

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF PLANNING	COUNCIL	27 MARCH 2023	9

### M55 – HEYHOUSES LINK ROAD

#### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

#### SUMMARY

The construction of a new purpose-built link road from Lytham St Anne's to the M55 (junction 4) has been a transport priority for Fylde Council and Lancashire County Council (LCC) since the 1990's and has been included in several corporate plans and strategic transport plans. It is a key infrastructure project in the Corporate Plan and the adopted Fylde Local Plan to 2032 (incorporating Partial Review) and is seen as essential to the delivery of planned sustainable growth for the borough.

In July 2016, the Council committed to providing funding in the sum of £1m to assist in the delivery of the link road and approved the establishment of a specific 'M55 Link-road Reserve' (the 'reserve') to meet the cost of any financial contribution from the Council towards the cost of construction. Transfers into the reserve were to be met from the achievement of additional income/savings from budget right-sizing exercises. This was achieved in June 2018 by the approval by the Finance and Democracy Committee of the transfer of a proportion of the favourable 2017/18 outturn variance into the reserve which thereafter stood at £1m.

At the March 2019 Council meeting it was agreed that the then accumulated sum of £1m within the reserve be paid to LCC towards the construction of the accelerated M55 link road. However, up to this point this payment has not been requested by LCC.

In March 2020, Council committed up to a further £1m as a Fylde Council contribution to the scheme, this further £1m to be met from retained business rate growth at the Blackpool Enterprise Zone, with any shortfall in funding that cannot be met from Section 106 contributions and business rate growth being met from the Funding Volatility Reserve.

At the Council meeting of December 2020, in order to expedite delivery of the road, by confirming the availability of the total £2m contribution from Fylde Council to the scheme, it is was agreed that the shortfall in the accumulated available funding in the sum of £0.692m be transferred from the Funding Volatility Reserve into the M55 Link Road Reserve, ahead of the accumulation of further Business Rate growth receipts arising from the Blackpool Airport Enterprise Zone, and that an equivalent sum arising from business rates growth at the Enterprise Zone in future years be transferred into the Funding Volatility Reserve as and when such growth is realised.

Construction work is now well underway with the road expected to be opened to vehicular traffic in December 2023. Lancashire County Council are the responsible body overseeing the delivery of the project and have requested that Fylde's contribution to the project is now transferred to them.

Alongside the contributions from Fylde Council to the scheme the Council has at various times approved that a number of s106 developer contributions for highway schemes be transferred to LCC to provide for the cost of the design of the scheme. As the design has now been completed there is a residual sum of £0.121m of available s106 developer contribution monies remaining which, having been previously approved, will now be paid to LCC as a further and final contribution towards the scheme design costs.

## RECOMMENDATIONS

The Council is requested to:

1. Authorise the payment of £2m to Lancashire County Council as a contribution towards the construction of the accelerated M55 link road based on Heads of Terms as detailed in the report, fully funded from the M55 Link Road Reserve which has been established for this purpose; and
2. Note that the intended payment of the remaining s106 developer contributions that have been previously approved as a contribution to the design costs of the scheme in the sum of £0.121m will be paid to Lancashire County Council.

## SUMMARY OF PREVIOUS DECISIONS

The council has previously agreed the priority to achieve the construction of the M55 link-road through a series of strategic plans and policies approved or supported by Fylde Council including:

- Lancashire Local Transport Plan 2001/02 - 2005/06 (Lancashire County Council)
- Fylde Coast Highways and Transport Masterplan 2015 – 2032 (Lancashire County Council)
- Lancashire Local Transport Plan (Lancashire County Council)
- Fylde Council Economic Development Strategy and Action Plan - 2012 to 2030, Adopted January 2013 (Fylde Borough Council)
- The Fylde Coast Framework for Inclusive Growth & Prosperity – 2015 to 2020, Adopted June 2016 (Blackpool, Fylde and Wyre Economic Development Company)
- The Fylde Local Plan to 2032 (Incorporating Partial Review)(Fylde Borough Council)

Council - 4 July 2016

Resolved to:

1. approve the establishment of a specific 'M55 Link-road Reserve' to meet the cost of any financial contribution from the Council towards the cost of construction;
2. approve the transfer of £196k from the Capital Investment Reserve into the M55 Link-road Reserve;
3. request that officers investigate further funding opportunities, including the achievement of additional income/savings from budget right-sizing exercises which could be considered for potential transfer into the M55 Link-road Reserve;
4. approve an 'in principle' contribution of up to £1m towards the cost of construction of the M55 link road up to 2019, with a further report detailing how the remainder of the required contribution may be identified;
5. agree the Heads of Terms to establish the conditions that should be attached to the approval of the above financial contribution and that these conditions form the basis of a detailed agreement between all parties;
6. that the Councils programme committees be instructed to consider new capital schemes only where they are urgently required for health and safety reasons or where there is strong business case to protect/enhance existing revenue or create a revenue income stream in order that priority is given to accumulating a sufficient contribution towards delivery of the M55 link road scheme;
7. approve the attendance and involvement of the Leader and Deputy Leader of the Council, along with relevant officers as appropriate, to continue discussions and meetings with the different parties with the aim to reach a solution to funding the accelerated construction of the M55 link road;
8. agree that a further report be prepared for Council when the outcome of the discussions above are finalised in order that Members may consider the final details of the agreement, together with any associated specialist legal or other advice implications and how the contribution from the Council would be funded; and
9. approve an addition to the capital programme for 2016/17 in the sum of £424,765.02, which has been met in full from the balance of S106 developer contributions for construction of the link road currently

held by the Council for this purpose in the same sum. The developer contribution is intended to provide funding for the design and the contractual management of the link-road scheme by Lancashire County Council, and Members are requested to note that this payment has been made in accordance with the terms of the planning obligation.

Council - 25 March 2019

RESOLVED to approve a fully funded addition to the capital programme in 2019/20 of £1,000,000 fully funded from the M55 Link Road Reserve that was created in 2016/17 and to authorise the payment of £1,000,000 to Lancashire County Council towards the construction of the accelerated M55 link road based on Heads of Terms as detailed in the report.

Council – 18 March 2020

RESOLVED, in the event that it was not possible to secure additional external funding, including contributions through section 106 agreements, to;

1. Commit up to £1m of Business Rate growth from the Blackpool Enterprise Zone as a further contribution towards the accelerated construction of the M55-Heyhouses Link Road;
2. Approve the transfer into the M55 Link Road Reserve of current and future Business Rate growth receipts arising from the Blackpool Airport Enterprise Zone to a maximum sum of £1m;
3. Approve that in the event that less than £1m of Business Rate growth has accumulated by the time that the funds are required by Lancashire County Council to deliver the road, that any shortfall would be met from the Funding Volatility Reserve.

Council – 7 December 2020

RESOLVED: That the Council approve that the sum of £0.692m be transferred from the Funding Volatility Reserve into the M55 Link Road Reserve, ahead of the accumulation of further Business Rate growth receipts arising from the Blackpool Airport Enterprise Zone, in order to confirm the availability of the full £2m contribution from Fylde Council to the scheme at this point, with an equivalent sum arising from business rates growth at the Enterprise Zone in future years being transferred into the Funding Volatility Reserve as and when such are growth is realised.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

**REPORT**

1. The construction of a new purpose-built link road from Lytham St Anne’s to the M55 (junction 4) has been a transport priority for Fylde Council and Lancashire County Council since the 1990’s and has been included in several corporate plans and strategic transport plans. It is a key infrastructure project in both the Corporate Plan and the adopted Fylde Local Plan (incorporating partial review) and is seen as essential to the delivery of planned sustainable growth for the borough.
2. In July 2016, the Council committed to providing funding in the initial sum of £1m to assist in the delivery of the link road and approved the establishment of a specific ‘M55 Link-road Reserve’ (the ‘reserve’) to meet the cost of any financial contribution from the Council towards the cost of construction. Transfers into the reserve were to be met from the achievement of additional income/savings from budget right-sizing exercises. This was achieved in June 2018 by the approval by the Finance and Democracy Committee of the transfer of a proportion of the favourable 2017/18 outturn variance into the reserve which thereafter stood at £1m.
3. At the Council meeting of 18<sup>th</sup> March 2020 the Council approved the transfer into the M55 Link Road Reserve of current and future Business Rate growth receipts arising from the Blackpool Airport Enterprise Zone to a

maximum sum of an additional £1m and that in the event that less than £1m of Business Rate growth has accumulated by the time that the funds are required by Lancashire County Council to deliver the road, that any shortfall would be met from the Funding Volatility Reserve.

4. In December 2020 Council approved that the sum of £0.692m be transferred from the Funding Volatility Reserve into the M55 Link Road Reserve, ahead of the accumulation of further Business Rate growth receipts arising from the Blackpool Airport Enterprise Zone, in order to confirm the availability of the full £2m contribution from Fylde Council to the scheme at this point, with an equivalent sum arising from business rates growth at the Enterprise Zone in future years being transferred into the Funding Volatility Reserve as and when such are growth is realised.

#### THE PROJECT

5. The project is defined as a 2.5km high quality road link allowing significantly improved access to proposed new development (residential and commercial), as well as improving access between Junction 4 of the M55 and Lytham St Annes. The scheme will crucially provide additional highway capacity and unlock access to significant development sites identified in the Lancashire LEP's Strategic Economic Plan and Fylde Council's Local Plan to 2032, located to the north of Lytham St Annes.
6. The planning history of the road, its links to the Queensway development and the benefits of accelerated construction were covered in the previous report considered by Council in [March 2020](#).

#### PROGRESS SINCE DECEMBER 2020

7. When the scheme was last considered by Council, the design of the road was being progressed with two alternative options to deliver the southernmost part of the scheme: a constrained scheme that would be built within the confines of the existing highway, requiring retaining structures and reduced footway widths; and an unconstrained scheme that would require additional land to be acquired and so allow a segregated cycleway/footway to be provided along the entire length of the route.
8. Negotiations to acquire the additional land were ultimately successful and so the scheme is progressing in accordance with the unconstrained design.
9. Although, initial site preparation work started during the summer of 2019 with the diversion of existing services and utilities that crossed the line of the proposed link road, construction works started in earnest in June 2021 with the commencement of the pre-loading and ground works contract.
10. The southern part of the ground works from Cypress Point to Main Dyke have now been completed and this part of the site has been handed over to LCC in order that they may commence construction of the road itself. The ground works on the northern part of the site, Cropper Road to Main Dyke, which also includes some significant drainage and bridging structures is still ongoing.

#### PROCUREMENT

11. The commissioning of the overall project is being undertaken by Lancashire County Council as the local highway authority. The completed link road will be adopted as a highway by LCC.
12. Following a competitive procurement exercise, the ground works contract was let to Duo Group. The construction of the road itself will be completed by LCC Highway Operations (LCC's own construction team).

#### TIMETABLE

13. Despite the unstable nature of the ground and the uncertainties in the surcharging methodology required to construct the road, the project is progressing in line with the original project timetable and is expected to be open to vehicular traffic in December 2023. Additional works to provide landscaping and the adjacent bridleway that will, in part, run parallel to the new road along the line of the old Moss Road are programmed to be completed by April 2024. Further highway improvements to the immediate local highway network are also proposed if monitoring demonstrates that they are necessary.

## FINANCIAL CONSIDERATIONS

14. The decision to commit the initial capital support to accelerate the delivery of the link road in July 2016 was made subject to a number of terms including:
- The grant made by Fylde Council is to achieve an accelerated construction and delivery of the M55 Link Road significantly in advance of that linked to the delivery of the Queensway housing development.
  - The grant made by Fylde Council requires all parties to the project to use their best endeavours to ensure delivery of the M55 Link Road and reserves the right to reduce or withdraw its contribution if it believes that any party has not done so.
  - The grant is payable on the basis of appropriate contributions from other partners.
  - The offer of a grant from Fylde Council may be reduced or removed if the contributions from other partners are reduced either through a reduction in the cost of the overall project or if any application for additional grant funding towards the project is successful.
  - The contribution from Fylde Council must be acknowledged where appropriate in all publicity that refers to how the funding of the M55 Link Road is made up.
15. The final heads of terms will still need to be agreed. However, as construction has already commenced prior to LCC requesting the payment of Fylde’s contribution, a number of these heads of terms, for example ensuring that the full funding package is available and that the contributions will accelerate the delivery of the link road, will not now be required.
16. The link road project has secured funding from a range of sources. The overall funding package remains as it was when the additional commitment was confirmed in December 2020, which was as follows:

<b>Funding Source</b>	<b>Amount of Funding</b>
Getting Building Fund	£5,790,000
Lancashire County Council	£5,483,778
Fylde Council	£2,000,000
Highways England	£4,780,000
National Productivity Investment Fund	£5,000,000
Kensington Developments Limited	£2,500,000
<b>Total</b>	<b>£25,553,778</b>
Value of other elements such as S106 contributions and land	£1,500,000
<b>Scheme Grand Total</b>	<b>£27,053,778</b>

17. LCC advise that the project is currently being delivered in line with budget forecasts.
18. The £1m payment authorised by Council on 25 March 2019 was never made to LCC as the funding profile for the project meant that other funding sources had to be spent first and so LCC did not request the transfer of funds to them.
19. In addition to the £2m capital funds, the council still holds a balance of s106 developer contribution monies in the sum of £0.121m that have previously been agreed for payment to LCC to cover design costs, but have not yet been claimed. Subject to receiving a claim from LCC including suitable evidence of the incursion of these costs, these funds will also be transferred to LCC.

## IMPLICATIONS

Finance	<p>This report requests the Council to:</p> <ol style="list-style-type: none"> <li>1) Authorise the payment of £2m to Lancashire County Council as a contribution towards the construction of the accelerated M55 link road based on Heads of Terms as detailed in the report, fully funded from the M55 Link Road Reserve which has been established for this purpose; and</li> <li>2) Note that the remaining s106 developer contributions that have been previously approved as a contribution to the design costs of the scheme in the sum of £0.121m will be paid to Lancashire County Council.</li> </ol>
Legal	None arising from this report.
Community Safety	None arising from the report
Human Rights and Equalities	None arising from the report
Sustainability and Environmental Impact	None arising from the report
Health & Safety and Risk Management	None arising from the report

LEAD AUTHOR	CONTACT DETAILS	DATE
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## BACKGROUND PAPERS

Name of document	Date	Where available for inspection
Previous council decisions as set out in the report		<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>