

**Cabinet**

**8 November 2018**

**Capital Investment Fund 2018/19 Quarter 3 Report**

**Recommendations**

That Cabinet:

- 1) Approve a total allocation of £2.249m funding from the Capital Investment Fund (CIF) (i.e. a further addition of £1.100m) to complete the funding package for the A46 Stanks Island scheme, subject to confirmation from the CWLEP board that their contribution of £4.100m may be rescheduled to fit the updated project timescales.
- 2) Recommend that Council approve the allocation of £0.596m funding from the CIF to contribute towards the A47 Hinckley Road Corridor scheme and add the project to the Capital Programme at a full cost of £3.485m.
- 3) Approve the continuation of the Small Capital Grants Scheme for a further two years of operation with an allocation of £0.700m funding from the CIF.
- 4) Agree that funding allocated to all these projects will be reduced on a £ for £ basis if alternative sources of funding become available.

**1. Purpose of this report and context**

1.1. As part of the 2017/18 budget, Council approved the creation of the Capital Investment Fund (CIF) to provide an approach to funding capital schemes in support of the delivery of OOP 2020. Members approved a four stage approval process for projects seeking funding from the CIF that would be run on a quarterly basis:

- Stage 1: A service specific internal approval process, the conclusion of which is a bid to an Evaluation Panel submitted by the relevant Head of Service.
- Stage 2: The CIF Evaluation Panel provides a technical evaluation and commentary on the proposal that results in a recommendation to Corporate Board.

- Stage 3: Corporate Board review the evaluation and support/reject the proposal going forward to Members.
- Stage 4: For those schemes Corporate Board support, Cabinet/Council approve/reject the allocation. If approved the scheme is added to the authority's capital programme.

1.2. Following the additional resources allocated to the CIF in the budget on February 6<sup>th</sup> 2018, and subsequent approvals through the 2018/19 financial year, the CIF now has £49.948 million to be allocated over the next two years:

2018/19 £m	2019/20 £m	Total £m
42.448	7.500	<b>49.948</b>

- 1.3. A number of schemes have been identified as “priority” schemes with notional CIF allocations, subject to approval by Cabinet and/or Council as they formally bid into the fund. The schemes considered in this report include one of those priority schemes, the A47 Hinckley Road scheme.
- 1.4. Agreeing to the recommendations of this report would reduce the remaining available CIF funding to £47.552m.

## 2. Description of the Schemes

### A46 Stanks Island scheme

- 2.1. The Evaluation Panel has considered a bid to increase the Council's financial support of the scheme designed to address the congestion issues at the A46 Stanks Island junction.
- 2.2. The Scheme has been in the Capital Programme since 2016 with an initial contribution from WCC of £2.594m and a total cost of £6.000m. Following success in external funding bids, the WCC contribution was reduced to £1.194m, but the scheme has now returned to the CIF to request a reversal of most of this reduction to bring the WCC contribution back to a total of £2.294m. This reflects a net increase in costs of £0.700m following scheme redesign and tenders and a loss of £0.400m Highways England funding after the scheme was delayed beyond their required delivery timescales. Scheme drawings can be found in **Appendix A**.

- 2.3. The overall funding is still dependent on a majority contribution of £4.100m from the CWLEP, and the Council has requested confirmation that this funding can be rephased from its initial allocation, which was to be spent in 2017/18.

### **A47 Hinckley Road Scheme**

- 2.4. The Panel has also considered a bid to complete the funding package for the A47 Hinckley Road scheme, which seeks to improve connectivity between Nuneaton town centre, the rail station and planned areas of significant housing growth in north Nuneaton. The scheme includes:
- Improvements to the junction of A47 Hinckley Road and Eastboro Way
  - Improvements to the junction of A47 Hinckley Road and Higham Lane
  - Removal of a disused railway bridge over the A47 Hinckley Road, and
  - Creation of a cycle corridor off-carriageway along the A47 Hinckley Road

Scheme drawings can be found in **Appendix B**.

- 2.5. The bid is for £0.596m CIF money in combination with £2.839m DfT funding and £0.050m Highways England funding to create a total scheme cost of £3.485m. The funding from Highways England is not yet secured and represents a reduction in their anticipated contribution, despite the fact that £0.290m of the scheme costs relate to removal of the disused rail bridge for which they meet the maintenance liability. WCC and Highways England are still in negotiation about this funding and should a higher figure be achieved, the CIF requirement will be reduced on a £ for £ basis. A number of s106 and s278 funded schemes along the route have already been completed.

### **Small Capital Grants Scheme**

- 2.6. The Panel has also considered an update report and funding request from the Small Capital Grants scheme, which makes grants to small businesses to provide a maximum of 30% of the costs of investment in tangible assets. The scheme was originally approved as a one-year project by Cabinet in October 2017, with a requirement that the project managers report on the outcomes of the first year before any further funding was allocated. The update requests a further allocation of £0.700m to add to its initial £1.550m from the Capital Growth Fund and CIF, extending the scheme for a further two years.
- 2.7. The scheme makes grants to small businesses to enable them to make capital investments in premises, plant, machinery and similar assets, with a minimum 70% funding coming from the business themselves. The aim of the scheme is to address identified failures in the private finance market and other publicly

available funding gaps.

### 3. Evaluation by the Panel

#### A46 Stanks Island scheme

3.1. The Panel scored the scheme at 76.9/100. The scores awarded in each section were:

- Fit to the organisation's strategic objectives: 13.5/15
- Financial viability: 21.8/30
- Asset enhancement (Service Delivery Need, Community Wellbeing and Capacity, and Economic Growth): 33.4/45
- Political, social and environmental impact: 8.3/10

3.2. The Panel's full comments are summarised in **Appendix C**. The Panel recommends that Cabinet approves the allocation of further CIF funding to close this gap, making the total WCC funding £2.294m, subject to confirmation from the CWLEP that their proposed allocation of £4.100m will still be available with the scheme's new proposed timeframes. If the CWLEP reprofiling is not confirmed then the scheme would need to halt and the project position be reconsidered.

#### A47 Hinckley Road Scheme

3.3. The Panel scored the scheme at 70.6/100. The scores awarded in each section were:

- Fit to the organisation's strategic objectives: 13.8/15
- Financial viability: 20.4/30
- Asset enhancement (Service Delivery Need, and Community Wellbeing and Capacity): 28.4/45
- Political, social and environmental impact: 8.0/10

3.4. The Panel's full comments are summarised in **Appendix D**. The Panel noted a concern about the Council's ability to deliver the scheme in line with the DfT's required timescales. Nonetheless the Panel recognised that the scheme is necessary to support the Borough Council's aspirations and so recommend that Cabinet support the allocation and the addition of the scheme to the Capital Programme in its recommendation to Council.

## Small Capital Grants Scheme

3.5. The Panel scored the scheme at 77.0/100. The scores awarded in each section were:

- Fit to the organisation's strategic objectives: 12.6/15
- Financial viability: 22.2/30
- Asset enhancement (Economic Growth): 34.2/45
- Political, social and environmental impact: 8.0/10

3.6. The Panel's full comments are summarised in **Appendix E**. The Panel noted that the outcomes from the allocations made so far have exceeded expectations and so are happy to recommend the continuation of the scheme to Cabinet.

## 4. Background Papers

None

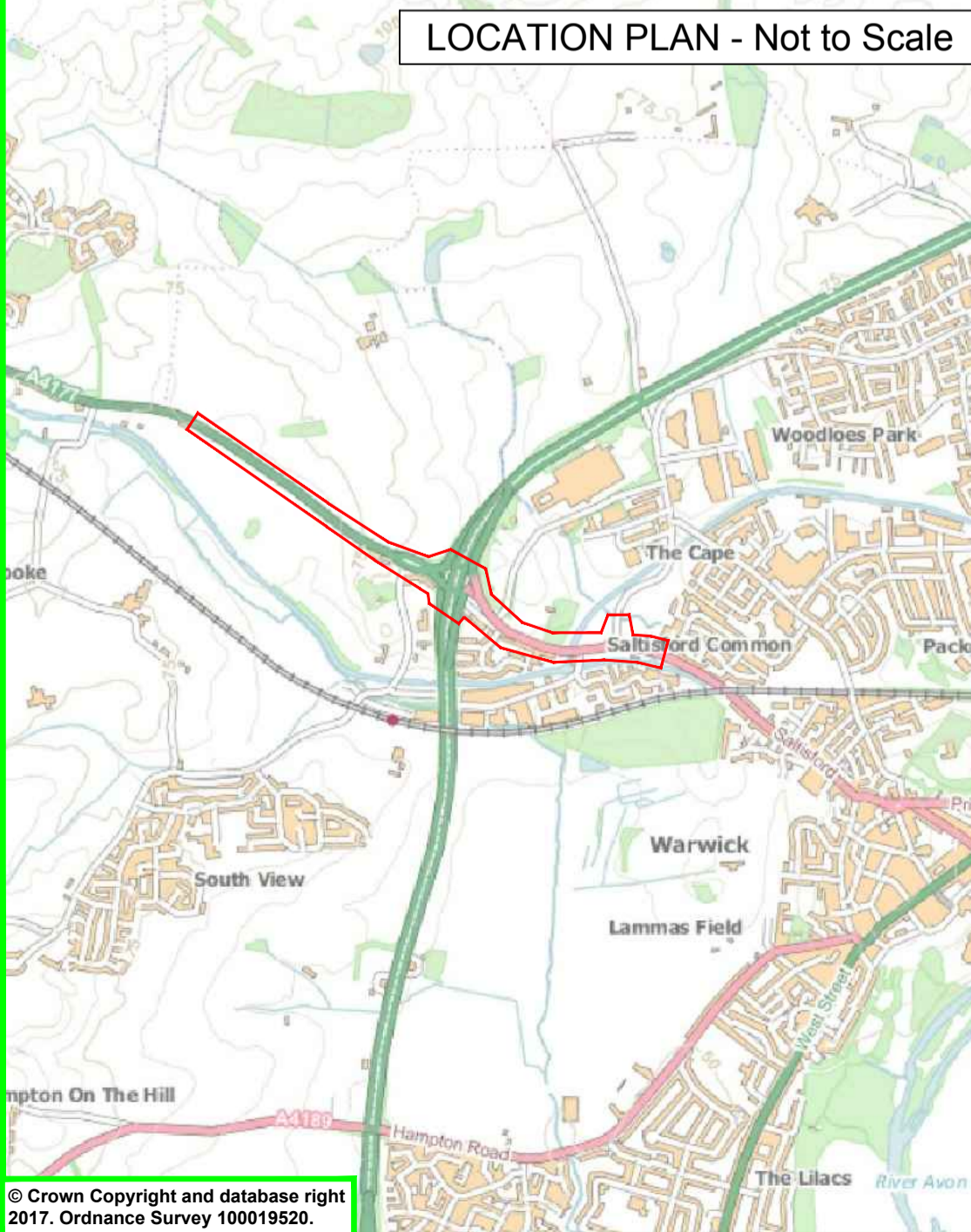
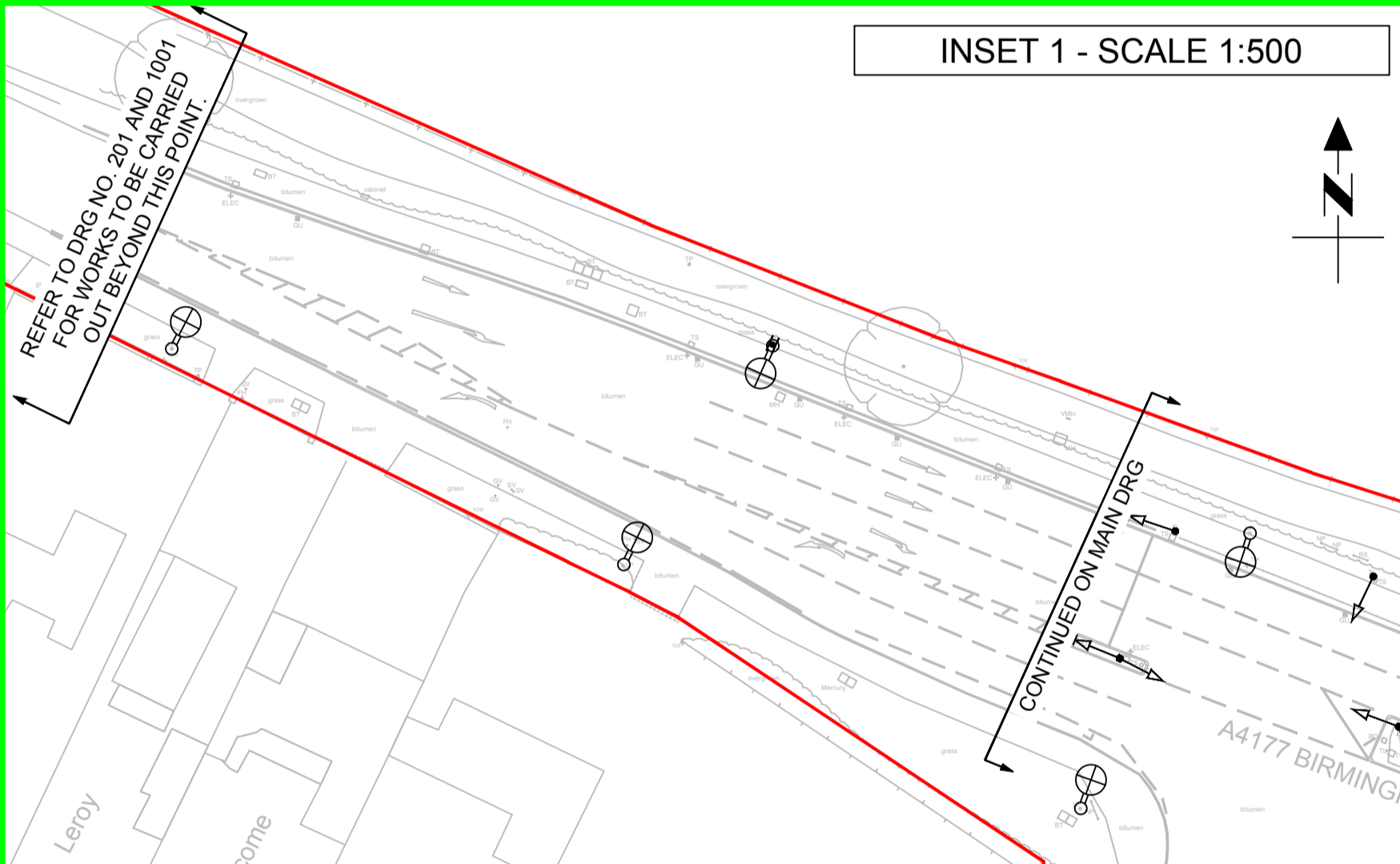
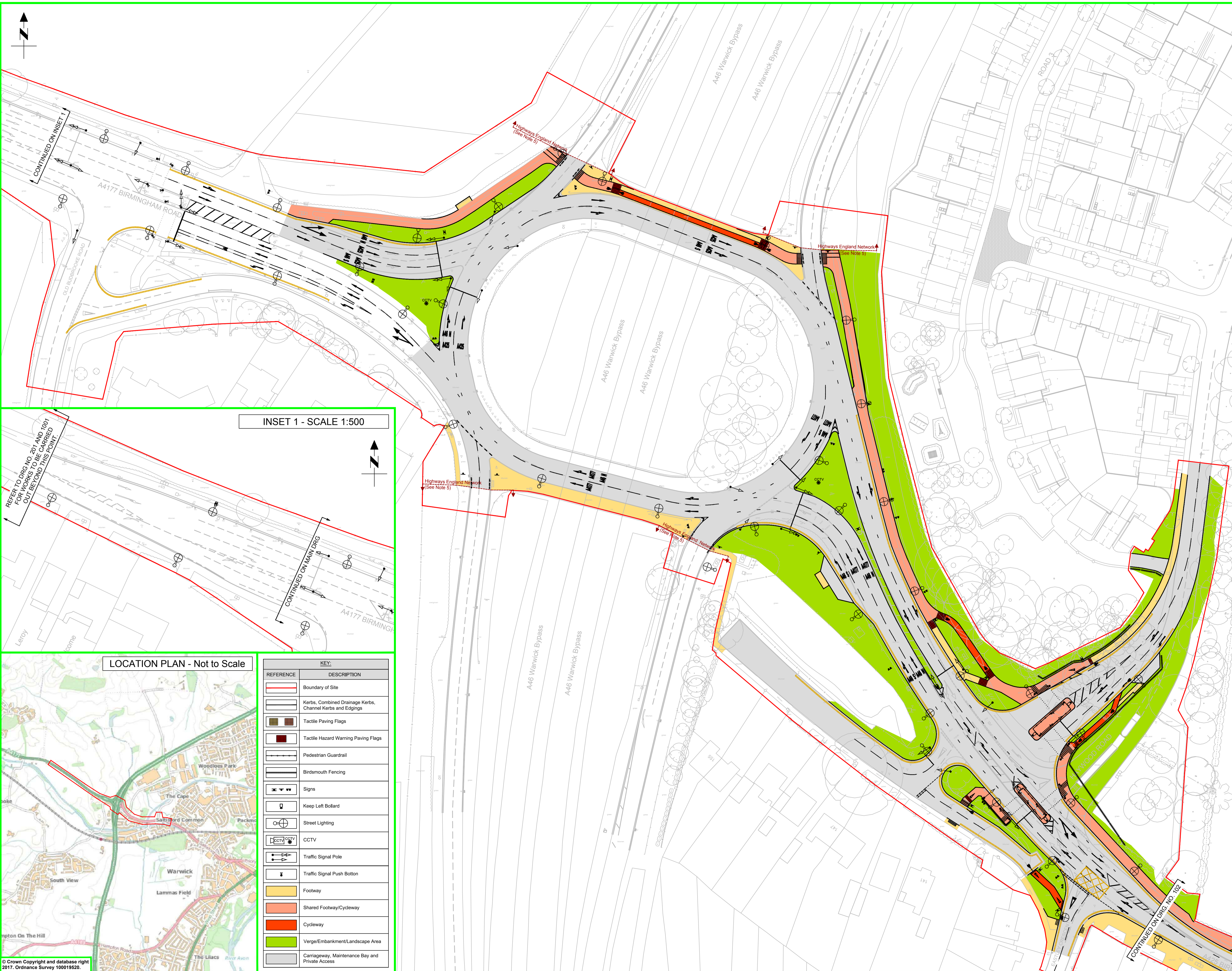
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## Appendices

Appendix A – A46 Stanks Island Scheme Layout  
Appendix B – A47 Hinckley Road Scheme Layout  
Appendix C – CIF Panel comments: A46 Stanks Island  
Appendix D - CIF Panel comments: A47 Hinckley Road  
Appendix E - CIF Panel comments: Small capital grants

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

Cllr Seccombe, Cllr Butlin, Cllr Timms, Cllr Singh Birdi, Cllr Maggie O'Rourke, Cllr Boad



REFERENCE	KEY: DESCRIPTION
	Boundary of Site
	Kerbs, Combined Drainage Kerbs, Channel Kerbs and Edgings
	Tactile Paving Flags
	Tactile Hazard Warning Paving Flags
	Pedestrian Guardrail
	Birdsmouth Fencing
	Signs
	Keep Left Bollard
	Street Lighting
	CCTV
	Traffic Signal Pole
	Traffic Signal Push Button
	Footway
	Shared Footway/Cycleway
	Cycleway
	Verge/Embankment/Landscape Area
	Carriageway, Maintenance Bay and Private Access

- NOTES:
1. This drawing is to be read in conjunction with all other contract drawings.
  2. This drawing is intended to provide a general overview of the scheme and does not include all of the works required. Refer to the relevant contract drawings for full details of the works.
  3. The boundary of the site is as shown on the plan. Small additional boundaries of the site beyond the extents shown on the plan are as detailed in Appendix 1/7.
  4. Elsewhere within this drawing, any reference to other drawings included in the Contract is, for reasons of efficiency, limited to the drawing number by excluding the revision status. The latest revision status of any drawing referenced is listed in Appendix 0/4, unless subsequently revised and issued via a change to the works information.
  5. The A46 Warwick By-Pass slip roads approaching and exiting Stanks Island Roundabout are within Highways England land ownership. Refer to the plan for details of the points at which the Highways England land begins in relation to the roundabout. The Contractor shall not carry out any works and/or utilise any form of temporary traffic management on Highways England land until approval has been obtained in accordance with Appendix 1/17.

SAFETY HEALTH AND ENVIRONMENTAL INFORMATION			
IN ADDITION TO THE HAZARDS / RISKS NORMALLY ASSOCIATED WITH THE TYPES OF WORK DETAILED ON THIS DRAWING, NOTE THE FOLLOWING RISKS AND INFORMATION.			
RISKS LISTED HERE ARE NOT EXHAUSTIVE. REFER TO CDM RISK ASSESSMENT REGISTER No. (insert number here)			
CONSTRUCTION			
001	THE ROADS ARE HEAVILY USED BY TRAFFIC		
002	WORKING ON BRIDGE STRUCTURES ABOVE LIVE TRAFFIC		
003	DISTURBING OR STRIKING EXISTING UTILITIES INCLUDING LIVE UNCHARTED SERVICES		
004	THE AREA IS HEAVILY USED BY PEDESTRIANS		
DEMOLITION			
NO UNUSUAL HAZARDS / RISK			
FOR INFORMATION RELATING TO USE, CLEANING AND MAINTENANCE SEE THE HEALTH AND SAFETY FILE.			
IT IS ASSUMED THAT ALL WORKS WILL BE CARRIED OUT BY A COMPETENT CONTRACTOR WORKING, WHERE APPROPRIATE, TO AN APPROVED METHOD STATEMENT.			
E	JS	HE works & note 6 removed	Oct 18
D	JS	Various due to phasing works	July 18
C	JS	A46 Offslip embankment revised	09/10/17
B	JS	HE land defined & note 5, added	28/06/17
A	JS	Various following RSA Stage 2	30/05/17
REV	DRN	AMENDMENT	DATE



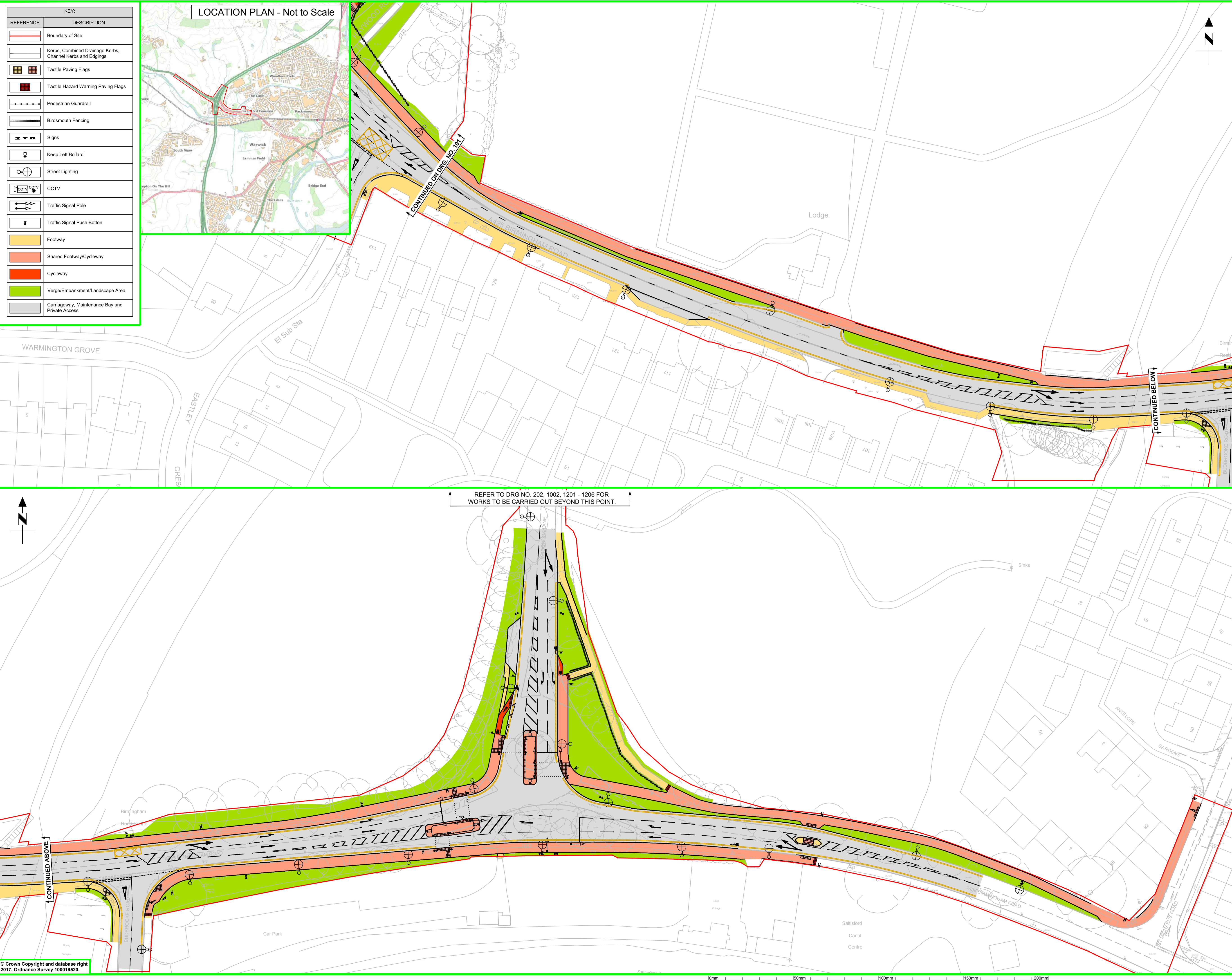
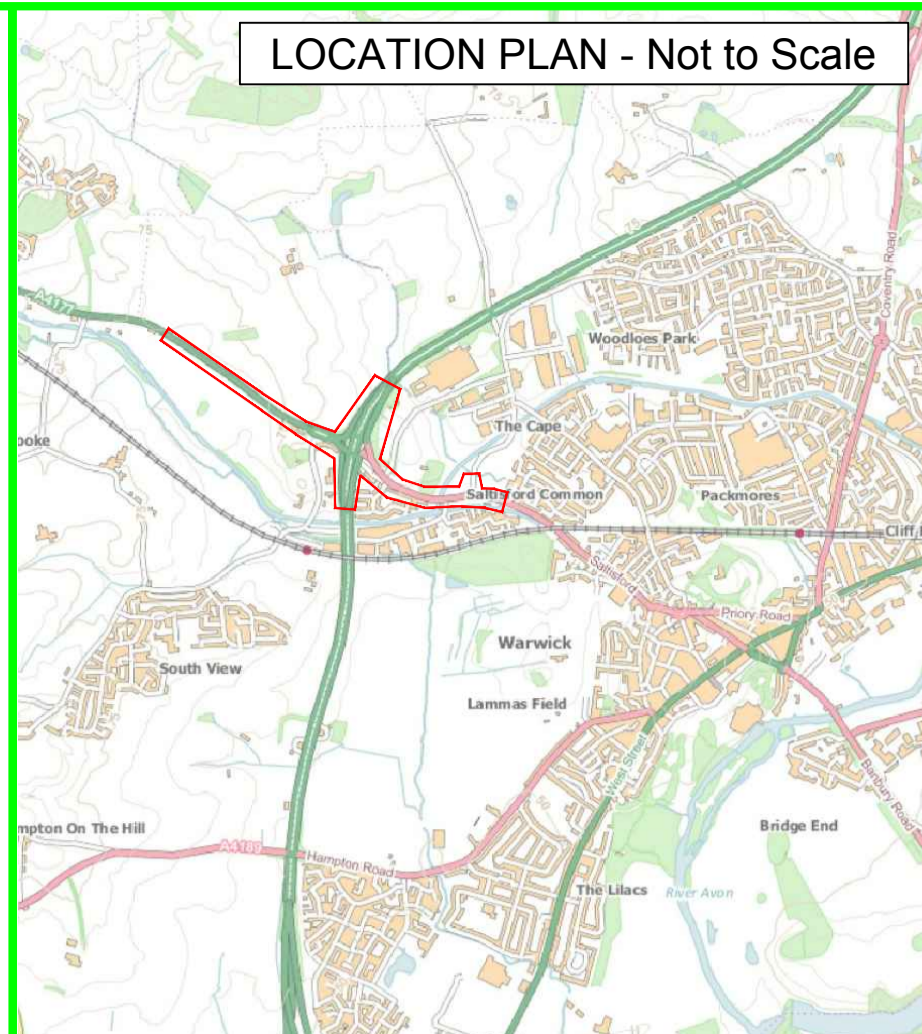
Design Services  
 Communities, Shire Hall Post Room  
 Warwick, CV34 4SP  
 Tel: 01926 410410  
 Email: designservices@warwickshire.gov.uk  
 Web: www.warwickshire.gov.uk

PROJECT  
**A46 Stanks Corridor improvement**

TITLE			
GENERAL ARRANGEMENT PHASE 1			
(SHEET 1 OF 2)			
Purpose of Drawing: Construction			
Drn	JS	CKD	JS
Date	06-01-16	Date	10-10-18
App'd	NC	Date	11-10-18
Status			
Approved (Level 3)			
Scale	1 : 500	Sheet size	A1
DRG. NO.	9.2-A46-082-101	Rev.	E

REFERENCE	DESCRIPTION
	Boundary of Site
	Kerbs, Combined Drainage Kerbs, Channel Kerbs and Edgings
	Tactile Paving Flags
	Tactile Hazard Warning Paving Flags
	Pedestrian Guardrail
	Birdsmouth Fencing
	Signs
	Keep Left Bollard
	Street Lighting
	CCTV
	Traffic Signal Pole
	Traffic Signal Push Button
	Footway
	Shared Footway/Cycleway
	Cycleway
	Verge/Embankment/Landscape Area
	Carriageway, Maintenance Bay and Private Access

LOCATION PLAN - Not to Scale



- NOTES:
- This drawing is to be read in conjunction with all other contract drawings.
  - This drawing is intended to provide a general overview of the scheme and does not include all of the works required. Refer to the relevant contract drawings for full details of the works.
  - The boundary of the site is as shown on the plan. Small additional boundaries of the site beyond the extents shown on the plan are as detailed in Appendix 1/7.
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SAFETY HEALTH AND ENVIRONMENTAL INFORMATION

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RISKS LISTED HERE ARE NOT EXHAUSTIVE. REFER TO CDM RISK ASSESSMENT REGISTER No. (insert number here)

CONSTRUCTION

- 001 THE ROADS ARE HEAVILY USED BY TRAFFIC
- 002 WORKING ON BRIDGE STRUCTURES ABOVE LIVE TRAFFIC
- 003 DISTURBING OR STRIKING EXISTING UTILITIES INCLUDING LIVE UNCHARTERED SERVICES
- 004 THE AREA IS HEAVILY USED BY PEDESTRIANS

DEMOLITION

NO UNUSUAL HAZARDS / RISK

FOR INFORMATION RELATING TO USE, CLEANING AND MAINTENANCE SEE THE HEALTH AND SAFETY FILE.

IT IS ASSUMED THAT ALL WORKS WILL BE CARRIED OUT BY A COMPETENT CONTRACTOR WORKING, WHERE APPROPRIATE, TO AN APPROVED METHOD STATEMENT.

REV	DRN	AMENDMENT	DATE
D	JS	Various due to phasing works	July 18
A	JS	Various following RSA Stage 2	30/05/17



Design Services  
 Communities, Shire Hall Post Room  
 Warwick, CV34 4SP  
 Tel: 01926 410410  
 Email: designservices@warwickshire.gov.uk  
 Web: www.warwickshire.gov.uk

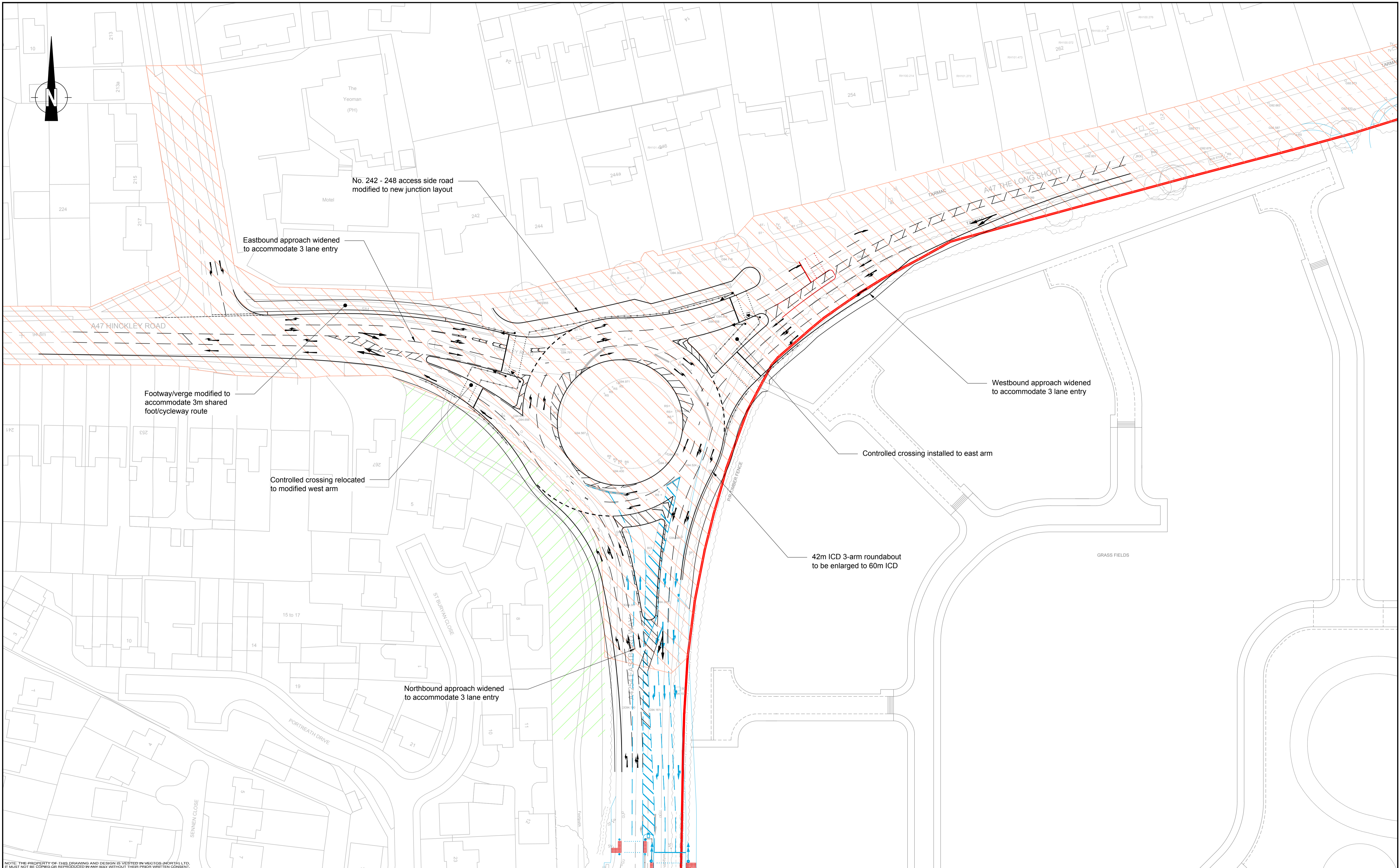
PROJECT  
**A46 Stanks Corridor improvement**

TITLE  
**GENERAL ARRANGEMENT PHASE 1  
 (SHEET 2 OF 2)**  
 Purpose of Drawing: Construction

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Date	06-01-16	Date	18-07-18	Date	19-07-18
Status	Approved (Level 3)				
Scale	1 : 500		Sheet size A1		
DRG. NO.	9.2-A46--082-102				Rev. B

## Appendix B





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REV	DETAILS	DRAWN	CHECKED	DATE	REV	DETAILS	DRAWN	CHECKED	DATE
A	Proposed fct moved west	DB	MS	22.06.17					

**Notes:**

- The A47 Long Shoot and A4254 Eastboro Way are 40mph urban road, reducing to 30mph at the A47 Hinckley Road west arm.
- The Highway Authority is Warwickshire County Council (NCC).

**KEY**

- EXTENT OF PUBLIC HIGHWAY
- BOROUGH COUNCIL LAND
- PROPOSED A4254 IMPROVEMENTS

**DRAFT**

<b>PROJECT:</b> A47 Hinckley Road Corridor			
<small>DRAWING TITLE:</small> A47 Hinckley Road / A4254 Eastboro Way Junction Improvement			
<small>DRAWN:</small> DB	<small>CHECKED:</small> MS	<small>DATE:</small> Jun 2017	<small>SCALE:</small> 1:500 at A1

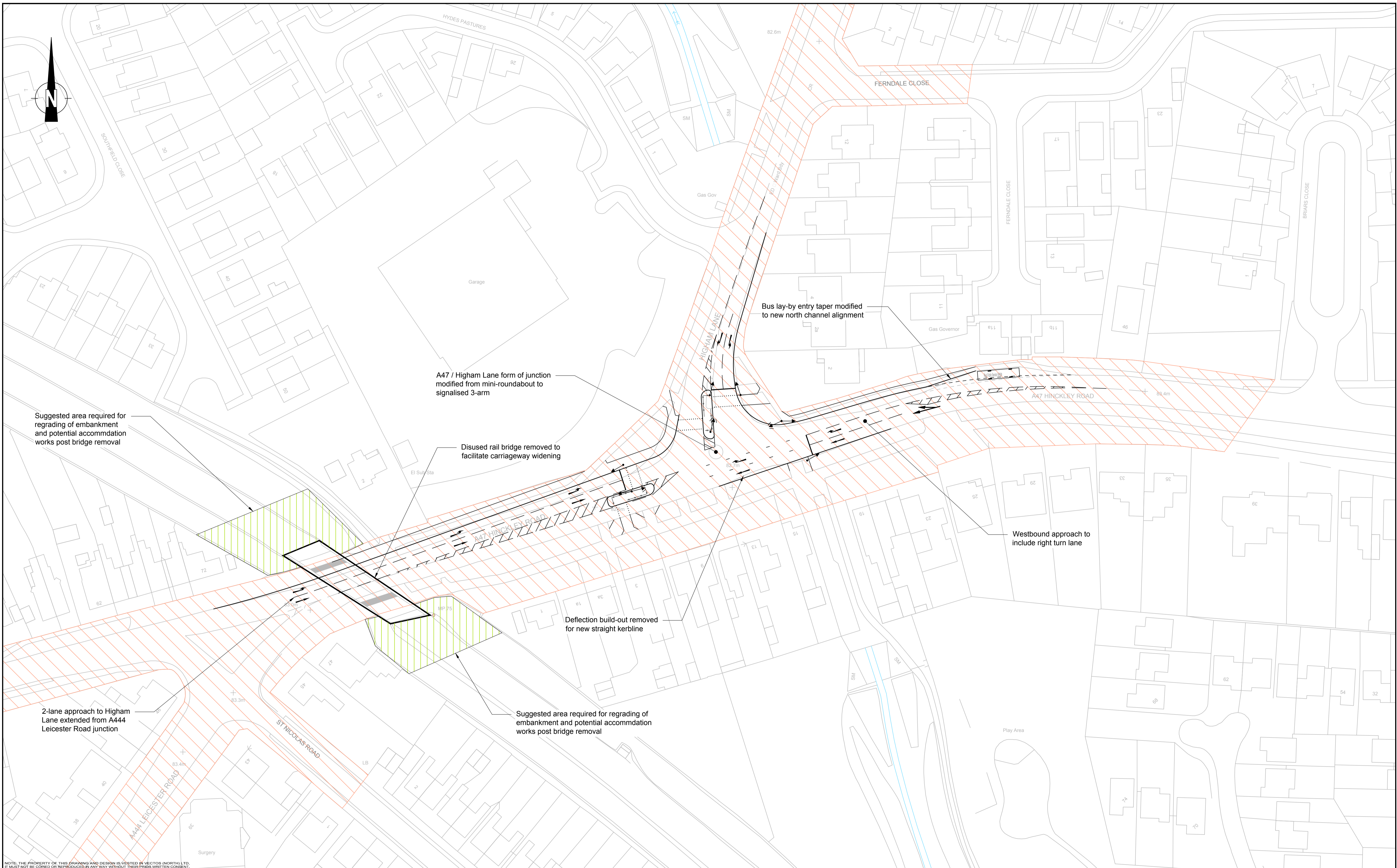
CLIENT:

**Client**

highway infrastructure specialists

Oxford Place, 61 Oxford St, Manchester, M1 6EQ  
t: 0161 228 1008 e: manchester@vectos.co.uk

DRAWING NUMBER: VD17576/P-001 REVISION: A



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REV	DETAILS	DRAWN	CHECKED	DATE	REV	DETAILS	DRAWN	CHECKED	DATE
A	Bridge removal areas added; controlled ped crossings installed	DB	MS	20.06.17					

- Notes:
- The A47 is urban road status with a 30mph speed limit.
  - The Highway Authority is Warwickshire County Council (WCC).

KEY  
 PUBLIC HIGHWAY

**DRAFT**

PROJECT:  
**A47 Hinckley Road Corridor**

DRAWING TITLE:  
**A47 Hinckley Road / Higham Lane Junction Improvement**

DRAWN: DB    CHECKED: MS    DATE: Jun 2017    SCALES: 1:500 at A1

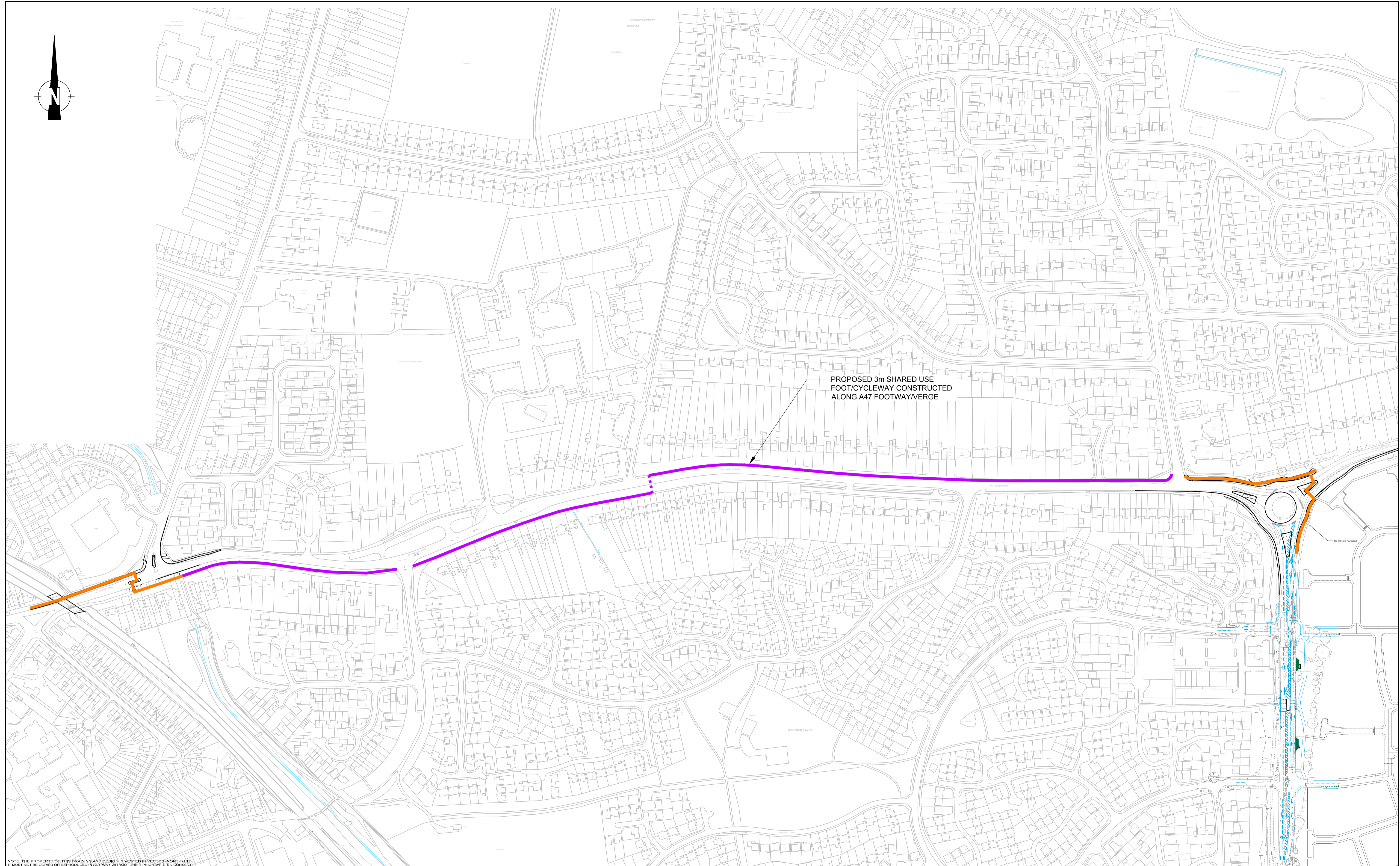
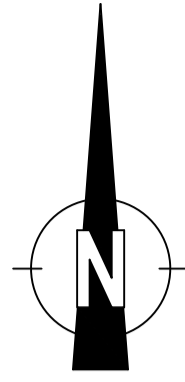
CLIENT:  
**Client**



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t: 0161 228 1008 e: manchester@vectos.co.uk

DRAWING NUMBER: **VD17576/P-002**    REVISION: **A**





PROPOSED 3m SHARED USE  
FOOT/CYCLEWAY CONSTRUCTED  
ALONG A47 FOOTWAY/VERGE

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REV	DETAILS	DRAWN	CHECKED	DATE	REV	DETAILS	DRAWN	CHECKED	DATE
A	Bridge removal areas added; controlled ped crossings installed	DB	MS	20.06.17					

Notes:  
1. The Highway Authority is Warwickshire County Council (WCC).

**KEY**  
 SHARED USE PEDESTRIAN / CYCLE ROUTE:  
Constructed as part of A47 junction improvement schemes  
 PROPOSED SHARED USE PEDESTRIAN / CYCLE ROUTE:  
Total length of route (including side streets) from A47 / Higham Lane junction improvement scheme to A47 / Eastboro Way junction improvement scheme □ 1.14km.

**DRAFT**

PROJECT: <b>A47 Hinckley Road Corridor</b>			
DRAWING TITLE: <b>Section 278 Highway Works A47 Hinckley Road Proposed NMU Route</b>			
DRAWN: DB	CHECKED: MS	DATE: Jun 2017	SCALE: 1:2000 at A1

CLIENT: <b>Client</b>
 highway infrastructure specialists Oxford Place, 61 Oxford St, Manchester, M1 6EQ t: 0161 228 1008 e: manchester@vectos.co.uk
DRAWING NUMBER: <b>VD17576/P-004</b>

### CIF Panel Comments

#### A46 Stanks Island and Birmingham Road Improvement Scheme

In considering the CIF bid, the Panel made the following comments:

- As the scheme had already been considered and previously added to the Capital Programme the Panel focussed on the additional funding element and financial viability.
- Scheme costs have increased by a net figure of £0.700m, with the dominant movements being an increase in construction cost which emerged during tendering, partially offset by a decrease in utility costs as a result of pre-tender redesign. In addition, scheme delays have led to the withdrawal of £0.400m Highways England funding in support of cycle schemes. These two impacts are presented in combination in the request for £1.100m extra WCC funding.
- The scheme funding package is still dependent on the allocation of £4.100m from the CWLEP, and this funding may be withdrawn as the original award letter is clear that this should all be spent by the end of 2017/18 and that slippage between years is not permitted. The Panel therefore recommends that Cabinet only approve the extra funding if it is satisfied that the CWLEP is prepared to change the allocation of its funding to suit the latest project timescales i.e. into 2019/20. The CWLEP's decision is expected to be confirmed by the date of Cabinet. If the CWLEP does not agree to make its funding available on the new timescale then the project would need to consider its funding options, which may include a fresh bid to the CIF for a much larger figure.
- The Panel recognised that as a Highways Authority it is the Council's responsibility and strategic objective to ensure that adequate infrastructure exists to support economic and housing growth and were satisfied that the proposed scheme connected into Warwick District Council's Local Plan and would help deliver growth as well as community benefits.

### CIF Panel Comments

#### A47 Hinckley Road Corridor Scheme

In considering the CIF bid, the panel made the following comments:

- The Panel noted that consultation was still required with some key stakeholders, including the local community. Furthermore, the scheme is largely based upon the Borough Council's draft Local Plan, which in itself is still undergoing consultation and therefore subject to change.
- The Panel noted a significant risk regarding the Council's ability to deliver the scheme in time for the DfT's funding deadline of 31<sup>st</sup> March 2020. The DfT conditions allow for a (discretionary) clawback of funding if this deadline is not achieved, which could leave WCC forced to fill a funding gap if the scheme suffers delays. The project will require careful management to ensure no delays are encountered that compromise the DfT's funding.
- The scheme has four major components: a) works to the A47 Higham Lane junction (£0.728m), b) works to the A47/A425 Eastboro Way (£1.938m), c) demolition of the bridge over the unused railway line to the west of the Higham Lane junction (£0.290m), and d) construction of cycle facilities along the A47 off-carriageway (£0.529m). In financial terms, the DfT funding covers parts a) and b) while the proposed WCC and Highways England funding (£0.050m) covers parts c) and d). Parts a) and b) were included in an Economic Benefit analysis which suggests a good benefit/cost ratio of 2.4.
- Justification for the bridge works was to reduce the risk of high vehicle strikes and the Panel accepted that disruption could be minimised by undertaking the bridge works at the same time as the other works in the area.
- The Panel recognised the general case for creating and improving cycleway infrastructure whenever road schemes are being designed.

**CIF Panel Comments**

**Small Capital Grants Scheme**

In considering the CIF bid, the panel made the following comments:

- The bid acknowledges the need for substantial legal advice, not least in the area of State Aid, and the Panel agreed that this should be undertaken as early as possible to confirm the status of the scheme.
- The Panel noted that performance of the scheme to date had exceeded expectations; more jobs were created than anticipated, for example, and the input ratio of private sector funding was higher than expected. A number of positive case studies were also included with the bid.
- The Panel noted that whilst the geographical distribution of grants across the county seemed to be uneven, this reflects historical distribution of demand for the grants, which may be caused by a number of factors including the availability of other funding schemes in different parts of the county and the degree to which the lower tier council encourages the scheme locally.