

Council

13 October 2020

Capital Investment Fund 2020/21 Q2

Recommendations

Council are recommended to:

- 1) Approve £3.615 million from the Capital Investment Fund for relocation work at Kingsway Nursery & Children's Centre and add to the Capital Programme at a full cost of £5.165 million.
- 2) Approve £3.025 million from the Capital Investment Fund for improvements to the A3400 Birmingham Road Corridor (Stratford) and increase the existing scheme in the Capital Programme to a full cost of £6.525 million.
- 3) Approve £2.002 million from the Capital Investment Fund for improvements to the A446 Stonebridge Junction (Coleshill) and add to the Capital Programme at a full cost of £2.378 million.
- 4) Approve £4.682 million from the Capital Investment Fund for improvements to the A429 Coventry Road Corridor (Warwick) and add to the Capital Programme at a full cost of £5.921 million, on the condition that CIL funding is secured from WDC.
- 5) Approve £1.968 million from the Capital Investment Fund for procurement of measuring equipment to support evidence led decision making in tackling the climate emergency and air quality and add to the Capital Programme at a full cost of £2.058 million.
- 6) 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

Context

- 1.1. On 10th September 2020 Cabinet supported the recommendations within this report and as these schemes exceed £2 million agreed to recommend that Full Council approve the schemes and add to the Capital Programme.

CIF Overview

- 1.2. Under existing capital approval rules agreed by Members, all Capital Investment Fund 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.
- 1.3. Services were invited to submit detailed bids to the Capital Investment Fund 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.
- 1.4. £24.900 million per annum has been added to the 2020-25 Medium Term Financial Strategy for the Capital Investment Fund. 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

Kingsway Nursery & Children Centre Relocation

2.1. Description

The proposal is for capital investment totalling £5.165m to fund the demolition and re-provision of the Nursery and Children and Family Centre buildings on the site on Kingsway Primary School, Leamington Spa as part of a larger scheme of redevelopment on the school's site. The proposed redevelopment of the site also includes demolition and re-provision of the school hall, kitchens and boilers which will be funded by the Department for Education to a total of £1.550m bringing the total proposed capital investment from WCC in this scheme to £3.615m

Kingsway Primary School received an Inadequate Ofsted judgement in July 2017 and in line with Government policy was subsequently given an academy order. It has been agreed by the DfE and WCC that the Community Academies Trust (CAT) are the preferred trust for this school to join. The school has since improved and is now rated as Requires Improvement by Ofsted; however, the DfE academy order remains.

This is a forced academy conversion and has stalled for several years attracting significant attention from government ministers, unhappy with the lack of progress. The delay has mostly been due to the trust being unwilling to take on the liability of the existing 'blue building' which houses the school hall, boiler and kitchen as well as the WCC leased

Nursery and Children and Family Centre.

The WCC Strategic Assets team agreed with the Trust's assessment that the building in question is nearing the end of its lifespan, however WCC's rolling maintenance programme would ensure the building remains safe and usable but not facilitate complete replacement. The current proposal has been agreed with the Trust, DfE and School to unlock the stalemate and move towards successful conversion to an academy.

In order to facilitate this proposal, the Department for Education have agreed in principle to a £1.55 million grant as a contribution towards the proposed scheme, covering the costs associated with demolition and replacement of the school hall, kitchens and boilers. This grant funding is being made available by the DfE to support the academy trust rectify existing capital issues as they take on a forced conversion school and is separate from any wider school condition grants provided by the DfE under other circumstances.

Usually trusts would undertake this work themselves but given the inter-dependency with the Nursery and Children and Family Centre that WCC will be retaining on site and also require replacing it has been agreed the most effective way forward is for this to be delivered as one scheme by WCC.

2.2. Technical Panel Findings

The panel scored the bid as follows:

Delivery of the Strategic Objective (Out of 10)	7.8
Alignment with the investment criteria of the capital strategy (Out of 40)	33.6
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>73.4</u>

The following key points were raised by the panel:

Evidence was presented which proved this is a good solution to a complex problem which is manageable despite a relatively high level of risk. This risk will be managed within the lease agreement with the academy and through the project governance structure.

Any works will need to ensure safeguarding of children within the school and nursery and users of the children's centre is at the forefront of plans.

There are a lot of moving parts which will require a defined governance structure to be held accountable and responsible for holding it all together. This is will be achieved through nomination of a project sponsor (Assistant Director – Education Services), project manager and project team with arrangements in place to manage the contract and relationship between the Academy Trust and WCC.

The DfE grant is directly dependant on the school academising, there is no access to this funding if the school does not academise. The capital works element was, and continues to be, the only issue delaying the academisation.

2.3. **A3400 Birmingham Road Corridor Improvements, Stratford-upon-Avon**

2.4. Description

The 'Stratford-upon-Avon Gateway to Business and Culture: A3400 Birmingham Road Growth Corridor' proposal was successful in securing full funding (£3.5 million) from an earlier round of WCC's CIF. A subsequent successful bid for £2.4 million from central government's National Productivity Investment Fund reduced the CIF allocation requirement to £1.1 million. The proposal has progressed well and is nearing completion of the detailed design stage. However higher than anticipated utility costs (£3.0 million rather than the £0.65 million) has meant that the proposal now faces a shortfall in funding of £2.35 million. The opportunity to make some enhancements to the proposal is also being sought, adding an additional £0.675 million to the overall cost (the enhancements are outlined below in the scheme description).

The purpose of this submission is to bid for the £3.025 million shortfall in funding to enable the proposal to commence construction in 2021, supporting WCC's COVID recovery plan. Supporting this bid will provide an opportunity to kickstart and accelerate the delivery of a project that will help invest in our economy. This is particularly important as Stratford-upon-Avon has been identified as one of the hardest hit local authorities in terms of reduction in economic output due to the COVID-19 crisis.

The aim of the project is to improve transport infrastructure along the principal arterial route linking Stratford Town Centre and the A46 Stratford northern bypass. The improved infrastructure will help to address existing congestion issues along the route that are damaging to local productivity and undermine the arrival experience for the town's tourist and visitor economy. The improvements will also help unlock planned housing and employment sites and support the tourist economy.

The project comprises a number of transport improvements to:

- Manage the flow of traffic along the corridor
- Improve conditions for pedestrians, cyclists and enhancing the overall public realm
- Improve connectivity to the corridor from within Stratford town

2.5. Technical Panel Findings

The panel scored the bid as follows:

Delivery of the Strategic Objective (Out of 10)	6.8
Alignment with the investment criteria of the capital strategy (Out of 40)	22.4
Achievability, quality of evidence base, rational evaluation and challenge of options, financial viability and risk (Out of 40)	16.0
Sustainability, climate change and environmental impact (Out of 10)	3.2

Total Score 48.4

The following key points were raised by the panel:

The need for a scheme to address the congestion issues is widely acknowledged and has the support of local members, the MP and the local community. The scheme's governance arrangements includes regular reporting of progress to the Communities Directorate Major Schemes Board (MSB), with representatives including senior officers and the Portfolio Holder for Transport.

The project is requesting additional funding as utilities costs were not factored in last time funding was awarded. The panel were not confident that the costs will not continue to increase as the explanations and evidence on how the costs increased were not sufficiently robust. However, significant contingency has now been built into the additional bid to deal with any further cost increases.

The modelling data has been used to forecast two future year scenarios for road use – 2023 and 2031. The growth assumptions used in these forecasts are based on pre-COVID 19 growth levels. However these are still considered valid in the Birmingham Road corridor. Traffic levels in the town have already returned to near normal levels due to the influx of domestic tourists to the area and this is expected to continue. The town does not have a high level of office based commuters and associated high level of commuter traffic on the corridor. A potential drop in travel demand due to a shift to home working for office staff has not therefore been experienced on the Birmingham Road corridor.

In terms of other solutions to solving the problem of congestion on the corridor, the bid demonstrated how difficult it is to find a solution that satisfies all the different demands. The approach taken is therefore to adopt a multi-modal strategic approach as follows:

- 1) Encourage tourists destined for the town centre to utilise the Park & Ride. There is less demand for the Park & Ride to serve destinations on the Birmingham Road as the outlets on the corridor that have a catchment beyond the town centre (and could therefore be intercepted by Park & Ride) do not lend themselves to bus based trips e.g. DIY outlets, furniture shops and supermarket etc.
- 2) Encourage local residents to choose walking and cycling if undertaking trips in the corridor, including to access the retail offer in the corridor itself and for town centre trips. The improvements to walking and cycling infrastructure are designed to encourage this mode shift;
- 3) Manage the demand for people accessing the various retail outlets by tackling known local congestion hotspots.

The scheme has already secured £2.4 million from Department for Transport. The possibility of funding from Stratford District Council's Community Infrastructure Levy fund is being explored. If successful, this is likely to contribute a further £0.5 million of funding towards the overall cost, with the equivalent amount being returned to the CIF.

2.6. A446 Stonebridge/ Birmingham Rd Junction Improvement

2.7. Description

This is an application for £2 million of Capital Investment Funding (CIF) to form part of the overall funding required to deliver modal improvements, by creating safer pedestrian and cycle infrastructure, and improvements to A446 Stonebridge/ Birmingham Rd Junction. The scheme will include two staggered toucan crossings for crossing the A446, which would allow access to employment, leisure and religious centres for pedestrians and cyclists. The project will include improvements to the footway to allow a more sustainable connection to Coleshill. As part of the junction improvements, two traffic signals additional to the toucan crossings are being considered in the roundabout. These will allow traffic to be moderated and optimise flows, which will reduce congestion in the town centre and will deliver further benefits to road safety and air quality, improvements required to enable Local Plan growth, increase the efficiency of the highway network by facilitating economic recovery post-Covid 19 while contributing to a greener, more sustainable Warwickshire

This scheme was identified as the second phase for the Greenman junction improvement project in Coleshill. The Greenman scheme has been funded through a road safety allocation in the CIF (2019) and this submission forms part of the overall transport strategy for Coleshill, mitigating the impact of release of traffic following the Green Man junction improvements.

2.8. 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)	27.2
Sustainability, climate change and environmental impact (Out of 10)	8.4
Total Score	<u>75.6</u>

The following key points were raised by the panel:

The main issue being addressed in this project is that there is no safe crossing points for pedestrians and cyclists at the junction, which prevents the use of sustainable transport in the area.

It is too early to draw any conclusions around the future of traffic growth as a result of COVID19. The A446 corridor is part of the Major Route Network and expected to experience significant growth in the next few years based on multiple development proposals located just to the north in the vicinity of M42 J9. This is recognised by the fact that there is currently a cross authority (Birmingham City Council, WCC, Homes England and North Warwickshire Borough Council) study looking into the implications of the significant growth proposals. Transport Planning is developing a Transport Strategy dealing with the knock-on impact of releasing traffic from this location.

There are no anticipated impacts from COVID-19 at this point in time in terms of

programme delivery. Recent recruitment of additional staff to address some capacity issues and resource has been identified to support the delivery of this and other transport infrastructure projects coming forward through CIF and other funding sources.

Concern was raised around the risk of local commercial developments not proceeding due to the current economic climate and the subsequent loss of s.106 contributions. Emerge Surf is the development that generates the highest volume of trips and therefore, the one with the higher contribution. The developers responsible for Emerge Surf continued with their planning application during the lockdown and the development was approved on 27/07/20.

The bid contained a detail of associated cost assumptions including a 40% contingency for utilities/statutory diversions. This is considered appropriate given the nature of the scheme.

2.9. **A429 Coventry Road Corridor Scheme**

2.10. Description

This is an application for £4.7 million of Capital Investment Funding (CIF) to form part of the overall funding required to deliver capacity improvements and provision of improved pedestrian and cycle infrastructure on the Coventry Road Corridor. The improvements will facilitate a modal shift and encourage more trips within the Warwick Air Quality Management Area to be made by sustainable modes of transport by releasing the potential for bus priority measures and improving pedestrian and cycle infrastructure. This will deliver further benefits to road safety and air quality, improvements required to enable Local Plan growth, increase the efficiency of the highway network by accelerating capital schemes for post-Covid 19 economic recovery while contributing to a greener, and more sustainable Warwickshire. This proposal seeks to facilitate Local Plan growth through delivery of capacity improvements at key pinch points along the route and a high-quality, segregated, cycle route connecting Warwick, Kenilworth and Coventry. Therefore, as part of a corridor improvement strategy, which aligns with other transport network improvements in Warwick Town Centre and the Emscote Rd corridor. WCC is planning to implement the following junction and sustainable transport improvements:

Coventry Road Cycle Route:

The delivery of an off-carriage way cycle route linking the cycle network north of Spinney Hill, south to St Johns junction, improving access to the town centre, housing and Warwick Hospital. The proposal is complementary to, and provide continuity with, the recently funded wider Warwick Town Centre sustainable transport improvements (including the recently delivered A445 Priory Road cycle routes which connects directly into the town centre) and the part funded Emscote Rd cycle corridor improvements, along with the wider existing and proposed cycle network.

Spinney Hill Roundabout:

- The addition of a Toucan crossing on Primrose Hill to allow a safer crossing for pedestrians and cyclists in the North/ South directions and providing continuity for the cycle routes which are part of the National Cycle Route.
- Bus priority on Coventry Road approached to facilitate public transport flows.

- The four exit arms all widened to accommodate 2 lanes before merging into one lane, retaining the bus stops at each exit on Coventry Road and Primrose Hill extended to Montague Road in both directions providing right turning bays.

St Johns junction improvements:

A fully funded junction improvement which forms a key intersection for 3 high quality off-carriageway cycle routes (Coventry Rd -St Johns, Emscote Rd- Leamington Town Centre and Priory Rd which provides a direct connection to Warwick Town Centre). This signalisation and junction improvement scheme are identified in the WDC IDP and helps to address the existing and forecast congestion issues entering and exiting Warwick town centre. This element of the scheme has been through significant development work, consultation and stakeholder engagement and is programmed for delivery in 2021.

Technical Panel Findings

The panel scored the bid as follows:

Delivery of the Strategic Objective (Out of 10)	5.2
Alignment with the investment criteria of the capital strategy (Out of 40)	30.4
Achievability, quality of evidence base, rational evaluation and challenge of options, financial viability and risk (Out of 40)	19.2
Sustainability, climate change and environmental impact (Out of 10)	8.6
Total Score	63.4

The following key points were raised by the panel:

This bid grouped three separate projects into one which meant they were scored as a whole rather than on their individual merits. The projects could be delivered separately if required, however there are economies of scale resulting from delivering schemes as a package. Another consideration for delivering as a package is the disruption during construction which is being looked to be minimised. All sections of the scheme identified for the Coventry Road Corridor are interdependent. Meaning that the delivery of one single section without the other one, will represent an impact on their benefits.

Coventry Road shows to be among the highest demanded routes for cyclists and it is expected that cyclists will embrace any new infrastructure. As cycle use growth is significant along with multiple other cycle bids being undertaken to complete networks, cycling should be continuing to be promoted as a sustainable transport alternative to cars.

The Spinney Hill Roundabout section represents 71% of the total scheme costs for the corridor, which corresponds to a multimodal project where improvements will benefit vehicular and public transport movements through the junction with the new/upgraded toucan crossings for the national cycle network. The junction is under pressure already in the current scenario and the road usage growth expected indicates that it will require improvements. The scheme is included in the local Infrastructure Delivery Plan which is informed by the Local Plan and is evidenced through the Strategic Transport Assessment (undertaken by WCC). Therefore, the scheme is considered essential.

The cost estimates might vary due to location, concepts and complexity of the area and are based on conceptual layouts produced at the time of the estimation. A more detailed estimate will be produced with the final designs, which is considered as part of the costs and programme. The scheme is yet to undergo detailed design so may influence cost but has built in contingencies for utilities and traffic management.

The scoring was impacted by the uncertainty around Community Infrastructure Levy (CIL) funding from Warwick District Council (WDC). The amount WDC receives in CIL depends on developments coming forward and this relates back to the economic uncertainty surrounding COVID-19. If the full CIL amount of £1.239 million were not to come materialise, it is likely a further CIF bid would be made to cover the shortfall to complete the scheme. This could be paid back if the remaining CIL funding came through at a later date. A letter from WDC confirming £0.373 million of the contribution has been received, with a further £0.866 million approved by WDC Full Council on 23 July 2020. WCC legal have confirmed that WDC are not legally bound to provide this funding so there remains a risk of not securing all external funding, however WDC has given no indication that the funding will be withdrawn.

2.11. **Supporting Evidence Led Decision Making in tackling the Climate Emergency and Air Quality**

2.12. Description

This is an application for £1.9 million of Capital Investment Funding (CIF) to fund 3 projects to support evidence-based decision making in the County's approach to tackling climate impacts and air quality management:

- 1) A strategic asset management review and replacement programme – focusing on cycle counters, Air Quality Management Area traffic counters and cordon monitoring sites with the option of considering wider replacement of survey infrastructure. To include the purchase or renting of equipment to monitor vehicle (including cycle) and pedestrian activity and social distancing
- 2) Air Quality (AQ) modelling software to support scheme development, facilitate option assessments and prioritisation, and to inform development assessments and wider Local Plan AQ assessments.
- 3) The purchase of region wide Mobile Network Data to analyse travel behaviours, inform traffic model development and undertake targeted sustainable travel initiatives

The project is required to:

- monitor the economic impacts of Covid-19
- understand the economic recovery rate
- monitor the effectiveness of social distancing initiatives in town centres
- monitor behavioural changes in terms of choice of travel mode and frequency of travel that will result from social distancing (e.g. increased propensity for home working)
- make best use of new types of monitoring using existing network of on-street comms linked to WCC's Telensa enabled streetlights

- provide support for local businesses, particularly in town centre areas, through the provision of data on traffic flows and pedestrian footfall

2.13. Technical Panel Findings

The panel scored the bid as follows:

Delivery of the Strategic Objective (Out of 10)	7.0
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)	29.6
Sustainability, climate change and environmental impact (Out of 10)	9.0
Total Score	81.6

The following key points were raised by the panel:

Available options were thoroughly explored based on advice and recommendations from the Procurement Team. In this case, 32 sensors and equipment have been already purchased through COVID-19 Emergency fund and WCC has the option to procure more equipment from the current supplier which will meet consistency requirements.

This project benefits from enabling WCC to implement a way to collect data that can be used to evaluate situations in real time. The project follows a good strategy and the IT architecture is considered robust, a lot of evidence was presented to the panel to prove that this scheme could work very well.

There may be opportunities to sell some of the data collected however WCC cannot begin selling data purely for profit. Therefore, the data will not be sold at more than the cost of collection. Income only offsets that cost and helps to keep the service running. However, the Warwickshire Property Company may be a vehicle in future which can be explored to begin selling data for profit.

A Privacy Impact Assessment (PIA) was produced in 2019 for surveys collected by WCC or any third-party collecting data for WCC. Another PIA was produced in 2020 to cover AI Monitoring Sensors and Software before the deployment of the 30 first sensors which are already operating. Both PIAs have been approved by WCC Legal. However, there may need to be some public relations considerations once installed to alleviate the perception of a 'big brother' environment.

An analysis of leasing against purchasing the AI Monitoring sensors was undertaken before making the recommendation. The analysis showed leasing the equipment would be more expensive if we intended to use them for more than 2 years.

3. **Financial Implications**

- 3.1. As part of the 2020/21 Budget Resolution approved by Council in February 2020, £24.914 million per annum was added to the 2020-25 Medium Term Financial Strategy for the

Capital Investment Fund. The drawdown from the CIF for this proposal 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 £128.608 million and is included in the current Capital Programme, the recommendations in this report result in a call on this pot of £15.294 million. Therefore, the remaining unallocated CIF balance is £113.314 million.

4. Environmental Implications

4.1. Environmental implications of these recommendations are:

- The highways schemes within this report focus on a modal change in road use, promoting more sustainable transport such as public transport and cycling
- The Supporting Evidence Led Decision Making in tackling the Climate Emergency and Air Quality scheme will equip WCC with the data to improve intelligence on where to target future investment in reducing car journeys

5. Background Papers

None

	Name	Contact Information
Report Author	Andrew Harper	andrewharper@warwickshire.gov.uk
Assistant Director	Andy Felton	andrewfelton@warwickshire.gov.uk
Strategic Director	Rob Powell	robpowell@warwickshire.gov.uk
Portfolio Holder	Councillor Peter Butlin	peterbutlin@warwickshire.gov.uk

This report was circulated to the following members prior to publication:

Cllrs Butlin, Boad, Warwick, Chilvers, O'Rourke, Adkins, Roodhouse, Singh Birdi