HALTON BOROUGH COUNCIL

Municipal Building,
Kingsway,
Widnes.
WA8 7QF

15th April 2008

TO: **MEMBERS OF THE HALTON BOROUGH COUNCIL**

You are hereby summoned to attend an Ordinary Meeting of the Halton Borough Council to be held in the Council Chamber, Runcorn Town Hall on Wednesday, 23 April 2008 commencing at 6.30 p.m. for the purpose of considering and passing such resolution(s) as may be deemed necessary or desirable in respect of the matters mentioned in the Agenda.

David WR

Chief Executive

-AGENDA-

(NB Prior to the start of the meeting, a DVD will be shown celebrating the 10th birthday of Halton as a unitary authority.)

1. COUNCIL MINUTES

2. APOLOGIES FOR ABSENCE

3. THE MAYOR'S ANNOUNCEMENTS

4. DECLARATIONS OF INTEREST

5. LEADER'S REPORT

6. MINUTES OF THE EXECUTIVE BOARD

a) 21st February 2008

b) 6th March 2008

c) 20th March 2008

7. MINUTES OF THE EXECUTIVE BOARD SUB-COMMITTEE

a) 21st February 2008

b) 6th March 2008

c) 20th March 2008

8. MERSEY GATEWAY EXECUTIVE BOARD

a) 7th April 2008

9. QUESTIONS ASKED UNDER STANDING ORDER NO. 8

10. MATTERS REQUIRING A DECISION OF THE COUNCIL

a) Mersey Gateway Transport and Works Act Order - KEY DECISION

To consider the attached report.

b) Job Evaluation - Update - Appointments Committee 28th February 2008 (Minute No. APC5 refers)

The Appointments Committee considered the attached report.

RECOMMENDED: That the process be endorsed.

c) Housing Capital Programme - Executive Board 10th April 2008 (Executive Board agenda item no. 4b refers)

The Executive Board considered the attached report.

RECOMMENDED: That the position regarding the 2007/08 programme be noted, and the proposed programme for 2008/09 as set out in the report and Appendix be approved.

d) Arrangements for the Appointment of Mayor - Executive Board Sub-Committee 21st February 2008 (minute no. ES81 refers)

The Executive Board Sub-Committee considered a Part II report making recommendations for the appointment of Mayor and Deputy Mayor for the 2008/09 Municipal Year.

Council is requested to note these recommendations as follows. Formal confirmation will be sought at the annual meeting.

Mayor – Councillor Loftus
Deputy Mayor – Councillor Fraser

e) Treasury Management and Investment Strategy 2008/09 - Executive Board Sub-Committee 20th March 2008 (minute no. ES97 refers)

The Executive Board Sub-Committee considered the attached report.

RECOMMENDED: That the policies and strategies outlined in the report be adopted.

f) North Cheshire Hospitals NHS Trust Application for Foundation Status

To consider the attached report.

11. MINUTES OF POLICY AND PERFORMANCE BOARDS AND THE BUSINESS EFFICIENCY BOARD

a) Children and Young People - cream pages

b) Employment, Learning and Skills - yellow pages

c) Healthy Halton - grey pages

d) Safer Halton - pink pages

e) Urban Renewal - green pages

f) Corporate Services - salmon pages

g) Business Efficiency Board - white pages

12. COMMITTEE MINUTES

a) Development Control - pink pages

b) Standards - white pages

c) Regulatory - blue pages

d) Appointments - white pages

Agenda Item 10a

REPORT TO: Council

DATE: 23 April 2008

REPORTING OFFICER: Strategic Director Environment

SUBJECT: Mersey Gateway Transport and Works Act Order

WARDS: All

1.0 PURPOSE OF THE REPORT

1.1 This report relates to the order required to be promoted in order to secure powers to promote the elements of the Mersey Gateway Project (the "Project") that relate to the Mersey Gateway Bridge. It also addresses the other applications and orders required to be promoted for the other elements of the Project to give the overall context. In doing so it also explains the background to the Project.

1.2 This report seeks the authority of the Council to promote the proposed Transport and Works Act Order in accordance with the requirements of section 239 of the Local Government Act 1972. In this respect, the Executive Board resolved on 10 April 2008 to recommend to a meeting of the Council that it should resolve to promote an order under s3 of the Transport and Works Act 1992 to authorise interference with public rights of navigation by the construction of a new bridge over the River Mersey comprised in the Project.

1.3 Accordingly, this report sets out the basis of the Transport and Works Act Order, what it is intended to achieve, and recommends that the Council should resolve to promote an order under s3 of the Transport and Works Act 1992 to authorise interference with public rights of navigation by the construction of a new bridge over the River Mersey comprised in the Project.

2.0 RECOMMENDATION:

2.1 That the Council note the content of this report and have regard to it in considering whether to promote an order under s3 of the Transport and Works Act 1992 authorising the construction of works that interfere with navigation and certain other matters explained elsewhere in this report; and

2.2 That in accordance with the terms of s239 of the Local Government Act 1972 as applied by section 20 of the Transport and Works Act 1992 the Council resolve to promote an order under the provisions of s3 of the Transport and Works Act 1992 authorising the construction of works that interfere with navigation

and certain other matters explained elsewhere in this report, for effecting all or some of the following objects and purposes:

2.2.1 for statutory authority to construct a new bridge across the River Mersey between Runcorn and Widnes in the Borough of Halton being works which interfere with public rights of navigation;

2.2.1 for statutory authority to construct works that interfere with navigation in the St Helens Canal, the Manchester Ship Canal and the Bridgewater Canal;

2.2.3 to authorise permanent and temporary changes to the highway network in the Borough of Halton;

2.2.4 to authorise the compulsory acquisition of land and rights in land for the purposes of this project;

2.2.5 to authorise the charging, levying, setting and collection of tolls or charges for the use of the works and the creation of summary offences in connection with non-payment;

2.2.6 to authorise the making of byelaws and their enforcement, including the creation of summary offences;

2.2.7 to apply and/or disapply legislation relevant to the works;

2.2.8 to make arrangements for the letting of a concession to operate and manage the works and their construction; and

2.2.9 to authorise such ancillary, incidental and consequential provisions as may be necessary and/or convenient, and such other purposes as may be determined by the Council.

2.3 That the Chief Executive be authorised to settle the areas subject to works to be authorised by the Order and the areas to be the subject to powers of compulsory acquisition contained in the Order and also to settle any documentation required for the Order.

2.4 That the Operational Director and Monitoring Officer (Legal, Organisational Development and Human Resources) be authorised to make the application for the Order to the Secretary of State and to take all necessary procedural steps prior to and after the making of the application, including the preparation and presentation of the council's case at any public inquiry.

2.5 That the Operational Director and Monitoring Officer (Legal, Organisational Development and Human Resources) be authorised to sign and serve any notices or documents necessary to give effect to

these recommendations and to take all other actions necessary to give effect to these recommendations.

2.6 That the Operational Director and Monitoring Officer (Legal, Organisational Development and Human Resources) be authorised as soon as the Order is made by the Secretary of State and comes into effect, to take all necessary procedural steps in order to implement the powers of the Council authorised by the Order as made.

3.0 SUPPORTING INFORMATION

3.1 The Silver Jubilee Bridge ("SJB") today represents a key vehicular crossing point over the Mersey. It is one of only four main opportunities for road traffic to cross the Mersey between Liverpool and Manchester. From the west, these comprise the two Mersey tunnels, Silver Jubilee Bridge, crossing within Warrington town centre and the Thelwall Viaduct on the M6. As such, the SJB forms a key link in the regional transport network as well as representing the only vehicular and pedestrian link between the Borough towns of Runcorn and Widnes.

3.2 The bridge was originally opened in 1961 with one lane in each direction and an opening year traffic flow of 10,000 vehicles per day. The bridge was modified in 1977 to provide for two lanes in each direction. However, these were sub standard (having a total width of just 12.2 m) and lacking in any central divide or current day spacing. Traffic growth on the bridge has since grown but there is no physical scope to provide for additional capacity. The bridge today typically carries circa 83,000 vehicles per day and at peak summer time has been in excess of 93,000. Practical capacity is exceeded for four hours each day and spreading of the morning and evening peak regularly occurs. The bridge has poor facilities for pedestrians, which are rarely used, and no discrete provision for cyclists. Prolonged periods of congestion regularly occur, which affect both regional and local traffic crossing the Estuary as well as causing knock on network effects for local traffic in both Widnes and Runcorn. In addition the public transport routes that do use the bridge for journeys within the Borough cannot rely on journey times or timetabling.

3.3 Silver Jubilee Bridge fulfils a pivotal role within the regional highway network. The key north west routes comprise the M62 (linking Merseyside to Manchester and beyond) which runs along the north of the Borough whilst the M56 (linking North Wales with Manchester) skirts along the southern Borough boundary. The only link between the two is the route provided by Silver Jubilee Bridge, which provides for regional movement in and out of Liverpool from Runcorn, Vale Royal, Chester and North Wales. The highway network has sought to maximise this opportunity, with the expressway network in Runcorn providing fast links from Junctions 11 and 12 of the M56 via SJB to Junction 7 of the M62 via the Widnes Eastern bypass. The limiting

factor is the capacity of the bridge rather than the accompanying junction links and network.

3.4 Whilst the wider regional network is reasonably robust, the bottleneck provided by SJB undermines network resilience. In addition to regular congestion associated with normal use, the effects of any incident (accident/breakdown/weather related/maintenance) on either the SJB or its approaches severely undermines the role of the SJB.

Mersey Gateway Project

3.5 The provision of a second crossing of the River Mersey has been a long-held aspiration of Halton Borough Council. The traffic bottleneck caused by the SJB has been long acknowledged as social and economic constraint. In 1999 the draft UDP identified that the case for a new crossing had also been acknowledged by the then Minister for Transport, making clear the need to develop a scheme for inclusion in the Local Transport Plan.

3.6 Halton Borough Council subsequently began to advance the proposals. The work undertaken by and on behalf of the Council between 2000 and 2003 focused on comparing potential alternatives to address problems associated with congestion in Halton. This work was submitted first to the DfT in 2003 and then resubmitted, accompanied by additional data early in 2006. Through this process, certain regional and local objectives were identified as follows:

- To relieve the SJB, thereby removing the constraint on local and regional development and better provide for local traffic;
- To maximise development opportunities;
- To improve public transport links across the River; and
- To encourage the increased use of cycling and walking.

3.7 For any scheme to be successful the Council required it to fulfil as many of the above objectives as possible, to fit its environment and to be economically viable. Throughout the process a range of alternatives were considered. Those alternatives which satisfied the above objectives, fitted their environment and were economically viable were then considered further until a preferred solution was identified.

3.8 A number of strategic alternatives with the potential to solve congestion problems in Halton and achieve the Council's objectives as set out above were considered throughout the development of the Project. These included making better use of existing infrastructure and options for increasing transport capacity. The main topics of investigation were as follows:

- Halton Travel Plans and similar demand management initiatives;
- Road User Charging for using the existing Silver Jubilee Bridge or other roads;

- Dynamic Lane Management to get the best out of the existing road capacity;
- Selective Access to SJB by Vehicle Tagging;
- Road Space Reallocation;
- Park and Ride Facilities;
- Rail Service Improvement;
- New road bridge crossing to the West of the Railway Bridge;
- New road bridge crossing between the SJB and the Railway Bridge;
- New road tunnels to the west and east of the SJB; and
- New road bridge crossing (adjacent to and to the east of the SJB).

3.9 Following a thorough assessment of each strategic alternative, it was concluded that a fixed crossing to the east of the SJB represented the only realistic option of delivering improvements in congestion, and achieving the identified scheme objectives.

3.10 A series of alternative fixed routes and were then considered to the east of the SJB all of which avoided the more environmentally sensitive lower reaches of the estuary. This concluded that an option known as route 3A lies naturally on the desire line for through traffic and was economic in connecting effectively with the expressway network to the north and south of the river. As a result, it achieved the highest proportion of trip reassignment from the SJB when compared with other routes and therefore provide the strategic and local traffic diversion required. It was found that this option would satisfactorily relieve the SJB and permit its return to local use. The Project alignment also has relatively straightforward junction solutions in comparison to other variations of the route, avoids residential areas, and will have a minimal impact upon industrial areas and the existing highway network.

3.11 The discussions with the Department of Transport, leading up to Programme Entry confirmation being granted in March 2006, covered options to fund the project. It was confirmed that Mersey Gateway should be delivered as a tolled road, and a road user charging regime would also extend to the existing SJB in order to deliver the project benefits within the limited funding agreed with Government.

3.12 In developing the project, and as an expression of their ongoing corporate support for the project, Halton Borough Council has identified revised strategic objectives for the Mersey Gateway Project as follows (together with a brief explanation):

i) To relieve the congested Silver Jubilee Bridge, thereby removing the constraint on local and regional development and better provide for local transport needs;

The New Bridge would provide an alternative route across the River Mersey that is predicted to attract in the region of 80% of the existing traffic crossing the River by the SJB. As such, provided that both bridges are subject to tolls or charges, the Project will

meet this objective, allowing the redeployment of roadspace on the Silver Jubilee Bridge for local traffic, public transport, cycling and walking.

ii) To apply minimum toll and road user charges to both the Mersey Gateway Bridge and the Silver Jubilee Bridge consistent with the level required to satisfy affordability constraints;

The proposed funding arrangements and tolling strategy maximise the opportunity for a private sector partner (the concessionaire) to offer a best value bid to the Council for the design build and operate contract (further explained below). The assumption is that toll levels will be commensurate with those charged for the use of the existing Mersey Tunnels.

iii) To improve accessibility in order to maximise local development and regional economic growth opportunities;

The removal of a constraint on transport - both private and public - has been assessed as having real benefits in terms of accessibility and journey reliability. In addition to the Project itself, the Borough council is advancing planning policy designed to seize the advantages offered by the release of land by the project and potential for de-linking of the SJB in Runcorn as well as regeneration opportunities elsewhere in the Borough.

iv) To improve local air quality and enhance the general urban environment;

The environmental impact assessment in respect of the Project has predicted that air quality and noise climates will improve in several locations as a result of the Project. Tolls are expected to constrain traffic growth resulting in reduced greenhouse gases in future years.

v) To improve public transport links across the River Mersey;

At present public transport is reliant on the congested SJB. As a result of the project, public transport will benefit from freer-flowing traffic conditions. In addition, the borough Council is developing a Sustainable Transport Strategy designed to maximise the advantages offered by the Project.

vi) To encourage the increased use of cycling and walking; and

The current, unattractive route between Runcorn and Widnes <u>via</u> the SJB will be markedly improved as a result of the Project. This, alongside the Sustainable Transport Strategy will allow the objective to be met.

vii) To restore effective network resilience for transport across the River Mersey.

Part of the problems associated with the SJB are that as the only link between the Mersey Tunnels and M6 Thelwall Viaduct it has a significant strategic role. When it fails in this role significant problems result. Moreover, when either of the alternative crossings fail the extra traffic diverting to SJB results in chronic congestion. The provision of an alternative route within the Borough of Halton and at a more strategic level will provide greatly enhanced network resilience for all those people and businesses reliant on journeys that cross the River Mersey.

3.13 It can be seen from the above that the Project as described elsewhere in this report will provide substantial transportation, environmental and regeneration benefits. Whereas the environmental statement submitted with planning applications for certain parts of the Project reveals some adverse effects, these are few and - balanced against the benefits of the project - are much more than outweighed by its positive aspects. In light of this, a compelling case exists, in the public interest, for the promotion and delivery of the project, including the acquisition of necessary land.

4.0 CONSULTATION

4.1 To inform the evolution of the Project, two clear strands of consultation have been undertaken over a six year period involving statutory consultees, business stakeholders, landowners, and resident focus groups, including:

- Consultation carried out prior to the Department for Transport confirmation of programme entry for the Project in March 2006 (advised on and managed by MVA Consultancy);
- Consultation after approval by the Mersey Gateway Executive Board on 18th June 2007 for 14 weeks between June and September 2007 (advised on and managed by DTW Consultancy) in line with a Consultation Strategy developed specifically for the Project.
- The key stages of pre-application and orders consultation have included the following:
- September-October 2002 - first consultation took place on crossing options in the form of focus group discussions with residents;
- February 2003 – assessment of route options with Resident Focus Groups and Business and Stakeholder workshops;
- July 2004 – following the selection of a preferred route, further consultation was undertaken with residents, major businesses, and 25 local authorities;
- October 2006 – following the initial design of the Project in March 2006, all affected landowners were contacted, advising of the possible impacts of the Project on their landholdings; and

- June-September 2007 – extensive public consultation was undertaken including 15 exhibitions throughout the Borough, editorial in Council publications, a new website, information campaign in local media, monthly e-newsletter, briefing events for local/regional businesses and groups, gateway newsletter, postal/phone/text feedback system and letters to general stakeholders, statutory consultees and regional MP's and MEP's.

5.0 THE MERSEY GATEWAY WORKS

5.1 In response to the aspirations of the Borough Council, the needs of the highway and transportation network and as a product of the consultation described above it has been possible to advance to a stage where a design for the Project can be identified. This then has certain additional characteristics in terms of other, ancillary aspects that are described in further detail below.

5.2 Members will be aware of the nature of the project in broad terms. However, this section of this report explains the scope and extent of the Mersey Gateway Project as it stands today.

5.3 The works can be divided into two broad categories:

5.3.1 Main Works - these are shown on the plan at **Appendix 1** edged blue and described at 6.11 - 6.37 and will be the subject of the proposed order under section 3(1)(b) of the Transport and Works Act 1992, to authorise the construction of the Mersey Gateway bridge and ancillary works; and

5.3.2 Remote Works, including SJB - these are shown on the plan at **Appendix 1** edged red and described at 6.38 - 6.47. These works are the subject of the other applications and orders required for the Project, which are also explained in this report by way of context.

Route Description

5.4 The works that comprise the Project run from the North West of Widnes to a junction with the M56 to the South of Runcorn. They also include the SJB. A scheme has been designed in outline to deliver the objectives of the Project, which is referred to as the "Reference Design". The alignment of the Reference Design is described in greater detail below.

5.5 The western extent of the proposed main alignment will be located in Widnes, along the A562 Speke Road to Liverpool, to the west of the existing Ditton Roundabout Junction (Junction of A562 and A533). The alignment will then head eastwards along the line of, and to the south of, Speke Road towards the Ditton Junction. It will then progress, via an embankment, across land currently occupied by industrial units

along Ditton Road and over the Garston to Timperley rail freight line, before crossing the alignment of the existing A557 Widnes Eastern Bypass (via a multi-span viaduct), the Catalyst Trade Park and the western corner of the Thermphos Chemical Works.

5.6 A new junction (the “Widnes Loops Junction”) will be formed with the A557 at this location. The alignment will then continue south eastward over the St Helens Canal, Widnes Warth Saltmarsh, the River, Astmoor Saltmarsh and Wigg Island, before turning south over the Manchester Ship Canal and Astmoor Industrial Estate. The alignment will then connect into the existing road network in Runcorn at the Junction of the A533 Bridgewater and Central Expressways with the A558 Daresbury Expressway (the Bridgewater Junction).

5.7 The route will continue south along the Central Expressway (A533) towards the junctions of the Central/Southern Expressways and the Weston Point Expressway/Weston Link (known respectively as the Lodge Lane Junction and Weston Link Junction). The alignment will finally join the M56 Motorway at Junction 12.

5.8 The main application sites for the Project are shown at Appendix 1**.** The areas shown edged red will comprise works for which planning applications have been made pursuant to the Town and Country Planning Act 1990 - see below. The areas shown edged blue will be the subject of an application under the Transport and Works Act 1992. Together, the areas edged red and edged blue are known as the “Project Area”.

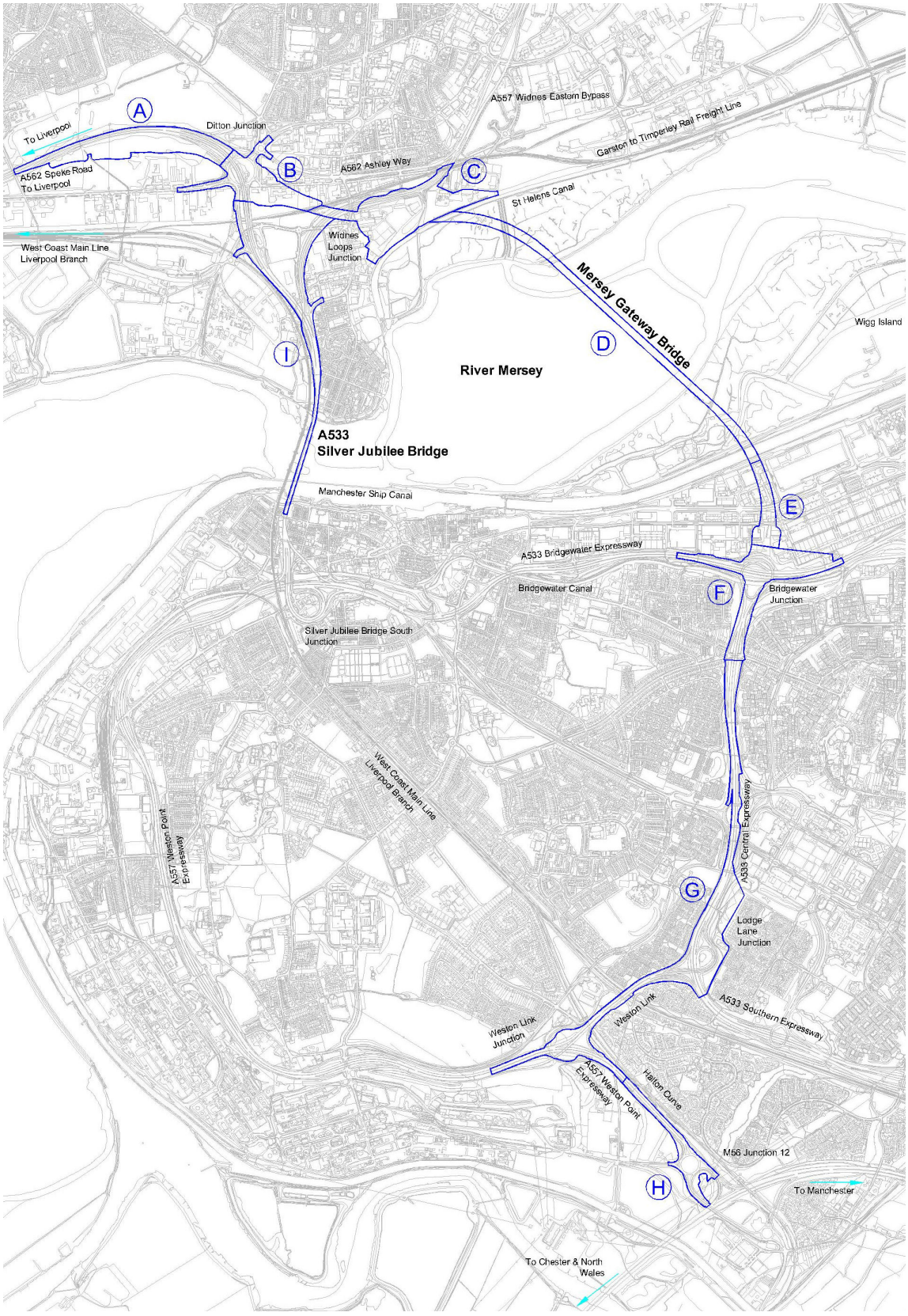
5.9 It will be noted that the Project Area is wider than the Construction areas described below. this is because the Project Area includes all land anticipated to be reasonably required at the date of this report for the construction of the Project. This includes not only the land that will be occupied by the works themselves, but also the areas required for construction sites during the construction period. The final extent of these areas will be settled in due course when the final form of the Transport and Works Act 1992 Application is determined. However, all of the land that will be comprised in the final Project Area will be *necessary* for the purposes of the Project.

5.10 For the purposes of understanding and describing the works the structural, highway and construction works for the Project have been split into a number of parts (known as “Construction Areas”) (A to I as shown below on Figure 1). The construction areas include the following:

- Area A – Main Toll Plazas;
- Area B – Ditton Junction to Freight Line;
- Area C – Freight Line to St Helens Canal including Widnes Loops Junction;
- Area D – Mersey Gateway Bridge (the "New Bridge");

- Area E – Astmoor Viaduct;
- Area F – Bridgewater Junction;
- Area G – Central Expressway, Lodge Lane Junction and Weston Link Junction;
- Area H – M56 Junction 12; and
- Area I – Silver Jubilee Bridge and Widnes De-linking.

Fig1: Mersey Gateway Project Construction Areas



5.10 The following section of this Report provides a summary of the highway and structural design for the Project within each of these construction areas.

Area A - Main Toll Plaza

5.11 The Main Toll Plaza provides the location of where tolls may be collected for crossing the New Bridge. As the Project must provide for barrier tolling technology it is necessary to provide an area sufficiently large for vehicles to slow, wait and pass through barriers without having a detrimental effect on traffic flows. Toll plazas are situated on the North side of the Mersey only, because this minimises land-take, allows concentration of necessary resources and means that this type of work can be restricted in the extent and location of any of its effects. The toll plaza will require approximately four hectares of land to accommodate the northbound and southbound tollbooths and will be at or just above existing ground level. No major earthworks are envisaged because the land at this location is already relatively flat. Where the Toll Plaza is above ground then fill will be imported. Tolling structures will be required, which are likely to comprise canopies providing sufficient headroom over tollbooths and their equipment for normal traffic use.

5.12 Extended link roads to the north and south of the Main Toll Plaza carriageway that bypass the tollbooths will be provided to allow access from Speke Road to Ditton Junction for vehicles not wishing to use the New Bridge. The northern edge of the north link road will coincide with the northern edge of the existing southbound carriageway of Speke Road.

5.13 Stewards Brook and a public footpath pass beneath the existing Speke Road to the west of the proposed tolling areas. This brook is contained within a culvert which will need to be extended in length to the south to accommodate the increased width of the carriageway at that location. The public footpath will be diverted around St Michaels Road. Balancing ponds may be formed to the south of the new carriageway on either side of Stewards Brook to control the drainage water outfall flow rate into the brook.

Area B – Ditton Junction to Freight Line

5.14 Ditton Junction will be changed from a roundabout to a signal-controlled junction. The new carriageway will increase in level on an embankment as it approaches the new grade separated junction and will be taken over the new ground level link, between Ditton Road and Moor Lane South, on a new, two span bridge. The southbound on-slip and the northbound off-slip will also feature toll collection facilities.

5.15 An embankment of up to 9m high will be formed. This crosses land currently occupied by industrial buildings and a scrap metal yard and it

is assumed that these areas will require treatment (owing to contamination) prior to construction of the embankment.

5.16 Ditton Road is a long established corridor for services and many of these will need to be diverted to accommodate the revised highway alignment. These will include diversions of electricity, gas, water, sewage and telecommunications mains. The Scottish Power Manweb electricity substation adjacent to the Anglo Blackwell compound on Ditton Road will require relocation.

Area C – Freight Line to St Helens Canal

5.17 The following new structures and earthworks will be required in this section of the works:

- The Freight Line Bridge - a single-span bridge over the Garston to Timperley Rail Freight Line.
- Victoria Road Viaduct - a high level, multi-span viaduct connecting the Freight Line Bridge to the edge of the Widnes Loops Junction including the crossing of Victoria Road.
- Two bridges over the new Widnes Loops Junction carriageways.
- Embankments carrying the new carriageway at high level.
- A bridge to carry the Widnes Loops Junction southbound on-slip over itself.
- Toll plazas connecting the Mersey Gateway to the Widnes Eastern Bypass.
- The St Helens Canal Bridge - the high level bridge crossing the potential development corridor to the north of the St Helens Canal and the crossing of the St Helens Canal itself, which would then land on the north abutment of the Mersey Gateway Bridge.

5.18 This area forms the link between the New Bridge and the existing A557 Widnes Eastern Bypass that connects with Junction 7 of the M62 to the north. It will be formed primarily by substantial earthworks. The new road between the Freight Line and the Widnes Loops Junction will be carried on a multi-span reinforced concrete structure. The structures within the Widnes Loops Junction will either be portal or box structures in reinforced concrete constructed within the earthworks.

5.19 The new carriageway will be taken over the St Helens Canal on a new, reinforced concrete structure, integral with the north abutment of the New Bridge. It will be formed at a height sufficient to permit a further structure to be constructed under it to carry a future light rapid transit system (or similar) at a level to match the possible running surface within the New Bridge and still preserve the required headroom of 5m for craft that may at some future time use the canal.

5.20 During construction of the New Bridge, it is expected that the St Helens Canal area will form the main reception/transition area for the main bridge units that will form the decks. As such, it is assumed that it will

be necessary temporarily to infill the canal (maintaining its drainage water transfer function) to provide a working area. On completion, the canal will be reinstated with some minor changes to the alignment.

5.21 A corridor for the Trans-Pennine Trail cycle and footpath will be maintained throughout the works.

5.22 Upon completion of the Project a landscaping scheme will link the new earthworks with the leisure facilities offered by Spike Island, the St Helens Canal and the Trans-Pennine Trail.

Area D – Mersey Gateway Bridge

5.23 The New Bridge will have a total length of around 2.13km from abutment to abutment. The New Bridge will consist of approximately 550m of approach spans from the north abutment to the edge of Widnes Warth Saltmarsh, and 580m from the edge of Astmoor Saltmarsh, over part of Wigg Island, over the Manchester Ship Canal and onto the south abutment within the Astmoor Industrial Estate.

5.24 The New Bridge over the Estuary itself will consist of 1,000m of cable-stayed bridge, consisting of up to four spans supported by three towers. The towers will be circular with a diameter of about 10m at water level, but will taper and include architectural features throughout their height.

5.25 Typical span lengths of the approach viaducts are 70-100m with an overall deck depth of around 6m. Both approach viaducts are twin, separate structures supported on their own independent substructure. There will be a total of 30 piers on the saltmarshes. Each pier will be of reinforced concrete of about 2m by 5m and the height would vary between 12m (north) and 23m (south) to suit the vertical profile of the deck.

5.26 The three towers of the cable-stayed spans are assumed to be concrete below deck level and steel above. The overall height of the towers will be around 120 -140m above the River level. The decks of the cable-stayed spans will be twin parallel decks, similar in form to the approach viaducts, connected at positions of cable stay attachment. The cable stays are arranged in pairs in a harp (i.e. parallel) configuration.

Area E - Astmoor Viaduct

5.27 The new carriageway crosses the Astmoor Industrial Estate at a height of approximately 24m above existing ground level. The area will need to be cleared of existing light industrial buildings. On completion of the works, the area below the viaduct may very well be available for future development.

5.28 The area between the south abutment of the New Bridge and Bridgewater Junction will comprise a high-level, multi-span viaduct called Astmoor Viaduct. This will cross the existing industrial park at considerable height, linking the high level crossing of the Manchester Ship Canal with the new crossing of Bridgewater Junction.

5.29 This elevated structure will vary in width up to a maximum of 60m before the southbound slip road splits off onto a separate alignment. The structure splits again at the point where the northbound on-slip road merges with the main line. The main line of the New Bridge will remain at high level while the two slip roads will reduce in level to the south to allow the slip roads to tie in with the roundabout at Bridgewater Junction.

5.30 The northern end of Astmoor Viaduct will land on the southern side of the south abutment of the New Bridge. The south abutment of the Astmoor Viaduct will be approximately 85m wide and will be at three levels. The abutment wall will retain the end of the embankment up to Bridgewater Junction.

5.31 The viaduct will be 340m long and will comprise 12 spans; 20m end spans and 30m intermediate spans. The deck will be supported by reinforced concrete plate piers, approximately 2m long by 5m wide, with four separate piers at each bent (line of support).

Area F – Bridgewater Junction

5.32 Like the Widnes Loops Junction, the Bridgewater Junction is a complex of structures and slip roads that provide grade separation and access to and from the Central Expressway (running north to south) and the Daresbury/Bridgewater Expressways (running east to west). The existing route through Daresbury/Bridgewater Expressway will be closed and brought into the new roundabout.

5.33 A two-level interchange is proposed with east-west movements at the lower level and the new road linking to the Central Expressway at the higher level. The lower level will contain the gyratory system, linking slip road movements. The upper level structure is likely to be a five-span steel and concrete viaduct. Similar construction materials will be used for the construction of the new slip road bridges over the Bridgewater Canal. The existing bridges over the Bridgewater Canal will be removed. However, the existing bridges over the Daresbury/Bridgewater Expressway will be retained, although they will no longer span a live carriageway.

5.34 The construction can be phased to coincide with routine winter closures of the canal. Retaining walls are also proposed so that adjacent slip roads at different levels to the main carriageway can be

kept tight within the junction without the need for an embankment therefore limiting land take.

5.35 Traffic management of the existing traffic flows during the construction phase will affect construction methods and materials. A major feature of the works in this area will be the requirement for demolition of the existing structures. Otherwise, the works are essentially self-contained and can therefore be undertaken independently from the other work areas.

5.36 The five-span high level viaduct will be about 150m long and 27m wide. The substructure will be of piled foundations and reinforced concrete piers. The superstructure will be of prefabricated steel or prestressed concrete beams to allow erection to fit in with the phased traffic management regime that will be required to maintain traffic flows during the works.

5.37 High abutment structures will be required at both ends of the New Bridge. The south abutment will be on the south bank of the Bridgewater Canal.

5.38 The two existing slip road bridges will need to be replaced with two new slip roads bridges on the new alignment of the slip road off the new roundabout. These will be single span bridges with prefabricated steel or pre-stressed concrete beams used to form the decks over the canal.

5.39 The existing highway alignment will be re-configured to incorporate the New Bridge and to change the priority of the existing expressways. The free flow link between the Bridgewater and Daresbury Expressways will be removed and replaced by linking into the new roundabout that will be formed at the centre of the junction.

5.40 The embankments between this junction and the Central Expressway will be modified for the alignment of the New Bridge and the re-aligned slip roads. This tie-in between the new carriageway and the existing Central Expressway will be at Halton Brow.

Area G – Central Expressway, Lodge Lane Junction and Weston Link Junction

5.41 Improvements will be required to the alignment of the Central Expressway to bring it up to current geometric standards and to manage its interface with the New Bridge. These should not involve significant earthworks and will be undertaken generally within the existing highway boundary.

5.42 The distance between existing junctions along the Central Expressway is too close to meet current merging and weaving standards. The current carriageway configuration will be modified so that the alignment

passes through this corridor with connections only at Bridgewater Junction and Lodge Lane Junction. This will be achieved by converting the existing hard shoulders into distributor lanes with no direct connection to the New Bridge at Halton Brow and Halton Lea Junctions. The existing hard shoulders will need to be strengthened to carry full highway loading and road markings and barriers will be added to prevent merging movements.

5.43 Existing footbridges will be replaced and/or reconfigured. To the south of the Halton Lea Junction the existing busway bridge will be replaced with a new bridge on an altered alignment.

5.44 Lodge Lane Junction will be modified to change the priority of traffic flow from the Southern Expressway to the Weston Link. The junction will be modified to make provision for dual two lanes of through traffic from the Central Expressway to the Weston Link with single lane slip roads for traffic movements to and from the Southern Expressway. These works will comprise the construction of a new single span bridge, along with modifications to the earthworks and highway alignment.

5.45 Weston Link Junction will be modified to change the priority of traffic flow from the northbound to the southbound section of the Weston Point Expressway. These works will use most of the existing junction layout. However, a new slip road will be constructed on the north side of the existing Weston Link Slip Road to allow traffic to slip onto the New Bridge from the northern section of the Weston Point Expressway.

Area H – M56 Junction 12

5.46 The existing roundabout to the north of the M56 Junction 12 will be modified to include a signal controlled link directly across the centre of the existing roundabout for the main line of the new highway, leaving the outer roundabout segments for local turning traffic and for eastbound access to the M56 Junction 12. The works will comprise carriageway realignment and the installation of new traffic signals. A new retaining wall will be required to support the carriageway realignment on the south side of the roundabout.

Area I – Silver Jubilee Bridge and Widnes De-linking

5.47 The opening of the Project will result in a significant reduction in traffic flow on the SJB. This will allow the downgrading of the carriageway on the existing bridge from two lanes in each direction to a single lane in each direction. This in turn will release space on the deck of the bridge to re-introduce footpaths and to provide a dedicated cycle path. These works will require the re-configuration of the deck layout and will involve kerbing, re-surfacing and the provision of new road markings.

5.48 The substandard footpath cantilevered on the eastern side of the SJB could then be closed, although its structure would be retained to support services.

5.49 A tolling plaza will be constructed on the existing carriageway of Queensway approximately 330m to the north of the SJB. The embankment and viaduct linking to the Widnes Eastern Bypass will be removed. The link to Ditton Junction will be downgraded to comprise just the existing slip road. The main carriageway and structures will be removed between the Queensway tollbooths and Ditton Junction.

5.50 The main link between the SJB and Ditton Junction (after passing through the tolling plaza) will be along the existing northbound slip road. This would be a two-lane single carriageway. A new signal controlled junction will be needed to replace the one-way off and on slips. The remainder of the existing dual carriageway to Liverpool will be closed to traffic and demolished.

6.0 TWA ORDER - MAIN WORKS

6.1 In order to obtain authority to carry out the Main Works described above, an order made under s3 of the Transport and Works Act 1992 (the "TWA Order") will be required. The Main Works are described in section 5 above and are shown edged blue on the plan at Appendix 1. For ease of reference, these works comprise:

6.1.1 the main toll plaza and associated highway works (Area A);

6.1.2 the highway works from Ditton Junction to the Garston to Timperley Rail Freight Line (Area B) and from the Freight Line to the St Helen's Canal (Area C);

6.1.3 the Mersey Gateway Bridge (Area D);

6.1.4 the new Astmoor viaduct (Area E); and

6.1.5 works to the Bridgewater Junction (Area F).

6.2 The Main Works will interfere with rights of navigation in the River Mersey both in terms of the construction work required to build the Main Works and also the permanent structures that will be retained in the River, such as the towers for the bridge. Such works require specific statutory authority pursuant to s3 Transport and Works Act 1992.

6.3 The Main Works will also interfere with three other waterways (the St Helen's Canal, the Manchester Ship Canal, and the Bridgewater Canal) and a railway line (the Garston to Timperley Rail Freight Line), all of which require special powers. The TWA Order would confer such authority.

6.4 A TWA Order may also authorise works that are ancillary to any interference with navigation. This would include the Area A and Area B works that do not directly interfere with navigation themselves but are related to the elements of the Main Works that do interfere with navigation.

6.5 An order giving statutory authority is made by the Secretary of State on application by a promoter. In order to promote the TWA Order a local authority like the Borough Council must first obtain authority to do so by way of a resolution of the Council, passed by a majority of members eligible to vote. This is a requirement of s239 of the Local Government Act 1972 in respect of the promotion of or opposition to Bills, which also applies to the promotion of a TWA Order by s20 of the TWA 1992. It is recommended to the Council that it should resolve to promote a TWA Order for the purposes described in this report.

6.6 The Main Works will require planning permission. However, in this case it is not necessary to make an application to the Borough Council as local planning authority in the normal way. The Secretary of State may confer deemed planning permission pursuant to s90(2A) of the Town and Country Planning Act 1990 at the same time as making the TWA Order.

6.7 The works will require the acquisition of land owned by third parties and the TWA Order would confer powers of compulsory acquisition in respect of land and rights over and in land.

6.8 The New Bridge must also be the subject of tolls, which is described below. This would be secured by the TWA Order as well. The relevant provisions would comply with the Strategic Outline Business Case for the project approved by the Mersey Gateway Executive Board meeting on 7 April (report attached at Appendix 2). Officers are continuing to work up proposals in accordance with that strategy and subject to legal and financial advice.

6.9 The changes to the highway network required within the Main Works area would be authorised by the TWA Order.

6.10 The TWA Order will contain extensive additional provisions designed to secure the construction, maintenance and operation of the Main Works as part of the Project.

7.0 REMOTE WORKS AND SJB

7.1 The statutory authority in relation to these works will be sought as follows:

7.1.1 Planning applications were made in respect of the Remote Works and SJB on 31 March 2008.

7.1.2 A Listed Buildings Consent application was made in respect of works to the Grade II listed Silver Jubilee Bridge on 31 March 2008.

7.1.3 The SJB must be the subject of tolls as described above. This would be secured by a scheme and order made under Part 3 of the Transport Act 2000 - a Road User Charging Order. The relevant provisions would comply with the Strategic Outline Business Case for the project approved by the Mersey Gateway Executive Board meeting on 7 April (report attached at Appendix 2). Officers will continue to work up proposals in accordance with that strategy and subject to legal and financial advice.

7.1.4 Compulsory Purchase Orders will be needed to secure third party property required for these works. Authorisation to promote these was given by the Executive Board on 10 April, the report in relation to which is attached at Appendix 3. (Note: the minutes relating to this meeting will be published during the course of this week and a hard copy will be provided for Members at the Council meeting.)

7.1.5 Where the existing highway network and private accesses are affected by these works Side Road Orders will be required under s14 Highways Act 1980. Authorisation to promote these was given by the Executive Board on 10 April, the report in relation to which is attached at Appendix 3.

7.1.6 In relation to both sets of works, certain land owned by the Council will be needed that is or may be public open space. To ensure that this can be used for the purposes of the Project it is necessary to *appropriate* the land. This means that instead of the land being held by the Council for one purpose, it will instead be held for another - that of the Project. Again, authorisation to promote these was given by the Executive Board on 10 April, the report in relation to which is attached at Appendix 3.

8.0 FINANCE

8.1 It is anticipated that the Project will be procured as a Design Build Finance and Operate (DBFO) scheme. This means that an organisation, known as a concessionaire, will be responsible for the detailed design and for the construction maintenance and operation of the scheme. The concessionaire will also have to obtain finance that allows it to construct, operate and maintain the scheme for a defined period. They will repay the finance that they have raised over the period of the contract that they have agreed to, known as the concession period. For schemes of this nature the concession period is typically 30 to 40 years. Although the DfT is contributing funding to the Project, in the form of PFI Credit, the scheme will be funded mainly through the Private Finance Initiative (PFI). This means that the

concessionaire will have to raise the money through private finance methods, such as a loan from a bank, supported by PFI credit payments from the DfT.

8.2 Consequently, the finance for the Project would rely on revenue recovered from users of the Project through tolling and road user charging. To ensure robust revenue forecasts and to ensure that the Project will ease local congestion it is proposed that tolls / charges will be levied for use of both the New Bridge and the SJB (as explained in the Strategic Outline Business Case summary at Appendix 2). The tolling / charging regimes will also provide a mechanism to manage demand, so that free flow traffic conditions are maintained on the New Bridge and the SJB. This is intended to achieve demonstrable service reliability and standards.

9. POLICY IMPLICATIONS

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

10.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

10.1 The implementation of Mersey Gateway will have significant benefits for all Council priorities.

11.0 RISK ANALYSIS

11.1 The specific risks are reported in a detailed project risk register linked to the Council's corporate risk management regime.

12.0 EQUALITY AND DIVERSITY ISSUES

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

13.0 REASON(S) FOR DECISION

13.1 The recommended decisions are required to support the delivery of Mersey Gateway.

14.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

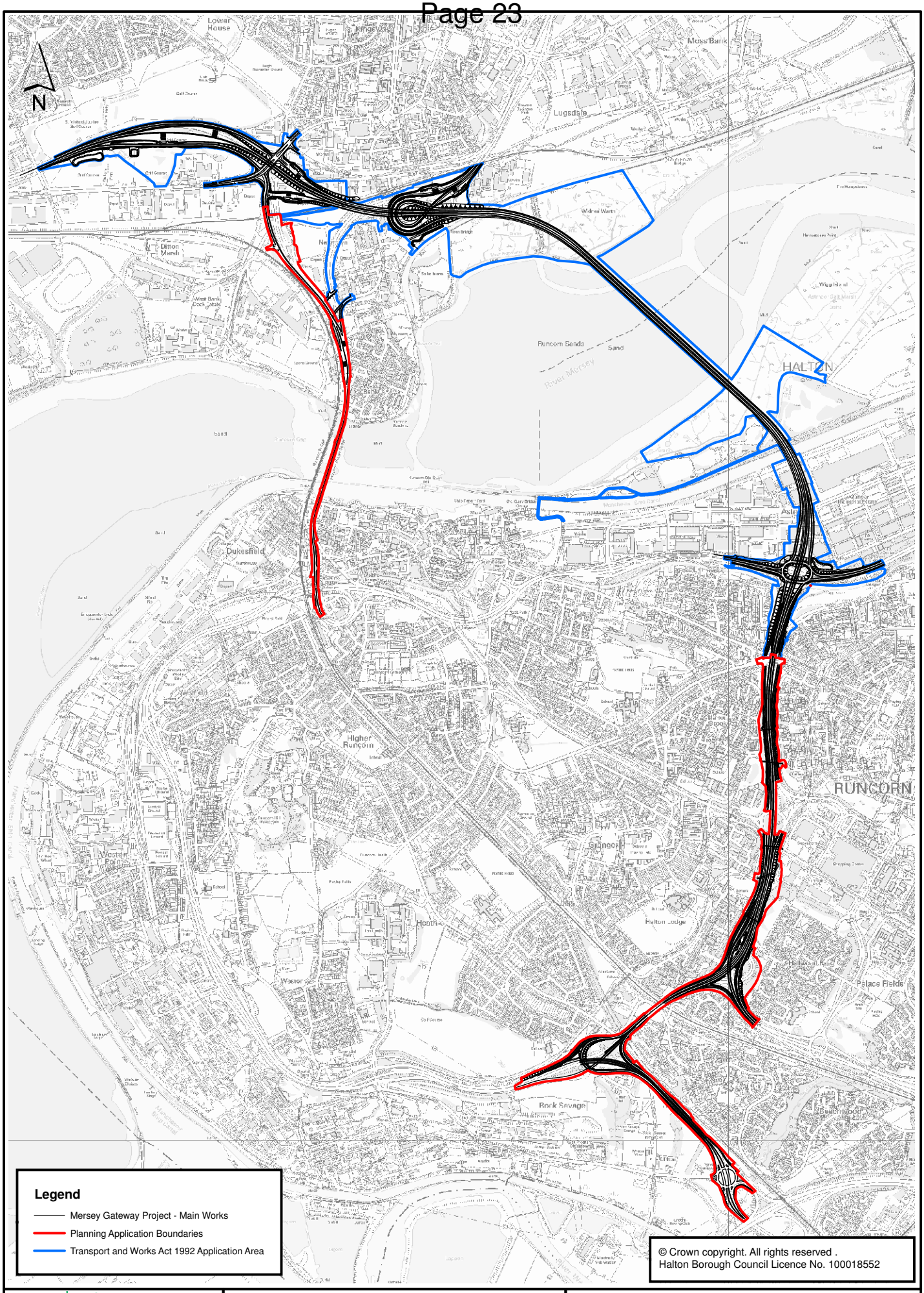
14.1 Alternative options for securing the powers to construct, maintain and operate, including tolling, the MG project have been assessed and rejected.

15.0 IMPLEMENTATION DATE

15.1 The recommended decisions are required before the next phase of the statutory process takes place in May 2008.

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

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



the mersey gateway — A BRIDGE TO PROSPERITY Northwest REGIONAL DEVELOPMENT AGENCY	**Report Title** ENVIRONMENTAL STATEMENT NON TECHNICAL SUMMARY	**Figure Title** THE MERSEY GATEWAY PROJECT
	Report Number MG_REP_EIA_008	**Figure Number** 1.1

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REPORT: Mersey Gateway Executive Board

DATE: 7 April 2008

REPORTING OFFICER: Strategic Director - Environment

SUBJECT: Mersey Gateway Strategic Outline Business Case

1.0 PURPOSE OF REPORT

1.1 This report provides an update of the business case that was submitted to the DfT in July 2005 to reflect the considerable developments in the scheme since that time. The information reported provides a summary of the Mersey Gateway Strategic Outline Business Case that has been prepared by the Mersey Gateway Project Team and accepted by the Mersey Gateway Officer Project Board.

2.0 RECOMMENDED: That Members

i) Note that Mersey Gateway still benefits from policy support at National, Regional and Local levels.

ii) Agree to the additional project objective "*To restore effective network resilience for road transport across the River Mersey,"* to align the project aims with the Eddington recommendations.

iii) Agree the principal elements of the tolling proposals which are designed to maximize the opportunity to deliver the project within the funding limits and to provide a best value option for funding toll discounts and a Mersey Gateway sustainable transport programme.

iv) Note that the current financial analysis results show that the project remains on course to be delivered within the funding limits agreed with Government, with toll levels based on the current Mersey Tunnels charges.

v) Note that the value for money parameters required by Government as a funding condition are satisfied but the headroom available to satisfy the condition has been reduced.

3.0 SUPPORTING INFORMATION

THE STRATEGIC CASE

3.1 The planning process for Mersey Gateway will test the extent to which the project proposals fit with planning and economic policies expressed at national, regional and local levels. At the national level the Government's most recent statement of its transport policy is in the White Paper '*Towards a Sustainable Transport System' – the Government's response to Eddington and Stern*. The White Paper

sets out the challenge for transport in a world faced with climate change and associated economic considerations. The White Paper acknowledges that congestion is increasing on many motorways and strategic rail and road routes. The motorway boxes are examples of road networks particularly under pressure and links connecting the M62 and the M56 and forming the route across the Runcorn Gap (including the SJB) features in the top category. Network resilience (described as the ability of travel networks to return to normal service patterns following incidents or disruptions) is also a key consideration that has a significant effect on reliability.

3.2 Eddington stresses the importance of reliable transport and network resilience for business but similar requirements apply to ensure that effective civil contingency plans are in place. Mersey Gateway would provide the additional road capacity required to restore network resilience for road river crossings between the Mersey Tunnels and M6 at Thelwall. These benefits to the regional road network are reflected in the Highways Agency expressed support for Mersey Gateway. To ensure the potential operational benefits are realised the following additional project objective has been proposed in the SOBC.

- To restore effective network resilience for road transport across the River Mersey.

3.3 The need to combat climate change is also being embedded in Government policy. The White Paper referred to above also foreshadows the approach intended by Government to limit carbon products in transport. The Mersey Gateway tolling proposals combined with the outputs from the on-going Mersey Gateway Sustainable Transport Study (commissioning of the study was approved by the MGEB in January) will deliver carbon benefits by removing congestion without inducing additional traffic and by improving travel choice for Halton residents.

3.4 The project is supported by the North West Regional Assembly and features as a scheme of Regional and Sub-Regional Significance in the emerging Regional Spatial Strategy. There is no other transport project in the North West Region in the planning stage which offers such strong support to local policies and objectives, which would serve to meet local, regional and national objectives and which serves both the local, regional and national highway networks. Mersey Gateway continues to benefit from strong support in the Regional and Sub-Regional economic programmes.

3.5 At a local policy level the promotion of Mersey Gateway in a formal planning sense relies on a few key policies in the adopted Halton Unitary Development Plan (April 2005). The Programme Entry funding approval by the Department for Transport in March 2006 enabled the supporting policy for Mersey Gateway to be developed in more detail and brought up to date. These supporting policies will be embraced in the next iteration of the Community Strategy, the Corporate Plan and the Local Development Framework. To understand the wider issues and opportunities

arising from Mersey Gateway and to consider how best to capture the benefits arising, the Council have commenced preparation of a Mersey Gateway Regeneration Strategy. The outcome of the Regeneration Strategy will also inform the Councils priorities for physical investment and urban renewal. Local consultation on regeneration options is currently taking place and during the summer it is planned to put final proposals in the public domain to inform the consideration of the Mersey Gateway formal Planning Applications

3.6 As part of the development of a sustainable and integrated transport system for the Borough, the Council has commissioned a Mersey Gateway Sustainable Transport Study. The key objective of the first phase of investigation was to identify and assess public transport options which would be likely to be commercially viable and practically affordable and which would also be complementary to, and be supported by the Mersey Gateway Project as a whole. In summary, the report recommended that a bus based transit system utilising new as well as existing infrastructure and facilities would be the most achievable and affordable way forward and enable step change improvements to be delivered in the short to medium term. The report recognised that the development of light rail should not however be precluded but this should be seen as an option for the longer term. Consequently the Mersey Gateway scheme now includes passive provision for LRT infrastructure to be provided in the future, supported by the potential for a lower deck to be constructed in the New Bridge providing for access and egress through the bridge abutments..

3.7 The Mersey Gateway Sustainable Transport Study has progressed to more detail since it was reported to this Executive Board in January 2008. Potential schemes that will deliver the required improvements to bus services, and cycling and walking facilities have been identified. The Study is on-going and is based soundly on the relief of SJB and the Mersey Gateway Regeneration Strategy. A series of focused public consultations and group interviews have been undertaken to understand the views of Halton's residents on public transport in Halton now and in the future with the Mersey Gateway Project.

3.8 The Sustainable Transport Study is aimed at delivering service improvements in 2015. As such there is a long lead time to put in place the delivery process. The current requirements are for proposals to be developed sufficiently to inform the consideration of the Planning Applications for Mersey Gateway. A series of draft strategy elements have been developed from which specific proposals will emerge and be evaluated. These will be developed, tested against the consultation responses and prioritised but they provide a clear statement of the Council's intent to maximise the opportunities provided by Mersey Gateway to improve integrated and sustainable transport. Examples of the schemes under consideration are:-

- Creation of a Sustainable Transport Corridor across the Silver Jubilee Bridge

- Connections between SJB and Widnes and Runcorn main service and retail centres.
- Creation of a Halton Transit Network under a single service brand name.
- Quality Partnership or Contracts with bus operators
- High Frequency Strategic Bus Corridor for Local Services
- Design and Access Specifications for Public Transport Interchange Hubs
- Enhancement of the Local Distributor Bus Network
- Door to Door Service
- Halton Hopper upgrade
- Regeneration of the Runcorn Busway
- Expansion of the Real Time Information for Public Transport
- Cycling and Walking Core Network

3.9 The above options have considerable potential to increase travel choices and to reduce the impact of tolls for local trips. In addition, around thirty percent of Halton residents do not have access to a car or van. Many of these are in deprived social and economic groups. Although tolling the Mersey Gateway will not have a direct impact on travel options for the non-car ownership group, any benefits in sustainable transport access will extend to this large group. Mersey Gateway presents a step change in the prospects for delivering sustainable transport options for Halton residents. The proposed concession arrangements (see below) include provisions for Halton Borough Council to share in the toll revenue, where the revenue passed to the Council will be used to support toll discount schemes and would also provide funding for the preferred sustainable transport programme.

TOLLING STRATEGY

3.10 The Council has established a tolling policy that is intended to allow successful delivery of Mersey Gateway within funding limits agreed with Ministers. The principal objectives of tolling are:

O7. To operate a toll concession scheme, within the limits of affordability, so as to mitigate the impact of tolls on local users who are currently able to use the SJB free of charge, many of whom are frequently crossing the river and some fall within social inclusion target groups;

O8. To manage demand to ensure the delivery of transport and environment benefits, by maintaining free flow traffic conditions on the Mersey Gateway and SJB and delivering priority for public transport on the SJB; and

O9. To transfer demand risk to the Concessionaire for the duration of the concession, by allowing the operator to manage that demand through the toll charged, within the constraints of the legal powers and the regulations agreed in the Concession Contract, consistent with the objective of protecting local users.

3.11 In addition to facilitating the investment required to deliver the new bridge, the tolling regime will provide a lever to manage demand, so that free flow traffic conditions are maintained on the new link, thereby locking in the delivery of the projected service reliability and standards throughout the concession. The removal of through traffic from SJB will provide an opportunity to re-establish the existing bridge for local transport use so that the sustainable transport and environmental benefits are delivered. The new traffic model forecasts support the projected benefits from tolls as future traffic levels are suppressed by the tolling charges. The lower traffic levels with tolling prevent any general increase in traffic noise and air pollution (including carbon green house gases) across the Borough that would otherwise occur without the scheme.

3.12 Affordability considerations, coupled with demand management and sustainable transport objectives, dictate that most or all private car and commercial cross-river traffic between Widnes and Runcorn must be subject to tolls. This includes traffic across the previously free-to-use SJB. Its proximity to the new MG means that if left untolled it would be impossible to prevent substantial revenue leakage and maintain free flow traffic conditions thereby jeopardising the affordability position and the sustainable transport objectives explained above. The proposed statutory process is to secure tolling powers for MG using the Transport and Works Act and to apply for a Road User Charging Scheme under the Transport Act 2000 for SJB.

3.13 The Council envisage the initial toll levels matching the levels charged at the Mersey Tunnels, although during the bidding process prospective operators will have the opportunity to submit variant proposals that may prove more attractive for the Council. The funding agreement with Government assumes that toll revenue will be used to counter unexpected inflation and cost increases. Thus some flexibility in managing the revenue, or revenue projections, from tolls is required both prior to concluding the concession agreement and during the concession period. The statutory process means that it is necessary for the Council as promoter to set the regulatory boundaries for toll charging. The tolling proposals will be drafted to allow the affordability risk to be managed leading up to financial close and thereafter to provide the concessionaire sufficient flexibility and scope to manage demand and its revenue so that it can offer the Council the best value bid.

3.14 The Council announced its commitment to prioritising toll discounts for local residents in the results of public consultation published in November 2007. Any discounted or concession scheme for toll charging will need to be constructed so as to be both affordable and acceptable within the terms of UK and EU law in respect of discriminatory pricing and State Aid. One way of providing protection for local users would be to incorporate a discount toll mechanism in the concession agreement, most likely to be based on frequency of use but potentially also linked to the place of residence in the case of private vehicles. The drawbacks with such a proposal are that the cost of the discount scheme would be for bidders to determine and the agreed terms for the discount scheme would be fixed for the concession term. This presents considerable uncertainty for bidders to deal with in estimating the number of users qualifying for discounts and the Council would face potentially expensive change terms should modifications to the discount scheme be required, which is a likely scenario at some stage in the concession period.

3.15 On best value terms an alternative scheme for delivering discounted toll levels is preferred. The toll levels required to finance a commercial bid, on top of the PFI Credit subsidy agreed with Government will determine the overall project revenue required to support a bid. In addition to presenting the overall project revenue required to finance their bid, bidders will also have to take into account the extent of toll revenue share they are prepared to offer the Council. The Council would use their share of toll revenue to fund discounts on tolls for local residents or frequent users through a separate concession scheme run by the authority and to provide revenue support for public transport in line with the sustainable transport objectives of MG. This approach is likely to raise the maximum revenue available for mitigating the impact of tolls on local residents and the Council would have flexibility to choose how to spend its revenue share throughout the concession period. The downside is that the funding available to support any discount scheme will only be known initially when commercial bids are return and confirmed when actual toll revenues are received.

3.16 It is proposed that bidders (probably in their Standard Bid) should be asked to assume that toll levels are set initially at levels matching those at the Mersey Tunnels, increasing thereafter in line with inflation. It is further proposed that they be told to assume that a fixed level of central government funding is available for the project. It is proposed that bidders should then be asked to bid the level of economic interest in the toll revenue which they are prepared to make available to HBC. This arrangement produces a banded system of project revenues as shown in fig 1.

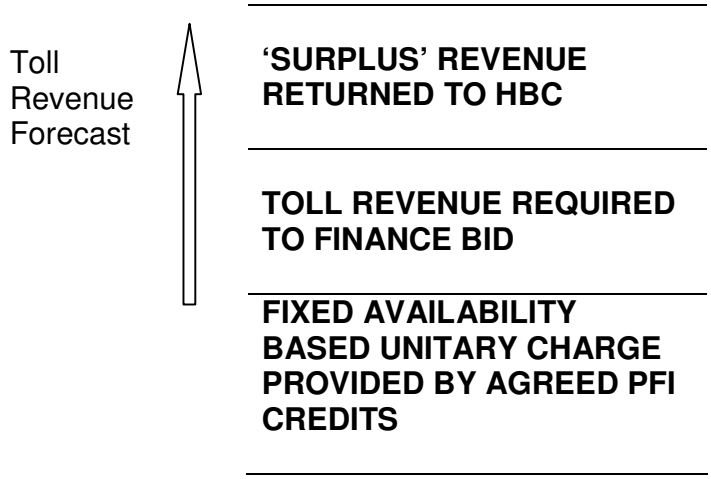


Fig 1. – Project Revenue

3.17 The above project funding arrangement has been modelled in the financial analysis reported below.

THE FINANCIAL CASE

3.18 The purpose of the Financial Case is to demonstrate that the scheme is based on sound costings and revenues, and that the projections are in keeping with the funding agreement with Government. A review of the financial case has been

undertaken using the financial model produced for the Programme Entry bid but updated with revised input values and assumptions.

3.19 The Scheme Cost Estimate and Quantified Risk Assessment (QRA) have been revised in full by the project team to take account of all changes since Programme Entry. The headline scheme cost results are in table 1.

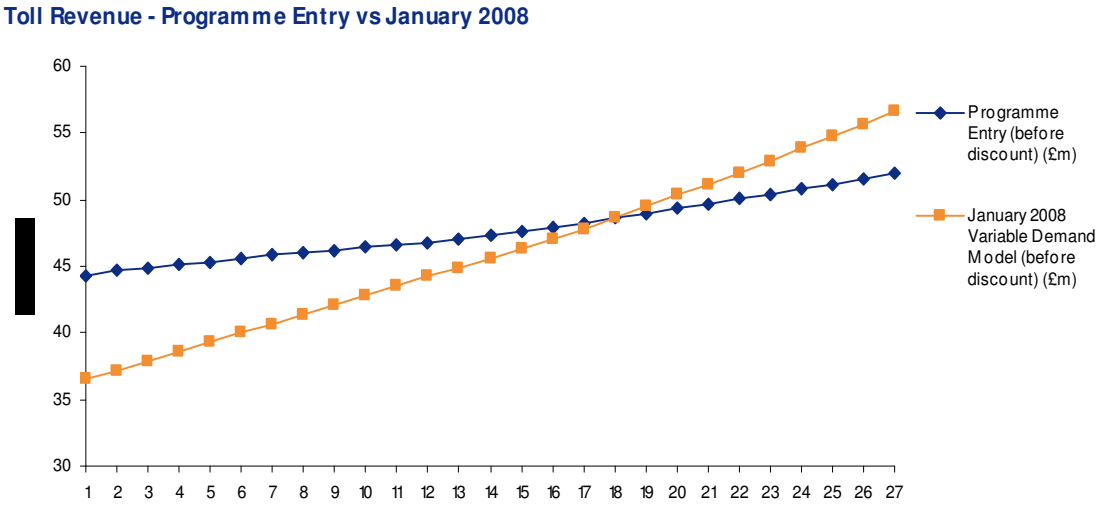
	Current Assumption (at March 2007 Prices)
Construction Costs	£362,524,000
Maintenance Costs	£21,279,500
Operating Costs	£179,681,581
50%ile Risk	£20,000,000
Optimism Bias	23.5%

Table 1: Scheme Cost and Risk

3.20 The current traffic forecasts are the product of a very detailed modelling exercise utilising the latest variable demand forecasting techniques and prudent underlying assumptions. The modelling has followed DfT guidance and has been subject to DfT oversight at all stages of development. The traffic forecasts underpin the toll revenue projections and the current results are considered to be much more robust than was the case at programme entry because:-

- Projections show trips being suppressed by toll charges where the level of suppression is reduced as alternative routes become congested
- Underlying growth is modest (at between 1 and 2%)
- Local evidence of cross river travellers paying toll charges equivalent to Mersey Tunnels.

3.21 The graph below presents the current revenue forecasts alongside the forecasts used to support the programme entry submission. It should be noted that to reflect the greater uncertainty attached to revenue projections made to support the programme entry bid only 75 percent of the revenue projections shown in the graph below were used in the PE bid



3.22 The PFI Credit agreed with Government will be used to supplement the current toll revenue projections. For the purposes of the business case financial analysis the term over which the £123m of PFI credit support is received has been determined to best meet the requirements of the project. The result of this calculation is an assumption that the project receives the PFI credit support over a period of 15 years, resulting in circa £12.5m pa in 2011 prices. In net present value terms this annual support does not exceed the £123m PFI Credit award.

3.23 The comparison of current financial assumptions compared with the programme entry bid is given in table 2.

	PFI credit requirement (total)	Unitary charge (Nominal p.a)	Present Value (at 3.5% real to 2011) of			
			Unitary charge	Toll Revenue	Const'n costs	Operating costs
Case Description	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**
Programme Entry	123	11.9	103	633	358	176
Revised Base Case (Jan 2008) for SOBC	123	12.5	103	746	440	122

Table 2: PFI Financial Analysis

3.24 Although the project team are confident that the risk allowances in the financial model are robust, financial risks do remain that could translate to affordability risks in the future. The most significant of these are:

- The ability to effectively match the support from Government to the needs of the project;

- The treatment of toll revenue forecasts by potential concessionaires and lenders;
- The currently assumed Composite Trade tax relief may not be achievable in practise. This has resulted from the abolition of the Industrial Buildings Allowance relief from 2011 as announced in the 2007 budget. This issue is outside the control of the Council and has been discussed with DfT. Should this risk materialise then HBC would wish to discuss with DfT options for making good the funding shortfall that might result. All current financial modelling assumes that Composite Trade treatment is achieved.
- The scale of the proposed Mersey Gateway Project is such that relatively small changes in key parameters such as capital cost, inflation and senior debt interest rate can have a significant impact on the toll revenue required to fund the project

3.25 The current base case financial analysis shows that the revenue received by the project over the contract life is significantly greater than the total requirement and therefore the project is affordable in overall terms. Should the project be delivered with the current financial assumptions confirmed then the Council revenue share (as indicated in the proposed funding structure in Fig 1) available to support toll discounts and to fund the sustainable transport programme would be £190 million cash outturn over the 30 year concession term (equivalent to £52 million net present value at 2011).

THE VALUE FOR MONEY CASE

3.26 The purpose of the Value for Money Case is to demonstrate the likely benefits and disbenefits of the scheme against its likely costs. One of the DfT funding conditions is a requirement for the value for money of the scheme to "be re-assessed against the Department's value for money criteria in the light of the economic results from the new traffic model before the scheme progresses to public inquiry. It should also be noted that the Department reserves the right to re-consider its offer of funding for the Mersey Gateway if the scheme is re-assessed as offering worse than "medium" value for money. The minimum Benefit Cost Ration for qualifying as medium value for money is 1.5:1. The current economic results reported in draft to DfT show the project to remain as high value for money with a BCR of just over 2:1. It should be noted that this BCR is lower than the Programme Entry submission (circa 2.8) and hence the headroom to withstand any downward adjustment by DfT has been reduced.

4.0 POLICY, RESOURCE AND OTHER ISSUES

4.1 The Strategic Outline Business Case establishes the resource requirements for the next stage plan that will progress the project through the planning process and procurement, culminating with the start of construction in 2011. A resource plan is in preparation and will be reported to the Mersey Gateway Executive Board in May.

5.0 KEY RISKS

5.1 The key risks identified in the Strategic Outline Business Case are covered in section 3 above.

6.0 EQUALITY AND DIVERSITY ISSUES

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

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

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

REPORT TO:	Executive Board
DATE:	10 April 2008
REPORTING OFFICER:	Strategic Director Environment
SUBJECT:	Mersey Gateway: Overarching Report on the Statutory Process
WARDS:	All

1.0 PURPOSE OF THE REPORT

1.1 This report is one of three before this Executive Board relating to the applications and orders required to be promoted in order to secure powers to promote the Mersey Gateway Project (the "Project"). The contents of the report inform the other reports and explains the way in which the applications and orders will function.

1.2 The other reports referred to above are:

i) a report seeking authority to make compulsory purchase orders and side roads orders required for the Project; and

ii) a report seeking authority to appropriate land held by the Council for other purposes for the purposes of the Project**.**

1.3 This report also seeks authority for certain important matters relating to the project, which are explained in greater detail below:

i) to recommend to a meeting of the full Council that it should resolve to promote an order under S3 of the Transport and Works Act 1992 to authorise interference with public rights of navigation by the construction of a new bridge over the River Mersey comprised in the Project;

ii) to authorise promotion of a road user charging scheme for the Silver Jubilee Bridge and adjacent roads pursuant to Part 3 of the Transport Act 2000, including to publish the scheme order and supporting documentation and to commence a 6-week consultation period on the scheme; and

iii) to authorise officers to take such steps as are necessary or expedient for the discharge of the two above matters, including settling, agreeing and approving the terms of necessary applications, orders, consultation documents and all ancillary documentation.

2.0 RECOMMENDATION: That the Board

i) note the content of this report and have regard to it in considering the other reports referred to above;

ii) recommend to the full Council that in accordance with the terms of S239 of the Local Government Act 1972 it should resolve to promote an order under the provisions of S3 of the Transport and Works Act 1992 authorising the construction of works that interfere with navigation and certain other matters explained elsewhere in this report; and

iii) resolves to commence consultation in relation to a Road User Charging Order under the provisions of Part 3 of the Transport Act 2000, imposing charges on motorists for the use of the Silver Jubilee Bridge.

iv) authorise the Chief Executive, in consultation with the Leader, to take such steps as are necessary and appropriate to give effect to the above.

3.0 SUPPORTING INFORMATION

3.1 The Silver Jubilee Bridge ("SJB") today represents a key vehicular crossing point over the Mersey. It is one of only four main opportunities for road traffic to cross the Mersey between Liverpool and Manchester. From the west, these comprise the two Mersey tunnels, Silver Jubilee Bridge, crossing within Warrington town centre and the Thelwall Viaduct on the M6. As such, the SJB forms a key link in the regional transport network as well as representing the only vehicular and pedestrian link between the Borough towns of Runcorn and Widnes.

3.2 The bridge was originally opened in 1961 with one lane in each direction and an opening year traffic flow of 10,000 vehicles per day. The bridge was modified in 1977 to provide for two lanes in each direction. However, these were sub standard (having a total width of just 12.2 m) and lacking in any central divide or current day spacing. Traffic growth on the bridge has since grown but there is no physical scope to provide for additional capacity. The bridge today typically carries circa 83,000 vehicles per day and at peak summer time has been in excess of 93,000. Practical capacity is exceeded for four hours each day and spreading of the morning and evening peak regularly occurs. The bridge has poor facilities for pedestrians, which are rarely used, and no discrete provision for cyclists. Prolonged periods of congestion regularly occur, which affect both regional and local traffic crossing the Estuary as well as causing knock on network effects for local traffic in both Widnes and Runcorn. In addition the public transport routes that do use the bridge for journeys within the Borough cannot rely on journey times or timetabling.

3.3 Silver Jubilee Bridge fulfils a pivotal role within the regional highway network. The key north west routes comprise the M62 (linking Merseyside to Manchester and beyond) which runs along the north of the Borough whilst the M56 (linking North Wales with Manchester) skirts along the southern Borough boundary. The only link between the two is the route provided by Silver Jubilee Bridge, which provides for regional movement in and out of Liverpool from Runcorn, Vale Royal, Chester and North Wales. The highway network has sought to maximise this opportunity, with the expressway network in Runcorn providing fast links from Junctions 11 and 12 of the M56 via SJB to Junction 7 of the M62 via the Widnes Eastern bypass. The limiting factor is the capacity of the bridge rather than the accompanying junction links and network.

3.4 Whilst the wider regional network is reasonably robust, the bottleneck provided by SJB undermines network resilience. In addition to regular congestion associated with normal use, the effects of any incident (accident/breakdown/weather related/maintenance) on either the SJB or its approaches severely undermines the role of the SJB.

Mersey Gateway Project

3.5 The provision of a second crossing of the River Mersey has been a long-held aspiration of Halton Borough Council. The traffic bottleneck caused by the SJB has been long acknowledged as social and economic constraint. In 1999 the draft UDP identified that the case for a new crossing had also been acknowledged by the then Minister for Transport, making clear the need to develop a scheme for inclusion in the Local Transport Plan.

3.6 Halton Borough Council subsequently began to advance the proposals. The work undertaken by and on behalf of the Council between 2000 and 2003 focused on comparing potential alternatives to address problems associated with congestion in Halton. This work was submitted first to the DfT in 2003 and then resubmitted, accompanied by additional data early in 2006. Through this process, certain regional and local objectives were identified as follows:

- To relieve the SJB, thereby removing the constraint on local and regional development and better provide for local traffic;
- To maximise development opportunities;
- To improve public transport links across the River; and
- To encourage the increased use of cycling and walking.

3.7 For any scheme to be successful the Council required it to fulfil as many of the above objectives as possible, to fit its environment and to be economically viable. Throughout the process a range of alternatives were considered. Those alternatives which satisfied the

above objectives, fitted their environment and were economically viable were then considered further until a preferred solution was identified.

3.8 A number of strategic alternatives with the potential to solve congestion problems in Halton and achieve the Council's objectives as set out above were considered throughout the development of the Project. These included making better use of existing infrastructure and options for increasing transport capacity. The main topics of investigation were as follows:

- Halton Travel Plans and similar demand management initiatives;
- Road User Charging for using the existing Silver Jubilee Bridge or other roads;
- Dynamic Lane Management to get the best out of the existing road capacity;
- Selective Access to SJB by Vehicle Tagging;
- Road Space Reallocation;
- Park and Ride Facilities;
- Rail Service Improvement;
- New road bridge crossing to the West of the Railway Bridge;
- New road bridge crossing between the SJB and the Railway Bridge;
- New road tunnels to the west and east of the SJB; and
- New road bridge crossing (adjacent to and to the east of the SJB).

3.9 Following a thorough assessment of each strategic alternative, it was concluded that a fixed crossing to the east of the SJB represented the only realistic option of delivering improvements in congestion, and achieving the identified scheme objectives.

3.10 A series of alternative fixed routes and were then considered to the east of the SJB all of which avoided the more environmentally sensitive lower reaches of the estuary. This concluded that an option known as route 3A lies naturally on the desire line for through traffic and was economic in connecting effectively with the expressway network to the north and south of the river. As a result, it achieved the highest proportion of trip reassignment from the SJB when compared with other routes and therefore provide the strategic and local traffic diversion required. It was found that this option would satisfactorily relieve the SJB and permit its return to local use. The Project alignment also has relatively straightforward junction solutions in comparison to other variations of the route, avoids residential areas, and will have a minimal impact upon industrial areas and the existing highway network.

3.11 The discussions with the Department of Transport, leading up to Programme Entry confirmation being granted in March 2006, covered options to fund the project. It was confirmed that Mersey Gateway should be delivered as a tolled road, and a road user charging regime would also extend to the existing SJB in order to deliver the project benefits within the limited funding agreed with Government.

3.12 In developing the project, and as an expression of their ongoing corporate support for the project, Halton Borough Council has identified revised strategic objectives for the Mersey Gateway Project as follows (together with a brief explanation):

i) To relieve the congested Silver Jubilee Bridge, thereby removing the constraint on local and regional development and better provide for local transport needs;

The New Bridge would provide an alternative route across the River Mersey that is predicted to attract in the region of 80% of the existing traffic crossing the River by the SJB. As such, provided that both bridges are subject to tolls or charges, the Project will meet this objective, allowing the redeployment of roadspace on the Silver Jubilee Bridge for local traffic, public transport, cycling and walking.

ii) To apply minimum toll and road user charges to both the Mersey Gateway Bridge and the Silver Jubilee Bridge consistent with the level required to satisfy these constraints;

The proposed funding arrangements and tolling strategy maximise the opportunity for a private sector partner (the concessionaire) to offer a best value bid to the Council for the design build and operate contract (further explained below). The assumption is that toll levels will be commensurate with those charged for the use of the existing Mersey Tunnels.

iii) To improve accessibility in order to maximise local development and regional economic growth opportunities;

The removal of a constraint on transport - both private and public - has been assessed as having real benefits in terms of accessibility and journey reliability. In addition to the Project itself, the Borough council is advancing planning policy designed to seize the advantages offered by the release of land by the project and potential for de-linking of the SJB in Runcorn as well as regeneration opportunities elsewhere in the Borough.

iv) To improve local air quality and enhance the general urban environment;

The environmental impact assessment in respect of the Project has predicted that air quality and noise climates will improve in several locations as a result of the Project. Tolls are expected to constrain traffic growth resulting in reduced greenhouse gases in future years.

v) To improve public transport links across the River Mersey;

At present public transport is reliant on the congested SJB. As a result of the project, public transport will benefit from freer-flowing traffic conditions. In addition, the borough Council is developing a Sustainable Transport Strategy designed to maximise the advantages offered by the Project.

vi) To encourage the increased use of cycling and walking; and

The current, unattractive route between Runcorn and Widnes <u>via</u> the SJB will be markedly improved as a result of the Project. This, alongside the Sustainable Transport Strategy will allow the objective to be met.

vii) To restore effective network resilience for transport across the River Mersey.

Part of the problems associated with the SJB are that as the only link between the Mersey Tunnels and M6 Thelwall Viaduct it has a significant strategic role. When it fails in this role significant problems result. Moreover, when either of the alternative crossings fail the extra traffic diverting to SJB results in chronic congestion. The provision of an alternative route within the Borough of Halton and at a more strategic level will provide greatly enhanced network resilience for all those people and businesses reliant on journeys that cross the River Mersey.

3.13 It can be seen from the above that the Project as described elsewhere in this report will provide substantial transportation, environmental and regeneration benefits. Whereas the environmental statement submitted with planning applications for certain parts of the Project reveals some adverse effects, these are few and - balanced against the benefits of the project - are much more than outweighed by its positive aspects. In light of this, a compelling case exists, in the public interest, for the promotion and delivery of the project, including the acquisition of necessary land.

4.0 CONSULTATION

4.1 To inform the evolution of the Project, two clear strands of consultation have been undertaken over a six year period involving statutory consultees, business stakeholders, landowners, and resident focus groups, including:

- Consultation carried out prior to the Department for Transport confirmation of programme entry for the Project in March 2006 (advised on and managed by MVA Consultancy);
- Consultation after approval by the Mersey Gateway Executive Board on 18th June 2007 for 14 weeks between June and September 2007 (advised on and managed by DTW Consultancy)

in line with a Consultation Strategy developed specifically for the Project.

- The key stages of pre-application and orders consultation have included the following:
- September-October 2002 - first consultation took place on crossing options in the form of focus group discussions with residents;
- February 2003 – assessment of route options with Resident Focus Groups and Business and Stakeholder workshops;
- July 2004 – following the selection of a preferred route, further consultation was undertaken with residents, major businesses, and 25 local authorities;
- October 2006 – following the initial design of the Project in March 2006, all affected landowners were contacted, advising of the possible impacts of the Project on their landholdings; and
- June-September 2007 – extensive public consultation was undertaken including 15 exhibitions throughout the Borough, editorial in Council publications, a new website, information campaign in local media, monthly e-newsletter, briefing events for local/regional businesses and groups, gateway newsletter, postal/phone/text feedback system and letters to general stakeholders, statutory consultees and regional MP's and MEP's.

5.0 THE MERSEY GATEWAY WORKS

5.1 In response to the aspirations of the Borough Council, the needs of the highway and transportation network and as a product of the consultation described above it has been possible to advance to a stage where a design for the Project can be identified. This then has certain additional characteristics in terms of other, ancillary aspects that are described in further detail below.

5.2 Members will be aware of the nature of the project in broad terms. However, this section of this report explains the scope and extent of the Mersey Gateway Project as it stands today. This is then used in the ensuing section of this report to explain the suite of applications and orders that are required in order to secure powers for the construction and operation of the Project.

Route Description

5.3 The works that comprise the Project run from the North West of Widnes to a junction with the M56 to the South of Runcorn. They also include the SJB. A scheme has been designed in outline to deliver the objectives of the Project, which is referred to as the "Reference Design". The alignment of the Reference Design is described in greater detail below.

5.4 The western extent of the proposed main alignment will be located in Widnes, along the A562 Speke Road to Liverpool, to the west of the existing Ditton Roundabout Junction (Junction of A562 and A533). The

alignment will then head eastwards along the line of, and to the south of, Speke Road towards the Ditton Junction. It will then progress, via an embankment, across land currently occupied by industrial units along Ditton Road and over the Garston to Timperley rail freight line, before crossing the alignment of the existing A557 Widnes Eastern Bypass (via a multi-span viaduct), the Catalyst Trade Park and the western corner of the Thermphos Chemical Works.

5.5 A new junction (the "Widnes Loops Junction") will be formed with the A557 at this location. The alignment will then continue south eastward over the St Helens Canal, Widnes Warth Saltmarsh, the River, Astmoor Saltmarsh and Wigg Island, before turning south over the Manchester Ship Canal and Astmoor Industrial Estate. The alignment will then connect into the existing road network in Runcorn at the Junction of the A533 Bridgewater and Central Expressways with the A558 Daresbury Expressway (the Bridgewater Junction).

5.6 The route will continue south along the Central Expressway (A533) towards the junctions of the Central/Southern Expressways and the Weston Point Expressway/Weston Link (known respectively as the Lodge Lane Junction and Weston Link Junction). The alignment will finally join the M56 Motorway at Junction 12.

5.7 The main application sites for the Project are shown at Appendix 1**.** The areas shown edged red will comprise works for which planning applications have been made pursuant to the Town and Country Planning Act 1990 - see below. The areas shown edged blue will be the subject of an application under the Transport and Works Act 1992. Together, the areas edged red and edged blue are known as the "Project Area".

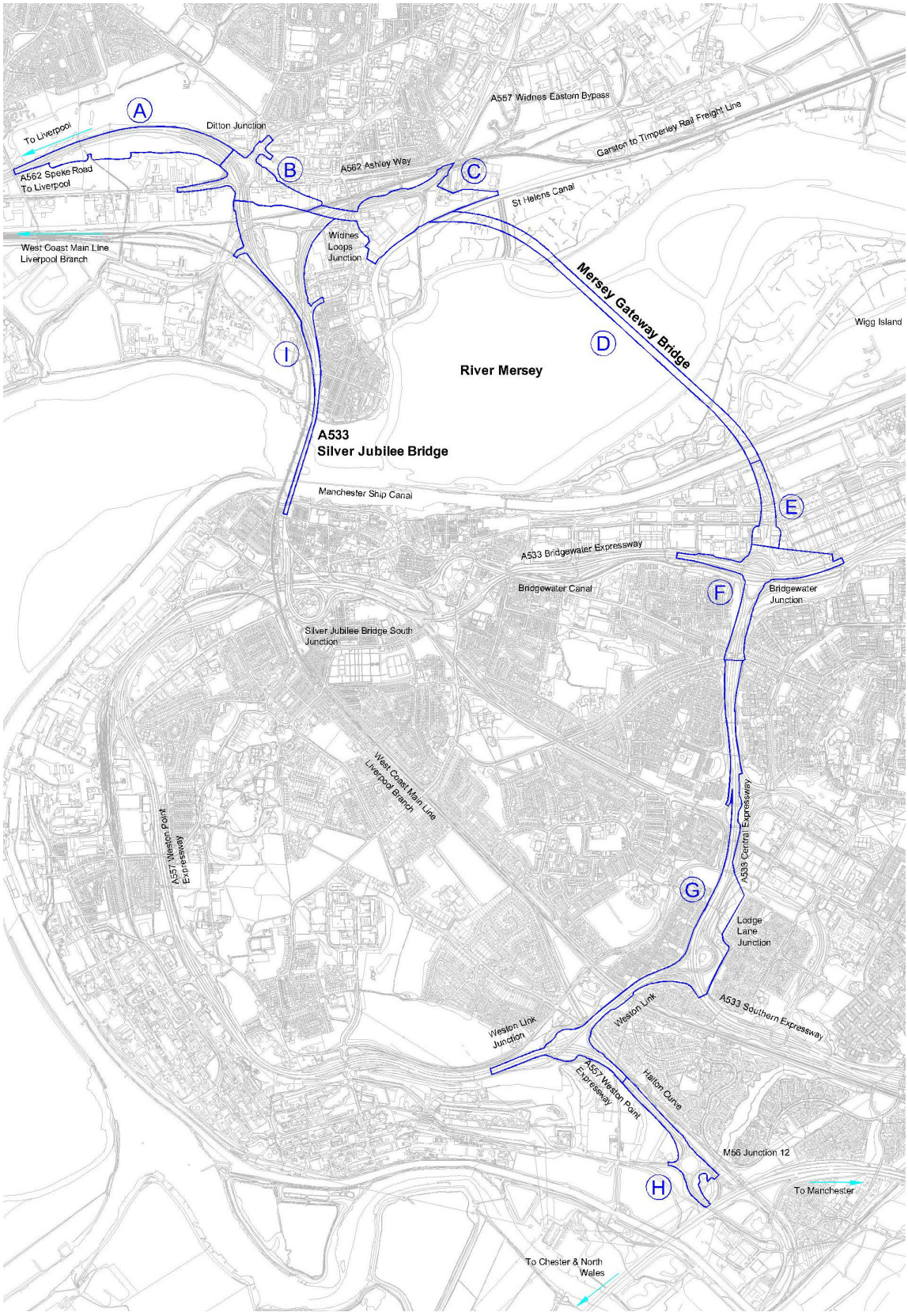
5.8 It will be noted that the Project Area is wider than the Construction areas described below. this is because the Project Area includes all land anticipated to be reasonably required at the date of this report for the construction of the Project. This includes not only the land that will be occupied by the works themselves, but also the areas required for construction sites during the construction period. The final extent of these areas will be settled in due course when the final form of the Transport and Works Act 1992 Application is determined. However, all of the land that will be comprised in the final Project Area will be *necessary* for the purposes of the Project.

5.9 For the purposes of understanding and describing the works the structural, highway and construction works for the Project have been split into a number of parts (known as "Construction Areas") (A to I as shown below on Figure 1). The construction areas include the following:

- Area A – Main Toll Plazas;
- Area B – Ditton Junction to Freight Line;

- Area C – Freight Line to St Helens Canal including Widnes Loops Junction;
- Area D – Mersey Gateway Bridge (the "New Bridge");
- Area E – Astmoor Viaduct;
- Area F – Bridgewater Junction;
- Area G – Central Expressway, Lodge Lane Junction and Weston Link Junction;
- Area H – M56 Junction 12; and
- Area I – Silver Jubilee Bridge and Widnes De-linking.

Fig1: Mersey Gateway Project Construction Areas



5.10 The following section of this Report provides a summary of the highway and structural design for the Project within each of these construction areas.

Area A - Main Toll Plaza

5.11 The Main Toll Plaza provides the location of where tolls may be collected for crossing the New Bridge. As the Project must provide for barrier tolling technology it is necessary to provide an area sufficiently large for vehicles to slow, wait and pass through barriers without having a detrimental effect on traffic flows. Toll plazas are situated on the North side of the Mersey only, because this minimises land-take, allows concentration of necessary resources and means that this type of work can be restricted in the extent and location of any of its effects. The toll plaza will require approximately four hectares of land to accommodate the northbound and southbound tollbooths and will be at or just above existing ground level. No major earthworks are envisaged because the land at this location is already relatively flat. Where the Toll Plaza is above ground then fill will be imported. Tolling structures will be required, which are likely to comprise canopies providing sufficient headroom over tollbooths and their equipment for normal traffic use.

5.12 Extended link roads to the north and south of the Main Toll Plaza carriageway that bypass the tollbooths will be provided to allow access from Speke Road to Ditton Junction for vehicles not wishing to use the New Bridge. The northern edge of the north link road will coincide with the northern edge of the existing southbound carriageway of Speke Road.

5.13 Stewards Brook and a public footpath pass beneath the existing Speke Road to the west of the proposed tolling areas. This brook is contained within a culvert which will need to be extended in length to the south to accommodate the increased width of the carriageway at that location. The public footpath will be diverted around St Michaels Road. Balancing ponds may be formed to the south of the new carriageway on either side of Stewards Brook to control the drainage water outfall flow rate into the brook.

Area B – Ditton Junction to Freight Line

5.14 Ditton Junction will be changed from a roundabout to a signal-controlled junction. The new carriageway will increase in level on an embankment as it approaches the new grade separated junction and will be taken over the new ground level link, between Ditton Road and Moor Lane South, on a new, two span bridge. The southbound on-slip and the northbound off-slip will also feature toll collection facilities.

5.15 An embankment of up to 9m high will be formed. This crosses land currently occupied by industrial buildings and a scrap metal yard and it

is assumed that these areas will require treatment (owing to contamination) prior to construction of the embankment.

5.16 Ditton Road is a long established corridor for services and many of these will need to be diverted to accommodate the revised highway alignment. These will include diversions of electricity, gas, water, sewage and telecommunications mains. The Scottish Power Manweb electricity substation adjacent to the Anglo Blackwell compound on Ditton Road will require relocation.

Area C – Freight Line to St Helens Canal

5.17 The following new structures and earthworks will be required in this section of the works:

- The Freight Line Bridge - a single-span bridge over the Garston to Timperley Rail Freight Line.
- Victoria Road Viaduct - a high level, multi-span viaduct connecting the Freight Line Bridge to the edge of the Widnes Loops Junction including the crossing of Victoria Road.
- Two bridges over the new Widnes Loops Junction carriageways.
- Embankments carrying the new carriageway at high level.
- A bridge to carry the Widnes Loops Junction southbound on-slip over itself.
- Toll plazas connecting the Mersey Gateway to the Widnes Eastern Bypass.
- The St Helens Canal Bridge - the high level bridge crossing the potential development corridor to the north of the St Helens Canal and the crossing of the St Helens Canal itself, which would then land on the north abutment of the Mersey Gateway Bridge.

5.18 This area forms the link between the New Bridge and the existing A557 Widnes Eastern Bypass that connects with Junction 7 of the M62 to the north. It will be formed primarily by substantial earthworks. The new road between the Freight Line and the Widnes Loops Junction will be carried on a multi-span reinforced concrete structure. The structures within the Widnes Loops Junction will either be portal or box structures in reinforced concrete constructed within the earthworks.

5.19 The new carriageway will be taken over the St Helens Canal on a new, reinforced concrete structure, integral with the north abutment of the New Bridge. It will be formed at a height sufficient to permit a further structure to be constructed under it to carry a future light rapid transit system (or similar) at a level to match the possible running surface within the New Bridge and still preserve the required headroom of 5m for craft that may at some future time use the canal.

5.20 During construction of the New Bridge, it is expected that the St Helens Canal area will form the main reception/transition area for the main bridge units that will form the decks. As such, it is assumed that it will

be necessary temporarily to infill the canal (maintaining its drainage water transfer function) to provide a working area. On completion, the canal will be reinstated with some minor changes to the alignment.

5.21 A corridor for the Trans-Pennine Trail cycle and footpath will be maintained throughout the works.

5.22 Upon completion of the Project a landscaping scheme will link the new earthworks with the leisure facilities offered by Spike Island, the St Helens Canal and the Trans-Pennine Trail.

Area D – Mersey Gateway Bridge

5.23 The New Bridge will have a total length of around 2.13km from abutment to abutment. The New Bridge will consist of approximately 550m of approach spans from the north abutment to the edge of Widnes Warth Saltmarsh, and 580m from the edge of Astmoor Saltmarsh, over part of Wigg Island, over the Manchester Ship Canal and onto the south abutment within the Astmoor Industrial Estate.

5.24 The New Bridge over the Estuary itself will consist of 1,000m of cable-stayed bridge, consisting of up to four spans supported by three towers. The towers will be circular with a diameter of about 10m at water level, but will taper and include architectural features throughout their height.

5.25 Typical span lengths of the approach viaducts are 70-100m with an overall deck depth of around 6m. Both approach viaducts are twin, separate structures supported on their own independent substructure. There will be a total of 30 piers on the saltmarshes. Each pier will be of reinforced concrete of about 2m by 5m and the height would vary between 12m (north) and 23m (south) to suit the vertical profile of the deck.

5.26 The three towers of the cable-stayed spans are assumed to be concrete below deck level and steel above. The overall height of the towers will be around 120 -140m above the River level. The decks of the cable-stayed spans will be twin parallel decks, similar in form to the approach viaducts, connected at positions of cable stay attachment. The cable stays are arranged in pairs in a harp (i.e. parallel) configuration.

Area E - Astmoor Viaduct

5.27 The new carriageway crosses the Astmoor Industrial Estate at a height of approximately 24m above existing ground level. The area will need to be cleared of existing light industrial buildings. On completion of the works, the area below the viaduct may very well be available for future development.

5.28 The area between the south abutment of the New Bridge and Bridgewater Junction will comprise a high-level, multi-span viaduct called Astmoor Viaduct. This will cross the existing industrial park at considerable height, linking the high level crossing of the Manchester Ship Canal with the new crossing of Bridgewater Junction.

5.29 This elevated structure will vary in width up to a maximum of 60m before the southbound slip road splits off onto a separate alignment. The structure splits again at the point where the northbound on-slip road merges with the main line. The main line of the New Bridge will remain at high level while the two slip roads will reduce in level to the south to allow the slip roads to tie in with the roundabout at Bridgewater Junction.

5.30 The northern end of Astmoor Viaduct will land on the southern side of the south abutment of the New Bridge. The south abutment of the Astmoor Viaduct will be approximately 85m wide and will be at three levels. The abutment wall will retain the end of the embankment up to Bridgewater Junction.

5.31 The viaduct will be 340m long and will comprise 12 spans; 20m end spans and 30m intermediate spans. The deck will be supported by reinforced concrete plate piers, approximately 2m long by 5m wide, with four separate piers at each bent (line of support).

Area F – Bridgewater Junction

5.32 Like the Widnes Loops Junction, the Bridgewater Junction is a complex of structures and slip roads that provide grade separation and access to and from the Central Expressway (running north to south) and the Daresbury/Bridgewater Expressways (running east to west). The existing route through Daresbury/Bridgewater Expressway will be closed and brought into the new roundabout.

5.33 A two-level interchange is proposed with east-west movements at the lower level and the new road linking to the Central Expressway at the higher level. The lower level will contain the gyratory system, linking slip road movements. The upper level structure is likely to be a five-span steel and concrete viaduct. Similar construction materials will be used for the construction of the new slip road bridges over the Bridgewater Canal. The existing bridges over the Bridgewater Canal will be removed. However, the existing bridges over the Daresbury/Bridgewater Expressway will be retained, although they will no longer span a live carriageway.

5.34 The construction can be phased to coincide with routine winter closures of the canal. Retaining walls are also proposed so that adjacent slip roads at different levels to the main carriageway can be

kept tight within the junction without the need for an embankment therefore limiting land take.

5.35 Traffic management of the existing traffic flows during the construction phase will affect construction methods and materials. A major feature of the works in this area will be the requirement for demolition of the existing structures. Otherwise, the works are essentially self-contained and can therefore be undertaken independently from the other work areas.

5.36 The five-span high level viaduct will be about 150m long and 27m wide. The substructure will be of piled foundations and reinforced concrete piers. The superstructure will be of prefabricated steel or prestressed concrete beams to allow erection to fit in with the phased traffic management regime that will be required to maintain traffic flows during the works.

5.37 High abutment structures will be required at both ends of the New Bridge. The south abutment will be on the south bank of the Bridgewater Canal.

5.38 The two existing slip road bridges will need to be replaced with two new slip roads bridges on the new alignment of the slip road off the new roundabout. These will be single span bridges with prefabricated steel or pre-stressed concrete beams used to form the decks over the canal.

5.39 The existing highway alignment will be re-configured to incorporate the New Bridge and to change the priority of the existing expressways. The free flow link between the Bridgewater and Daresbury Expressways will be removed and replaced by linking into the new roundabout that will be formed at the centre of the junction.

5.40 The embankments between this junction and the Central Expressway will be modified for the alignment of the New Bridge and the re-aligned slip roads. This tie-in between the new carriageway and the existing Central Expressway will be at Halton Brow.

Area G – Central Expressway, Lodge Lane Junction and Weston Link Junction

5.41 Improvements will be required to the alignment of the Central Expressway to bring it up to current geometric standards and to manage its interface with the New Bridge. These should not involve significant earthworks and will be undertaken generally within the existing highway boundary.

5.42 The distance between existing junctions along the Central Expressway is too close to meet current merging and weaving standards. The current carriageway configuration will be modified so that the alignment

passes through this corridor with connections only at Bridgewater Junction and Lodge Lane Junction. This will be achieved by converting the existing hard shoulders into distributor lanes with no direct connection to the New Bridge at Halton Brow and Halton Lea Junctions. The existing hard shoulders will need to be strengthened to carry full highway loading and road markings and barriers will be added to prevent merging movements.

5.43 Existing footbridges will be replaced and/or reconfigured. To the south of the Halton Lea Junction the existing busway bridge will be replaced with a new bridge on an altered alignment.

5.44 Lodge Lane Junction will be modified to change the priority of traffic flow from the Southern Expressway to the Weston Link. The junction will be modified to make provision for dual two lanes of through traffic from the Central Expressway to the Weston Link with single lane slip roads for traffic movements to and from the Southern Expressway. These works will comprise the construction of a new single span bridge, along with modifications to the earthworks and highway alignment.

5.45 Weston Link Junction will be modified to change the priority of traffic flow from the northbound to the southbound section of the Weston Point Expressway. These works will use most of the existing junction layout. However, a new slip road will be constructed on the north side of the existing Weston Link Slip Road to allow traffic to slip onto the New Bridge from the northern section of the Weston Point Expressway.

Area H – M56 Junction 12

5.46 The existing roundabout to the north of the M56 Junction 12 will be modified to include a signal controlled link directly across the centre of the existing roundabout for the main line of the new highway, leaving the outer roundabout segments for local turning traffic and for eastbound access to the M56 Junction 12. The works will comprise carriageway realignment and the installation of new traffic signals. A new retaining wall will be required to support the carriageway realignment on the south side of the roundabout.

Area I – Silver Jubilee Bridge and Widnes De-linking

5.47 The opening of the Project will result in a significant reduction in traffic flow on the SJB. This will allow the downgrading of the carriageway on the existing bridge from two lanes in each direction to a single lane in each direction. This in turn will release space on the deck of the bridge to re-introduce footpaths and to provide a dedicated cycle path. These works will require the re-configuration of the deck layout and will involve kerbing, re-surfacing and the provision of new road markings.

5.48 The substandard footpath cantilevered on the eastern side of the SJB could then be closed, although its structure would be retained to support services.

5.49 A tolling plaza will be constructed on the existing carriageway of Queensway approximately 330m to the north of the SJB. The embankment and viaduct linking to the Widnes Eastern Bypass will be removed. The link to Ditton Junction will be downgraded to comprise just the existing slip road. The main carriageway and structures will be removed between the Queensway tollbooths and Ditton Junction.

5.50 The main link between the SJB and Ditton Junction (after passing through the tolling plaza) will be along the existing northbound slip road. This would be a two-lane single carriageway. A new signal controlled junction will be needed to replace the one-way off and on slips. The remainder of the existing dual carriageway to Liverpool will be closed to traffic and demolished.

6.0 OTHER POWERS

6.1 It can be seen from the preceding section of this report that the works comprised in the Project are both extensive and complex. In addition to authority to carry out these works, the project comprises certain other elements that are not works. These also require statutory authority and include:

- The New Bridge will cross four watercourses - the St Helen's Canal, the River Mersey, the Manchester Ship Canal and the Bridgwater Canal. This will interfere with public rights of navigation and requires specific authorisation;
- Changes will be required to the highway network - including public rights of way on foot, cycle or horseback - and to certain private rights of access;
- The compulsory acquisition of land needed to build the project and rights of land to allow it to be built and/or maintained;
- Powers to make charges or levy tolls, including arrangements to set them, revise them, collect them and take enforcement action should tolls be unpaid (including creating summary criminal offences, which are prosecuted in the Magistrates' Court);
- Authorising the making of bylaws;
- Applying and disapplying legislation - for instance in relation to compulsory acquisition of land, tolling/road user charging and the carrying out of works in the River Mersey; and
- Making provision for the grant of a concession or other arrangement to secure the construction, operation and maintenance of the Project.

6.2 It is anticipated that the Project will be procured as a Design Build Finance and Operate (DBFO) scheme. This means that an organisation, known as a concessionaire, will be responsible for the

detailed design and construction of the scheme. The concessionaire will also have to obtain finance that allows it to construct, operate and maintain the scheme for a defined period. They will repay the finance that they have raised over the period of the contract that they have agreed to, known as the concession period. For schemes of this nature the concession period is typically 30 to 40 years. Although the DfT is contributing funding to the Project, the scheme will be funded mainly through the Private Finance Initiative (PFI). This means that the concessionaire will have to raise the money through private finance methods, such as a loan from a bank, supported by PFI credit payments from the DfT.

6.3 The finance for the Project would rely on revenue recovered from users of the Project through tolling and road user charging. To ensure robust revenue forecasts and to ensure that the Project will ease local congestion it is proposed that tolls / charges will be levied for use of both the New Bridge and the SJB. The tolling / charging regimes will also provide a mechanism to manage demand, so that free flow traffic conditions are maintained on the New Bridge. This is intended to achieve demonstrable service reliability and standards.

7.0 APPLICATIONS AND ORDERS

7.1 In order to obtain authority to carry out the works described above and to secure the additional powers described the applications and orders described in this section of this Report are needed. For this purpose, the works can be divided into two broad categories:

- Main Works - these are shown on the plan at appendix 1 edged blue; and
- Remote Works, including SJB - these are shown on the plan at appendix1 edged red.

Main Works

7.2 The statutory authority in relation to these works will be sought as follows:

7.2.1 As the Main Works will include the New Bridge they will interfere with navigation. This requires specific statutory authority pursuant to s3 Transport and Works Act 1992. In order to promote an order under that section (a "TWA Order") a local authority like the Borough Council must first obtain authority to do so by way of a resolution of the full Council, passed by a majority of members eligible to vote. It is recommended to the Executive Board that it should propose such an application to the full Council. The application will be determined by the Secretary of State for Transport.

7.2.2 The Main Works will also interfere with three other waterways and a railway line, all of which requires special powers. The TWA would confer such authority.

7.2.3 The Main Works will require planning permission. However, in this case it is not necessary to make an application to the Borough Council as local planning authority in the normal way. The Secretary of State may confer deemed planning permission pursuant to s90(2A) of the Town and Country Planning Act 1990 at the same time as making a TWA Order.

7.2.4 The works will require the acquisition of land owned by third parties and the TWA Order would confer powers of compulsory acquisition in respect of land and rights over and in land.

7.2.5 The New Bridge must be the subject of tolls as described above. This would be secured by the TWA Order as well. Subject to members approval in this meeting, officers will continue to work up proposals in accordance with the Strategic Outline Business Case for the project (being considered by members at the Mersey Gateway Executive Board meeting on 7 April - report attached at Appendix 2), subject to legal and financial advice.

7.2.6 The changes to the highway network required within the Main Works area would be authorised by the TWA Order.

7.2.7 The TWA Order will contain extensive additional provisions designed to secure the construction, maintenance and operation of the Main Works as part of the Project.

Remote Works and SJB

7.3 The statutory authority in relation to these works will be sought as follows:

7.3.1 Planning applications were made in respect of the Remote Works and SJB on 31 March 2008.

7.3.2 A Listed Buildings Consent application was made in respect of works to the Grade II listed Silver Jubilee Bridge on 31 March 2008.

7.3.3 The SJB must be the subject of tolls as described above. This would be secured by a scheme and order made under Part 3 of the Transport Act 2000 - a Road User Charging Order. The relevant provisions would comply with the Strategic Outline Business Case for the project (being considered by members at the Mersey Gateway Executive Board meeting on 7 April - report attached at Appendix 2). Subject to members approval in this meeting, officers will continue to work up proposals in accordance with that strategy and subject to legal and financial advice.

7.3.4 Compulsory Purchase Orders will be needed to secure third party property required for these works. This is explained in a separate report that is before this meeting.

7.3.5 Where the existing highway network and private accesses are affected by these works Side Road Orders will be required under s14 Highways Act 1980. This is explained in a separate report that is before this meeting.

7.4 In relation to both sets of works, certain land owned by the Council will be needed that is or may be public open space. To ensure that this can be used for the purposes of the Project it is necessary to *appropriate* the land. This means that instead of the land being held by the Council for one purpose, it will instead be held for another - that of the Project. Again, this is explained in a separate report.

8.0 POLICY IMPLICATIONS

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

9.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

9.1 The implementation of Mersey Gateway will have significant benefits for all Council priorities.

10.0 RISK ANALYSIS

10.1 The specific risks are reported in a detailed project risk register linked to the Council's corporate risk management regime.

11.0 EQUALITY AND DIVERSITY ISSUES

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

12.0 REASON(S) FOR DECISION

12.1 The recommended decisions are required to support the delivery of Mersey Gateway.

13.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

13.1 Alternative options for securing the powers to construct, maintain and operate, including tolling, the MG project have been assessed and rejected.

14.0 IMPLEMENTATION DATE

14.1 The recommended decisions are required before the next phase of the statutory process takes place in May 2008.

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

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

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REPORT TO: Appointments Committee

DATE: 28th February 2008

REPORTING OFFICER: Strategic Director – Corporate and Policy

SUBJECT: Job Evaluation – Update

WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 To report on the implementation of the National Job Evaluation Scheme.

2.0 RECOMMENDED: That

(1) the content of this report be noted;

(2) the Appeals process be noted and endorsed; and

(3) Council be recommended to endorse the process.

3.0 SUPPORTING INFORMATION

3.1 The Council has recently implemented the outcomes for the pay and grading review. This process has analysed and allocated a basic grade to all posts on Green Book terms and conditions. All such staff have received a letter explaining their new grade and what happens from here on in.

3.2 A joint union/management work group was established which met on a weekly basis to determine various agreements in connection with the pay and grading review such as the new pay structure, the Appeals Procedure and pay protection.

3.3 Whilst the Joint Working Group was considering these matters, a team of Job Analysts interviewed all postholders, with their managers, for every job on Green Book terms and conditions to analyse the job using the National Local Government Job Evaluation computerised scheme, which then allocated a score based on set criteria. Once agreement had been reached on the pay to point's line, these scores equate to a new HBC grade as detailed at Appendix A.

3.4 Agreement was reached on all the matters as detailed in paragraph 3.2 and the Unions have consulted with both their regional and national offices regarding the outcomes of the evaluations and balloted their membership to agree to the adoption of the new pay structure, the joint appeals process and the pay protection and other arrangements. UNISON and GMB received a positive Yes vote of 78% and 73%

accordingly, to adopting the new pay structures. A Pay and Grading Framework Agreement was drafted and has been signed by all parties.

3.5 The letters that were sent to staff were accompanied by an information pack telling staff the full details of the Pay Agreement, how their job was assessed, what they should do if they wish to exercise their right of appeal, etc. It is important to understand that the appeals process is very different to that of traditional grading appeal. It is more of a technical process with a job analyst inputting information provided by the appellant and their manager into the NJC system. Due to this and the potential number of appeals, it has been agreed with the Trade Unions that appeals will be heard by a management representative, a Trade Union representative and a job analyst. Given this is a variation to the traditional grading appeals process, it is recommended that the Committee endorse these arrangements.

3.6 Non-teaching jobs in schools have been dealt with in a slightly different way. A number of generic job descriptions for administrative and technical jobs, together with Mid-day Assistants, Kitchen Assistants/Cooks, etc., have been evaluated and will be recommended to schools for adoption. Schools will be strongly advised to adopt these grades, or if they have jobs which do not fit these generic job descriptions, then to request a separate evaluation be completed. Some schools have already started this process and the JE Team have briefed staff and evaluated jobs accordingly.

3.7 As the Pay and Grading review can only evaluate the basic grades for jobs, management and Unions need to now consider how premium payments and local agreements such as consolidated rates will be dealt with and a separate negotiation has now commenced to address such issues and ensure corporate consistency.

4.0 POLICY IMPLICATIONS

4.1 The implications on the pay policy are set out in detail in this report.

5.0 FINANCIAL IMPLICATIONS

5.1 The Council has made provision over recent years through the medium term financial planning process to deal with the eventualities of the Pay and Grading Review.

6.0 OTHER IMPLICATIONS

6.1 Now that letters have been issued to all staff, the implications for a large number of equal pay claims that have been lodged over recent months are now being considered.

7.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

7.1 Children and Young People in Halton

Whilst there are no direct implications for the Council's priorities, close attention will need to be kept on any consequential recruitment and retention issues that arise from implementing the Job Evaluation outcomes.

7.2 Employment, Learning and Skills in Halton

Whilst there are no direct implications for the Council's priorities, close attention will need to be kept on any consequential recruitment and retention issues that arise from implementing the Job Evaluation outcomes.

7.3 A Healthy Halton

Whilst there are no direct implications for the Council's priorities, close attention will need to be kept on any consequential recruitment and retention issues that arise from implementing the Job Evaluation outcomes.

7.4 A Safer Halton

Whilst there are no direct implications for the Council's priorities, close attention will need to be kept on any consequential recruitment and retention issues that arise from implementing the Job Evaluation outcomes.

7.5 Halton's Urban Renewal

Whilst there are no direct implications for the Council's priorities, close attention will need to be kept on any consequential recruitment and retention issues that arise from implementing the Job Evaluation outcomes.

8.0 RISK ANALYSIS

8.1 The undertaking of the Pay and Grading Review will reduce the potential financial implications of the failure to eradicate any discriminatory pay practices from the Council's current pay arrangements.

9.0 EQUALITY AND DIVERSITY ISSUES

9.1 The Pay and Grading Review was undertaken to eradicate, as far as is possible, any bias in pay, related to gender and to best protect the Council from any tribunal claims. It reflects the Council's approach to

the payment of its male and female employees and the eradication of any discriminatory practices.

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

There are no background papers under the meaning of the Act.

APPENDIX A

THE NEW PAY STRUCTURE

Grade	JE Score	Min SCP	Max SCP
HBC 1	Up to 280	4	8
HBC 2	281 – 325	9	13
HBC 3	326 – 370	14	17
HBC 4	371 – 414	18	21
HBC 5	415 – 458	22	25
HBC 6	459 – 502	26	29
HBC 7	503 – 546	30	33
HBC 8	547 – 590	34	37
HBC 9	591 – 635	38	41
HBC 10	636 – 679	42	45
HBC11	680+	46	49

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REPORT TO: Executive Board

DATE: 10th April 2008

REPORTING OFFICER: Strategic Director Health and Community

SUBJECT: Housing Capital Programme

WARD(S): Boroughwide

1.0 PURPOSE OF REPORT

1.1 To inform the Board of the forecast outturn for the 2007/08 housing capital programme, and to seek approval for the 2008/09 programme.

2.0 RECOMMENDED – that the position regarding the 2007/08 programme be noted, and the proposed programme for 2008/09 as set out in the report and Appendix be recommended to Council for approval.

3.0 INTRODUCTION

3.1 The Appendix compares the approved 2007/08 programme with the forecast outturn position, and shows also the proposed programme for 2008/09.

3.2 Total resources available for 2007/08 amounted to £3.696m, whereas the projected spend is estimated at £2.460m. The reasons for variations to the programme are set out in section 4 below.

3.3 Section 5 of the report sets out the level of resources likely to be available in 2008/09 based on the forecast outturn for 2007/08, and a proposed programme of work is set out in the final column of the table in the Appendix.

4.0 2007/08 PROGRAMME - VARIATIONS

4.1 Housing Grants – under spend of £302k. Expenditure in this area is demand led, and demand for major and minor works grants significantly reduced during 2007/08, despite an advertising campaign in several newspapers and Council publications. It is therefore proposed that funding for this area of work will be reduced until it is better understood why this has occurred e.g. is it as a result of the policy change to offer assistance partly as loans, uncertainty in the housing market, ineffective targeting or some other reason?

4.2 Disabled Facilities Grants (DFGs) – Board received a report on the 21st February 2008 about the development of a joint funding agreement with Housing Associations, and as part of that agreed that £295k

unspent resources from 2007/08 be slipped to 2008/09 and be used to assist Housing Associations to tackle their adaptations backlog, currently estimated at just over £1m in value. The forecast DFG underspend has reduced slightly since then from £295k to £272k

4.3 Traveller Transit Site – Under spend of £474k. Board agreed on 19th July 2007 that this scheme be funded from an underspend on another project, and received a report on the likely timetable for implementing the scheme which made it likely that a start on site would not be achieved until late in the financial year. Planning consent was granted on the 3rd March and although some expenditure has been incurred in terms of groundwork investigations and planning fees, the bulk of expenditure will fall in 2008/09.

4.4 Energy Promotion – this budget was oversubscribed in terms of applications for assistance with energy efficiency measures, and a further £10k was allocated to sustain the scheme through to the year end.

4.5 Adaptations Initiative – under spend of £92k. The proposal to establish a framework agreement for the fast track supply, fitting, maintenance and recycling of stairlifts outside the DFG process has been more complex and time consuming than envisaged. A contract was awarded in February but spend will now slip to 2008/09.

5.0 2008/09 PROPOSALS

5.1 At the time of writing, the 2008/09 capital grant allocation from the Regional Housing Pot has not been announced, but for planning purposes it is expected that the grant will be 70% of the 2007/08 allocation. Based on the forecast outturn for this year's programme, the following resources are likely to be available to finance works in 2008/09 -

	£000's
C/fwd from 2007/08	1,236
New capital grant	622
DFG grant	424
DFG capital growth	500
TOTAL	**2,782**

5.2 The proposed programme of work shown in the Appendix maintains support for annual programmes such as private sector grants and energy efficiency works, and significantly increases the Disabled Facilities Grant budget to address waiting lists in both the private and public sectors. This is a substantial growth and it may be that the resources will need to be phased over 2008/09 and 2009/10 due to the long lead in times for this type of work.

5.3 It also makes provision for previously approved schemes with committed slippage from 2007/08 such as the Traveller schemes and the stairlift contract.

5.4 It should be noted, however, that the resources available in 2009/10 and 2010/11 are, based on indicative allocations announced by Government, forecast to diminish significantly as set out below -

	2009/10	2010/11
New capital grant	622	467
DFG grant	424	424
TOTAL	**1,046**	**891**

This is due to the local authority share of the Regional Housing Pot shrinking with Government's focus (set out in the recent Green Paper) on increasing the housing supply, in the case of social housing largely delivered through the Housing Corporation and Housing Associations.

5.5 It is therefore proposed that a reserve of £0.194m be retained to supplement housing programme resources in future years, particularly for DFGs, to dampen the effect of this decline and reduce the need for capital growth from corporate resources.

6.0 POLICY IMPLICATIONS

6.1 None.

7.0 OTHER IMPLICATIONS

7.1 None.

8.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

8.1 Children and Young People in Halton

Improved housing conditions funded through this programme will benefit any children and young people living in those dwellings, and particularly benefit those that need housing adaptations.

8.2 Employment, Learning and Skills in Halton

N/A

8.3 A Healthy Halton

DFGs will help the chronically sick and disabled to maintain a better lifestyle at home rather than in residential care.

8.4 **A Safer Halton**

N/A

8.5 **Halton's Urban Renewal**

Helping vulnerable individuals to maintain/improve their homes will help minimise the incidence of dilapidated housing that can blight an area.

9.0 **RISK ANALYSIS**

9.1 In future years there is a risk that there will be insufficient resources to meet the demand for DFGs, which remain a mandatory grant. The proposal in 5.5 should ensure this problem does not occur in the short term. Government has recently announced plans to allow legal charges to be secured against properties benefiting from DFGs (in certain circumstances) that are repayable when the dwelling is sold. Repaid loans will over the medium term help to stretch resources. Government has also announced that DFG grant assistance will be increased by 31% over the next 3 years, but this does not necessarily mean that Halton will benefit to the same degree, if at all.

10.0 EQUALITY AND DIVERSITY ISSUES

10.1 The proposed programme of work will help tackle the housing problems of some of those in greatest housing need.

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

Document	**Place of inspection**	**Contact Officer**
Not applicable		

APPENDIX

HOUSING CAPITAL PROGRAMME 2007/08/09 (£000s)

	Approved Budget 2007/08	Probable Outturn 2007/08	Proposed Budget 2008/09
Housing Grants/Loans	586	284	284
Disabled Facilities Grants	942	670	1,573
Traveller Transit Site	500	26	474
Home Link	10	10	10
Energy Promotion	75	85	100
Castlefields Equity Release Loans	65	78	0
West Bank Neighbourhood Renewal Assessment	4	4	0
Refurbishment of Riverview Gypsy site	1,272	1,269	55
Belvedere Repairs	28	34	0
Adaptations Initiative	92	0	92
Reserve	122	0	194
TOTAL	**3,696**	**2,460**	**2,782**

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REPORT TO: Executive Board Sub-Committee

DATE: 20th March 2008

REPORTING OFFICER: Operational Director – Financial Services

SUBJECT: Treasury Management and Investment Strategy 2008/09

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 To agree a Treasury Management and Investment Strategy for 2008/09.

2.0 RECOMMENDATION TO COUNCIL: That the Council adopt the policies and strategies outlined in the report.

3.0 SUPPORTING INFORMATION

3.1 This Treasury Strategy Statement details the expected activities of the Treasury function in the forthcoming financial year (2008/09). Its production and submission to the Executive Board Sub-Committee is a requirement of the CIPFA Code of Practice on Treasury Management.

3.2 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

3.3 The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

3.4 The ODPM's guidance notes state that Authorities can combine the Treasury Strategy Statement and Annual Investment Strategy into one report. The Council has adopted this approach and the Annual Investment Strategy is therefore included as paragraph 8.

4.0 POLICY IMPLICATIONS

4.1 The successful delivery of the strategy will assist the Council in meeting its budget commitments.

5.0 OTHER IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Children and Young People in Halton**

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

6.3 **A Healthy Halton**

6.4 **A Safer Halton**

6.5 **Halton's Urban Renewal**

7.0 RISK ANALYSIS

7.1 The Authority operates its treasury management activity within the approved code of practice and supporting documents.

7.2 The aim at all times is to operate in an environment where risk is clearly identified and managed.

7.3 This strategy sets out clear objectives within these guidelines.

7.4 Regular monitoring is undertaken during the year and reported on a quarterly basis to the Executive Board Sub-Committee.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

9.0 REASON(S) FOR DECISION

9.1 The Authority must have an approved annual strategy in place before the year commences.

10.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

10.1 None.

11.0 IMPLEMENTATION DATE

11.1 1st April 2008.

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

Document	Place of Inspection	Contact Officer
Working papers	Accountancy Section	J. Viggers

TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2008/09

1.0 INTRODUCTION

1.1 The suggested Treasury Management and Investment Strategy for 2008/09 covers the following aspects of the treasury management function and is based upon the Treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor.

- treasury limits in force which will limit the treasury risk and activities of the Council;
- Prudential Indicators;
- the current treasury position;
- the borrowing requirement;
- prospects for interest rates;
- the borrowing strategy;
- debt rescheduling;
- the investment strategy;
- any extraordinary treasury issues.

2.0 TREASURY LIMITS FOR 2008/09

2.1 It is a statutory duty under S.3 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit".

2.2 The Council must have regard to the Prudential Code when setting their Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax is 'acceptable'.

2.3 Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements. The affordable borrowing limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

3.0 PRUDENTIAL INDICATORS FOR 2008/09-2010/11

3.1 The following prudential indicators are relevant for the purposes of setting an integrated treasury management strategy.

No.	Prudential Indicator	2008/09 £	2009/10 £	2010/11 £
	(1) Extract from Budget			
	Affordable Borrowing			
3	Increase in Council Tax B7 (Band D, per annum)	5.18	0.74	1.69
7	Capital Financing Requirement (as at 31 March)	£m	£m	£m
	Non-HRA	70.30	75.00	77.64

No.	Prudential Indicator	2008/09 £m	2009/10 £m	2010/11 £m
	(2) Treasury Management Prudential Indicators			
10	Authorised Limit for External Debt			
	Borrowing	58.10	68.00	70.80
	Other Long Term Liabilities	0.00	0.00	0.00
	TOTAL	58.10	68.00	70.80
11	Operational Boundary for External Debt			
	Borrowing	53.10	63.00	65.80
	Other Long Term Liabilities	0.00	0.00	0.00
	TOTAL	53.10	63.00	65.80
12	Upper Limit for Fixed Interest Rate Exposure			
	Expressed as			
	Net Principal re Fixed Borrowing/ Investments	39.82 (75%)	47.25 (75%)	49.35 (75%)
13	Upper Limit for Variable Rate Exposure			
	Expressed as			
	Net Principal re Variable Borrowing/ Investments	39.82	47.25	49.35
	Net Interest re Variable Rate Borrowing/ Investments	(75%)	(75%)	(75%)
14	Maturity Structure of New Fixed Rate Borrowing during 2008/09		Upper	Lower
	Under 12 months		50	0
	12 months and within 24 months		75	0
	24 months and within 5 years		50	0
	5 years and within 10 years		50	0
	10 years and above		75	0

No.	Prudential Indicator	2008/09		2009/10		2010/11	
		£m	%	£m	%	£m	%
15	Upper Limit for Total Principal Sums invested for over						
	Up to 1 year (per maturity date)	40.49	100	39.88	100	32.99	100
	Up to 2 years (per maturity date)	24.29	60	23.93	60	19.79	60
	2 Years+ (per maturity date)	12.15	30	11.96	30	9.90	30

No.	Prudential Indicator
16	Maturity Structure of New Fixed Rate Borrowing in Previous year
	None taken in 2006/07

4.0 CURRENT PORTFOLIO POSITION

4.1 The Council's treasury portfolio position at 28th January 2008 comprised:

		Principal		Average Rate
		£m	£m	%
Fixed Rate Funding	PWLB	10.00		3.70
	Market	10.00	20.00	4.42
Variable Rate Funding	PWLB	0.00		-
	Market	0.00	0.00	-
Total Borrowing			20.00	4.06
Other Long Term Liabilities			0.00	
Total Debt			20.00	
Total Investments			55.25	5.96

5.0 BORROWING REQUIREMENT

5.1 The table below summarises the net borrowing requirement for the authority for the next three years based on the current level of supported borrowing indicated by the government for 2007/08.

	2007/08	2008/09	2009/10	2010/11
	£'000	£'000	£'000	£'000
New Borrowing	10.666	13.336	4.624	2.675
Alternative Financing Arrangements	-	-	-	-
Replacement Borrowing*	-	-	-	-
TOTAL	10.666	13.336	4.624	2.675

*5.2 The £10m Lender's Option Borrower's Option (LOBO), currently with Euro Hypo bank is on 6 month options (shown as Fixed Rate market above). As such it could fall to be replaced in any of the years.

6.0 PROSPECTS FOR INTEREST RATES

6.1 The Council appointed Sector Treasury Services as a treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. Appendix A draws together a number of current City forecasts for short term or variable (the base rate or repo rate) and longer fixed interest rates.

6.2 Sector View: Interest rate forecast – 1st February 2008

	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009	Q/E1 2010	Q/E2 2010	Q/E3 2010	Q4 2010	Q1 2011	Q2 2011
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Bank Rate	5.25	5.00	4.75	4.75	4.75	4.75	4.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00
5 yr Gilt Yield	4.55	4.55	4.50	4.50	4.55	4.65	4.70	4.75	4.80	4.85	4.85	4.85	4.85	4.85
10 yr PWLB Rate	4.60	4.55	4.50	4.55	4.55	4.55	4.65	4.70	4.75	4.80	4.85	4.85	4.85	4.80
25 yr PWLB Rate	4.55	4.50	4.50	4.50	4.50	4.55	4.60	4.65	4.70	4.70	4.75	4.75	4.75	4.75
50 yr PWLB Rate	4.50	4.45	4.45	4.45	4.45	4.50	4.55	4.60	4.60	4.65	4.65	4.65	4.65	4.60

Sector's current interest rate view is that Bank Rate: -

- started on a downward trend from 5.75% to 5.50% in December 2007
- to be followed by further cuts in Q1 2008 to 5.25%, to 5.00% in Q2 2008 and to 4.75% in Q3 2008
- then unchanged until an increase in Q4 2009 to 5.0%
- unchanged then for the rest of the forecast period
- there is downside risk to this forecast if inflation concerns subside and therefore opens the way for the MPC to be able to make further cuts in the Bank Rate

6.3 Economic background

International

- The US, UK and EU economies have all been on the upswing of the economic cycle during 2005 and 2006 and so interest rates were successively raised in order to cool their economies and to counter the build up of inflationary pressures.
- The US is ahead of both the UK and EU in the business cycle and started on the downswing of the economic cycle during 2007. The Fed. rate peaked at 5.25% and was first cut in September by 0.5% to 4.75%. This was a response to the rapidly deteriorating prospects for the economy in the face of the downturn in the housing market, the sub prime mortgage crisis and the ensuing liquidity crisis which started in August 2007 and has subsequently resulted in banks making some major write offs of losses on debt instruments containing sub prime mortgages. Banks have also tightened their lending criteria which has hit hard those consumers with poor credit standing.
- The Fed cut its rate again, to 4.5% in October 2007 and to 4.25% in December. A steep plunge in equity markets around the world in January precipitated by widespread concerns as to recession in the US, the financial viability of bond insurers in the US as a result of the sub-prime crisis and the unwinding of huge unauthorised positions taken by a rogue trader at the French bank SocGen, triggered an emergency between meetings cut of 0.75% by the Fed followed by another cut of 0.50% at its regular meeting a few days later on 30 January.
- More cuts may be required to try to further stimulate the economy and to ameliorate the extent of the expected downturn. However, the speed and extent of these cuts may be inhibited

by inflationary pressures arising from oil prices, the falling dollar increasing the costs of imports, etc. The US could be heading into stagflation in 2008 – a combination of inflation and a static economy (but the economy could even tip into recession if the housing downturn becomes severe enough).

- The major feature of the US economy is a steepening downturn in the housing market which is being undermined by an excess stock of unsold houses stoked by defaulting sub prime borrowers pushed into forced sales. Falling house prices will also undermine household wealth and so lead to an increase in savings (which fell while house prices were rising healthily) and so conversely will lead to a fall in consumer expenditure. Petrol prices have trebled since 2003 and, with similar increases in the price of home heating oil, this will also depress consumer spending with knock on effects on house building, employment etc.

- The downturn in economic growth in the US in 2008 will depress world growth, (especially in the western economies), which will also suffer directly under the impact of high oil prices. However strong growth in China and India will partially counteract some of this negative pressure.

- EU growth has been strong during 2006 and 2007 but will be caught by the general downturn in world growth in 2008.

United Kingdom

- GDP: growth has been strong during 2007 and hit 3.3% year on year in Q3. Growth is expected to cool from 3.0% in 2007 as a whole to 2.0% in 2008.

- Higher than expected immigration from Eastern Europe has underpinned strong growth and dampened wage inflation.

- House prices started on the downswing in Q3 2007 and this is expected to continue into 2008.

- The combination of increases in Bank Rate and hence mortgage rates, short term mortgage fixes expiring and being renewed at higher rates, food prices rising at their fastest rate since 1993 and increases in petrol prices, have all put consumer spending power under major pressure.

- Banks have also tightened their lending criteria since the sub prime crisis started and that will also dampen consumer expenditure via credit cards and on buying houses through obtaining mortgages.

- Government expenditure will be held under a tight reign for the next few years, undermining one of the main props of strong growth during this decade.

- The MPC is very concerned at the build up of inflationary pressures, especially the rise in the oil price to reach $90 – 100 per barrel from time to time (was $30 in 2003) and the consequent likely knock on effects on general prices. The prices of UK manufactured goods have risen at the fastest rate in 16 years in December 2007 – 5.0%. Food prices have also risen at their fastest rate for fourteen years (7.4% annual increase) driven by strong demand from China and India. Consequently, the MPC is going to be much more cautious about cutting rates compared to the Fed in the face of these very visible inflationary pressures. In addition, UK growth was still strong in Q4 (despite expectations of a significant cooling off). The downward trend in Bank Rate is now expected to be faster than at first thought after the initial cut in December 2007 to 5.50% in view of the MPC minutes which showed a unanimous MPC vote for a cut and the consideration given to a half per cent cut. This demonstrated how concerned the MPC is at the potential impact of the credit crunch on the economies of the western world. However, the MPC's room for cutting rates is currently limited by concerns over inflationary pressures. If those pressures subside, then there is further downward risk to the Sector forecast which currently only allows for 0.25% cuts to reach 4.75% in Q3 2008.

7.0 CAPITAL BORROWINGS AND THE BORROWING PORTFOLIO STRATEGY

7.1 The Sector forecast is as follows:

(These forecasts are based around an expectation that there will normally be variations of +/- 25bp during each quarter around these average forecasts in normal economic and political circumstances. However, greater variations can occur if should there be any unexpected shocks to financial and/or political systems.) These forecasts are for the PWLB new borrowing rate: -

- The 50 year PWLB rate is expected to fall marginally from 4.50% in Q1 2008 to 4.45% in Q2 2008 before rising back again to 4.50% in Q2 2009 to eventually reach 4.65% in Q2 2010.

- The 25 year PWLB rate is expected to fall from 4.55% to 4.50% in Q2 2008 and then to rise in gradual steps from Q2 2009 to reach 4.75% in Q3 2010.

- The 10 year PWLB rate is expected to fall from 4.60% in Q1 2008 to 4.55% in Q2 and to 4.50% in Q3 2008 and to then gradually rise from Q1 2009 to reach 4.85% in Q3 2010.

- The 5 year PWLB rate is expected to fall from 4.55% in Q2 2008 to 4.50% in Q3 2008 and to then gradually rise starting in Q1 2009 to reach 4.85% in Q2 2010.

This forecast indicates, therefore, that the borrowing strategy for 2008/09 should be set to take 25 – 30 year borrowing towards the end of the financial year but in as much as little variation is expected in average quarterly rates, this is likely to mean that attractive rates could be available at any time in the year when there is a dip down in rates.

Variable rate borrowing and borrowing in the five year area are expected to be more expensive than long term borrowing and will therefore be unattractive throughout the financial year compared to taking long term borrowing.

For authorities wishing to minimise their debt interest costs, the main strategy is therefore as follows:

- Focus on undertaking new borrowing in or near the 25 – 30 year period so as to minimise the spread between the PWLB new borrowing and early repayment rates as there is little, or no difference in the new borrowing rate between rates in these periods and the 50 year rate. This then maximises the potential for debt rescheduling at a later time by minimising the spread between these two rates.

- This strategy also means that after some years of focusing on borrowing at or near the 50 year period, local authorities will be able to undertake borrowing in a markedly different period and so achieve a better spread in their debt maturity profile.

- When the 25-30 year PWLB rates fall back to the central forecast rate of about 4.60%, borrowing should be made in this area of the market at any time in the financial year. This rate is likely to be lower than the forecast rates for shorter maturities in the 5 year and 10 year area. A suitable trigger point for considering new fixed rate long term borrowing, therefore, would be 4.60%. However, if shorter period loans become available around this rate, these will also be considered.

- The central forecast rate will be reviewed in the light of movements in the slope of the yield curve, spreads between PWLB new borrowing and early payment rates, and any further changes that the PWLB may introduce to their lending policy and operations.

- Consideration will also be given to borrowing fixed rate market loans at 25 – 50 basis points below the PWLB target rate.

7.4 Against this background caution will be adopted with the 2008/09 treasury operations. The Operational Director – Financial Services will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to Executive Board Sub-Committee at the next available opportunity.

7.5 Sensitivity of the forecast - The main sensitivities of the forecast are likely to be the two scenarios below. The Council officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:

- *if it were felt that there was a significant risk of a sharp rise in long and short term rates,* perhaps arising from a greater than expected increase in world economic activity or further increases in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

- *if it were felt that there was a significant risk of a sharp fall in long and short term rates,* due to e.g. growth rates weakening, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered.

8.0 ANNUAL INVESTMENT STRATEGY

8.1 Investment Policy

The Council will have regard to the ODPM's Guidance on Local Government Investments ("the Guidance") issued in March 2004 and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are:

(a) the security of capital; and

(b) the liquidity of its investments.

The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

Investment instruments identified for use in the financial year are listed below under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the approved lending list.

Specified v non specified investments

There has been an increasing number of innovative investment products being marketed over the past few years. The have arisen due to the relatively low interest rate environment which has prevailed during this period. The initial guidance from the ODPM focused on high security and more particularly credit risk. This approach however does not deal with market risk, which is the sudden adverse movement in interest rates. In some products this could lead to a significant diminution of the maturity value below that of the original sum invested.

Because of this it has been suggested that if any investment other than a straight cash deposit is envisaged the following tests are applied ;-

1. the working of the product is fully understood;

2. the degree of risk exposure the product carries is identified;

3. the level of risk fits within the parameters set by the authority;

4. the product complies with the CIPFA Code of Practice on Treasury Management (prime focus on security and best value applied to optimise returns).

The Council has in the main used straightforward cash deposits, with both fixed and variable rates, but always with options to repay if the counterparty wanted to change the terms and agreement couldn't be reached. The issue therefore still boils down to credit risk and this is handled through the counterparty weighted rankings and prudential indicators which limit the amount that can be placed with non rated organisations at any one time.

Specified Investments:

All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable (i.e. credit rated counterparties).

	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term Deposits – UK Government	--	In-house
Term Deposits – Other LAs	--	In-house
Term Deposits – Banks and Building Societies	On Approved List	In-house

If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.

Non-Specified Investments:

A maximum of 30% will be held in aggregate in non-specified investments for 2-3 years and 60% in 1 to 2 years. This group is to include non credit rated organisations.

	Minimum Credit Criteria	Use	Max % of Total Investments	Max. Maturity Period
Term deposits – UK government (with maturities in excess of 1 year)		In-house	30% 60%	2-3 years 1-2 years
Term deposits – other LAs (with maturities in excess of 1 year)		In-house	30% 50%	2-3 years 1-2 years
Term deposits – banks and building societies (with maturities in excess of 1 year)	On Approved List	In-house	30% 60%	2-3 years 1-2 years

The Council uses Moody's ratings to derive its criteria. Where a counterparty does not have a Moody's rating, the equivalent Fitch rating will be used. All credit ratings will be monitored on a regular basis. The Council is alerted to changes in credit ratings through its use of the Sector creditworthiness service. If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

8.2 Investment Strategy

In-house funds: The Council's in-house managed funds have during the past twelve months (January to December) been in the value range of £27.30m to £51.35m with a core balance of around £20m which is available for investment over a longer (say) 2-3 year period. The current balance is £55.25m. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

The Council already has investments that span the financial year e.g. longer-dated deposits including callable deposits, which were taken out at various peaks of the last rate cycles as shown below.

	Amount	Maturity	Rate (%)
Derbyshire BS	2,500	25/04/2008	5.57
West Bromwich BS	2,500	30/04/2008	6.31
Cumberland BS	1,000	15/05/2008	6.36
Bank of Ireland Plc	2,500	23/05/2008	6.09
Newcastle BS	2,500	05/06/2008	5.00
Northern Rock	2,500	05/06/2008	5.13
Northern Rock	2,500	30/06/2008	5.96
Norwich & Peterborough BS	2,500	02/07/2008	6.25

Nottingham BS	2,500	25/07/2008	5.55
Coventry BS	2,500	14/08/2008	5.95
Derbyshire BS	2,500	30/09/2008	6.23
Stroud & Swindon BS	2,500	17/11/2008	6.15
Kent Reliance BS	2,500	18/12/2008	5.53
Coventry BS	2,500	23/01/2009	6.46
Progressive BS	2,500	26/02/2009	5.95
Cheshire BS	2,500	02/11/2009	6.15
Northern Rock	2,500	23/07/2010	6.41

It is unlikely therefore that further long dated investments will be undertaken until these investments mature.

The interest rate outlook is particularly relevant to the performance of the Council's investment portfolio. Appendix 'A' shows quite clearly that all economic forecasters are predicting further rate cuts in the next financial year. The timing and severity of the cuts may be different but the trend is the same. It is difficult to argue against this message as the pressure of a recession in the USA will impact on Europe and our own economy will come under pressure. The Council has already placed as much of it's current portfolio into fixed rate, fixed period deals as it feels it can do within it's current risk spread policy and will adopt a policy of running down it's investments as they mature during 2008/9 whilst waiting for the opportune time to borrow to fund it's long term capital projects. This policy should minimise the impact of falling investment rates.

For its cash flow generated balances, the Council will seek to utilise its business reserve accounts and short-dated deposits (1-3 months) in order to benefit from the compounding of interest.

End of year Investment Report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

9.0 DEBT RESCHEDULING

9.1 The introduction of different PWLB rates on 1 November 2007 for new borrowing as opposed to early repayment of debt, and the setting of a spread between the two rates (of about 40 – 50 basis points for the longest period loans narrowing down to 25 – 30 basis points for the shortest loans), has meant that PWLB to PWLB debt restructuring is now much less attractive than before that date. However, significant interest savings will still be achievable through using LOBOs (Lenders Option Borrowers Option) loans and other market loans.

9.2 As average PWLB rates are expected to be minimally higher at the start of the financial year than later on in the year, and as Bank Rate is expected to fall more than longer term borrowing rates during the year,

this will mean that the differential between long and short rates will narrow during the year and that there should therefore be greater potential for making interest rate savings on debt by doing debt restructuring earlier on in the year. Any positions taken via rescheduling will be in accordance with the strategy position outlined in paragraph 7 above.

9.3 The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- help fulfil the strategy outlined in paragraph 7 above; and
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

9.4 All rescheduling will be reported to the Executive Board Sub-Committee at the meeting following its action.

APPENDIX A

INTEREST RATE FORECASTS

The data below shows a variety of forecasts published by a number of institutions. The first three are individual forecasts including those of UBS and Capital Economics (an independent forecasting consultancy). The final one represents summarised figures drawn from the population of all major City banks and academic institutions. The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

Sector interest rate forecast – 1 February 2008

	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009	Q/E1 2010	Q/E2 2010	Q/E3 2010	Q/E4 2010	Q/E1 2011	Q/E2 2011
Bank Rate	5.25%	5.00%	4.75%	4.75%	4.75%	4.75%	4.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
5yr PWLB rate	4.55%	4.55%	4.50%	4.50%	4.55%	4.65%	4.70%	4.75%	4.80%	4.85%	4.85%	4.85%	4.85%	4.85%
10yr PWLB rate	4.60%	4.55%	4.50%	4.50%	4.55%	4.55%	4.65%	4.70%	4.75%	4.80%	4.85%	4.85%	4.85%	4.80%
25yr PWLB rate	4.55%	4.50%	4.50%	4.50%	4.50%	4.55%	4.60%	4.65%	4.70%	4.70%	4.75%	4.75%	4.75%	4.75%
50yr PWLB rate	4.50%	4.45%	4.45%	4.45%	4.45%	4.50%	4.55%	4.60%	4.60%	4.65%	4.65%	4.65%	4.65%	4.60%

Capital Economics interest rate forecast – 12 December 2007

	Q/E4 2007	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009
Bank rate	5.50%	5.25%	5.00%	4.75%	4.50%	4.25%	4.00%	4.00%	4.00%
5yr PWLB rate	4.65%	4.45%	4.35%	4.05%	3.95%	4.05%	4.25%	4.35%	4.75%
10yr PWLB rate	4.65%	4.45%	4.25%	4.15%	4.15%	4.25%	4.45%	4.65%	4.85%
25yr PWLB rate	4.65%	4.55%	4.45%	4.45%	4.35%	4.45%	4.55%	4.75%	4.95%
50yr PWLB rate	4.55%	4.55%	4.45%	4.35%	4.25%	4.35%	4.55%	4.65%	4.75%

UBS interest rate forecast (for quarter ends) – 25 January 2008

	Q/E1 2008	Q/E2 2008	Q/E3 2008	Q/E4 2008	Q/E1 2009	Q/E2 2009	Q/E3 2009	Q/E4 2009
Bank Rate	5.25%	5.00%	4.75%	4.25%	4.25%	4.25%	4.25%	4.25%
10yr PWLB rate	4.65%	4.60%	4.55%	4.55%	4.55%	4.55%	4.65%	4.75%
25yr PWLB rate	4.50%	4.50%	4.50%	4.45%	4.45%	4.45%	4.55%	4.65%
50yr PWLB rate	4.43%	4.40%	4.45%	4.45%	4.50%	4.55%	4.65%	4.75%

2. SURVEY OF ECONOMIC FORECASTS

HM Treasury – January 2008 summary of forecasts of 24 City and 13 academic analysts for Q4 2007 and 2008. (2009 – 2011 are based on 21 forecasts)

BANK RATE FORECASTS		quarter ended		annual average Bank Rate		
	actual	Q4 2007	Q4 2008	ave. 2009	ave. 2010	ave. 2011
Median	5.50%	5.50%	4.88%	5.20%	5.24%	5.27%
Highest	5.50%	5.75%	6.25%	6.25%	6.25%	6.25%
Lowest	5.50%	5.00%	4.25%	4.80%	4.50%	4.50%

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REPORT TO: Full Council

DATE: 23 April 2008

REPORTING OFFICER: Strategic Director - Health & Community

SUBJECT: North Cheshire Hospitals NHS Trust Application for Foundation Status

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 To provide an overview of the application for Foundation Status by North Cheshire Hospitals NHS Trust and provide information about the Governors Council.

2.0 RECOMMENDATION:

Full Council identifies an Elected Member representative for the Governors Council.

3.0 SUPPORTING INFORMATION

3.1 Background

3.1.1 Under the Health & Social Care Act 2003, North Cheshire Hospitals NHS Trust has applied to become an NHS Foundation Trust. The consultation period of 12 weeks commenced on 14th January 2008 and ended on 11th April 2008, with a decision to be taken by the Summer 2008. In addition to the detailed consultation document, the consultation process a number of road shows (including one at The Brindley and one at Halton Stadium).

3.1.2 North Cheshire Hospitals Trust provides the full range of general treatments to its local population covering Warrington and Halton. There are 2 principal sites, Warrington Hospital and Halton General Hospital, comprising 600 beds across both sites. The Trust has an annual budget of over £155 million.

3.2 What Does Foundation Status Mean?

3.2.1 When an organisation becomes a Foundation Trust, this means it will:-

- have more autonomy in making decisions about services provided
- be accountable to members (staff, patients and local people) rather than directly to the Secretary of State
- remain part of the NHS

- be accountable to NHS Commissioners through legally binding contracts
- be approved by the Independent Regulator "Monitor" (which authorises and monitors NHS Foundation Trusts

3.2.2 The Trust believes that flexibility and freedoms arising from Foundation Status will enhance their ability to shape healthcare services in response to the above average levels of chronic diseases arising from the severe health inequalities, social disadvantage and social exclusion evident in the population it serves. The Trust is also committed to strengthening their links with the local community through the introduction of members and governors. There is also a financial benefit in being able to retain or build up surpluses as well as borrow monies to develop services.

3.3 Implications Of Achieving Foundation Status For The People Of Halton

3.3.1 The additional flexibility and autonomy will enhance the Trust's ability to:

- invest in services to bring down waiting times
- reduce lengths of stay and cancelled operations
- improve provision of emergency care and intensive care services
- develop minimally invasive surgery services
- improve diagnostic services
- expand cardiology and orthopaedic services
- maintain high levels of patient and staff satisfaction

3.4 Governance Arrangements

3.4.1 As part of being controlled and run locally, governance and accountability will be improved by the establishment of:

- a Governors Council made up from elected public governors, representatives from key stakeholders/partner organisations such as Local Authorities/PCTs and staff governors. None of the governors will be remunerated. Full details are provided in the following table.

Total Make-up of the Governors Council	
Constituency	**No of Governors**
Public	
Warrington residents	9
Halton residents	5
Former patients or carers who live outside Warrington and Halton	1

Total Public Governors	**15**
Staff Governors	5
Partner Organisation Governors	9
Total Governors Council	**29**

The Partner Organisation Governors will include: ”One representative from Warrington Borough Council and one from Halton Borough Council”.

3.4.2 The 5 Halton residents would be drawn from the following ward groups:

Proposed Public Governor Ward Groupings
1. Daresbury, Windmill Hill, Norton North, Castlefields
2. Beechwood, Mersey, Heath, Grange
3. Norton South, Halton Brook, Halton Lea
4. Appleton, Farnworth, Hough Green, Halton View
5. Broadheath, Ditton, Hale, Kingsway, Riverside

3.4.3 The Governors Council will be able to influence decisions about spending and service development as well as ensuring the Trust carries out its duties in line with NHS values and principles. Full Council will therefore need to identify a Council Elected Member representative on the Governors Council.

3.4.4 At the Council’s Executive Board meeting on 10 April 2008 they agreed to support the Trusts Foundation application.

4.0 POLICY IMPLICATIONS

4.1 The Foundation Trust will be able to have more autonomy in making decisions about how services are provided locally.

5.0 FINANCIAL IMPLICATIONS

5.1 None identified.

6.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES

6.1 Children and Young People in Halton

Please see ‘Healthy Halton’ below.

6.2 Employment, Learning and Skills in Halton

None identified.

6.3 A Healthy Halton

In supporting NCHT's proposal to become an NHS Foundation Trust, this clearly demonstrated the Council's commitment, as a major stakeholder, in recognising the needs of the local community in promoting their health and wellbeing within the Community.

Foundation Trust status will mean that NCHT will involve the local community more in the development of services at Halton Hospital through local people being elected as Governors etc, allow things to get done faster by having greater financial freedom, be able to invest more in local services and secure the long term future of Halton Hospital.

6.4 A Safer Halton

None identified.

6.5 Halton's Urban Renewal

None identified.

7.0 RISK ANALYSIS

7.1 Foundation status will increase the exposure of the Trust to a competitive market.

7.2 The lead up to applying for Foundation Status and a successful outcome may distract from the delivery of patient care.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 The proposals to formulate a Foundation Trust would not mean any changes to the current policies.

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

9.1 None identified.