

Cabinet

9 October 2014

Capital Growth Fund – Bermuda Connectivity

Recommendation

Cabinet recommend that Council:

- i. Approve an increase in the Transport & Highways capital programme by £3.702 million
- ii. Approve the use of a maximum of £3.202 million of the Capital Growth Fund to part fund the project.
- iii. Agree that the funding allocated be reduced on a £ for £ basis if alternative sources of funding (over the £500,000 from the Growing Places Fund needed to fully fund the project) become available.
- iv. Support the provision that any additional funding above £3.702 million required to meet additional costs, is found from within the Transport and Highways capital programme.
- v. Support the use of the car park income generated as a result of development of the Bermuda Railway Station car park to reimburse the Capital Growth Fund.
- vi. That the viability of reimbursement to the Capital Growth Fund from developer contributions as part of planning conditions for future developments as a condition of the award be investigated.
- vii. Support the development of a body of local evidence on the benefits of transport infrastructure investment that can be used as part of similar funding bids in the future.

1. Purpose of the Report

- 1.1. As part of the 2014/15 budget Council approved a Capital Growth Fund of £38.355 million, for allocation over the 2014-18 period, to support economic growth. £4.310 million of allocations have already been approved by Cabinet /Council during 2014/15. This report makes recommendations to support a further project - Bermuda Connectivity project.
- 1.2. In line with the process approved by Members, Corporate Board are recommending the project for approval following a thorough evaluation process.

2. Description of the Scheme

The Bermuda Connectivity Project has been developed to address issues of poor accessibility and congestion in Nuneaton. The focus of the investment is opening the existing bridge over the A444 and improving connections to the local highway network. The opening of the bridge presents an opportunity to enhance connectivity and accessibility of the area for general traffic, freight, bus and rail services whilst also improving the facilities for pedestrians and cyclists. The proposal is to approve an allocation of £3.202 million from the Capital Growth Fund which, along with £0.500 million anticipated funding from the Growing Places Fund, will deliver the scheme by the end of 2015/16.

The project consists of the following elements:

- Opening the existing bridge over the A444 to all traffic and road users and connecting to the local highway network
- Enhancements to Heath End Road / Bermuda Road junction
- Enhancements to Griff Roundabout
- Enhancements to the highway and cycleway on St Georges Way
- Enhancements to shared use cycle / pedestrian link between the bridge and George Eliot Hospital
- Provision of additional car and cycle parking for Bermuda Rail Station

The main objectives of the Project are:

- Support economic growth and access to jobs through improved transport links and reduced congestion
- Improved connectivity, route choice and accessibility to Bermuda Railway Station
- Improved environment for cyclists and pedestrians to increase mode choice and accessibility

The Coventry and Warwickshire Local Enterprise Partnership – Strategic Economic Plan (SEP) emphasises the importance of this project in the following ways:

- Bermuda Connectivity Project complements the wider economic aspirations of the sub region as it forms part of Priority 3 A444 North–South Corridor in the SEP;
- The SEP emphasises that transport connectivity on sections of the North-South corridor (e.g. Bermuda Park) needs to be strengthened further, in order to support access to employment, to ensure that the area remains competitive and attracts new investment;
- The A444 in Nuneaton is critical to economic activity in the local area given the connectivity support it provides to employment sectors, e.g. Bermuda Park;
- The SEP highlights that around 4,000 new jobs will be created through further development of the Bermuda Park employment site, however, the SEP predicts there is a risk that only just over 1,000 of the new jobs would actually materialise, if complementary measures such as improvements to local highway network to enhance connectivity are not delivered; and
- The Bermuda Connectivity Project forms part of the transport enhancements required to enable Bermuda Park to achieve its full employment growth potential.

3. Evaluation Summary

3.1 This application to the Capital Growth Fund scored 69.5 out of a possible 100. The breakdown of the score is detailed in Table 1 below. The remainder of this section expands on conclusions from the evaluation against each of the criteria.

Category	Revised Score (out of 5)	Weight	Weighted Score (out of 100)
Alignment with the organisations strategic objectives	4.5	10%	9
Project aspirations and the value of the project in delivering growth	3.0	10%	6
Financial viability	3.5	25%	17.5
Economic benefit	3.0	35%	21
Political, social and environmental benefit	4.0	20%	16
Total			69.5

3.2 Alignment with the organisation's strategic objectives (score 4.5 out of 5)

3.2.1 The proposal is strongly aligned to the Council's core priorities. Both One Organisation Plan priority outcomes and the criteria agreed by Members for projects requiring support from the Capital Growth Fund specifically reference supporting economic growth through investment in infrastructure. Once completed the project should improve transport connections between residential and employment areas, enhance links to potential future areas of employment growth and facilitate regeneration of brownfield sites.

3.3 Project aspirations and the value of the project in delivering growth (score 3.0 out of 5)

3.3.1 The project aspirations are clear in the descriptions and objectives of the project in terms of how the scheme would deliver benefits to Nuneaton and Warwickshire in terms of transport, economic development, social and environmental objectives.

3.3.2 The value of the project in delivering growth is evidenced through letters of support from local business and CW LEP, from the twenty letters of support, one company has been specific about this project and how it will be beneficial in meeting its business need by allowing the company to expand by creating a further 120 jobs.

3.3.3 Transport and Highways have knowledge, experience and a track record in delivering projects of this nature and the clear project management structure that would be put in place.

3.4 Financial viability (score 3.5 out of 5)

3.4.1 The estimated cost of the project is £3.702 million capital, including risks and contingencies. £3.202 million is requested from the Capital Growth Fund and the balance of £0.500 million from the CWLEP Growing Places Fund.

Two bids for external funding to support this project (SEP and ERDF funding) have already been unsuccessful. The only external funding contribution now is a £0.500 million contribution from the CWLEP's Growing Places Fund. The Growing Places application for £0.500 million was approved by the CWLEP Infrastructure Grants Panel on 18 July 2014.

A breakdown of the project costs and a risk allowance for each component has been provided in the business case.

- 3.4.2 The business case argues the project will be a means of unlocking future development by encouraging developers through the opening up accessibility to employment sites and housing in the area. These developments will attract potential future developer contributions associated with these developments.
- 3.4.3 The question of the forward funding of infrastructure and whether developers should be paying back some of the up-front costs remains a live issue. One of the key outcomes from the scheme is improved accessibility for in excess of 1,000 new homes and Corporate Board believe there should be further consideration as to whether and to what extent some of the up-front investment can/should be reimbursed as part of planning conditions rather than requiring use of scarce Council resources.
- 3.4.4 It is therefore recommended that further advice be sought to explore the possibility of reimbursement through developer contributions.
- 3.4.5 The business case includes the costs of the building a car park for Bermuda Park Rail station. Income generated from this car park, it is estimated, will be in the region of approximately £80,000 per year after running costs. It is therefore further recommended that this income be used to reimburse the Capital Growth Fund increasing the funding available for other schemes.

3.5 Economic benefit (score 3 out of 5)

- 3.5.1 The business case states that the Strategic Economic Plan (SEP – the strategic economic growth plan for the Coventry and Warwickshire LEP region) highlights that approximately 4,000 new jobs will be created through further development of the Bermuda Park employment site but goes on to say this could be reduced to approximately 1,000 if measures such as road improvements are not forthcoming. If delivered, then would give a cost of approximately £1,000 per job for each job created, providing very strong value for money.

In highlighting these benefits it has to be recognised that their delivery is also linked to other road improvement in the area e.g. A444.

- 3.5.2 Twenty letters of support from local business who support the scheme have been received and argue the economic and other benefits the scheme will provide, with one company providing specific details in terms of how the scheme will support its expansion plans to create an additional 120 jobs.

3.5.3 This evidence is consistent with research undertaken by Regeneris Consulting Ltd on behalf of the CW LEP. This research found economic benefits of improvements such as Bermuda Connectivity and A444 could support an additional £110 million Gross Value Added (GVA) or an additional 1,600 new jobs by 2021. Although, it must pointed out that this study does not evidence Bermuda Connectivity in isolation and the A444 is a future potential development as yet unfunded (with consequent risks to delivery of these impacts).

3.5.4 This is the second highways infrastructure scheme being recommended for approval and to ensure a consistent and evidenced approach Corporate Board recommend that a body of local evidence on the economic benefits of transport infrastructure investment be further explored and developed, which can be used as part of any similar funding bids in the future.

3.6 Political Social and Environmental Impact (score 4 out of 5)

The political, social and environmental impact of the project is high. The investment aims to:

- Support the regeneration of the north of the county, an area of lower employment and higher social deprivation
- Develop local infrastructure in a way that is seen as beneficial locally
- Support CWLEP priorities, reputational damage if LEP provides funding and WCC doesn't support the project
- Enable job creation
- Impact most directly on most deprived wards in the county e.g. Wem Brook and Bar Pool (10% most deprived nationally), and
- Improve access to public transport in areas where access to a car is lowest in the county.

4. Impact on the Capital Growth Fund

4.1. The Capital Growth Fund has £34.045 million available for allocation over the 2014-18 Plan period. If this allocation, of £3.202 million, is approved the balance in the Fund would fall to £30.843 million. Table 2 shows how the recommended allocations impact on the total amount available and the amount available in each year, whilst retaining a minimum of £5.0 million for allocation in any future year as previously requested by Members.

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Total £m
Original Funding Available	9.801	5.000	11.402	12.152	38.355
<i>Less: Superfast Broadband allocation</i>	-	-1.225	-1.225	-1.16	-3.61
<i>Less: Municipal Bond Agency</i>	-0.200	-	-	-	-0.200
<i>Less Highway Improvements M40 Junction 12</i>	-0.500	-	-	-	-0.500
<i>Reallocation of funding between years</i>	-1.225	1.225	-	-	0
Current Funding Available	7.876	5.000	10.177	10.992	34.045
<i>Less Bermuda Connectivity Project</i>	-0.202	-3.000	-	-	-3.202
<i>Reallocation of funding between years</i>	-3.000	3.000	-	-	-
	4.674	5.000	10,177	10.992	30.843

4.2. There are no unfunded running costs or liabilities for the County Council as a result of investing in this project. Once the project is complete the capital financing costs will be approximately £326,131 a year and the highway maintenance costs £37,500 a year. Provision for these costs is included in the 2014-18 medium term financial plan.

5.0 Background Papers

5.1 None

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