

West Cheltenham Transport
Improvements Scheme
– Phase 3 & 4

Full Business Case Assessment
Report

19th May, 2020

Quality information

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Revision History

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Executive Summary

The £8.3m West Cheltenham Transport Improvement Scheme (WCTIS) Phase 3 and 4 seeks to provide capacity improvements for traffic on the west-side of Cheltenham on the A40 between Arle Court roundabout and the TGI Fridays junction. The scheme is the third and fourth phases of a wider programme of investments along the A40 corridor in Cheltenham collectively called the WCTIS Scheme. Phases 3 and 4 build upon the first and second phases previously approved by the GFirst LEP, which will deliver improvements to the A40 between the M5 and Arle Court Roundabout as well as improvements to the roundabout itself.

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. All criteria within the strategic and commercial cases were considered to have been passed. Some of the criteria within the economic, financial 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 4/4 criteria
Economic Case	Passed 7/9 criteria – 2 criteria had some issues identified, but not considered critical
Financial Case	Passed 4/5 criteria – 1 criteria had some issues identified, but not considered critical
Commercial Case	Passed 4/4 criteria
Management Case	Passed 12/17 criteria – 5 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 the scheme promoter has calculated a Benefit Cost Ratio (BCR) of 2.77, corresponding to a value for money category of 'High' and a present value of benefits (PVB) of £23.5m.

The scheme will contribute to accelerating the release of the employment land associated with the 'West Cheltenham' Strategic Allocation along with the other strategic allocations in the Joint Core Strategy adjacent to GCHQ which includes the proposed Cyber Park, and Cyber Innovation Centre.

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. For this scheme these have been quantified to represent a saving of £27.4m over 60 years.

Minor dis-benefits that have not been included within the monetised value for money calculation but are identified within the Appraisal Summary Table include biodiversity, accidents and severance.

Recommendation and Conditions of Approval

Based on the AECOM assessment of the Final Business Case and the Due Diligence checks undertaken, and considering the contribution the scheme is likely to make towards accelerating the release of the employment land associated with the 'West Cheltenham' Strategic allocation along with other strategic allocations in the Joint Core Strategy, it is recommended that the scheme can be approved for LEP Growth Fund funding and that funding can be released in 2020/21. The scheme already benefited from £3,300,000 Growth Deal funding previously approved for Business Case and scheme preparation works of which it spent £1,395,000. Therefore, the Board would be asked to approve £6,895,000 of the total scheme costs of £8,290,000.

The following Funding Conditions are recommended to ensure the scheme delivers the outcomes intended:

- A funding condition should be included such that if any outstanding consents (including planning approval) are declined then funding can be withheld or clawed back as required.
- Any outstanding environmental mitigation identified as necessary should be delivered as part of the scheme.
- Should the project be delivered for less than the allocated £8.29m, a funding condition should be included to ensure that any underspend is returned to the LEP.
- GCC Cabinet approval is needed to confirm GCC commitment to the financial risks identified and to the funding of future ongoing maintenance. GCC will seek cabinet approval on the 17th June, 2020.

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 West Cheltenham Transport Improvement Scheme (WCTIS) Phases 3 and 4, currently earmarked for LGF funding. This scheme represents the final two phases of an overall package of improvements proposed for the A40 corridor called WCTIS. Phases 1 and 2 were previously given funding approval by the LEP.

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 WCTIS Phase 3 & 4 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 outlines 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; and
- 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 Gloucestershire County Council.

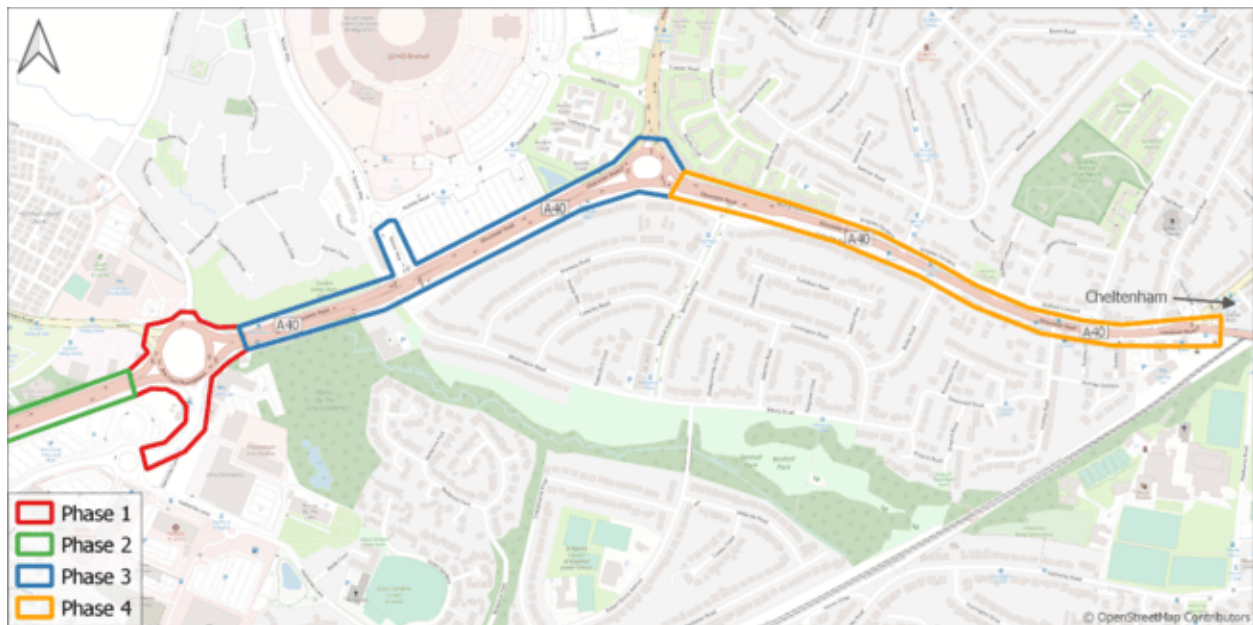
The Project

The project consists of improvements to the A40 between the upgraded (as part of phase 1) Arle Court Roundabout and the TGI Fridays junction. Figure 1-1 shows the location of the overall scheme and the sections improved as part of each phase. Phases 3 & 4 include the following elements:

- A40 eastbound widening from Benhall roundabout;
- Benhall roundabout re-modelling;
- Telstar Way junction re-modelling; and
- TGI Friday Signal Improvements (at the junction between the A40 and B4633)

The scheme aims to relieve existing congestion along the A40 and accommodate future development to the West of Cheltenham, including Joint Core Strategy strategic allocations, such as the nationally important UK Cyber Central. It contributes to accelerating the release of the employment land associated within the 'West Cheltenham' Strategic Allocation, along with the other strategic allocations in the Joint Core Strategy adjacent to GCHQ, which includes the proposed Cyber Park and Cyber Innovation Centre. It also aims to deliver transport benefits by improving traffic flows on the A40.

Figure 1-1: Existing Network and location of Scheme Section (Source: FBC)



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 WCTIS Phases 3 & 4 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 WCTIS Phases 3 and 4 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. All of strategic case criteria are considered to have been passed including confirmation that the scheme continues to contribute towards the objectives identified at the Outline Business Case stage and the approach utilised to model the economic benefits of the scheme, which aligns with the approach used on previous phases of the WCTIS scheme.

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	A discussion of the design evolution is provided. Brief details given on how the options were sifted from the OBC stage.
Does the scheme still deliver the objectives stated at the previous stage?	Pass	Yes, all objectives are covered in Table 2-15. The scheme continues to deliver the objectives identified previously.
Have they indicated the approach has been taken to modelling the economic and financial impacts of the scheme?	Pass	Yes. Full details are provided on the approach adopted.
Is the approach utilised considered appropriate to the impacts and scale of impacts anticipated?	Pass	The approach utilised is considered appropriate for a scheme of this scale and nature and aligns with the approach used on previous phases of the scheme.

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 appraisal areas. A relative increase in greenhouse gas and noise levels which is due to the increased capacity generated by the scheme. However, this scheme is one part of 5 phases. Other scheme elements such as the WCWCI and improvements to the park and ride will drive positive modal shift away from carbonised single occupancy transport, which could help support a net neutral or better impact on greenhouse gas emissions. The scheme is indicated to have a BCR of 2.77, corresponding to a value for money category of high. Some model noise was identified in relation to impacts in the wider modelled network, however this was not considered to significantly impact the scheme benefits or impact upon the value for money category indicated.

Table 2: Assessment of the Economic Case for the Scheme

Criteria	RAG Status	Assessment
Has an Appraisal Summary Table been provided?	Pass	An AST table has been provided as an appendix to the main report.
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	A combination of qualitative and quantitative assessments has been provided which is considered appropriate to this scheme.
Are the scores given considered accurate and appropriate?	Pass	The scores given area considered accurate
Does the scheme score positively against the majority of AST categories?	Pass	AST table currently has a mixture of positive and negative results. The majority are neutral and above.
What negative impacts are predicted and what are the consequences of these?	Some issues identified but are not considered critical	A relative increase in greenhouse gas and noise levels which is due to the increased capacity generated by the scheme. However, this scheme is one part of 5 phases. Other scheme elements such as the WCWCI and improvements to the park and ride will drive positive modal shift away from carbonised single occupancy transport, which could help support a net neutral or better impact on greenhouse gas emissions.
Are any additional negative consequences predicted that have not been included within the AST assessment?	Pass	No additional negative consequences are anticipated.
Have they included a calculation of the BCR for the project?	Pass	A BCR calculation has been provided.
Is the BCR calculation considered accurate, robust and appropriate to the scale and nature of the project?	Some issues identified but are not considered critical	The reported BCR value of 2.77 shows high value for money. It is recognised that the modelling approach adopted leads to model noise which impacts the economic benefits and that some benefits currently shown could be excluded (Masked out), however an assessment undertaken by AECOM using the information presented in the report indicates these are unlikely to significantly change the value for money. A low growth sensitivity test would have provided greater clarity on the scheme value for money.

Criteria	RAG Status	Assessment
Does this indicate that the scheme represents value for money?	Pass	The assessment as provided indicates high value for money.

Financial Case

Error! Not a valid bookmark self-reference. presents the assessment of the Financial Case for the scheme as presented within the Business Case materials. This indicates that four of the criteria of the Business Case Guidance are considered to have been met in relation to the Financial Case for the scheme. The scheme costs ensure that the overall WCTIS programme will be deliverable within the allocated £22m budget. No non-LEP funding will be required and GCC will cover any cost escalations and ongoing maintenance requirements. One issue was identified in relation to a lack of clarification on the shared site costs between this project and WCWCI.

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 summary of costs by cost area is provided. A percentage split by phases is also provided.
How do these costs compare to previous estimates?	Pass	It is not possible to establish how costs have changed since the OBC stage as a detailed breakdown was not provided within the OBC. The overall WCTIS scheme is still indicated to be deliverable within the identified overall £22m budget.
Have they outlined the additional elements which make up the whole life costs of the scheme?	Some issues identified but are not considered critical	No information is provided on how the shared site costs are accounted for between this project and WCWCI.
Have they included the expected non-LEP funding sources and the status of these contributions	Pass	No other funding is required. GCC will cover the cost of any cost escalation as well as the maintenance costs created.
Is sufficient certainty provided regarding the funding of the scheme?	Pass	Only LEP funds are required.

Commercial Case

The commercial case for the scheme is presented within Table 4. All of the requirements within the Business Case Guidance are considered to have been met. A procurement strategy has been provided with the preferred procurement route indicating that the scheme will be procured via open tender. The use of an NEC4 contract provides an appropriate means of ensuring an appropriate balance of risk is allocated between contractor and client, however financial risks which fall outside of the agreed contract terms would remain with Gloucestershire County Council.

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 generated by the scheme or required.
If income is generated sufficient to ensure the long-term viability of the scheme?	Pass	No income is generated. GCC will cover the cost of maintenance of the scheme.
Has a procurement strategy been provided?	Pass	A procurement strategy is provided indicating that the scheme will be procured via open tender.
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	The planned NEC4 contract process provides a mechanism to ensure a balance of risk between client and contractor, however financial risks which fall outside of this contract would sit with GCC.

Management Case

Further consideration of precisely where and when the proposed monitoring activities will be undertaken should be undertaken ahead of construction.

Table 5 presents the assessment of the Management Case for the scheme. This indicates that all but five of the criteria is considered to have been met in their entirety. The scheme will be constructed using standard methodologies. Due to Covid-19 restrictions the scheme consultation had to be limited to an online only approach, which is considered appropriate given the circumstances.

Further consideration of precisely where and when the proposed monitoring activities will be undertaken should be undertaken ahead of 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 proposed works all involve standard construction methodology in accordance with Specification for Highway Works.
Are these plans considered appropriate to the scheme?	Some issues identified but are not considered critical	Traffic management plan is included. Need to ensure consistency with the WCWCI once details are finalised.
Have they included information on the legal powers that are needed to construct the scheme?	Pass	Yes. Land, TRO and Environmental constraints have been assessed.
Have they stated how will these powers be obtained?	Pass	Details are provided.
Have they indicated the results of public and stakeholder consultation activities?	Pass	Detail on the joint consultation outcomes has been provided with key themes and responses summarised. Details of the stakeholder engagement have also been included. The use of online activities is deemed adequate and proportionate given the ongoing Covid-19 situation which has prevented the use of face to face consultation events.
Has the scheme been altered to satisfactorily reflect the consultation responses received?	Pass	A number of areas have been identified by the public and stakeholders which the report indicates will be given further consideration as part of the detailed design process.
Have they detailed the key risks in terms of impacts on delivery timescales?	Some issues identified but are not considered critical	Covid-19 is included as a risk. Clarification should be provided that this scheme is not reliant on the WCWCI scheme being approved.
Have they detailed how the risks will be managed / mitigated?	Pass	Yes, a risk register is included in appendix H which outlines key project risks and the mitigation proposed.
Has a Quantified Risk Assessment (QRA) been provided?	Pass	Yes, included in appendix H. The financial case includes sufficient risk allocation to cover the scale of quantified risks identified as likely.

Criteria	RAG Status	Assessment
Have all key risks been identified, sufficiently mitigated and quantified?	Pass	Yes
Have they included the governance arrangements that will enable the scheme to be delivered including the key named individuals and their roles?	Pass	Proposed governance arrangements are discussed and align with previous successfully completed schemes. Key individuals are named in Figure 6-1.
Have they outlined the planned project programme for delivery of the scheme including a GANTT chart	Pass	A gantt chart is included in appendix I
Is the programme considered realistic and viable?	Pass	Yes. Covid-19 has been considered but impacts are unknown.
Does the programme facilitate completion of the project within the LEP funding period?	Some issues identified but are not considered critical	Construction is indicated to be complete in December 2021 which is aligned to the WCWCI scheme programme. This is outside of the LEP funding period and addressed in the project risk register.
Have they included the proposed Benefits Realisation strategy?	Pass	Yes, a basic benefit realisation strategy is included in section 6.11
Have they identified how the benefits be monitored and evaluated?	Some issues identified but are not considered critical	Further details on precisely where and when the proposed monitoring activities will be undertaken would have been beneficial. Ahead of construction consideration should also be given as to whether accurate 'before' monitoring can be collected and whether existing count information could be utilised given likely covid-19 impacts on travel patterns in the short/medium term. It is noted that current count information provided does not seem to be correct (EB and WB movements added together do not give the combined movement totals).
Are monitoring and evaluation activities considered appropriate to the scale and nature of the project?	Some issues identified but are not considered critical	Yes. Table 6-8 includes all of the target and data required. Further detail is requested as indicated above.

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>The Business Case indicates the objectives of the project, which have not changed and align with the proposed approach outlined in the WCTIS Outline Business Case.</p> <p>Why is public funding in the form of Growth Funds necessary?</p> <p>Public Funding is required to enable the early stages of employment and residential sites in the area to be delivered quicker and more efficiently, with minimum disruption to the network. Although both West Cheltenham and NW Cheltenham (Elms Park) are Strategically Allocated Sites, both are still subject to full planning applications, and mitigation for their developments is yet to be formalised. The scheme has been designed in such a way that it will be of benefit to all residents and users of the network, and as the completion date is 2021, will be in-place before significant development is built-out on the key Strategic sites.</p>
Need/Demand	<p>Does the Business Case adequately address the need and demand for the project?</p> <p>It is considered that the Business Case does address the need and demand for the project, specifically in relation to the project being phased, and that Phase 3 & 4 would contribute to the already agreed Phases 1 & 2. Note that cycling and walking improvements are a key part of the overall vision for the area, and fall within a separate Business Case, West Cheltenham Walking and Cycling Improvements (WCWCI).</p> <p>The issue is more important than in previous years due to the planning pressures on the corridor in terms of concurrent planning applications for the A40 corridor surrounding GCHQ.</p>
Aims	<p>Which LEP objectives does the project address?</p> <p>'Connectivity' is a strategic priority in the SEP to improve and integrate transport in the County to stimulate business growth. The SEP defines four 'Enablers for growth' under the Connectivity strategic priority: Housing, Regeneration, Transport Infrastructure and Digital Connectivity. The SEP further identifies that unlocking employment land in a growth zone with good access to the M5 is especially important and highlights the UK Cyber Business</p>

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

	Park (Cyber Central). The scheme will contribute to the aims of the SEP by reducing congestion; improving connectivity between the M5 and west Gloucestershire.																																																					
Fit	<p>What other local strategies does the project fit e.g. LA local plan, Economic Strategies etc?</p> <p>Joint Core Strategy: Transport Mitigation Considerations include improved access to M5</p> <p>Gloucestershire Local Transport Plan: outlines a number of relevant transport objectives, including:</p> <ul style="list-style-type: none"> Support sustainable economic growth <p>The scheme will increase capacity and improve journey times and reliability on the A40 between Cheltenham (from the M5) and the wider Strategic Road Network. The attraction of the West of Cheltenham area as a place to live, work and invest is therefore enhanced, with the capacity for greater economic activity in the county.</p> <ul style="list-style-type: none"> Enable community connectivity <p>Improved journey times and reliability along with the new slip from the Park & Ride will enhance the Public Transport provision in the area, providing an attractive alternative to the private car and genuine transport choices.</p>																																																					
Financial																																																						
Cost profile	<p>Attach the latest cost profile with elemental breakdown</p> <p>The cost profile is as per the Business Case, and is as below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Project Cost Components Phase 3&4 Cyberpark</th> <th rowspan="2">Capital Cost Items</th> <th rowspan="2">* Cost Estimate Status</th> <th colspan="4">Costs by year (£)</th> <th rowspan="2">Totals</th> </tr> <tr> <th>(O/P/D/T)</th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> </tr> </thead> <tbody> <tr> <td>Design & Management</td> <td>Design fees, Surveys and trial holes, Land Purchase</td> <td>P</td> <td>£189,831</td> <td>£370,000</td> <td>£955,444</td> <td>£74,725</td> <td>£1,590,000</td> </tr> <tr> <td>Construction including Traffic Related Maintenance</td> <td>Non-Routine Reconstruction Site clearance, Diversions of Statutory services. Widening and re-surfacing of carriageway.</td> <td>P</td> <td>-</td> <td>-</td> <td>£94,700</td> <td>£4,725,500</td> <td>£4,820,200</td> </tr> <tr> <td>Contingency</td> <td>Risk adjustment</td> <td>P</td> <td>-</td> <td>-</td> <td>£200,000</td> <td>£1,679,800</td> <td>£1,879,800</td> </tr> <tr> <td>Indirect Tax</td> <td>Non-recoverable VAT (if applicable)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total Cost</td> <td>(NB – Not Base Cost with Real Cost Adjustment)</td> <td>P</td> <td>£189,831</td> <td>£370,000</td> <td>£1,250,144</td> <td>£6,480,025</td> <td>£8,290,000</td> </tr> </tbody> </table>	Project Cost Components Phase 3&4 Cyberpark	Capital Cost Items	* Cost Estimate Status	Costs by year (£)				Totals	(O/P/D/T)	2018/19	2019/20	2020/21	2021/22	Design & Management	Design fees, Surveys and trial holes, Land Purchase	P	£189,831	£370,000	£955,444	£74,725	£1,590,000	Construction including Traffic Related Maintenance	Non-Routine Reconstruction Site clearance, Diversions of Statutory services. Widening and re-surfacing of carriageway.	P	-	-	£94,700	£4,725,500	£4,820,200	Contingency	Risk adjustment	P	-	-	£200,000	£1,679,800	£1,879,800	Indirect Tax	Non-recoverable VAT (if applicable)	-	-	-	-	-	-	Total Cost	(NB – Not Base Cost with Real Cost Adjustment)	P	£189,831	£370,000	£1,250,144	£6,480,025	£8,290,000
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Funding	Attach the funding profile that matches the cost profile – indicate the source of all																																																					

	<p>funding both public and private; indicate the status of funding e.g. spent/committed, approved, application submitted, TBA etc</p> <p>The scheme is planned to be fully funded by an LEP growth fund contribution which is the subject of this business case. The funding profile is provided in the table above.</p>
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 GCC accounting system is SAP and is authorised as a two tier approach from the GCC Budget Holder and the GCC Budget Manager. All payments are processed, monitored and records held in SAP.</p>
Audit	<p>Set out Internal and independent audit arrangements</p> <p>GCC have an internal audit team that regularly review and audit Major Projects to ensure compliant governance and contractual management.</p> <p>Independent external auditors (such as Grant Thornton on Elmbridge Park and Ride) have also undertaken independent external audits on Major Projects.</p>
Post Project	<p>Are there on-going cost implications and if so how will these be funded?</p> <p>The only on-going costs will be maintenance and will be funded as part of the GCC annual revenue budgets.</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 financially viable, as summarised in the Financial Case of the FBC. There is no reliance on any income to support the project.</p>
Economic	
Options	<p>What options were considered as part of the Business Case?</p> <p>The business case outlines the process undertaken to identify a preferred scheme design for this section of the scheme.</p>
Outputs	<p>Are there clear and reasonable assumptions underpinning identified outputs?</p> <p>The identified outputs of the project are clearly defined within the business case.</p>
Outcomes	<p>Are there clear and reasonable assumptions underpinning identified outcomes?</p> <p>The identified outcomes of the project are clearly defined within the business case and align to the project objectives.</p>
Impacts	<p>Are there clear and reasonable assumptions underpinning identified impacts?</p> <p>The appraisal outlined in the economic case indicates the impacts of the scheme against a range of assessment criteria. Clear and reasonable assumptions have been applied in undertaking this assessment, which includes both quantified and qualitative assessment elements.</p>
	<p>Have distributional and social effects been taken into account?</p> <p>A social and distributional impact assessment has been undertaken which does not identify any significant negative issues for any social groups or specific locations.</p>

VFM	<p>Summarise the VFM indicators and results for the preferred option/project</p> <p>Overall, assessment of costs and benefits generated by the project shows that the scheme achieves a Benefit Cost Ratio (BCR) figure of 2.77 with a Net Present Value (NPV) of approximately £15.0 million. The scheme can be therefore categorised as achieving high value for money in the classification provided by DfT.</p> <p>This BCR value confirms the importance of the scheme and urgency of its implementation. The majority of benefits derives from time savings, because current poor traffic conditions cause long delays to all types of trips and thus hinder the productivity of local communities and local economic growth. This scheme will help to overcome these issues which otherwise would have a cumulative negative impact in the next few years.</p> <p>The full Value for Money Statement is in the Business Case.</p>																						
Delivery																							
Timetable	<p>Attach the latest project timetable identifying key milestones Is there a Gantt chart showing timescales for detailed elements?</p> <p>There is a full Gantt chart that has been provided with the FBC. Key dates are provided below.</p> <table border="1" data-bbox="431 884 1357 1440"> <thead> <tr> <th data-bbox="431 884 1175 926">Activity</th> <th data-bbox="1175 884 1357 926">Target Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="431 926 1175 993">Detailed Design Start</td> <td data-bbox="1175 926 1357 993">November 2019</td> </tr> <tr> <td data-bbox="431 993 1175 1035">Detailed Design End</td> <td data-bbox="1175 993 1357 1035">July 2020</td> </tr> <tr> <td data-bbox="431 1035 1175 1077">Submit Full Business Case for Approval</td> <td data-bbox="1175 1035 1357 1077">May 2020</td> </tr> <tr> <td data-bbox="431 1077 1175 1119">Approve Full Business Case</td> <td data-bbox="1175 1077 1357 1119">July 2020</td> </tr> <tr> <td data-bbox="431 1119 1175 1161">Issue Supplier Engagement Notice</td> <td data-bbox="1175 1119 1357 1161">July 2020</td> </tr> <tr> <td data-bbox="431 1161 1175 1203">Issue Tender Documents</td> <td data-bbox="1175 1161 1357 1203">August 2020</td> </tr> <tr> <td data-bbox="431 1203 1175 1270">Tenders Return</td> <td data-bbox="1175 1203 1357 1270">September 2020</td> </tr> <tr> <td data-bbox="431 1270 1175 1337">Complete Tender assessment and award</td> <td data-bbox="1175 1270 1357 1337">November 2020</td> </tr> <tr> <td data-bbox="431 1337 1175 1379">Construction Start</td> <td data-bbox="1175 1337 1357 1379">January 2021</td> </tr> <tr> <td data-bbox="431 1379 1175 1446">Construction End</td> <td data-bbox="1175 1379 1357 1446">December 2021</td> </tr> </tbody> </table> <p>Confirm contract timescale</p> <p>A contractor will be appointed in November 2020 and will be maintained through to completion of construction in December 2021.</p> <p>Confirm implementation timescale</p> <p>Construction will be underway between January and December, 2021.</p>	Activity	Target Date	Detailed Design Start	November 2019	Detailed Design End	July 2020	Submit Full Business Case for Approval	May 2020	Approve Full Business Case	July 2020	Issue Supplier Engagement Notice	July 2020	Issue Tender Documents	August 2020	Tenders Return	September 2020	Complete Tender assessment and award	November 2020	Construction Start	January 2021	Construction End	December 2021
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Construction End	December 2021																						
Site	<p>Confirm ownership of the site and detail arrangements to ensure unfettered access e.g. covenants, rights of way, easements etc.</p>																						

	<p>Works are all within the highways boundary and there is no requirement for land purchase for temporary and permanent works.</p> <p>Any land required for the scheme and outside of the highway boundary is owned by Gloucestershire County Council. This includes the area for the Site compound which will be adjacent to the Park & Ride.</p> <p>Access to the Park & Ride will be confirmed prior to the contract being let, and any restrictions that may arise will be built into the contract documents.</p>
<p>Planning</p>	<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 project will require planning permission, as there are elements outside of the existing highway boundary. All planning permissions will be satisfied and this issue is addressed in the proposed funding condition at the beginning and end of this report..</p> <p>The only permanent TRO's are:</p> <ul style="list-style-type: none"> • The new bus lane provided within the B4063 (we will be relocating the bus stop here also); • Alterations to the bus lane within A40 eastbound roundabout exit (where we have extended the bus facility); • The new bus merge arrangement on the A40 WB mainline carriageway. <p>The requirement of a TRO has been reviewed and the proposed alterations to the mainline carriageway will be covered by an existing Clearway order. No further TROs are required for the purposes of this scheme.</p>
<p>Environmental Sustainability/Social Value</p>	<p>What aspiration is set out in the Business Case and to what quality standard?</p> <p>Environmental specialists understand the potential impacts of the scheme and have sought opportunities to reduce those through improvements to the design. Each specialism has followed their own industry best practice documents and guidance to ensure opportunities to reduce environmental impact are realised.</p> <p>How evidenced?</p> <p>Where relevant the Business Case text refers to potential impacts and how they have been avoided or mitigated and details the level of residual impact.</p> <p>What contribution is the project likely to make to social value?</p> <p>The project will help to alleviate traffic problems which are currently seen as potentially limiting further development. This further development will lead to increased employment opportunities.</p> <p>What will be the environmental impact of the project and have potential opportunities for environmental enhancement been identified?</p> <p>The potential environmental impacts of the scheme have been investigated as part of the completion of the Full Business Case. These assessments found some non-significant minor adverse effects from the scheme on Air Quality, Noise and Greenhouse Gas emissions. Following completion of these assessments, a thorough review of mitigation options was</p>

	<p>undertaken to identify ways which the scheme could mitigate these effects and enhance the local environment. This review has identified forward actions that will mitigate these effects, and confirmed inclusion within the scheme of some enhancements to landscape and biodiversity in the local area.</p>
Procurement	<p>Outline the procurement strategy – is this State Aid compliant? Basis for contractor selection: is this best VFM?</p> <p>There is no State Aid/subsidy provided as the contract will be tendered competitively to the whole market.</p> <p>The basis for contractor selection will be price only, with a quality threshold. Once a shortlist has been reached based on the quality threshold being attained, appointment will be purely on best price.</p> <p>For budget certainty the scheme will be procured on a lump sum basis as an ECC Option A contract (Lump Sum with Activity schedule). This option is preferred as it allows for a greater transfer of risk to the Contractor through a priced contract.</p> <p>The Activity Schedule used in this form of contract also gives greater confidence in the Contractor's price. This is as a result of the importance given to the Contractor's programme, as tenderers have to plan the scheme whilst preparing their Activity Schedule. This also means the programme is realistic and more likely to be adhered to as payments to the Contractor are linked to their activity schedule.</p> <p>The ECC Option A contract is Gloucestershire County Councils preferred method of delivery for this size and type of highway scheme. This ensures consistency with internal processes, staff members, supply chain, benchmarking, performance etc. which should all aid successful delivery.</p> <p>Contractor checks including collateral warranties</p> <p>Contractors will be checked using a combination of the standard Selection Questionnaire (SQ), PAS 91 2017 questionnaire and Constructionline. GCC will utilise the Ultimate Holding Company Guarantee and Secondary Option Clauses of the NEC ECC contract.</p>
State Aid	<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 will provide benefits to all travellers. Some of these will be undertakings in the sense of EU State Aid law. However, there will be no selectivity in the way these benefits are given so no State Aid will arise. In any event, the benefit enjoyed by any individual firm will be well below the €10,000 threshold.</p>
Risk	<p>Set out Risk management strategy including allocation/transfer Confirm Risk register in place and arrangements for maintaining</p> <p>The risk register has been managed as a 'live document' and a copy has been provided with the FBC. As part of the tender process, the contractor will be required to highlight key risks and mitigation.</p> <p>Risk allocation will be apportioned between GCC and the Contractor undertaking the site works. This will be based upon NEC principles and regular on-site Risk Management meetings will be held to ensure prompt mitigation of risks.</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 will be delivered by Gloucestershire County Council, who are experienced in undertaking capital projects of this nature. As a public body GCC are governed by rules for public organisations including public procurement and freedom of information. Annual Statement of Accounts is made publicly available as are external audit results. GCC is also the accountable body to the LEP.</p> <p>Additional financial checks are therefore not considered appropriate or necessary for this organisation.</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>GCC continue to deliver a wide and varied range of highway schemes from design conception through to delivery. There are relevant examples referred to in the Business Case selected from a range of schemes that demonstrate GCC delivery capability and support the success of the management and governance strategy previously applied.</p> <p>There are currently other projects in preparation that are being undertaken by the GCC Major Projects team, with each project having identified Project Managers and a Project Lead from Gloucestershire County Council. All Project Managers are aware of the other projects within in the area, and any implications with regards to timescales and construction.</p> <p>Communication is also ongoing with other stakeholders regarding development and road programmes, critically Highways England who have a programme of structure improvements for the motorway. There is an established strong co-ordinated approach from GCC Major Projects with a project board and regular board meetings, and cross party working with partner organisations such as Highways England and Cheltenham Borough Council.</p>
Governance	<p>Are there clearly defined role responsibilities including authorisation and delegation levels?</p> <p>Authorisation and delegation levels have been set internally within GCC at all levels of the Council. Internal governance is achieved through Cabinet Approval and the County Councils Executive Decision Process, which is required at all stages of the project. Any decisions requiring significant changes to scheme budgets become Key Decisions, which requires Cabinet sign-off.</p> <p>During the scheme delivery phase, Gloucestershire County Council retains governance and control of the delivery of the Contract. Gloucestershire County Council will act as the client under the contract with a Contractor appointed via a competitive tender process. Representatives from Gloucestershire County Council or their professional services provider will be appointed to undertake the project management and supervision roles and will be responsible for managing the Contract during the works.</p> <p>What are the reporting arrangements?</p> <p>GCC have set up a clear and robust structure to provide accountability and an effectual decision making process for the management of the major projects. GCC-led monthly project boards, monthly standing reports to Lead Cabinet Members and monthly meetings of</p>

	<p>the Local Transport Plan Management Board are all in place.</p> <p>Regular monthly updates are provided to the GFirst LEP and they remain an integral member of the Project Board. Robust governance is also supported by the submission of Outline and Full Business Case Submissions to the GFirst LEP along with regular financial reporting.</p>
Communication	<p>How will the project communicate with stakeholders, client base, public? Is there a marketing strategy?</p> <p>There is a Communications Strategy established for Major Projects. The public will be made aware of the construction programme and any road closures or restrictions via the normal GCC communications process for roadworks. There will be ongoing communication with the LEP regarding progress and timescales.</p> <p>There is no specific marketing strategy.</p>
Monitoring	<p>What are the arrangements for monitoring for both finance and economic benefits?</p> <p>Scheme finances are monitored and reviewed on a monthly basis in SAP and at the Capital Programme Finance Meeting.</p> <p>Economic benefits to the scheme will be evaluated against the Full Business Case at the completion of the project.</p>
Evaluation	<p>How will the completed project be evaluated?</p> <p>A Monitoring and Evaluation Plan has also been prepared and is included as part of the Full Business Case. This indicates the proposed monitoring and evaluation activities which will be undertaken following completion of the project.</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

This section considers the capital costs associated with the proposed scheme investment. The scheme capital costs have been estimated as £8.29m; this is broken down by task in **Error! Not a valid bookmark self-reference.** and Table 8 below:

Table 7: Breakdown of Project Costs

Project cost components	Capital cost items	Totals
Design & Management	Design fees, Surveys and trial holes, Land Purchase	£1,590,000
Construction including Traffic-Related Maintenance	Non-Routine Re-construction	£4,820,200
	Site clearance, Diversions of Statutory services. Widening and re-Surfacing of carriageway.	
Contingency	Risk Adjustment	£1,879,800
Indirect Tax	Non-Recoverable VAT (if applicable)	-
Total Cost	(NB – Base cost + 3% inflation)	£8,290,000

Funding

A LEP Growth Fund contribution of £8.29m is sought. Table 8 shows the planned funding profile for the scheme broken down by funding source. This shows that the full cost of the scheme is required to be funded by LEP funding.

Table 8: Sources of funding

Source funding	Fund details	2018/19	2019/20	2020/21	2021/22	Total
Government/ LEP funding (Growth Deal 3)	(Growth Deal 3)	£189,831	£370,000	£1,250,144	£6,470,225	£8,280,200
GCC	-	-	-	-	-	-
Total		£189,831	£370,000	£1,250,144	£6,480,025	£8,290,000

All figures are in outturn prices

Milestones

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

Table 9: Milestones

Activity	Target Date
Detailed Design Start	November 2019
Detailed Design End	July 2020
Submit Full Business Case for Approval	May 2020
Approve Full Business Case	July 2020
Issue Supplier Engagement Notice	July 2020
Issue Tender Documents	August 2020
Tenders Return	September 2020
Complete Tender assessment and award	November 2020
Construction Start	January 2021
Construction End	December 2021

Outputs

The following are the key outputs of the project:

Output	Measurement
Total length of new lanes created (km)	0.85
Number of junctions upgraded	2

Outcomes

The following are the key project outcomes:

- Improvements in journey time along the A40
- Minimal accidents along the A40 corridor
- Increased traffic capacity for the corridor
- Neutral impact on the Cheltenham AQMA

The project will also contribute to the below overarching objectives:

- Contribute to accelerating the release of the employment land associated with the 'West Cheltenham' Strategic Allocation along with the other strategic allocations in the JCS adjacent to GCHQ, which includes Cyber Central
- Deliver transport benefits to people living and working in Gloucestershire by improving traffic flows on one of the most important and busiest sections of Gloucestershire's road network

Summary of Full Business Case Assessment

Error! Reference source not found. summarises the AECOM assessment of the FBC for the WCTIS Phase 3 & 4 Scheme. All criteria within the strategic and commercial cases were considered to have been passed. Some of the criteria within the economic, financial 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 4/4 criteria
Economic Case	Passed 7/9 criteria – 2 criteria had some issues identified, but not considered critical
Financial Case	Passed 4/5 criteria – 1 criteria had some issues identified, but not considered critical
Commercial Case	Passed 4/4 criteria
Management Case	Passed 12/17 criteria – 5 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.

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.

Recommendation and Conditions of Funding

Based on the AECOM assessment of the Full Business Case and the Due Diligence checks undertaken, and considering the contribution the scheme is likely to make towards accelerating the release of the employment land associated with the 'West Cheltenham' Strategic allocation along with other strategic allocations in the Joint Core Strategy, it is recommended that the scheme can be approved for LEP Growth Fund funding and that funding can be released in 2020/21. The scheme already benefited from £3,300,000 Growth Deal funding previously approved for Business Case and scheme preparation works of which it spent £1,395,000. Therefore, the Board would be asked to approve £6,895,000 of the total scheme costs of £8,290,000.

The following Funding Conditions are recommended to ensure the scheme delivers the outcomes intended:

- A funding condition should be included such that if any outstanding consents (including planning approval) are declined then funding can be withheld or clawed back as required;
- Any outstanding environmental mitigation identified as necessary should be delivered as part of the scheme;
- Should the project be delivered for less than the allocated £8.29m, a funding condition should be included to ensure that any underspend is returned to the LEP; and
- GCC Cabinet approval is needed to confirm GCC commitment to the financial risks identified and to the funding of future ongoing maintenance. GCC will seek cabinet approval on the 17th June, 2020.

