

Council

19 July 2016

Capital Growth Fund – A444 Coton Arches, Nuneaton and A46 Stanks Island, Warwick

Recommendations from Cabinet

That Council:

- 1) Supports the use of a maximum of £1.700 million of the Capital Growth Fund to deliver improvements to the A444 Coton Arches roundabout in Nuneaton, as part of an overall scheme costing £3.700 million.
- 2) Supports the use of a maximum of £2.594 million of the Capital Growth Fund to deliver signalisation and capacity improvements at the A46 Stanks Island in Warwick, as part of an overall scheme costing £6.000 million.
- 3) Agrees to the funding allocated being reduced on a £ for £ basis if alternative sources of funding become available.
- 4) Subject to the approval of recommendations 1) and 2) above, add the schemes to the capital programme.
- 5) Subject to the approval of recommendations 1) and 2) above, authorise the Strategic Director for Communities to invite tenders and enter into the appropriate contracts and grant agreements on terms and conditions acceptable to the Strategic Director for Resources for these schemes.

1. Purpose of the Report

- 1.1. As part of the 2014/15 budget Council approved a Capital Growth Fund of £38.355 million, for allocation over the 2014-18 period, to support economic growth. Allocations totalling £13.682 million have already been approved and a further £10.500 million has been redirected by Elected Members to meet

other capital spending priorities. This report makes recommendations to support a further two projects.

- 1.2. Following an evaluation against the criteria for the Fund agreed by Elected Members, Cabinet recommend bringing the proposals forward for approval. Section 2 of the report provides detail of the A444 Coton Arches improvements scheme and Section 3 on the A46 Stanks Island signalisation. Section 4 summarises the impact of approving the schemes on the remaining resources in the Capital Growth Fund.

2. A444 Coton Arches, Nuneaton

- 2.1. The A444 is the primary strategic route linking Nuneaton to the M6 and Coventry. The A444 Coton Arches improvements scheme has been developed to address congestion problems on the A444 and the local road network. The roundabout is at the junction of roads which provide the primary routes from the town centre and housing sites in north Nuneaton to employment opportunities at Bermuda Park and Coventry, whilst also providing access to Bermuda Parkway station. The scheme is a key element of the overall package of proposals for the A444 Corridor, one of the seven transport priorities within the Coventry and Warwickshire Local Enterprise Partnership's Strategic Economic Plan.
- 2.2. The total cost of the scheme is £3.700 million, including a contribution of £1.700 million from the Capital Growth Fund. The overall scheme includes a £0.433 million contingency.
- 2.3. The proposal is strongly aligned to the Council's core priorities. Both One Organisation Plan priority outcomes and the criteria for Capital Growth Fund specifically reference communications and transport infrastructure in support of economic growth. Once completed the project should alleviate traffic congestion, improve road safety and support housing and employment proposals.
- 2.4. The business case clearly explains the benefits of improved access to existing and planned employment centres. The scheme alleviates problems caused by proposed housing growth north of Nuneaton, and employment growth south of Nuneaton, requiring improved transport infrastructure. It supports the premise that investment in infrastructure, aimed specifically at reducing congestion, improving road safety and improving accessibility, will drive economic growth and increase jobs and output.

- 2.5. The overall scheme requires £3.700 million of funding. £2.000 million funding has been secured from the CWLEP Growth Deal funding. With no other funding options available, an allocation from the Capital Growth Fund is required to avoid delaying or putting the scheme at risk, given the significant third party contributions.
- 2.6. The key economic benefits are:
- The scheme is designed to address existing congestion problems by reducing vehicle delays at key pinch points on the approach to and from Nuneaton town centre, and facilitate significant employment and housing growth.
 - Transport modelling shows that traffic congestion would limit future development unless this scheme is implemented.
 - The economic and financial return is estimated to be 7% of the calculated benefit of the Nuneaton and Bedworth Borough Council (NBBC) draft local plan; this gives a Net Present Value of £24.800 million from this scheme.
 - An additional £0.600 million gross value added is expected from the impact of the construction (21 FTE jobs added).
 - 5,887 FTE jobs are forecast to be created from the local plan – of which 412 FTE jobs are identified as attributable to this scheme (7%).
- 2.7. In summary the investment aims to:
- Develop local infrastructure in a way that is seen as beneficial locally
 - Support CWLEP, NBBC and County Council key priorities
 - Improve access to employment and housing development sites
 - Improve road safety and congestion.
 - Avoid putting match funding at risk.

3. A46 Stanks Island, Warwick

- 3.1. The A46/A425/A4177 Stanks Island signalisation and Birmingham Road improvement scheme is a key element of a number of transport strategies. The scheme is complementary to the housing and growth planned within Warwick District and the proposals for this section of the A46 to become a Highways England Expressway on the section between the M6/M69 and M40. It is part of the A46 Corridor that is also one of the seven transport priorities

within the Coventry and Warwickshire Local Enterprise Partnership's Strategic Economic Plan.

- 3.2. The total cost of the scheme is £6.000 million, including a contribution of £2.594 million from the Capital Growth Fund. The overall scheme includes a £0.472 million contingency. The scheme will require the acquisition of private land, possibly by the use of Compulsory Purchase Orders.
- 3.3. The proposal is strongly aligned to the Council's core priorities. The scheme directly supports the Council's priority of supporting Warwickshire communities by providing excellent communications and transport infrastructure and also the economic growth priority of providing residents with access to jobs. Once completed the project should improve access to existing and planned employment/housing sites and urban employment centres whilst also improving connectivity to rail and pedestrian facilities.
- 3.4. The proposal also fits with the CWLEP priorities and Warwick District Council (WDC) Infrastructure Delivery Plan and is complementary to the housing and growth planned within Warwick District as well as the wider A46 Corridor. A letter of support for the scheme has been received from both the Highways Agency and from Warwick District Council.
- 3.5. The main project aspirations of the project are to: improve access to a development site that has the potential to create housing and jobs; improve access to urban employment centres; ease congestion/bottlenecks and address serious safety concerns
- 3.6. Funding of £3.406 million has already been secured, made up of £3.100 million CWLEP Growth Deal Funding and £0.306 million Section 106 funding. Additionally, there is the possibility of up to £0.450 million funding from Highways England in 2017/18, however this is by no means secured. Any contribution from Highways England will be used to reduce the contribution required from the Capital Growth Fund.
- 3.7. The key features of the economic benefit are:
 - A clear focus on improving access, addressing congestion and road safety issues.
 - Time savings from journey times being improved. This is well detailed through traffic modelling analysis, recognising that the link between reduced journey times resulting in more output for the local economy is indirect.

- The scheme contributes towards the opening up of the Warwick area for housing and employment growth in line with the WDC Local Plan. Over a 15 year period, it is anticipated that the Local Plan as a whole will enable significant growth in housing and employment land and the creation of over 16,000 permanent jobs and almost 10,000 construction jobs. The problem of congestion in the A46 corridor is identified as a major barrier to the success of the WDC Local Plan and improvements to key junction such as Stanks island are vital to the schemes overall growth plans.
- There is a risk of relocation of jobs being created elsewhere if barriers to expansion for employers are not addressed.

3.8. Overall the investment aims to:

- Develop local infrastructure in a way that is seen as beneficial locally
- Support CWLEP key priorities
- Enable job creation and access to employment and housing
- Improve road safety and congestion.
- Avoid putting match funding at risk.

4. Impact on the Capital Growth Fund

- 4.1. After the budget was approved in February 2016 the Capital Growth Fund had £13.173 million remaining available for allocation over the 2014-18 Plan period. This has been supplemented by £1.000 million from the cancellation of part of the business loans and grants programme as the external matched funding was no longer available. If these allocations, totalling £4.294 million, are approved the balance in the Fund would fall to £9.879 million. Table 1 shows how the recommended allocations impact on the total amount available, whilst retaining a minimum of £5.0 million for allocation in any future year.
- 4.2. There are no unfunded running costs or liabilities for the County Council as a result of investing in these projects. Once the projects are complete the capital financing costs will be approximately £344,000 a year. Provision for this cost forms part of 2014-18 medium term financial plan.
- 4.3. In the event of any funding shortfall during the life of the project, this will be the subject of a further report to Elected Members. Funding will need to be identified from a reprioritisation of the existing capital programme or, if additional funding cannot be identified, by a further application to the Capital Growth Fund.

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
Original Funding Available	9.801	5.000	11.402	12.152		38.355
Less approved CGF allocations:						
• Superfast Broadband	-	-1.225	-2.615	-3.940		-7.780
• Municipal Bond Agency	-0.200	-	-	-		-0.200
• M40 Junction 12	-0.500	-	-	-		-0.500
• Bermuda Connectivity Project	-0.202	-3.000	-	-		-3.202
• Business Loans and Grants		-0.525	-1.275	-0.200		-2.000
Less redirection to Member priorities						
• LED Street Lighting	-	-2.000	-2.000	-		-4.000
• School Safety Zones	-	-1.250	-1.250	-		-2.500
• Highway Maintenance	-	-	-2.000	-2.000	-	-4.000
Less A444 Coton Arches		-	-0.100	-1.500	-0.100	-1.700
Less A46 Stanks Island		-	-	-2.594	-	-2.594
Reallocation of funding between years	-8.899	3.000	2.717	3.082	0.100	0.000
Remaining Fund Balance	0.000	0.000	4.879	5.000	0.000	9.879

5. Background Papers

The full business cases for the two schemes are available on request.

	Name	Contact Information
Report Author	Virginia Rennie	vrennie@warwickshire.gov.uk
Head of Service	John Betts	johnbetts@warwickshire.gov.uk
Strategic Director	David Carter	davidcarter@warwickshire.gov.uk
Portfolio Holder	Alan Cockburn	alancockburn@warwickshire.gov.uk

The report considered by Cabinet was circulated to the following members prior to circulation:

Local Members consulted

Coton Arches – Councillors Bill Oler, Caroline Phillips, June Tandy, Jeff Clarke
Stanks Island – Councillors Les Caborn, John Holland, Jenny St. John

Other Members:

Councillors Alan Cockburn, Matt Western, Phillip Morris-Jones, Neil Dirveiks, Nicola Davies, Peter Butlin, Philip Johnson, Joan Lea, Chris Clark, Sarah Boad