
A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it refers to the identity, financial and business affairs of an organisation and the amount of expenditure proposed to be incurred by the Council under a particular contract for the supply of goods or services.

Cabinet

30 August 2011

Name of Cabinet Member:

Cabinet Member (City Development) - Councillor Bigham

Director Approving Submission of the report:

Director of Finance and Legal Services and Director of City Services and Development

Ward(s) affected:

Longford, St. Michaels – Stations

Cheylesmore, Holbrooks, Foleshill, Radford, Sherbourne, Whoberley, Earlsdon, Wainbody

Title:

NUCKLE (Phase 1) – s151 Officer Declaration for Best and Final Bid to DfT

Is this a key decision?

Yes

Executive Summary:

Cabinet approved the submission of the Best and Final Bid (BAFB), for funding, to DfT on 16th August 2011. This report seeks delegated Authority for the Director of Finance and Legal Services to formally sign the S151 declaration for the bid on behalf of The City Council as lead partner. Further financial information is also included in the NUCKLE report on the Private part of this agenda

Recommendations:

1. To approve and delegate authority to the Director of Finance and Legal Services to enter into legally binding commitments by 31st October 2011 with Warwickshire County Council and Centro that they will commit to their portions of the financial commitment as set out in the report and to agree an approach to risk sharing (see Section 5.1.2 of the 16th August report at Appendix 1).
2. To approve and delegate authority to the Director of City Services and Development and the Cabinet Member for City Development to submit a joint 'Best and Final Bid' Major Scheme Funding bid by Coventry City Council, Warwickshire County Council and Centro to the Department for Transport for funding to deliver the NUCKLE Phase 1 scheme.

3. Agree that a £16k contribution towards construction of the scheme is added to the capital programme. £8k 2012/13 and £8k in 2013/14.
4. To delegate authority to the Director of Finance and Legal Services or Director of City Services and Development as appropriate in consultation with the Cabinet Member for City Development to make any changes to the proposals provided they are not significant.
5. Report back the outcome of the bid to Cabinet, and if necessary report to Council dependant on the decision from DfT.

List of Appendices included:

Appendix 1 – Cabinet report 16th August 2011

Other useful background papers:

Department for Transport update document – ‘Investment in Local Major Transport Schemes: Update’

<http://www2.dft.gov.uk/adobepdf/165237/706167/transportschemesupdate.pdf>.

Cabinet 16th August, 2011: NUCKLE (Phase 1) – Submission of Best and Final Bid to DfT

<http://cmis.coventry.gov.uk/CMISWebPublic/Binary.ashx?Document=19505>

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: NUCKLE (Phase 1) s151 Officer Declaration for Best and Final Bid to DfT

1. Context (or background)

- 1.1 DfT announced in February 2011 that NUCKLE (Ph 1) was in the restricted Major Scheme 'Development Pool'. Promoters with schemes in the pool have been invited to submit a 'Best and Final Bid' by 9 September 2011 including a declaration of financial commitment and intent from the authorised s151 Officer. At its meeting on August 16th 2011 Cabinet approved the submission of the BAFB for Coventry City Council, Warwickshire County Council and Centro to the DfT for funding to deliver the NUCKLE (Ph 1) scheme. A funding decision is expected in December 2011.
- 1.2 The Cabinet report of 16th August 2011 (copy attached at Appendix 1) omitted a recommendation to delegate authority to the Section 151 Officer (The Director of Finance and Legal Services) to sign the necessary declaration of financial commitment without which the bid will not be accepted by DfT. The purpose of this report is to approve that delegation so the Bid can be submitted. The text of the declaration is as follows: The full text of the full BAFB from which it is extracted is included within Appendix 2.

As Section 151 Officer for Coventry City Council I declare that the scheme cost estimates quoted in this bid are accurate to the best of my knowledge and that Coventry City Council has the intention and the means to deliver this scheme on the basis of its proposed funding contribution at section 4.3 (a) above, as well as meeting any ongoing revenue requirements on the understanding that no further increase in DfT funding will be considered beyond the maximum contribution requested at 4.3 (c) (including if third party contributions should no longer be available).

- 1.3 The declaration requires the S151 Officer to declare that Local Authority contributions are funded. The funding from the City Council has been approved by Cabinet and was endorsed in the report on 16th August. The contributions from Centro and Warwickshire have been/are in the process of being approved by those authorities. The City Council will seek legally binding assurances from them to underwrite the contribution and remove risk.
- 1.4 The Declaration requires the S151 Officer to underwrite future revenue costs of the scheme. It is intended that Centro will bear the risk on revenue for the first three years of the scheme while the new line establishes itself, and that will be built into the legally binding commitment with Centro and Warwickshire. After that point the scheme will be partly self funding, and it is intended to seek further revenue support from DfT. Should revenue costs in the long term become an issue then Centro would need to work with the other partners to identify how they can be met. It is very difficult to be precise about the size of any revenue problem as it depends heavily on passenger revenue, but it could be in the order of £300,000 per annum based on work done by Centro.

2. Options considered and recommended proposal

1. To approve and delegate authority to the Director of Finance and Legal Services as the Council's Section 151 Officer to provide a declaration to the Department for Transport on behalf of Coventry City Council, Warwickshire County Council and Centro that there is the intention and financial means to deliver the NUCKLE Phase 1 scheme as set out in the report.
2. To approve and delegate authority to the Director of Finance and Legal Services to enter into legally binding commitments by 31st October 2011 with Warwickshire County Council and Centro that they will commit to their portions of the financial

commitment as set out in the report and to agree an approach to risk sharing (see Section 5.1.2 of the 16th August report at Appendix 1).

The following proposals were approved by Cabinet on 16th August and are included below for completeness:

3. To approve and delegate authority to the Director of City Services and Development and the Cabinet Member for City Development to submit a joint 'Best and Final Bid' Major Scheme Funding bid by Coventry City Council, Warwickshire County Council and Centro to the Department for Transport for funding to deliver the NUCKLE Phase 1 scheme.
4. Agree that a £16k contribution towards construction of the scheme is added to the capital programme. £8k 2012/13 and £8k in 2013/14.
5. To delegate authority to the Director of Finance and Legal Services or Director of City Services and Development as appropriate in consultation with the Cabinet Member for City Development to make any changes to the proposals provided they are not significant.
6. Report back the outcome of the bid to Cabinet, and if necessary report to Council dependant on the decision from DfT.

3. Results of consultation undertaken

As identified in report to Cabinet on 16 August 2011.

4. Timetable for implementing this decision

- 4.1 The development work undertaken to date has indicated that the Scheme could be open by 2013. The major milestones are shown below in **Table 2**.

Table 2: Scheme Milestones

Best and Final Bid submission to DfT	September 2011
Funding Approval (subject to obtaining statutory approvals such as planning permission)	December 2011
Planning Application submitted for Bermuda Park station	Winter 2011
Contractor Procurement Commences	January 2012
Planning Permission granted for Bermuda Park station	Spring 2012
Detailed Scheme Design Commences	Summer 2012
Detailed Design complete	Winter 2012
Construction start	Winter 2012
Completion and scheme opens	Winter 2013

- 4.2 The programme in **Table 2** is subject to DfT rolling stock and financial constraints which may lead to an extended programme.

5. Comments from Director of Finance and Legal Services

5.1 Financial implications

The Cabinet report on 16 August 2011 identified the overall costs included in the bid of £23.4m together with the funding package including a proposed capital contribution from the DfT of £10.5m. The remainder of the package is funded from a mixture of external grant and partner contributions.

However, the bid to the DFT has now increased to £11.500m, but, whilst Coventry's contribution remains unchanged, the Local Authority (including Centro) contribution overall has reduced from c£9.3m to c£8.3m.

It is expected that any revenue cost risk of running the service and station will be the responsibility of Centro, subject to the issues referenced in para 1.4.

5.2 Legal implications

The Director of Finance and Legal Services is the Council's statutory Section 151 Officer pursuant to the Local Government Act 1972. The Section 151 Officer has a duty and responsibility for the proper administration of the financial affairs of the Council.

The DfT are seeking a declaration from the Section 151 Officer on behalf of Coventry City Council, Warwickshire County Council and Centro collectively that there is the intention and financial means to deliver the NUCKLE Phase 1 scheme as detailed in this report. Therefore it is proposed that binding legal commitments are obtained by the end of October 2011 from Warwickshire County Council and Centro that they will provide their required contributions to the scheme

The submission of the BAFB at this stage does not fully commit the Council to the NUCKLE scheme.

6. Other implications

None

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

A prosperous Coventry with a good choice of jobs and business opportunities for all the city's residents.

This scheme improves the links through the designated regional investment priority zone, bringing people, from the north of the zone, to the city centre and the heart of the Friargate development (which has the potential to bring up to 15,000 jobs to the city).

Making places and services easily accessible for Coventry people

The Coventry to Nuneaton corridor suffers from traffic congestion. The population density and level of activity in the corridor is growing and will create increasing demand for transport. There are large scale redevelopments planned in Coventry city centre and redevelopment around the Ricoh Arena continues. This scheme will provide a credible public transport option, now and in the future, for travel along the corridor and enable robust green travel plans to be implemented.

Improving Coventry's environment and tackling climate change

The scheme would provide a credible public transport service that would make modal shift to rail travel a reality; therefore reducing the number of people using the congested highway, and reducing the CO² emissions; therefore improving the impact on the environment.

6.2 How is risk being managed?

In addition to the risk management issues discussed in section 6.2 of the report to cabinet on 16 August 2011, financial risk to the Council as lead partner will be managed through the establishment of an appropriate legal commitment between the partners, specifying both capital and revenue contributions, and the establishment of a risk sharing basis.

6.3 What is the impact on the organisation?

Dealt with above.

6.4 Equalities / EIA

A significant part of the BAFB appraisal assesses the impact of equality. This will be demonstrated through the submission to DfT.

6.5 Implications for (or impact on) the environment

A significant part of the BAFB appraisal assesses the impact on the environment; this will be demonstrated through the submission to DfT.

6.6 Implications for partner organisations?

The scheme is jointly promoted by CCC, Warwickshire County Council and Centro. Network Rail, as an important stakeholder, is involved in the progression of the scheme. Centro will meet the obligation of the ongoing subsidy of revenue costs for the scheme.

If the scheme is not delivered the region will lose one of its priority schemes.

Both Warwickshire County Council and Centro have contributed significant monies, to develop the scheme, refer to **Table 3**.

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