

County Council

1 July 2021

A452/A46 Developer Improvement Works

Recommendation

That Council approve the use of Capital Investment Funding of up to £6.6m to forward fund 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.
- 1.3 Highways England have required a planning condition on the first planning application that has come forward (Catesby development) requiring the improvements to be made before the delivery of more than 150 homes. It would be willing to drop this condition if the County Council agrees to take responsibility for delivering the works in a timely manner.
- 1.4 It has been concluded it would be advantageous if the County Council took control of the works and forward funded them, instead of asking Catesby to carry out the works under a section 278 agreement. Cabinet considered a report on this matter on 18 March 2021 and made the recommendation now before Council.
- 1.5 It is not normal practice for the County Council to forward fund developer works and it does mean that the County Council takes the risk of a cost overrun. However, by giving the County Council control over timing it allows a better alignment of the works with other planned schemes and an earlier release of allocated development sites.

2 Background and Key Issues

- 2.1 Warwick District's Local Plan 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, and other supporting infrastructure.

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 up to 640 dwellings. The strategic extension will generate additional travel demands and this requires various mitigating schemes including the Thickthorn Roundabout improvements. These comprise a signalised roundabout with widening of approaches to 3 lanes and potential for an arm at the roundabout to access the allocated employment site. It also includes infrastructure to connect the site with the Kenilworth to Leamington (K2L) cycle scheme. The scheme will mitigate the severe traffic impacts that are otherwise predicted to occur by 2030 as growth comes forward and is also linked to wider development in the area including 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.

2.4 Highways England want to ensure that the improvements are secured by the occupation of the 150th dwelling on the Catesby site to ensure that the increased traffic does not adversely affect the A46.

2.5 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 the addition of a construction contingency of £1.4m.

2.6 Negotiations with Catesby have yet to be concluded given the uncertainty around the delivery costs. Further work is being done to ensure that all the developments in the area contribute equally to covering the costs of the required infrastructure.

2.7 If the County Council forward funds 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 as well as allowing the other allocations in the strategic extension to come forward (and deliver their section 106 contributions) sooner. 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. Additionally, delivery can be timed to coincide with the delivery of the Kenilworth to Leamington Cycleway ("K2L") 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.

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 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 and also misses the opportunity to incorporate the K2L scheme into the design and delivery of the works.

4 Financial Implications

- 4.1 Obtaining delivery of 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 that sufficient funding is secured to support the delivery of the scheme, a small risk remains that the County 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, and as the housing trajectory is market-led, that the CIF will not be fully refunded until after 2023.

4.4 Capital Investment Fund Panel Review

- 4.5 The Capital Investment Fund Panel provided feedback on the risks addressed in this report but also acknowledged that by the County Council agreeing to forward fund the delivery it would stop any potential stalemate in housing delivery.

5 Environmental Implications

- 5.1 Forward funding the improvements will ensure that the sustainable schemes, Walking/Cycling and Public Transport will be delivered early and ensure that a 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.
- 5.3 As with any major road works, the scheme will be required to assess the environmental impacts and to consider ecology and landscaping within the design.

6 Timescales associated with the decision and next steps

- 6.1 Indicative timetable is as follows:

- 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

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The report was previously considered by Cabinet.