

A40 Innsworth Gateway Scheme: Full Business Case Assessment Report

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Quality information

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Revision History

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Table of Contents

Executive Summary	5
Findings	5
Summary of Full Business Case Assessment.....	6
Recommendation and Conditions of Approval	6
1. Introduction.....	7
Applicant	7
The Project.....	8
2. Full Business Case Assessment.....	9
Introduction	9
Strategic Case.....	10
Economic Case.....	11
Financial Case	13
Commercial Case.....	14
Management Case.....	15
3. Due Diligence Checks	17
Introduction	17
4. Summary	28
Introduction	28
Summary of project inputs, outputs and outcomes	28
Total Cost	28
Funding	28
Milestones	29
Summary of Full Business Case Assessment.....	29
Summary of Due Diligence Checks.....	30
Recommendation and Conditions of Funding	30

Figures

Figure 1-1: Scheme Overview.....	8
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Tables

Table 1: Assessment of the Strategic Case for the Scheme.....	10
Table 2: Assessment of the Economic Case for the Scheme	11
Table 3: Assessment of the Financial Case for the Scheme	13
Table 4: Assessment of the Commercial Case for the Scheme.....	14
Table 5: Assessment of the Management Case for the Scheme.....	15
Table 6: Planned Implementation Costs.....	28
Table 7: Sources of funding.....	28
Table 8: Milestones	29
Table 9: Summary of Full Business Case Assessment	29

Executive Summary

The £13.1m A40 Insworth Gateway Scheme project consists of capacity improvements to the A40 Longford Roundabout and provision of a new roundabout on the A40 Gloucester Northern Bypass to enable delivery of housing at Insworth and Twigworth. A new access road connecting this new roundabout to Insworth Lane is also proposed as part of the scheme. The scheme seeks to reduce delays along the A40 corridor and facilitate housing development without adversely impacting the existing road network.

AECOM have been appointed by Gloucestershire County Council, as the Accountable Body to the LEP to undertake an independent assessment of the Business Case for the scheme, as well as undertaking a series of Due Diligence checks required ahead of any decision to fund the scheme. These assessments have followed the requirements of the GFirst LEP Transport Business Case Guidance and the GFirst LEP Assurance Framework on the Due Diligence process.

As outlined in the Assurance Framework schemes of greater than £5m in value are required to undertake a two stage business case process. This report therefore provides the assessment of the final stage in this process; the Full Business Case.

The criteria of the Business Case appraisal guidance required scheme promoters to complete five different 'cases' as part of each stage in the Business Case process, namely:

- Strategic Case;
- Economic Case;
- Financial Case;
- Commercial Case; and,
- Management Case.

Findings

The information provided under each of these headings has been reviewed, with a Red/Amber/Green assessment undertaken on each criterion to establish whether the requirements have been fully met (green), partially met (amber) or failed (red). The table below summarises the assessments made for each of these cases. It can be seen that whilst all criteria within the financial and commercial cases were fully addressed some of the criteria within the strategic, economic and management cases were not entirely addressed, but none were considered critical to the overall business case for the scheme.

Case	Assessment
Strategic Case	Passed 3/4 criteria – 1 Criteria had some issues identified, but not considered critical
Economic Case	Passed 7/9 criteria – 2 Criteria had some issues identified, but not considered critical
Financial Case	Passed 5/5 criteria
Commercial Case	Passed 4/4 criteria
Management Case	Passed 16/17 criteria – 1 Criteria had some issues identified, but not considered critical

Summary of Full Business Case Assessment

In terms of the value for money of the scheme a Benefit Cost Ratio (BCR) of 27.8 has been calculated, corresponding to a value for money category of 'Very High'. Key contributors to the quantified benefits of the scheme include travel time savings for users of the scheme. The large portion of the scheme costs which are entirely developer funded (covering the cost of the access road) also contribute to the indicated very high value for money of the scheme, but a sensitivity test undertaken by the scheme promoter has confirmed that the scheme would still represent very high value for money if this element of the scheme were (hypothetically) to be publically funded.

Congestion such as that experienced on the A40 acts as an economic dis-benefit to Gloucestershire due to its impacts on productivity. Every hour spent in traffic congestion is time that could otherwise be spent achieving productive outputs. According to Atkins estimates the cost of delays on roads in Gloucestershire in 2005 were equivalent to £50m-£100m per year in GVA equivalence.

In transport economic appraisal the economic value of journey time savings achieved by a proposal can be calculated using standard values of time (calculated by the Department for Transport), which separately consider the values of time spent doing different activities, such as on work business, commuting or making a leisure trip. These values of time are further split based upon the transport mode used. These values of time allow the total time saved as a result of a scheme for all users to be quantified. The calculation of journey time savings for the users of this scheme equated to a present value of £111m to the local economy over a 60 year appraisal period

Other quantified benefits of the scheme include accident and reliability benefits and land value uplift to the development land at Insworth and Twigworth.

Quantified dis-benefits include construction impacts, a reduction in indirect tax revenues and transport congestion costs placed on existing users resulting from the additional development.

Recommendation and Conditions of Approval

Based on the AECOM assessment of the Final Business Case and the Due Diligence checks undertaken it is recommended that the scheme can be approved for LEP Growth Fund funding and that funding can be released in 2019/20. The following Funding Conditions are recommended to ensure the scheme delivers the outcomes intended:

- Legal agreements are required in the form of S278 agreements with Highways England and Gloucestershire County Council as well as S38 and S104 agreements with Gloucestershire County Council and Severn Trent Water. It is recommended that a condition is included in the funding agreement in relation to the successful completion of these processes so that funding can be withheld or clawed back as required should such approvals be rejected.
- The intention is for the scheme promoter role to switch from Tewkesbury Borough Council to Robert Hitchins Limited following approval of the Full Business Case. LEP Board approval is required to allow this transfer to occur. The approval of the Business case should be conditional on this switch, as the management case approach, some of the risk management and the financial case proposed in the Full Business Case would have to be revisited, should this approval be rejected.
- A funding condition should be included within the legal agreement so that should delivery of the scheme be delayed such that existing planning approvals expire then any LEP funding given can be clawed back.
- A disposal clause should be included within the legal agreement to ensure that if the site land was sold on any outstanding commitments applied to Robert Hitchins Ltd in relation to the scheme would pass on to the new land owner.

A funding condition should be included for the scheme promoter to confirm arrangements with the relevant highway authorities regarding ongoing maintenance costs. Should agreement not be reached between the scheme promoter and the relevant highway authorities regarding agreement to fund commuted sums that the scheme promoter will confirm their ability to fund these sums instead.

1. Introduction

AECOM has been appointed by Gloucestershire County Council (GCC) as the Accountable Body to the GFirst Local Enterprise Partnership (LEP) for Gloucestershire to undertake an independent assessment of the Business Case materials of schemes seeking funding via the Local Growth Fund (LGF).

This report summarises the AECOM independent assessment of the Full Business Case (FBC) for the A40 Insworth Gateway Scheme, currently earmarked for LGF funding.

It is a requirement of the Local Assurance Framework (LAF) that GCC and the LEP undertake a Due Diligence process before Government funds can be made available to scheme promoters. This report therefore examines the information provided in the Full Business Case and Due Diligence submissions, drawing attention to any risks, omission or inconsistencies within the planned approach in relation to the LGF funding of the project.

The intended audience of this report is the LEP Board, as well as GCC as the Accountable Body. This report provides AECOM's independent assessment of the FBC documentation and subsequent information provided to allow these organisations to make an informed decision with regard to the planned funding of the scheme.

This report is formatted as follows:

- The remainder of Section 1 briefly outlines the scope of the A40 Insworth Gateway Scheme;
- Section 2 outlines the AECOM assessment of the Full Business Case Document against the requirements of the GFirst LEP Transport Business Case Guidance, indicating the independent assessment of each of the required criteria within the FBC document.
- Section 3 outlined the additional information requested as part of the Due Diligence process, highlighting any specific criteria or conditions that it is recommended are put in place in relation to any potential funding agreement.
- Section 4 summarises the key project inputs, outputs and milestones and summarises the findings of this assessment.

Applicant

The applicant for the LGF funding for the project is Tewkesbury Borough Council. Following the LEP's decision regarding funding the intention is for the scheme promoter role to transfer to Robert Hitchins Ltd; the developer of the associated housing development.

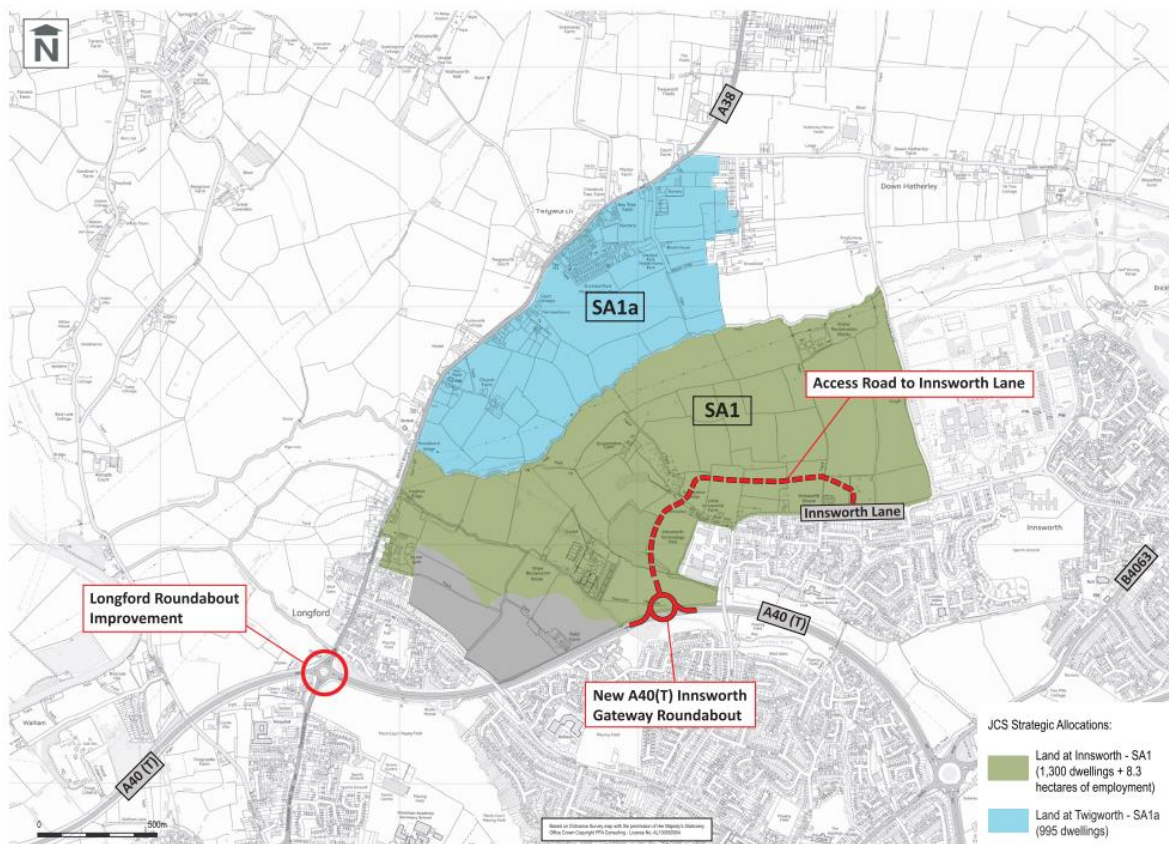
The Project

The scheme consists of three components, as shown in Figure 1-1:

- Capacity improvements to Longford Roundabout
- A new junction on the A40 between Longford and Elmbridge Court Roundabouts
- An access road from the above junction to Insworth Lane

The scheme is designed to reduce delay and improve connectivity on the A40 corridor, and to enable delivery of housing at Insworth (1300 dwellings planned) and Twigworth (750 dwellings planned) without adversely impacting the existing road network. This housing is needed to deliver Joint Core Strategy housing targets. Planning conditions limit the development that can occur without the proposed transport scheme to 300 dwellings at Insworth and 150 at Twigworth.

Figure 1-1: Scheme Overview



2. Full Business Case Assessment

Introduction

The GFirst LEP Transport Business Case Guidance outlined the process utilised by the LEP for the development and assessment of Business Cases. This guidance applies to all transport schemes seeking funding via the Single Local Growth Fund. A pro-forma was also provided to each scheme promoter to fill in to ensure that appropriate information was provided under each of the below assessment areas.

A detailed assessment has been undertaken of the content of the Business Case submission and associated appendices for the A40 Insworth Gateway Scheme. This considered the comprehensiveness, robustness and realism of the information contained against the requirements specified in guidance.

The criteria of the Appraisal Guidance required scheme promoters to complete five different 'cases' as part of each stage in the Business Case process, namely:

- Strategic Case;
- Economic Case;
- Financial Case;
- Commercial Case; and,
- Management Case.

A number of key questions/requirements were also set under each of these headings aligned to the DfT WebTAG guidance for transport appraisal. The AECOM assessment of the Business Case submissions has been based upon whether each of these questions/ requirements has been addressed satisfactorily. A traffic light system (shown below) was used to identify responses that pass (green) or fail (red) each criterion, alongside those where some issues were identified, but these were not considered critical to the overall Business Case of the scheme (amber). Any scheme passing all criteria would be recommended for approval to the next stage. Schemes with some amber elements may be recommended to approve, depending upon the number of issues identified and their impact upon the overall Business Case for the scheme. Submissions with red 'fail' criteria are considered insufficient in robustness, realism or comprehensiveness of detail to approve at this stage.

Fail
Some issues identified, but not considered critical
Pass

This section outlines the AECOM assessment of each area of the business case. The A40 Insworth Gateway Scheme Full Business Case Document and associated appendices should be consulted for further details of the scheme and the appraisal undertaken.

Strategic Case

Table 1 presents the assessment of the Strategic Case for the scheme. Three of the four strategic case criteria are considered to have been passed, relating to changes made to the scheme and its objectives. Some issues were identified in relation to the impacts of assessment of the scheme using a local, rather than strategic transport model, which will not be fully accounting for additional trips which could re-route to make use of the corridor. The scale of benefits identified however would mean that the scheme is considered likely to still represent value for money despite this issue.

Table 1: Assessment of the Strategic Case for the Scheme

Criteria	RAG Status	Assessment
Have they indicated what changes have been made to the scheme since that described in the SOC, OBC or Growth Deal Business Case Proposal?	Pass	The FBC document explains the background to the scheme and the amendments to the design that have occurred. The Growth Deal 3 proposal assumed that the business case focus on the two roundabouts and would not include delivery of the link road. This is now included within the business case. No changes have been made to designs since the OBC stage.
Does the scheme still deliver the objectives stated at the previous stage?	Pass	The identified scheme objectives are considered appropriate and align with the aims discussed in the Growth Deal 3 proposal. The scheme continues to deliver the objectives identified at the OBC stage and align with the aims discussed in the Growth Deal 3 proposal.
Have they indicated the approach has been taken to modelling the economic and financial impacts of the scheme?	Pass	The economic case and separate technical note indicate the modelling and economic assessment approach adopted. The scheme has been assessed using an S-Paramics transport model of the local network, with economic assessment calculated using TUBA. Separate assessments of the dependent development and land value uplift benefits of the scheme have been assessed. Quantified consideration has also been given to the accident benefits and construction impacts of the scheme.
Is the approach utilised considered appropriate to the impacts and scale of impacts anticipated?	Some issues identified, but not considered to affect the overall impact of the scheme.	The approach to the assessment of the scheme benefits and dependent development aligns to the requirements of WebTAG and is therefore considered appropriate. The decision to assess the economic benefits of the scheme within a local rather than strategic model is considered likely to over-estimate the benefits of the scheme, however the scale of the benefits indicated would mean that the scheme would continue to represent value for money.

Economic Case

The economic case for the scheme is assessed within Table 2. The assessment of the economic case indicates that the scheme scores positively against seven of the appraisal areas including confirmation that the scheme scores positively against the majority of identified appraisal areas. Some issues were identified with the calculation of the Benefits to Cost ratio of the scheme utilising a local, rather than strategic model, however this was not felt to detract from the very high value for money category identified.

Table 2: Assessment of the Economic Case for the Scheme

Criteria	RAG Status	Assessment
Has an Appraisal Summary Table been provided?	Pass	An AST has been provided.
Is sufficient evidence presented to justify the scores given, considering the scale of benefits anticipated and the importance of these for the strategic case for the scheme?	Pass	Quantified assessments have been undertaken to support the key areas of scheme benefits. Other areas are reliant upon qualitative assessments.
Are the scores given considered accurate and appropriate?	Pass	Scores are generally considered accurate and appropriate.
Does the scheme score positively against the majority of AST categories?	Pass	Currently scores positively against 5 criteria, neutral against, 9 criteria, and negative against 3 criteria, indicating that more beneficial impacts are expected than negative ones.
What negative impacts are predicted and what are the consequences of these?	Pass	Negative impacts include: <ul style="list-style-type: none"> - noise impacts for some sensitive receptors, including possible noise increases at the A40 NIA, but not considered significant; - possible moderate adverse impacts on archaeological remains of a low value (offset to a slight/minor level with a programme of archaeological work); - possible negative impacts on the Wye Valley and Forest of Dean Bats Sites SAC, Wye Valley Woodlands SAC, (loss/disturbance of commuting or foraging habitat for bats), Insworth Meadow SSSI and SNCI NC25 and some Priority Habitats (through indirect impacts on this site through air, noise and water pollution during construction and operation of the scheme); - proposed scheme crosses through Flood Zones 2 and 3 as well as surface water floodplain areas, and will therefore reduce conveyance and storage of flows.
Are any additional negative consequences predicted that have not been included within the AST assessment?	Pass	No additional negative consequences are predicted.
Have they included a calculation of the BCR for the project?	Pass	Yes
Is the BCR calculation considered accurate, robust and appropriate to the scale and nature of the project?	Some issues identified, but not considered to affect the overall impact of the scheme.	The use of a local, rather than strategic model is considered likely to lead to some over-estimation of the benefits of the scheme. The approach to the calculation of the BCR is otherwise considered accurate and appropriate.

Criteria	RAG Status	Assessment
Does this indicate that the scheme represents value for money?	Some issues identified, but not considered to affect the overall impact of the scheme.	The presented quantified economics for the scheme show that it represents very high value for money. It is noted that the localised nature of the modelling tool used to assess the scheme may be resulting in the over-estimation of the scale of benefits of the scheme. However, this would be unlikely to significantly alter the scale of benefits indicated. Some of the indicated benefits of the scheme come from the fact that the link road would be delivered via a developer contribution. A test was undertaken to demonstrate that the scheme would continue to represent value for money if this element of the scheme were to be publically financed.

Financial Case

Table 3 presents the assessment of the Financial Case for the scheme as presented within the Business Case materials. This indicates that all of the criteria of the Business Case Guidance are considered to have been met in relation to the Financial Case for the scheme. The funding is in place to deliver the scheme and adequate contingencies are in place to manage financial risks. Developer contributions would cover any cost escalations on the project.

Table 3: Assessment of the Financial Case for the Scheme

Criteria	RAG Status	Assessment
Have the latest financial costs been provided? Are these presented in current prices?	Pass	A detailed cost breakdown is included in 2018 prices.
How do these costs compare to previous estimates?	Pass	A table is provided which indicates how costs have changed since the OBC, with anticipated costs increasing slightly following the production of the latest pre-tender estimates, but decreasing once inflation is accounted for. Compared to the initial growth deal pro-forma indicate a significant increase in costs has occurred as the designs have been further advanced and due to delays to the planned programme. The majority of cost increases are associated with the site access road and all cost increases will be covered by developer contributions.
Have they outlined the additional elements which make up the whole life costs of the scheme?	Pass	Costs for capital renewals and maintenance are included in the calculation of the BCR for the scheme.
Have they included the expected non-LEP funding sources and the status of these contributions	Pass	The project would be funded by a combination of LEP contribution and developer contribution.
Is sufficient certainty provided regarding the funding of the scheme?	Pass	Details are provided of the S106 agreements which will make up the developer contributions to the scheme. Robert Hitchins Ltd will take over the scheme promoter role subject to approval of the business case in will be responsible for all financial liabilities in relation to the scheme. The S278 agreement (once confirmed) will also place a legal requirement on the developer to deliver the scheme.

Commercial Case

The commercial case for the scheme is presented within Table 4. It can be seen that all of the requirements within the Business Case Guidance are considered to have been met. No income is generated by the scheme and none is required to ensure its long-term viability. The proposed procurement strategy is identified, with tendering planned to commence in July 2019.

Table 4: Assessment of the Commercial Case for the Scheme

Criteria	RAG Status	Assessment
Have they indicated the income that is predicted to be generated by the scheme? How does this compare to previous predictions?	Pass	No income is expected to be generated by the scheme.
If income is generated sufficient to ensure the long-term viability of the scheme?	Pass	N/A - No income is expected to be generated by the scheme.
Has a procurement strategy been provided?	Pass	A traditional procurement route (client undertakes designs and appoints contractor) has been identified as the preferred procurement route. Tendering is scheduled to commence in July 2019, with award in September 2019.
Is the procurement strategy appropriate to the nature of the scheme? Does it ensure the correct balance of risk is allocated between the scheme sponsor and contractor?	Pass	Contractors will tender for the work on a lump sum basis, based upon a completed bill of quantities. A 60/40 price/quality scoring criteria will be used to ensure value for money. RHL will ultimately be responsible for covering any cost overruns.

Management Case

Table 5 presents the assessment of the Management Case for the scheme. This indicates that all but one of the criteria is considered to have been met in their entirety. Outline plans have been made for how the scheme will be constructed, these will be finalised once a contractor has been procured. A number of legal powers are still outstanding including Section 278 agreements with Highways England and Gloucestershire County Council; work to agree these is ongoing and final agreement should however be in place by September 2019.

An outline communication strategy has been identified, however it is recommended that further consideration is given to agree roles and responsibilities amongst the project team in relation to dealing with public and stakeholder communications which will be required ahead of and during construction.

Table 5: Assessment of the Management Case for the Scheme

Criteria	RAG Status	Assessment
Are plans provided for how the scheme will be designed and constructed?	Pass	The planned timescales for detailed design are discussed. Assumptions have been made regarding the approach to construction, which will be finalised by the appointed construction contractor. Temporary reduced speed limits are planned on the A40, but lane closures and diversions are intended to be limited to off-peak periods. Evidence is provided of the successful delivery of similar schemes implemented by RHL.
Are these plans considered appropriate to the scheme?	Pass	The planned approach to construction is considered appropriate and will limit the impacts of construction during peak periods. Road-space will need to be booked to construct the scheme, which will ensure that the compound impacts of construction of other schemes on the A40/adjacent roads will be accounted for.
Have they included information on the legal powers that are needed to construct the scheme?	Pass	Planning approval for the scheme has been granted with approval of reserved matters for the access road awaited. S278 agreements with Highways England and GCC are required to construct the scheme and S38 and S104 agreements are also required from GCC and Severn Trent Water.
Have they stated how will these powers be obtained?	Pass	The legal agreements required are indicated and expected to be in place by September 2019.
Have they indicated the results of public and stakeholder consultation activities?	Pass	Details of the public share event are supplied, alongside the stakeholder engagement undertaken to date. A communication strategy are provided, however it is recommended that further consideration is given to agree roles and responsibilities amongst the project team in relation to public/stakeholder communications ahead of construction.
Has the scheme been altered to satisfactorily reflect the consultation responses received?	Pass	The public consultation event undertaken was well attended and resulted in useful feedback on the scheme. The detailed designs will take account of issues identified in relation to safety and flood risk.
Have they detailed the key risks in terms of impacts on delivery timescales?	Pass	Detailed pre-construction and construction risk registers have been provided. Key risks which have the potential to impact upon project timescales include technical approval of designs and S278 agreements, TROs and public rights of way diversions and delays due to statutory undertakings.
Have they detailed how the risks will be managed / mitigated?	Pass	Mitigation activities are identified and considered appropriate.

Criteria	RAG Status	Assessment
Has a Quantified Risk Assessment (QRA) been provided?	Pass	A QRA has been completed, with sufficient contingency identified to cover the quantified risks identified.
Have all key risks been identified, sufficiently mitigated and quantified?	Pass	The risk registers provided are considered comprehensive in terms of the risks and mitigation identified and quantified cost and timescale implications. Identified mitigation measures should be put in place to ensure the successful management of risk.
Have they included the governance arrangements that will enable the scheme to be delivered including the key named individuals and their roles?	Pass	A project board has been established to take forward the scheme, with identified individuals/roles identified to take the scheme forward.
Have they outlined the planned project programme for delivery of the scheme including a GANTT chart	Pass	A GANTT chart has been supplied, with key milestones indicated within the FBC document.
Is the programme considered realistic and viable?	Pass	The programme is considered viable and realistic, with construction of Insworth Gateway junction by October 2020, Longford Roundabout by May 2020 and the site access road by June 2021.
Does the programme facilitate completion of the project within the LEP funding period?	Pass	The programme indicates that the LEP funded elements of the scheme will be completed comfortably within the LEP funding period - The Insworth site access road is planned to be complete by June 2021 and required by legal agreement to be complete by December 2021, but is developer funded.
Have they included the proposed Benefits Realisation strategy?	Pass	A brief assessment of how achievement of the scheme outputs will contribute towards the identified scheme objectives is supplied, with organisations identified with the responsibility for ensuring delivery of identified benefits.
Have they identified how the benefits be monitored and evaluated?	Pass	Monitoring activities proposed are indicated including 1 year and 5 year post completion assessments.
Are monitoring and evaluation activities considered appropriate to the scale and nature of the project?	Pass	Monitoring activities are considered appropriate to the nature of the scheme. The Local Growth Fund Transport Scheme Monitoring Pro-forma should be utilised to capture monitoring evidence as data is collected. A 'lessons learnt' log should also be maintained through the scheme delivery phase to capture lessons and examples of best practice which can inform subsequent schemes.

3. Due Diligence Checks

Introduction

It is a requirement of the Local Assurance Framework (LAF) that GCC and the GFirst LEP are required to undertake a Due Diligence process before Government funds can be made available to scheme promoters. The GFirst LEP Assurance Framework provides guidance in the process to be followed in this regard¹.

This section of the report examines the information provided in the Final Business Case submission and subsequent information provided by the scheme promoter across a number of criteria to ensure an appropriate level of due diligence has been given to the scheme ahead of any final decision on the funding of the project.

Table 6 outlines the assessment of the scheme against these criteria.

Table 6: Due Diligence Assessment

Strategic	
Rationale	<p>What is the rationale for the project – is this clearly set out in the Business Case and has anything changed since?</p> <p>This project aims to unlock development at Insworth and Twigworth, as well as improve conditions on the A40.</p> <p>The developments at Insworth Gateway (1,300 dwellings) and Twigworth (725 dwellings) are necessary to meet Joint Core Strategy housing targets, but without the scheme in place, planning permission limits the developments to 300 dwellings at Insworth and 150 dwellings at Twigworth. Without the scheme, the proposed employment land and other community facilities also cannot be delivered at Insworth.</p> <p>Capacity improvements at Longford also aim to improve journey times on the A40, in conjunction with recent Elmbridge Court Roundabout and Over Roundabout improvements. This will improve connections to west Gloucestershire, including regeneration areas such as the Forest of Dean, and will also encourage vehicles to use the A40 rather than less suitable routes in central Gloucester.</p> <p>The scheme also aims to reduce the number and severity of vehicle collisions in the area, especially at Longford Roundabout, which has seen a cluster of collisions in the past five years.</p> <p>The project continues to deliver the objectives identified in the Growth Deal 3 funding application.</p> <p>Why is public funding in the form of Growth Funds necessary?</p> <p>Growth Funds are required to support the costs of providing the Longford and Insworth Gateway Roundabout elements. The Insworth Gateway site access road will be entirely private-sector funded. Robert Hitchins Ltd have committed to providing the majority of the funding required for the Longford / Insworth Gateway Roundabout elements (totalling £8.57m), but without the (£4.53m) contribution from the Growth Funds the development would not be commercially viable.</p>

¹ http://www.gfirstlep.com/doc_get.aspx?DocID=302

Need/Demand	<p>Does the Business Case adequately address the need and demand for the project?</p> <p>The Strategic Case provided within the business case outlines the need for improvements to the A40 corridor and the requirement for the additional housing the scheme would unlock.</p>																														
Aims	<p>Which LEP objectives does the project address?</p> <p>The GFirst LEP Strategic Economic Plan aims include delivering enough housing for a growing population and improving connectivity and resilience on the A40 corridor. This scheme will unlock key housing sites at Insworth and Twigworth, and improvements at Longford Roundabout will also reduce delays and congestion on the A40, contributing to LEP objectives.</p>																														
Fit	<p>What other local strategies does the project fit e.g. LA local plan, Economic Strategies etc.?</p> <p>The project supports various other local strategies, including:</p> <ul style="list-style-type: none"> • Joint Core Strategy 2011-2031 – this strategy sets out the aim to deliver various strategic housing allocations, including at Insworth and Twigworth. This scheme facilitates full development of these sites and mitigates against adverse impacts of extra housing, allowing housing targets to be met. • Gloucestershire Local Transport Plan 2015-2031 – the LTP includes the aims of supporting sustainable economic growth (met by the scheme by unlocking land for housing and employment whilst mitigating against adverse effects of increased traffic); and enabling community connectivity (met by the scheme by improving journey times on the A40, improving connections to areas such as the Forest of Dean). 																														
Financial																															
Cost profile	<p>Latest cost profile with elemental breakdown</p> <table border="1" data-bbox="435 1115 980 1766"> <thead> <tr> <th colspan="3" style="text-align: center;">Scheme Cost Breakdown</th> </tr> <tr> <th style="text-align: center;">Scheme Element</th> <th style="text-align: center;">Capital Cost Items</th> <th style="text-align: center;">Capital Cost (£)</th> </tr> </thead> <tbody> <tr> <td rowspan="3" style="text-align: center;">A40 Longford Roundabout</td> <td>Preparatory / Developer Costs</td> <td style="text-align: right;">£545,000</td> </tr> <tr> <td>Main Contractor Costs</td> <td style="text-align: right;">£474,500</td> </tr> <tr> <td>Construction (including utility diversions)</td> <td style="text-align: right;">£1,871,534</td> </tr> <tr> <td rowspan="3" style="text-align: center;">A40 Insworth Gateway Roundabout</td> <td>Preparatory / Developer Costs</td> <td style="text-align: right;">£702,000</td> </tr> <tr> <td>Main Contractor Costs</td> <td style="text-align: right;">£482,000</td> </tr> <tr> <td>Construction (including utility diversions)</td> <td style="text-align: right;">£3,400,901</td> </tr> <tr> <td rowspan="3" style="text-align: center;">Insworth Site Access Road</td> <td>Preparatory / Developer Costs</td> <td style="text-align: right;">£498,000</td> </tr> <tr> <td>Main Contractor Costs</td> <td style="text-align: right;">£578,000</td> </tr> <tr> <td>Construction (including utility diversions)</td> <td style="text-align: right;">£4,553,000</td> </tr> <tr> <td colspan="2" style="text-align: center;">Total Cost</td> <td style="text-align: right;">£13,104,936</td> </tr> </tbody> </table>	Scheme Cost Breakdown			Scheme Element	Capital Cost Items	Capital Cost (£)	A40 Longford Roundabout	Preparatory / Developer Costs	£545,000	Main Contractor Costs	£474,500	Construction (including utility diversions)	£1,871,534	A40 Insworth Gateway Roundabout	Preparatory / Developer Costs	£702,000	Main Contractor Costs	£482,000	Construction (including utility diversions)	£3,400,901	Insworth Site Access Road	Preparatory / Developer Costs	£498,000	Main Contractor Costs	£578,000	Construction (including utility diversions)	£4,553,000	Total Cost		£13,104,936
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Accounting	<p>Set out the accounting arrangements e.g. how payments made (invoices or claims), who certifies for payment, where records are held, treatment of VAT etc.</p> <p>The form of Contract shall be the NEC 4 Option B. The payment mechanism shall be exactly as prescribed in this contract.</p> <p>The Project Manager will certify contractor payments.</p> <p>LEP funding draws will be made by Robert Hitchins Ltd (RHL) via the Project Manager and these shall coincide with the contract payment terms. The period from the “due date” to the “latest date for payment” shall be 21 days under the NEC Contract. It is understood that the LEP draw down will take <14days from application to receipt of funds.</p> <p>All records for the payment and draw down procedure will be held by the Project Manager and RHL and available for review by the LEP/Accountable body.</p> <p>VAT will be addressed by RHL.</p>																																	
Audit	<p>Set out internal and independent audit arrangements</p> <p>The project shall be arranged to take account of any potential audit. Records will be kept in compliance with the funding agreement and the Project Manager shall regularly inspect to ensure strict compliance in this respect.</p>																																	
Post Project	<p>Are there on-going cost implications and if so how will these be funded?</p> <p>There will be additional revenue liabilities for capital renewals and maintenance as a result of the scheme due to new carriageway, and additional street lighting, signage and a signalised pedestrian crossing. Costs over a 60-year period have been estimated as £1,288,500, or £21,475 annually (2019 Q1 prices), although it should be noted that the costs are not expected to be spread evenly, with a full replacement every 30 years assumed for the street lighting, signage and pedestrian crossing. Given that the scheme is a Local Growth funded scheme supported by both Highways England and Gloucestershire County Council the scheme promoter anticipates that these future maintenance costs would be covered within future local highways general maintenance budgets. Agreement to the funding of these commuted sums is ongoing. A funding condition should be stipulated that should agreement not be reached RHL will take on this maintenance liability.</p>																																	
Viability	<p>Is the project viable? Is there a reliance on income to support the project and if so are the forecasts reasonable?</p> <p>The project is viable. No additional income is required beyond investment costs and future capital renewal / maintenance costs indicated above.</p>																																	

Economic													
Options	<p>What options were considered as part of the Business Case?</p> <p>Various design options have been considered for both Longford Roundabout and Insworth Gateway Roundabout.</p> <p>At Longford Roundabout, the then Highways Agency published its 'A40 Route Congestion Study' in 2011 which looked at various improvements including new road markings; widening the approach arms; partial through-about with signals; partially signalised roundabout; and a fully signalised roundabout. This study concluded that partial signalisation with the optimum option, but only improved road markings and signage were ever implemented.</p> <p>As part of the planning application for Land at Insworth widening of approaches at Longford was considered, but safety concerns were raised, and so full signalisation was also considered. Highways England were concerned about capacity delivered by this scheme, and so a non-signalised elongated roundabout was chosen.</p> <p>The Transport Assessment for Land at Insworth considered two types of junction for access on the A40: a roundabout and a signal-controlled junction. Due to high speeds on the A40, a signalised junction was dismissed, and the roundabout option further developed.</p>												
Outputs	<p>Are there clear and reasonable assumptions underpinning identified outputs?</p> <p>The scheme will deliver the following outputs:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Output</th> <th style="text-align: center;">Measurement</th> </tr> </thead> <tbody> <tr> <td>Total length of newly built roads (km)</td> <td style="text-align: center;">1.42</td> </tr> <tr> <td>Number of lanes created</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Number of roundabouts created</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Number of roundabouts improved</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Number of other junctions created</td> <td style="text-align: center;">1</td> </tr> </tbody> </table>	Output	Measurement	Total length of newly built roads (km)	1.42	Number of lanes created	2	Number of roundabouts created	1	Number of roundabouts improved	1	Number of other junctions created	1
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Outcomes	<p>Are there clear and reasonable assumptions underpinning identified outcomes?</p> <p>The scheme is assumed to deliver the below outcomes:</p> <ul style="list-style-type: none"> • Reduction in average peak period journey times on the A40, A38 and other roads within study area • Reduction in the numbers of 'rat-running' traffic using local roads • Reduced peak period queue lengths on the approaches to Longford Roundabout • Reduced numbers of personal injury accidents within the study area • Delivery of housing on Land at Insworth and Land at Twigworth (1,575 houses and 8.3 hectares of employment land, which is expected to create 1,550-1,610 jobs depending on exact land use). 												
Impacts	<p>Are there clear and reasonable assumptions underpinning identified impacts?</p> <p>The scheme impacts have been assessed and quantified (where relevant) using tools prescribed by the DfT/WebTAG.</p>												
	<p>Have distributional and social effects been taken into account?</p> <p>A qualitative assessment of the social and distributional impacts of the scheme has been undertaken; no detrimental impacts have been identified.</p>												

VFM	<p>Summarise the VFM indicators and results for the preferred option/project</p> <ul style="list-style-type: none"> • The scheme is forecast to result in an Initial BCR of 35.4; • The Adjusted BCR (which includes reliability benefits) is calculated as 36.9; • Additional dependent development impacts have been identified (but not included in either the Initial or Adjusted BCR). A total of 1,575 houses, 8.3 hectares of employment land, and community facilities at Insworth and Twigworth will be unlocked by the scheme; • The total NPV of dependent development benefits is estimated as -£41.2m PV, with amenity and transport external costs outweighing the land value uplift benefits. However, the net transport user benefits of the scheme including the dependent development are still assessed as positive, totalling £44.8m PV, and the NPPV of all monetised benefits is £124.5m PV, resulting in an indicative BCR of 27.7. • The assessment for water environment impacts is currently large adverse. However, this is not unusual for this type of scheme prior to detailed design and is expected to be reduced once detailed designs including mitigations are finalised; • Other qualitative assessments for social and environmental impacts range from slight beneficial (for severance and journey quality) to slight adverse (for air quality, noise, historic environment and biodiversity). <p>Has a Value for Money Statement been completed?</p> <p>A Value for Money Statement has been produced in accordance with DfT guidance, the scheme is assessed as most likely to present Very High Value for Money.</p>																																		
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	<p>A GANTT chart is provided within Appendix G of the Full Business Case.</p>
Site	<p>Confirm ownership of the site and detail arrangements to ensure unfettered access e.g. covenants, rights of way, easements etc.</p> <p>Longford: The site is on land in the complete control of Highways England and Gloucestershire County Council. There are no known restrictions to access.</p> <p>Insworth Gateway: The site is in the complete control of Highways England and land controlled by Robert Hitchins Ltd. There are no known restrictions to access.</p> <p>A disposal clause should be included within the legal agreement to ensure that if the land owned by Robert Hitchins Ltd was sold on any commitments applied to it would pass on to the new land owner.</p>
Planning	<p>Does the project have planning permission? Are there planning conditions that still need to be satisfied e.g. s106, ecology etc.? . Please list all statutory orders related to the scheme and when these were or are planned to be achieved.</p> <p>The scheme comprises three parts. Longford Roundabout is an existing roundabout which is to be improved. Planning permission is not expressly required for works on the existing highway, however the works will need to be approved by the highway authorities through S278 agreements.</p> <p>The second part is the Insworth Gateway Roundabout which is to be built partly on the existing highway and partly on land adjoining it. Leading off the roundabout is the Access Road, the third part of the scheme. Planning permission was granted for the access arrangements under application 15/00749/OUT granted on 21 December 2017. The timings of the provision of the scheme are set out in the planning conditions attached to the planning permissions for the developments at Insworth and at Twigworth.</p> <p>The roundabouts are to be delivered by means of Section 278 Agreements entered into with Highways England and Gloucestershire County Council. The Access Road is being offered for adoption under the terms of a Section 38 Agreement between the developer and GCC. In connection with the Insworth Gateway roundabout, a statutory order in respect to the diversion of a public footpath is required. The scheme has made allowance for this diversion. In respect to both roundabouts, amendments may be required to the existing 'Clearway' and the complementary 'no waiting' restrictions using a Traffic Regulation Order. These will be progressed in conjunction with the technical approval process.</p> <p>Temporary Traffic Regulation Orders may be required to impose lower speed limits during construction. This will be addressed in consultation with the highway authorities as part of the approval process and the requirements for booking road space under the Street Works Act.</p> <p>Conditions of funding should be including within the Growth Deal funding agreement in relation to the successful approval of the above legal agreements.</p> <p>A funding condition should also be considered in relation to a claw back of funding should existing planning approvals expire.</p>
Environmental Sustainability/Social Value	<p>What aspiration is set out in the Business Case and to what quality standard?</p> <p>The scheme aims to minimise adverse impacts environmental impacts.</p>

	<p>How evidenced?</p> <p>All designs include mitigations where appropriate. These mitigations have, where relevant, been developed in conjunction with relevant authorities and bodies, and all legal and statutory requirements will be met.</p> <p>What contribution is the project likely to make to social value?</p> <p>Currently, due to delays and congestion on the A40, some drivers are diverting onto less suitable roads closer to central Gloucester, meaning that the A40 is not acting as a northern bypass as it should. The scheme will improve journey times and reduce queueing on the A40, meaning that drivers will divert back to the A40 for east-west journeys, removing traffic from less suitable roads (such as Insworth Lane and residential streets in Longlevens) with associated benefits for severance, air quality, noise and accidents.</p> <p>The scheme has been assessed for its social and environmental impacts. Most social impacts were determined to be neutral (physical activity, security, access to services, affordability and option and non-use values, however slight beneficial impacts have been noted for journey quality (due to reduction in queueing and driver stress); accidents (due to 92 fewer accidents and 130 fewer casualties over the 60 year appraisal period); and severance (due to traffic shifting onto the A40 from less suitable roads closer to central Gloucester).</p> <p>What will be the environmental impact of the project and have potential opportunities for environmental enhancement been identified?</p> <p>There is expected to be a slight adverse impact on air quality and noise, due to the increased flow on the A40, but there are expected to be air quality and noise benefits in residential areas such as Insworth, Longlevens, and along parts of the B4063 Cheltenham Road due to vehicles shifting to use the A40.</p> <p>There is expected to be a beneficial impact on greenhouse gases with a monetary benefit of £1.6m.</p> <p>There are neutral impacts expected on townscape due to the scheme's location out of town, and neutral to slight adverse impacts expected on landscape due to some loss of Green Belt land and potential indirect impacts through noise and air quality on the nearby Insworth Meadow SSSI, although the area around the scheme is not currently considered tranquil, and impacts are expected to be minimal. There is the potential here to recreate landscape pattern with new hedgerows and linear belt trees.</p> <p>Slight adverse impacts are expected on historic environment (due to some low value archaeological remains nearby, and the potential that more low value archaeological remains could be found within the site) and biodiversity (due to potential impacts on various Priority Habitats as well as a Site of Nature Conservation Interest and the Insworth Meadow SSSI).</p> <p>Large adverse impacts are currently expected on the water environment, as the access road crosses through Flood Zones 2 and 3, and there is also some increase in impermeable areas. A Flood Risk Assessment, Drainage Strategy and Compensatory Flood Storage Area calculations have been undertaken for the access road and Insworth Gateway Roundabout, and measures have been taken in designing scheme elements to mitigate against any increase in flood risk. Once detailed designs are complete and all mitigations confirmed, it is expected that the impact severity will be reduced.</p>
<p>Procurement</p>	<p>Outline the procurement strategy – is this State Aid compliant?</p> <p>The planned procurement strategy has been reviewed to ensure the proposed arrangements are State Aid compliant. The scheme promotor has stated that the proposed arrangements are 'below threshold procedure' in relation to the PCR 2015 requirements. It is considered that there is a small potential for legal challenge in relation to procurement approach. While the risk of challenge for both, the procurement arrangements and State Aid lies with the scheme promoter, GCC as the accountable body has also sought independent legal advice</p>

	<p>from Ashfords LLP in relation to the matter which can be made available to members of the LEP Investment Panel and the LEP Board on request. The projects will be sent to market via Contracts Finder. RHL has registered as a “Seller” in compliance with PCR 2015. Please note: RHL has an obligation within the funding agreement to act as a “contracting authority”.</p> <p>Basis for contractor selection: is this best VFM?</p> <p>The tender marking criteria and weighting have been selected to maximise value for money. This approach has been reviewed and approved by the appointed Solicitor (Ashfords). The tender is split in to three distinct sections for marking purposes:</p> <ul style="list-style-type: none"> • Suitability Questions (SQ) – Pass/ Fail; • Qualitative Questions – 40%; and • Price – 60%. <p>In addition to the above the Quantity Surveyor has produced a Bill of Quantities as the basis of Tender Pricing.</p> <p>The expectation is that the procurement process will achieve:</p> <ul style="list-style-type: none"> • Compliance with the Treaty Principles and prevailing legislation; • Superior VFM; and • Parity of response. <p>Contractor checks including collateral warranties</p> <p>Under the form of contract, the successful tender will be required to execute Collateral Warranties in favour of 3rd parties.</p>
<p>State Aid</p>	<p>Does the investment provide a benefit to an undertaking in a way that is not recognised through an appropriate contribution? Is the investment covered by General Block Exemption Rules or any other EU approved notification? Confirm the investment of Growth Funds is State Aid compliant.</p> <p>The investment is not covered by General Block Exemption Rules or any other EU approved notification. State Aid compliance is confirmed via the “below threshold procedure” and this has been confirmed by the appointed Solicitor (Ashfords). It is considered that there is a small potential for legal challenge in relation to procurement approach.</p> <p>The A40 is non-excludable and non-rival in use. Public funding is confined to public lands. The developer is paying for the provision of an access route to the A40. Use of public funding is not selective in nature and proportional.</p> <p>35% of the Land at Insworth development is required to be made up of affordable housing provisions as stipulated within the S106 agreement.</p>
<p>Risk</p>	<p>Set out Risk management strategy including allocation/transfer Confirm Risk register in place and arrangements for maintaining</p> <p>The Project Manager will hold overall responsibility for maintaining the Risk Register, including requesting that the design team and contractor notify potential new risks. The Risk Register sets out the mitigation measures for all risks and their current owners. As the scheme progresses, risks will be reviewed regularly and will pass to new owners as appropriate.</p> <p>A risk budget has been calculated based on a combination of the estimated cost of each risk</p>

	<p>being realised and the probability of each risk becoming reality. The quantified risk budget is £0.861 million (for all three elements including the Insworth site access road). The risk budget has been included in both the scheme cost estimate and the economic appraisal.</p> <p>A risk register has been supplied in Appendix F of the FBC.</p>
Management	
Organisation	<p>Set out the Status of the organisation receiving funds for State Aid purposes Undertake general finance check e.g. credit rating, KYC, money laundering etc.</p> <p>The project is currently being taken forward by Tewkesbury Borough Council, who are experienced in undertaking capital projects of this nature. As a public body TBC are governed by rules for public organisations including public procurement and freedom of information. Annual Statement of Accounts is made publically available as are external audit results. Additional financial checks are therefore not considered appropriate or necessary for this organisation.</p> <p>The intention is for the scheme sponsorship role to transfer over to Robert Hitchins Ltd for the delivery phase of the scheme. A financial check has been undertaken on this organisation, with no adverse findings identified.</p>
Capability	<p>Does the delivery team possess the necessary skills and resources to deliver the project? Are there multiple projects that are the responsibility of the same team, and if so how managed with the project?</p> <p>Robert Hitchins (RHL) is an experienced regional development company, with specialism in infrastructure and highway works to facilitate its projects. It has an in-house team of experienced engineers and managers with a long track record of successful delivery across the region.</p> <p>RHL regular appoints the consultant team of PFA and WWA to design and manage its larger schemes. The team of RHL, PFA & WWA have worked together on schemes at Lydney, Longford and are currently on-site at Stonehouse. PFA and WWA have large and amply experienced teams with internal management procedures which ensure continuity of service delivery to RHL.</p> <p>The project “principals” from each organisation are;</p> <p>RHL = Gordon Jeynes (Director) PFA = Julian Alexander (Director) WWA = Dwaine Bushell (Partner)</p> <p>The overall scheme management will be the responsibility of WWA as the “Project Manager”.</p>
Governance	<p>Are there clearly defined role responsibilities including authorisation and delegation levels?</p> <p>Tewkesbury Borough Council (TBC) as scheme promoter has set up a Project Board for delivering the Insworth Gateway project. The Project Board includes RHL as the landowner/developer and part funder, GFirst LEP as grant funder, GCC as local highways authority and the accountable body for the LEP and Highways England as the strategic road highway authority.</p> <p>In addition, there are supporting roles from PFA Consulting as transport advisors to RHL, Ward Williams Associates (WWA) as procurement agents to RHL, AECOM as transport advisors to GFirst LEP, Gloucester City Council as partners of the Joint Core Strategy (JCS), and Atkins</p>

	<p>who are contracted to complete the Business Case.</p> <p>The Project Board is led by the JCS Programme Manager at Tewkesbury Borough Council (TBC) as Senior Responsible Owner (SRO). The SRO will ensure that the project team is progressing with the business case in line with the Scheme Implementation Programme and that outputs and milestones set by the Project Board are achieved.</p> <p>Following FBC approval, RHL will take over the responsibility of delivering the scheme from TBC. RHL will become the SRO and appoint a Project Manager who will report to GCC as the accountable body to the GFirst LEP. The primary focus of the Project Manager will be to ensure that the scheme is delivered on time, within budget and to specification. The Project Manager will also be responsible for preparing Highlight and Exception Reports. Approval from the LEP Board will be required for this switch of scheme promoter role. Alternative management and procurement arrangements will need to be put in place should this change in project promoter be rejected.</p> <p>What are the reporting arrangements?</p> <p>Regular (monthly) project meetings have taken place to support the development of the scheme, which will continue through to delivery of the scheme. The agreed actions from these meetings are minuted.</p> <p>At regular intervals, usually at project gateway reviews, but no less than once per quarter annum, the Project Manager shall chair a review with the “Project Principals” to assess the relative position of the scheme against pre-determined and defined criteria. The purpose of the review meetings shall be to ensure consistency with the desired project outcome. The criteria for the review meetings have yet to be determined, but shall include as a minimum:</p> <ul style="list-style-type: none"> • Progress against programme; • Value Engineering and Value Management; • Change Control; • Design; and • Procurement. <p>In addition to the above, this meeting shall also be used to review and update the project risk register.</p> <p>Additional meetings if required shall be held.</p> <p>An invitation to these “review” meetings shall be extended to the Main Contractors elected principal, upon confirmation of appointment.</p> <p>Post Contract the review meetings shall be supplemented with:</p> <ul style="list-style-type: none"> • a Monthly Cost Report produced by the Quantity Surveyor, providing an indication of the anticipated final account; and • the Main Contractors monthly progress report.
<p>Communication</p>	<p>How will the project communicate with stakeholders, client base, public? Is there a marketing strategy?</p> <p>Key stakeholders identified are Highways England and Gloucestershire County Council. They will be subject to intensive consultation, with direct contact and regular meetings.</p> <p>Other key stakeholders that will be consulted are local parish councils, local MPs and elected members (who will all be subject to briefings prior to any public exhibitions), as well as scheme users (who will be involved in public share events). Local press will be given information at</p>

	<p>pre-exhibition briefings, and GFirst LEP will be kept up to date with progress reports. Emergency Services, Road Haulage Association and Freight Transport Association will be contacted after the scheme has been approved for funding and road space booked.</p>
Monitoring	<p>What are the arrangements for monitoring for both finance and economic benefits?</p> <p>Financial performance will be monitored via month cost reports and contractor progress meetings, as outlined in the governance section above.</p> <p>Economic benefits will be assessed via the monitoring and evaluation plan discussed below which consider the key determinants of the planned economic benefits of the scheme.</p>
Evaluation	<p>How will the completed project be evaluated?</p> <p>A Monitoring and Evaluation Plan has been developed to identify how the scheme benefits (direct and wider) and actual scheme delivery, (including construction and budget management), are to be evaluated.</p> <p>The Monitoring and Evaluation Plan is to be owned by the Senior Responsible Owner (SRO), although ownership will be reviewed and delegated as necessary. A monitoring and evaluation budget of £20,000 has been established for this scheme.</p> <p>To determine whether the scheme direct benefits are being realised, the desired outputs and outcomes have been converted into measurable indicators of scheme benefits, as set out in Table 6-6 in the FBC. The data required to measure the extent to which benefits are being realised is also shown.</p> <p>Benefits have been classified as 'quantitative' or 'qualitative'. Quantitative benefits are those which can be measured in terms of specific numerical values on a continuous scale, whether in absolute or percentage terms, whereas qualitative benefits are measured in category-based or descriptive terms.</p> <p>Baseline data which will allow the pre-scheme opening situation to be quantified is required for benefit assessment indicators. This will include the following:</p> <ul style="list-style-type: none"> • Automatic Traffic counts (ATCs); • Journey Times on the A40, • Queue lengths at Longford Roundabout; and • Accident records – data to be obtained from GCC over a 5-year period. <p>Provision will be made for a permanent ATC to be cut into the Insworth site access road as part of the construction to enable future monitoring of traffic volumes travelling to/from the A40. The new ATC will be located at a point north of the A40 Insworth Gateway Roundabout before any accesses serving proposed development on Land at Insworth.</p> <p>The scheme implementation monitoring will focus on scheme delivery including the extent to which the construction programme was delivered within the estimated timescales and budget.</p> <p>A Monitoring Report will be produced prior to scheme opening detailing the baseline survey data; further Monitoring Reports will be produced approximately one year and five years after scheme opening detailing the results of the survey data identifying changes that have occurred as a result of the scheme interventions.</p> <p>It is recommended that a 'lessons learnt' log is maintained throughout the scheme delivery phase so that learning from the project can inform subsequent schemes.</p> <p>An early monitoring meeting will be set up to establish the required format of the Monitoring Report and the survey data to be collected.</p>

4. Summary

Introduction

This section of the report summarises the key project inputs, outputs and milestones. It also summarises the findings of the Full Business Case assessment undertaken on the proposed project.

Summary of project inputs, outputs and outcomes

Total Cost

The total scheme cost is £13,104,936; this is broken down by task in Table 7 and Table 8 below:

Table 7: Planned Implementation Costs

Scheme Element	Total (£)
A40 Longford Roundabout	£2,891,035
A40 Insworth Gateway Roundabout	£4,584,901
Insworth Site Access Road	£5,629,000
Total Cost	£13,104,936

The LEP contribution covers costs associated with the two junctions, with developer contributions funding the site access road in its entirety. All of the above costs relate to capital expenditure only.

Funding

A LEP Growth Fund contribution of £4.53m is sought. Table 8 shows the planned funding profile for the scheme broken down by funding source. This is considered a feasible level of spend on the project and would ensure that all LEP funds are spent by the end of financial year 2020/21.

Table 8: Sources of funding

Funding Source	Fund Details	Funding Contributions by Year (£)			
		2018/19	2019/20	2020/21	All Years
Government / LEP	GFirst LEP	-	£2,265,000	£2,265,000	£4,530,000
Developer Contribution	Longford Housing Development	-	£571,836	-	£571,836
	Land at Insworth Development	£639,000	£1,963,496	£5,400,603	£8,003,100
Total		£639,000	£4,800,332	£7,665,603	£13,104,936

Milestones

The milestones outlined within the FBC for delivery of the scheme are outlined below in Table 9:

Table 9: Milestones

Milestone	Estimated Date
Outline Business Case (OBC) submission	January 2019
OBC approval	February 2019
Issue priced bill of quantities for FBC	March 2019
Drawings submitted for technical approval	March 2019
S278 Agreement commenced	March 2019
Full Business Case (FBC) submission	April 2019
FBC approval	July 2019
Issue Tenders for works	July 2019
Tender Recommendation	September 2019
S278 Agreements / technical approvals	September 2019
Longford Roundabout construction start	September 2019
Insworth Roundabout construction start	March 2020
Site access road construction start	November 2020
Longford Roundabout completion	May 2020
Insworth Roundabout completion	October 2020
Site access road completion	June 2021

Summary of Full Business Case Assessment

Table 10 summarises the AECOM assessment of the FBC for the A40 Insworth Gateway Scheme. It can be seen that whilst all criteria within the financial and commercial cases were fully addressed some of the criteria within the strategic, economic and management cases were not entirely addressed, but none were considered critical to the overall business case for the scheme.

Table 10: Summary of Full Business Case Assessment

Case	Assessment
Strategic Case	Passed 3/4 criteria – 1 Criteria had some issues identified, but not considered critical
Economic Case	Passed 7/9 criteria – 2 Criteria had some issues identified, but not considered critical
Financial Case	Passed 5/5 criteria
Commercial Case	Passed 4/4 criteria
Management Case	Passed 16/17 criteria – 1 Criteria had some issues identified, but not considered critical

Summary of Due Diligence Checks

A series of Due Diligence Checks have also been undertaken against the criteria set out as part of the GFirst LEP Assurance Framework on the Due Diligence process. This included information on the Strategic, Financial and Economic Case for the scheme, as well as the planned processes for the delivery and management of the scheme.

It is considered that there is a small potential for legal challenge in relation procurement approach. While the risk of challenge for both, the procurement arrangements and State Aid lies with the scheme promoter, GCC as the accountable body has also sought independent legal advice from Ashfords LLP in relation to the matter which can be made available to members of the LEP Investment Panel and the LEP Board on request.

Across all remaining criteria it was considered that the planned scheme and its intended delivery and management processes were sufficient to ensure the intended project outputs and outcomes are delivered. It is noted that the intention is for the scheme promoter to change following FBC approval. Additionally a number of legal agreements are still outstanding; conditions of funding should be applied in relation to these issues.

Recommendation and Conditions of Funding

Based on the AECOM assessment of the Final Business Case and the Due Diligence checks undertaken it is recommended that the scheme can be approved for LEP Growth Fund funding and that funding can be released in 2019/20. The following Funding Conditions are recommended to ensure the scheme delivers the outcomes intended:

- Legal agreements are required in the form of S278 agreements with Highways England and Gloucestershire County Council as well as S38 and S104 agreements with Gloucestershire County Council and Severn Trent Water. It is recommended that a condition is included in the funding agreement in relation to the successful completion of these processes so that funding can be withheld or clawed back as required should such approvals be rejected.
- The intention is for the scheme promoter role to switch from Tewkesbury Borough Council to Robert Hitchins Limited following approval of the Full Business Case. LEP Board approval is required to allow this transfer to occur. The approval of the Business case should be conditional on this switch, as the management case approach, some of the risk management and the financial case proposed in the Full Business Case would have to be revisited, should this approval be rejected.
- A funding condition should be included within the legal agreement so that should delivery of the scheme be delayed such that existing planning approvals expire then any LEP funding given can be clawed back.
- A disposal clause should be included within the legal agreement to ensure that if the site land was sold on any outstanding commitments applied to Robert Hitchins Ltd in relation to the scheme would pass on to the new land owner.
- A funding condition should be included for the scheme promoter to confirm arrangements with the relevant highway authorities regarding ongoing maintenance costs. Should agreement not be reached between the scheme promoter and the relevant highway authorities regarding agreement to fund commuted sums that the scheme promoter will confirm their ability to fund these sums instead.

