

West Cheltenham Transport Improvements Scheme – Phase 1 Arle Court Roundabout: Full Business Case Assessment Report

18th October, 2019

Quality information

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Executive Summary

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 prove 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 is the first, and most significant phase of a wider programme of investments along the A40 corridor called the West of Cheltenham Transport Improvement Scheme – UK Cyber Business Park (WCTIS).

AECOM have been appointed by Gloucestershire County Council, as the Accountable Body to the LEP to undertake an independent assessment of the Business Case for the scheme, as well as undertaking a series of Due Diligence checks required ahead of any decision to fund the scheme. These assessments have followed the requirements of the GFirst LEP Transport Business Case Guidance and the GFirst LEP Assurance Framework on the Due Diligence process.

As outlined in the Assurance Framework schemes of greater than £5m in value are required to undertake a two stage business case process. This report therefore provides the assessment of the final stage in this process; the Full Business Case.

The criteria of the Business Case appraisal guidance required scheme promoters to complete five different 'cases' as part of each stage in the Business Case process, namely:

- Strategic Case;
- Economic Case;
- Financial Case;
- Commercial Case; and,
- Management Case.

Findings

The information provided under each of these headings has been reviewed, with a Red/Amber/Green assessment undertaken on each criterion to establish whether the requirements have been fully met (green), partially met (amber) or failed (red). The table below summarises the assessments made for each of these cases. Whilst all criteria within the financial were fully addressed some of the criteria within the strategic, economic, commercial and management cases were not entirely addressed, but none were considered critical to the overall business case for the scheme.

| Case | Assessment |
|-----------------|--|
| Strategic Case | Passed 3/4 criteria – 1 Criteria had some issues identified, but not considered critical |
| Economic Case | Passed 4/9 criteria – 5 Criteria had some issues identified, but not considered critical |
| Financial Case | Passed 5/5 criteria |
| Commercial Case | Passed 3/4 criteria – 1 Criteria had some issues identified, but not considered critical |

| | |
|-----------------|--|
| Management Case | Passed 12/17 criteria – 5 Criteria had some issues identified, but not considered critical |
|-----------------|--|

Summary of Full Business Case Assessment

In terms of the value for money of the scheme 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 site 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 were equivalent to £50m-£100m per year in GVA equivalence.

In transport economic appraisal the economic value of journey time savings achieved by a proposal can be calculated using standard values of time (calculated by the Department for Transport), which separately consider the values of time spent doing different activities, such as on work business, commuting or making a leisure trip. These values of time are further split based upon the transport mode used. These values of time allow the total time saved as a result of a scheme for all users to be quantified. 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. Quantified dis-benefits include a reduction in indirect tax revenues due to a reduction in fuel consumption.

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 2019/20. The scheme already benefited from £3,300,000 of Growth Deal funding previously approved for Business Case and scheme preparation works, of which it spent £2,165,000. Going forward it is proposed that £1,015,000 of the total scheme costs will be covered from the already approved £3.3m Business Case development funding, but that £1,150,000 are returned to the Business Case development fund, to enable the development of business cases for subsequent phases. Therefore, the Board would be asked to approve £8,215,000 of the total scheme costs of £9,230,000. The following Funding Conditions are recommended to ensure the scheme delivers the outcomes intended:

- A funding condition should be included such that if planning approval or other outstanding consents are declined then funding can be withheld or clawed back as required.
- Should the Phase 1 project be delivered for less than the allocated £9.23m a funding condition should be included to ensure that any underspend is allocated to subsequent phases of the overall WCTIS programme.
- GCC Cabinet approval is needed to confirm GCC commitment to the financial risks identified and to the funding of future ongoing maintenance. GCC will seek cabinet approval in November 2019.

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) the Arle Court Roundabout 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 Full Business Case and Due Diligence submissions, drawing attention to any risks, omission or inconsistencies within the planned approach in relation to the LGF funding of the project.

The intended audience of this report is the LEP Board, as well as GCC as the Accountable Body. This report provides AECOM's independent assessment of the FBC documentation and subsequent information provided to allow these organisations to make an informed decision with regard to the planned funding of the scheme.

This report is formatted as follows:

- The remainder of Section 1 briefly outlines the scope of the Arle Court Roundabout 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.

Applicant

The applicant for the LGF funding for the project is Gloucestershire County Council.

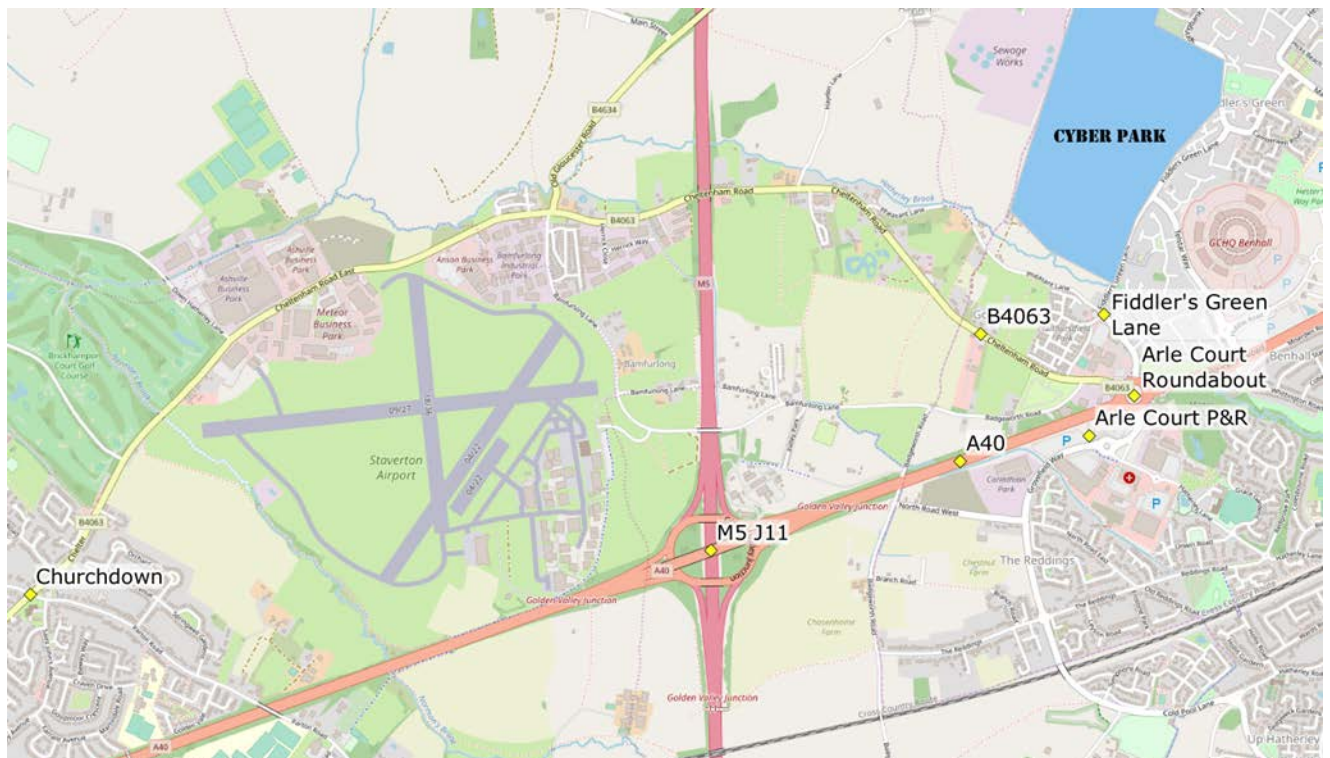
The Project

The project consists of improvements at Arle Court Roundabout on the A40 in Cheltenham. 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.

The scheme is designed to contribute 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 and to maintain and improve options for sustainable travel modes through the junction and on its approaches.

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



2. Full Business Case Assessment

Introduction

The GFirst LEP Transport Business Case Guidance outlined the process utilised by the LEP for the development and assessment of Business Cases. This guidance applies to all transport schemes seeking funding via the Single Local Growth Fund. A pro-forma was also provided to each scheme promoter to fill in to ensure that appropriate information was provided under each of the below assessment areas.

A detailed assessment has been undertaken of the content of the Business Case submission and associated appendices for the Arle Court Roundabout Scheme. This considered the comprehensiveness, robustness and realism of the information contained against the requirements specified in guidance.

The criteria of the Appraisal Guidance required scheme promoters to complete five different 'cases' as part of each stage in the Business Case process, namely:

- Strategic Case;
- Economic Case;
- Financial Case;
- Commercial Case; and,
- Management Case.

A number of key questions/requirements were also set under each of these headings aligned to the DfT WebTAG guidance for transport appraisal. The AECOM assessment of the Business Case submissions has been based upon whether each of these questions/ requirements has been addressed satisfactorily. A traffic light system (shown below) was used to identify responses that pass (green) or fail (red) each criterion, alongside those where some issues were identified, but these were not considered critical to the overall Business Case of the scheme (amber). Any scheme passing all criteria would be recommended for approval to the next stage. Schemes with some amber elements may be recommended to approve, depending upon the number of issues identified and their impact upon the overall Business Case for the scheme. Submissions with red 'fail' criteria are considered insufficient in robustness, realism or comprehensiveness of detail to approve at this stage.

| |
|---|
| Fail |
| Some issues identified, but not considered critical |
| Pass |

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

Strategic Case

Table 1 presents the assessment of the Strategic Case for the scheme. Three of the four strategic case criteria are considered to have been passed, relating to changes made to the scheme since the outline business case and the projects continued alignment with the identified project objectives. Some issues were identified in relation to the method of assessing the economic benefits of the scheme, which uses a local simulation model that cannot account fully for potential wider re-routing impacts and the impacts of suppressed demand, which if accounted for may reduce the impacts presented.

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 | Section 2.8.1 of the FBC summarises what was done in the development of the scheme at the outline business case stage, and the criteria/prioritisation process used to carry forward and develop the scheme since the OBC stage. |
| Does the scheme still deliver the objectives stated at the previous stage? | Pass | Table 2-12 summarises how the proposed scheme meets the identified transport planning objectives. The scheme contributes positively to the objectives identified at the OBC stage. |
| Have they indicated the approach has been taken to modelling the economic and financial impacts of the scheme? | Pass | Section 3 summarises the methodology used to develop the economic case, with section 3.2.1 summarising the modelling methodology, and 3.2.4 summarising the economic appraisal approach. The scheme has been assessed using a Paramics microsimulation model. A process has been developed to take outputs from this and assess using the DfT Tuba software. Benefits have been derived from 2021 forecasts, with no projection of growth beyond this as part of the Core scenario, which is considered a cautious approach. |
| Is the approach utilised considered appropriate to the impacts and scale of impacts anticipated? | Some issues identified, but not considered to affect the overall impact of the scheme. | The approach used is considered appropriate. Numerous model runs have been used and averaged, with outliers excluded to ensure the results presented are reliable. The use of a local simulation model does however not account for potential wider re-routing impacts and the impacts of suppressed demand, which may reduce the impacts presented. Model results from other phases of the WCTIS highlight 'model noise' which is raising concerns with the accuracy of the model for scheme assessment. Given the large positive impact for the Arle Court scheme, it is felt that the scale of impacts are sufficiently large for the local model to be used to assess this scheme. |

Economic Case

The economic case for the scheme is assessed within Table 2. The assessment of the economic case indicates that the scheme scores positively against four of the appraisal areas, with 5 having some issues identified but not considered to affect the overall impact of the scheme. Mitigation measures have not always been demonstrated for identified negative impacts, such as construction noise. The scale of impacts provided however still indicates that the scheme represents very high value for money.

Table 2: Assessment of the Economic Case for the Scheme

| Criteria | RAG Status | Assessment |
|--|--|--|
| Has an Appraisal Summary Table been provided? | Pass | An appraisal summary table has been provided as an appendix to the report. |
| Is sufficient evidence presented to justify the scores given, considering the scale of benefits anticipated and the importance of these for the strategic case for the scheme? | Pass | A combination of qualitative and quantitative assessments has been provided, this is considered appropriate to the scale of impacts anticipated. |
| Are the scores given considered accurate and appropriate? | Some issues identified, but not considered to affect the overall impact of the scheme. | Scores are largely considered appropriate. Qualitative scores should have been provided against reliability, regeneration and wider impacts sections within the AST table. |
| Does the scheme score positively against the majority of AST categories? | Some issues Identified, but not Considered to Affect the overall Impact of the Scheme. | The majority of scores are neutral, with some slight adverse (see below). Only five criteria are assessed positively. More positive impacts have been identified than negative ones however. |
| What negative impacts are predicted and what are the consequences of these? | Some issues identified, but not considered to affect the overall impact of the scheme. | Slight adverse impacts are identified in relation to: <ul style="list-style-type: none"> - Noise (no long-term adverse effects expected) - Greenhouse Gases (no mitigation suggested) - Landscape (mitigate impacts e.g. through enhancement planting or relocation where feasible) - Biodiversity (pre-work surveys to determine mitigation) - Severance (no mitigation suggested) It is considered that the majority of negative impacts can be addressed through mitigation developed as part of detailed designs. |
| Are any additional negative consequences predicted that have not been included within the AST assessment? | Pass | The AST assessment is considered comprehensive. |
| Have they included a calculation of the BCR for the project? | Pass | A BCR has been provided. |
| Is the BCR calculation considered accurate, robust and appropriate to the scale and nature of the project? | Some issues identified, but not considered to affect the overall impact of the scheme. | The BCR is sufficiently large that impacts of model noise are not thought to impact on the VfM category of the scheme. Some positive and negative impacts are anticipated in relation to journeys which would not be impacted by the scheme and likely reflect 'noise' within the model. These are not however considered to affect the overall scale of benefits indicated. |

| Criteria | RAG Status | Assessment |
|--|------------|---|
| Does this indicate that the scheme represents value for money? | Pass | Current assessment indicates that the scheme represents very high value for money. As noted above some issues were identified but were not considered to affect the scale of value for money indicated. |

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. The funding is in place to deliver the scheme and adequate contingencies are in place to manage financial risks. The risk of potential cost overruns is managed across all four phases of the project with the option to scale down later phases, should costs of earlier phases exceed current estimates. GCC would be liable for the ongoing maintenance of the infrastructure constructed.

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 and indicated to be in 2019 prices. |
| How do these costs compare to previous estimates? | Pass | Costs for Phase 1 have increased since those assumed at the OBC stage, but the overall WCTIS project remains deliverable within the £22m allocation. |
| Have they outlined the additional elements which make up the whole life costs of the scheme? | Pass | Yes, Table 5-1 summarises the scheme capital costs and 5.5 summarises maintenance costs, which GCC will fund. |
| Have they included the expected non-LEP funding sources and the status of these contributions | Pass | The scheme will be fully funded by the LEP and maintenance will be funded as part of existing GCC budgets. The risk of potential cost overruns is managed across all four phases of the project with the option to scale down later phases, should costs of earlier phases exceed current estimates. |
| Is sufficient certainty provided regarding the funding of the scheme? | Pass | No additional funding is required beyond the LEP contribution, which is subject to business case approval. |

Commercial Case

The commercial case for the scheme is presented within Table 4. It can be seen that three out of four of the requirements within the Business Case Guidance are considered to have been met. Funding arrangements for the P&R are discussed but the implications of the scheme on this are not discussed. The proposed procurement strategy is identified, with tendering planned to commence in November 2019.

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? | Some issues identified, but not considered to affect the overall impact of the scheme. | No income is anticipated to be directly generated by the scheme. The funding arrangements for the P&R are discussed, but the implications of this discussion for the scheme are not spelt out. It is our understanding that the scheme is not reliant on any income generated by the P&R site, nor is the P&R site financially reliant upon the scheme. |
| If income is generated sufficient to ensure the long-term viability of the scheme? | Pass | It is assumed that the scheme is not required to generate income and that the scheme will have no impacts on the financial viability of the P&R site. |
| Has a procurement strategy been provided? | Pass | The scheme will be procured via a Full OJEU tender in accordance with GCC procurement policy for LEP funded schemes |
| Is the procurement strategy appropriate to the nature of the scheme? Does it ensure the correct balance of risk is allocated between the scheme sponsor and contractor? | Pass | Risk allocation will be apportioned between GCC and the Contractor undertaking the site works. This will be based upon NEC principles and regular on-site Risk Management meetings will be held to ensure prompt mitigation of risks. |

Management Case

Table 5 presents the assessment of the Management Case for the scheme. This indicates that all but five of the criteria are considered to have been met in their entirety. Outline plans have been made for how the scheme will be constructed, however limited information has been provided on detailed plans for construction of the scheme and the traffic management arrangements which will be adopted. Planning permission is required for elements of the scheme outside of the highway boundary and a planning application and TRO process will be required.

Further work will be required post FBC approval to precisely define the monitoring and evaluation activities and create an evidence baseline ahead of construction commencement.

Table 5: Assessment of the Management Case for the Scheme

| Criteria | RAG Status | Assessment |
|---|--|---|
| Are plans provided for how the scheme will be designed and constructed? | Pass | The scheme will be constructed using standard methods utilising a site compound opened up by land purchases. |
| Are these plans considered appropriate to the scheme? | Some issues identified, but not considered to affect the overall impact of the scheme. | Limited information has been provided on the plans for construction of the scheme and the traffic management arrangements which will be adopted. |
| Have they included information on the legal powers that are needed to construct the scheme? | Some issues identified, but not considered to affect the overall impact of the scheme. | Planning permission will be required for elements of the scheme outside of the highway boundary, with TROs required for proposed bus lane provisions. Details of environmental permissions which might be needed have not been listed here. |
| Have they stated how will these powers be obtained? | Pass | A planning application and TRO process will be required, with other works completed under GCC's powers as highway authority. |
| Have they indicated the results of public and stakeholder consultation activities? | Some issues identified, but not considered to affect the overall impact of the scheme. | A combined engagement event was undertaken for phases 1 and 2. As this was a joint event there is a risk that it is not clear whether feedback related to Phase 1 or Phase 2. Public perceptions regarding the scheme based upon a feedback questionnaire are summarised and indicate more people are in favour of the scheme than not, however there was some uncertainty amongst the public regarding the value for money of the proposals. |
| Has the scheme been altered to satisfactorily reflect the consultation responses received? | Pass | Section 6.4.2 provides details regarding which elements of public and stakeholder feedback have resulted in design changes. |
| Have they detailed the key risks in terms of impacts on delivery timescales? | Pass | A risk register is provided which indicates the timescale impacts of identified risks. This identifies the potential for clashes with other HE projects in the area as the key risk for project timescales, which is being mitigated via ongoing liaisons between GCC, Atkins and H.E. |
| Have they detailed how the risks will be managed / mitigated? | Pass | Risk mitigation has been identified and is considered appropriate to the risks identified. |

| Criteria | RAG Status | Assessment |
|---|--|--|
| Has a Quantified Risk Assessment (QRA) been provided? | Pass | The minimum, maximum and expected cost associated with identified risks have been quantified. A total risk exposure of £1.47m has been identified and accounted for in the project finances. |
| Have all key risks been identified, sufficiently mitigated and quantified? | Pass | The risk register is considered comprehensive, with appropriate mitigation identified and realistic quantified costs. A risk should be identified in relation to the need to ensure that all funds are drawn down by the end of the LEP funding period in March 2021. The LEP has been made aware, that the construction end date is beyond the March 2021 Growth Deal funding horizon. |
| 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 as per previously delivered GCC Growth fund schemes. |
| Have they outlined the planned project programme for delivery of the scheme including a GANTT chart | Pass | Key project milestones are indicated with a GANTT chart provided as an appendix. |
| Is the programme considered realistic and viable? | Pass | The identified programme is considered realistic. A 3 ½ month period is assumed for contractor procurement and an 8 ½ month period for construction. The programme does take the scheme beyond the LEP funding period (and the LEP have been made aware of this) and therefore consideration needs to be given to how this funding arrangement would work should the programme be delayed. |
| Does the programme facilitate completion of the project within the LEP funding period? | Pass | The indicated project timescales indicate the project will be complete in April 2021. This is not within the LEP funding period, which ends in March. The LEP has been made aware of this, but it assumed that all LEP funds can be drawn down by March 2021. |
| Have they included the proposed Benefits Realisation strategy? | Pass | A brief assessment of how achievement of the scheme outputs will contribute towards the identified scheme objectives is supplied, with organisations identified with the responsibility for ensuring delivery of identified benefits. |
| Have they identified how the benefits be monitored and evaluated? | Some issues identified, but not considered to affect the overall impact of the scheme. | An overview of the impacts that will be assessed is provided. Additional detail will be required to specify these activities in detail and create a baseline evidence base ahead of construction commencing. |
| Are monitoring and evaluation activities considered appropriate to the scale and nature of the project? | Some issues identified, but not considered to affect the overall impact of the scheme. | Consideration should be given to the need for noise monitoring considering potential impacts, particularly during construction. |

3. Due Diligence Checks

Introduction

It is a requirement of the Local Assurance Framework (LAF) that GCC and the GFirst LEP are required to undertake a Due Diligence process before Government funds can be made available to scheme promoters. The GFirst LEP Assurance Framework provides guidance in the process to be followed in this regard¹.

This section of the report examines the information provided in the Final Business Case submission and subsequent information provided by the scheme promoter across a number of criteria to ensure an appropriate level of due diligence has been given to the scheme ahead of any final decision on the funding of the project.

Table 6 outlines the assessment of the scheme against these criteria.

Table 6: Due Diligence Assessment

| Strategic | |
|-------------|---|
| Rationale | <p>What is the rationale for the project – is this clearly set out in the Business Case and has anything changed since?</p> <p>The Business Case clearly states the objectives of the project, and these have not changed. The key context in terms of the rationale for the project is that Phase 1 is focussed on improving a key constraint for the local and regional network, Arle Court Roundabout, and to benefit all users of the network.</p> <p>Why is public funding in the form of Growth Funds necessary?</p> <p>Public Funding is required to enable the early stages of employment and residential sites in the area to be delivered quicker and more efficiently, with minimum disruption to the network. Although both West Cheltenham and NW Cheltenham (Elms Park) are Strategically Allocated Sites, both are still subject to full planning applications, and mitigation for their developments is yet to be formalised. The scheme has been designed in such a way that it will be of benefit to all residents and users of the network, and as the completion date is 2021, will be in-place before significant development is built-out on the key Strategic sites.</p> |
| Need/Demand | <p>Does the Business Case adequately address the need and demand for the project?</p> <p>It is considered that the Business Case does address the need and demand for the project, specifically in relation to the project being phased, and that Phase 1 will unlock a significant constraint on the network (Arle Court Roundabout).</p> <p>The scheme at Arle Court roundabout has been a long-held objective for the County Council, and this is also agreed with the LEP. The issue is more important than in previous years due to the planning pressures on the corridor in terms of concurrent planning applications for the A40 corridor.</p> |
| Aims | <p>Which LEP objectives does the project address?</p> <p>‘Connectivity’ is a strategic priority in the SEP to improve and integrate transport in the county to stimulate business growth. The SEP defines four ‘Enablers for growth’ under the Connectivity strategic priority: Housing, Regeneration, Transport Infrastructure and Digital Connectivity. The</p> |

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

| | |
|-----|--|
| | SEP further identifies that unlocking employment land in a growth zone with good access to the M5 is especially important and highlights the UK Cyber Business Park. The scheme will contribute to the aims of the SEP by reducing congestion; improving connectivity between the M5 and west Gloucestershire, including key regeneration areas such as the Forest of Dean. |
| Fit | <p>What other local strategies does the project fit e.g. LA local plan, Economic Strategies etc.?</p> <p>Joint Core Strategy: Transport Mitigation Considerations include improved access to M5 and Junction improvements at Arle Court Roundabout</p> <p>Gloucestershire Local Transport Plan: outlines a number of relevant transport objectives, including:</p> <ul style="list-style-type: none"> Support sustainable economic growth The scheme will increase capacity and improve journey times and reliability on the A40 between Cheltenham (from the M5) and the wider Strategic Road Network. The attraction of the West of Cheltenham area as a place to live, work and invest is therefore enhanced, with the capacity for greater economic activity in the county. Enable community connectivity <ul style="list-style-type: none"> Improved journey times and reliability along with the new slip from the Park & Ride will enhance the Public Transport provision in the area, providing an attractive alternative to the private car and genuine transport choices. |

Financial

| | | | | | | | | |
|--------------|--|---|------------------|-------------------|------------|------------|---------|------------|
| Cost profile | The cost profile is as per the Business Case, and is as below: | | | | | | | |
| | Project cost components | Capital cost items | Estimate status* | Costs by year (£) | | | | Totals |
| | | | | 2018/19 | 2019/20 | 2020/21 | 2021/22 | |
| | Design & Management | Design fees, Surveys and trial holes, Land Purchase | P | £422,767 | £2,112,000 | £588,000 | £20,000 | £3,142,767 |
| | Construction including Traffic-Related Maintenance | Non-Routine Re-construction | P | - | £813,000 | £3,810,000 | - | £4,623,000 |
| | | Site clearance, Diversions of Statutory services. Widening and re-Surfacing of carriageway. | | | | | | |
| | Contingency | Risk Adjustment | P | - | £585,000 | £880,000 | - | £1,465,000 |
| | | Optimism Bias | - | - | - | - | - | - |
| | Indirect Tax | Non-Recoverable VAT (if applicable) | - | - | - | - | - | - |
| | Total Cost | (NB – Base cost + 3% inflation) | P | £422,767 | £3,510,000 | £5,278,000 | £20,000 | £9,230,767 |

| | |
|-----------------|---|
| 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> <p>The funding is all from the LEP, and the profile as per the cost profile table above. Circa £2,000,000 has been spent up until the end of September 2019 which has included Professional Services and costs associated with the purchase of the two Properties at White Lodge and Pine Lodge.</p> <p>The LEP has previously provided funding approval for £3.3m out of the total allocation of £22m for all 4 phases, for the preparation of Business Cases.</p> <p>£1.015m of the preparatory costs of this scheme is therefore covered out of this already approved £3.3 m allocation. The total funding seeking approval through this business case is therefore £8.215m.</p> |
| Accounting | <p>Set out the accounting arrangements e.g. how payments made (invoices or claims), who certifies for payment, where records are held, treatment of VAT etc.</p> <p>The GCC accounting system is SAP and is authorised as a two-tier approach from the GCC Budget Holder and the GCC Budget Manager. All payments are processed, monitored and records held in SAP.</p> |
| Audit | <p>Set out Internal and independent audit arrangements</p> <p>GCC have an internal audit team that regularly review and audit Major Projects to ensure compliant governance and contractual management.</p> <p>Independent external auditors (such as Grant Thornton on Elmbridge Park and Ride) have also undertaken independent external audits on Major Projects.</p> |
| Post Project | <p>Are there on-going cost implications and if so how will these be funded?</p> <p>The only on-going costs will be maintenance and will be funded as part of the GCC annual revenue budgets.</p> <p>Post Works Surveys and evaluation will be undertaken upon completion of the scheme to comply with the business case requirements.</p> |
| Viability | <p>Is the project viable? Is there a reliance on income to support the project and if so are the forecasts reasonable?</p> <p>The project is financially viable, as summarised in the Financial Case of the FBC. There is no reliance on any income (i.e.: Park & Ride) to support the project.</p> |
| Economic | |
| Options | <p>What options were considered as part of the Business Case?</p> <p>Refer to Business Case – a variety of option designs have been considered and a prioritisation exercise was undertaken to determine that Arle Court was the key priority of the corridor.</p> |
| Outputs | <p>Are there clear and reasonable assumptions underpinning identified outputs?</p> <p>The identified outputs of the project are clearly defined within the business case.</p> |
| Outcomes | <p>Are there clear and reasonable assumptions underpinning identified outcomes?</p> |

| | The identified outcomes of the project are clearly defined within the business case and align to the project objectives. | | | | | | | | | | | | | | | | | | | | | | |
|--|--|----------|-------------|--|------------|-----------------------|------------|---------------------|------------|----------------------------|------------|----------------------------------|------------|------------------------|------------|----------------|------------|--------------------------------------|------------|--------------------|------------|------------------|------------|
| Impacts | <p>Are there clear and reasonable assumptions underpinning identified impacts?</p> <p>The appraisal outlined in the economic case indicates the impacts of the scheme against a range of assessment criteria. Clear and reasonable assumptions have been applied in undertaking this assessment, which includes both quantified and qualitative assessment elements.</p> | | | | | | | | | | | | | | | | | | | | | | |
| | <p>Have distributional and social effects been taken into account?</p> <p>A social and distributional impact assessment has been undertaken which does not identify any significant negative issues for any social groups or specific locations.</p> | | | | | | | | | | | | | | | | | | | | | | |
| VFM | <p>Summarise the VFM indicators and results for the preferred option/project</p> <p>Overall assessment of costs and benefits generated by the project shows that the scheme achieves a Benefit Cost Ratio figure of 13.45 with a Net Present Value (NPV) of approximately £96.40 million. The scheme can be therefore categorised as achieving very high value for money in the classification provided by DfT. The majority of benefits derives from time savings, because current poor traffic conditions cause long delays to all types of trips and thus hinder the productivity of local communities and local economic growth. This scheme will help to overcome these issues which otherwise would have a cumulative negative impact in the next few years.</p> <p>Has a Value for Money Statement been completed?</p> <p>A Value for Money Statement is provided as part of the Business Case.</p> | | | | | | | | | | | | | | | | | | | | | | |
| Delivery | | | | | | | | | | | | | | | | | | | | | | | |
| Timetable | <p>Attach the latest project timetable identifying key milestones</p> <table border="1"> <thead> <tr> <th>Activity</th> <th>Target Date</th> </tr> </thead> <tbody> <tr> <td>Submit Full Business Case for Approval</td> <td>04/10/2019</td> </tr> <tr> <td>Detailed Design Start</td> <td>22/07/2019</td> </tr> <tr> <td>Detailed Design End</td> <td>01/11/2019</td> </tr> <tr> <td>Approve Full Business Case</td> <td>10/12/2019</td> </tr> <tr> <td>Issue Supplier Engagement Notice</td> <td>25/11/2019</td> </tr> <tr> <td>Issue Tender Documents</td> <td>10/12/2019</td> </tr> <tr> <td>Tenders Return</td> <td>10/02/2020</td> </tr> <tr> <td>Complete Tender assessment and award</td> <td>16/04/2020</td> </tr> <tr> <td>Construction Start</td> <td>18/05/2020</td> </tr> <tr> <td>Construction End</td> <td>16/04/2021</td> </tr> </tbody> </table> <p>Is there a Gantt chart showing timescales for detailed elements</p> <p>There is a full Gantt chart that has been provided as an appendix to the FBC.</p> <p>Confirm contract timescale</p> | Activity | Target Date | Submit Full Business Case for Approval | 04/10/2019 | Detailed Design Start | 22/07/2019 | Detailed Design End | 01/11/2019 | Approve Full Business Case | 10/12/2019 | Issue Supplier Engagement Notice | 25/11/2019 | Issue Tender Documents | 10/12/2019 | Tenders Return | 10/02/2020 | Complete Tender assessment and award | 16/04/2020 | Construction Start | 18/05/2020 | Construction End | 16/04/2021 |
| Activity | Target Date | | | | | | | | | | | | | | | | | | | | | | |
| Submit Full Business Case for Approval | 04/10/2019 | | | | | | | | | | | | | | | | | | | | | | |
| Detailed Design Start | 22/07/2019 | | | | | | | | | | | | | | | | | | | | | | |
| Detailed Design End | 01/11/2019 | | | | | | | | | | | | | | | | | | | | | | |
| Approve Full Business Case | 10/12/2019 | | | | | | | | | | | | | | | | | | | | | | |
| Issue Supplier Engagement Notice | 25/11/2019 | | | | | | | | | | | | | | | | | | | | | | |
| Issue Tender Documents | 10/12/2019 | | | | | | | | | | | | | | | | | | | | | | |
| Tenders Return | 10/02/2020 | | | | | | | | | | | | | | | | | | | | | | |
| Complete Tender assessment and award | 16/04/2020 | | | | | | | | | | | | | | | | | | | | | | |
| Construction Start | 18/05/2020 | | | | | | | | | | | | | | | | | | | | | | |
| Construction End | 16/04/2021 | | | | | | | | | | | | | | | | | | | | | | |

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| | <p>A contractor will be appointed in April 2020 and will be maintained through to completion of construction in April 2021.</p> <p>Confirm implementation timescale</p> <p>Construction will be underway between May 2020 and April 2021.</p> |
| <p>Site</p> | <p>Confirm ownership of the site and detail arrangements to ensure unfettered access e.g. covenants, rights of way, easements etc.</p> <p>Any land required for the scheme and outside of the highway boundary is owned by Gloucestershire County Council, following land purchases. This includes the area for the Site compound which will be adjacent to the Park & Ride.</p> <p>Access to the Park & Ride will be confirmed prior to the contract being let, and any restrictions that may arise will be built in to the contract documents.</p> |
| <p>Planning</p> | <p>Does the project have planning permission? Are there planning conditions that still need to be satisfied e.g. s106, ecology etc.? Please list all statutory orders related to the scheme and when these were or are planned to be achieved.</p> <p>The project will require planning permission, as there are elements outside of the existing highway boundary. All planning permissions will be satisfied.</p> <p>The only permanent TRO's are:</p> <ul style="list-style-type: none"> • The new bus lane provided within the B4063 (we will be relocating the bus stop here also); • Alterations to the bus lane within A40 eastbound roundabout exit (where we have extended the bus facility); • The new bus merge arrangement on the A40 WB mainline carriageway. <p>A funding condition should be included such that if planning approval or other outstanding consents are declined funding (or part of the funding) can be withheld or clawed back as required.</p> |
| <p>Environmental Sustainability/ Social Value</p> | <p>What aspiration is set out in the Business Case and to what quality standard?</p> <p>Environmental specialists understand the potential impacts of the scheme and have sought opportunities to reduce those through improvements to the design. Each specialism has followed their own industry best practice documents and guidance to ensure opportunities to reduce environmental impact are realised.</p> <p>How evidenced?</p> <p>Where relevant the Business Case text refers to potential impacts and how they have been avoided or mitigated and details the level of residual impact.</p> <p>What contribution is the project likely to make to social value?</p> <p>The project will allow for greater traffic flows around Arle Court roundabout which in turn will help to alleviate traffic problems which are currently seen as potentially limiting further development. These improvements will benefit public transport services as well as general traffic This further development will accelerate development in the area and lead to increased employment opportunities.</p> |

| | |
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| | <p>What will be the environmental impact of the project and have potential opportunities for environmental enhancement been identified?</p> <p>There is expected to be a slight adverse effect upon various topic areas as a result of the scheme (please see the Phase 1 AST Tables in the Business Case). Mitigation measures proposed to avoid adverse effects are provided in sections 3.3.1-3.3.7 of the Business Case on a specific topic basis. As far as enhancement is concerned, the scheme will lead to greater provision for cyclists around Arle Court Roundabout whilst also facilitating future development of the Park and Ride facility which could lead to future reductions in Air Quality and Noise emissions from traffic.</p> |
| Procurement | <p>Outline the procurement strategy – is this State Aid compliant?</p> <p>Basis for contractor selection: is this best VFM?</p> <p>There is no State Aid/subsidy provided as the contract will be tendered competitively to the whole market.</p> <p>The basis for contractor selection will be price only, with a quality threshold. Once a shortlist has been reached based on the quality threshold being attained, appointment will be purely on best price.</p> <p>A combined procurement exercise is planned for WCTIS Phases 1 and 2. For budget certainty the scheme will be procured on a lump sum basis as an ECC Option A contract (Lump Sum with Activity schedule). This option is preferred as the scheme will be fully designed with a clear specification of works which allows for a greater transfer of risk to the Contractor through a priced contract. The Activity Schedule used in this form of contract also gives greater confidence in the Contractor's price. This is as a result of the importance given to the Contractor's programme, as tenderers have to plan the scheme whilst preparing their Activity Schedule. This also means the programme is realistic and more likely to be adhered to as payments to the Contractor are linked to their activity schedule.</p> <p>The ECC Option A contract is Gloucestershire County Councils preferred method of delivery for this size and type of highway scheme. This ensures consistency with internal processes, staff members, supply chain, benchmarking, performance etc. which should all aid successful delivery.</p> <p>Contractor checks including collateral warranties</p> <p>Contractors will be checked using a combination of the standard Selection Questionnaire (SQ), PAS 91 2017 questionnaire and Constructionline. GCC will utilise the Ultimate Holding Company Guarantee and Secondary Option Clauses of the NEC ECC contract.</p> |
| State Aid | <p>Does the investment provide a benefit to an undertaking in a way that is not recognised through an appropriate contribution? Is the investment covered by General Block Exemption Rules or any other EU approved notification? Confirm the investment of Growth Funds is State Aid compliant.</p> <p>The investment will provide benefits to all travellers. Some of these will be undertakings in the sense of EU State Aid law. However, there will be no selectivity in the way these benefits are given so no State Aid will arise. In any event, the benefit enjoyed by any individual firm will be well below the €10,000 threshold.</p> |
| Risk | <p>Set out Risk management strategy including allocation/transfer</p> <p>Confirm Risk register in place and arrangements for maintaining</p> |

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|-------------------|---|
| | <p>The risk register has been managed as a 'live document' and a copy has been provided with the FBC.</p> <p>As part of the tender process, the contractor will be required to highlight key risks and mitigation. Risk allocation will be apportioned between GCC and the Contractor undertaking the site works. This will be based upon NEC principles and regular on-site Risk Management meetings will be held to ensure prompt mitigation of risks.</p> |
| Management | |
| Organisation | <p>Set out the Status of the organisation receiving funds for State Aid purposes Undertake general finance check e.g. credit rating, KYC, money laundering etc.</p> <p>The project will be delivered by Gloucestershire County Council, who are experienced in undertaking capital projects of this nature. As a public body GCC are governed by rules for public organisations including public procurement and freedom of information. Annual Statement of Accounts is made publicly available as are external audit results. GCC is also the accountable body to the LEP.</p> <p>Additional financial checks are therefore not considered appropriate or necessary for this organisation.</p> |
| Capability | <p>Does the delivery team possess the necessary skills and resources to deliver the project? Are there multiple projects that are the responsibility of the same team, and if so, how are they managed with the project?</p> <p>There are other projects in preparation that are being undertaken by the GCC Major Projects team, with each project having identified Project Managers and a Project Lead from Gloucestershire County Council. All Project Managers are aware of the other projects within in the area, and any implications with regards to timescales and construction. Communication is also ongoing with other stakeholders regarding development and road programmes, critically Highways England who have a programme of structure improvements for the motorway.</p> |
| Governance | <p>Are there clearly defined role responsibilities including authorisation and delegation levels?</p> <p>Authorisation and delegation levels have been set internally within GCC at all levels of the Council. Internal governance is achieved through Cabinet Approval and the County Councils Executive Decision Process, which is required at all stages of the project. Any decisions requiring significant changes to scheme budgets become Key Decisions, which requires Cabinet sign-off.</p> <p>During the scheme delivery phase, Gloucestershire County Council retains governance and control of the delivery of the Contract. Gloucestershire County Council will act as the client under the contract with a Contractor appointed via a competitive tender process. Representatives from Gloucestershire County Council or their professional services provider will be appointed to undertake the project management and supervision roles and will be responsible for managing the Contract during the works.</p> <p>What are the reporting arrangements?</p> <p>GCC have set up a clear and robust structure to provide accountability and an effectual decision making process for the management of the major projects. GCC-led monthly project boards, monthly standing reports to Lead Cabinet Members and monthly meetings of the Local Transport Plan Management Board are all in place.</p> |

| | |
|---------------|--|
| | <p>Regular monthly updates are provided to the GFirst LEP and they remain an integral member of the Project Board. Robust governance is also supported by the submission of Outline and Full Business Case Submissions to the GFirst LEP along with regular financial reporting.</p> |
| Communication | <p>How will the project communicate with stakeholders, client base, public? Is there a marketing strategy?</p> <p>There is a Communications Strategy established for Major Projects. The public will be made aware of the construction programme and any road closures or restrictions via the normal GCC communications process for roadworks. There will be ongoing communication with the LEP regarding progress and timescales.</p> |
| Monitoring | <p>What are the arrangements for monitoring for both finance and economic benefits?</p> <p>Scheme finances are monitored and reviewed on a monthly basis in SAP and at the Capital Programme Finance Meeting.</p> <p>Economic benefits to the scheme will be evaluated against the Full Business Case at the completion of the project.</p> |
| Evaluation | <p>How will the completed project be evaluated?</p> <p>Post Scheme Review Meeting where The Client, the Clients Representative and the Principle Contractor will be present are planned, which will allow key lessons learnt and best practice from the project to be recorded, to inform future projects.</p> <p>A Monitoring and Evaluation Plan has also been prepared and is included as part of the Full Business Case. This indicates the proposed monitoring and evaluation activities which will be undertaken following completion of the project.</p> |

4. Summary

Introduction

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

Summary of project inputs, outputs and outcomes

Total Cost

Commitment to funding the scheme will be sought at the full LEP Board meeting in December 2019. This section considers the capital costs associated with the proposed scheme investment.

The total scheme cost is £9,230,767; this is broken down by task in Table 7 and Table 8 below:

Table 7: Breakdown of Project Costs

| Project cost components | Capital cost items | Total |
|--|---|-------------------|
| Design & Management | Design fees, Surveys and trial holes, Land Purchase | £3,142,767 |
| Construction including Traffic-Related Maintenance | Non-Routine Re-construction | £4,623,000 |
| | Site clearance, Diversions of Statutory services. Widening and re-Surfacing of carriageway. | |
| Contingency | Risk Adjustment | £1,465,000 |
| Indirect Tax | Non-Recoverable VAT (if applicable) | - |
| Total Cost | (NB – Base cost + 3% inflation) | £9,230,767 |

Funding

A LEP Growth Fund contribution of £9.23m is sought. Table 8 shows the planned funding profile for the scheme broken down by funding source. This shows that the full cost of the scheme will be funded by LEP Local Growth funding.

The scheme already benefited from funding previously approved for Business Case preparation works. It is therefore that £1,015,000 of the total scheme costs will be covered from the already approved £3.3m Business Case development funding, leaving £8,215,000 to be approved by the LEP Board.

Table 8: Sources of funding

| Source funding | Fund details | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
|---|-----------------|-----------------|-------------------|-------------------|----------------|-------------------|
| Government/ LEP funding (Growth Deal 3, BC development) | (Growth Deal 3) | - | £2,917,767 | £5,278,000 | £20,000 | £8,215,767 |
| Government/ LEP funding (Growth Deal 3, phase 1) | (Growth Deal 3) | £422,767 | £592,233 | - | - | £1,015,000 |
| GCC | - | - | - | - | - | - |
| Total | | £422,767 | £3,510,000 | £5,278,000 | £20,000 | £9,230,767 |

All figures are in outturn prices

Milestones

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

Table 9: Milestones

| Activity | Target Date |
|--|-------------|
| Submit Full Business Case for Approval | 04/10/2019 |
| Detailed Design Start | 22/07/2019 |
| Detailed Design End | 01/11/2019 |
| Approve Full Business Case | 10/12/2019 |
| Issue Supplier Engagement Notice | 25/11/2019 |
| Issue Tender Documents | 10/12/2019 |
| Tenders Return | 10/02/2020 |
| Complete Tender assessment and award | 16/04/2020 |
| Construction Start | 18/05/2020 |
| Construction End | 16/04/2021 |

Outputs

The following are the key outputs of the project:

| Output | Measurement |
|---------------------------------------|-------------|
| Total length of resurfaced roads (km) | 1km |
| Total length of new cycle ways (km) | 0.25km |
| Number of lanes created | 1 |
| Number of roundabouts improved | 1 |
| Transport interchanges improved | 1 |

Outcomes

The following are the key project outcomes:

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

The project will also contribute to the below overarching objectives:

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

Summary of Full Business Case Assessment

Table 10 summarises the AECOM assessment of the FBC for the Arle Court Roundabout Scheme. It can be seen that whilst all criteria within the financial case were fully addressed some of the criteria within the strategic, economic, commercial and management cases were not entirely addressed, but none were considered critical to the overall business case for the scheme.

Table 10: Summary of Full Business Case Assessment

| Case | Assessment |
|-----------------|--|
| Strategic Case | Passed 3/4 criteria – 1 Criteria had some issues identified, but not considered critical |
| Economic Case | Passed 4/9 criteria – 5 Criteria had some issues identified, but not considered critical |
| Financial Case | Passed 5/5 criteria |
| Commercial Case | Passed 3/4 criteria – 1 Criteria had some issues identified, but not considered critical |
| Management Case | Passed 12/17 criteria – 5 Criteria had some issues identified, but not considered critical |

Summary of Due Diligence Checks

A series of Due Diligence Checks have also been undertaken against the criteria set out as part of the GFirst LEP Assurance Framework on the Due Diligence process. This included information on the Strategic, Financial and Economic Case for the scheme, as well as the planned processes for the delivery and management of the scheme.

Across all remaining criteria it was considered that the planned scheme and its intended delivery and management processes were sufficient to ensure the intended project outputs and outcomes are delivered. It is noted that planning approval is still outstanding; a condition of funding should be applied in relation to this issue.

Recommendation and Conditions of Funding

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

2019/20. The scheme already benefited from £3,300,000 of Growth Deal funding previously approved for Business Case and scheme preparation works, of which it spent £2,165,000. Going forward it is proposed that £1,015,000 of the total scheme costs will be covered from the already approved £3.3m Business Case development funding, but that £1,150,000 are returned to the Business Case development fund, to enable the development of business cases for subsequent phases. Therefore, the Board would be asked to approve £8,215,000 of the total scheme costs of £9,230,000. The following Funding Conditions are recommended to ensure the scheme delivers the outcomes intended:

- A funding condition should be included such that if planning approval or other outstanding consents are declined then funding can be withheld or clawed back as required.
- Should the Phase 1 project be delivered for less than the allocated £9.23m a funding condition should be included to ensure that any underspend is allocated to subsequent phases of the overall WCTIS programme.
- GCC Cabinet approval is needed to confirm GCC commitment to the financial risks identified and to the funding of future ongoing maintenance. GCC will seek cabinet approval in November 2019.

