

COUNCIL
8 NOVEMBER 2018**REPORT OF CABINET – MATTERS WHICH REQUIRE A
DECISION BY COUNCIL**

A38 Bromsgrove Major Scheme – Package 1**Recommendation**

- 1. The Cabinet recommends that Council approves the addition of £6.3m to the Capital Programme for the A38 Bromsgrove Major Scheme - Package 1 on the understanding that this is fully funded by external funding sources, namely Greater Birmingham and Solihull Local Enterprise Partnership, Highways England's Growth and Housing Fund and developer contributions through Section 106 contributions, with the Worcestershire Local Enterprise Partnership contribution of £1.3m having already been included in the approved Capital Programme.**
2. Further to the report to Council in July 2018, the Cabinet has considered a report seeking its commitment to Package 1 of the A38 Bromsgrove Major Scheme proposal. Package 1 is critical in supporting the objectives of the Bromsgrove Development Plan, the Redditch Local Plan, Worcestershire's Local Transport Plan 4 and both the Worcestershire and Greater Birmingham and Solihull Strategic Economic Plans. It will assist in unlocking development sites in Bromsgrove and would support the County Council in meeting its commitments set out in developer Section 106 agreements.
3. The overall A38 Bromsgrove Major Scheme is a strategically important highway improvement programme supporting growth of Bromsgrove, Redditch and South Birmingham by enhancing the existing A38 Bromsgrove Eastern Bypass. The full scheme comprises junction enhancements on the A38 corridor between its junctions with M5 (Junction 4) to the north and the B4091 in the south. This Major Scheme targets locations where delay and congestion are currently experienced and where conditions are predicted to deteriorate further without intervention. The scheme is also part of a wider set of infrastructure required to mitigate the impact of Bromsgrove Local Plan growth. It is proposed the junction enhancements in the overall A38 Bromsgrove Major Scheme will be delivered in 5 packages of work.
4. The overall A38 Bromsgrove Major Scheme aims to address the following objectives:
 - (a) Support the delivery of housing and employment growth as outlined in the Bromsgrove Development Plan and the Redditch Local Plan;
 - (b) Reduce congestion and transport costs;
 - (c) Maximise the efficiency of the road network; and
 - (d) Increase journey time reliability.

5. The full scheme will be largely externally funded from a variety of sources and more importantly from a variety of funding programmes as they become available. While the packages represent a combination of construction efficiency and value for money, they also allow the Council to reflect different funders' priorities. The funding for Package 1 for this and subsequent financial years is from three external funding bodies; Highways England Growth and Housing Fund (GHF), Worcestershire Local Enterprise Partnership (WLEP) and Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), as well as some S106 contributions. It should also be noted that c£0.7m has been funded in 2017/18 relating to feasibility and design works for the A38 Bromsgrove scheme as a whole, which was included in the 2017/18 Approved Capital Programme.

6. A Conditional Approval based on preliminary design was received in May 2018 from the Local Transport Body (LTB) and secured funds from WLEP and GBSLEP. Three development sites in Bromsgrove have submitted their planning applications. However, developer S106 funding contributions would only be secured once planning permission is granted and funding would be received when the development commences, which may not align with Package 1 spend profile.

7. In summary, Package 1 funding bodies and contributions are indicated as follows:

Funding Bodies	Contributions £ (m)
GHF	2.7
WLEP	1.3
GBSLEP	2.3
S106	1.3
Total	7.6

8. The previously approved Capital Programme for 2018/19 and subsequent years includes the £7.5m WLEP contribution only and covers this and subsequent packages of work, with £1.3m of this being required for Package 1. Whilst recognising the £7.6m funding for Package 1 is to be received from external sources, only £6.3m would need to be added to the Capital Programme, as the £1.3m from WLEP has already been approved.

9. The Cabinet has approved the scheme subject to the approved design and certainty of funding. It has also agreed the required delegations to finalise and award the contract and other necessary agreements to deliver the Package 1 project including the arrangements for the acquisition of land for elements of Package 1. Council's agreement is now sought to the addition of £6.3m to the Capital Programme for the scheme.

10. The first engagement exercise for Package 1 is aimed to be undertaken in Autumn 2018 and will be designed to inform local communities and others about the scheme.

Capital Programme

Recommendation

11. The Cabinet recommends that Council approves the updated Capital Programme in the attached Appendix, including the capitalisation of items under the additional saving proposals totalling £2.250 million.

12. The timing of capital expenditure over the current and future years has been reviewed and an updated profile is provided in the attached Appendix. The revised profile has taken account of the roll forward of capital schemes from last financial year and the impact that has on the current years profile of expenditure and estimate for future years, along with re-profiling across financial years based on current best information available.

13. The Capital Programme has also been updated to include the £2.250 million of new savings proposals for capitalisation of expenditure. This includes £1.5 million further highways Type 1 defects and staffing capitalisations (Council approved £5 million of such capitalisation in February 2018 when the budget was set) and £0.750 million of capitalisation to facilitate transformation in Adult and Children's Care provision. It is intended that this expenditure is funded by re-profiling existing expenditure to later years. At this stage the Capital Programme will reflect this as a new expenditure item to be funded from borrowing until the specific re-profiling activity is known.

14. There have been changes to values of capital schemes due to increases in external income expected and reallocations between schemes to take account of more realistic planning which are also shown in the attached Appendix. Key amendments are:

- Capital grant totalling £1.2 million has been received from the Department for Transport (DfT) relating to the Flood Resilience Fund which will be utilised on Highways Flood Mitigation projects in 2018/19 and 2019/20
- Capital grant totalling £3.8 million has also been received from the DfT relating to Structural Maintenance of Highways of which £1.2 million relates specifically to the "Pot Hole Action Fund"
- The total project cost for Kidderminster Rail Station is forecast to be £5.3 million. Of this, £0.8 million has been funded in previous years with £3.4 million expected to be incurred in 2018/19 and £1.1 million in 2019/20. This is an increase to the approved Capital Programme of £0.9 million. Additional funding is anticipated from Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) of £0.6 million, along with £75k from Wyre Forest District Council and a £0.2 million contribution from the Worcestershire Local Enterprise Partnership Growth Fund
- An increase to the Capital Programme of £1 million is requested to be approved for the Kidderminster Town Centre Public Realm scheme. £0.5 million additional funding is expected from GBSLEP, along with a further £0.25 million from Wyre Forest District Council and a £0.25 million allocation by the County Council. Re-profiling and additional income receivable indicates a revised Capital Programme Provision of £0.6 million in 2018/19 and £1.3 million in 2019/20

- The Council has been successful in securing additional grants from the European Regional Development Fund to support business growth, energy efficiency, developing low carbon awareness, cyber security and for investment into environmental schemes. A total increase to the Capital Programme of £3.6 million is required to take account of these capital grants phased over the current and next two financial years
- The following allocations have been made from the Highways Infrastructure Improvement Fund (HIIF) consistent with that approved by Council in February 2018:
 - 2018/19 - £1.8 million to the Street Lighting Column Replacement and LED Programme and £7.8 million to the Structural Carriageway/Bridgeworks Programme, leaving £0.75 million remaining for allocation
 - 2019/20 - £2 million to the Street Column Lighting Replacement and LED Programme, £8 million to the Structural Carriageway/Bridgeworks Programme, and £0.75 million for Highway Flood Mitigation, leaving £0.75 million remaining for allocation
 - 2020/21- £8 million to the Structural Carriageway/Bridgeworks Programme and £0.75 million for Highway Flood Mitigation, leaving £0.67 million remaining for allocation.

15. The revised Capital Budget for 2018/19 totals £153 million.

Mr S E Geraghty
Chairman

Supporting Information

- Appendix – Capital Programme

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda and background papers for the meeting of the Cabinet held on 27 September 2018