

REPORT TO: Mersey Gateway Executive Board

DATE: 18 November 2010

REPORTING OFFICER: Strategic Director Environment and Economy

SUBJECT: The Outcome of the Government's Spending Review

WARDS: All Wards

1.0 PURPOSE OF THE REPORT

1.0 The Coalition Government announced the results of its Comprehensive Spending Review on 20 October 2010. This report advises Members on how the spending review proposals affect Mersey Gateway preparation and funding.

2.0 RECOMMENDATION: That

- (1) the actions required to settle a funding agreement with Government are noted: and**
- (2) the Chief Executive, in consultation with the Leader, be authorised to take all necessary actions to progress the Mersey Gateway Project.**

3.0 SUPPORTING INFORMATION

- 3.1 The Coalition Government has decided to protect the construction of Mersey Gateway as part of its policy towards supporting economic growth. This very positive outcome was to a large extent foreshadowed by the expressions of support for Mersey Gateway given by the Chancellor of the Exchequer in televised interviews which were shown over the two weekends before the spending review announcement.
- 3.2 The Spending Review announcement has established that Mersey Gateway has strong policy and funding support from the Coalition Government. As expected however, this expression of strong support did not convey detailed funding proposals. The absence of funding details led to Derek Twigg (MP for Halton) seeking specific confirmation of the funding commitment during an Adjournment Debate in Parliament. The Chancellor's written response to Mr. Twigg confirmed that circa £80m grant (which was the amount approved back in 2006) would be available over the next four years with the remaining project funding comprising a combination of government funding and tolling revenue. The Chancellor advised that options existed for the remaining government funding contribution, including Private Finance Credits (PFI), but these costs are likely to fall outside the spending review period and the Department for

Transport (DfT) was seeking revised estimates from the Council. The Chancellor's letter is at Annex 1. The Chancellor's personal interest in Mersey Gateway was underlined when he visited the Wigg Island Visitor Centre on 29th October to view the site of the New Mersey Crossing and to meet the Council Chief Executive.

- 3.3 During the week following the Spending Review announcement the DfT re-stated its major local transport scheme programme in line with its spending allocation up to March 2015. The revised programme reflects the government's priorities for investment albeit restricted by the spending review constraints. Mersey Gateway is allocated top priority as one of ten schemes in the 'Supported Programme'. The criteria for selecting the supported projects were a high benefit to cost ratio and where projects offered the greatest funding contributions from non-DfT sources. Mersey Gateway scores well on each of these measures but the large funding contribution from tolling is likely to have been the key factor in securing the top priority status for the project. Members should note that DfT has established a total budget of £300m to fund the ten priority schemes over the next four years. Although it is reasonable to assume that Mersey Gateway has been allocated circa £80m from this budget, the project team will be seeking to confirm this when they meet DfT officials on 11 November.
- 3.4 The above announcement by DfT also advised promoters of the process leading to the confirmation of funding support. We have been invited to discuss funding options with DfT officials during November and December leading to a final funding agreement being proposed by the Department before the end of January. The funding options for Mersey Gateway have already been reported to DfT and discussed prior to the General Election earlier this year and consequently funding requirements should be well known to both officials and Ministers. We also understand that DfT officials will be looking to explore the potential for saving money on the proposed refurbishment of the Silver Jubilee Bridge, which has Final Funding approval for up to £18.6m, now that Mersey Gateway has been approved by Ministers.
- 3.5 The project team will be looking to secure the final confirmation of funding necessary to deliver a successful project and will urge Ministers to grant the approvals necessary so that we can commence procurement avoiding further delay. We have also been advised that the final preparations for a decision on the Planning Applications and Orders are now being undertaken.
- 3.6 The submission to establish a Local Enterprise Partnership for the Liverpool City Region, which includes the Council as a member, has been approved but we understand that the funding proposals for Mersey Gateway will be dealt with outside the establishment of this LEP. In due course we do expect to include the LEP organisations in key consultations as Mersey Gateway moves forward to construction, subject to planning powers being confirmed by the Secretaries of State.

- 3.7 The Mersey Gateway project team has been congratulated by organisations and individuals across the region for securing funding of this vital infrastructure scheme but the successful outcome stands as a result of the extensive support expressed across the region for the project.
- 3.8 The project plan is now being amended based on the approvals to commence procurement being secured early next year. The preparation for procurement has recommenced following the suspension in June. Details of the revised project plan together with the funding details emerging from the discussions with DfT officials will be reported to next meeting of the Mersey Gateway Executive Board (27 January 2011).

4.0 POLICY IMPLICATIONS

- 4.1 The Mersey Gateway project is the cornerstone for the Council economic, social, transport and urban renewal policy and programmes.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children and Young People in Halton

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

5.2 Employment, Learning and Skills in Halton

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

5.3 A Healthy Halton

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

5.4 A Safer Halton

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

5.5 Halton's Urban Renewal

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

6.0 RISK ANALYSIS

6.1 The Government's spending review has delayed Mersey Gateway delivery by at least nine months. The impact on project cost outturn will be material but this risk will be a factor in our funding considerations discussed with DfT officials.

7.0 EQUALITY AND DIVERSITY ISSUES

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

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

Document	Place of Inspection	Contact Officer
Project Records	Mersey Gateway Project Office	Matthew Fearnhead