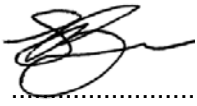



Cheltenham Spa Station Phase 1: Full Business Case and Due Diligence Assessment Report



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Cinderford Spine Road Phase 1: Full Business Case and Due Diligence Assessment Report

Rev No	Comments	Checked by	Approved by	Date
1	Initial Draft			27.10.2017
2	Updated to address client comments	C.B	S.P	08.11.2017
3	Updating funding clause following PMG comments		S.P	14.11.2017

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Job No 60446370

Reference

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Executive Summary

Executive Summary

The £5.48m Cheltenham Spa Phase 1 scheme consists of a decked car park, improvements to the station forecourt, a shared use access ramp to the station from Lansdown road and the provision of accessible lifts within the station itself. These improvements form the first phase of a wider masterplan to comprehensively upgrade the facilities at Cheltenham Spa station.

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.

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 overleaf summarises the assessments made for each of these cases. It can be seen that all criteria within the Strategic, Economic, Financial and Commercial cases are considered to have been satisfactorily addressed, considering the nature of the scheme. One criteria within the Management Case was not entirely addressed, in relation to the level of contingency funds identified compared to the scale of likely financial risks, but this issue were not considered critical to the overall business case for the scheme.

Summary of Full Business Case Assessment

Case	Assessment
Strategic Case	5/5 assessment criteria passed.
Economic Case	9/9 assessment criteria passed.
Financial Case	5/5 assessment criteria passed.
Commercial Case	4/4 assessment criteria passed.
Management Case	16/17 assessment criteria passed. One criteria had some issues, but not considered critical.

In terms of the value for money of the scheme the Benefit Cost Ratio (BCR) presented within the business case is 5/1, indicating that the scheme represents Very High value for money. The scheme represents value for money primarily due to the additional revenues generated by the scheme due to additional parking revenue and additional use of the station, initially increasing revenue to the train operating

company. This additional revenue would benefit the national economy through the transfer of train operating company profits to national government as part of the franchise arrangements, with a portion of this revenue available to be reinvested within Gloucestershire.

The scheme would also have decongestion benefits through the transfer of trips from car to rail which would also benefit the local and national economy. In transport economic appraisal the economic value of decongestion (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 £7.2m to the local economy over a 60 year appraisal period.

The scheme would also have accident, greenhouse gas and journey time reliability benefits which contribute towards the quantified economic value for money of the scheme.

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 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 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 2017/18. The following Funding Conditions are recommended to ensure the scheme delivers the outcomes intended:

- To ensure an appraisal approach proportionate to the scale and nature of this scheme it was agreed at the appraisal specification stage that some elements of the environmental appraisal of this scheme could be deferred until after the Final Business Case alongside the development of final designs and a Landscaping and Biodiversity Plan as long as any risks associated with this were considered and costed within the risk assessment. It is recommended that this environmental appraisal (to be completed by June 2018), as well as any subsequent permits or approvals (if required) will be included as milestones in the funding agreement. It is also recommended that a condition is included within the funding agreement so that funding can be clawed back as required should such approvals be rejected.
- GWR are seeking confirmation from Cheltenham Borough Council that the scheme constitutes a Permitted Development and hence does not require Planning Permission. This decision is anticipated in January 2018. A condition of funding approval should be included to confirm that the scheme is Permitted Development and if not that Planning Permission is received ahead of the release of LEP funds.

- Network Rail operate as Landlord of the station and a NR landlord consent is required before any alterations can be made to the station. Network Rail would also need to approve inclusion of additional areas of land within the station lease before land clearance can commence. In addition to these approvals from Network Rail, GWR will need to obtain Station Change approval from the Office of Rail and Road. As these approvals are required and would stop or delay implementation of the scheme it is recommended that a conditional of approval is included within the LEP funding agreement in relation to receipt of all three of these approvals, which are indicated to be due in April 2018.

1 Introduction

1 Introduction

1.1 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 Cheltenham Spa Phase 1 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 Final Business Case and Due Diligence submissions and subsequent information, 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 Cheltenham Spa Phase 1 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.

1.2 Applicant

The applicant for the LGF funding for the project is Great Western Railway (GWR) as the current operator of Cheltenham Spa Station.

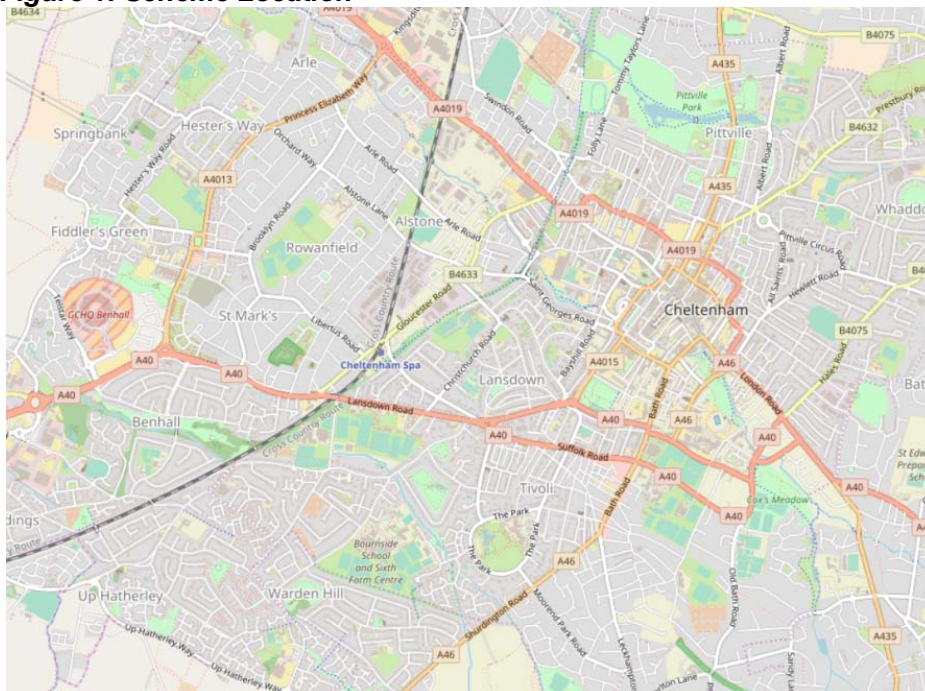
1.3 The Station

The project consists of a series of improvements to the facilities at Cheltenham Spa Station, which is the only station serving Cheltenham on the Bristol to Birmingham main line, as shown in **Figure 1**. Services to London, the Midlands, South Wales and South West England operate via the station including services run by three different operators; Cross Country Trains, Arriva Trains Wales and Great Western Railway. A trebling of demand at the station has occurred over the past 20 years, with major investment in improvements to the services calling at the station planned over the next few years, including new rolling stock with additional capacity and faster journey times to key destinations.

The existing Victorian era station has poor quality facilities which have remained largely unchanged for decades, providing a poor customer experience. Without improvements at the station growth associated with the above service improvements will be constrained. Key issues identified with the existing station include:

- An unsafe and unattractive forecourt with no dedicated pedestrian space. Mixed use by cars, taxis, pedestrians, cyclists and buses creates significant conflict between users, with resulting safety issues, and a very poor first experience of Cheltenham.
- Poor interchange arrangements - buses are mixed within the car park creating unnecessary delay to bus services and inadequate boarding and alighting arrangements.
- There is no DDA compliant access to or between platforms - existing ramps are not DDA compliant.
- Insufficient cycle access and parking - poor access from south of the town and inadequate parking
- Insufficient car park capacity – the existing car park is at capacity on weekdays with widespread parking on residential streets resulting.

Figure 1: Scheme Location



1.4 The Project

The proposals for which funding is requested at this time are for Phase 1 of the Cheltenham Spa Station Masterplan. This consists of a forecourt improvement, decked car park, additional cycle parking, lifts and an access ramp to Lansdown Rd, as shown in Figure 2.

Figure 2: Scheme Elements



A single level deck car park would be constructed, using modular technology and the site topography. This will expand car park capacity by at least 70 spaces.

Dedicated pedestrian, cycle parking and interchange facilities would be provided on the station forecourt. The forecourt scheme will provide pedestrian space linked to desire lines and 300 cycle spaces as well as a new bus stop and taxi facility.

A new shared use access ramp would be provided from Lansdown Road into the station car park past the gym. This would provide direct access into the station from the high frequency bus routes on Lansdown Road and the cycle network.

New lifts would be provided to each platform from the pedestrian bridge level to provide DDA compliant step-free access to the platforms.

Phase 2 of the station masterplan (outside of the scope of this business case) would build upon the elements completed within Phase 1 and would consist of a major upgrade to the station buildings themselves, including a new booking hall, additional retail facilities and a customer/business lounge, as well as the completion of urban realm upgrades to the station frontage.

2 Full Business Case Assessment

2 Full Business Case Assessment

2.1 Introduction

The GFirst LEP Transport Business Case Guidance¹ 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 Cheltenham Spa Phase 1 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 appraisal². 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

¹ http://www.gfirstlep.com/doc_get.aspx?DocID=305

² <https://www.gov.uk/guidance/transport-analysis-guidance-webtag>

This section outlines the AECOM assessment of each area of the business case. The Cheltenham Spa Phase 1 Scheme Full Business Case Document and associated appendices should be consulted for further details of the scheme and the appraisal undertaken.

2.2 Strategic Case

Table 1 presents the assessment of the Strategic Case for the scheme. Please see the Strategic Case section of the full business case document for the full details of the evidence presented. It is considered that the scheme passes all criteria within the strategic case. A strong case is presented for the need for the scheme and how this fits into the wider plans for rail service improvements benefiting Cheltenham. Whilst the scheme has evolved since that presented at the Strategic Outline Business Case stage in 2015 the scheme continues to achieve the objectives previously identified. The approach to the assessment of economic and financial impacts was considered appropriate, with a number of sensitivity tests undertaken to test differing scenarios, confirming the resilience of these benefits to differing growth, cost and service level scenarios.

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 indicates how the contents of the scheme have changes since the SOC and the rationale for this.
Does the scheme still deliver the objectives stated at the previous stage?	Pass	The current scheme continues to meet previously identified objectives.
Have they indicated the approach that has been taken to modelling the economic and financial impacts of the scheme?	Pass	Approach to appraisal is discussed in the main document, with additional details provided in the modelling and appraisal appendix.
Is the approach utilised considered appropriate to the impacts and scale of impacts anticipated?	Pass	Economic appraisal approach is appropriate. Sensitivity testing has been undertaken to confirm the value for money of the scheme given different growth, cost and service levels.

2.3 Economic Case

The economic case for the scheme is assessed within **Table 2**. The assessment of the economic case indicates that all of the nine criteria for the scheme have been passed.

The key economic benefits for the scheme derive from the additional revenues generated by the scheme due to additional parking revenue and additional use of the station, initially increasing revenue to the train operating company. This additional revenue would benefit the national economy through the transfer of train operating company profits to national government as part of the franchise arrangements, with a portion of this revenue available to be reinvested within Gloucestershire.

The scheme would also have decongestion, accident, greenhouse gas and journey time reliability benefits for the local economy through the transfer of trips from car to rail. These impacts result in a Benefit Cost Ratio (BCR) for the scheme calculated by the scheme promoters to be 5/1. This value indicates that the scheme represents Very High value for money.

Some negative impacts resulting from the scheme are predicted in relation to noise, local air quality, landscape, the historic environment (due to impacts on the nearby conservation area) and biodiversity (due to the loss of treeline).

Table 2: Assessment of the Economic Case for the Scheme

Criteria	RAG Status	Assessment
Has an Appraisal Summary Table been provided?	Pass	Separate tables are provided for the economic, environmental and social impacts. An AST table is provided as an appendix.
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	Scores given are justified by quantified evidence where the scale of benefits justifies this and qualitative assessments are provided for less significant impacts.
Are the scores given considered accurate and appropriate?	Pass	Scores given are considered accurate and appropriate. A cautious approach to the categorisation of benefits has been used, for example - no wider economic benefits are currently reported.
Does the scheme score positively against the majority of AST categories?	Pass	Scheme scores positively against 13 of the 24 criteria assessed, with 6 criteria assessed as a neutral impact. The scheme therefore scores positively against more criteria than the negative impacts predicted.
What negative impacts are predicted and what are the consequences of these?	Pass	Negative impacts are predicted in relation to noise, local air quality, landscape, historic environment and biodiversity (due to the loss of treeline) and impacts on the nearby conservation area affecting the historic environment. A reduction in indirect tax revenues will also result from an overall reduction in car fuel use.

Criteria	RAG Status	Assessment
Are any additional negative consequences predicted that have not been included within the AST assessment?	Pass	The assessment of negative impacts is considered comprehensive. No additional negative impacts are predicted.
Have they included a calculation of the BCR for the project?	Pass	An initial BCR of 5.24 is presented which includes journey time and operating cost savings, accident and greenhouse gas reductions. This is Adjusted up to 5.55 based upon additional journey reliability benefits.
Is the BCR calculation considered accurate, robust and appropriate to the scale and nature of the project?	Pass	The BCR calculation follows a standard approach to rail appraisal and is considered appropriate to a project of this scale and nature. Sensitivity testing has been undertaken given different growth, cost and service levels which provides additional assurance as to the robustness of the value for money of the scheme.
Does this indicate that the scheme represents value for money?	Pass	The scheme is indicated to represent Very High value for money. Sensitivity tests have been provided assuming lower levels of population growth and higher costs, which continue to indicate that the scheme would represent High value for money in such a scenario, indicating that the economic case for the scheme is robust.

2.4 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. Funding contributions from GWR, Network Rail and Gloucestershire County Council will all contribute towards the delivery of the full package of schemes. The LEP contribution has been earmarked to fund the forecourt improvement, with no other funding required to deliver this element of the project. A number of milestones are required to achieve final funding approval for some of the other elements of the project, however. The scheme promoter, GWR would be responsible for funding any cos over-runs 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	Financial costs are provided in both current and future year prices.
How do these costs compare to previous estimates?	Pass	Costs align with previous estimates.
Have they outlined the additional elements which make up the whole life costs of the scheme?	Pass	Operations, maintenance and renewal costs are discussed and quantified and have been included within economic assessment.
Have they included the expected non-LEP funding sources and the status of these contributions	Pass	Non-LEP contributions are anticipated from GWR, Network Rail and Gloucestershire County Council. The exact scale of some of these sources of funding is not yet determined however evidence has been provided to confirm the status of these contributions and that they will cover the scheme elements indicated.
Is sufficient certainty provided regarding the funding of the scheme?	Pass	Evidence is provided to support each of the non-LEP contributions to the scheme. It is noted that a number of caveats and approval milestones are associated with each contribution. LEP funding has been earmarked to fully cover the cost of delivery of the station forecourt improvements and hence there is certainty regarding this element of the scheme.

2.5 Commercial Case

The commercial case for the scheme is presented within **Table 4**. It can be seen that all of the four criteria required within the Business Case Guidance are considered to have been met.

The parking income generated by the scheme is sufficient to ensure its long-term viability. Procurement arrangements are in place, with contracts to be let on a lump sum basis, to ensure the correct balance of risk is allocated between scheme promoter and contractor.

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	Income generated by the parking element of the proposals only has been assessed as a conservative approach. This indicates that revenue generated by this element only is sufficient to cover the anticipated operating and maintenance costs of the scheme into the future.
If income is generated sufficient to ensure the long-term viability of the scheme?	Pass	Income predicted to be generated by the car park is sufficient to ensure the long term viability of the scheme.
Has a procurement strategy been provided?	Pass	Procurement arrangements discussed
Is the procurement strategy appropriate to the nature of the scheme? Does it ensure the correct balance of risk is allocated between the scheme promoter and contractor?	Pass	Contracts will be let on a lump sum basis ensuring the contractor takes on some of the risks associated with the project.

2.6 Management Case

Table 5 presents the assessment of the Management Case for the scheme. This indicates that 16 of the 17 criteria are considered to have been met in their entirety. One issue identified related to the likely scale of quantified risks associated with the project, which was identified to be higher than the available contingency funds identified. This would not however place any additional risk on the LEP as the scheme promoter, GWR, would be responsible for funding any cost overruns. These issues were not however considered critical to the overall assessment of the scheme.

Detailed designs were still under development at the time of assessment, however the approach to design and construction was considered appropriate. It is anticipated that the scheme would not require planning approval as it would constitute permitted development, however this is to be confirmed by Cheltenham Borough Council. A condition of funding approval is recommended in relation to this potential need for planning consent.

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	Outline designs for the different elements have been included as an appendix to the main document. Detailed design is still on-going, however the overall approach to the design and construction of each scheme element is discussed.
Are these plans considered appropriate to the scheme?	Pass	Scheme plans appear appropriate although only outline designs are currently available, so are subject to change.
Have they included information on the legal powers that are needed to construct the scheme?	Pass	Approvals required are indicated. Station Change approval will be required from the Office of Rail and Road. The scheme is anticipated not to require Planning Approval as the scheme is anticipated to be a Permitted Development. This will be confirmed with Cheltenham Borough Council in January 2018. A condition of approval should be included in the funding agreement in relation to this confirmation being received or planning approval granted if the scheme is determined not to be a Permitted Development.
Have they stated how will these powers be obtained?	Pass	The programme for all required approvals and legal powers is discussed, with the current status and anticipated timescales indicated. The proposed approach and timescales appear realistic.
Have they indicated the results of public and stakeholder consultation activities?	Pass	Various public and stakeholder activities have been undertaken or are planned in relation to establishing the principle of improving the station, articulation of the problem at the station and the scope under consideration. Responses indicate broad support for the scheme from both stakeholders and the public, although

Criteria	RAG Status	Assessment
		letters of support from stakeholder organisations have not been included to evidence this. As the design process is currently ongoing consultation on the emerging designs is at an early stage. At the time of writing the month long Public consultation activities in relation to the outline scheme designs have been completed. This indicates broad support for the proposals. Some concerns were raised in relation to visual screening, potential light pollution and whether the extra parking provision would be sufficient.
Has the scheme been altered to satisfactorily reflect the consultation responses received?	Pass	Consultation activities are still ongoing and detailed design work is yet to be completed. The document indicates how comments to date will be addressed in the detailed designs.
Have they detailed the key risks in terms of impacts on delivery timescales?	Pass	A risk register has been provided as an appendix, with risks that may impact upon delivery timescales discussed in the main report . Key risks that could impact upon project timescales included the time needed to agree a funding agreement, mitigation measures which may be required in relation to ecological issues and the impacts of unanticipated ground conditions. Risk mitigation activities have been identified to seek to manage these risks.
Have they detailed how the risks will be managed / mitigated?	Pass	Risk mitigation measures are discussed in the risk register
Has a Quantified Risk Assessment (QRA) been provided?	Some issues identified but not considered critical	The financial costs associated with identified financial risks have been quantified. Expected costs total £1,02m. This is greater than the risk contingency of £868k. The scheme promoter would however be responsible for covering any cost increases beyond those currently accounted for.
Have all key risks been identified, sufficiently mitigated and quantified?	Pass	The risk register is considered comprehensive, with appropriate mitigation identified and quantified where appropriate.
Have they included the governance arrangements that will enable the scheme to be delivered including the key named individuals and their roles?	Pass	Governance arrangements are discussed including those of the LEP, the project Stakeholder Steering Group and the governance process to be followed within GWR. Reporting arrangements are discussed and the roles and responsibilities of key individuals are discussed.
Have they outlined the planned project programme for delivery of the scheme including a GANTT chart	Pass	Key milestones provided within the report with an appendix containing GANTT chart provided.

Criteria	RAG Status	Assessment
Is the programme considered realistic and viable?	Pass	Completion planned for March 2019, which is considered viable and realistic.
Does the programme facilitate completion of the project within the LEP funding period?	Pass	Completion of the project by March 2019 would ensure that all funding is spent within the LEP funding period.
Have they included the proposed Benefits Realisation strategy?	Pass	Benefit realisation strategy discussed including steps to ensure stated benefits are realised.
Have they identified how the benefits be monitored and evaluated?	Pass	Pro-forma has been completed.
Are monitoring and evaluation activities considered appropriate to the scale and nature of the project?	Pass	Identified monitoring activities are considered appropriate, however this would benefit from further details regarding the precise metrics and targets to be monitored and the presentation of baseline evidence (once available). Consideration should be given to the evaluation of processes via a lessons learnt log or workshop.

3 Due Diligence Checks

3 Due Diligence Checks

3.1 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 regard³.

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 rationale for the project is to address short comings at Cheltenham Spa to accommodate additional rail travel at the station following the introduction of Intercity Express Trains and upgrade of the route. This is clearly set out in the business case and these principles remain sound.</p> <p>Why is public funding in the form of Growth Funds necessary?</p> <p>Public funding is necessary as the station is a complex site with significant capital investment required to realise benefits. The private sector cannot make this investment and achieve a reasonable short term return in the life of a rail franchise period.</p>
Need/Demand	<p>Does the Business Case adequately address the need and demand for the project?</p> <p>The Business Case provides sound evidence of the need for the project and the level of future rail demand that the scheme would need to accommodate.</p>
Aims	<p>Which LEP objectives does the project address?</p> <p>The GFirst LEP Strategic Economic Plan identified that improved connectivity was required to improve productivity within Gloucestershire. Improved rail services and facilities play an important role in providing this connectivity, particularly for business travel. The SEP identified</p>

³ http://www.gfirstlep.com/doc_get.aspx?DocID=302

	growth around cyber security and nuclear skills as key goals and Cheltenham Spa station improvements would help to support improved London – Cheltenham connectivity by rail, supporting the development of a Cyber Security Centre in Cheltenham.																	
Fit	<p>What other local strategies does the project fit e.g. LA local plan, Economic Strategies etc?</p> <p>As set out within the FBC investment at Cheltenham Spa aligns with both the SEP, LTP and Joint Core Strategy. From a rail perspective the rail industry is embarked on a major modernisation of the Great Western route with infrastructure upgrades and new trains. For Cheltenham this will provide enhanced London services and the Phase 1 scheme will expand capacity at the station to accommodate additional travel on these services.</p>																	
Financial																		
Cost profile	Estimated Outturn Spend (£m)	Cost Total																
	Preparatory	0.561																
	Construction (including prelims)	2.849																
	Equipment Install	0.551																
	Site Supervision	0.475																
	Risk Budget	0.868																
	Grand Total	5.479																
Funding	<p>Attach the funding profile that matches the cost profile – indicate the source of all funding both public and private; indicate the status of funding e.g. spent/committed, approved, application submitted, TBA etc</p> <table border="1"> <thead> <tr> <th>Project Funding (£m)</th> <th>Funding Status</th> <th>Cost Total</th> </tr> </thead> <tbody> <tr> <td>Local Growth Fund</td> <td>Subject to FBC approval</td> <td>1.5</td> </tr> <tr> <td>Station Commercial Project Facility</td> <td>Approved</td> <td>0.7</td> </tr> <tr> <td>Cycle Rail Fund</td> <td>£0.733m allocated, further £0.1 provisionally agreed</td> <td>0.83</td> </tr> <tr> <td>Gloucestershire County Council</td> <td>Funding allocated</td> <td>0.2</td> </tr> </tbody> </table>			Project Funding (£m)	Funding Status	Cost Total	Local Growth Fund	Subject to FBC approval	1.5	Station Commercial Project Facility	Approved	0.7	Cycle Rail Fund	£0.733m allocated, further £0.1 provisionally agreed	0.83	Gloucestershire County Council	Funding allocated	0.2
Project Funding (£m)	Funding Status	Cost Total																
Local Growth Fund	Subject to FBC approval	1.5																
Station Commercial Project Facility	Approved	0.7																
Cycle Rail Fund	£0.733m allocated, further £0.1 provisionally agreed	0.83																
Gloucestershire County Council	Funding allocated	0.2																

	Great Western Railway	Subject to approvals	0.44
	Access for All	Funding allocated	1.82
	Grand Total		5.49
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>GWR follows standard accounting processes administered by its Finance Directorate. This includes the use of purchase orders and invoices (or claims where appropriate within funding agreements) to allow efficient and auditable tracking of transactions. All records are held within the GWR financial accounting system and managed by the Capital Programme Finance Analyst.</p>		
Audit	<p>Set out internal and independent audit arrangements</p> <p>First Greater Western Ltd, trading as GWR, is subject to auditing of its finance, procurement and general business processes to demonstrate regulatory compliance. An internal audit team undertakes this within the company on a periodic basis. GWR is also subject to independent auditors from First Group, who validate the auditing through additional annual finance audits and deep dives as appropriate. Most recently the GWR property project portfolio was audited in early 2017.</p>		
Post Project	<p>Are there on-going cost implications and if so how will these be funded?</p> <p>The project will result in additional maintenance costs. These will be funded by GWR and future franchises from the additional revenue accruing as a result of the scheme.</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 will directly generate income in the form of parking revenue. The FBC demonstrates that this income will be sufficient to ensure the long term viability of the project.</p>		
Economic			
Options	<p>What options were considered as part of the Business Case?</p> <p>The FBC set out the options considered for the re-scoping of the project following the Strategic Outline Case stage to increase affordability and deliverability. Options considered delivering the car park or station building improvements alone but for practical reasons as well as funding constraints the proposed forecourt and car park scheme was selected alongside other access works as the core of Phase 1.</p>		

Outputs	<p>Are there clear and reasonable assumptions underpinning identified outputs?</p> <p>Outputs generated by the scheme include the improvement to a transport interchange as well as additional car and cycle parking. The assumptions underpinning these outputs are considered reasonable.</p>
Outcomes	<p>Are there clear and reasonable assumptions underpinning identified outcomes?</p> <p>Outcomes of the project include mode shift from car to rail, reduced forecourt accidents, improved customer satisfaction, increased active travel and increased interchange between modes. These outcomes align with the project objectives and it should be possible to evaluate whether they have been achieved.</p>
Impacts	<p>Are there clear and reasonable assumptions underpinning identified impacts?</p> <p>The economic appraisal identifies the key impacts of the scheme. These include increased rail travel, a reduction in car distance travelled and journey time reliability benefits. Negative impacts identified include additional noise, impacts on the historical environment and landscape. There assumptions underpinning these appraised impacts are reported and are considered reasonable.</p>
	<p>Have distributional and social effects been taken into account?</p> <p>Consideration has been given to who might benefit or lose out as a result of the scheme, but a formal social and distributional effects assessment has not been completed or required.</p>
VFM	<p>Summarise the VFM indicators and results for the preferred option/project</p> <p>The VFM indicators for the preferred scheme are: Initial BCR – 5.24 NPV - £33.9m Qualitative assessment – Slight Beneficial Value for Money – Very High</p>

Delivery																																															
Timetable	<p data-bbox="483 495 1274 527">Attach the latest project timetable identifying key milestones</p> <table border="1" data-bbox="495 554 1360 1436"> <thead> <tr> <th data-bbox="500 554 1110 617">Milestones</th> <th data-bbox="1118 554 1356 617">Estimated Date</th> </tr> </thead> <tbody> <tr><td data-bbox="500 623 1110 655">Board approval to enter into funding agreement</td><td data-bbox="1118 623 1356 655">Oct 2017</td></tr> <tr><td data-bbox="500 661 1110 693">NR GRIP3 Form 1 Approval in Principle</td><td data-bbox="1118 661 1356 693">Nov 2017</td></tr> <tr><td data-bbox="500 699 1110 730">Biodiversity Plan Complete</td><td data-bbox="1118 699 1356 730">Nov 2017</td></tr> <tr><td data-bbox="500 737 1110 768">Full Business Case considered by LEP Board</td><td data-bbox="1118 737 1356 768">Dec 2017</td></tr> <tr><td data-bbox="500 774 1110 806">Funding Agreement agreed with LEP</td><td data-bbox="1118 774 1356 806">Dec 2017</td></tr> <tr><td data-bbox="500 812 1110 844">Outline Design complete</td><td data-bbox="1118 812 1356 844">Dec 2017</td></tr> <tr><td data-bbox="500 850 1110 913">Confirmation of Cycle Rail Fund outstanding amount</td><td data-bbox="1118 850 1356 913">Jan 2018</td></tr> <tr><td data-bbox="500 919 1110 951">DfT Minor Modification Determination</td><td data-bbox="1118 919 1356 951">Jan 2018</td></tr> <tr><td data-bbox="500 957 1110 989">Site Clearance activity</td><td data-bbox="1118 957 1356 989">Feb 2018</td></tr> <tr><td data-bbox="500 995 1110 1026">NR GRIP4 Form 2 Approval</td><td data-bbox="1118 995 1356 1026">Apr 2018</td></tr> <tr><td data-bbox="500 1033 1110 1064">Station Change approved</td><td data-bbox="1118 1033 1356 1064">Apr 2018</td></tr> <tr><td data-bbox="500 1071 1110 1102">NR Landlord Consent approval</td><td data-bbox="1118 1071 1356 1102">Apr 2018</td></tr> <tr><td data-bbox="500 1108 1110 1140">GWR funding approvals</td><td data-bbox="1118 1108 1356 1140">Jun 2018</td></tr> <tr><td data-bbox="500 1146 1110 1178">Developed Design complete</td><td data-bbox="1118 1146 1356 1178">Jun 2018</td></tr> <tr><td data-bbox="500 1184 1110 1247">Environmental appraisal complete and all subsequent permits or approvals in place</td><td data-bbox="1118 1184 1356 1247">Jun 2018</td></tr> <tr><td data-bbox="500 1253 1110 1285">Enabling Works</td><td data-bbox="1118 1253 1356 1285">Aug 2018</td></tr> <tr><td data-bbox="500 1291 1110 1323">Forecourt + Car Park D+B contractor appointed</td><td data-bbox="1118 1291 1356 1323">Aug 2018</td></tr> <tr><td data-bbox="500 1329 1110 1360">NR GRIP5 Form 3 Approval</td><td data-bbox="1118 1329 1356 1360">Oct 2018</td></tr> <tr><td data-bbox="500 1367 1110 1430">Lansdown Rd Access Ramp contractor appointed</td><td data-bbox="1118 1367 1356 1430">Oct 2018</td></tr> <tr><td data-bbox="500 1436 1110 1467">Main construction commences</td><td data-bbox="1118 1436 1356 1467">Nov 2018</td></tr> <tr><td data-bbox="500 1474 1110 1505">Access for All Lifts complete</td><td data-bbox="1118 1474 1356 1505">Mar 2019</td></tr> <tr><td data-bbox="500 1512 1110 1543">Main construction complete</td><td data-bbox="1118 1512 1356 1543">Jun 2019</td></tr> </tbody> </table> <p data-bbox="483 1472 1323 1503">Is there a Gantt chart showing timescales for detailed elements?</p> <p data-bbox="483 1507 1299 1539">A detailed Gantt chart was provided as part of the FBC submission.</p> <p data-bbox="483 1566 1096 1598">The main contractor will be appointed in Aug 2018</p> <p data-bbox="483 1625 933 1656">Confirm implementation timescale</p> <p data-bbox="483 1661 1209 1692">The main construction works will be completed in June 2019</p>	Milestones	Estimated Date	Board approval to enter into funding agreement	Oct 2017	NR GRIP3 Form 1 Approval in Principle	Nov 2017	Biodiversity Plan Complete	Nov 2017	Full Business Case considered by LEP Board	Dec 2017	Funding Agreement agreed with LEP	Dec 2017	Outline Design complete	Dec 2017	Confirmation of Cycle Rail Fund outstanding amount	Jan 2018	DfT Minor Modification Determination	Jan 2018	Site Clearance activity	Feb 2018	NR GRIP4 Form 2 Approval	Apr 2018	Station Change approved	Apr 2018	NR Landlord Consent approval	Apr 2018	GWR funding approvals	Jun 2018	Developed Design complete	Jun 2018	Environmental appraisal complete and all subsequent permits or approvals in place	Jun 2018	Enabling Works	Aug 2018	Forecourt + Car Park D+B contractor appointed	Aug 2018	NR GRIP5 Form 3 Approval	Oct 2018	Lansdown Rd Access Ramp contractor appointed	Oct 2018	Main construction commences	Nov 2018	Access for All Lifts complete	Mar 2019	Main construction complete	Jun 2019
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Site	<p data-bbox="483 1692 1323 1755">Confirm ownership of the site and detail arrangements to ensure unfettered access e.g. covenants, rights of way, easements etc</p> <p data-bbox="483 1787 1356 1875">All proposed works take place on NR property. GWR has submitted land clearance requests to confirm NR will agree to inclusion of additional areas of land within the station lease. Landlords consent will be required</p>																																														

	<p>from NR Asset Managers and Maintenance team to allow the scheme to go ahead. A condition of LEP funding approval should be included within the funding agreement in relation to failure to achieve this. The site is accessed off adopted public highway providing unfettered access.</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>It is not anticipated that the scheme will require planning permission, however NR will confirm this with Cheltenham Borough Council in January 2018. As there is the potential that planning permission is required a condition should be included within the funding agreement to ensure that funds are returned should planning permission be rejected. Ecological survey work is still to be undertaken and hence there is potential for additional conditions in relation to this. Appropriate conditions should be included within the funding agreement in relation to this.</p>
Environmental Sustainability/Social Value	<p>What aspiration is set out in the Business Case and to what quality standard? How evidenced? What will be the environmental impact of the project and have potential opportunities for environmental enhancement been identified?</p> <p>The business case seeks to minimise any negative environmental impacts and promote positive impacts where possible. Appraisal work indicates slight beneficial impacts on greenhouse gases and the townscape. Negative impacts are predicted in relation to noise, landscape, the historic environment and biodiversity. Where possible mitigation will be incorporated into the final designs to mitigate these issues. For example, opportunities for additional planting as part of a landscaping plan have been identified to improve screening of the station and improve habitats.</p> <p>What contribution is the project likely to make to social value?</p> <p>The key social benefits of the scheme include improved journey times for commuters, more reliable access to car parking at the station, improved journey quality due to a nicer station environment and improved safety and security at the station itself.</p>
Procurement	<p>Outline the procurement strategy – is this State Aid compliant? A OJEU compliant competitive procurement process will be undertaken for a Design and Build contractor. This approach is state aid compliant.</p> <p>Basis for contractor selection: is this best VFM?</p>

	<p>A tender evaluation will be undertaken based of a combination of cost and quality using a standard scoring approach to identify the best value for money approach.</p> <p>Contractor checks including collateral warranties Full contractor checks are undertaken ahead of contract approval. These include contractor warranties, insurances and liabilities to minimise GWR exposure and pass through NR asset protection requirements.</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?</p> <p>GWR holds the position of a franchisee to the Department for Transport following an EU approved procurement process. All assets will become Network Rail assets and therefore owned by the public sector. This scheme would therefore represent a State Aid compliant investment of Growth Funds.</p>
Risk	<p>Set out Risk management strategy including allocation/transfer</p> <p>Risks are managed through the maintenance of a live risk register. Through the procurement strategy where possible risks will be transferred to the contractor and clear risk owners will be established on award of the contract.</p> <p>Confirm Risk register in place and arrangements for maintaining</p> <p>A risk register was provided as part of the FBC submission. This is owned and maintained by the project manager and reviewed at each project team meeting.</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>A S&P credit check has been undertaken on First Group PLC. This indicates a BBB- long term and A-3 short term performance which corresponds to a lower medium grade rating. The economic outlook of the organisation is rated as Stable. A Denied Party Screening has also been undertaken on the company, which did not identify any issues.</p>
Capability	<p>Does the delivery team possess the necessary skills and resources to deliver the project?</p>

	<p>Are there multiple projects that are the responsibility of the same team, and if so how managed with the project?</p> <p>GWR has a large capital investment programme being delivered in partnership with First Group and Network Rail. Additional resources have been secured to deliver this workload and the overall management of priorities across the property portfolio is managed through the Stations and Car Parks programme steering group.</p>
Governance	<p>Are there clearly defined role responsibilities including authorisation and delegation levels?</p> <p>GWR has clearly defined roles within projects as set out in the FBC. These work alongside the GWR scheme of delegation which sets out clear financial authorities for staff of different ranks. Within the project the Executive Sponsor holds ultimate authority over the project and a robust change control process is in place to allow the sponsor to maintain control.</p> <p>What are the reporting arrangements?</p> <p>GWR has an established reporting process with 4 weekly project reports provided to a project board as well as the overall Station and Car Parks programme steering group.</p>
Communication	<p>How will the project communicate with stakeholders, client base, public? Is there a marketing strategy?</p> <p>Key stakeholders have been and will be directly involved in decision making on the project as part of the Stakeholder Steering Group. A communication plan has been prepared for how different groups will be engaged with as the scheme progresses.</p>
Monitoring	<p>What are the arrangements for monitoring for both finance and economic benefits?</p> <p>A plan for the monitoring and evaluation of the project is appended to FBC.</p>
Evaluation	<p>How will the completed project be evaluated?</p> <p>The scheme will be evaluated as per the monitoring and evaluation framework appended to FBC. Further work is required to clearly define the metrics against which the scheme will be evaluated and the timing of this.</p>

4 Summary

4 Summary

4.1 Introduction

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

4.2 Summary of project inputs, outputs and outcomes

4.2.1 Total Cost

The total scheme cost is £5.48m; this is broken down by task in **Table 7** below:

Table 7: Planned Expenditure

Estimated Outturn Spend (£m)	2017/18				2018/19				2019/20				Cost Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Preparatory	0.045	0.068	0.106	0.126	0.119	0.081	0.035						0.561
Construction (including prelims)				0.071	0.135	0.108	1.184	1.013	0.309	0.124			2.849
Equipment Install								0.43	0.071	0.068			0.551
Site Supervision				0.01	0.019	0.015	0.166	0.202	0.053	0.027			0.475
Risk Budget				0.018	0.034	0.028	0.302	0.368	0.097	0.049			0.868
Total by Quarter	0.045	0.068	0.106	0.224	0.307	0.231	1.687	2.013	0.53	0.267			
Total by Year	0.443				4.238				0.798				
Grand Total	5.479												

The LEP contribution would be put towards all of the above costs of the project and relates to capital expenditure only.

4.2.2 Funding

A LEP Growth Fund contribution of £1.497m is sought. **Table 8** shows the planned funding profile for the scheme broken down by task. This is considered a feasible level of spend on the project and would ensure that all LEP funds are spent within financial year 2019/20.

Table 8: LGF Funding Profile

Estimated Outturn Spend (£m)	2017/18				2018/19				2019/20				Cost Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Local Growth Fund						0.1	0.4	0.5	0.4	0.1			1.5
Station Commercial Project Facility				0.18	0.28		0.3		0.11	0.11			0.7
Cycle Rail Fund						0.1	0.1	0.63					0.83
Gloucestershire County Council			0.04					0.17					0.2
Great Western Railway				0.14			0.3						0.44
Access for All			0.1		0.1	0.2	0.7	0.72					1.82
Total by Quarter	0	0	0.14	0.32	0.38	0.4	1.53	2.01	0.51	0.21	0	0	
Total by Year	0.45				4.32				0.72				
Grand Total					5.49								

4.2.3 Milestones

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

Milestones	Estimated Date
Board approval to enter into funding agreement	Oct 2017
NR GRIP3 Form 1 Approval in Principle	Nov 2017
Biodiversity Plan Complete	Nov 2017
Full Business Case considered by LEP Board	Dec 2017
Funding Agreement agreed with LEP	Dec 2017
Outline Design complete	Dec 2017
Confirmation of Cycle Rail Fund outstanding amount	Jan 2018
DfT Minor Modification Determination	Jan 2018
Site Clearance activity	Feb 2018
NR GRIP4 Form 2 Approval	Apr 2018
Station Change approved	Apr 2018
NR Landlord Consent approval	Apr 2018
GWR funding approvals	Jun 2018
Developed Design complete	Jun 2018
Environmental appraisal complete and all subsequent permits or approvals in place	Jun 2018
Enabling Works	Aug 2018
Forecourt + Car Park D+B contractor appointed	Aug 2018
NR GRIP5 Form 3 Approval	Oct 2018
Lansdown Rd Access Ramp contractor appointed	Oct 2018
Main construction commences	Nov 2018
Access for All Lifts complete	Mar 2019
Main construction complete	Jun 2019

4.2.4 Outputs

The following are the key outputs of the project:

Output	Measurement
Transport interchanges created/improved	1
Total length of new cycle ways (km)	0.24
Additional car parking spaces created	70
Enhanced/new cycle parking spaces created	300

4.2.5 Outcomes

The following are the key project outcomes:

- Achieve modal shift from car to rail
- Reduce accidents on the station forecourt
- Increase level of customer satisfaction
- Increase level of active travel to/from the station
- Increase level of interchange

4.3 Summary of Final Business Case Assessment

Table 9 summarises the AECOM assessment of the FBC for the Cheltenham Spa Phase 1 project. It can be seen that all criteria within the Strategic, Economic, Financial and Commercial cases are considered to have been satisfactorily addressed, considering the nature of the scheme. One criteria within the Management Case was not entirely addressed, in relation to the level of contingency funds identified compared to the scale of likely financial risks, but this issue was not considered critical to the overall business case for the scheme.

Table 9: Summary of Full Business Case Assessment

Case	Assessment
Strategic Case	5/5 assessment criteria passed.
Economic Case	9/9 assessment criteria passed.
Financial Case	5/5 assessment criteria passed.
Commercial Case	4/4 assessment criteria passed.
Management Case	16/17 assessment criteria passed. One criteria had some issues, but not considered critical.

4.4 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 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. Two conditions of approval were identified as part of this process, which is discussed below.

4.5 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 2017/18. The following Funding Conditions are recommended to ensure the scheme delivers the outcomes intended:

- To ensure an appraisal approach proportionate to the scale and nature of this scheme it was agreed at the appraisal specification stage that some elements of the environmental appraisal of this scheme could be deferred until after the Final Business Case alongside the development of final designs and a Landscaping and Biodiversity Plan as long as any risks associated with this were considered and costed within the risk assessment. It is recommended that this environmental appraisal (to be completed by June 2018), as well as any subsequent permits or approvals (if required) will be included as milestones in the funding agreement. It is also recommended that a condition is included within the funding agreement so that funding can be clawed back as required should such approvals be rejected.
- GWR are seeking confirmation from Cheltenham Borough Council that the scheme constitutes a Permitted Development and hence does not require Planning Permission. This decision is anticipated in January 2018. A condition of funding approval should be included to confirm that the scheme is Permitted Development and if not that Planning Permission is received ahead of the release of LEP funds.
- Network Rail operate as Landlord of the station and a NR landlord consent is required before any alterations can be made to the station. Network Rail would also need to approve inclusion of additional areas of land within the station lease before land clearance can commence. In addition to these approvals from Network Rail, GWR will need to obtain Station Change approval from the Office of Rail and Road. As these approvals are required and would stop or delay implementation of the scheme it is recommended that a conditional of approval is included within the LEP funding agreement in relation to receipt of all three of these approvals, which are indicated to be due in April 2018.