



## GFirst Local Enterprise Partnership

Board Paper – December 2018

<b>Agenda Item 8</b>	<b>West Cheltenham Transport Improvement Schemes – UK Cyber Business Park</b>
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<b>Supporting Papers</b>	<p>The September 2018 GFirst LEP Board Paper and associated appendix can be viewed by clicking on the links below:  <a href="https://www.gfirstlep.com/downloads/library/264-agenda_item_7.i_cheltenham_cyber_park_-_11-9-18.pdf">https://www.gfirstlep.com/downloads/library/264-agenda_item_7.i_cheltenham_cyber_park_-_11-9-18.pdf</a></p> <p>The GFirstLEP application for Growth Deal 3 funding to Government: “Business Case - Cheltenham Cyber Park - Cheltenham Cyber Business Park infrastructure &amp; site preparation” can be viewed here:  <a href="https://www.gfirstlep.com/downloads/library/261-7.ii_appendix_1_-_cheltenham_cyber_park.pdf">https://www.gfirstlep.com/downloads/library/261-7.ii_appendix_1_-_cheltenham_cyber_park.pdf</a></p> <p>The October 10th 2018 Gloucestershire County Council Cabinet report “Cheltenham Cyber Business Park – transport mitigation and M5 Junction 10 Business Case development” can be viewed here:  <a href="http://glostext.gloucestershire.gov.uk/ieListDocuments.aspx?Cid=117&amp;Mid=8901&amp;Ver=4">http://glostext.gloucestershire.gov.uk/ieListDocuments.aspx?Cid=117&amp;Mid=8901&amp;Ver=4</a></p>
<b>Confidentiality</b>	Open
<b>Purpose</b>	For the Full LEP Board to consider the proposed West Cheltenham Transport Improvement Schemes – UK Cyber Business Park to be funded through Growth Deal 3 and to approve Business Case preparations.
<b>Summary</b>	<p><b>Background</b></p> <p>In February 2017, Government announced a Growth Deal 3 allocation of £22m for the “Cheltenham Cyber Business Park infrastructure and site preparation” which was awarded through a competitive bidding process. This brought the total Growth Deal allocation for Gloucestershire to £101.7 million.</p> <p>The purpose of the bid was to enable the opening up of a strategic employment land allocation by bringing forward highway infrastructure improvements, enabling capacity on the network to accelerate an early phased release of the employment site. The strategic allocation includes 45 ha of much needed employment land, focussed on cyber industries with a target of generating new high skilled/high GVA generating jobs, together with facilitating the delivery of the GCHQ Cyber Innovation Centre. Together with around 1,100 new homes, the strategic</p>

allocation will bring forward a sustainable mixed use urban extension to Cheltenham.

The funding bid was submitted to Gfirst LEP by Cheltenham Borough Council (CBC), the current scheme promoter for the project. However, as CBC does not hold responsibility for highways nor have transport specialists within its officer team CBC have now approached Gloucestershire County Council (GCC), as the local Highways Authority, to lead on the delivery of the “West Cheltenham Transport Improvement Schemes – UK Cyber Business Park”.

**Recent decisions:**

On the 11<sup>th</sup> of September, the LEP Board decided:

1. To approve in principle the transfer of the scheme promoter role to GCC subject to GCC Cabinet approval.
2. To approve the approach to delivery outlined in the Board paper, in which the delivery of the transport elements to be funded by the £22m Growth Deal allocation will be progressed ahead of the planning application for the Cyber Park. Note, this is subject to an update from GCC at the December’s Board Meeting
3. To approve in principal that the £3.3m GCC has already received from Government via an s31 grant is made available to support preparation of the scheme business case(s), subject to the necessity to follow due process. That the responsibility for managing this element specifically is delegated to the PMG, to include returning to the Board for any funding decisions and project progress reports that become necessary.

On the 10<sup>th</sup> of October, GCC Cabinet resolved to:

1. Approve that the County Council becomes project promoter of the £22M Growth Deal 3 allocation for the Cheltenham Cyber Business Park transport mitigation package;
2. Approve the use of the £3.3M Growth Deal funding the County Council has already received from Government via a s31 grant to progress the preparation of the scheme business case(s) for the Cheltenham Cyber Business Park ahead of the formal funding by the GFirst LEP Board;

**The emerging transport improvement package**

In order to produce the emerging transport improvement package, GCC undertook a high level assessment of potential transport improvements that have previously been identified through the adopted JCS transport strategy, developer mitigation packages and GCC capital schemes. It used an input matrix, based on scores against economic, social and environmental impacts as well as deliverability and cost considerations.

The initial cost estimates indicate that a package of 12 schemes along the A40 corridor from M5 Junction 11 to east of Benhall Roundabout could be delivered from the available budget. The initial assessments indicated that these schemes would have sufficient transport benefits ahead of the opening up of a strategic employment land allocation to the west of Cheltenham.

Consideration has been given to the programme of implementing the proposed package of schemes and the significant risks to delivery. Liaison with Highways England (HE) has identified that they too have a planned programme of important highway improvement works involving 'safety critical' structural repairs in the vicinity of M5 Junction 11 which HE 'cannot postpone'. This will have a direct impact upon the deliverability of this package of schemes by March 2021, as the HE maintenance schemes will utilise the proposed LGF scheme locations as diversion routes. Close liaison and co-ordination with HE will therefore be essential for successful and timely delivery.

Consideration has also been given to the need to address existing air quality issues. The whole of Cheltenham Borough has been declared an Air Quality Management Area (AQMA), where improvements in air quality must be implemented through an air quality action plan. For that reason, as part of the FBCs that are required to implement each aspect of the West Cheltenham Transport Improvement Schemes, an air quality assessment will take place to assess the temporary and permanent impacts on air quality associated with the schemes. This will be in accordance with the relevant national guidelines.

Phase 1

- Arle Court Roundabout remodelling and capacity improvements
- B4063 bus priority to Arle Court
- Hatherley Lane widening to Arle Court
- A40 Park and Ride Access/Egress westbound from Arle Court Roundabout

Phase 2

- Badgeworth Road Bridge Extension
- M5 J11 – Arle Court carriageway extension Northern Verge
- Capacity improvements to the J11 Southbound Slip – design and scope to be confirmed following agreement with HE

Phase 3

- Arle Court Telstar Way east bound carriageway capacity improvements
- Telstar Way to Benhall Roundabout eastbound carriageway capacity improvements
- Telstar Way widening

Phase 4

- Cycle and pedestrian infrastructure improvements from Arle Court to Rail Station
- Benhall Roundabout remodelling including eastbound widening

In a relatively short timescale, officers have been asked to provide preliminary design, prioritisation and costing for a package of transport works on a scale larger than any recent major project. For this reason, a number of assumptions have been made on the design and a number of constraints are still yet to be fully explored. It is with this in mind that Members should recognise the fluidity of the proposed scheme package and potential phasing of works, specifically regarding cost estimates which require considerably more work to refine.

It is possible that, as part of the detailed design phase and once scheme costs have been finalised, not all of the above works packages will be deliverable through this

	<p>funding allocation. Therefore opportunities for potential other funding sources such as S106 developer contributions funding, Community Infrastructure Levy and HIF funding will also be considered. Such additional funding, if secured, could lead to further transport schemes being implemented to the west of Cheltenham – including sustainable transport measures.</p> <p><b>Business Case</b></p> <p>Due to the extremely constrained timescales, it is important to enable the project promoter to progress the development of the Business Case at the earliest opportunity. Government has therefore made £3.3m available from the total £22m allocation for Business Case development for this project only.</p> <p><b>Timescales:</b></p> <ul style="list-style-type: none"> <li>• <b>December 19<sup>th</sup> 2018:</b> GCC Cabinet to consider the package of proposed schemes to be delivered and, subject to Cabinet decision, assume project promoter role.</li> <li>• <b>Autumn 2019:</b> Potential LEP Board approval of BC and potential start of first elements of the project</li> <li>• <b>March 2021:</b> all schemes funded through the £22m Growth Deal allocation in contract and scheduled for delivery</li> </ul>
<p><b>Implications, impacts or risks</b></p>	<p><b>Key risks:</b></p> <ul style="list-style-type: none"> <li>•</li> <li>• The Cyber Business Park is not yet subject to a planning application. However, the proposals address current infrastructure deficits and pinch points on the network and will therefore provide good value for money based on transport benefits alone.</li> <li>• It is not possible to define a suite of transport schemes deliverable by / in contract by 2021.</li> <li>• The scale of intervention / suite of measures possible with £22M of LGF investment funding cannot be agreed between all partners involved.</li> <li>• Potential clash with future ‘safety critical’ HE maintenance works resulting in programme slippage, compromising the March 2021 deadline.</li> <li>• The inability of the scheme promoter to carry the financial risk of scheme cost overruns.</li> <li>• Capital risk that a viable scheme Business Case, funded through LGF, can not be delivered though the lifetime of the Growth Deal.</li> <li>• Revenue risk of forward funding the Business Case development work using LGF (i.e. if the Business Case is not successful, funding has to be reimbursed to the programme and/or Government ultimately).</li> <li>• Low Benefit Cost Ratio (BCR) of any of the proposed schemes.</li> <li>• Public opposition to the proposed suite of transport measures.</li> </ul> <p>As with any major transport / highways improvement project, the associated risks will be actively and continuously monitored and any significant changes affecting the scope of the project will be discussed at the Programme Management Group (PMG) and the PMG will report back to the LEP Board.</p>

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	<p>The financial risks of this project will be further mitigated through the phased approach outlined above, that suggests a delivery in four phases with individual schemes, allowing a reduction in the total number of schemes to be delivered, should the final costs exceed current estimates.</p>
<p><b>Decision required</b></p>	<p>The Board is asked to:</p> <ol style="list-style-type: none"> <li>a) Confirm that they have approved the transfer from CBC to GCC as the scheme promoter for the £22m West Cheltenham Transport Improvement Schemes – UK Cyber Business Park as outlined in this paper. This will be subject to GCC Cabinet agreeing the proposed West Cheltenham Transport Improvement Schemes – UK Cyber Business Park on the 19th of December.</li> <li>b) approve the preparation of a Memorandum of Understanding with GCC that will enable the phased release of up to £3.3m of the £22m in 2018/19 for Business Case development of the schemes outlined in this paper</li> <li>c) Note that the transport improvements will be delivered in stages, to allow a scalable approach to delivery, to maximise the amount of schemes that can be delivered with a finite amount of LGF investment funding.</li> <li>d) confirm that: <ul style="list-style-type: none"> <li>• Where a Business Case is produced, for a scheme that is listed as part of this paper, and for which the associated costs can be capitalised, this Business Case would be deemed to be a capital asset, funded through LGF investment funding.</li> <li>• In most instances these Business Cases would lead directly to delivery with LGF investment funding , but in some instances, it could emerge through the Business Case process, that delivery through the Growth Deal funding is not possible and alternative funding mechanisms (including developer funding) have to be sought. In this case there would not be a requirement to repay the capital cost of the Business Case process.</li> </ul> </li> <li>e) Accept that there is a joint responsibility of all partners involved in the West Cheltenham Transport Improvement Schemes – UK Cyber Business Park, to discuss how potential revenue cost risks could be covered. This would be the case in circumstances where the project promoter produces a BC for a specific scheme (as outlined in this paper) in good faith, which can then not be capitalised, as there is NOT a reasonable expectation of delivery through the Growth Fund, or other investment sources.</li> <li>f) Accept the risk that not all of the schemes will be completed by the funding deadline of 31st March 2021, due to the extremely tight timescales given to this project. Further delays may occur as a result of further risks highlighted in this paper. However, Gloucestershire County Council will seek to mitigate these risks by careful negotiations with stakeholders, including Cheltenham Borough Council, who are the planning authority for the Cyber Park development site. As a minimum, by March 2021, all Business Cases will be completed and a contract will be in place to deliver the schemes within a set timetable which is as close to 2021 as is feasible within the constraints that arise. This timetable is to be agreed with the Programme Management Board. Please note discussions with BEIS and central government are taking place to get clarity regarding the funding deadline and to ensure the scheme can be delivered as early as possible.</li> </ol>
<p><b>Recommendations</b></p>	<p>That the Board:</p> <ol style="list-style-type: none"> <li>a) Agree that GCC can become the scheme promoter for the West Cheltenham Transport Improvement Schemes – UK Cyber Business Park.</li> </ol>

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	<ul style="list-style-type: none"><li>b) Agree the early release of LGF investment funding to enable business case development and the preparation of a MoU to that effect.</li><li>c) Note the staged delivery of the scheme packages.</li><li>d) Confirm that the capital risks associated with the business case productions will be covered through the LGF investment funding.</li><li>e) Accept a joint responsibility regarding the revenue cost risks associated with the business case preparation.</li><li>f) Accept the risk that not all of the schemes will be completed by the Programme level funding deadline of 31<sup>st</sup> March 2021.</li></ul>
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Appendix 1:

Insert locations map



**West Cheltenham Transport Improvement Schemes – UK Cyber Business Park**  
Nov 2018

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Ordnance Survey 100019134  
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**Phase 3**

- Arle Court to Telstar Way **East bound** carriageway capacity improvements
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**Phase 2**

- Badgeworth Road Bridge Extension
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