
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 contains information relating to the financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

Cabinet
Council

1st September 2015
8th September 2015

Name of Cabinet Member:

Cabinet Member (for Public Services) – Councillor Lancaster

Director Approving Submission of the report:

Executive Director for Place

Ward(s) affected:

All

Title:

Public Realm and Major Projects Update

Is this a key decision?

Yes as it has the potential to affect all wards within the City and expenditure is in excess of £1m

Executive Summary:

Further to the report to Cabinet on March 3rd 2015 regarding the bid for further European Regional Development Funding (ERDF), we have finally been told that we have been awarded £3m. This will bring our investment in the transformational city centre public realm programme to over £32m and our major projects budget to over £130m. Our investment has been instrumental in attracting around three quarters of a billion pounds of investment to the city: over £100m of investment in the city centre, £0.5bn at Whitley and supporting the development of the £100m National Automotive Innovation Centre at Warwick University.

The lack of corporate resources to support any cost overruns means that it is essential that the major projects programme, including public realm, is balanced. The revised ERDF funding, the very limited time now available to deliver the programme, the preference to avoid having to pay back any unspent or unmatched ERDF and cost changes on the Whitley junction project have made it necessary for the overall programme to be revised. The revised programme and funding sources are set out in Table 1 – Major Projects Funding in section 2.1.

The table in section 2.1 sets out a proposed works programme that maximizes project delivery and would ensure no ERDF is returned whilst requiring no additional City Council money. To finance this programme a further £1.036m is required which is proposed to be financed from:

- a) use of future years Transportation and Highways Capital Programme of £0.906m (up to a maximum of £0.5m per year)
- b) use of station masterplan funding (Growth Deal) of £0.13m (to support the access tunnel).

The advantage of bringing funding forward is that for every pound we invest now we can match it with a pound from ERDF.

The final out turn costs for Whitley and Friargate are not going to be known for some time, so prudent cost assumptions have been made for both of these projects with the aim of ending up with a lower final account which would reduce the amount of finance needed to balance the programme.

The following phase 3a schemes, reported on March 3rd, will be delivered:

- Fairfax St/Whittle Arch – environmental enhancements and measures to improve safety and connectivity for visitors between the Cathedral and Motor Museum;
- Hill Top conservation area – repairs to historic features and surfaces, de-cluttering and other enhancements;
- Extension to the Belgrade Plaza scheme – to include the new pedestrian link through the former Allied Carpets unit (dependent upon the grant of planning permission for the West Orchard House development);
- Far Gosford Street – provision of additional parking and improved entrance to Fargo village;
- Lidice Place scheme enhancements.

This follows the priority list approved in the March 3rd report with the Palmer Lane and Canal Basin schemes postponed. This programme result in a remaining balance of £0.3m to be used to upgrade Greyfriars Lane to provide a more attractive and safe walking route between Salt Lane car park and the new restaurants opening in Cathedral Lanes. The opportunity has also been taken to expand the intelligent parking direction system to cover the whole ring road.

The additional £0.906m is proposed to be redeemed from the Transportation and Highways Capital Programme at a rate of £0.5m per annum.

Recommendations:

Cabinet are requested to recommend that Council:

1. Approve the revised Capital Programme as set out in Table 1;
2. Authorize the under-writing of the programme at a rate of £0.5m per annum from the Transportation and Highways Capital Programme.

Council are asked to:

1. Approve the revised Capital Programme as set out in Table 1;
2. Authorize the under-writing of the programme at a rate of £0.5m per annum from the Transportation and Highways Capital Programme.

List of Appendices included:

None

Other useful background papers:

1. Coventry City Centre Public Realm Phase 3A – Cabinet and Council Report of 3rd and 17th March 2015 respectively
2. Coventry City Centre Public Realm Phase 3 – Council Report of 7th October 2014
3. European Regional Development Fund (ERDF) open call for projects – Cabinet and Council report of 17th and 24th June 2014 respectively
4. Coventry City Centre Public Realm Phase 2 Update – Council Report of 23rd July 2013
([Click Here to Access Council Report](#))
5. Coventry City Centre Public Realm Phase 2 – Council Report of 23rd October 2012
([Click Here to Access Council Report](#))
6. European Regional Development Fund (ERDF) Open Call for Extension to Projects – Cabinet and Council report of 3rd and 17th March 2015 respectively

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?

Yes, 8th September 2015

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Report title: Public Realm and Major Projects Update

1. Context (or background)

- 1.1 The City Council has a very ambitious major projects programme comprising City Centre public realm, Friargate, station masterplan, Whitley junction, pinch point schemes at Walsgrave Hospital and Warwick University and Nuckle. In total this represents over £130m of investment in the city.
- 1.2 The lack of corporate resources to support any cost overruns means that it is essential that this programme is fully funded from a combination of external grant and existing resources. The outcome from the latest European Regional Development Funding (ERDF) bid, the delayed timing of this announcement, and significant cost changes on the Whitley junction project have made it necessary for the overall major projects and public realm programme to be revised. This is to ensure that it can be delivered on time, within the available budget and thus avoid any claw back of ERDF. As the funding for Nuckle and pinch point schemes are effectively ring fenced, they have been excluded from further consideration in this report.
- 1.3 The background to the Coventry Public Realm Project has been covered in earlier reports to Cabinet. The previously approved programme for Phase 3a was on the assumption of the full £11.7m of additional ERDF bid for being awarded; the report noted the risk that this may not happen and set out a priority list of schemes to be funded in the event of not all of that funding being received. The Council has been awarded £3m, but helpfully the Department for Local Government and Communities have agreed to previously approved ERDF of £2.346m being transferred to new projects in cases where projects are no longer proceeding such as the canal basin.
- 1.4 The Council had also been told that the ERDF decision would be announced in February 2015. In the event, notification was only received on June 4th, whilst the deadline of December 31st 2015 for scheme completion and monetary claims remains unchanged.
- 1.5 The January 2015 bid to the Department for Communities and Local Government (DCLG) for an additional £11.7m of ERDF assumed that £3m of Growth Deal 2 money could be brought forward to act as match. Confirmation of this funding, expected in March this year is now not expected to be given until February next year and has to be considered at risk.
- 1.6 In view of the above changes, options for revisions to the capital programme and funding packages have been considered to ensure a balanced programme can be delivered.

2. Options considered and recommended proposal

- 2.1 **Option 1 – (recommended) – all ERDF utilized, additional match funding of £1.036m:** The table below sets out the programme that can be delivered within the required timescales if £1.036m match funding can be found for all the available ERDF. ERDF for previously approved schemes, principally the canal basin, has been re-allocated to other schemes with the agreement of DCLG.

TABLE 1 – Major Projects Funding

	Additional ERDF £'000	Other Public Match* £'000	ERDF Already Secured £'000	Private Match £'000	Total
FRIARGATE PROGRAMME & WHITLEY JUNCTION**	3,000	22,430	7,235	1,549	34,214
STATION ACCESS & CSMP***		24,197			24,197
MAJOR PROJECTS SUB-TOTAL	3,000	46,627	7,235	1,549	58,411
EXISTING PUBLIC REALM 3		2,660	2,523	2,500	7,683
BELGRADE PLAZA		997	1,606	879	3,482
WAYFINDING TOTEMS		254	256		510
LIDICE PLACE		771	767		1,538
FAIRFAX / WHITTLE ARCH		849	932		1,781
INTELLIGENT PARKING SCHEME		569	631		1,200
HILL TOP		177	197		374
GREYFRIARS LANE		142	158		300
FAR GOSFORD ST		142	158		300
PROFESSIONAL FEES		200	186		386
PUBLIC REALM 3 SUB-TOTAL	0	6,761	7,414	3,379	17,554
TOTAL	3,000	53,388	14,649	4,928	75,965

*Other public match includes Growth Deal 1, Growth Deal 2 and Regional Growth Fund resources.

**Friargate programme includes Friargate Bridgedeck, Station Forecourt, Enabling Works and Friargate LLP works.

***CSMP stands for Coventry Station Masterplan.

2.1.1 It is proposed that of the balance of £1,036,000, £906,000 is covered by top-slicing the Transportation and Highways Capital Programme for 2016/17 and 2017/18 and the balance of £130,000 is taken from station masterplan funding. This follows a similar top-slicing of the Transportation and Highways Capital Programme for the previous 4 years to support the public realm programme. The station masterplan funding would be used to support the station access tunnel which is a part of the masterplan. The advantage of bringing funding forward is that for every pound we invest now we can match it with a pound from ERDF.

2.1.2 The public realm schemes in the table above have been selected based on the priority list approved by Council in the March 3rd report. It will no longer be possible to deliver the Canal Basin scheme and the River Sherbourne de-culverting in Palmer Lane as part of this programme.

2.1.3 It has been necessary to revise the scope of the remaining schemes to ensure they can be delivered before the end of November 2015. The primary issue has been the lead time for materials which can be up to 4 months for granite for example. The revised project scope is as follows:

- Whittle Arch/Fairfax Street: realignment of bus gate, introduction of large continuous pedestrian refuge, repaving and resurfacing, new steps into Millennium Pace to reinforce the link to Priory Place, removal of traffic lights at Priory Street/Fairfax Street and environmental improvements along Fairfax Street between Whittle Arch and Priory Street. This will provide a better welcome for coach borne visitors as well as making the area around Whittle Arch safer and more attractive for all;
- Hill Top: repairs to setts, pavements and other road surfaces including University Square, decluttering, repaving and lighting the link from Priory Street to Priory Place and opening up access to Unity Lawn. This will help boost tourism by making the most of our historic assets;
- Far Gosford Street: provision of 20 space car park near Binley Road and a raised table and planting to improve the entrance to Fargo Village. Both measures will encourage trade to Fargo and the street itself;
- Belgrade Plaza and Lidice Place enhancements: as set out in the March 3rd report.

2.1.4 The changes to the scope of the above schemes mean that it is also possible to do the following:

- Greyfriars Lane: to support the opening of the new restaurants in Cathedral Lanes, it is essential to provide a good quality safe link from Salt Lane car park to Broadgate. To achieve this it is proposed to create a single surface in Greyfriars Lane, with trees and catenary lighting to provide a welcoming approach;
- Extension to the scope of the intelligent parking scheme allowing the whole of the ring road to be covered by variable message signs.

2.1.5 A total contingency of £0.7m has been included in the additional schemes to reflect the risks of delivering works in such a constrained timetable. The prudence built into the cost assessments for Whitley and Friargate should also be borne in mind in considering this option. The background to this is set out in paragraphs 1.7 and 1.9.

2.1.6 It is recommended this option is approved to deliver the full programme of public realm improvements to maximize impact. It is not known what funds may become available for public realm post 2015, therefore this is a last opportunity to utilise a significant package of grant funding to further enhance the city centre and complete the programme of works started at part of the Coventry 2012 initiative.

2.2 Option 2 - No additional match funding identified, c.£1.04m ERDF returned.

2.2.1 In total this option would result in a £2.3m reduction in the public realm programme, meaning that the Whittle Arch/Fairfax Street scheme could not be delivered. Although the priority list showed Far Gosford Street as the next lowest scheme, dropping this scheme in itself would not be sufficient to balance the budget. The Whittle Arch scheme is also the highest risk in terms of deliverability.

2.2.2 This option is not recommended as there remains significant funding risk whilst there would be the potential damage to the Council's reputation of having to return ERDF.

2.3 Option 3 - No additional match funding identified and Growth Deal 2 funding assumed to be unavailable resulting in c.£4.04m ERDF returned

- 2.3.1 This option would result in the loss of £5.3m from the public realm programme necessitating the loss of all Phase 3a proposals and the de-scoping of the Belgrade Plaza and Lidice Place schemes, until such time as Growth Deal 2 funding availability is confirmed (by which time the opportunity to match fund with ERDF would be lost). This would include not proceeding with the walkway through Allied Carpets.
- 2.3.2 Whilst this is a low risk option and avoids deliverability issues, it means we would miss out on an opportunity to successfully conclude the city centre public realm programme and to maximize the benefits to the city in terms of boosting tourism and inward investment (given that £100m has already been attracted partly as a result of this programme). Although this option avoids future top-slicing, the big benefit is that for every pound we invest we can match it using ERDF. This option is not therefore recommended.

2.4 Recommended Proposal

- 2.4.1 For the reasons set out above it recommended that the Council proceeds with Option 1 to maximize our investment and bring the public realm scheme to a successful conclusion, utilizing future Transportation and Highways Capital Programme and the station masterplan funding to provide the required match funding.

3. Results of consultation undertaken

- 3.1 There has been no further consultation since the March report.

4. Timetable for implementing this decision

- 4.1 The timetable for Phase 3a is incredibly tight. All ERDF spend must be defrayed by December 31st 2015 in order to submit a final grant claim. Therefore works are to be completed by the end of November 2015 to enable time for final payments to be made. The DLO have no further capacity, so the 'Scape' contract is being used for the new schemes to minimize procurement time whilst meeting ERDF rules.
- 4.2 The works on the access tunnel at Coventry Station went out to tender in August 2015 and the tunnel will be built between January and October 2016.

5. Comments from Executive Director, Resources

5.1 Financial implications

- 5.1.1 Option 1 as proposed would result in a revised capital programme for public realm (phase 3/3a) and major projects as set out in Table 1. These schemes are proposed to be funded from a combination of Regional Growth Fund, ERDF, Growth Deal, and other contributions as summarised in Table 1.
- 5.1.2 Option 1 of maximizing ERDF grant requires additional match funding of £1.036m to be identified. The report proposes that £906,000 of this is funded from future year's Transportation and Highways Capital Programme.
- 5.1.3 The remaining £130,000 is proposed to be funded from the Station Masterplan (Growth Deal 1 funded) budget to make up the shortfall on the Station Access project, as some of the original funding package for this has been reallocated to Friargate due to the increase in costs as described earlier in the report.

5.2 Legal implications

- 5.2.1 The public realm schemes will be delivered under the Council's general highway improvement/traffic management powers under the Highways Act 1980 except in relation to any new or amended formal pedestrian crossings/traffic regulation orders/traffic-calming measures which will be implemented following a separate statutory notice/objection process under the Road Traffic Regulation Act 1984.

6. Other implications

6.1 How will this contribute to achievement of the Council's Plan?

- 6.1.1 The City Council's **New Jobs Strategy 2014-17** highlights the importance of creating jobs which the city needs. All project extensions will support job creation within Coventry and be aligned with the following two objectives of the strategy:

- Secure job opportunities through investment – businesses and investors continue to recognise Coventry as the right place for them to invest and grow
- Help people get jobs – pursuing prosperity so that in Coventry everyone who wants a job will have the opportunity to secure one that matches their skills.

- 6.1.2 All these schemes will indirectly or directly provide jobs across the city and sub-region. The Jobs Strategy specifically acknowledges the importance of public realm improvements in creating new jobs in the city centre. Coventry's Sustainable Community Strategy sets out the ambitions for "a prosperous Coventry with a good choice of jobs and business opportunities for all the city's residents". One of its long-term outcomes is accelerating economic growth for the city and creating a more diverse range of businesses and employment.

- 6.1.3 The proposed extensions to the current Public Realm programme are closely aligned with one of the **CW LEP's core objectives**, which is to develop Strategic Infrastructure. It is also aligned with the CWLEP's Inward Investment objective, particularly as improved public realm will help to open up new employment sites (most notably the Friargate and City Centre South sites), and provide compelling reasons for companies to locate into the region.

- 6.1.4 The CWLEP recognises the importance of a successful Coventry city centre to the sub-region as a whole in its strategy. Public Realm Phase 3a is closely aligned with the "Unlocking Growth Potential" theme of the Coventry and Warwickshire Strategic Economic Plan (SEP), specifically by unlocking the potential for development on key new city centre employment sites.

6.2 How is risk being managed?

- 6.2.1 Arrangements are in place within the Place Directorate to deliver the accountable body role ensuring that procedures are in place to manage risk. There is a governance structure in place for the public realm programme whereby risks are managed at project team level and reported to strategic board. There is a separate project board to manage shared risks between Coventry University and the Council for the Gosford Street project. Regular risk workshops are undertaken on all projects to ensure active monitoring and management. The revised programme of works includes a £700,000 contingency.

- 6.2.2 The financial risk associated with the ERDF sits with the Council. However the risk of claw back by DCLG and/or the EU is minimal so long as the expenditure is defrayed against eligible activity and in the permitted timeframe. This risk will be mitigated by the

implementation of strict procedures for the project management of ERDF-funded work and ensuring that the risks for the two outside projects are devolved appropriately to the partner organisations. The Council maintain close liaison with our monitoring officer in DCLG, and ensure that funding contracts awarded by the Council for the completion of infrastructure works place risk on the organisations which complete the works.

- 6.2.3 The City Council's Resources & New Projects (RNP) Team oversee all ERDF that comes into the Council beyond just public realm. They are experienced in dealing with external funding and will ensure that suitable monitoring and governance arrangements are in place at a programme level and appropriately align to the CWLEP's governance structure. The same team also oversee management of the Growth Deal funding in conjunction with CWLEP.
- 6.2.4 The programme manager for the works is responsible for managing compliance with the funding requirements such as publicity, procurement and for monitoring progress including making grant claims to DCLG. The highly experienced Planning, Transport & Highways division who have already successfully delivered three phases of Public Realm will continue to implement the remaining public realm schemes.

6.3 What is the impact on the organisation?

HR Implications

- 6.3.1 To ensure successful delivery of these large projects and the Council's ability to provide an adequate accountable body function, additional staff resources may be required and will be recruited through the council's authorised recruitment protocols. Staff are already in place for the existing ERDF-funded projects and they may be able to continue to carry out this function and take on the new projects.

6.4 Equalities / EIA

- 6.4.1 Each of the infrastructure projects will undertake an Equality Impact Assessment as part of project development and impact. The proposals will make movement around the city centre easier for everyone. This is because of the removal of unnecessary street furniture and measures to reduce the dominance of vehicular traffic. However, access by car for those that need it will be maintained. Discussions with the Access Groups and representative organizations are underway to ensure that the design of Belgrade and other areas properly reflects access needs. There have been regular meetings with the Access Development Group and the Coventry and Warwickshire Access Committee to review the impact of Phase 1 to 3 schemes and to consider the design of further schemes. In particular, the Council has been working closely with the Guide Dogs Association providing funding to help the re-training of guide dogs in the new city centre.

6.5 Implications for (or impact on) the environment

- 6.5.1 The large scale infrastructure projects will have a positive impact on the environment in the city centre. Removal of traffic lights at Belgrade Plaza junction and Fairfax Street will result in freer flowing traffic, which will have a positive impact on air quality. We will also be introducing more green spaces and trees into the city centre.

6.6 Implications for partner organisations?

- 6.6.1 Private sector developers stand to benefit from the proposed Public Realm Phase 3a programme. The public realm projects will help increase the attractiveness of city centre sites to private sector developers, and is likely to bring new employment land forward for

development. The improvements at Fairfax Street/Whittle Arch and Hill Top will improve the settings for the Transport Museum and Cathedral, and encourage more footfall in these areas. The public realm improvements in Far Gosford Street will complement the private development in this area and encourage further investment. Friargate LLP, Network Rail, Virgin and London Midland will benefit from the Station Access scheme, as this will be the first phase of delivery of the wider Coventry Rail Station Masterplan.

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