

REPORT TO: Executive Board

DATE: 28th March 2013

REPORTING OFFICER: Strategic Director – Children & Enterprise

PORTFOLIO: Physical Environment

SUBJECT: 3MG Funding and Infrastructure

WARDS: Boroughwide

1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to provide a Preliminary Estimate Report for rail and road access infrastructure to the 3MG HBC Fields development site in accordance with Procurement Standing Order 2.1.2. and to provide an update on the appointment of a Project Manager for the Rail Sidings and to seek approval to procure the works.
- 1.2 To seek approval to go out to tender for Phase 2 of the western access road works and to appoint a Contractor.
- 1.3 To seek permission to amend the Capital programme to allocate £1,200,000 to the 3MG programme for; the construction of the western access road phase 2 to HBC Field development and all associated costs.

2.0 RECOMMENDATION: That

- 1) The Board notes the appointment of Waterman's as Project Manager for the Rail Sidings following competitive tender;**
- 2) The Board authorises the Operational Director for Economy, Enterprise and Property to procure the design and build of the Rail Sidings at 3MG HBC Field at an estimated cost of £2.5 M;**
- 3) Tenders be invited by the Operational Director Planning Policy and Transportation for a contract to complete construction of the western access road at 3MG HBC Field at an estimated cost of £1.2M in accordance with Procurement Standing Order Part 2;**
- 4) Development and award the contract in accordance with Procurement Standing Orders;**

- 5) **Council be recommended to approve a revision in the Capital Programme for £1.2m for the completion of the western access road to 3MG HBC Field; and**

- 6) **The Chief Executive, in consultation with the Leader and the following Portfolio holders (Physical Environment, Transportation and Resources) be authorised to take such action as he judges necessary to implement the 3MG HBC Field development.**

3.0 SUPPORTING INFORMATION

- 3.1 Executive Board on 9th December 2004 (EXB162) adopted the Ditton Strategic Rail Freight Park Masterplan, now known as 3MG (the Mersey Multimodal Gateway).

- 3.2 The Regional Growth Fund (RGF) grant allocation of £9.0m, of which £4.5m is towards the provision of additional rail sidings, western access link road and associated costs was last reported to Executive Board on 24 May 2012 (EXB8). Since that time the Council has received a second final offer letter dated 8th November 2012. Changes from the March 2012 version include the provision for Stobart to increase their draw down of grant in 2012 and the re-profiling of jobs. The jobs now commence in 2013 and not 2012 as originally planned.

- 3.3 The Liverpool City Region Local Enterprise Partnership (LEP) Growing Places Funds (GPF) issued an Offer Letter for £5.4m dated February 2013. In accordance with EXB8 the Chief Executive has accepted this offer on behalf of the Council and the 3MG programme. These funds are offered as a loan on condition that the Council repay the GPF in full by December 2015, failure to do so would incur a 2% interest rate from the date of default.

- 3.4 In January 2012 3MG Executive Sub Board (ESB5) and in May 2012 Executive Board (EXB8) approved the use of RGF funding towards the rail sidings project.

- 3.5 Competitive tenders were sought in December 2012 for a rail consultant who will project manage a design and build tender, and supervise the construction of the rail sidings. Three valid tenders were received:

Waterman's	£142,155
Atkins	£216,924
AECOM	£346,878

Following an interview and in consultation with the Chief Executive, Leader and Portfolio Holder, Waterman's were appointed as the Project Manager for the Rail Sidings.

3.6 Given that the RGF must be spent by December 2013 and the timetable for delivery is extremely tight, approval to procure a Rail Contractor is sought, either following a competitive tender process, or by working with Network Rail and using their Framework Contractor. Both options will be appraised to see which offers the best form of procurement in terms of timescales, reduction in risk and value for money. It is imperative that we start as soon as practicable and by examining both options concurrently we ensure the earliest start possible.

We will report back the outcome, should Members find this approach acceptable.

Road Infrastructure Access

At its meeting of 24th May, the Board considered a report dealing with the construction of the western access road to the 3MG development. Minute EXB9 refers.

At that time it considered that it would be inappropriate to complete the access road south of the railway line due to uncertainties regarding the arrangement of the future development within the site.

Construction of the initial phase of the road to provide a connection from the site to existing highway at Newstead Road and a new bridge over the railway line commenced in September 2012 and is due for completion in May.

However, due to the need to complete the road and rail access infrastructure whilst the external funding is available, (described in Paragraphs 3.2 and 3.3), it is proposed that tenders now be invited for the completion of the road. This primarily comprises the completion of the road embankment and drainage extending from the new bridge, south of the railway line and carriageway & footway construction south of Newstead Road.

Furthermore, it is considered that the completion of the road at this stage will minimise the risks to the Council of leaving the access in a partially constructed form and it is anticipated that the tendered cost of the works will be most advantageous if the completion works follow closely the completion of construction of the initial phase.

These completion works are estimated to cost £1.2M. It is proposed to invite tenders in accordance with Procurement Standing Orders Part 2 using the Special Select List form of tendering as set out in Standing Order 2.5.

The planning application for the development is now being re-consulted on, based upon the original layout proposal. The completion works referred to above will take the access to the boundary of the proposed development and provides sufficient flexibility for the on-site infrastructure to be adapted during the later design and implementation stages.

4.0 POLICY IMPLICATIONS

- 4.1 The 3MG programme is included in the Council's Corporate Plan, the Halton Partnership and Halton Borough Council Urban Renewal Strategy and Action Plan, and supports the Council's Urban Renewal corporate priority. Grant funding is essential to facilitate the delivery of 3MG.
- 4.2 As is usual with external funding arrangements, the funding places the balance of risk with the Council. Although some risks have been negotiated away, the most prominent risks for the Council remain:
 1. The repayment of the GPF when HBC Field is developed or by December 2015 whichever is sooner. Also, an expectation that the development of HBC Field will provide 1725 jobs.
 2. The responsibility for State Aid compliance rests with HBC. For this reason we have taken advice regarding the potential implications of European Commission rules and regulations.
- 4.3 These risks are similar to those previously accepted by Members in connection with other projects such as Widnes Waterfront.
- 4.4 Having secured the GPF loan and the RGF grant, we now have a real opportunity to continue the progress already made with Phase 1 of the western access road with the remaining infrastructure on HBC Field.
- 4.5 Bringing forward the road and rail infrastructure whilst external funding is available puts the Council at an advantage in terms of the delivery of HBC Field for occupiers searching for a significant B8 opportunity in the North West. HBC Field will be ahead of competing sites if it already has road and rail connections. We strongly believe that HBC Field will create significant job opportunities and by kick starting the development through the road and the rail access infrastructure, developers and end users will be able to better visualise the area for development and remove some of the uncertainties which currently exist.

5.0 OTHER IMPLICATIONS

- 5.1 The Council has given a commitment to secure as much external funding as possible to support the delivery of 3MG. The Growing Places Fund referred to in this report supports that commitment.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

They are no implications associated with this report.

6.2 Employment, learning and Skills in Halton

Overall the 3MG programme will assist in providing job opportunities for local people and will go some way in addressing the level of unemployment in Halton. The next phases of development are estimated to create up to 3,450 new jobs.

6.3 A Healthy Halton

The overall 3MG programme provides new walking and cycling routes as well as a bus service, which offer safe and affordable means of accessing key services and thereby can overcome many of the transport barriers often faced by people who do not own or have access to a car.

6.4 A Safer Halton

The 3MG programme will provide much needed environmental improvements to the immediate areas.

6.5 Halton's Urban Renewal

The 3MG programme is acting as a catalyst to attract developers and new businesses to the area by creating an attractive, well-accessed and serviced area, which provides a safe and attractive environment for employees and visitors.

7.0 RISK ANALYSIS

7.1 There are risks in utilising loan and grant funding. These same risks have been acknowledged and accepted previously, e.g. previous NWDA funding agreements on 3MG and on the Widnes Waterfront Programme. In broad outline the risks are that the Council will have to repay GPF if the HBC Field is not developed by December 2015.

8.0 EQUALITY AND DIVERSITY ISSUES

Not applicable

9.0 REASON(S) FOR DECISION

The reason for the decision would be to maximise grant that has been made available to the scheme and also to bring forward additional infrastructure to further develop the site.

10.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

The Council could decide not to progress the completion of the road. However, this would result in unspent grant being returned to Government and being lost to the Borough.

11.0 IMPLEMENTATION DATE

Mid-May 2013

12.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
3MG Masterplan	Regeneration, Municipal Building, Widnes	Sally McDonald
RGF Offer Letter	Regeneration, Municipal Building, Widnes	Sally McDonald
GPF Offer Letter	Regeneration, Municipal Building, Widnes	Sally McDonald