



GFirst Local Enterprise Partnership

Board Paper –9th June 2020

Agenda Item (Title)	Agenda Item 4B: West Cheltenham Transport Improvement Scheme (WCTIS) – UK Cyber Business Park - Phase 3 and 4 Funding Approval
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Supporting Papers	<ul style="list-style-type: none"> • West Cheltenham Transport Improvement Scheme – UK Cyber Business Park, Phases 3 & 4 Arle Court Roundabout to Gloucester Road Junction including Benhall Roundabout’, Full Business Case - www.gloucestershire.gov.uk/wctis • West Cheltenham Transport Improvement Scheme – Phase 3 and 4: Full Business Case Assessment – AECOM • The West Cheltenham - Economic Benefits of Cyber Park and Adjacent Housing resulting from Transport Improvement Scheme – Cooper Simms - COMMERCIAL IN CONFIDENCE - not published
Confidentiality	<p>The West Cheltenham Transport Improvement Scheme – UK Cyber Business Park, Phase 3 and 4, Full Business Case is published alongside other information on the project website: www.gloucestershire.gov.uk/wctis</p> <p>The West Cheltenham Transport Improvement Scheme – Phase 3 and 4: Full Business Case Assessment – AECOM is published alongside this Board paper, Item 4Bi</p> <p>The West Cheltenham - Economic Benefits of Cyber Park and Adjacent Housing resulting from Transport Improvement Scheme – Cooper Simms - COMMERCIAL IN CONFIDENCE - not published - Item 4Bii</p>
Purpose	To provide the LEP Board with the information needed to consider approval of funding for Phases 3 and 4 of WCTIS, leading to the offer of a funding agreement to the value of £6,895,000 of the total scheme costs of £8,290,000, with any associated conditions, in line with the indicative funding allocated to the project within the Growth Deal Portfolio. A due diligence process has been completed and in summary the proposal is considered to provide high value for money.
Summary	<p>At the LEP Board meeting on 4th December 2018 approval was given for GCC to become the promoters for the £22m funding allocation and to proceed with the Business Case preparation for the West Cheltenham Transport Improvement Scheme – UK Cyber Business Park project. The Board also approved the release of £3.3m of the £22m allocation for Business Case development, and noted the delivery of the proposed transport improvements in phases.</p> <p>This paper summarises the Business Case and Business Case assessment of the final two phases of this project.</p>

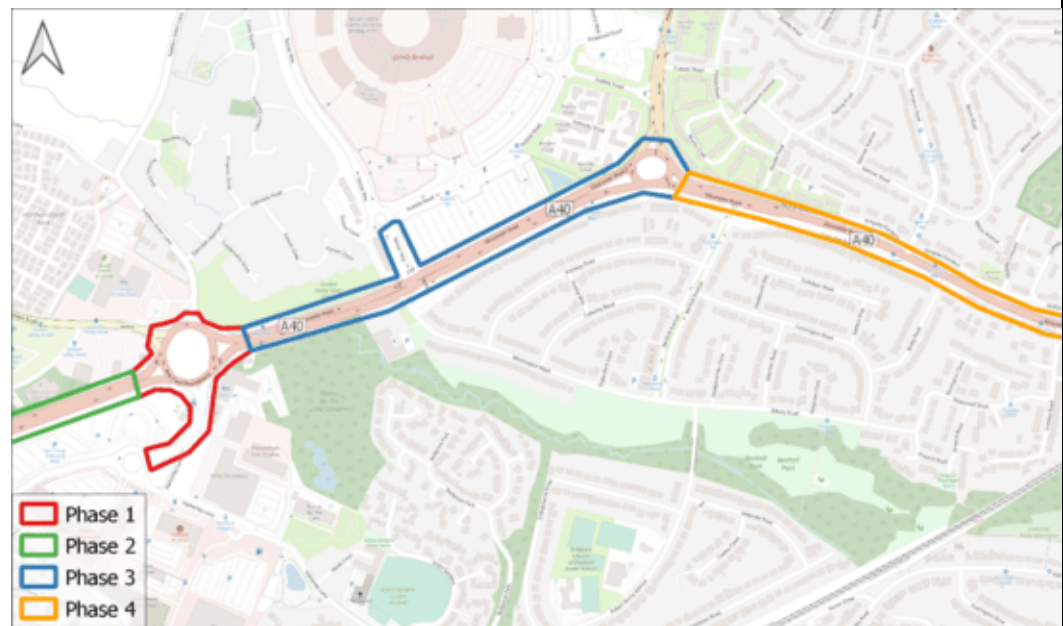
The £8,290,000 West Cheltenham Transport Improvement Scheme (WCTIS) Phase 3 and 4 seeks to provide capacity improvements for traffic on the west-side of Cheltenham on the A40 between Arle Court roundabout and the TGI Fridays junction. Phases 3 and 4 build upon the first and second phases previously approved 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. 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.

The scheme has been assessed fully by AECOM. The full business case assessment report accompanies this paper.

Figure 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)

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



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.

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.

	<p>According to Atkins estimates, the cost of delays on roads in Gloucestershire in 2005 were equivalent to £50m-£100m per year in GVA equivalence.</p> <p>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.</p> <p>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.</p> <p><u>Summary of Due Diligence Checks</u></p> <p>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.</p> <p>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.</p> <p>In order to give further reassurance on the value of this scheme, GFirst commissioned an economic appraisal that looked at these wider economic benefits. This report concluded that in addition to the transport economic benefits outlined above, the full scheme (all phases) would enable significant wider economic benefits that are expected to be derived from the planned Cheltenham Cyber Park, including the Government funded Cyber Innovation Centre, along with adjacent housing development. The appraisal demonstrated that the investment of £22m in the West Cheltenham Transport Improvement Scheme provides excellent value for money when these economic benefits are taken into account. These include the potential to deliver between 8,500 and 11,000 new jobs, adding £500m GVA when complete, £770m of private investment and 1100 new homes.</p> <p>The scheme already benefited from part of the £3,300,000 of Growth Deal funding previously approved for Business Case and scheme preparation works. It is proposed that, out of the total scheme costs for this phase, £1,395,000 already spent on Business Case preparation works, will be covered from the already approved £3.3m Business Case development funding. The Board would therefore be asked to approve £6,895,000 of the total scheme costs of £8,290,000.</p>
<p>Implications, impacts or risks</p>	<p>The Business Case Assessment report highlights that at the time of the BC assessment, GCC Cabinet approval to confirm GCC commitment to the financial risks identified and to the funding of future ongoing maintenance was still outstanding. GCC Cabinet approval is sought on the 17th of June 2020 for GCC to proceed at the earliest opportunity with the procurement of this scheme phase. The cabinet paper highlights the financial risks to GCC, but also refers to the December 2018 LEP Board paper which</p>

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	<p>outlines the need to also manage the capital risk of the project through the total (£22m) allocation.</p> <p>As previously highlighted, there is also a risk that the scheme may clash with other Highways England projects leading to delays due to network occupancy. Extensive liaison has been undertaken with Highways England on an ongoing basis. The phasing and traffic management of the scheme has been carefully considered to minimise impact on Highways England works.</p> <p>In addition, the Covid-19 crisis has resulted in further delays and construction is indicated to be complete in December 2021 which is outside of the LEP funding period and addressed in the project risk register. Government advice currently is that, where possible, all Local Growth Funds should be spent by March 2021. In some instances of underspend BEIS will consider withholding funds. However, in this instance this is considered a low risk, due to the importance of the scheme and the confidence of delivery in 2021. This is being managed by the Programme Management Group (PMG) in consultation with BEIS.</p> <p>Aspects of the scheme are subject to planning approval or other consents. If these are not forthcoming, the delivery could be delayed or even be at risk. These risks need to be reflected in the funding agreement.</p>
<p>Decision required</p>	<p>The LEP Board is asked to decide whether to approve or not to approve the funding of £6,895,000 for phases 3 and 4 as outlined in this paper and supporting documents. If they approve the funding, to instruct the GCC Accountable Body to prepare the necessary legal agreement.</p>
<p>Recommendations</p>	<p>Based on the AECOM assessment of the Final Business Case and the Due Diligence checks undertaken it is recommended that the LEP Board:</p> <ul style="list-style-type: none"> • Approve the offer of a formal funding award, of £6.895m, post due diligence and business case assessment, for the West Cheltenham Transport Improvements Scheme – Phases 3&4. • Authorise GCC as the Accountable Body to prepare the final Heads of Terms for the release of the funding, in line with the delegated Scheme Agreement between the LEP and GCC and noting the following conditions and recommendations in the executive summary of the accompanying due diligence and business case assessment report. <p>The following Funding Conditions are recommended to ensure the scheme delivers the outcomes intended:</p> <ul style="list-style-type: none"> • If planning approval or other outstanding consents are declined then funding can be withheld or clawed back as required. • GCC Cabinet approval to proceed to procurement. • 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. • Any outstanding environmental mitigation identified as necessary should be delivered as part of the scheme.

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For further information about any points raised in this Board paper, please contact Mally Findlater:
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