised Scheme on 10th November 2020. It should be noted that the delivery of the Main Scheme Works will be subject to approval of a subsequent Full Business Case (FBC) when funding has been identified and secured as per recommendation 2.3.

- 2.2 Approves further work to update the Major Scheme Business Case (MSBC) to reflect the Revised Scheme for submission to the Department for Transport (DfT) to seek funding to enable delivery of the Main Scheme Works.
- 2.3 Subject to approval of the MSBC and a successful funding bid to DfT, delegates authority to the Assistant Director, Transport and Connectivity and the Interim Chief Finance Officer to accept DfT grant funding and to enter into the associated Funding Agreement, subject to the final terms and conditions being acceptable.
- 2.4 Approves the award of a contract by direct award using the Crown Commercial Services Project Management and Design Services to Aecom Ltd for the provision of the professional services for the development of the structural bridge designs for the scheme and for the completion of the scheme.
- 2.5 Notes as approved by Cabinet in the Outline Business Case for the Dudley Road Improvement Revised Scheme on 10th November 2020, the authorisation to the Assistant Director Property Services to negotiate and complete the acquisition (and disposal if required) of any remaining interests in 2021 at an estimated cost of £0.600m funded from the remaining approved budget for scheme development as per the OBC, to facilitate the building of the new highway including easements and drainage in the adjoining land connected to the scheme, in advance of and alongside the confirmation of the Compulsory Purchase Order and to agree costs and compensation relating to the Compulsory Purchase Order.
- 2.6 Approves the appropriation and change of function from housing under the Housing Act 1985 to highways under the Highways Act 1980 of 631.8 m² of land held within the Housing Revenue Account to the General Fund as a one off capital sum value of £8, 828, and the transfer of circa 2,853m² of Public Open Space from the Neighbourhoods Directorate to the Highways division within the Inclusive Growth Directorate as a one off capital sum to a value of £39,942, as shown on the drawings numbered CA-02715_S1_083, 084 and 085 RevA Land appropriation in Appendix F, subject to the Council being satisfied that the land is no longer required for its current functions, with the overall market value of £48,770, subject to the procedure at 2.5 having been followed.
- 2.7 Authorises the Assistant Director of Transport and Connectivity to complete the transfer of land and dedicate as Highway Maintainable at Public Expense

(HMPE) to facilitate the building of the new carriageway, footway including easements and drainage in the adjoining land connected to the scheme, and authorise the City Solicitor to complete such acquisition and disposal or easement and seal any documents in connection therewith.

- 2.8 Authorises the Assistant Director of Property Services to pay statutory home loss, basic loss and negotiate disturbance compensation to all qualifying owners and tenants.
- 2.9 Delegates authority to the City Solicitor to carry out any necessary modifications required by the Department for Transport to modify the Side Roads Order made on the 12th September 2019 and the existing Compulsory Purchase Order (CPO) made on 4th November 2019.
- 2.10 Approves the making of a new CPO in principle under sections 239, 240 and 250 of the Highways Act 1980 in respect of the additional land required for the revised scheme shown on drawings in Appendix D and any related Side Road Order if required to support negotiations to acquire by agreement and allow implementation of the revised scheme.
- 2.11 Authorises the Acting City Solicitor (or their delegate) to complete all relevant documents necessary to give effect to the above recommended decisions.

3 Background

- 3.1 The A457 corridor is approximately 2km long from Ladywood Middleway/Spring Hill junction on the ring road to Cape Hill near the boundary with Sandwell Metropolitan Borough Council (MBC). The A457 forms part of Birmingham's Strategic Highway Network and provides a key arterial route from the Black Country into central Birmingham. The road is heavily used by both local and through traffic and forms part of the emergency vehicle route to the M5 Motorway. The section of the Dudley Road corridor proposed for improvement is from Spring Hill junction to the Sandwell boundary. The poor standard and inefficient operation of this section of the Dudley Road, together with associated environmental deterioration and poor accessibility for users, makes the corridor an unattractive route to and from the city particularly at peak times. Delays as a result of congestion significantly add to business costs and discourage businesses from investing and locating in this area, as well as adversely impacting on access to employment opportunities for local residents.
- 3.2 The impact of Covid and the adoption of the Birmingham Emergency Transport Plan, meant the Dudley Road Original Improvement Scheme was no longer deliverable and funding could not be secured to deliver the scheme as the Major Scheme Business Case (MSBC) could not be submitted within the required timescale. As such, a Revised Scheme has been developed, which incorporates numerous key elements of the Original Scheme.

3.3 The Outline Business Case (OBC) for the Dudley Road Revised Improvement Scheme was approved by Cabinet on 10th November 2020 with the following recommendations:

- Progress the project to detailed design
- Proceed with the Public Consultation
- Submit bids for additional resources as identified to address the current estimated funding gap
- Accept £5.043m LGF from the GBSLEP and to enter into the associated Funding Agreement to facilitate development and land acquisition
- Development, demolition, remediation, further investigative surveys, and advanced utilities work as appropriate,
- Acquisition (and disposal if required) of any interest to facilitate the development of the scheme,
- Negotiate and complete the acquisition (and disposal if required) of any interest to facilitate the building of the improved highway including easements and drainage in the adjoining land connected to the revised scheme,
- Procurement activities for the demolition and remediation of the MOT garage and various adjacent retail properties,
- Progress an agreement with the Canal and River Trust for a deed of indemnity to enable widening over the Lee Bridge to be implemented as part of the revised scheme,
- Advertise the loss of Public Open Space.

3.4 The Revised Scheme is split into 3 elements

- Development of a shelf ready scheme (including previous years expenditure) - £6.494m.
- Delivery of the Western Road Junction Scheme as Phase 1 Advanced Works - £5.100m (subject to a S278 private development contribution of £1.800m). This is the subject of a separate Cabinet report on this agenda.
- Delivery of the Main Scheme - £18.341m (subject to a future FBC once funding is secured). If approval of the Western Road Junction as Advanced Works is not granted by Cabinet, the works will be undertaken as part of the Main Scheme Works, which will increase the estimated costs of this element to £23.441m.

3.5 A full public consultation on the Revised Scheme, including stakeholders, was undertaken between 17th November 2020 and 15th December 2020

(see section 5 below). A detailed report of the consultation responses is provided in Appendix E.

- 3.6 The detailed design of the Revised Scheme has progressed through to preliminary design and is on target to complete the highway element of the detailed design by the end of March 2021. The Bridge design is forecast to conclude in April/May 2021.
- 3.7 Preparation of the MSBC to the Department for Transport (DfT) has been progressing since 2018 and prepared in accordance with the DfT's, 'The Transport Business Case' and WebTAG (Web-based Transport Analysis Guidance), which provides information on the role of transport modelling and appraisal, and how the transport appraisal process supports the development of investment decisions to support the business case. The draft MSBC report will require updating in line with the Revised Scheme and as such, the existing consultants will need to be retained and procured to facilitate completion of the report ready for submission.
- 3.8 A significant proportion of 3rd party private land has now been negotiated and acquired. Out of the 28 parcels of land needed to be acquired along the scheme corridor, the City Council has completed the acquisition of 16 land parcels with 12 outstanding. Negotiations continue for the remaining pieces of land.
- 3.9 Demolition works will be undertaken by McPhillips as part of the works contract following Cabinet approval of the PDD in 2019 and some investigative survey works have been undertaken with the remainder to be completed in Spring 2021. This includes the demolition and remediation of the MOT garage (dependent upon the outcome of the negotiation various adjacent retail properties, with a voluntary resolution to be in place by April 2021. If negotiations fail, the City Council will progress for acquisition via a Compulsory Purchase Order. In order for the scheme to be delivered it will be necessary to transfer 3,485m² of land (some of which sits within the Housing Revenue Account, but no part of which consists of a house or part of a house) held within the Neighbourhoods Directorate including circa 2,853m² of Public Open Space, as shown on the drawings in Appendix F. The Neighbourhoods Directorate has confirmed that the transfer of the housing land will have no detrimental impact on the future development potential of the remaining land. The appropriation of land from the Neighbourhoods Directorate will be at the current market value of £48,770.
- 3.10 Public Open Space notices were advertised for the loss of public open space on 14th January 2021. No objections have been received to date within the statutory objection period and the appropriations from Neighbourhoods Directorate to Inclusive Growth Directorate for Transportation use under the Highways Act 1980 is ready for progression.

- 3.11 The Side Road Order (SRO) to deal with side roads and private means of access for people/businesses affected by the proposals was made on 12th September 2019 and the Compulsory Purchase Order (CPO) for the acquisition of private land and property interests was made on 4th November 2019 with both being submitted to the Secretary of State for Transport and a planned Public Inquiry was scheduled on the 12th and 13th May 2020. Due to Covid19 this has been postponed and the Side Roads Order will need to be modified if the revised scheme is implemented following confirmation of funding. Under the new scheme the revised proposals to provide new segregated cycleways to maintain social distancing and a new Bus Lane will require additional land. As a result, a new SRO and CPO will be required in respect of any new additional land required. In addition, due to legal technicalities associated with the variations to the existing side roads a new CPO and Side Roads Order may be required for the entirety of the revised scheme.
- 3.12 The existing CPO does not meet the requirements of the Revised Scheme as additional land is required; in particular, land required from the Lidl store, the Builders Merchant adjacent to the Soho Loop Development to facilitate the new foot bridge and additional land required from the hospital to facilitate continuity of provision for segregated cycling. Therefore, the current order will be held in abeyance to allow for negotiated agreements and if required a new CPO/SRO (Side Roads Order) will be advertised.
- 3.13 Should a new CPO be sought, a key DfT requirement is to ensure that an unhindered scheme is deliverable. In order to meet this requirement for the revised scheme, it is necessary to obtain approval in principle (AIP) from the three asset owners of the existing Lee Bridge and Spring Hill structures, namely Birmingham City Council, the Canal and River Trust and Network Rail. AIPs are programmed to be approved by March 2021. The next stage is to approve the mitigation measures and progress Stage 2 of the AIPs for design by Autumn 2021.
- 3.14 The locations covered by this report are principally within areas of highway maintainable at public expense (HMPE) and planning or other consents are generally not required. However, in order to accommodate widening of the highway and cycle track along the Dudley Road corridor it will require the transfer of 3,485m² of additional land to HMPE as detailed in paragraph 3.10 and Appendix F.
- 3.15 Funding opportunities to deliver the Main Scheme Works are continually being sought with a possibility of targeting the Levelling Up Fund Allocation from Central Government when made available

4 Options Considered and Recommended Proposal

- 4.1 The options appraisal for the Revised Scheme approved by Cabinet on 10th November 2020 considered four options,

- Option 1 the original scheme (do minimum + segregated cycling);
- Option 2 the revised scheme (do maximum);
- Option 3 deliver the Western Road Junction in line with the Revised Scheme (do minimum); and
- Option 4 to cease the scheme (do nothing).

Option 2 is being taken forward as it offered, on balance, the best value for money in meeting the requirements and was agreed by the Leader of the Council, Cabinet Member for Transport and Environment, Ward Councillors and stakeholders as it aligns with the Council's long-term objectives.

5 Consultation

- 5.1 A full public consultation including stakeholders was undertaken between 17th November 2020 and 15th December 2020. 104 responses were received via BeHeard, e-mail and consultation events, which included cycling groups and other key stakeholders. Analysis of the consultation responses showed 61.01% either fully support the proposals or partially support the proposals subject to minor amendments. Details of feedback provided are in Appendix E.
- 5.2 The project officers contacted property owners/occupiers whose land or property is directly affected by the proposals and subject of the CPO to commence negotiations for acquisition in November 2019 (associated with the original scheme approved by Cabinet in June 2018 and subsequently May 2019).
- 5.3 As a result of the feedback received to the consultation some modifications to the scheme have been made as described in Appendix E.
- 5.4 Agreement has been reached with the Assistant Director of Property Services in respect of the transfer of 3,485m² of land to Highways Maintainable at Public Expense (HMPE).

6 Risk Management

6.1 Key Risks (The risks and mitigation measures are detailed in Appendix B):

- Impact of coronavirus – this is a significant ongoing risk and has resulted in the Original Scheme being reviewed and a Revised Scheme being developed. The risk relates to an increase in project costs, causing supply chain risk including material and resource shortages and delayed approval of the future FBC. This will be mitigated by identifying the extent of any delivery impacts across the scheme to gain an understanding of where delivery timescales can be reviewed/re-prioritised, in order to address any delays to procedures. Costs will be continually reviewed and are provided in section 7.3.1.

- However, conversely this risk will result in an opportunity to finalise agreements for land acquisition with the Statutory Objectors, which may result in the Public Inquiry not being required, which in turn could accelerate the programme.
- Impact of coronavirus and Brexit, may cause third party delays due to lack of resource, lack of material availability with a consequential increase in project costs, delay in programme;
- Delay in Land Acquisition/CPO causing further slippage to the programme. Property Services are in negotiations with landowners via legal services for the remaining pieces of land, in the hope of reaching an agreement for voluntary acquisition. The revised scheme has resulted in the current CPO being reviewed as additional land is required for the revised scheme.
- The existing Lee Canal Bridge is approximately 180 years old and requires assessment and monitoring with regards to implementation of the scheme. There is a risk that the highway works will increase the load on the structure which may result in structural damage, Canal and River Trust have requested a deed of indemnity from the City to cover mitigation. The risk will be reduced by monitoring the movement on the bridge prior to construction phase, this will help to identify if there is an existing issue and where the liability lies. A structural strengthening design is being undertaken to mitigate the requirement for an indemnity removing any future liability, responsibility and costs and will be detailed in a future FBC relating to the Revised Scheme planned for approval by Cabinet expected in summer/autumn 2021. Further details are provided in Lee Bridge Technical Note Appendix H.
- Objections to Traffic Regulation Orders delay delivery. Ongoing internal consultation prior to advertising orders to minimize objections.

6.2 Risks will be managed through bi-weekly progress meetings between the City Council and all stakeholders including the contractor.

6.3 Key Issue:

- Birmingham City Hospital were due to have relocated by 2018. However, it is now anticipated that the relocation will not have taken place by spring/summer 2022, which may result in a delay to the delivery of the final section of the project that requires an area of operational hospital land. The works have been reprogrammed to take this into account.

7 Compliance Issues:

7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

7.1.1 The proposals set out in this report will support the delivery of the Council Plan 2018-2022 (as updated in 2019), specifically:

- **Outcome 1 - An entrepreneurial city to learn, work and invest in**, particularly *'We will develop our transport infrastructure, keeping the city moving through walking, cycling and improved public transport'* and *'We will create opportunities for local people to develop skills and make the best of economic growth'*.
- **Outcome 4 – Birmingham is a great, clean and green city to live in**, particularly *'We will improve the environment and tackle air pollution'*.
- **Outcome 6 - Birmingham is a city that takes a leading role in tackling climate change**, particularly *'We will continue to deliver, report and positively promote the council's extensive climate change and carbon reduction activity, with additional initiatives undertaken in line with leading national and peer practice'*.

7.1.2 The scheme supports the Additional Climate Change Commitments including the aspiration for the City Council to be net zero carbon by 2030, as agreed by Cabinet on 30th July 2019, following the declaration of a Climate Change Emergency passed by the City Council on 11th June 2019.

7.1.3 The project also aligns with the Draft Birmingham Transport Plan, Birmingham Development Plan, Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) Strategy for Growth, Strategic Economic Plan, and the Movement for Growth 2026 Delivery Plan for Transport, the Birmingham Connected Transport Strategy and the Clean Air Strategy for the City of Birmingham - Draft

7.1.4 Birmingham Business Charter for Social Responsibility (BBC4SR):

Works

The social value outcomes to be realised from the scheme will be detailed in the FBC.

Demolition and Remediation

The value of the proposed contract is below the threshold for the BBC4SR. However, the contract will include the requirement for the payment of the Real Living Wage.

7.2 Legal Implications

7.2.1 The City Council carries out transportation, highway and infrastructure related work will do so under the relevant primary legislation comprising the Town and Country Planning Act 1990, Highways Act 1980, Road Traffic Regulation Act 1984, Traffic Management Act 2004, Transport Act 2000, Countryside and Rights of Way Act 2000, and other related regulations, instructions, directives and general guidance. Consideration

has also been given to Ministry of Housing, Communities and Local Government guidance dated February 2018 (updated July 2019) on Compulsory Purchase and also Department for Transport Circulars 1/97 and 2/97 in preparing the CPO and SRO.

- 7.2.2 The City Council's general power of competence, which is limited only to the extent of any pre-commencement restrictions on powers which overlap this power or any specific post commencement restrictions placed on this power, is contained in Section 1 of the Localism Act 2011. Section 111 of the Local Government Act 1972 contains the City Council's ancillary financial and expenditure powers in relation to the discharge of its functions.
- 7.2.3 The locations covered by this report are principally within areas of highway maintainable at public expense (HMPE) and planning or other consents are generally not required. However, to accommodate widening of the highway and cycle track along the Dudley Road corridor it will require the transfer of 3,485m² of additional land to HMPE as detailed in paragraph 3.10 and Appendix F. The Council have power under Section 122 of the Local Government Act 1972 to appropriate land belonging to it for highway purposes where it is no longer required for the purpose for which it is currently held.

7.3 Financial Implications

Capital Costs

- 7.3.1 The Revised Scheme is split into 3 elements:
- Development of a shelf ready scheme (including previous years expenditure) - **£6.494m**.
 - Delivery of the Western Road Junction Scheme as Phase 1 Advanced Works - **£5.100m** (subject to a S278 private development contribution of £1.800m). This is the subject of a separate Cabinet report on this agenda.
 - Delivery of the Main Scheme - **£18.341m** (subject to a future FBC once funding is secured). If approval of the Western Road Junction as Advanced Works is not granted by Cabinet, the works will be undertaken as part of the Main Scheme Works, which will increase the estimated costs of this element to £23.441m.
- 7.3.2 The total scheme cost of £29.935m is in line with the budget in the OBC approved by Cabinet on 10th November 2020 and expenditure to be incurred in future years is in line with the Transport and Highways Capital Programme Update Report approved in February 2021. Details are shown in the table below.

	Prior Yrs	2020/ 2021	2021/ 2022	2022/ 2023	Future Years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
CAPITAL EXPENDITURE						
Developing a Shelf Ready Scheme	1,533	3,982	979			6,494
Western Road Junction (incl Statutory Undertakers)		979	3,824	297		5,100
Main Works Costs					18,341	18,341
Total Capital Expenditure	1,533	4,961	4,803	297	18,341	29,935
CAPITAL FUNDING:						
DfT	500					500
GBSEP		5,043				5,043
ITB	9					9
Prudential Borrowing	1,024	-82	3,003	297	1,491	5,733
Section 278 Contribution*			1,800			1,800
Unidentified funding					16,850	16,850
Total Capital Funding	1,533	4,961	4,803	297	18,341	29,935

* to be agreed with the developer and dependent on delivery of Western Road Junction as Phase 1 Advanced Works.

**Projected Levelling Up Fund to be announced by DfT in March/April 2021 identified in principle as grant opportunity to plug the £16.850m shortfall in unidentified funding.

7.3.3 In comparison to the split of the costs across the three elements included in the approved OBC, scheme development costs have remained unchanged but the cost of Western Road Phase 1 Advanced Works has increased by £1.695m and there has been a corresponding reduction in the Main Scheme Works costs. This change follows a firming up of the

statutory undertakers costs, further investigative works and refinement of the detailed design of the scheme giving more robust cost estimate, which only came to recently. There have also been changes to the value, timing and mix of funding from the approved OBC. The movement in capital expenditure from OBC to FBC between the different elements of the scheme and the funding of those movements is shown in the table below.

Movement from OBC to FBC

	Prior Years	2019/20	2020/21	2021/22	2022/23	2023/24 onwards	Total
	£000	£000	£000	£000	£000	£000	£000
OBC CAPITAL EXPENDITURE							
Scheme Development	567	966	4,961	0			6,494
Western Rd Advanced Works				3,000	405		3,405
Main Scheme Works					20,036		20,036
Total OBC Capital Expenditure	567	966	4,961	3,000	20,441	0	29,935
FBC CAPITAL EXPENDITURE							
Scheme Development	567	966	3,982	979			6,494
Western Rd Advanced Works			979	3,824	297		5,100
Main Scheme Works						18,341	18,341
Total FBC Capital Expenditure	567	966	4,961	4,803	297	18,341	29,935
MOVEMENT IN CAPITAL EXPENDITURE FROM OBC TO FBC							
Scheme Development	0	0	-979	979	0	0	0
Western Rd Advanced Works	0	0	979	824	-108	0	1,695
Main Scheme Works	0	0	0	0	-20,036	18,341	-1,695
Total Movement In Capital Expenditure from OBC to FBC	0	0	0	1,803	-20,144	18,341	0
Funding of Total Capital Movement							
Department for Transport	0	0	0	0	0	0	0
Local Prudential Borrowing	0	0	0	2,003	-3,294	1,491	200
ITB	0	0	0	0	0	0	0
Local Enterprise Partnership	0	0	0	0	0	0	0
Unidentified Funding	0	0	0	0	-16,850	16,850	0
Section 278 Contribution	0	0	0	-200	0	0	-200
Total Capital Funding	0	0	0	1,803	-20,144	18,341	0

- 7.3.4 In order to further progress the position of a 'shelf ready' scheme there is a requirement to appoint the existing consultants to update the MSBC and continue development of the structural bridge designs in order to obtain approval in principle with relevant stakeholders. The total estimated cost to undertake this work including the management fee is £0.277m. There will also be a requirement to negotiate and complete the acquisition (and disposal if required) of any remaining interests in 2021 at an estimated cost of £0.600m and to carry out demolition of the buildings acquired as part of the first element at an estimated cost of £0.100m. All of the above will be funded from the remaining approved budget for scheme development as per the OBC.
- 7.3.5 There is an opportunity to deliver the Western Road junction in advance of the Main Scheme Works as Phase 1 Advanced Works at a cost of £5.100m and to secure a s278 contribution of £1.800m from the Soho Loop developer to part fund the works. This element of the Revised Scheme is the subject of a separate FBC and Cabinet report
- 7.3.6 The total estimated capital cost of the Revised Scheme Main Works is £18.341m, assuming the Western junction is delivered as Phase 1 Advanced Works. Current funding assumptions show £1.491m as funded from PB and £16.850m as unidentified. Funding will need to be identified for this element to progress to full implementation. If approval of the Western Road Junction as Phase 1 Advanced Works is not granted by Cabinet, the works will be undertaken as part of the Main Scheme Works, which will increase the estimated costs of this element to £23.441m.
- 7.3.7 The approved PDD included City Council Prudential Borrowing for the entire Original Scheme of £7.044m. The estimated City Council PB contribution required for the Revised Scheme main works is £5.733m noting that if the delivery of the Western Road Junction as Phase 1 Advanced Works does not proceed the estimated City Council contribution PB required will increase to £7.533m, to replace the lost s278 contribution.
- 7.3.8 The DfT provisionally allocated £22.411m to the Original Scheme. Whilst the Original Scheme is no longer deliverable, the DfT continue to support the scheme and have passported a further £5.043m to the GBSLEP to develop the revised scheme. An OBC was submitted to the GBSLEP on 7th October 2020 and approved by the GBSLEP Project Board. The DfT are supportive of the Revised Scheme and should funding become available through future funding rounds it is hoped that having developed a "shelf ready" scheme, the Council will be in a good position to submit a successful bid.
- 7.3.9 In the event the GBSELP FBC is not approved or the full scheme does not proceed to construction, the GBSLEP reserves the right (but is not obliged)

to seek reimbursement from the City Council of any payments made in respect of the £5.043m LGF grant advance. Funding of any subsequent claw back of grant will have to be identified from within existing sources (including receipts from directly related land disposals). The risk of the project not delivering against the key outputs, summarised below, by the end of March 2021 is deemed low and the Council has and continues to work closely with the GBSLEP to ensure delivery of the outputs.

GBSLEP Key Outputs:

- Submission of the GBSELP FBC;
- Completion of Detail Design;
- Completion of third-party land acquisition required to facilitate delivery of the revised scheme via negotiation and where negotiation does not prevail then a future CPO will be sought;

7.3.10 A 2 stage contract estimated at £0.686m was awarded to McPhillips (Wellington) Limited that included Stage 1 - ECI and Detailed Design, and Stage 2 – Construction of the works, approved by the Assistant Director of Transport and Connectivity under delegated authority given by Cabinet on 26th June 2018. The Original Scheme was replaced at a stage where detailed design was almost complete. To progress the Revised Scheme, McPhillips were requested to produce a feasibility study and progress the revised detail design to provide a “shelf ready” scheme at an estimated additional cost of £0.807m. This cost is included in the spend to date on scheme development. Following completion of this work, the break clause will be exercised should funding not be available to deliver the Main Scheme Works.

7.3.11 It should be noted that the West Midlands Combined Authority have submitted a £5.000m bid to the Housing Infrastructure Fund (HIF) for funding to support the scheme. A decision is expected in spring 2021. If the funding is secured, it will be used to reduce the City Council PB requirement where possible in order to reduce financing costs.

Revenue Implications

7.3.12 Revenue consequences of the scheme is shown in the table below:

	2021/22	2022/23	2023/24	Later Years (p.a.)
	£'000	£'000	£'000	£'0000
REVENUE CONSEQUENCES <u>Highways Maintenance</u>				
Basic Highway Assets		2.8	2.8	42.8

Enhanced Highway Assets		5.7	5.7	-2.5
Highway Horticulture (Parks)		0.2	0.2	0.0
Non-Highway Assets				-4.7
Energy Cost		1.0	1.0	5.9
Footbridge				0.2
Net revenue consequences		9.7	9.7	41.7
REVENUE FUNDING:				
Corporate Policy Contingency		-9.7	-9.7	-41.7
Total revenue funding		-9.7	-9.7	-41.7
REVENUE CONSEQUENCES				
<u>Prudential Borrowing</u>				
Prudential Borrowing	52.4	223.9	241.2	328.3
Net revenue consequences	52.4	223.9	241.2	328.3
REVENUE FUNDING:				
Bus Lane Enforcement Surplus Income	-52.4	-223.9	-241.2	-328.3
Total revenue funding	-52.4	-223.9	-241.2	-328.3

- 7.3.13 The revised scheme will both change and create assets that will form part of the highway upon completion of the project. As such they will need to be maintained within the overall highway maintenance programme. Whilst the previous PDD approved £0.018m per annum, the estimated net highway maintenance cost for the revised scheme has increased to £0.042m per annum of which, £0.010m relates to the Western Road Phase 1 Advanced Works, as a result of increased material quantities required for the Revised Scheme and an increase in maintenance unit costs.. This cost will be funded from the provision for highways maintenance held within Corporate Policy Contingency. The detailed design will be developed by the appointed design and build contractor with a view to minimising the future maintenance liability to the City Council.

- 7.3.14 The provision of a new footbridge adjacent to the existing Spring Hill bridge will result in additional revenue implications with an initial estimated value of approximately £250 per annum over a 30 year period. Depending on when the detailed design is available. This will be funded from the provision for highways maintenance held within Corporate Policy Contingency.
- 7.3.15 The revised scheme will require PB estimated at £5.733m (subject to approval). The cost of existing PB of £0.052m per annum and estimated additional future borrowing costs of £0.087m per annum associated with the Main Scheme Works and £0.056m associated with scheme development will be funded from Bus Lane Enforcement net surplus income as set out in the Transportation and Highways Capital Programme 2021/22 – 2026/27 Annual Programme Update report approved by Cabinet on 9th February 2021. The total potential cost of PB for the entire Revised Scheme of £0.328m per annum, including £0.133m per annum (full year effect) for the Western Road Phase 1 Advanced Works which is subject to a separate report, is within the borrowing limits for the original scheme which is included within the approved Capital Programme.
- 7.3.16 The Prudential Borrowing costs referred to above are based on current Public Works Loans Board (PWLB) interest rates. There is potential to access reduced rate PWLB borrowing, through the Concessionary Infrastructure Loan Rate, subject to meeting the required criteria. An application will be considered in line with the due process.
- 7.3.17 As detailed earlier in the report, the Canal and River Trust have requested a deed of indemnity from the City to cover mitigation for highway works that may result in damage to the existing Lee Bridge structure. A full risk assessment will be undertaken to identify any future liability, responsibility and costs and will be detailed in any future FBC for the Main Scheme works.

7.4 Procurement Implications (if required)

- 7.4.1 A 2 stage contract was awarded to McPhilips (Wellington) Limited that included Stage 1 - ECI and Detailed Design, and Stage 2 – Construction of the works, approved by the Assistant Director of Transport and Connectivity under delegated approval given by Cabinet on 26th June 2018. Following completion of Stage 1 (ECI and detailed design), a notice to proceed to Stage 2 (Construction) will be issued, subject to approval of the FBC and the works costs being within budget, approval of the MSBC by the DfT and securing confirmed statutory orders.
- 7.4.2 Aecom Ltd was awarded the contract to undertake the technical professional services to support the project following a further competition

exercise using the Council's West Midlands Transportation Professional Services Framework Agreement. The services included:

- Outline Design development
- Traffic Modelling and Surveys
- Completion of the MSBC
- Development of a Preliminary Design
- Site Investigations
- Approval in Principle document for the Rail Bridge
- Pavement design
- Tender Document preparation
- Approval in Principle (for Assessment) with Canal and River Trust (CRT) and Network Rail (NR) and Birmingham City Council
- Structural Assessment and investigations to Lee Bridge, Spring Hill Bridge and Northbrook Street Structure

7.4.3 During the project, structural assessments were originally commissioned and due to the nature of complexity of Lee Bridge structure, the following additional works that was unforeseen were required: survey work, strengthening options, investigations and assessments. Also, there was further services required to support the optioneering and business case, modelling, tender preparation, and risk management where there was not internal resource available. Furthermore, it was identified that the previously unknown Northbrook Street Structure had never been assessed for structural loading. These incremental additional works resulted in approvals under delegated authority to extend the scope of the commission and value of the existing contracts.

7.4.4 The approval for the contracts has expired and it is not permissible to extend using the Council's framework agreement that has since expired. Aecom Ltd has continued to provide the services on the terms and conditions of the existing contract. There is therefore a requirement to formalise the arrangements with a route compliant with the Public Contract Regulations 2015 and the Council's governance.

7.4.5 The recommended procurement route is to use Crown Commercial Services Project Management and Design Services Framework Agreement to enter into a new contract. The protocol for the use of the CCS Project Management and Design Services framework agreement is either direct award or a further competition exercise is undertaken with the opportunity to be sent to all framework providers against the lot. It is recommended that the direct award mechanism is used for this contract to Aecom Ltd. In accordance with the CCS framework agreement guidance,

it is permissible to use direct award where the customer identifies this as the most appropriate route and on the basis that it is an urgent requirement where the delay caused by undertaking a further competition exercise would be detrimental to the outcome. Whilst it would be possible and permissible to engage another supplier, this is not a practical option due to the familiarisation time and costs required for an alternative organisation to deliver the outcomes required within this time-limited project. It is therefore recommending the award of a contract for the services to Aecom Ltd given the acquired knowledge gained by supporting the Council on this project.

7.5 Human Resources Implications (if required)

7.5.1 The management and delivery of the A457 Dudley Road Improvement Scheme will be undertaken by officers within Transport and Connectivity supported by external consultants for professional services.

7.6 Public Sector Equality Duty

7.6.1 In January 2018 an analysis of the effects of equality was undertaken for the Dudley Road Improvements scheme, this was updated in September 2020 (Report ref EQUA561) and is attached as Appendix C to this report. It was concluded that there would be no adverse effect on protected groups and characteristics under the Equality Act 2010 and there is no requirement for a full assessment.

8 Appendices

8.1 List of Appendices accompanying this report:

Appendix A - Highway Financial Revenue Implication

Appendix B – Risk Assessment

Appendix C – Equality Analysis

Appendix D – Scheme Plans

Appendix E – Consultation Outcome

Appendix F – Land Appropriation Plans

Appendix G – Procurement Strategy

Appendix H - Lee Bridge Technical Note

Exempt Appendix I

9 Background Documents

9.1 Report to Deputy Leader 10 January 2017 - Birmingham Development Plan adopted

9.2 Report to Cabinet 26 June 2018 Dudley Road Improvement – Project Definition Document

- 9.3 Report to Cabinet 14 May 2019 Dudley Road Improvement – Land Requirements
- 9.4 Report to Cabinet 10 November 2020 Dudley Road Revised Improvement – Outline Business Case
- 9.5 Report to Cabinet 11 February 2020 Transportation and Highways Capital Programme - 2020/21 - 2025/26 – Annual Programme Update