

Birmingham City Council

Report to Cabinet



22 March 2022

Subject: A457 Dudley Road Revised Main Scheme Full Business Case

Report of: Paul Kitson, Strategic Director of Place, Prosperity and Sustainability

Relevant Cabinet Member: Councillor Waseem Zaffar – Transport and Environment
Councillor Tristan Chatfield – Finance and Resources

Relevant O & S Chair(s): Councillor Liz Clements – Sustainability and Transport
Councillor Mohammed Aikhlaq – Resources

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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: 009142/2021		
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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

1 Executive Summary

- 1.1 The report seeks approval to the Full Business Case (FBC) for Dudley Road Revised Main Scheme at a revised total estimated capital cost of £32.135m, an increase of £2.200m on the cost in the Update Report for the Dudley Road Improvement Revised Main Scheme approved by Cabinet on 16th March 2021. £11.594m has been previously approved to develop the scheme and deliver the Western Road Junction Scheme. This FBC will release a further £20.541m of funding to deliver the main Dudley Road scheme. The increase in scheme costs are due to further investigative works, factoring in inflated contractor rates applied after the pandemic, reprofiling of the quantitative cost risk analysis, and refinement of the detailed design, which has enabled a more robust cost estimate

to be developed. The increase in scheme budget has been incorporated within the capital funding secured from the Levelling Up Fund (LUF) bid.

- 1.2 A bid to the Central Government's LUF was made in June 2021, with a financial contribution of £19.941m requested to undertake the Revised Main Scheme Delivery. This was approved on 27th October 2021.
- 1.3 The Revised Main Scheme is split into 3 elements:
 - Development of a shelf ready scheme (including previous years expenditure) - £5.515m (already approved)
 - Western Road Junction Scheme Phase 1 Advanced Works - £5.147m including revised risk allowance of £0.400m and updated Target Cost value (FBC approved and currently on site)
 - Revised Main Scheme Delivery - £21.473m including £19.941m capital funding secured from the Levelling Up Fund bid (approval sought in this FBC).
- 1.4 A previous Cabinet report was approved in March 2021 confirming the refined scope, development costs and design of the Revised Main Scheme and the delivery of Western Road Phase 1 Advance Works in 2021 in conjunction with the Soho Loop Development.
- 1.5 The key benefits of the Original Scheme remain unchanged under the Revised Main 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 for developers to deliver over 5,000 homes in the Greater Icknield and Smethwick areas. The scheme also improves sustainable transport facilities and better manages vehicular traffic, with the objective of allowing all road users to move more efficiently along the corridor, which is important, given that this is a blue route for the emergency services.
- 1.6 In addition, the Revised Main 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.
- 1.7 By way of background, the existing Compulsory Purchase Order (CPO) and Side Road Order (SRO) made on 4th November 2019 and 12th September 2019 respectively still stand and remain relevant. The Cabinet Report on 7th September 2021 sought authority for Agreement in Principle for revision of these orders. Revision of the existing CPO is not required; however this Report seeks approval to secure additional land, airspace and rights for the Revised Main Scheme by way of a new CPO together with ancillary orders to implement the revised works.

2 Recommendations

- 2.1 Approves the Full Business Case (FBC) for the A457 Dudley Road Improvement Scheme Revised Main Scheme – at a total estimated capital cost of £32.135m, as detailed in Appendix A and shown on the Revised Main Scheme plans in Appendix D, noting that this will replace the preferred option approved by Cabinet in the Outline Business Case (OBC) for the Dudley Road Improvement Scheme on 10th November 2020.
- 2.2 Notes the Revised Main Scheme is split into 3 elements:
- Development of a shelf ready scheme (including previous years expenditure) - £5.515m (already approved)
 - Western Road Junction Scheme Phase 1 Advanced Works - £5.147m including revised risk allowance of £0.400m and updated Target Cost value (FBC approved and currently on site)
 - Revised Main Scheme Delivery - £21.473m including £19.941m capital funding secured from the Levelling Up Fund bid (approval sought in this FBC).
- 2.3 Approves a contribution of £0.250m from the Transportation & Highways Capital Programme (unallocated funding) towards delivery of the Western Road Junction Scheme Phase 1 Advanced Works.
- 2.4 Delegates authority to the s151 Officer / Assistant Director, Transport and Connectivity to accept £19.941m from the LUF and to enter into the associated Funding Agreement to facilitate the delivery of the Revised Main Scheme, subject to the final terms and conditions being acceptable.
- 2.5 Authorises the Assistant Director, Transportation and Connectivity to progress the delivery of highways improvement works for the Revised Main Scheme noting that this will be delivered under the existing design contract awarded to McPhillips (Wellington) Ltd using the Council's Highways and Infrastructure Works Framework Agreement as part of the Original Scheme approvals already authorised by Cabinet.
- 2.6 Delegates authority to the Assistant Director, Property to negotiate and complete the acquisition (and disposal if required) of land, airspace and rights to facilitate the building of the Revised Main Scheme including easements and drainage in the adjoining land connected to the Revised Main Scheme, in advance of any CPO and to agree costs and compensation. The report authorises the Assistant Director of Property Services to pay statutory home loss, basic loss and negotiate disturbance compensation to all qualifying owners and tenants.
- 2.7 Authorises the City Solicitor to complete such acquisitions and any necessary related agreements, disposals or easements and seal any documents in connection pursuant to paragraph 2.6 and to pay statutory compensation to all qualifying owners and tenants.

- 2.8 Delegates authority to award the contract for demolition and remediation of the MOT garage, Old Windmill PH, 195-201 Dudley Road and properties within the scheme boundaries to the Strategic Director of Place, Prosperity and Sustainability in conjunction the Assistant Director, Procurement (or their delegate), the Director of Council Management (or their delegate) and the Acting City Solicitor (or their delegate) in order to progress the scheme.
- 2.9 Delegates authority to the Assistant Director Transportation and Connectivity to place orders with any utility company to allow the works to progress.
- 2.10 Delegates authority to the Assistant Director Transportation and Connectivity to place orders with McPhillips (Wellington) Ltd under the current contract award to deliver the highways improvement works as previously outlined in the OBC approved on 10th November 2020. In the event of the failure to agree a contract price with McPhillips (Wellington) Ltd, authority is sought to commence a procurement exercise and delegate the award of contract(s) to the Strategic Director of Place, Prosperity and Sustainability in conjunction the Assistant Director, Procurement(or their delegate), the Director of Council Management (or their delegate) and the Acting City Solicitor (or their delegate) to deliver future phases of the Revised Main Scheme in accordance with the strategy in paragraph 7.4 and Appendix G.
- 2.11 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 Revised Main Scheme and authorise the City Solicitor to complete such acquisition and disposal or easement and seal any documents in connection therewith.
- 2.12 Authorises the removal of 85 trees to undertake the works and the implementation of the detailed landscape proposal (Appendix N) to mitigate tree loss and allowing for retention of existing trees where realistically possible. These measures will be supplemented by additional high-grade tree planting and landscaping as per the Capital Asset Valuation for Amenity Trees (CAVAT) calculations.
- 2.13 Approves the making of a new CPO for additional land, airspace and rights requirements to implement the A457 Dudley Road Revised Main Scheme under sections 239, 240 and 250 of the Highways Act 1980 as shown on drawings in Appendix K together with any related SRO under Sections 14 and 125 of the Highways Act 1980.
- 2.14 Approves the making of an order under Section 106 of the Highway Act 1980 or via a licence agreement with the Canal and River Trust to allow the construction and implementation of a new bridge for pedestrian and cycle use over the Spring Hill Canal as part of the Revised Main Scheme. The new footbridge will be created as a public highway for those identified purposes.

- 2.15 Approves the making of Traffic Regulation Orders (TROs) to facilitate implementation of the Revised Main Scheme as per the nine Delivery Phases detailed in Appendix G and including the Section 116 Stopping Up Order for Hooper Street. This will enable the Spring Hill, Barford Estate, Spring Hill Canal Bridge and Lee Bridge Structural Enhancements to be delivered in advance of the anticipated CPO Decision in autumn / winter 2022. The rephrasing of the delivery will provide continuity with the Western Road Junction Phase 1 works and develop a continuous segregated cycle link from Tesco to Western Road.
- 2.16 Authorises the Acting City Solicitor (or their delegate) to negotiate, execute, seal, and complete all necessary documentation , and take any necessary action to give effect to the above recommendations, including the appointment of land referencers, confirmation of the CPO if granted power to do so by the Secretary of State, and appointment of the High Court Enforcement Officer to secure possession of the land on implementation of the CPO .

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 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 In light of the unprecedented impact of the Covid-19 pandemic, delivery of the scheme was delayed. Furthermore, as a result of the need to introduce social distancing measures to combat the spread of the virus, the approval of the associated Emergency Transport Plan (ETP) and guidance from central government, a decision was made to undertake a review of the original scheme. A study to assess the feasibility of making significant changes to the scheme in-line with the ETP has been undertaken and following discussions with the DFT a Revised Scheme has been agreed.
- 3.3 As part of further consultation, the Dudley Road Improvement Scheme – Revised Main Scheme was presented to the Leader of the Council, the Cabinet Member for Transport and Environment, ward councillors and the NHS on the 6th July 2020, where all agreed that the Original Scheme be replaced and the Revised Scheme

be progressed. The Outline Business Case for the Revised Scheme was approved by Cabinet on 10th November 2020.

3.4 Following a procurement process, a contractor was appointed on 5 November 2019 to carry out the detailed design and construction with an option to terminate the contract at the end of the detailed design phase if required. Further detail of the procurement implications can be seen in section 7.4 below.

3.5 The 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
- 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 to enable widening over Lee Bridge to be implemented as part of the revised scheme,
- Advertise the loss of Public Open Space.

3.6 The 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 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 Covid-19, the Public Inquiry was postponed with the original order held in abeyance. Under the Revised Main Scheme, the proposals to provide new segregated cycleways to promote sustainable and healthy modes of transport and the introduction of a new bus lane, means additional land will be required. As a result, a new SRO including modifications to the current SRO, together with an additional CPO incorporating necessary changes may be required in respect of any new additional land and rights required for the Revised Main Scheme as well as a Bridge Scheme to provide for the construction and maintenance of a Bridge over Spring Hill Canal.

- 3.7 Public Open Space notices were advertised for the loss of public open space on 15th November 2019. No objections were received within the statutory objection period and the appropriations from Neighbourhoods Directorate to Inclusive Growth Directorate for Transportation use under the Highways Act 1980 was ready for progression.
- 3.8 The existing CPO still stands and remains relevant, but this alone does not meet the requirements of the revised scheme as additional land is required; including land required from the Lidl store, the Scrapyard & 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. Full details of the additional land required for the Revised Main Scheme are detailed on the attached plan (Appendix K) and as such a new CPO will be necessary.
- 3.9 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's structures team, the Canal and River Trust and Network Rail. The 'As-Built' bridge records were found to be inaccurate, and this uncertainty necessitated further intrusive investigation to be undertaken in order to progress the AIPs. AIP agreements are complete with Network Rail and Canal & River Trust with the development of detailed design proposals being progressed.
- 3.10 The report follows on from the Western Road Junction Phase 1 Advanced Works FBC approved by Cabinet on 16th March 2021. This element specifically supports the Soho Loop Development which obtained Full Planning Approval on 20th January 2020, helping delivery of the city's wider aspirations linked to the A457 Dudley Road Revised improvement Scheme. A Section 278 Agreement has been agreed with the Soho Loop developer Galliard with a financial contribution secured for the delivery of the Western Road Junction highways works and wider utility works.
- 3.11 The PDD approved in 2018 has set out the interface with the Greater Icknield Masterplan. The Revised Main Scheme does not change this requirement. This will be particularly relevant for the City Hospital and Soho Loop development sites which have the potential to deliver over 1,000 new homes. The highway improvements also support the vibrancy and vitality of the Dudley Road local centre.

The scheme objectives are to enable access to key development sites by:

- Providing increased capacity for road network;
- Improving accessibility into Birmingham city centre;
- Improving journey time reliability (including public transport);
- Providing safer infrastructure for all road users;
- Providing facilities for cyclists; and

- Reducing congestion that acts as a major barrier to growth both in Birmingham and throughout the West Midlands.

3.12 The proposals are shown on the scheme drawings in Appendix D and comprise the following:

- Delivery of segregated/shared footway and cycleway on the north side of the corridor to provide improved facilities for pedestrians and cyclists, together with links to the south side of the corridor; and to provide safer infrastructure for all road users;
- Design measures will be implemented to mitigate tree loss on the northern side of Spring Hill required to enable construction of the segregated cycleway. These measures will be supplemented by additional tree planting and landscaping;
- Provision of 3 enhanced junctions and 1 new junction to significantly improve network efficiency and reduce congestion as part of the corridor designation;
- Allow for bus lane provision along the corridor;
- Upgrading bus shelters along Dudley Road corridor;
- Provide a new footpath and cycle track on the frontage of Birmingham City Hospital's A&E Centre;
- Provide a new footpath and cycle track on the frontage of Birmingham City Hospital's Treatment Centre;
- Provide a new signalised access for key development sites to support regeneration initiatives through improved accessibility to the existing developments and;
- Closure of the northern section of Northbrook Street to enable widening over Lee Bridge;
- Provision of a new footbridge over Spring Hill Canal.

3.13 The need to construct the works in a safe manner for both road users and construction workers will result in periods of traffic disruption. The project team will work with key stakeholders and the contractor to minimise traffic disruption during construction by implementing the following measures:

- A phased construction approach to meet both the CPO / land appropriation programme (Appendix G) and to optimise the available road space at key times to help keep traffic moving;
- The Council's Traffic Management Protocol process will be applied to manage approvals for the contractor's temporary traffic management proposals.

4 Options Considered and Recommended Proposal

- 4.1 An options appraisal was undertaken in 2017 for the original proposal to identify a scheme within the available budget that meets the key objectives. As approved by Cabinet on 26th June 2018 Option 6 (Original Scheme) was taken forward to progress to delivery stage.
- 4.2 The options appraisal for the Revised Main Scheme considered four options, Option 1 the original scheme (do minimum + segregated cycling), Option 2 the Revised Main Scheme (do maximum), Option 3 deliver the Western Road Junction in line with the Revised Main 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 has been 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. Further details are provided in Appendix C.

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 H.
- 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 H.
- 5.4 A supplementary public consultation was undertaken between 18th October 2021 and 8th November 2021 within the North Summerfield/Barford Road area to provide feedback on changes to the original scheme proposals (inclusion of improved cycle links and crossing facilities and an extended public realm area on Northbrook Street).
- 5.5 Proposals for an integrated landscaping scheme for the Western Road Phase 1 works, land fronting Spring Hill and the pedestrianised area of Northbrook Street were put to the public in January 2022. The original public consultation in November 2020 identified the potential to remove trees to facilitate the enhanced sustainable transport links but lacked specific detail. The landscape proposal (Appendix N) will tie together the early phases of the Dudley Road Revised Main Scheme delivery and provide continuity and a sense of place through the corridor. The design aims to enhance the green frontage screen to properties between College Street and George Street West with a mixture of native tree species and

low-level planting to improve biodiversity. Proactive tree planting is planned to be implemented in early 2022 before any tree removal to mitigate loss and to allow a growing season for establishment.

6 Risk Management

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

- Impact of coronavirus may cause third party delays due to lack of resource, lack of material availability with a consequential increase in project costs, and delay in programme. 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.
- Delay in Land Acquisition/CPO causing further slippage to the programme. Property Services are in negotiations with landowners via legal services in the hope of reaching an agreement for voluntary acquisition. The revised scheme has resulted in the current CPO being reviewed and updated as additional land is required for the revised scheme.
- Unauthorised and unsafe vehicular access to properties on Spring Hill / George Street West will be closed as a result of implementation of the scheme. Scheme proposals have been extensively detailed in the public consultation process and received no comment. Ongoing dialogue with BCC Highways to close unauthorised access prior to implementation.
- Objections to Traffic Regulation Orders delay delivery; and
- Risks associated with Lee Canal Bridge. The structure 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. CRT have requested additional strengthening measures 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 which can be addressed with an engineered solution.

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

6.3 An updated Quantitative Cost Risk Analysis (Appendix F) has identified £2.5m mitigated risk exposure at 50% probability. The latest scheme costings have been updated and adjusted to reflect these findings.

6.4 Sandwell NHS Trust's City Hospital was due to have relocated by 2018. However, it is now anticipated that the relocation will be completed in 2022/23, 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 proposals have been developed to align with the policies developed from the Birmingham Emergency Transport Plan, which include the introduction of bus priority lanes and new walking and cycling enhancements and a review of short stay on-street parking for the repurposing of road space for sustainable modes of transport.

7.1.3 The project also aligns with the 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):

McPhillips (Wellington) Ltd is a certified signatory to the BBC4SR and is providing actions proportionate to the value of the contract. These actions include employment opportunities which are monitored and managed during the contract period. A series of social value events with local stakeholder organisations have already been undertaken as part of the Western Road Junction Phase 1 works. This has included co-ordinating a competition for pupils to design a new ornamental bench with St Patrick's RC School and undertaking a plant/mechanic demonstration session with Orion Training School in November 2021 (Appendix O). Both events were considered a major success with future additional events planned as part of the wider Revised Main Scheme delivery.

7.2 Legal Implications

- 7.2.1 The City Council carries out transportation, highway and infrastructure related work 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 October 2015 (updated July 2019) on Compulsory Purchase, the Department of Transport Circulars 1/97 and 2/97 and the DETR guidance on Bridge / Tunnel Schemes, in preparing the CPO, SRO and Bridge Scheme. CPOs are always a last resort and are not made unless there is a compelling case in the public interest. This has been considered in this and the earlier reports for the highway works. Appendix L sets out consideration of the balance made between individual rights and the public good, based on The Human Rights Act 1998 and the European Convention on Human Rights. In addition, Appendix E sets out the Public Sector Equality Duty consideration.
- 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 To accommodate widening of the highway and cycle track along the Dudley Road corridor it will require the transfer of additional land to HMPE. 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.
- 7.2.4 A Deed of Easement is required between the Council and the Canal & River Trust to facilitate the construction of a new pedestrian/cycle bridge crossing over the Soho Loop Canal adjacent to Spring Hill Canal Bridge. Heads of Terms are being progressed and an easement valuation has been agreed with the Trust which has been incorporated into the project finances. In case these negotiations break down the stratum of airspace, land and associated rights needed for the Bridge will be incorporated in the CPO.

7.3 Financial Implications

Capital Costs

7.3.1 The following table summarises the expenditure profile and the associated funding for the Revised Main Scheme:

	Prior Years	2020/2021	2021/2022	2022/2023	Future Years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
CAPITAL EXPENDITURE						
Developing a Shelf Ready Scheme (Inc Land Costs)	1,533	2,110				3,643
Land		310	1,562			1,872
Development Costs Total	1,533	2,420	1,562			5,515
<u>Western Road</u>						
Development/Fees			356			356
Junction Construction			1,340	1,842		3,182
Statutory Undertakers		691	518			1,209
Risk*				400		400
Western Road Junction Total		691	2,214	2,242		5,147
<u>Revised Main Scheme Delivery</u>						
Development/Fees			630	460	560	1,650
Construction				1,213	7,805	9,018
Lee Bridge Structural Improvements				1,000	1,140	2,140
Spring Hill Bridge				500		500
Statutory Undertakers				1,000	1,991	2,991
Land				270	1,609	1,879
Monitoring & Evaluation					100	100
Ancillary Delivery Costs					150	150
CAVAT Assessment				345	390	735
TfWM Bus Shelters					185	185
Risk*					2,125	2,125
Revised Main Scheme Delivery Total			630	4,788	16,055	21,473
Total Capital Expenditure	1,533	3,111	4,406	7,030	16,055	32,135

CAPITAL FUNDING	Prior Years	2020/2021	2021/2022	2022/2023	Future Years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
DfT	500					500
GBSLEP		3,193	1,850			5,043
ITB	9					9
Prudential Borrowing Scheme Development	1,024	(82)				942
Prudential Borrowing Western Rd			511	1,789		2,300
Prudential Borrowing Main Scheme					2,000	2,000
Transportation & Highways Capital Programme Western Rd			250			250
Section 278 Contribution**			1,150			1,150
Levelling Up Fund			645	5,241	14,055	19,941
Total Capital Funding	1,533	3,111	4,406	7,030	16,055	32,135

* Risk budget allocation increased to meet revised Quantitative Cost Risk Analysis Value

** Section 278 Contribution from Soho Loop Development for Western Road Junction Highway Works (excluding Statutory Undertakers Fees and Commuted Sum Value)

7.3.2 The total estimated capital cost of £32.135m is an increase of £2.200m from the Update Report for the Dudley Road Improvement Revised Main Scheme approved by Cabinet on 16th March 2021 and includes the latest cost information from the Western Road Junction Scheme Phase 1 Advanced Works and revised QRA assessment (Appendix F). The increase in scheme budget has been incorporated within the capital funding secured from the Levelling Up Fund bid. Details of the capital cost and funding for the Original Scheme vs the Revised Main Scheme and the movement is shown in the next table.

	Original Scheme PDD	Revised Scheme OBC	Revised Scheme Update Report	Revised Main Scheme FBC	Movement from Update Report to FBC
	£'000	£'000	£'000	£'000	£'000
CAPITAL EXPENDITURE					
Capital Costs	29,464	29,935	29,935	32,135	2,200
Total Capital Expenditure	29,464	29,925	29,935	32,135	2,200
CAPITAL FUNDING:					
Department for Transport	22,411	500	500	500	0
Prudential Borrowing	7,044	5,533	5,733	5,242	(491)
ITB	9	9	9	9	0
GBSLEP		5,043	5,043	5,043	0
External Funding/Levelling-up Fund		16,850	16,850	19,941	3,091
Transportation & Highways Capital Programme				250	250
Section 278 Contribution - Western Rd		2,000	1,800	1,150	(650)
Total Capital Funding	29,464	29,935	29,935	32,135	2,200

7.3.3 The Revised Main Scheme is split into 3 elements:

- Development of a shelf ready scheme (including previous years expenditure) - **£5.515m**.
- Western Road Junction Phase 1 Advanced Works - **£5.147m** including revised risk allowance of £0.400m and updated Target Cost value.
- Revised Main Scheme Delivery - **£21.473m** (£19.941m capital funding secured from the Levelling Up Fund bid).

7.3.4 **Scheme Development** – Expenditure of £5.515m is expected to have been incurred by the end of 2021/22.

7.3.5 **Western Road Junction Phase 1 Advanced Works** - The total estimated capital cost of the Western Road Junction Phase 1 Advanced Works is £5.147m including a revised risk allowance of £0.400m and an updated Target Cost of £3.182m. The Western Road Junction Phase 1 Advanced Works require PB estimated at £2.300m. The cost of PB of £0.123m per annum (full year effect) will be funded from Bus Lane Enforcement net surplus income as set out in the Transportation and Highways Capital

Programme 2021/2 - 2026/27 Annual Programme Update report approved by Cabinet on 9th February 2021. The total potential cost of PB for the Western Road Junction Phase 1 Advanced Works of £0.123m per annum (full year effect) is within the borrowing limits for the original scheme which is included within the approved Capital Programme.

7.3.6 **Revised Main Scheme Delivery** - The total estimated capital cost of the scheme is £21.473m. A bid of £19.941m from the Levelling Up Fund was submitted in June 2021 in order to progress the scheme to full implementation after the Commonwealth Games with confirmation of funding secured in November 2021. PB of £2.000m has been allocated to an updated Quantitative Cost Risk Analysis value (Appendix F). The cost of PB of £0.108m per annum (full year effect) 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 Main Scheme of £0.108m per annum (full year effect) is within the borrowing limits for the original scheme which is included within the approved Capital Programme.

7.3.7 In the event that 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, to the extent that such funding has not been utilised to fund capital expenditure to support the scheme (including land assembly). 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 GBSELP approved the FBC for the project in September 2021 and continue to support the proposals. The risk of the project not delivering against the key outputs is deemed low.

Revenue Implications

7.3.8 The table below shows the revenue implications of the Revised Main Scheme and is further explained in sections 7.3.9 to 7.3.12.

	2021/22	2022/23	2023/24	Later Years (p.a.)
	£'000	£'000	£'000	£'000
REVENUE CONSEQUENCES				
<u>Highways Maintenance</u>				
Basic Highway Assets		2.1	2.8	39.0
Enhanced Highway Assets		4.3	5.7	(2.5)
Highway Horticulture (Parks)		0.0	0.2	0.3

Non-Highway Assets				(4.7)
Energy Cost		1.0	1.0	5.9
Footbridge				5.0
Net revenue consequences		7.4	9.7	43.0
REVENUE FUNDING:				
Corporate Policy Contingency		(7.4)	(9.7)	(43.0)
Total revenue funding		(9.7)	(9.7)	(43.0)
REVENUE CONSEQUENCES				
<u>Prudential Borrowing</u>				
Prudential Borrowing	79.2	95.8	108.0	283.0
Net revenue consequences	79.2	95.8	108.0	283.0
REVENUE FUNDING:				
Bus Lane Enforcement Surplus Income	(79.2)	(95.8)	(108.0)	(283.0)
Total revenue funding	(79.2)	(95.8)	(108.0)	(283.0)

7.3.9 The Revised Main 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. The costs have not changed from the March 2021 Update Report of £0.043m per annum of which, £0.010m relates to the Western Road Phase 1 Advanced Works. 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.

7.3.10 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 £0.005m per annum. The revenue implications for the new footbridge have been reviewed by the Network Change Team (utilising cost intelligence from the Peddimore scheme) however, worst-case forecasts are within existing approved project budgets. This will be funded from the provision for highways maintenance held within Corporate Policy Contingency.

- 7.3.11 The Revised Scheme Update Report in March 2021 included City Council funding of £5.733m (£5.724m of Prudential Borrowing (PB) and £0.009m of Integrated Transport Block Funding (ITB)). The estimated City Council contribution required for the Revised Main Scheme in this FBC has reduced to £5.551m of which £5.242m will be PB and the balance of £0.009m ITB. The PB requirement is split between Scheme Development (£0.942m), Western Road Junction Phase 1 Advanced Works (£2.300m) and the Revised Main Scheme (£2.000m). The overall PB requirement of £5.242m is an increase of £2.000m from the PB requirement approved in the Levelling up Funding Bid report of 8th June 2021. The cost of existing PB of £0.052m per annum and estimated additional future borrowing costs of £0.231m per annum associated with Western Road Junction Phase 1 Advanced Works and the Revised Main Scheme 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 Revised Scheme of £0.283m per annum is within the borrowing limits for the Original Scheme which is included within the approved Capital Programme.
- 7.3.12 The City Council will be responsible for ongoing Bus Lane Enforcement (BLE) operations, and income will be generated from Penalty Charge Notices (PCNs) issued as part of the enforcement regime. This income will be used in the first instance to cover the operational costs of enforcement including cameras, associated equipment and administration costs. Any surpluses generated will be used in line with applicable regulations. The table in Section E of Appendix A shows a summary of the estimated income and expenditure based upon the proposed enforcement regime, which assumes the maximum of two cameras, and experience from BLE schemes already in operation within the city. This shows that over the first five years of operation of the cameras, income from PCNs is estimated at £0.090m, with operating and maintenance costs of £0.061m, leaving a retained surplus of £0.029m. Ongoing financial viability of the BLE will be reviewed on an annual basis.

7.4 Procurement Implications

7.4.1 The highway infrastructure works was tendered as a single procurement exercise to include, Phase 1 (including Stage 1 - ECI and Stage 2 - Detail Design) and Phase 2 (Stage 3 - Works), under the terms and conditions of contract of the NEC3 ECC (dated April 2013), Main Option C – Target Contract with Activity Schedule, through Council’s Highways and Infrastructure Works Framework 2014 to 2018 (extended until 31st March 2020), Lot 4 (£500,000+). The procurement process consisted of Part 1 Expression of Interest (Eoi) and Pre-Selection followed by Part 2 - Further Competition. A contract for Stages 1 and 2 was approved by the Assistant Director of Transport and Connectivity under delegated approval given by Cabinet on 26th June 2018. Following completion of the detailed design, Stage 3 will be awarded to McPhillips (Wellington) Ltd to deliver the Revised Main Scheme as per the previously approved procurement process (subject to agreement of contract price).

In the event of the failure to agree a contract price with McPhillips (Wellington) Ltd, a procurement exercise(s) will be undertaken for the delivery of future phases of the Revised Main Scheme. This may result in up to 6 procurement exercises for individual work packages. The procurement route will be to advertise the opportunity on Find a Tender, Contracts Finder and www.finditinbirmingham.com. The evaluation criteria for each work package will be set based on its complexity with a higher quality weighting over price for more complex schemes with social value having a minimum weighting of 20%.

7.4.2 To support the development of the A457 Dudley Road Improvement Scheme, there is a requirement for the demolition and remediation of the properties west of Icknield Port Road. Demolition works are planned to be managed under the Council’s exclusivity agreement with Acivico Ltd and contracts awarded under Chief Officer delegated authority.

7.5 Human Resources Implications (if required)

The management and delivery of the Dudley Road Improvement Revised Scheme - Western Road Junction as Phase 1 Advance Works will be undertaken by officers within Transport and Connectivity supported by external consultants for professional services.

7.6 Public Sector Equality Duty

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 E 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 – Dudley Rd Revised Main Scheme Full Business Case

Appendix B – Dudley Rd FBC Risk Assessment

Appendix C – Option Assessment Report

Appendix D – Revised Main Scheme

Appendix E – Equality Impact Assessment EQUA561

Appendix F – Dudley Rd Quantitative Cost Risk Analysis

Appendix G – Revised Main Scheme Phasing Plan

Appendix H – Consultation Outcome Report

Appendix I – Delivery Plan & Programme

Appendix J – A457 Dudley Rd Revised Main Scheme HCNF

Appendix K – CPO Additional Land Requirements

Appendix L – Highway Schemes Human Rights Statement

Appendix M – Dudley Rd CAVAT Tree Assessment

Appendix N – Landscape Design Proposal

Appendix O – Social Value Events

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 - A457 Dudley Road Improvement Revised Scheme Outline Business Case

9.5 Report to Cabinet 16 March 2021 - A457 Dudley Road Improvement Revised Scheme Update Report

9.6 Report to Cabinet 7 September 2021 - A457 Dudley Road Revised Main Scheme CPO Progression Report