



## GFirst Local Enterprise Partnership

Board Paper –10<sup>th</sup> December 2019

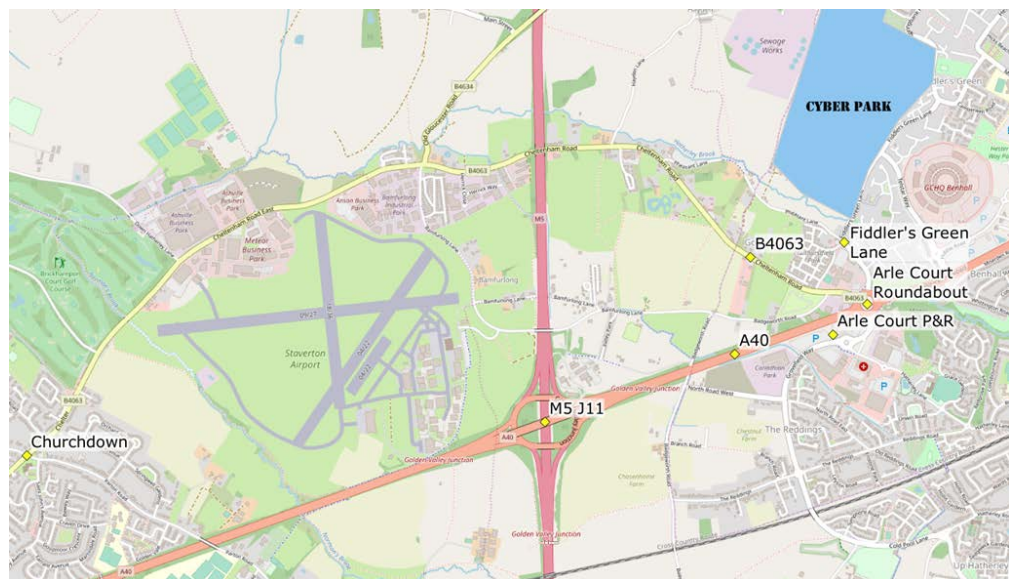
<b>Agenda Item (Title)</b>	Agenda Item 8 1i: West Cheltenham Transport Improvements Scheme (WCTIS) – UK Cyber Business Park - Phase 1 - Arle Court Roundabout Funding Approval
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<b>Supporting Papers</b>	<ul style="list-style-type: none"> <li>• West Cheltenham Transport Improvements Scheme – UK Cyber Business Park, Phase 1 Arle Court Roundabout, Full Business Case - <a href="https://www.gloucestershire.gov.uk/highways/major-projects-list/west-cheltenham-transport-improvement-schemes-uk-cyber-business-park/">https://www.gloucestershire.gov.uk/highways/major-projects-list/west-cheltenham-transport-improvement-schemes-uk-cyber-business-park/</a></li> <li>• West Cheltenham Transport Improvement Scheme – Phase 1 Arle Court Roundabout: Full Business Case Assessment – AECOM</li> <li>• West Cheltenham - Economic Benefits of Cyber Park and Adjacent Housing resulting from Transport Improvement Scheme – Cooper Simms</li> </ul>
<b>Confidentiality</b>	<p>The West Cheltenham Transport Improvement Scheme – Phase 1 Arle Court Roundabout: Full Business Case Assessment – AECOM is published alongside this Board paper, Item 8 – 1ii</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 8 – 1iii &amp; 2iii</p>
<b>Purpose</b>	To provide the LEP Board with the information needed to consider approval of funding for Phase one of WCTIS, leading to the offer of a funding agreement to the value of £8,215,000 of the total scheme costs of £9,230,000, 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 very high value for money.
<b>Summary</b>	<p>At the LEP Board meeting on 4<sup>th</sup> 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 Schemes – 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 first phase.</p>

The £9.23m West Cheltenham Transport Improvement Scheme Phase 1: Arle Court Roundabout includes capacity improvements to the A40 Arle Court Roundabout to alleviate existing issues at the junction and to future proof against the impact of expected increases in demand. The scheme seeks to improve traffic flows, improve options for sustainable transport and 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 the proposed Cyber Park, and Cyber Innovation Centre. The scheme has been assessed fully by AECOM. The full business case assessment report accompanies this paper.

Figure 1 shows the location of the scheme, which consists of the following elements:

- The provision of an additional lane to the circulatory of the signalised roundabout;
- Corresponding additional lanes to the A40 on the approaches and exits to and from the junction;
- Providing a bus lane on the B4063 approach to the roundabout;
- A new controlled pedestrian crossing across Fiddler's Green Lane;
- Widening the Hatherley Lane arm to the south-side of the roundabout, improving access to the Arle Court Park and Ride (P&R);
- A new bus only slip road providing Park and Ride access/egress directly with the A40 westbound; and
- Relocating the bus stop at the P&R and building a new one on the other side of the road to take advantage of the bus only slip.

**Figure -1: Existing Network and location of Arle Court Roundabout (Source: FBC, Oct)**



In terms of the value for money of the scheme a Benefit Cost Ratio (BCR) of 13.45 has been calculated, corresponding to a value for money category of 'Very High'. Travel time savings were the key contributors to the quantified benefits of the scheme. The calculation of the benefits of the scheme does not account for traffic

growth from development sites in close vicinity likely to come forward in the new future, such as the Cyber Park development, and hence is considered a cautious assessment of the likely impacts of the scheme.

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. Atkins estimates that the cost of delays on roads in Gloucestershire in 2005 was equivalent to £50m-£100m per year in GVA equivalence.

In transport economic appraisal the economic value of journey time savings achieved by a proposal can be calculated using standard values of time (calculated by the Department for Transport), which separately consider the values of time spent doing different activities, such as on work business, commuting or making a leisure trip. These values of time are further split based upon the transport mode used. These values of time allow the total time saved as a result of a scheme for all users to be quantified. The calculation of journey time savings for the users of this scheme equated to a present value of £100m to the local economy over a 60-year appraisal period

Other quantified benefits of the scheme include a reduction in operating costs and greenhouse gas emissions.

#### **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. It is noted that planning approval is still outstanding; a condition of funding should be applied in relation to this issue.

The scheme will also 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. In order to give further reassurance on the value of this scheme phase, 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 Improvements 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.

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	<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, £1,015,000 already spent on Business Case preparation works, will be covered from the already approved £3.3m Business Case development funding. <b>The Board would therefore be asked to approve £8,215,000 of the total scheme costs of £9,230,000.</b></p>
<p><b>Implications, impacts or risks</b></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 was granted on 13 November 2019 for GCC to proceed 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 outlines the need to also manage the capital risk of the project through the total (£22m) allocation.</p> <p>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>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. This risk needs to be reflected in the funding agreement.</p> <p>There is a risk that the full package of investments for the WCTIS Scheme is not completed within the LGF programme spend profile. This is being managed by the Programme Management Group (PMG) in consultation with Ollie Hindle (BEIS).</p>
<p><b>Decision required</b></p>	<p>The LEP Board is asked to decide whether to approve or not to approve the funding of £8,215,000 for phase 1 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><b>Recommendations</b></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> <ol style="list-style-type: none"> <li>a) Approve the offer of a formal funding award, of £8.215m, post due diligence and business case assessment, for the West Cheltenham Transport Improvements Scheme – Phase 1 Arle Court Roundabout.</li> <li>b) 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.</li> </ol> <p>The following Funding Conditions are recommended to ensure the scheme delivers the outcomes intended:</p> <ul style="list-style-type: none"> <li>• If planning approval or other outstanding consents are declined then funding can be withheld or clawed back as required.</li> </ul>

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	<ul style="list-style-type: none"><li>• Should the Phase 1 project be delivered for less than the allocated £9.23m any underspend is allocated to subsequent phases of the overall WCTIS programme.</li></ul>
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For further information about any points raised in this Board paper, please contact David Owen:  
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