

**AGENDA ITEM 10**

**REPORT TO THE TEES VALLEY  
COMBINED AUTHORITY CABINET**

**27 JULY 2018**

**REPORT OF THE  
HEAD OF TRANSPORT/INVESTMENT DIRECTOR**

**PORTFOLIO: TRANSPORT**

**HARTLEPOOL WESTERN GROWTH CORRIDOR**

**SUMMARY**

The purpose of this Report is to inform Cabinet of the proposal by Hartlepool Borough Council ("HBC") to bring forward the construction of a Western Growth Corridor for Hartlepool (the "New Road"), and to seek approval for the investment of £4,172,500 of Combined Authority funding into the Project as set out in this report.

**RECOMMENDATIONS**

It is recommended that the Combined Authority Cabinet:-

- i. notes the progress with the development of plans for the New Road;
- ii. notes the work being carried out by HBC with Highways England and Homes England to bring the Project forward;
- iii. notes that the total project cost is estimated at £18 million, of which £9.655 million will be funded by HBC by way of prudential borrowing against future s.106 contributions enabled by the New Road;
- iv. notes that this leaves a current funding gap of £8.345 million and that it is proposed that the Combined Authority invests half of this amount by way of grant funding;
- v. subject to business case approval and to due diligence, approves the investment of £4,172,500 of Combined Authority grant funding into the Project, as set out in this report;
- vi. notes that the Combined Authority will continue to work with HBC to seek the balance of the funding required for the New Road (£4,172,500) from Homes England under its Housing Infrastructure Fund programme ("HIF"); and
- vii. delegates the finalisation of the funding and associated contractual arrangements to the Interim Managing Director and the Investment Director.

## **DETAIL**

### Summary Project Description

1. The Project is the preferred option to ensure the continued and sustainable growth of Hartlepool, which currently only has 2 main road routes in and out of the town from the A19. The Project consists of the development of a by-pass for the Village of Elwick and an overbridge and compact grade separation at the current Elwick North junction to the A19, which will improve the strategic and local road network. This will provide a third main route into Hartlepool, enabling the development of significant levels of new housing in the West of the Borough. It will also address capacity issues across the wider road network and, importantly, will improve road safety through Elwick Village and on the A19 in relation to the right turns across the intended expressway. In addition there will be social and environmental benefits to the residents of Elwick Village, as the volume of traffic travelling through the village will be reduced. A diagram showing the proposed scheme is set out at Appendix 1 to this Report.

### New Housing and Other Development

2. The New Road will directly result in the creation of new homes in the strategic locations to the West of Hartlepool set out in the Hartlepool Local Plan. These sites at High Tunstall Farm, Quarry Farm, North Farm/Potters Farm in Elwick and Briarfields identify land for approximately 1,500 new dwellings as part of an overall requirement for 6,000 additional dwellings in Hartlepool over the next 15 years. These strategic allocations in sustainable locations within existing urban areas and on the edge of the urban area offer good access to public transport, education, community and other facilities, as well as access to Hartlepool town centre. Other housing and employment sites are also expected to be opened up by the New Road in the medium to long term.

3. The project will facilitate full development of these sites and relieve pressure on existing access points, particularly onto the A689, A179 and A19. These accesses will have capacity to support further economic growth elsewhere in Hartlepool including the Port and strategic industrial areas of south east Hartlepool, and will support development within the Borough's three Enterprise Zones.

### Transport and Highways

4. The Project will enable critical improvements to the road infrastructure network required by Highways England to facilitate the delivery of strategic housing sites. The increase in demand through the provision of new housing will add significant additional traffic onto the local and strategic road network, and the right hand turns currently required of vehicles onto and off the A19 are already a significant safety risk for drivers on these networks. Improvements through the Project will mean that dangerous right turn manoeuvres will be eliminated due to the new junction and road reconfiguration, and gap closures. The accident record on this section of the A19 (between the A689 and the A179) has given rise for concern and is part of a study commissioned by Highways England to investigate the possibility of gap closures along this length in conjunction with the provision of the new junction. Her Majesty's Coroner has written to Highways England seeking closure of the gaps in the central reservation following the number of fatalities that have occurred on this part of the network.

5. Between 2008 and 2017 there have been 10 Killed or Seriously Injured (KSI) personal injury collisions in the vicinity of Elwick crossroads. 5 of these collisions have resulted in a fatality. During the same period there have been 9 KSI collisions on the A19 flyover section of the

route with no accidents resulting in a fatality despite this section of the route carrying approximately twice the number of vehicles. These figures suggest that the Elwick Crossroads part of the network has a particular road safety issue that the Western Growth Corridor will help to address.

6. Without this scheme, traffic generated by new housing development on the western edge of Hartlepool would need to find alternative routes. This may be through either the existing built-up area, creating local congestion and environmental problems along rural roads that are unsuitable for significant volumes of traffic. Existing accesses from Hartlepool to the A19 at the A179 and A689 junctions have little or no spare capacity. The proposed housing developments would create increasing volumes of traffic leading to delays and longer journey times. This could have an adverse impact on existing and potential businesses in Hartlepool.

7. The provision of an overbridge and compact grade separation at the current Elwick North junction to the A19, with the diversion of Coal Lane and by-pass around Elwick linking the new junction to Dalton Road has a number of other benefits including:-

- The creation of a third safe access on to the A19 will open up development opportunities across the town, enabling the provision of housing and employment development; and
- The development of the junction and by-pass as a whole will be the best solution to support future growth opportunities in Hartlepool whilst at the same time protecting the integrity and character of Elwick village. Provision of the junction without the diversion around Elwick will be to the detriment of the village and its residents as this will lead to an increase in traffic utilising the route through the village.

#### 8. Transport Benefits

The initial Benefit to Cost Ratio (“BCR”) has been assessed using a proportionate WebTAG compliant approach. The scheme has a positive impact on:-

- Business users’ and providers’ travel time and vehicle operating cost impacts;
- Greenhouse gas emissions; and
- Commuting and other users’ travel time and vehicle operating cost and accident impacts.

Monetised Element	Present Value (£000s 2010 prices)
User Benefits	68,505
Accidents	1,746
Greenhouse Gases	475
Wider Public Finances (Indirect Tax Revenues)	-1,159
<i>Sub-Total Present Value Benefits</i>	<i>67,566</i>
Present Value Costs	19,756
Scheme Net Present Value	49,810
<b>Initial Benefit Cost Ratio</b>	<b>3.52</b>

The scheme, with an initial BCR of 3.5, represents a project with high value for money in transport terms.

### Housing Release

9. The Hartlepool Local Plan and supporting evidence base support the allocation of housing sites. Allocated in the Local Plan and on the western edge of the existing urban area, there are proposals for urban extensions at High Tunstall for approximately 1,200 new homes and at Quarry Farm Two for 220 homes.

The High Tunstall development is a sustainable scheme incorporating a new primary school and playing fields, a green wedge, sustainable drainage provision, local centre and play facilities. The Quarry Farm Two site to the north of Elwick Road is a proposal for a mix of house types with associated green space, play area and footpath/cycle links into adjacent areas.

The Local Plan states that no development will be permitted on either of these sites prior to the implementation of the grade separated junction and bypass to the north of Elwick Village, unless otherwise agreed with Highways England and HBC. In addition, there are opportunities for further smaller developments in Elwick Village, but these will require the New Road to relieve traffic pressure through the village.

### Ambition and Benefits

10. The Project aims to progress the delivery of the housing and transport benefits described above.

11. The delivery of the Project will support the delivery of the SEP and contribute directly to the following outputs and outcomes:-

- a) Securing the further upgrade of the A19/A168 corridor as an expressway to serve Tees Valley and the wider North East;
- b) Facilitating both population and jobs growth, contributing towards the long term economic growth of Hartlepool and the wider Tees Valley;
- c) Helping to deliver the objectives of the Hartlepool Local Plan, which are aligned with SEP activities and objectives;
- d) Creation of 1,500 new homes, improving the quality of the housing offer in the region;
- e) Leveraging at least £200 million private sector investment in housing and associated infrastructure and facilities, as well as other potential investment in sites enabled by the New Road;
- f) Improving local neighbourhoods and supporting the Hartlepool town centre economy;
- g) Improving perceptions of the Tees Valley as a place to live, work and visit; and
- h) Increased/improved connectivity in and out of Hartlepool and the wider Tees Valley.

### Assurance

12. Approval of the Project by Cabinet is requested subject to:-

- a) Review and evaluation of the business case for the Project, when received from HBC in due course; and
- b) Due diligence under the Combined Authority's Assurance Framework.

## Funding

13. The bulk of the funding requested is required in financial years 2019/20 and 2020/21 to ensure that the works are fully completed in advance of the proposed major infrastructure improvement works to the A19, between Norton and Wynyard. HBC will continue to work in partnership with Highways England to ensure that the Elwick By-Pass, overbridge and compact grade separation at the current Elwick North junction to the A19 is planned in line with these timescales.

14. The overall cost of the Project (including contingencies) is estimated at £18 million. Contributions to that cost have previously been sought from both Department for Transport (“DfT”) and Homes England:-

- a) In June 2017 HBC submitted a National Productivity Investment Fund proposal to DfT requesting £10m to help deliver the scheme. The bid was supported by the Tees Valley Combined Authority. DfT announced that the bid was unsuccessful in October 2017;
- b) In September 2017, HBC submitted a HIF bid for £8m Marginal Viability Funding to deliver the New Road and enable the development of 1,500 homes. The bid had the written support of Tees Valley Mayor Ben Houchen. The Government announced that the bid had been unsuccessful on 1 February 2018, stressing that it was a hugely competitive process, receiving almost £2bn worth of Marginal Viability Fund bids. Government also stated that, for unsuccessful bids, they had asked Homes England to explore how they can support local authorities to develop their housing ambitions, potentially using the additional £10bn funding for housing delivery secured in the Autumn Budget, and positive discussions are under way with Homes England for whom this remains a priority project locally.

15. Funding for the Project covered in this Report will be provided, at the present time, as follows:-

- Total project cost estimated at £18 million;
- £9.655 million to be funded by HBC by way of prudential borrowing against future s.106 contributions enabled by the New Road;
- This leaves a current funding gap of £8.345 million and it is proposed that the Combined Authority invests half of this amount by way of grant funding - £4,172,500;
- The Combined Authority will work with HBC to re-work and/or re-submit an application to Homes England for HIF funding for the balance of the funding required (£4,172,500), confirming that the Combined Authority has through its EoI review and approval processes tested the strategic and economic case for the New Road and is committing its own funding as set out in this Report.

## **FINANCIAL IMPLICATIONS**

16. The approval of this proposal will formally accept the Project into the Investment Plan, committing £4,172,500 of grant funding sourced from the Combined Authority’s single capital pot.

## **LEGAL IMPLICATIONS**

17. There are no specific legal issues arising from the provision by the Combined Authority of funding for the Project as set out above. The Combined Authority will use its standard funding agreement for capital projects to govern the terms of its funding into the Project. The funding agreement will be tailored so as to minimise the risks identified in the risk section below as far as possible.

## **RISK ASSESSMENT**

18. The main risks are that:-

- a) The Project is delayed for any reason, meaning that construction inflation will be incurred and the funding referred to in section 13 above is therefore insufficient to carry out the work planned; and
- b) Once construction of the New Road commences, that time and/or cost overruns mean that the funding referred to in section 13 is insufficient to carry out the work planned.

These risks will be managed by HBC through their project governance arrangements and the letting and management of the relevant contracts for works and services. An appropriate contingency allocation has been included by HBC in the Project budget, to further mitigate this risk.

Conversely, the risks of not delivering the Project are that:-

- a) Access to and from Hartlepool off the A19 remains challenging and critical improvements to the infrastructure network required by Highways England to facilitate the delivery of strategic housing sites are not delivered;
- b) New housing that could otherwise come forward to support the Combined Authority's regional housing aspirations is not delivered, is delivered on sites that are less suitable or is delivered more slowly; and
- c) HBC's own aspirations for the growth and prosperity of the town are constrained.

## **CONSULTATION**

19. This report has been considered by Tees Valley Management Group. HBC has already consulted widely on the planning for the Project, and will continue to undertake consultations on the Project as it progresses.

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# APPENDIX 1 – DIAGRAM SHOWING ROUTE OF NEW ROAD

