

Cabinet

19 April 2018

A46 Stoneleigh Junction Improvements

Recommendations

That Cabinet recommends that Council:

1. Support the use of a maximum of £10.000m of the Capital Investment Fund to deliver improvements to the A46 Stoneleigh Junction, as part of an overall scheme costing £33.100m.
2. Agree that any future funding needed above this level is found from within the existing resources of the Transport and Economy Business Unit.
3. Agree to the funding allocated from the Capital Investment Fund being reduced on a £ for £ basis if alternative sources of funding become available.
4. Agree that, should the full funding package not be approved by the Department for Transport and the West Midlands Combined Authority and a decision made to abandon the scheme, the revenue impacts of costs incurred to that point should fall upon the existing resources of the Transport and Economy Business Unit.
5. Approve the addition of the A46 Stoneleigh Junction Improvements scheme to the capital programme at an estimated cost of £10m, funded from the Capital Investment Fund.

Subject to Council agreeing with recommendations 1 to 4 above that Cabinet:

6. Authorise the Joint Managing Director (Communities) to invite tenders and, subject to approval of funding from the external funding bodies, planning approval and completion of land acquisition, enter into the appropriate contracts on terms and conditions acceptable to the Joint Managing Director (Resources).
7. Authorise the Head of Property to acquire the land required for the Scheme on terms acceptable to the Joint Managing Director of Resources. The Director being satisfied that the Scheme is fully funded.

1.0 Purpose of this report and context

- 1.1. As part of the 2018/19 budget, Council approved the roll forward of the unspent budget for the Capital Investment Fund (CIF) as well as a further allocation of £23.000m. The Fund therefore currently has £69.035m to be allocated over the next two years. Of this, £37.350m is notionally allocated to eight priority schemes, whose full allocations may be confirmed by Members following submission of successful business cases to the CIF Panel. One of those priority schemes is the A46 Stoneleigh Junction Improvements, and this report makes recommendations to support the usage of £10.000m of this total on this scheme.
- 1.2. Following an evaluation against the criteria for the Fund agreed by Elected Members, Corporate Board support bringing the proposals forward for approval. The evaluation panel's findings are described in section 4.

2.0 Description of the Scheme

- 2.1 The A46 Stoneleigh Junction Improvement Scheme, also known as Phase 1 of the A46 Link Road Programme, will see a major improvement implemented at the Stoneleigh junction on the A46 between Coventry and Kenilworth to form a gyratory layout with a two bridge roundabout. This will involve installing a new bridge to the east of the existing junction and realigning Stoneleigh Road and Dalehouse Lane to the west of the junction. These revised arrangements will help address existing congestion and safety issues at the junction whilst also improving access to the University of Warwick and Stoneleigh Park. The scheme should also bring benefits to local communities during the construction of High Speed 2 (HS2).
- 2.2 The scheme layout is attached as Appendix A, the scheme development responding to technical and operational requirements, and also to the results of the public engagement exercise, now includes pedestrian and cycle facilities on both sides of the junction with controlled crossings at the slip roads.
- 2.3 The proposed improvements to the A46 Stoneleigh Junction form part of a number of construction works to take place in the area, namely changes to Stoneleigh Park, HS2 early works and HS2 main works. As part of the interface programming with these works, and in order to support the minimisation of the impact of HS2 construction traffic on the local road network, a key aim of the project is to complete works to tie in with the reported peak in HS2 construction traffic in spring 2020.

2.4 The funding package for the scheme is as follows:

Funding Source	Amount
DfT Growth Deal 1 (committed)	£1.542m
DfT Growth Deal 1 (to be secured)	£18.058m
WMCA Devolution Deal (to be secured)	£3.500m
WCC CIF (to be secured)	£10.000m
TOTAL	£33.100m

- 2.5 As part of the first Growth Deal agreed between Government and the Coventry and Warwickshire LEP, £19.600m was secured by Coventry City Council (CCC) towards the A46 Stoneleigh Junction Improvements. One of the principal drivers for this investment was to improve access to the University of Warwick and south west Coventry more generally.
- 2.6 Of the £19.600m, £1.542m has been allocated by the Department for Transport (DfT) to CCC for scheme development. This work has included the development of an outline feasibility design, completion of environmental, ecological and archaeological surveys and investigations, preparation of the required land assembly, preparation of the planning application documentation, and preparation of the formal applications for release of funding. Release of the remaining monies from the DfT is subject to a Full Business Case application, and this application can only be made following the planning approval, confirmation of land assembly and confirmed tender prices.
- 2.7 As part of the Devolution Deal agreed between the West Midlands Combined Authority (WMCA) and CCC for improvement works in the South Coventry Package, £3.500m was also earmarked towards the A46 Stoneleigh Junction. Release of these monies is subject to a Full Business Case application to the WMCA.
- 2.8 Following scheme development, a revised scheme estimate, assured by an external independent consultant, sets the anticipated cost of the overall scheme at £33.100m.
- 2.9 The bid to the CIF is for the remaining £10.000m to fund the scheme. The DfT will not approve their full funding until they have confirmation that the remainder of the funding package – from WCC and WMCA – is approved.
- 2.10 To progress the scheme to meet HS2 timescales, it is necessary for further spending, currently estimated at £2.000m of the £10.000m being requested in this report, to be incurred before DfT are able to confirm the full funding package.

Should DfT decide not to provide the full funding, the Council would be left with the choice to either provide the remainder of the funding itself, seek alternative funding or to abort the scheme. In the latter situation, the costs incurred to date would need to revert to revenue budgets in the year of the decision. The Council is therefore carrying this risk by agreeing to fund works ahead of DfT decision, and Cabinet are asked to recommend that such impacts would fall upon the existing revenue resources of the Transport and Economy Business Unit.

3.0 Key Issues

3.1 At its meeting on 8 December 2016, Cabinet resolved:

To approve the development of the A46 Link Road scheme, working in partnership with Warwick District Council and Coventry City Council, and authorise the Strategic Directors for Communities and Resources to take all necessary steps to prepare the scheme for implementation including:

- (i) Finalising designs and determining land requirements;
- (ii) Negotiating terms for any necessary land acquisitions and alterations to private accesses;
- (iii) Agreeing and implementing a communications strategy;
- (iv) Submitting applications for planning permission and any other requisite consents;
- (v) Making any necessary side roads orders under sections 14 and 125 of the Highways Act 1980;
- (vi) Agreeing arrangements with Highways England for developing the proposed scheme and negotiating the statutory agreements for the execution of the scheme on its behalf.

3.2 At its meeting on 21 March 2017, Cabinet resolved (amongst other things) to authorise the making of a Compulsory Purchase Order (CPO) for the acquisition of the land to enable the junction construction (to run alongside negotiations to secure voluntary acquisition).

3.3 At the time it was envisaged that a further report would be brought to Cabinet for the inclusion of the A46 Link Road – Stoneleigh project into the Capital Programme, to invite tenders, to award a contract and to complete the required land acquisition.

3.4 The planning for the A46 Link Road – Stoneleigh is now being progressed towards delivery with an expected completion date in 2020, with the aim of delivery in advance of the anticipated peak of proposed construction works by

HS2 Ltd in the area.

- 3.5 The current active work streams are:
- (i) Negotiating terms for the required land acquisitions,
 - (ii) Development of the detailed design, shown in general arrangement on plan 9.2.A46-83/014Rev D within Appendix A
 - (iii) Submission of the planning application;
 - (iv) Development of agreements with Highways England for the scheme development (to permit the County Council to carry out work on the A46, a trunk road);
 - (v) Preparation of the CPO and Side Roads Orders;
 - (vi) Development of the Business Case for issue by CCC to the Department for Transport (DfT) in support of the funding application, the principle of which has already been agreed with them.
 - (vii) Development of the Business Case for issue by CCC to the West Midlands Combined Authority (WMCA) in support of the funding application, the principle of which has already been agreed with them.
 - (viii) Engagement with the Scape Civil Engineering and Infrastructure Framework contractor, Balfour Beatty for early contractor involvement to develop the construction programme, detailed risk register and tender price.
- 3.6 A planning application was submitted to Warwickshire County Council as Local Planning Authority in December 2018, and will be considered by Regulatory Committee in due course subject to the resolution of issues raised through technical approval.

4.0 Evaluation by the Capital Investment Fund Panel

- 4.1 The Panel has considered the bid and scored the scheme at 62.3/100 and therefore recommend that Cabinet support the allocation of the requested funding. The scores awarded in each section were:
- Alignment with the organisation's strategic objectives (15% weighting): 4.3/5;
 - Financial viability (30% weighting): 3.3/5;
 - Strategic investment/Economic growth (as a scheme planned to deliver these specific objectives, 45% weighting): 2.4/5;
 - Political social and environmental impact (10% weighting): 4/5.
- 4.2 The Panel's evaluation report is attached in Appendix B.

5.0 Timescales associated with the decision and next steps

5.1 Subject to the recommendation being agreed it is the following key milestones are programmed:

Key Date	Activity
May/ June 2018	Completion of detailed design Planning Application heard at WCC Regulatory Committee
June 2018	Submission of WMCA Application
August 2018	Receipt of Tender price
August/Sept 2018	Submission of DfT Application
Autumn 18/19	Receipt of funding approvals from external bodies
Autumn 18/19	Completion of Land Acquisitions
Autumn 18/19	Completion of Agreements with Highways England and Statutory Orders
Autumn/Winter 18/19	Start of main construction works
Mid 2020	Scheme open to traffic

Background papers

None

Appendices

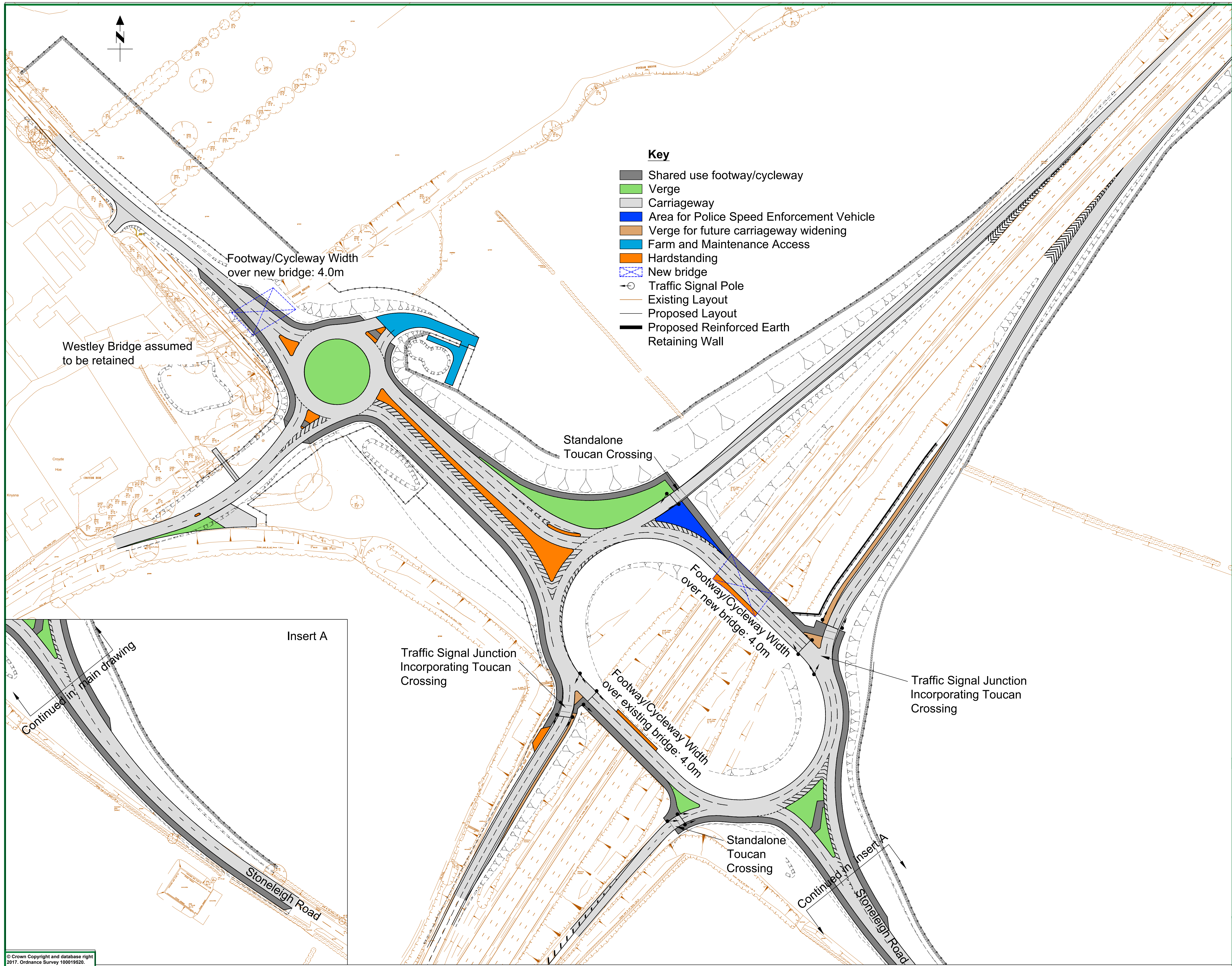
- A. Scheme plan
- B. CIF Panel Evaluation Report

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The report was circulated to the following members prior to publication:

Local Members: Councillor Redford, Cockburn, Shilton, Cooke

Other members: Councillor Chattaway, Clarke, Fradgley, Horner and Butlin



- Key**
- Shared use footway/cycleway
 - Verge
 - Carriageway
 - Area for Police Speed Enforcement Vehicle
 - Verge for future carriageway widening
 - Farm and Maintenance Access
 - Hardstanding
 - New bridge
 - ⊙ Traffic Signal Pole
 - Existing Layout
 - Proposed Layout
 - Proposed Reinforced Earth Retaining Wall

Footway/Cycleway Width over new bridge: 4.0m

Westley Bridge assumed to be retained

Standalone Toucan Crossing

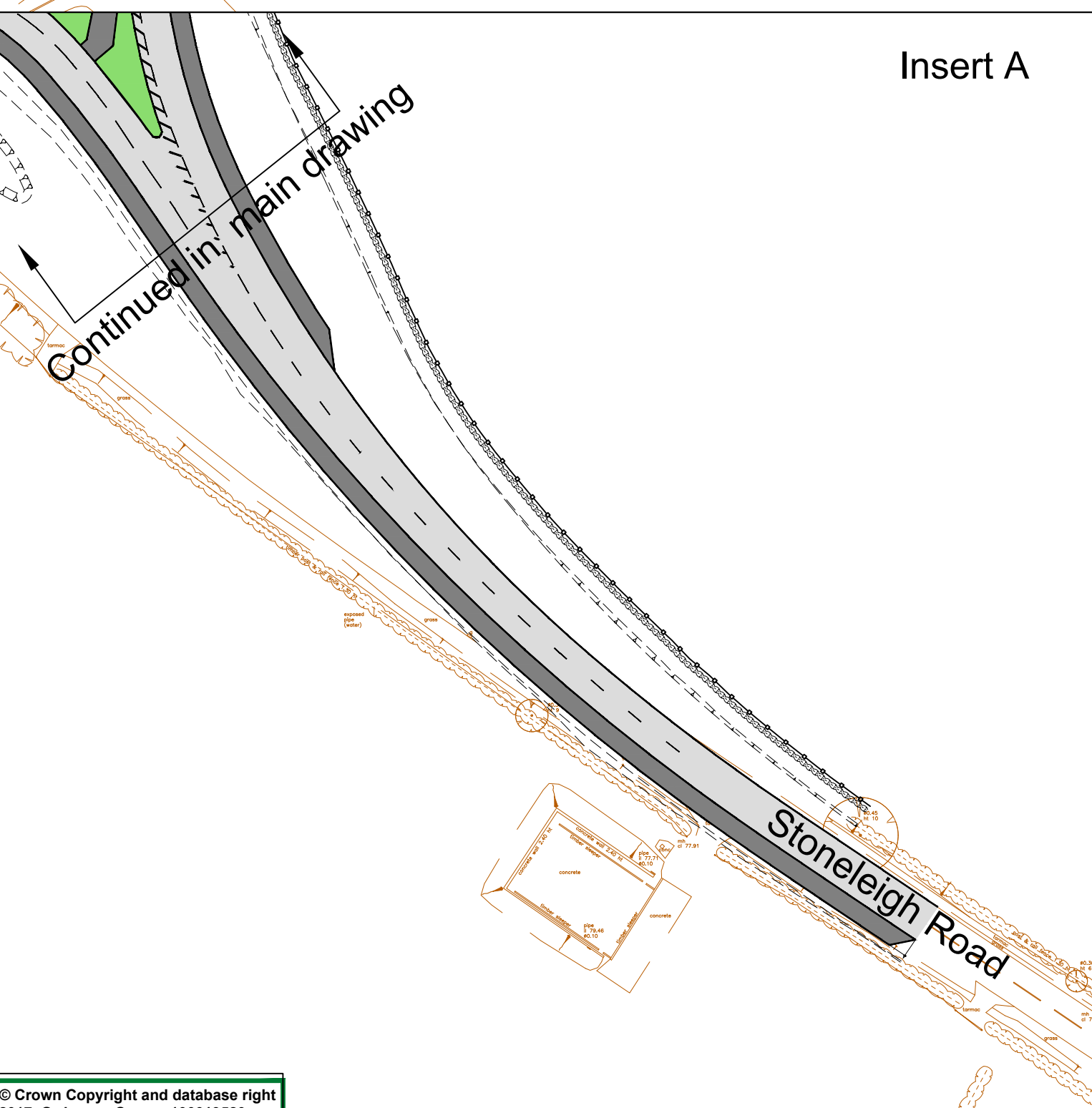
Footway/Cycleway Width over new bridge: 4.0m

Footway/Cycleway Width over existing bridge: 4.0m

Traffic Signal Junction Incorporating Toucan Crossing

Traffic Signal Junction Incorporating Toucan Crossing

Standalone Toucan Crossing



Insert A

D	CDT	REPLACED DEDICATED LEFT TURN LANE WITH 3 LANE APPROACH	FEB. 18
C	CDT	HARDSTANDING AREAS ADDED	NOV. 17
B	ADE	WET WOODLAND AREA HIGHLIGHTED.	OCT. 17
A	ADE	REALIGNMENT OF DALEHOUSE LANE	OCT. 17
REV	DRN	AMENDMENT	DATE



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PROJECT
 A46 Link Road
 Phase 1 (Stoneleigh)

TITLE
 General Arrangement
 Preliminary Layout
 Purpose of Drawing: Consultation

Dim	CDT	Ch'd	NS	App'd	NS
Date	05-09-17	Date	01-02-18	Date	01-02-18

Status
 Approved (Level 2)

Scale
 1:1000

Sheet size
 A1

DRG. NO.
 9.2-A46-083-014

Rev.
 D

Evaluation by the Capital Investment Fund Panel

In reaching its conclusions, the Panel made the following points:

1. The scheme's timescales reflect the ambition to complete the scheme before the anticipated peak in construction traffic caused by HS2 in Spring 2020. This means that workstreams to complete the detailed design, planning application, procurement and funding are being developed in parallel. This has resulted in this bid coming forward to CIF ahead of the related bids to DfT and WMCA, whose business cases are still being completed.
2. The current Benefit to Cost ratio (BCR) calculated by the external consultant is 11.12, an extremely high value. However, the consultant's report itself identifies some moderately concerning problems with the analysis, such as the use of slightly outdated inflation indices, the absence of revenue maintenance costs and the presumption that benefits predicted for the timeframe of 2029-2034 will to be felt at the same level through to 2058.
3. Furthermore, the bid quotes positive outcomes of a separate model estimating the scheme's impact on future travel times and speed, but there appears to have been no connection made between the two models to test consistency of data, assumptions, modelling or outcomes. The bid also notes that the baseline data and assumptions used to determine the scheme's benefits are currently being refined for the DfT and WMCA business cases.
4. The Panel also recognises that BCR estimates for road schemes are inherently challenging as they are typically founded on predictions of a wide range of future choices to be made by individuals, communities, organisations and businesses that the Council can have little direct influence over, and which may combine to create completely unforeseen responses.
5. The Panel therefore considers that the work done to estimate the BCR is not fully adequate at this point and that there is a real risk that the BCR in the bid is overstated. However, the Panel also accepts that the high current value provides a significant 'buffer' against which even relatively large adjustments might be made without affecting the overall positive status of the project.
6. Ideally the Panel would ask that the bid to WCC for funding be delayed until a better evidenced and tested estimate of the BCR was available, but the pressing nature of the necessary timescale makes this unworkable. In particular the bid makes clear the need to incur some capital expenditure in 2018/19 (estimated at £2.000m) before the DfT and WMCA funding can be

confirmed in autumn 2018. Should Members decide therefore to allocate funding at this point in time, they should recognise that the Council would be carrying the risk that the full funding package is not approved. In that circumstance, the Council could either choose to make up the missing funding itself to allow the scheme to continue, which would have a significant impact on the Council's other spending ambitions, seek alternative funding or abort the scheme. In the latter case, it is likely that the majority of costs incurred to date would have to be reclassified to revenue in the year that the scheme was cancelled. Members are therefore asked to agree that this revenue budget risk be carried by the Transport and Highways Business Unit.

7. In connection to the funding package, the Panel noted that there was no discussion of possible contributions from other local organisations that would benefit from the scheme, such as Coventry City Council or Warwick University. It is assumed that these routes have been explored; Members may need to consider whether the balance in the proposed cost falling entirely upon WCC, DfT and WMCA feels reasonable.
8. Another area of concern relates to the remaining uncertainties in the cost envelope, particularly in relation to land purchases which may need to adopt CPO routes. The bid mentions an inclusion of 10 – 15% contingency in the budget, although only 5% is clearly visible in the detailed budget breakdown. The Panel had concerns that in either case this may not be an adequate provision, though it also acknowledges that the scheme has already benefited from a relatively high degree of cost scrutiny which should have mitigated this risk to some degree.
9. To counterbalance this, the Panel felt that the project had the support of strong governance mechanisms. It felt that the risk register supplied in the bid papers was robust and complete and appeared to be an active document. The bid sits clearly within both Warwickshire's and other local, regional and national road strategies and as such represents a high priority scheme to many parties.
10. The Panel also appreciated the degree of public engagement and consultation already completed, and the ongoing plans for this as the scheme progresses. The bid recognises that the works will have serious temporary impact on traffic flow through the junction and nearby roads. The bid is supported by a number of letters from relevant parties, and the scheme has already been redesigned to reflect the major concern raised by public consultation in relation to cycling and pedestrian provision.