

Cabinet

18 March 2021

A452/A46 Developer Improvement Works

Recommendation

That Cabinet recommends that Council:

Approves the use of Capital Investment Funding of up to £6.6m to forward funding road improvements on the A452/A46 interchange to enable the proposed development in the area, on the basis that any of the funding which is not spent on those improvements will be refunded to the Capital Investment Fund and any which is spent will be recovered from local developer(s) through Section 106 funding.

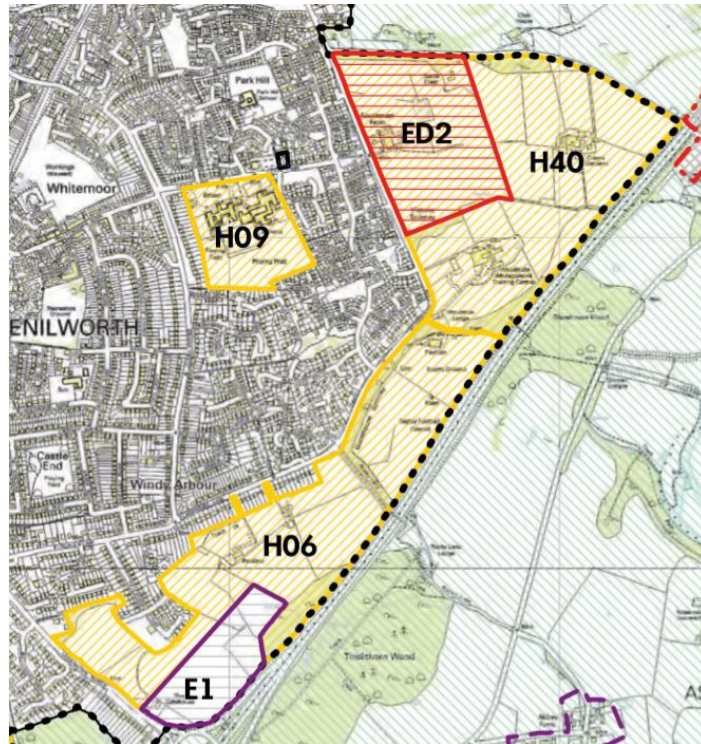
1.1 Executive Summary

- 1.2 The highway improvements at the A452/A46 interchange known as Thickthorn Roundabout are required to bring forward the housing developments to the east of Kenilworth. Discussions with the developers, Highways England and Warwick District Council have been on going regarding the best way to deliver the required works and the timing of delivery.
- 1.3 Highways England have required a planning condition on the first planning application that has come forward (Catesby development) requiring the improvements to the A452/A46 junction before the delivery of more than 150 homes. The works would connect the new housing site to the A452 and make improvements to the roundabout and slip roads to improve capacity and traffic flows at the junction. Initially the expectation was that Catesby would deliver these works through a Section 278 legal agreement with Warwickshire County Council as the Highway Authority, which effectively passes risk on delivery/cost to the developer.
- 1.4 It has been concluded it would be advantageous to all parties if the timing of the delivery of the improvements could be brought forward and controlled by the County so that the improvement works could be combined with the emerging Kenilworth to Leamington cycle scheme works. Delivering these works releases the ability of developers to bring forward housing and employment delivery in the area to meet Warwick District Council's Local Plan commitments.

- 1.5 This report seeks approval from Cabinet to undertake the delivery of the improvements at the A46/A452 Thickthorn roundabout in Kenilworth. This would be done by using up to £6.6m of Capital Investment Fund to deliver the works over the next two years (by end of 2023). The Capital Investment Fund would then be paid back over a longer timeframe as the S106 funding from the various developments is received.
- 1.6 It is important to recognise that it is not normal practice for Warwickshire to forward fund developer works and that it is only the opportunity to combine the works with the Kenilworth to Leamington cycle scheme works, with the additional benefits of better aligning the various schemes and the associated works, and minimising disruption to the local area that this brings, which has brought this forward.

2 Background and Key Issues

- 2.1 Warwick District's Local Plan 2011 – 2029 has identified a strategic extension to the east of Kenilworth, which seeks to deliver approximately 1,400 new homes, land for education purposes, 8 hectares of employment land, together with other supporting infrastructure. The strategic allocation is also the subject of a Development Brief, prepared by the District Council to guide the future development and ensure the sustainable urban extension is delivered in a comprehensive manner.
- 2.2 The strategic extension is comprised of four specific allocations in the local plan as follows:
- H06 – East of Kenilworth (Thickthorn) – for an estimated 760 dwellings
 - H40 – East of Kenilworth (Crewe Lane, Southcrest Farm and Woodside Training Centre) – for an estimated 640 dwellings
 - E1 – Land at Thickthorn, Kenilworth – 8 hectares, employment land B1 (business) and B2 (general industrial) uses
 - ED2 – Land at Southcrest Farm – education allocation.



2.3 The first application for this area was submitted to the District Council in 2018, by Catesby Estates Limited for the allocated site H40. The application is for demolition of existing farmhouse and agricultural buildings and outline planning permission for residential development of up to 640 dwellings (Use Class C3) and community hall (Use Class D1), including means of access into site (not internal roads) and associated works, with all other matters (relating to appearance, landscaping, scale and layout) reserved.

2.4 The indication layout of the proposal is shown below.



- 2.5 The Development Brief recognised that the new development on Land East of Kenilworth will generate additional travel demands and it is important to ensure that any significant impacts of additional vehicular traffic are mitigated. The County Council as the Highway Authority were consulted by the District Council and a response of no objection was sent to the District Council in December 2019, subject to conditions and Section 106 contributions. The Section 106 contributions were to cover a number of highway improvements that were set out in the Development Brief. One of the most significant is the Thickthorn Roundabout improvements. This comprises the provision of a signalised roundabout with widening of approaches to 3 lanes and potential for an arm at the roundabout to access the employment site (E1). It also includes infrastructure to connect the site with the Kenilworth to Leamington (K2L) cycle scheme.
- 2.6 Our response as Highway Authority requested that the developer provide a contribution of £8,413 per open market dwelling, towards schemes. This was proposed to be collected at various points in the development of the site. The contribution, totalling £3,129,636, was intended to be sufficient to pay for their proportion of the improvements needed to the Thickthorn Roundabout as well as other infrastructure works including further improvements to cycling provision. The contribution could, however, be used flexibly together with the contributions from the other development sites in the strategic allocation to bring forward improvements in the most advantageous and sustainable fashion.
- 2.7 However, this gradual approach was not supported by Highways England, who wanted to ensure that the improvements to the Thickthorn Roundabout were secured early in the development of the strategic allocation and specifically by the occupation of the 150th dwelling on the Catesby site. This is to ensure that the increased traffic as a result of the developments does not adversely affect the A46.
- 2.8 Warwick District Council's Planning Committee considered the Catesby application in June 2020, and it was approved subject to conditions and funding for off-site highway works. The Decision Notice proposed by Warwick District Council also includes conditions required by Highways England to ensure delivery of the Thickthorn Scheme by Catesby requiring that the works be completed before occupation of more than 150 homes. This was to ensure that the A46 Trunk Road continues to serve its purpose as part of a national system of routes for through traffic in accordance with Section 10(2) of the Highways Act 1980 and in the interests of road safety.
- 2.9 At first, it was thought that the section 106 would only fund £496,367 of sustainability improvements and that Catesby would be asked to pay for the Thickthorn scheme by way of a section 278 agreement. Catesby estimated the cost of the construction works to be circa £2.7m. However, in order to secure the flexibility which WCC wanted in the delivery of improvements and the use of funding, the view was reached that the funding for the Thickthorn scheme should also be obtained through the section 106 agreement.

- 2.10 The improvements to the Thickthorn scheme are currently estimated at between £3.3m and £6.6m. This is based on the initial feasibility work done by Catesby in 2015 and a more recent assessment by Warwickshire's Engineering Design Teams. The reason for the large variation in estimate is due to the lack of detailed design and uncertainty around the costs associated with utility diversions, detailed design costs to achieve technical approval with Highways England, construction inflation post Covid and construction contingency.
- 2.11 Negotiations with Catesby have yet to be concluded given the uncertainty around the delivery costs. Further work is being done to clarify this to ensure that the Catesby contribution as well as the contributions that will come forward from the other developments in the area contribute equally to covering the costs of the required infrastructure. A meeting is scheduled with the developer and Warwick District Council on the 16th March and a verbal update may be available for Cabinet. The costs to deliver the Thickthorn improvements are a significant proportion of anticipated funding from the strategic allocation and waiting for all the funding to be received will prevent delivery of the remaining Infrastructure Delivery Plan (IDP) schemes, identified at the time of the Local Plan, until much further into the development build out. The issue is that the sustainable schemes, Walking/Cycling and Public Transport will not be in place early in the life of the development and we will lose the ability to 'educate' and encourage residents to use other modes of travel.
- 2.12 The southern parcels of the Kenilworth East development will be coming forward over the next 2 years. As Highways England have identified the maximum level of development before Thickthorn is required to be completed as 150 dwellings, as above. This raises the potential issue that development of the southern parcels could be held up due to capacity issues at Thickthorn and hence lead to further delays in securing Section 106 contributions for the IDP schemes.
- 2.13 If Warwickshire County Council were to lead on the Thickthorn scheme, we would be able to balance the Section 106 contributions across the wider allocation and hence 'free up' funding for the remaining schemes in a timely manner. Key to this is ensuring that sufficient funding is recovered from developers and that the Thickthorn works do not absorb too much of the available Section 106. Officers are in negotiations with Catesby and with Warwick District Council about the estimates covering the total costs of all of the infrastructure requirements. Additionally, there is added benefits by incorporating the elements of the Kenilworth to Leamington Cycleway works due to be constructed over the next two years so that the Thickthorn cycleway links are constructed at the same time. Not only does this result in lessening the impact on traffic but may also deliver some economies of scale for the project.
- 2.14 Substantial S106 funding is expected both from the Catesby site but also from the other eastern developments. Although there may be some risks associated with the timing of these contributions, given the volume of available contributions and spread across different sites and developers it is

felt that the ability to pay back the CIF is low risk. The main risk is that the pay back is likely to be over a longer period of time potentially taking until 2028.

2.15 Summary of Benefits

- The key benefit of WCC delivering the scheme as opposed to the developer delivering the works is that the delivery can be timed to coincide with the delivery of the Kenilworth to Leamington Cycleway works due to be constructed over the next two years. This will enable us to ensure the design incorporates the K2L scheme and future proofs the roundabout for the eventual dualling of the A452 between Thickthorn and Bericote. It will also enable us to take advantage of any savings that might be gained by delivering the works through one contract.
- Bringing the scheme under the control of WCC would help to balance the section 106 contributions across the wider Local Plan allocations and hence 'free up' funding for the remaining schemes in a timely manner.

The scheme delivers the following wider benefits:

- Delivery of the Scheme itself will ease congestion from completion and will mitigate the severe traffic impacts that are predicted to occur by 2030 as the growth allocated in the Local Plan comes forward.
- The delivery of this scheme enables 1,400 dwellings, 8 hectares of new employment land and a new secondary school all of which are contained in WDC's Local Plan
- The site is also linked to the wider development in the area with an allocation for up to 1,800 new dwellings (with capacity for up to 4,000) at Kings Hill to the north, potential expansion at both the university of Warwick and Stoneleigh Business Park and the emerging proposals for the Gigafactory on the Coventry Airport site.

3 Options and Proposal

- 3.1 The proposed option is for Warwickshire County Council to deliver the works using funding from the Capital Investment Fund and for that funding to be paid back from Section 106 contributions from the housing developments in the area.
- 3.2 The alternative option is for the Catesby to deliver the road works through a S278 agreement with Catesby determining the timing of the delivery and the design of the scheme. This has disbenefit of potential delays in the delivery of the works which would hold up further development applications in the area but also misses the opportunity to incorporate the Kenilworth to Leamington Cycle scheme into the design and delivery of the works.

4 Financial Implications

- 4.1 Obtaining the delivery for the improvement works by way of section 106 contributions, rather than a section 278, means that WCC, rather than Catesby, takes the risk of a cost overrun. Although this risk will be mitigated through negotiations with the developer(s) to ensure sufficient funding is secured to support the delivery of the scheme a small risk remains that the Council may not recover all of the S106 required. In this instance, it is thought that the greater risk is justified by the benefits of greater control over delivery.
- 4.2 Given that this infrastructure is important to the wider area and to the ability to bring forward all of the development sites in the Local Plan it is an appropriate use of public sector funding to assist in pooling contributions and to take on some risk rather than load it all onto one developer or development.
- 4.3 As identified above the improvements to the Thickthorn scheme are currently estimated as being between £3.3m and £6.6m. These costs will be covered by the substantial S106 contributions expected between 2021 and 2028. The proposal is to deliver the improvements through a CIF bid; and for the S106 funding contributions to pay back the CIF by 2028. This is a longer period than desired as the current CIF allocation is to the end of 2023. To mitigate this there will need to be a commitment to utilise all of the section 106 funding received up to 2023 towards the payback of this scheme but there remains a risk, particularly as the actual cost of the delivery of the scheme is unknown at this point, that the CIF will not be fully refunded until after 2023 outside of the current CIF allocation.
- 4.4 **Capital Investment Fund Panel Review**
- 4.5 The Capital Investment Fund panel provided feedback on the use of Capital Investment Fund for the Thickthorn Roundabout works summarised as follows:
- Understandably there were concerns about the robustness of estimated costs given the lack of design work at this stage and the panel was welcoming of the significant contingency of £1.4m accounted for in the cost estimates.
 - The panel recommended removal of post scheme monitoring costs from the estimate as there is a question if these should be revenue funded.
 - Concerns were raised about increased costs potentially making some developments unviable and the risk of difficulty in collecting sufficient section 106 funding.
 - Concerns were raised about the profile of section 106 collection and how much would have to be collected outside of the current Capital Investment Fund allocation post 2023.
 - The panel noted that the timing of these contributions is dependent upon the housing trajectory within Warwick District which will be market-led and

questioned if sufficient development is allocated with the Local Panel to cover the costs of all of the required infrastructure.

- The panel pointed out that Highways England would be likely to require a similar condition on the remaining develop applications coming forward and that it should be acknowledged that by Warwickshire agreeing to forward fund the delivery it would stop any potential stalemate in housing delivery.

4.6 Other points of clarification were asked by the panel around the ability of the cycling scheme elements to release suppressed demand for cycling as well as questions on funding and the synergies with the Kenilworth to Leamington Cycle Scheme. These were responded to during the panel's deliberations.

5 Environmental Implications

5.1 By underwriting the delivery of the Thickthorn roundabout improvements this will ensure that the sustainable schemes, Walking/Cycling and Public Transport will be delivered early and ensure that the choice of mode for travel is available early in the development of the strategic allocations.

5.2 It will also ensure that the improvements are coordinated with the K2L scheme, which is also being progressed by the County Council.

5.3 As with any major road works, the scheme will be required to assess the environmental impacts and to make considerations for the ecology and landscaping within the design.

6 Timescales associated with the decision and next steps

6.1 Indicative timetable is as follows:

- Cabinet consideration 18th March 2021
- Full Council June or July 2021
- Early engagement with contractors Summer 2021
- Completion of detailed design – Winter/Spring 2021/22
- Tendering Summer 2022
- Construction (highly dependent on available road space and HS2 works) start Winter 2022 with completion in 2023.

7 Background papers

7.1 None

	Name	Contact Information
Report Author	Scott Tompkins	scotttompkins@warwickshire.gov.uk 07827986726

Assistant Director	Scott Tompkins	scotttompkins@warwickshire.gov.uk 07827986726
Strategic Director	Mark Ryder	markryder@warwickshire.gov.uk
Portfolio Holder	Jeff Clarke	jeffclarke@warwickshire.gov.uk

The report was not circulated to members prior to publication