

Cabinet

7 March 2019

Capital Investment Fund 2018/19 Quarter 4 Report

Recommendations

Cabinet is recommended to

- 1) Approve the allocation of £0.280m from the Capital Investment Fund to fund the adaptation of ten existing Children's Centres to Children and Family Centres and addition of the scheme to the Capital Programme at this value.
- 2) Approve the conditional allocation of £1.601m from the Capital Investment Fund to fund the current design of the Temple Hill/Lutterworth Road, Wolvey Casualty Reduction Scheme development and addition of the scheme to the capital programme at a total cost of £1.635m, with the remaining funding coming from Cllr Warwick's 2019/20 delegated budget. The allocation is conditional upon the outcomes of the consultation process and if this leads to cost increase or significant redesign a new Capital Investment Fund bid must be submitted and approved at the earliest opportunity, with the scheme halted until this is complete.
- 3) Approve the allocation of £0.526m from the Capital Investment Fund to fund the purchase of replacement waste handling and compaction equipment at Household Waste and Recycling Centres (HWRCs) and addition of the scheme to the capital programme at a total cost of £0.726m, with remaining funding to come from the 2018/19 and 2019/20 HWRC maintenance programmes (£0.160m) and capital receipts from selling the equipment being replaced (£0.040m). The allocation is conditional on the outcome of a full leasing appraisal when costs are known with certainty to identify the approach offering the best value for money for the Council.

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 budgets on February 6th 2018 and February 7th 2019, and approvals through the 2017/28 and 2018/19 financial years, the CIF now has £60.652 million to be allocated in 2019/20; this figure will be reduced to £57.415 million if Council approve the allocation to purchase Land at Crick Lane, Rugby, later this month.
- 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 Casualty Reduction scheme. Approximately £39.000 million of the remaining CIF balance is expected to be allocated to these “priority” schemes as and when their business cases are completed and assessed.
- 1.4. Agreeing to the recommendations of this report would reduce the remaining available CIF funding to £55.008m.

2. Description of the Schemes

Adaptations to Children's Centres

- 2.1. The CIF Panel has considered a bid to convert ten existing Children's Centres into Children and Family Centres as agreed by Cabinet and Council in November 2017: Atherstone, Boughton Leigh, Camp Hill, Kingsway, Lighthorne Heath, Lillington, Long Lawford, Stratford, St Michael's, and Stockingford. The works are needed to cater for the expanded age range of the centres, enable greater flexibility for WCC and partner agency staff, and provide better IT services. The bid anticipates completing these works in time for the agreed new strategy's deadline of October 2019 and the total cost of the works across all the sites is estimated to be £0.280m.

Temple Hill/Lutterworth Road, Wolvey – Casualty Reduction Scheme

- 2.2. The Panel has also considered a bid to in relation to a Casualty Reduction scheme at Temple Hill/Lutterworth Road, Wolvey. This is the fourth most problematic junction in Warwickshire as measured in Personal Injury Collisions over the last five years. The scheme involves replacing an existing crossroads with a roundabout. The bid is for £1.601m CIF funding together with £0.034m from Cllr Warwick's 2019/20 delegated budget.

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

Replacement Equipment at Household Waste Recycling Centres

- 2.3. The Panel has also considered a bid for £0.526m in relation to the purchase of replacement waste handling and compaction equipment at four Household Waste Recycling Centres (HWRCs). This would replace existing equipment which is seven years old. The total cost of the scheme is estimated at £0.726m, with £0.160m transferring from the 2018/19 and 2019/20 HWRC maintenance allocations and capital receipts of £0.040m from selling the old equipment making up the full funding package.

3. Evaluation by the Panel

Adaptations to Children's Centres Scheme

- 3.1. The Panel scored the scheme at 63.9/100. The scores awarded in each section were:

- Fit to the organisation's strategic objectives: 13.2/15
- Financial viability: 12.6/30
- Asset enhancement (Service Delivery Need): 29.7/45
- Political, social and environmental impact: 8.4/10

- 3.2. The Panel's full comments are summarised in **Appendix B**. Despite a concern about the deliverability of the scheme in the time and cost envelope proposed, the Panel recognises that the scheme delivers vital elements of the Council's Strategy to reshape its services for Children and Families and so recommends that Cabinet approves the allocation of £0.280m CIF funding to the scheme. To mitigate the financial risk, Corporate Board have identified a small contingency within the unallocated CIF which will not be available to other bids until this scheme is completed, though the Service will have to

submit a further CIF bid and return to Members for approval in order to access the extra funding.

Temple Hill/Lutterworth Road, Wolvey – Casualty Reduction Scheme

3.3. The Panel scored the scheme at 71.8/100. The scores awarded in each section were:

- Fit to the organisation’s strategic objectives: 12.0/15
- Financial viability: 21.6/30
- Asset enhancement (Community Wellbeing and Capacity): 30.6/45
- Political, social and environmental impact: 7.6/10

3.4. The Panel’s full comments are summarised in **Appendix C**. The Panel noted that this is a relatively expensive scheme of this nature (as a result of the configuration of utilities at the site) and that it therefore takes up 38% of the remaining notional allocation within the CIF for Casualty Reduction schemes. However, estimates of the potential benefit:cost ratios that could be delivered at the three sites with more Personal Injury Collisions indicate that the scheme in Wolvey provides the best return on investment of all four sites. The Panel therefore recommends that Cabinet approve the allocation, on the condition that the consultation process does not lead to significant change in the scheme design or increased cost.

Replacement Equipment at Household Waste Recycling Centres

3.5. The Panel scored the scheme at 69.4/100. The scores awarded in each section were:

- Fit to the organisation’s strategic objectives: 12.0/15
- Financial viability: 24.0/30
- Asset enhancement (Economic Growth): 24.8/45
- Political, social and environmental impact: 8.6/10

3.6. The Panel’s full comments are summarised in **Appendix D**. The Panel recognised that whilst more evidence could have been supplied to support the bid, the low complexity of the scheme reduces the overall risk. The funding from the capital receipt is not secure but is lower than the contingency in the cost figure; should any funding gap emerge this should be met from either the remainder of the HWRC maintenance allocation or the Environment Services’ revenue budget. The Panel recommends that Cabinet approve the funding of the scheme, on the condition that a full leasing appraisal is carried out when

there is sufficient cost certainty to determine how to achieve the best value for money.

4. Background Papers

None

Appendices

Appendix A – Temple Hill/Lutterworth Road, Wolvey Casualty Reduction Scheme Layout

Appendix B - CIF Panel comments: Adaptations to Children’s Centres

Appendix C - CIF Panel comments: Temple Hill/Lutterworth Road, Wolvey Casualty Reduction Scheme

Appendix D - CIF Panel comments: Replacement Equipment at Household Waste Recycling Centres

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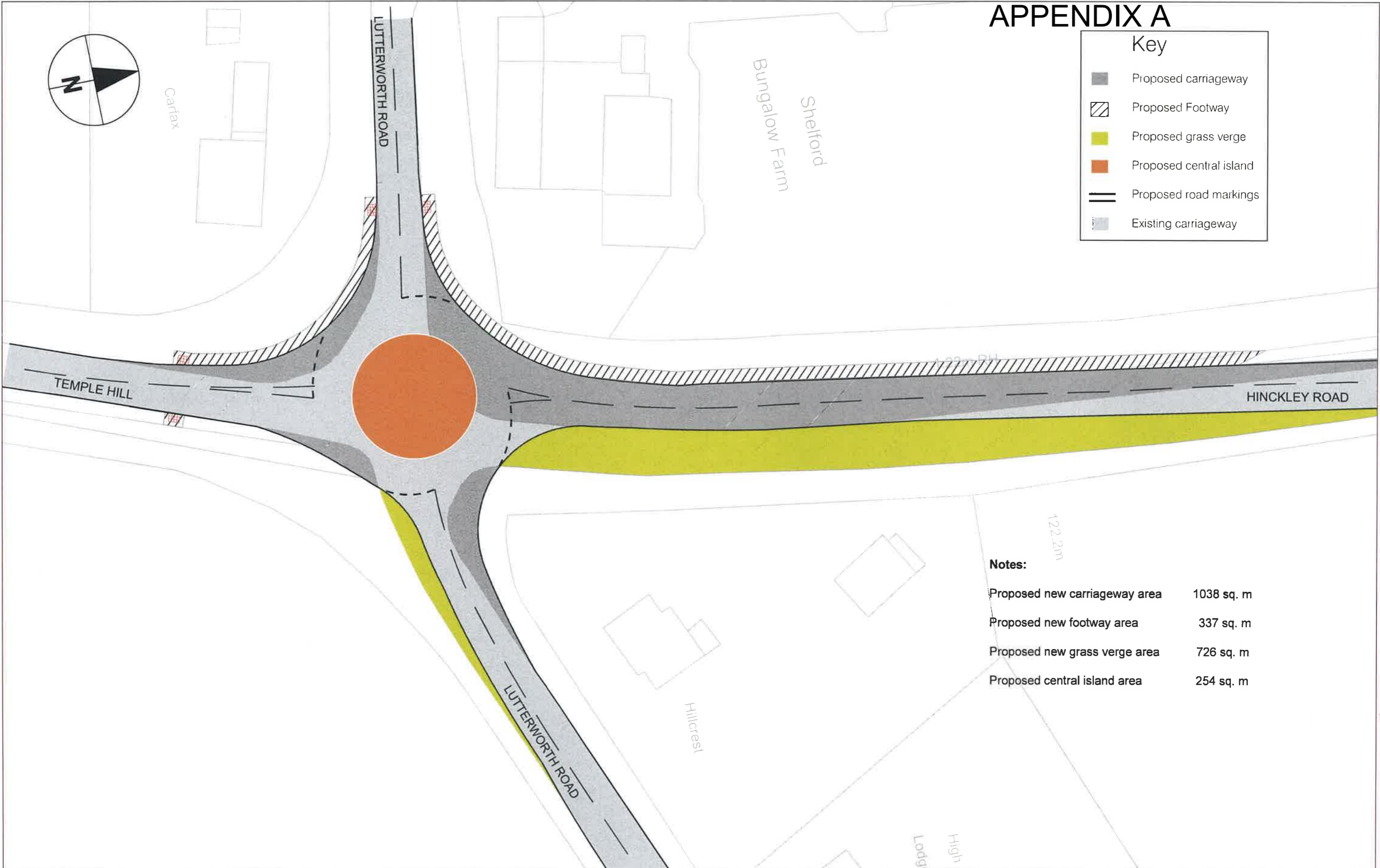
This report was circulated to the following elected members prior to publication

Councillors O’Rourke, Butlin, Boad, Timms, Roodhouse, Chilvers, Chattaway and Singh Birdi

APPENDIX A

Key

-  Proposed carriageway
-  Proposed Footway
-  Proposed grass verge
-  Proposed central island
-  Proposed road markings
-  Existing carriageway



Notes:

Proposed new carriageway area	1038 sq. m
Proposed new footway area	337 sq. m
Proposed new grass verge area	726 sq. m
Proposed central island area	254 sq. m



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NOTES

H:\RSEngineering\Haresh Kumar\Temple Hill Roundabout\Temple Hill Proposed1.dwg
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REV	DATE	BY	CHK	AMENDMENT
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Drawing title
**B4109 - Temple Hill/
Lutterworth Road
Feasibility Study
Roundabout Option**

Project title
Temple Hill/Lutterworth Rd Jn

Drawn by HK	Checked by 
Date	
Scale 1:500 @ A3_L	
Drawing number TP/10709	

CIF Panel Comments

Children's Centre Adaptation Works

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

- The Panel recognised that the works proposed in the bid were directly required to deliver the Council's 2017 decisions about the new Children and Families strategy; hence the bid scored well in the assessment framework sections which relate to the strategic fit and political impact of the scheme.
- However the Panel was less satisfied with the detail provided about the works themselves and so scored the bid relatively poorly in the other two sections. In particular, the Panel had concerns about the deliverability of the schemes within the cost and time envelopes proposed. The bid costs include a total of 13% cost contingency, but given that the schemes are individually at early design stage, a total figure of 40% (based on advice from a Council property advisor) may be more appropriate. To mitigate this risk, Corporate Board has decided to identify an amount, equal to the missing 27% contingency, within the unallocated CIF that will be held for this scheme until its completion. These funds may only be accessed by the Service after assessment of a future CIF bid and approval by Members; any costs above the total of the allocation requested in this paper plus the additional contingency would fall to the Children and Families Service's revenue budget.
- The score was also lower than it could have been because there was no option appraisal or usage forecasts presented for the works proposed that showed that the specific works were the right option for the Council to take.
- The Panel also felt that the risk log provided was insufficiently detailed for a programme of fragmented works across multiple sites and would need substantial further development as the delivery of the schemes progressed.
- The Panel noted that the only revenue costs described as a result of the works relate to ICT provision; the Panel assumes therefore that the property costs are covered off in the financial arrangements approved in the 2017 Cabinet paper. If this is incorrect then the lack of information provided suggests any increased revenue costs would fall to the Children and Families Service.

CIF Panel Comments

Temple Hill/ Lutterworth Road, Wolvey Casualty Reduction Scheme development

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

- At a £1.601m call on the CIF, this is a relatively expensive Casualty Reduction Scheme. The high costs result from the configuration of utilities at the site and the Panel accepted the cost estimate (which includes uplifted contingency amounts for the utilities in light of the specific complexity) was realistic. Upon request, the bidders produced benefit: cost ratios for this scheme and those planned at the three sites with more Personal Injury Collisions, which indicates that this scheme presents the highest potential return on investment.
- The Panel also noted that the scheme has not yet been to consultation; while this is programmed in for the April 2019, the Panel felt there was a risk of cost inflation as a result, and so recommend that Cabinet approve the scheme on the condition that significant redesign or increased costs do not come about as a result of the consultation.
- Much of the evidence provided within the bid related to journey times and speeds. Whilst the Panel recognised that this analysis was necessary to check that the proposed redesign of the junction would not have negative unforeseen consequences and to explain the option appraisal that had been undertaken, it was felt that the case for the specific design producing much lower rates of collisions was understated. Furthermore some of the stated expectations of improvements for the wider community were not evidenced.
- The bid suggests that the collision rate at the junction will be monitored after the proposed works are completed to check whether the target reduction is achieved. The Panel recognised the difficulties in separating the impact of this specific action from other contributing factors, but nonetheless welcomed the commitment to assessing the success of the project and learning from it after its completion.

CIF Panel Comments

Replacement equipment at four Household Waste Recycling Centres

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

- The scheme is relatively simple, purchasing four excavators for the largest HWRC sites.
- As such, the only substantial risk is in the cost of procuring the plant; the scheme includes a 10% contingency which the Panel felt was appropriate for the nature of the scheme.
- There was little evidence in the bid of genuine option appraisal, particularly when considering alternative service provision or service transformation within a Service which at an overall level has severe funding pressures. There was also only anecdotal evidence of breakdown levels and service impacts from the existing equipment. The Panel would have scored more highly, especially in the Asset Enhancement sections, had more evidence been provided to support the bid's claims.
- An option for leasing was mentioned in the bid, but it was stated that this had been estimated to be more expensive. However the Panel would expect to see further consideration of a leasing option as the procurement process concludes and recommends that Cabinet's approval of the allocation of CIF funding is conditional upon this process taking place and concluding that purchasing the assets offers the best value for money to the Council.
- £0.040m of the funding is expected to be provided by selling the existing equipment after it is replaced, under the Council's existing policy for equipment replacement. The Panel recognises that there is a risk in assuming this income will be achieved; however it is a small portion of the overall funding and less than the contingency figure on the costs. Should any funding gap emerge the Panel suggests that this should be met in the first place from the remainder of the HWRC maintenance allocation or from the Environment Services' revenue budget.