



Author/Lead Officer of Report:
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Report of: Edward Highfield, Director of City Growth

Report to: Councillor Julie Grocutt (Cabinet Member for
Transport and Development)

Date of Decision: 8 March 2021

Subject: Shalesmoor Gateway Outline Business Case
Development

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000	<input type="checkbox"/>	<input type="checkbox"/>
- Affects 2 or more Wards	<input type="checkbox"/>	<input type="checkbox"/>
Which Cabinet Member Portfolio does this relate to? Transport and Development		
Which Scrutiny and Policy Development Committee does this relate to? Economic and Environmental Wellbeing		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given?		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		

Purpose of Report:

To seek approval to spend revenue funding, as allocated through the Corporate Investment Fund, to develop the Outline Business Case for the Shalesmoor Gateway scheme.

This scheme is being developed through Sheffield City Region Combined Authority and Transport for the North, in response to the Department for Transport Major Road Network, National Roads Fund.

Recommendations:

To approve a total of £430,000 on the development of an Outline Business Case for the Shalesmoor Gateway.

Authorise the Executive Director of Place, in consultation with the Transport and Development Cabinet Member, to undertake all necessary work to finalise the options appraisal and business case, undertake appropriate consultation and prepare a funding plan for the preferred option to enable submission of the Outline Business Case in November 2021.

Agree that the initial feasibility work has identified appropriate options to meet the strategic objectives of the scheme, and that these options should be further investigated for preparation of the Outline Business Case.

Note that upon completion, the Outline Business Case will be brought back to Cabinet Member for approval before it is submitted to the Transport for the North and the Department for Transport.

Background Papers:

ICMD - Housing Infrastructure Fund Business Case Submission to Homes England / MHCLG <http://democracy.sheffield.gov.uk/mgIssueHistoryHome.aspx?IId=27186>

Lead Officer to complete:-	
1	<p>I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.</p>
	<p>Finance: 21/01/2021 Damian Watkinson, Finance Manager, Capital & Construction Team</p> <p>19/01/2021 (updated 26/02/2021) Phil Moorcroft, Senior Category Manager, Commercial Services</p>
	<p>Legal: 02/02/2021 Richard Cannon Professional Officer Legal Services</p>
	<p>Equalities: N/A</p>
<p><i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i></p>	

2	EMT member who approved submission:	Mick Crofts
3	Cabinet Member consulted:	Cllr Julie Grocutt
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Matthew Reynolds	Job Title: Transport Planning and Infrastructure Manager
	Date: 8 March 2021	

1. PROPOSAL

Background

- 1.1. In 2019, a highway improvement on the A61 was promoted as part of the Council's bid to MHCLG / Homes England's Housing Infrastructure Fund (HIF). Given the densification of the City Centre and continued growth of the Kelham and Neepsend area, the scheme demonstrated a 'good fit' as it made a significant contribution to the potential housing growth in the Housing Zone North area (Kelham Island and Neepsend). The bid was well received, but ultimately unsuccessful.
- 1.2. The Shalesmoor Gateway Scheme is now being developed as a standalone project, as part of the Department for Transport's National Roads Fund for schemes located on the Major Road Network.
- 1.3. The proposal is to draw down £430,000 from the Corporate Investment Fund to develop an Outline Business Case (OBC) for an integrated transport scheme on the A61 Penistone Road, between Rutland Road and Shalesmoor Roundabout.
- 1.4. The OBC will build upon the content of the Council's unsuccessful Housing Infrastructure Fund application, including a design review of the previous submission in light wider improvements proposed by the Connecting Sheffield programme (Transforming Cities Fund).
- 1.5. It is intended that the OBC work will take place this calendar year, between January and November 2021. Subject to Department for Transport approval and assurance processes, the OBC will be developed into a Full Business Case. If successful, at this point the capital costs of delivering the scheme will be allocated from central government sources, along with

an expectation that a local contribution will be provided, with the construction of the scheme completed by March 2025.

The Scheme

- 1.6. The highway network in this area suffers from serious congestion in peaks hours, in particular in the evening. In turn, this has a severe impact for the operation of public transport in the city. Limitations of the existing junctions render the Council unable to effectively manage this issue through deployment of signal control strategies.
- 1.7. The Sheffield Transport Strategy highlights the importance of a series of improvements to the Inner Ring Road to support the development the city, including circa 25,000 new jobs and 40,000-46,000 new homes. Much of this growth is proposed for the City Centre (an identified growth area) and the Sheffield Housing Zone North, both of which lie adjacent to the proposed highway scheme.
- 1.8. At present there is no safe, accessible crossing of Rutland Road for pedestrians or for cyclists using the Penistone Road cycle route. This route forms part of one of the priority corridors (between North Sheffield and the city centre) identified in the SCR Active Travel Implementation Plan. The proposed scheme addresses this gap and improves other crossings and facilities for pedestrians and cyclists within the scheme boundaries too.
- 1.9. If we do nothing, we anticipate journey times on the Inner Ring Road to increase by around 25%. More problematically than that, existing capacity issues combined with a lack of resilience in junction and traffic signal control design on the Inner Ring Road do, on occasion during busier parts of the year, result in gridlock events and standing traffic throughout the city centre, which in turn causes severe delays and disruption to all transport networks.
- 1.10. The scheme therefore has a clear link with the Council's aspirations of supporting growth, reducing congestion, supporting all road users. The scheme will also be considered alongside other programmes of work in the locality, including the Transforming Cities Kelham Island and Neepsend proposals.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1. The Council and the Sheffield City Region Mayoral Combined Authority have continued to promote this scheme as a priority to support growth, unlock opportunities and promote active travel, with continued support also being provided by Homes England.
- 2.2. SCC are now looking to refresh and refocus the business case for the scheme from one which focused on bringing forward development, to one

which more clearly sets out the role the scheme can have in a wider Major Road Network programme.

- 2.3. In accordance with the recommendation, implementing the scheme contributes towards the delivery of the Sheffield City Region Transport Strategy 2018-2040 and the Council's Transport Strategy (March 2019).
- 2.4. The proposal aligns with Council priorities:
 - "Strong Economy" (supporting organisations in informed decisions on future fleet investments)
 - "Better Health and Wellbeing"
- 2.5. The strategic objectives for the scheme include;
 - Provision of additional transport capacity to support housing and employment growth along the Housing Zone North (Kelham and Neepsend) and in the City Centre.
 - Encouragement of more travel by active modes (walking and cycling) and public transport (tram and bus).
 - Improvement of journey times and reliability for all modes on the Inner Ring Road.
 - Support emergency access to the Northern General Hospital.
- 2.6. The Scheme supports the emerging Local Plan Issues and Options document as well as the supporting Central Area Strategy. The Shalesmoor Gateway Scheme also aligns strongly to Sheffield City Region Strategic Economic Plan.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1. Consultation has been undertaken with the Cabinet Member for Transport and Development and the Leader of the Council, with full support being granted. There has also been considerable discussion with the SCR and Transport for North who support the principles of the project from a funding and assurance perspective.
- 3.2. Ward Members and Cabinet have previously been informed of the Council's submission of the Housing Infrastructure Fund proposal, which included the Shalesmoor Gateway scheme.
- 3.3. In developing the OBC, consultation with land owners, businesses and the Chamber of Commerce, residents, interest groups, transport operators and disability groups will take place. This early engagement will allow scheme design to take into account any concerns raised.
- 3.4. The OBC communication plan will ensure that all communications activity is aligned to the wider corporate position and make reference to all related project development in the area. Wider transport behaviour change

messaging is being developed through the Connecting Sheffield brand and the Shalesmoor Gateway will complement other investment in active travel and public transport.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

Equality of Opportunity Implications

- 4.1. Equality implications will be considered in the options appraisal and completion of the Outline Business Case.

Financial and Commercial Position

- 4.2. The Shalesmoor Gateway Scheme will be delivered through a blend of national funding via the National Roads Fund, with an anticipated 15% local contribution. Currently, the Corporate Investment Fund has outlined an allocation of £3.4m for the capital funding of the scheme. The feasibility costs (subject of this report) are part of the Council's local contribution for the scheme. Potential contributions from SCR will be sought.
- 4.3. Successful completion of the Outline Business Case for this major road scheme relies on activities from a large team of qualified and experienced staff in a range of specialist disciplines, including highway design, environmental appraisal, traffic modelling, economic appraisal and cost consultancy. A compliant appointment through the Council's contract with Reed is envisaged. Without this provision, the Council would be unable to meet the timescales for successful delivery of the fast-track bid programme.
- 4.4. The total cost of preparing the OBC is £430,000. The financial contribution sought from CIF through this approval includes £350,000 for the commissioning of consultants and £80,000 for internal SCC client fees. This will be drawn in the first instance as an advance from the £3.4m allocated as match funding.
- 4.5. Discussions are ongoing with Homes England regarding a potential funding contribution of £62,500. Should this be successful, the funding could reduce the CIF allocation from £430,000 to £362,500. If relevant, we will look at procurement options that are aligned to associated funding conditions stipulated by Homes England and spend these funds within the required funding profile.
- 4.6. The viability and affordability of any scheme will be a fundamental part of the Outline Business Case process. In addition, an up-to-date cost estimate for the proposed solution will be prepared as part of the business case process, this will include the development of a BCR score which will be critical to the Department for Transport's assurance process.

Legal Issues

- 4.7. The outputs of this Outline Business Case Stage will be prepared to ensure that the relevant requirements of the statutory planning process are met.
- 4.8. Engagement of key stakeholders, residents and members of the public is an obligation of the local authority during the planning and delivery of major highway projects. The proposed approach to consultation and engagement will be developed to ensure that the Council takes appropriate measures to discharge its obligations to stakeholders before confirming a preferred route option. That route will, of course, be subsequently subject to the normal, formal consultation process.
- 4.9. The route of the scheme, alternative schemes, funding of the scheme, land acquisition, costs of land acquisition, potential consideration of the need for use of Compulsory Purchase Powers, and consideration of procurement and State Aid issues have all yet to be considered. All of these points will need separate legal consideration at the material time, on the points they raise, in light of the powers under the Constitution. In addition, funding to be provided by a capital contribution from the Council will have to be identified and form part of a capital bid and be a Key Decision.

Other Implications

- 4.10. Risks associated with the recommendation are include legal, equality, democratic and technical issues summarised as follows:
- 4.11. A risk register will be produced in the initial stages of the project development and this will be reviewed and updated through the current stage of works. Capital cost risks are currently addressed through the inclusion of an appropriate level of Optimism Bias uplift to estimated costs. The evaluation of cost risks will move to a Quantitative Risk Assessment approach in the OBC development.
- 4.12. Key risks to the Council continue to relate to the affordability of the scheme and this will be addressed through the continued development of the OBC and will be assessed as part of the Department for Transport's assessment of the Economic Case.
- 4.13. Programme risks relating to environmental surveys will be managed by undertaking surveys in support of all options within the current programme of works. Ecology site surveys will be complete in advance of the completion of the OBC.

4.14. The recommendations have no immediate impact on public health. Issues associated with noise and air quality will be assessed as part of the ongoing programme of works associated with the bypass leading ultimately to an Environmental Assessment.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1. 'Do nothing' has been considered, but is not considered appropriate as this is likely to result in:

- Increased congestion and negative impact on journey times and journey time reliability
- Failure to promote access to the supertram network;
- Prevent the accelerated completion of development in and around HZN and city centre leading to growth in economy
- Reduced facilities for pedestrians and cyclists, failing to encourage more active and sustainable travel choices.

5.2. The OBC process will include an optioneering process and will consider the various implications of a number of scheme options.

6. REASONS FOR RECOMMENDATIONS

6.1. The Council's Housing Infrastructure Fund identified the wider strategic benefit in delivering an integrated highway improvement at the Shalesmoor Gateway on the A61. This improvement was included in the Housing Infrastructure Fund bid, however it was unsuccessful.

6.2. Recognising its strategic importance, the Council also submitted the scheme through the Department of Transport's National Roads Fund. It was subsequently added to the long list of schemes by Transport for the North, via a Sheffield City Region Mayoral Combined Authority submission. The Shalesmoor Gateway scheme is the only scheme to be shortlisted within the Sheffield City Region.

6.3. The work done to date on the scheme has been critical to the identification of viable alignments and the OBC will seek the best option to meet the wider strategic objectives and deliver value for money.

6.4. Entry to the National Roads Fund programme requires rigorous assessment and compliance with well-established DfT process and procedures in the assessment OBC options. The requirements are understood and are well known to the Council, with previous schemes having been subject to DfT requirements and progressing successfully.

6.5. The funding and delivery timescales are limited. It is therefore critical that the extensive works to be undertaken in the production of the OBC can progress without delay to meet the programme. Failure to meet programme and / or DfT requirements may compromise future further funding opportunities for the scheme.

- 6.6. The award of funding for the development of the OBC does not guarantee future DfT funding, either for scheme development costs beyond the OBC stage, or for implementation of the scheme. It is essential that all avenues for funding continue to be investigated.