



**Mersey Gateway Executive Board**

**Thursday, 17 June 2010 3.00 p.m.  
Marketing Suite, Municipal Building**

A handwritten signature in black ink, appearing to read 'David W R', is positioned above a rectangular stamp.

**Chief Executive**

**BOARD MEMBERSHIP**

<b>Councillor Rob Polhill (Chairman)</b>	<b>Labour</b>
<b>Councillor John Stockton</b>	<b>Labour</b>
<b>Councillor Mike Wharton</b>	<b>Labour</b>

*Please contact Lynn Derbyshire on 0151 471 7389 or e-mail  
[lynn.derbyshire@halton.gov.uk](mailto:lynn.derbyshire@halton.gov.uk) for further information.  
The next meeting of the Board is on Thursday, 23 September 2010*

**ITEMS TO BE DEALT WITH  
IN THE PRESENCE OF THE PRESS AND PUBLIC**

**Part I**

<b>Item No.</b>	<b>Page No.</b>
<b>1. MINUTES</b>	
<b>2. DECLARATION OF INTEREST</b>	
Members are reminded of their responsibility to declare any personal or personal and prejudicial interest which they have in any item of business on the agenda no later than when that item is reached and, with personal and prejudicial interests (subject to certain exceptions in the Code of Conduct for Members), to leave the meeting prior to discussion and voting on the item.	
<b>3. POLICY &amp; RESPONSIBILITIES EMERGING FROM THE COALITION GOVERNMENT THAT ARE RELEVANT TO MERSEY GATEWAY</b>	<b>1 - 10</b>
<b>4. PROGRESS TOWARDS SECURING CONDITIONAL FUNDING APPROVAL FROM MINISTERS AND THE COUNCIL'S PREPARATION FOR PROCUREMENT</b>	<b>11 - 15</b>

*In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.*

**REPORT TO:** Mersey Gateway Exec Board

**DATE:** 17th June 2010

**REPORTING OFFICER:** Strategic Director, Environment & Economy

**SUBJECT:** Policy and Responsibilities emerging from the Coalition Government that are relevant to Mersey Gateway

**WARDS:** All Wards

### **1.0 PURPOSE OF THE REPORT**

1.1 To advise Members of the developments with the coalition Government that are relevant to securing the approvals necessary to commence the formal procurement process.

### **2.0 RECOMMENDATION: That the Mersey Gateway Executive Board:**

- (1) note the developments reported and the action taken by the project team to ensure that new Ministers and local Members of Parliament are briefed on the merits of Mersey Gateway.

### **3.0 SUPPORTING INFORMATION**

3.1 Following the General Election, the Department for Transport ministerial team has now been confirmed:

- Philip Hammond – Secretary of State for Transport
- Theresa Villiers – Minister of State for Transport
- Mike Penning – Junior Transport Minister
- Norman Baker (Lib Dem) – Junior Transport Minister

3.2 Ministerial responsibilities will be as follows:

#### Philip Hammond

- Overall responsibility for transport strategy;
- Spending Review that will be reported in the November Statement;
- Transport Security; and
- High Speed Rail.

## Mike Penning

- Strategic Roads and Highways Agency;
- Motoring Agencies;
- Road Safety and Standards;
- Freight and Logistics – including lorry road user charging; and
- Maritime and Dangerous Goods (including Maritime and Coastguard Agency).

## Theresa Villiers

- Rail;
- London – including Crossrail;
- Olympics;
- Europe; and
- Aviation – including Air Accidents Investigation Branch.

## Norman Baker

- Regional and Local Transport;
- Buses and Taxis – including concessionary fares;
- Walking and Cycling;
- Accessibility and Equalities; and
- Alternatives to Travel.

3.3 Norman Baker will have the key policy role for Mersey Gateway given his responsibility for regional and local transport but the Secretary of State, Philip Hammond, will be overseeing departmental spending, leading to the confirmation of the Department's budget for the next three years expected to be announced in November.

3.4 Members will appreciate that the information emerging from the coalition Government is changing rapidly and the advice in this report will be updated orally at the meeting. The policy emerging from the coalition is an amalgam of Election Manifestos. The policy announcements confirmed thus far have tended to address the topics where an element of consensus already existed in manifesto pledges. For example Philip Hammond has ruled out national road user charging for this Parliament but has advocated the use of private sector funding in order to keep infrastructure projects moving forward, but has stated that tolling should only be used on new roads. The fact that Mersey Gateway is largely funded by the private sector should prove attractive to Ministers who want to keep infrastructure projects going with much reduced public funding.

3.5 The Mersey Gateway Project Director has already provided briefing to the Shadow ministerial team prior to election purdah and although the actual appointments differ from the Shadow team who received this briefing, it is likely that the above Ministers are also aware of the briefing

provided. To consolidate the understanding of why Mersey Gateway is essential for Halton and the region, we plan to write to the Secretary of State and Norman Baker.

- 3.6 In our letter to Philip Hammond, we intend to stress that Mersey Gateway represents high value for money, and in recent months we have worked with his officials to put in place a procurement and funding framework that will drive value for money and establish a commercial incentive for the private sector to deliver the improved services that road users and businesses expect, and where the benefits would be long lasting through the sensitive application of a road charging regime. We propose to confirm that the Council has won the argument that local road tolling is the only practicable solution that empowers the community to solve an acute transport problem, aided by the widespread view that living with the current bottleneck and deteriorating service is not an option.
- 3.7 A key factor we intend to stress to Norman Baker is the strong environmental and sustainable case for Mersey Gateway. Members may be aware that Norman Baker has been very vocal in his criticism of building new roads. It remains to be seen whether he will carry this approach on into Government, but Mersey Gateway is a special case leading to transport benefits across all modes, whilst supporting social and regeneration programmes. The full coalition Government agreement provides a good indication of the direction the new Government is likely to pursue, talking of an imperative to *“reform the way decisions are made on which transport decisions to prioritise, so that the benefits of low carbon proposals (including light rail schemes) are fully recognised”*.
- 3.8 At the Department for Communities and Local Government, Eric Pickles, former Conservative Party Chairman, was appointed as Secretary of State. He has previously shadowed this role whilst in opposition and spoke at the Mersey Gateway/LGA reception at Conservative Party Conference in Birmingham in 2008. The planning decision for Mersey Gateway will be announced jointly by the Secretaries of State for Transport (Philip Hammond) and the Secretary of State for Communities and Local Government (Eric Pickles). In our briefing to both we will point out that Halton and the regional community is looking forward to a decision on planning and investment as early as possible in this new Parliament. Mersey Gateway is well suited for such an early decision as it has already been through a rigorous planning and public inquiry process and initial preparations for the delivery of the project through procurement have already commenced. An early decision will also represent greater value for money for the project.
- 3.9 Some changes to the local Members of Parliament have also taken place with Graham Evans taking Weaver Vale for the Conservatives, whilst Warrington South (David Mowat), City of Chester (Stephen Mosley) and Wirral West (Esther McVey) were also picked up by the Conservatives. There were also a few local changes on the Labour side, given the

number of MP's deciding to stand down from Parliament at this election: Alison McGovern (Wirral South), former Liverpool Lord Mayor Steve Rotheram (Liverpool Walton), Luciana Berger (Liverpool Wavertree) and ex-Education Minister Stephen Twigg (Liverpool West Derby) are amongst the new faces.

- 3.10 Derek Twigg has obviously been and continues to be a leading spokesperson for the Mersey Gateway project. The campaign to secure Government approval for Mersey Gateway will now also draw on the cross-party support, evident in the views expressed by David Mowat and Graham Evans.
- 3.11 All Merseyside, Cheshire and Warrington MP's elected at the 2010 election have been provided with a briefing note attached at the annex to this report. Our intention is to hold a briefing event for local MP's later in the year, hopefully within the Parliamentary Estate. The Chief Executive will be exploring the possibility of Derek Twigg and Graham Evans jointly hosting this event for the Mersey Gateway.

#### Reducing the Deficit

- 3.12 The Chancellor of the Exchequer has announced details of the spending cuts required for the current financial year that are required as a start to reduce the budget deficit. The focus will be on "non-priority" areas, with Ministers insisting they are clamping down on waste and that services on which the most vulnerable in society rely will be untouched. At the moment, information of exact areas that will be directly affected is limited in terms of detail. Further details are likely to emerge in the Chancellor's Emergency Budget on 22<sup>nd</sup> June. There will also be a Comprehensive Spending Review in the autumn, prefaced by a fully consultative process involving the public and private sectors.
- 3.13 The Chief Secretary and spending Ministers are also reviewing all spending approvals issued since 1<sup>st</sup> January 2010 to ensure they are consistent with the new Government's priorities and offer good value for money. It is likely that the Final Funding Approval for the major maintenance scheme for Silver Jubilee Bridge granted by former Ministers earlier this year will be covered by this policy review. We have yet to receive any confirmation or details of such a review in connection with the approved funding for SJB.
- 3.14 DfT's initial contribution to the circa £6bn savings planned for the current year amounts to 11% of the total, and will include the following:
- A £309 million reduction in specific grants to local authorities;
  - A possible £108 million reduction in the DfT's grant to TfL; and
  - A reduction of £100 million in Network Rail spending.

- 3.15 Members will be advised of any new developments with the coalition Government's policy or spending priorities that may impact on Mersey Gateway as they arise.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 The project is a key priority for the Council which will deliver benefits locally and across the wider region.

#### **5.0 OTHER IMPLICATIONS**

- 5.1 Members will be kept advised of any change in the risk or funding position as draft proposals are agreed with Department officials.
- 5.2 As explained above, the delay in commencing procurement is factored into the current financial model that will be used to establish the PFI Credits required to deliver the project with toll charges similar to those applying at Mersey Tunnels.

#### **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

##### **6.1 Children and Young People in Halton**

There will be an indirect contribution to contribute to Key Objective E: To ensure that all children and young people in Halton have positive futures after school by embracing life-long learning, employment opportunities and enjoying a positive standard of living.

##### **6.2 Employment, Learning and Skills in Halton**

There will be an indirect contribution to Key Objective B: To develop a culture where learning is valued and to raise skill levels throughout the adult population and in the local workforce.

##### **6.3 A Healthy Halton**

There will be opportunities for biodiversity activities to contribute to Key Objective C: To promote a healthy living environment and lifestyles to protect the health of the public, sustain individual good health and well-being, and help prevent and efficiently manage illness.

##### **6.4 A Safer Halton**

There will be opportunities to contribute to Key Objective C: To create and sustain better neighbourhoods that are well designed, well built, well maintained, safe and valued by the people who live in them, reflecting the priorities of residents.

## **6.5 Halton's Urban Renewal**

There will be opportunities to contribute to Key Objective E: To enhance, promote and celebrate the quality of the built and natural environment in Halton. Tackling the legacy of contamination and dereliction to further improve the Borough's image. In particular, in Area of Focus 12, examples of future planned activity include "Creating local nature reserves and wild spaces that support the Council's efforts to deliver urban renewal and a better quality of life in Halton". The Mersey Gateway nature reserve will be a main delivery mechanism for this Area of Focus.

## **7.0 RISK ANALYSIS**

7.1 The communications strategy is now being revised to take account of the new coalition Government and potential changes to regional agencies that could take place in the near future so that the widespread support for Mersey Gateway is not put at risk.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 Mersey Gateway provides an opportunity to improve accessibility to services, education and employment for all.

## **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

9.1 Files maintained by the Mersey Gateway Project Team and by the Highways and Transportation Department.





# A bridge to **prosperity**

The Mersey Gateway Project is a major project to build a new toll bridge over the River Mersey in the Borough of Halton, between the towns of Runcorn and Widnes.

The project team is aiming to secure planning approval from government before the summer.

# Moving forward

There is no doubt that Mersey Gateway is a significant project requiring capital investment of around £600m. Halton Borough Council, supported by its partners north and south of the Mersey, has taken the initiative in recognizing that delivering the project through a tolling strategy is the only practicable investment option. The local empowerment that funding through tolling invites has now received widespread support across Halton and the region – as evidenced in the low key public inquiry held last summer. The current funding proposals, which are being reviewed by new Ministers, would result in the public sector meeting less than a third of the project cost, with the remainder being funded by the users of the crossing through the tolls paid.

This high value for money approach is vital in the context of managing the national budget deficit and securing a good deal for the public purse. Tolling also helps the Council to manage future traffic levels resulting in an overall reduction in carbon emissions. The funding package also allows the existing Silver Jubilee Bridge to be modified to give priority to public transport, cycling and walking, all of which are compromised by the current congested conditions. Mersey Gateway has developed into a sustainable solution to an acute problem.

The Mersey Gateway Project is vital for the north west and has cross party support across the region.

We must take this chance – doing nothing is not an option.



## David Parr

Chief Executive  
Halton Borough Council



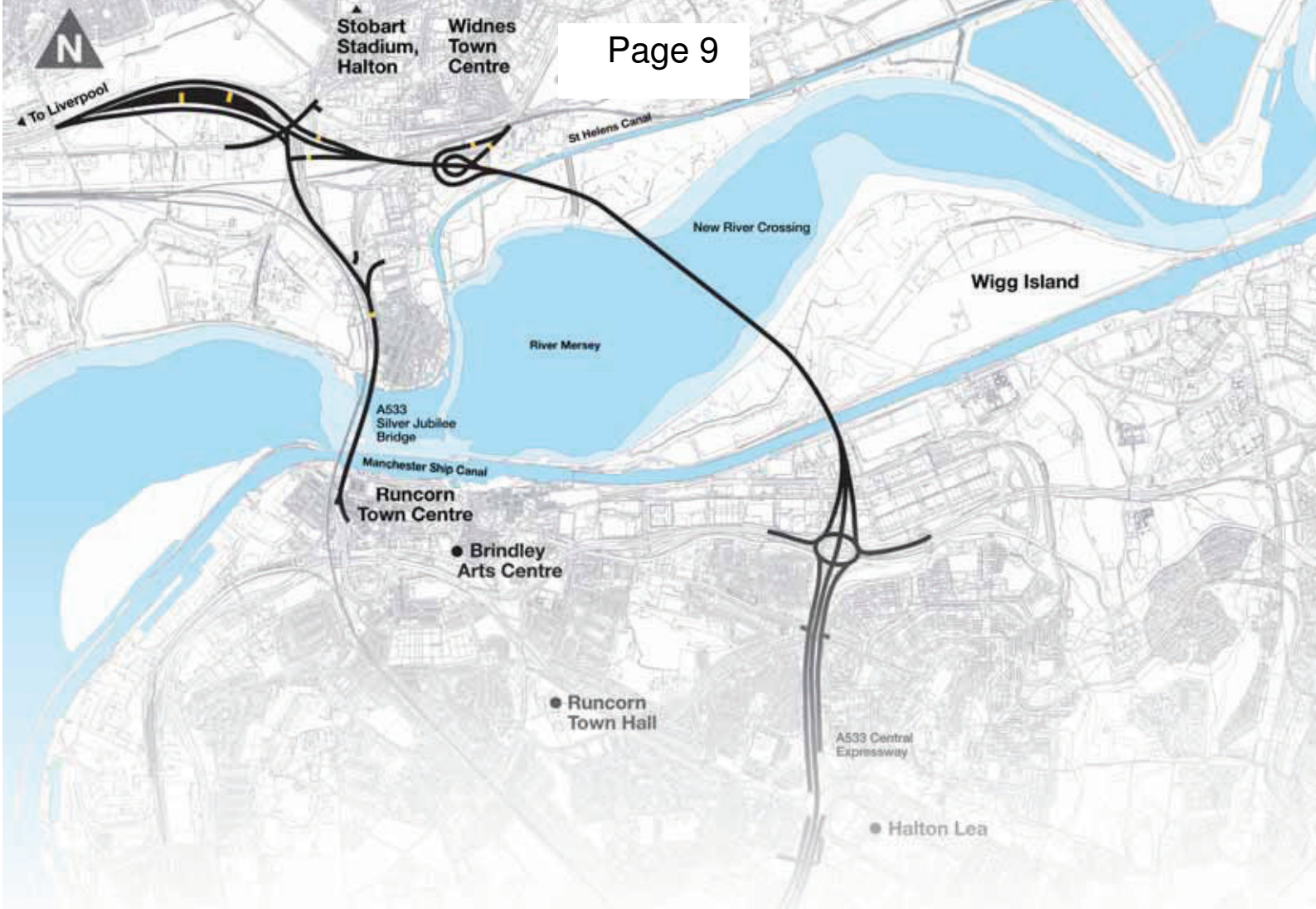
# Regional importance

The current river crossing in Halton – the Silver Jubilee Bridge – is a major infrastructure and access route for people and businesses travelling across the north west and between the region and north Wales.

The route carries over 80,000 vehicles every working day and the bridge and approach roads have been improved to their maximum. Traffic demand regularly exceeds the capacity of Silver Jubilee Bridge and routine maintenance works often result in gridlock conditions over a wide area of the regions road network. Only 20% of traffic crossing the bridge starts and finishes its journey within Halton highlighting the SJB's position as a crucial transport gateway for the Liverpool city-region and north Cheshire. For several years this vital regional link has been under intense pressure and the call for a new crossing has near unanimous support across the region's community and local government.

Strategic initiatives to support sustainable economic growth across the sub-region all identify weaknesses in connectivity, in particular insufficient capacity in the road network around Halton.





The Mersey Gateway Project will transform road transport by relieving the SJB bottleneck with a modern high standard crossing that will be congestion free for the next forty years and more. Establishing reliable and reduced journey times in this strategic corridor is essential to encourage continued investment and regeneration across the wider region. The Mersey Gateway Project is a unique opportunity to provide a kick-start to the stalled regional economy and deliver transport, economic and social benefits across the north west.

The Council and our partners are bringing forward regeneration initiatives anticipating the delivery of Mersey Gateway and building on the emerging knowledge based industries in Daresbury, and south Liverpool, linked to the Liverpool Super Port and motorway corridor between Manchester and Liverpool Airports. Economic recovery with inadequate infrastructure seems a forlorn prospect.

### In addition to the new bridge, the project includes or facilitates:

- improving regional transport links to encourage new and inward investment
- plans to kick start a major 20-year regeneration programme for Halton and the wider region
- plans to develop and integrate public transport, cycle and pedestrian links across Halton, and
- road user charges on the existing Silver Jubilee Bridge between the two towns.



## Benefits

The project will bring huge benefits for people and businesses across the north west. This includes:

- Increased journey time reliability
- Increased network resilience and civil contingencies
- A major strategic new transport route linking the Liverpool city-region and the north west to the rest of the country
- 4,640 new jobs across the region
- Generation of an estimated £61.9million a year in Gross Value Added from the new jobs by 2030.

It will also support sustained growth at Liverpool Ports and Liverpool John Lennon Airport.

## Tolling

Under the project proposals, both the new bridge and the existing Silver Jubilee Bridge will be subject to tolls/charges. The exact toll/charge levels are still to be determined but they are likely to be similar to the cost of travelling through one of the Mersey Tunnels.

The project team is actively investigating the best way to provide discounts to groups like local people and regular users.



## The project is backed by:



## Further information



Mersey Gateway Project, Halton Borough Council, First Floor, Unit 15, Turnstone Business Park, Mulberry Avenue, Widnes WA8 0WN

**w:** merseygateway.co.uk **t:** 0151 495 4091 **e:** mersey.gateway@halton.gov.uk

**REPORT TO:** Mersey Gateway Exec Board

**DATE:** 17th June 2010

**REPORTING OFFICER:** Strategic Director, Environment & Economy

**SUBJECT:** Progress towards securing Conditional Funding Approval from Ministers and the Council's Preparation for Procurement

**WARDS:** All Wards

### **1.0 PURPOSE OF THE REPORT**

- 1.1 To advise Members of the progress made since the last meeting of the Board, towards securing the authority required to commence the procurement process.

### **2.0 RECOMMENDATION: That the Mersey Gateway Executive Board:**

- (1) note the progress made and the results emerging from the preparation of the Outline Business Case that will form the basis of the Council's Conditional Funding Approval submission to the Department for Transport.

### **3.0 SUPPORTING INFORMATION**

- 3.1 Members were advised at the last meeting of the MGEB in January that the first draft of the Outline Business Case has been submitted to the Department and discussed with the DfT Major Projects Team at the scheme progress meeting on 19<sup>th</sup> November. A further progress meeting with the DfT was held in February which resolved several key issues. Consequently the basis of the draft Outline Business Case can now be reported.
- 3.2 The work required to complete the Outline Business Case was explained to Members at the MGEB meeting last September. In essence the process involves the project appraisal being brought up-to-date compared with the Major Scheme Programme Entry submissions, and the procurement strategy being developed to ensure that the Council receives the best offers from the private sector in the current market. The Outline Business Case will be the main submission in the Council bid to secure Conditional Funding Approval from Ministers. Progress made towards clarifying and completing the Outline Business Case in each of the main sections is as follows:

### The Strategic Case

- 3.3 The Strategic Case demonstrates that the scheme is consistent with, and will contribute to local, regional and national objectives in transport and other key policy areas. The high priority given to Mersey Gateway across the sub-region reflects that the project has a close fit with regional and local policy objectives. During April, the DfT received a letter from 4NW confirming that Mersey Gateway remains a priority for funding.
- 3.4 The second report to MGEB at this meeting deals with the policy evidence emerging from the new coalition Government. We are monitoring such developments and are being assisted by information provided by senior civil servants at the DfT to ensure we appreciate any policy developments that may impact on Mersey Gateway as they arise. The Strategic Case for Mersey Gateway has involved an exhaustive appraisal over several years that has established robust evidence to demonstrate the policy justification for proceeding with the project. The Strategic Case is made on generic grounds dealing with transport, economic and social factors that are likely to remain a policy priority for the coalition Government.
- 3.5 The DfT has in April, under the instruction of the former Minister, revised a number of its economic forecasts that acknowledge the impact of the downturn in growth. The Conditional Funding bid is expected to be required to be consistent with these revised economic growth assumptions, and consequently the project team is prepared to undertake further traffic and economic modelling work. We are seeking clarification from the DfT before concluding this revised forecasting work.

### The Value for Money Case

- 3.6 The Value for Money Case is expected to be resilient against the impact of the lower growth assumptions, with the results likely to confirm that even with pessimistic economic growth assumptions the Benefit to Cost Ratio remains at least 'Medium' on the DfT relative value for money scale. This worst case assessment would satisfy the conditions for funding Mersey Gateway agreed with Ministers when Programme Entry approval was granted back in 2006.

### The Delivery Case

- 3.7 The Delivery Case explains how the Council intends to deliver the scheme to time and budget and includes the project programme, the governance arrangements, the plans for stakeholder involvement and robust risk management plans. The new work takes into account the changes now proposed in the procurement strategy (see Commercial Case) and how this will impact on the Council organisation required to oversee the construction and operating phase of the project. Again the progress made in agreeing the revised procurement approach with DfT officials allows the Delivery Case to be updated and submitted in the

funding bid. The delay in the planning decision has however put back the opening of Mersey Gateway by a year, to late 2015, and the programme in the Conditional Funding bid has been revised accordingly.

### The Commercial Case

- 3.8 The Commercial Case now includes a sound procurement strategy and a rigorous approach to the private sector involvement. As reported to Members towards the end of last year, the procurement strategy has been reviewed to assess the validity of assumptions relating to market conditions that have been affected by the banking crisis and the economic downturn. The aim of the current work is to ensure that the project finance arrangement benefits from the full value of the tolling revenue expected to be received and the competitive market for large construction projects. The project team has reached a consensus view with procurement and finance experts at the DfT that the current market is expected to deliver good prices for construction works, but transferring the risk of uncertain toll revenue to the private sector would not deliver best value in the current project finance market.
- 3.9 To further develop a revised procurement arrangement, it is likely that a further round of market consultation will be undertaken where we will seek the views of organisations expressing a potential interest in bidding for a Mersey Gateway contract. The consultation would take place in late June or early July. We have been contracted by several national and international groups expressing an informal interest in submitting bids for Mersey Gateway.

### The Financial Case

- 3.10 The Financial Case has demonstrated that the scheme is based on sound costings and revenue forecasts, and has determined the funding requirements that together will form the Council Conditional Funding Approval bid. Since the completion of the Inquiry, all the project costs have been reviewed and new estimates produced. The revised cost estimates take on board all the commitments given to third party interests leading up to the Inquiry which have either changed the project scope or increased cost for other reasons. The project funding arrangements cover whole life costs over a 30 year period, and require a view to be taken on the likely maintenance and operating costs over this period alongside the average inflation rates expected. These inflation assumptions are still being assessed in consultation with DfT officials, and the final cost estimates to support the Conditional Funding bid will embrace the conclusions drawn from this review.
- 3.11 The revised cost and revenue forecasts are informing discussions with DfT that will lead to a revised agreement on the amount of PFI Credits required to deliver the project. There is no reason to change the capital grant of £86m agreed at Programme Entry.

- 3.12 Draft proposals were reported to the DfT Internal Investment Committee in February who requested further information on the level of financial risk that would be taken by Government. Members will be advised on the outcome of these discussions as we receive notice from DfT officials that the new Ministers have reached a final view on the funding case.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 The project is a key priority for the Council which will deliver benefits locally and across the wider region.

#### **5.0 OTHER IMPLICATIONS**

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## **7.0 RISK ANALYSIS**

- 7.1 The project plan now assumes a decision on the planning process will take place before October 2010. The process we have agreed with DfT officials is aimed at mitigating the risk of delay and puts in place a realistic programme that could see procurement commencing towards the end of the year (2010).

## **8.0 EQUALITY AND DIVERSITY ISSUES**

- 8.1 Mersey Gateway provides an opportunity to improve accessibility to services, education and employment for all.

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