

Council

21 September 2017

A452 Europa Way Corridor Improvement Scheme: Growth Deal 3 Funding

Recommendation from Cabinet

That Council approves the addition of the A452 Europa Way Corridor Scheme to the capital programme at a cost of £18.890 million, fully funded from a £3.6 million allocation from Growth Deal 3 and £15.290 million from Section 106 agreements with developers.

1.0 Background

- 1.1 The A452 Europa Way Improvement Scheme consists of a programme of measures developed to accommodate the predicted increase in demand for travel within the corridor and to minimise the impacts of the growth on the transport network. The need for these measures was identified in the Strategic Transport Assessments (STA) that informed the transport evidence base for the submitted Warwick District Local Plan.
- 1.2 The A452 Europa Way corridor has experienced significant increases in traffic flows and journey delays over recent years and the STAs identified that congestion will intensify in response to housing and employment growth within the corridor and wider area. The draft Warwick District Local Plan includes an allocation of approximately 6,000 homes in the vicinity of Europa Way and the adopted Stratford-on-Avon Core Strategy includes an allocation of 3,500 homes at Gaydon Lighthorne Heath which will also impact on traffic flows in the corridor.
- 1.3 The programme of measures includes dualling Europa Way between the M40 and the Shires Retail Park roundabout, as well as junction improvements and measures to encourage sustainable travel within the corridor and wider network. The improvements will be brought forward through a combination of County Council led schemes and developer led S278 schemes.

Figure 1: Location Plan

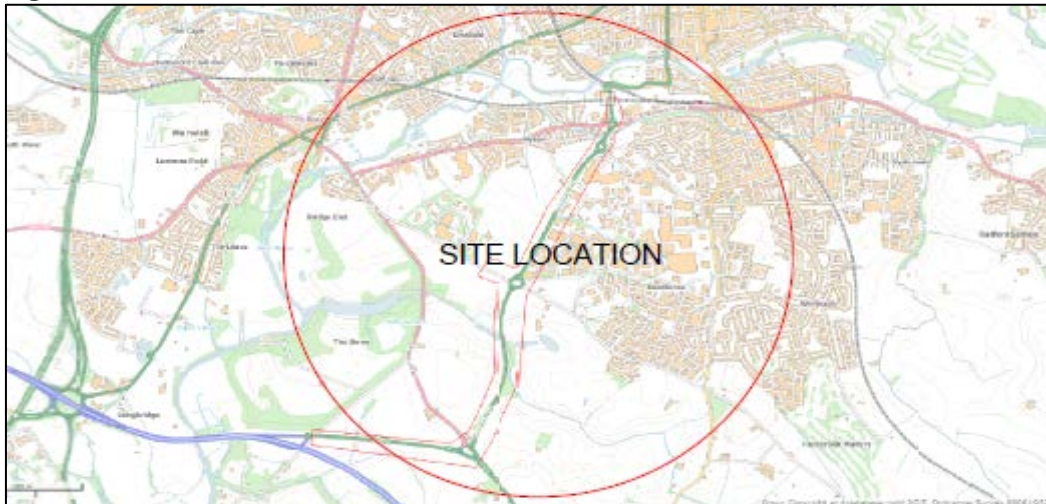
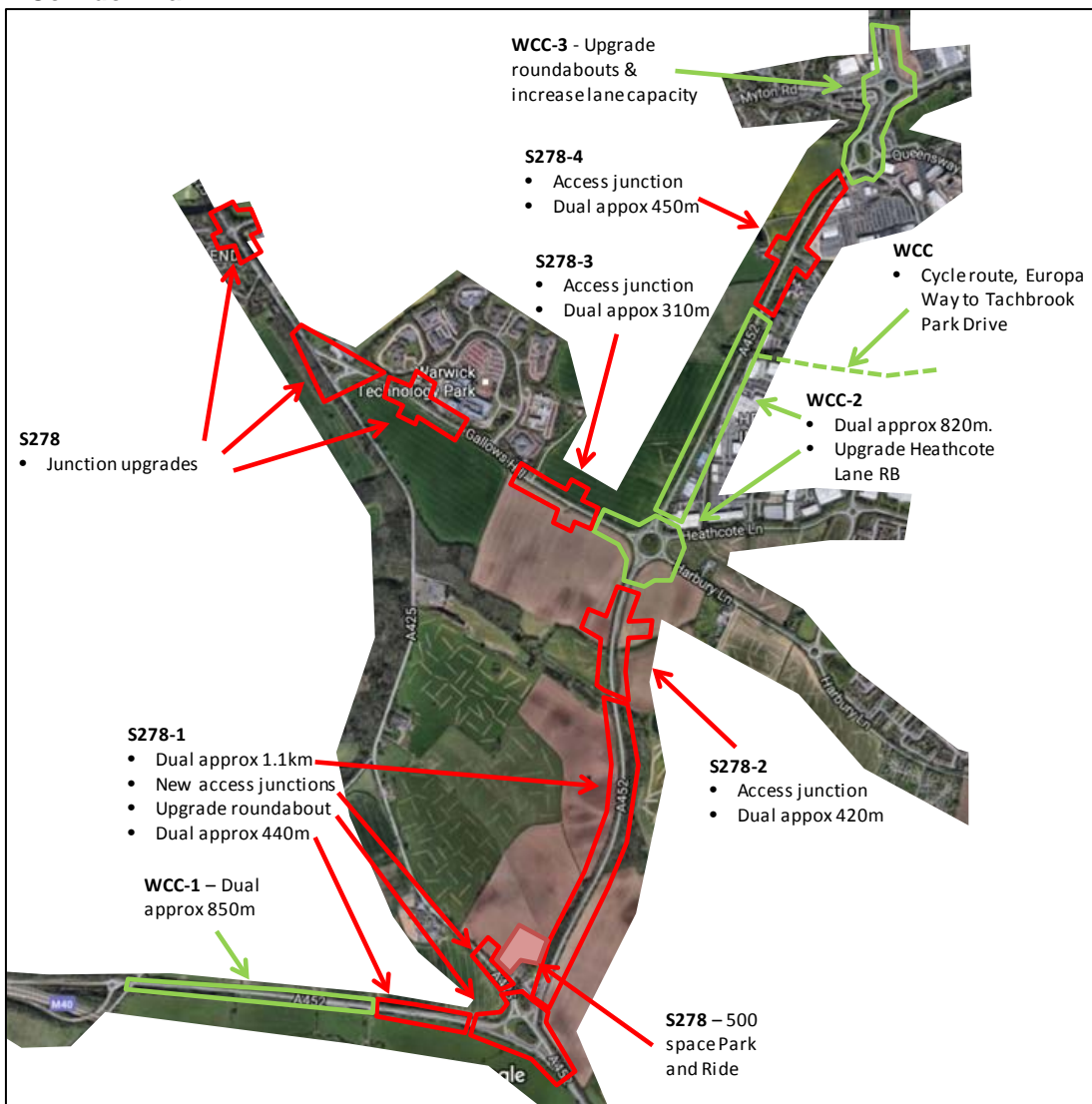


Figure 2: Corridor Plan



* Schemes coded WCC are to be delivered by the County Council, using S106 monies and Growth Deal 3 monies. Schemes coded S278 are developer led and funded.

1.4 The overall scheme has been assessed as having a benefit cost ratio of 13.11 and it will deliver the following benefits:

- Facilitate housing and employment growth.
- Overcome existing traffic capacity constraints on the corridor.
- Improve journey time reliability.
- Resolve traffic queue propagation from the A452 to the M40.
- Provide sustainable travel infrastructure that encourages modal shift.
- Provide health and leisure benefits to the wider population through the provision of sustainable travel infrastructure.
- Deliver streetscape and public realm improvements.

2.0 Financial implications

2.1 The main highway elements of the scheme have been estimated as costing £37.6 million. This figure excludes the provision of some of the planned sustainable transport infrastructure for which costs and sources of funding have yet to be established. The cost is made up of £18.9 million of County Council led schemes and £18.7 million of developer funded S278 schemes.

2.2 The following funding is available to the project:

- £3.6 million Growth Deal 3 funding from Coventry and Warwickshire Local Enterprise Partnership, subject to final confirmation.
- £15.29 million (index linked) from existing S106 agreements with developers for highways improvements. Approximately £0.73 million S106 contributions have been received to date with the remaining amount to be received gradually during the build out of the housing development sites.
- £18.7 million S278 developer contributions.

This provides the required funding of £37.6 million for the main highway elements of the scheme.

2.3 Up to an additional £4.5 million of S106 contributions is expected to become available to the scheme as further developments come forward through the planning process on land that has been allocated to housing in the submitted Warwick District Local Plan. This funding would be available to finance the additional sustainable transport infrastructure that has yet to be costed, with any remaining funding available for other highway and sustainable travel projects within Warwick and Leamington.

2.4 The scheme does not require a financial contribution from the Council. The timing of the delivery of the County Council led elements will rely on sufficient S106 funding having been received. The County Council elements can be constructed as three distinct schemes. Therefore, if a shortfall in S106 funding emerges, either due to cost escalation or S106 contributions falling short of expectations, it will be possible to delay delivery of one or more of these

elements. Alternatively, it is expected that there will be opportunities to bid for additional external funding during the project.

2.5 The Council has previously approved the addition of two schemes that form part of the overall Europa Way Improvement Scheme to the Capital Programme, subject to the applicable Section 278 Agreements being signed by the developer which will provide 100% of the funding. These are:

- A452 Europa Way (Lower Heathcote Farm). Provision of signal controlled junction and widening approximately 400m of Europa Way. Approximate cost £2.8m. Approved March 2017.
- A452 Europa Way / Olympus Avenue. Provision of signal controlled junction and widening approximately 450m of Europa Way. Approximate cost £3.5m. Approved July 2017.

2.6 The Growth Deal funding is time limited to March 2020. It is expected that the Council will not be able to carry out any construction on the network until 2019/20. The primary factors affecting this are:

- In order to minimise travel disruption it is likely that no more than one construction scheme will be permitted within the corridor at any given time.
- Developer led S278 schemes that are conditioned to be delivered ahead of house building are expected to be prioritised over the Council led schemes.

2.7 It is anticipated that the first three developer led schemes will be delivered consecutively between October 2017 and spring 2019, leaving a narrow window for the Council to deliver a scheme and spend the Growth Deal 3 funding ahead of the March 2020 deadline. Any significant delay to these three schemes, or pressure from other developers for access to the network could prevent the Council from delivering a scheme within the Growth Deal funding period. The project team will continue to monitor the work programme and work with the developers and District Council to ensure the County is able to deliver a scheme within the Growth Deal 3 funding period. The project team will also ensure that the Council led schemes are fully designed and shovel ready to enable a scheme to be delivered at an earlier stage should a gap in the construction programme become available.

2.8 The financial risks outlined above will be reviewed regularly as part of the overall approach to risk management of the project.

3.0 Options and Proposals

3.1 The £3.6 million Growth Deal funding has been allocated to the Europa Way Improvement Scheme. If the Council does not enter into the funding agreement the money will not be available for this scheme.

3.2 The majority of S106 funding could be allocated to alternative highway or sustainable transport schemes within Leamington Spa or Warwick, but only if

the scheme can be shown to be necessary, reasonable and directly relatable to the development providing the funding. Furthermore, modelling has demonstrated that the improvements are necessary to prevent significant additional congestion and delay on the Europa Way corridor.

3.3 Work is being carried out to establish the optimum order for delivering the County Council led measures. Initial work suggests that upgrading the Myton Road and Shires Retail Park Roundabouts should be the initial priority. This work is estimated at £3.8 million.

3.4 The remaining Council led schemes are:

- Europa Way from just south of Olympus Avenue to Heathcote Lane roundabout. Dual approx. 820 metres, provide toucan crossing and upgrade Heathcote Lane roundabout. Estimated cost; £7.5 million.
- M40 spur. Dual approx. 850 metres from approx. 450 metres west of Banbury Road to the M40. Estimated cost; £7.6 million.
- Additional sustainable transport provision including cycling and walking infrastructure.

3.5 The Europa Way Corridor Improvement Scheme is a large and complex project and it is recognised that the construction programme, funding and risks will need to be closely and carefully managed. The project will be managed using PRINCE2 methodology and the Council's standard processes for managing major transport schemes, building on the experience and knowledge of delivering other large scale projects such as M40 J12 and Kenilworth Station. A Project Manager has been appointed to manage the project delivery and will be supported by a cross function project team. A Project Board has been established to oversee the programme and consists of senior managers from Transport and Economy, the Cabinet Portfolio Holder for Transport Planning and senior officers from Warwick District. The Project Board will report to the Council's Major Schemes Board.

4.0 Timescales associated with the decision and next steps

4.1 The overall programme is anticipated to take a minimum of six years to deliver. Construction is expected to commence in October 2017 with the first S278 developer funded scheme. Two further S278 schemes are expected to follow consecutively with completion due in spring 2019. It is anticipated that the first Council led scheme will be constructed during 2019/20 with further S278 developer led and County Council led schemes to follow. Subject to the overall scheme being added to the Capital Programme, the Council will carry out the detailed design on the remaining Council led schemes to enable delivery at the earliest possible opportunity.

5.0 Cabinet Consideration

Cabinet agreed the proposals at its meeting on 7 September and, subject to the Council's approval of the addition of the scheme to the capital programme (as set out in the recommendation above) has agreed that the Council enter into a funding agreement with Coventry and Warwickshire LEP to finalise and secure the £3.6m Growth Deal 3 funding allocation towards the scheme on terms and conditions acceptable to the Joint Managing Directors.

Background papers

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The report was circulated to the following members prior to publication of the report for Cabinet:

Local Member(s): Councillors Parminder Singh Birdi and Les Caborn

Other members: Councillors Jeff Clarke, Alan Cockburn, Dave Shilton, Jenny Fradgley, John Horner and Matt Western.