

Cabinet

28 January 2021

Capital Investment Fund 2020/21 Q4

Recommendations

That Cabinet:

- 1) Approve £0.800 million from the Capital Investment Fund to increase the existing budget for the Lawford Road/Addison Road, Rugby Casualty Reduction Scheme and add to the Capital Programme;
- 2) Approve £0.409 million from the Capital Investment Fund for the contribution to HS2 Ltd to enable future adoption as public highway of the Southern Accommodation Bridge at Stoneleigh Business Park and add to the Capital Programme;
- 3) Approve £1.366 million from the Capital Investment Fund to contribute towards electric charging infrastructure for buses in partnership with Coventry City Council and Transport for West Midlands and add to the capital programme, conditional on the full business case being approved by Department for Transport;
- 4) Approve £3.855 million from the Capital Investment Fund to increase the existing budget required for renovation work at the new SEND school in Nuneaton (Warwickshire Academy) and recommend to Council as part of the 2021-22 capital budget resolution to add to the Capital Programme, and;
- 5) Authorise the Strategic Director for Communities to procure and enter into any agreements to give effect to the proposals on terms and conditions acceptable to the Strategic Director for Resources.

1. Purpose of this report and context

Capital Investment Fund (CIF) Overview

- 1.1. Under existing capital approval rules agreed by Members, all CIF allocations and subsequent additions to the capital programme require approval by Cabinet (and Council if the cost of the scheme exceeds £2 million), unless an

urgent decision is required which can be taken by the Leader under delegated powers.

- 1.2. Services were invited to submit detailed bids to the CIF for evaluation by the Fund's Technical Panel. The Panel, consisting of experts from Finance, Legal, Property, Project Management Office and Directorate Service Teams evaluate and score each individual bid out of 100 based on the bid's strengths in each of the following key areas:
 - Delivery of the Council's Strategic Objectives;
 - Alignment with the investment criteria of the capital strategy;
 - Achievability, quality of evidence base, rational evaluation and challenge of options, financial viability and risk; and
 - Sustainability, climate change and environmental impact.
- 1.3. £24.900 million per annum has been added to the 2020-25 Medium Term Financial Strategy for the CIF. The estimated drawdown from the CIF for these proposals can be accommodated within this CIF budget allocation. Detailed expenditure profiles will be spread over multiple years and does not exhaust the available CIF funding in any given year.

2. Description of the Schemes and Analysis

2.1. *Lawford Road/ Addison Road, Rugby Casualty Reduction scheme (Additional Funding)*

Description

The junction of the A428 Lawford Road and Addison Road is an existing mini roundabout within an urban 30 mph speed limit. The project aims to deal with a long-standing cluster of traffic collisions resulting in personal injury (PIC). The project consists of the replacement of the existing mini roundabout with the construction of a compact roundabout along with the installation of a signalised toucan crossing. The junction of A428 Lawford Road and Addison Road is a location that has repeatedly ranked highly on the County's annually produced list of identified cluster sites. There were 18 casualties experienced at the location. Data shows that in the period between 1st January 2015 and the 20th October 2020 there has been 13 incidents with 16 casualties.

This bid application will form part of the shortfall in the overall funding package with funding already secured via the Capital Investment Fund as well as Delegated Budget funds. The monies from this application will fund the additional costs that have been identified during detailed design. These

additional costs are mainly as a result of additional utility diversion works required to construct the roundabout.

This location is seen as a priority for engineering intervention due to the high amount of personal injury collisions and the common trend of failure to give way type collisions at the location. It is one of the worst cluster sites within Warwickshire and consistently features towards the top within the annual cluster site list. The other locations within Warwickshire which experience higher collision numbers either have committed schemes to address the collision problem or a solution is not available for the location due to a lack of collision trend or engineering issues which are unable to be overcome.

With the scheme being on an arterial route into Rugby it will have significant benefit to all users of the road and the local residents living in close proximity to this location. With the volume of traffic that uses the A428, this scheme will dramatically lower the risk of being involved in a collision along the A428.

Technical Panel Findings

The Panel scored the bid as follows:

Delivery of the Strategic Objective (Out of 10)	8.0
Alignment with the investment criteria of the capital strategy (Out of 40)	32.0
Achievability, quality of evidence base, rational evaluation and challenge of options, financial viability and risk (Out of 40)	30.0
Sustainability, climate change and environmental impact (Out of 10)	5.8
Total Score	75.8

The following key points were raised by the Panel:

- The panel noted that this project has already been approved by members and is still fundamentally good value for money and has a strong rationale, irrespective of the cost increase. The project has significant support from members including the Deputy Leader who has committed part of his delegated area budget to cover the additional costs.
- These costs were not identified at inception of the project. This is recognised as a wider issue and possible solutions are being explored, including use of the capital feasibility fund in future before schemes become full capital projects.

- The team has applied for additional grant funding but are still waiting on outcome but should continue to pursue, with any grant secured used to repay the Capital Investment Fund on a £ for £ basis.
- The panel felt the contingency was low and could be exposed to further costs directly as a result of COVID-19. However, detailed exploration and design work has now been carried out which provides reassurance that cost escalation is low risk.
- Consideration should be given to environmental implications on construction such as how the contractor sources materials and how the contractor ensures works have minimum environmental impact.

2.2. **All Electric Bus Town – WCC Partnership Contribution**

Description

Department for Transport All Electric Bus Town Initiative:

As part of measures aimed at transforming bus services in England, the Department for Transport (DfT) invited local authorities to submit Expressions of Interest regarding a £50 million All Electric Bus Town initiative aiming to deliver the first all-electric bus town or city in England. This would involve upgrading the entire bus fleet operating in a place with full electric buses, or buses capable of operating in electric, zero-emission mode, supported by charging infrastructure. The place must have a recognised air quality problem, e.g. identified in the national assessment as exceeding statutory limits. The DfT will contribute up to 75% of the cost difference between a zero-emission bus and a standard conventional diesel bus, as well as up to 75% of the capital expenditure incurred for supporting electric charging infrastructure. There is an expectation that local authorities would provide complementary measures to boost modal shift to an all-electric bus fleet.

Coventry and Warwickshire Cross Boundary Proposal:

WCC Portfolio Holder approval was given in May 2020 for WCC to submit a partnership Expression of Interest with Coventry City Council and Transport for West Midlands focused on improving the bus fleet in Coventry, which would include cross-boundary services running into Warwickshire. A total of 325 buses would be replaced with an all-electric specification with bus operators contributing towards the cost of upgrading their fleet and providing support charging infrastructure at their bus depots and in Coventry at a total projected cost of £125.3 million with the DfT providing a £49.9 million contribution.

The DfT contribution includes covering 75% of the cost for providing on-street charging infrastructure being provided on cross boundary routes within Warwickshire. Bus operators and Transport for West Midlands would be responsible for securing the funding required to meet all other costs.

The DfT assessed 19 Expressions of Interest (EOIs) from local authorities across the country. Only two EOIs have been shortlisted to be taken forward to Phase 2 - development of a full business case, which must be submitted by end of February 2021. These were the Coventry and Warwickshire Cross Boundary proposal and a bid for Oxford. The DfT has provisionally confirmed that both schemes will receive the requested funding subject to approval of the full business case with the funding being discharged by the end of March 2021.

The Warwickshire Element:

The proposed all-electric cross boundary Coventry and Warwickshire bus services serve all primary towns in Warwickshire, i.e., Leamington Spa, Nuneaton, Warwick, Rugby, Bedworth, Stratford-upon-Avon, Kenilworth and Atherstone. The County Council would meet 25% of the costs of providing supporting on-street charging infrastructure at key bus focal points, e.g. enabling layover, on those cross-boundary routes in Warwickshire served by the all-electric buses. Whilst the charging infrastructure would initially support the cross-boundary electric bus services, it could be used in the future to support an expansion of electric buses to other routes in the area and form part of a hub serving even other forms of electric vehicles in future years, e.g. taxis, emergency vehicles and cycles.

Funding:

The total projected cost of the wider proposed scheme is £125.3million, of which, the contribution from bus operators is £70.3 million (56%), the contribution from the DfT is £49.9 million (40%) and a local contribution of £5.0 million (4%). The specific works required within Warwickshire towards providing on-street charging infrastructure in Warwickshire would require a WCC contribution of £1.4 million, plus £4.1 million as a contribution from DfT.

Technical Panel Findings

The Panel scored the bid as follows:

Delivery of the Strategic Objective (Out of 10)	8.6
Alignment with the investment criteria of the capital strategy (Out of 40)	32.0
Achievability, quality of evidence base, rational evaluation and challenge of options, financial viability and risk (Out of 40)	24.0
Sustainability, climate change and environmental impact (Out of 10)	8.0
Total Score	<u>72.6</u>

The following key points were raised by the Panel:

- The scheme benefits from working with partners who have experience of this type of investment and is a relatively small contribution from WCC to unlock substantial government funding that contributes towards WCC's response to the climate change emergency. The relatively small scale nature of the project can be seen as a stepping stone to wider schemes across the county.
- The panel identified, due to the early stage of this initiative, a number of uncertainties on costs and unknown factors such as work to the grid infrastructure, amount of electricity required and potential risk of additional funding required for electric buses contributions. There is a question over the incentive for bus companies to make such a large contribution when they have no legal requirement to convert to electric vehicles, this should be explored during further project discussions.
- The panel identified State Aid implications which will need to be addressed as the project progresses. Essentially if the scheme is only benefiting certain bus companies named in the bid then this could be an issue. The project needs to ensure it will benefit all bus companies and avoid distorting the market. State Aid rules may also change following the United Kingdom's exit from the European Union and the panel recommend that the service take in-house legal advice on this issue.
- The panel felt a reasonable approach would be for members to revisit whether the project is a good idea after the business case to Department for Transport is approved.

2.3. **Stoneleigh Business Park Southern Accommodation Bridge**

Description

This is an application for £0.409 million of Capital Investment Funding (CIF) to form part of the overall funding required to deliver an enhanced accommodation bridge over the trace of the High Speed 2 Rail Line (HS2) within the boundaries of Stoneleigh Business Park.

As part of its works within Stoneleigh Business Park, HS2 Ltd is committed to construct two accommodation bridges to mitigate the land severance caused by construction of the rail line through the Park.

WCC Transport Planning Unit has a proposal to construct a new strategic link road through Stoneleigh Business Park and adjacent land, connecting the B4113 Stoneleigh Road with the B4115 Ashow Road, C32 Birmingham Road and the A46 Stoneleigh junction. The new road will make use of legacy HS2 infrastructure within Stoneleigh Business Park, on the local highway network and the HS2 construction compound on land north of the Park.

The new road will address the long-standing issue of congestion through the village of Stoneleigh, protect the Grade II listed bridge over the River Sowe to the east of the village and facilitate economic expansion by improving connectivity to Stoneleigh Business Park itself, the University of Warwick, and allocated residential development at Kenilworth and King's Hill. It will enable active travel measures to be implemented and facilitate improved opportunities to better serve the area by public transport.

The proposal intends to make use of the southern HS2 accommodation bridge within Stoneleigh Business Park to deliver the link road but this is dependent on the bridge being constructed to an appropriate highway standard that is compliant with the Design Manual for Roads and Bridges and incorporates additional pedestrian and cycle infrastructure. In order to achieve this HS2 Ltd will be required to construct the bridge to a higher standard than originally planned and this will incur additional costs that are beyond the scope of HS2 budget.

Construction of the bridge to the required specification will future-proof the route of the proposed link road.

Overall, the project will;

- Capitalise on the impact of HS2 in Warwickshire through use of legacy infrastructure

- Deliver a significant cost-saving in construction of a bridge required to deliver the proposed link road
- Enable future delivery of a link road through Stoneleigh Business Park which will ease congestion in the village of Stoneleigh, improve the efficiency of the local road network and enable economic growth in the area.

Funding is therefore requested to cover the additional costs incurred in constructing the bridge to the higher standard required by WCC to facilitate delivery of the proposed link road.

Technical Panel Findings

The Panel scored the bid as follows:

Delivery of the Strategic Objective (Out of 10)	8.0
Alignment with the investment criteria of the capital strategy (Out of 40)	36.0
Achievability, quality of evidence base, rational evaluation and challenge of options, financial viability and risk (Out of 40)	30.0
Sustainability, climate change and environmental impact (Out of 10)	8.2
Total Score	<u>82.2</u>

The following key points were raised by the Panel:

- This is a very good opportunity to avoid significant capital costs in future as part of the wider link road scheme. A bridge of this nature would typically cost £12.0 million but WCC will gain access to the road course over the bridge for £0.4 million which demonstrates exceptional value for money.
- There is some slight uncertainty over future maintenance costs for the road course and the bridge, this will need to be clarified in any agreement with HS2.
- There is a lot of local and political support for the construction of the link road (which this bridge will ultimately form part of).
- There is a large time frame from acquisition of the bridge to the link road being constructed, this poses a risk that long timelines mean other factors result WCC being left with an inoperable asset for a significant period of time until the road is completed.

- The risk of cost escalation is mitigated due to a fixed fee agreement with HS2 Ltd, so WCC's contingency figure is negligible.

2.4. ***SEND School (Warwickshire Academy) - Additional Funding Requirements***

Description

The purchase of the former RNIB Centre in Ash Green (Nuneaton) was approved under a previous CIF bid in May 2019 and Warwickshire County Council (WCC) completed the purchase of the site on 12 December 2019 with a view to establishing the Warwickshire Academy. The site is comprised of five residential bungalows, administration (offices) building, hydrotherapy pool and school building designed to support people with physical and visual impairments.

The SEND & Inclusion Change Programme is the agreed response to the financial risk surrounding the service. Financially speaking, the most significant project in the change programme is the establishment of the Warwickshire Academy. This is expected to save £1.757m annual revenue savings (comprising £1.268m from DSG revenue costs each year and a further £0.489m from SEN transport).

The previous bid completed in May 2019 included capital funds totalling £0.500 million for refurbishment work to the school building. With a further approval in July 2020 for an additional £0.523 million contribution towards works. The works costs were estimated on early review of the facility and prior to the completion of the Condition Survey in August 2019.

However, the business case did not account for major adaptations to be made to the school as a result of changing the cohort from children with physical disabilities, to children who are physically able and have either social, emotional and mental health needs and/or autism spectrum disorder.

Several areas of repair work, internal adaptations, and cost of separation of services due to a change in use of the building, unforeseen at the time of the previous approval, has been identified. This requires a further allocation from the Capital Investment Fund of £3.855 million.

These works and repairs have been established from the perspective of the need to ensure that the teaching block facility is fit for purpose for the delivery of a school for SEMH students, along with associated parking, and recreational space. This involves a review of the design in the context of SEMH student's safety, and curriculum need. To include the separation of

services, meeting statutory compliance requirements, and ensuring that the boundary fencing meets the safety and security of the students.

Capital requirements for the separate multi-agency service that will be established on the remainder of the site; the administration building and bungalow cluster have not yet been agreed and these elements will remain WCC centralised assets. Any request for additional costs will be subject to evaluation and scrutiny through the Capital Investment Fund process.

Technical Panel Findings

The Panel scored the bid as follows:

Delivery of the Strategic Objective (Out of 10)	4.0
Alignment with the investment criteria of the capital strategy (Out of 40)	32.0
Achievability, quality of evidence base, rational evaluation and challenge of options, financial viability and risk (Out of 40)	22.0
Sustainability, climate change and environmental impact (Out of 10)	5.8
Total Score	<u>63.8</u>

The following key points were raised by the Panel:

- Changes in pupil cohort and a change in use of the building from the previous school have driven the increased costs. The budgeted cost of the site has increased from £11.663 million to £15.518 million. An assessment of the existing accommodation has recently been undertaken to determine any shortfalls against Department for Education guidance for SEND schools to ensure the existing buildings are suitable for the intended cohort. This assessment has identified key requirements to ensure the site can operate effectively and safely which are not factored into the current CIF budget, including:
 - o £1.541 million to cover a range of external works required to ensure the school can operate under a change of pupil cohort, including:
 - New sports pitch provision and a multi-use games area as required for this type of school.
 - The existing perimeter fencing has been identified as inappropriate in terms of both site security and safeguarding for the intended cohort of early learners and will require replacing.

- Given the high staff numbers required for this type of school and the fact most children attending the school will arrive by taxi there is a significant shortfall in required car parking and pick up and drop off area that will need to be provided.
 - £0.500 million for Internal Redesign works that have been highlighted as a requirement to enhance the day to day running of the school in line with the National Curriculum e.g. science room, food tech room and ICT.
 - £0.205 million for the hydrotherapy pool which has been the subject of a review post purchase of the site to ensure its compliance with the necessary regulations and be fit for purpose prior to passing over to a neighbouring school for their use. This has highlighted several matters for repair and renewal.
 - £1.014 million for other related costs, consisting of; design and professional fees (£0.727 million), surveys (£0.090 million) and pre-construction works (£0.197 million).
 - £0.481 million for contingency relating to the additional works and £0.114 million for optimism bias.
- Incorporating these additional costs into the financial evaluation means that the savings generated from the project pay for the initial investment by Year 12 for the school. Based on latest estimates the wider site will have fully recovered its costs by Year 23.
- The Panel noted that the site has been purchased and is to become operational from September 2021 in order to begin delivering savings in the DSG SEN budget. There are a number of risks around delivering within a tightening timeframe. A comprehensive risk register exists and includes mitigating actions but risks still remain high, however project governance and a project board exist to ensure this project remains on track.

3. Financial Implications

- 3.1. As part of the 2020/21 Budget Resolution approved by Council in February 2020, £24.900 million per annum was added to the 2020-25 Medium Term Financial Strategy for the CIF. The drawdown from the CIF for these schemes can be accommodated within the existing 2020/21 CIF budget allocation.

3.2. The available CIF balance available over the period of the 2020-25 Medium Term Financial Strategy currently sits at £81.974 million and is included in the current Capital Programme, the recommendations in this report result in a call on this pot of £6.430 million. Therefore, the remaining unallocated CIF balance is £75.544 million.

4. Environmental Implications

4.1. *All Electric Bus Town Initiative*

Government is developing ambitious plans to accelerate the decarbonisation of transport in order to deliver substantial emissions reduction needed across all modes of transport, putting us on a pathway to achieving carbon budgets and net zero emissions across every single mode of transport by 2050. In turn, the aspiration of WCC Council Plan 2025 is to mitigate our effect on climate change by the following:

- Embed climate change considerations into everything we do, making carbon reduction everyone's responsibility;
- Climate change will be considered as part of all council decision making including our capital investments and procurement processes.

The cross boundary AEBT scheme embodies the climate change aspirations and commitments put forward by the Government and the County Council.

Electric buses are much better for the environment and are more elegant than their diesel-powered counterparts producing less vibration, noise, substantially reduced emissions and lower operating costs. The cross-boundary AEBT scheme would contribute towards providing air quality improvement benefits to all 5 Borough and District areas in Warwickshire, including helping to tackle ongoing air quality issues that exist in a number of Air Quality Management Areas (AQMAs) across the county alongside other separate measures. In addition, the certain cross-boundary bus routes forming part of the AEBT scheme travel further afield into Leicestershire and Worcestershire, and thus, will provide air quality improvements benefits in these areas as well.

4.2. *Contribution to HS2 Ltd for Stoneleigh Bridge*

As a through route for large volumes of traffic, Stoneleigh village suffers negative environmental impacts, including an increase in noise pollution and a worsening of air quality in the local area. The high traffic flows also threaten the setting and resilience of the B4113 Grade II medieval bridge over the River Sowe. By reducing the traffic flow through the village, the link road scheme will improve air quality and reduce noise pollution for local residents.

The link road will also allow for a potential modal shift away from cars to more sustainable active travel modes and public transport which would reduce carbon emissions and contribute to the climate change objectives of both Warwickshire County Council and Warwick District Council. To enable this modal shift to take place the southern accommodation bridge within Stoneleigh Business Park must be built to an enhanced specification that includes dedicated pedestrian and cycle infrastructure. Without this, the potential to deliver the sustainability impacts of the proposed link road would be constrained.

4.3. ***A428 Lawford Road, Rugby Casualty Reduction Scheme***

By improving the junction design and reducing collision frequency, there will be a reduction in congestion at the site. This will lead to an improvement in air quality, through less queueing and fewer hold-ups, leading to a reduction in vehicle emissions per stretch of road. This will lead to further improvements in the well-being of local residents through improved air quality.

The introduction of the signalised toucan crossing will improve the crossing facilities for pedestrians and cyclists, offering improved access to Somers Road industrial estate for residents living north of the A428. The installation of this crossing will provide a crossing point at an existing cycle route and offer opportunity to improve cycle routes within this area. Transport planning group are exploring opportunities to create a cycle route from this new crossing point to Somers Road through New Bilton recreation ground. This will improve accessibility for local residents and encourage an uptake in walking and cycling reducing the reliance on motor vehicles.

4.4. ***SEND School (Warwickshire Academy) - Additional Funding***

The site and buildings were purchased in December 2019, with the facility constructed in 2011/12. The mechanical and electrical design along with the heating system is reflective of the design and the thermal properties of materials at the date of construction. The proposed works being completed for the facility do not include the review of the design of the heating system nor any changes to the pre-existing elements and components of the facility, unless Building Regulations direct the Designer to do so as part of the internal adaptation, or external works.

The planned external works and internal adaptations will be subject to current building control requirements, and will thus meet building regulations, and any conditions as directed by the local Planning Authority as part of the grant of planning consent for the external works.

The teaching block will become the responsibility of the Academy Trust in September 2021 who will be responsible for building into their programme of planned works over the lease period to improve and replace fittings and fabric of the facility with more efficient and effective components and design that will improve sustainability.

5. Background Papers

None

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This report was not circulated to members prior to publication.