

West Cheltenham Transport
Improvements Scheme –
Phase 2 A40 East Bound
Widening: M5 - Junction 11 to
Arle Court
Full Business Case
Assessment Report

6th November, 2019

Quality information

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Executive Summary

The £4.48m A40 East Bound Widening scheme provides capacity improvements for traffic travelling in an eastbound direction from the M5 Junction 11 to Arle Court Roundabout. The scheme is the second phase of a wider programme of investments along the A40 corridor in Cheltenham called the West of Cheltenham Transport Improvements Scheme (WCTIS) and builds upon the first phase, which delivers improvements to Arle Court Roundabout. This second phase will consist of upgrades to the A40 eastbound merge from M5 junction 11, which will be upgraded to a lane gain with ghost island merge, and the A40 eastbound carriageway upgraded to three lanes from this lane gain to Arle Court Roundabout. The scheme will allow the merge to accommodate much higher levels of traffic, which alongside further mitigating schemes would 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.

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 and commercial cases were fully addressed some of the criteria within the strategic, economic and management cases were not entirely addressed, but none were considered critical to the overall business case for the scheme. The key issue identified related to the quantified value for money calculation produced by the scheme promoter, which was considered to be overstated. A separate calculation has been undertaken by AECOM to confirm that the scheme would achieve at least 'low' value for money in this respect, with the scheme benefits at least covering the cost of the scheme.

Case	Assessment
Strategic Case	Passed 2/4 criteria – 2 criteria had some issues identified, but not considered critical
Economic Case	Passed 5/9 criteria – 4 criteria had some issues identified, but not considered critical
Financial Case	Passed 5/5 criteria
Commercial Case	Passed 4/4 criteria
Management Case	Passed 15/17 criteria – 2 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 the scheme promoter has calculated a Benefit Cost Ratio (BCR) of 2.67 for the scheme, corresponding to a value for money category of 'Very High'. AECOM do not feel that they can support a figure as high as this because the model used for the assessment is not considered sufficiently sensitive to accurately assess the impacts further away from the scheme.

The scheme forms part of the wider WCTIS programme of improvements, the first phase of which was assessed to achieve a value for money category of 'very high' (BCR of 13.45). Taken as a package the first two elements of the programme would therefore achieve a value for money category of 'high' taking account of only the costs of phase 2 and not its benefits.

To overcome the model sensitivity issues described above AECOM has undertaken a separate calculation focusing on the scheme benefits proposed on the A40 scheme section alone. Based upon this calculation we have concluded that the phase 2 scheme on its own would achieve a value for money category of at least 'Low', indicating that the scheme benefits would at least cover the scheme costs. 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.

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. According to Atkins estimates 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.

Minor dis-benefits associated other appraisal areas identified within the Appraisal Summary Table have not been included within the monetised value for money calculation.

Recommendation and Conditions of Approval

Based on the AECOM assessment of the Final Business Case and the Due Diligence checks undertaken, the value for money calculation undertaken by AECOM suggesting at least 'low' value for money and considering the contribution the scheme is likely to make towards accelerating the release of the employment land associated with the 'West Cheltenham' Strategic allocation along with other strategic allocations in the Joint Core Strategy, 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 Growth Deal funding previously approved for Business Case and scheme preparation works of which it spent £890,000. Therefore, the Board would be asked to approve £3,590,000 of the total scheme costs of £4,480,000. The following Funding Conditions are recommended to ensure the scheme delivers the outcomes intended:

- A funding condition should be included such that if any outstanding consents are declined then funding can be withheld or clawed back as required.
- Should the Phase 2 project be delivered for less than the allocated £4.48m 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 A40 Eastbound Widening Scheme, currently earmarked for LGF funding. This scheme represents Phase 2 of the package of improvements proposed for the A40 corridor called the West of Cheltenham Transport Improvements Scheme (WCTIS).

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 A40 Eastbound Widening 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 to the A40 between the M5 Junction 11 and Arle Court Roundabout. Figure 1-1 shows the location of the scheme, which consists of the following elements:

- A40 eastbound merge from M5 Junction 11 upgraded to a lane gain with ghost island merge; and
- A40 eastbound carriageway upgraded to three lanes from this lane gain all the way to Arle Court Roundabout.

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 Scheme Section (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 A40 East Bound Widening 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 A40 Eastbound Widening 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. Two of the four strategic case criteria are considered to have been passed including confirmation that the scheme continues to contribute towards the objectives identified at the Outline Business Case stage. Some issues were identified in relation to providing information on how Phase 2 has changed since the OBC stage and the level of precision within the model to assess this particular scheme. This point is discussed in more detail within the assessment of the economic case.

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?	Some issues identified but are not considered critical	More information on how the Phase 2 scheme has changed since the OBC stage would have been beneficial.
Does the scheme still deliver the objectives stated at the previous stage?	Pass	Table 2-12 summarises how the proposed scheme meets the transport objectives. Table 12-3 Indicates forecasted impacts of how the scheme contributes towards SEP Enablers for Growth objectives.
Have they indicated the approach has been taken to modelling the economic and financial impacts of the scheme?	Pass	Section 3 summarises the economic case, with section 3.2.1 summarising the modelling methodology, and 3.2.4 summarising the economic appraisal approach.
Is the approach utilised considered appropriate to the impacts and scale of impacts anticipated?	Some issues identified but are not considered critical	The modelling approach is considered appropriate; however, we do not believe the model is sufficiently precise to accurately present the impacts of the scheme on the wider modelled network.

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 five of the appraisal areas including confirmation that the scheme scores positively against most identified appraisal areas. Negative impacts were identified in relation to noise, air quality, landscape, biodiversity and accidents, however it is considered that mitigation can resolve a number of negative impacts currently reported, though mitigation solutions had not been fully scoped at the time of FBC submission. The key issue identified in relation to the economic case related to the BCR calculation reported. The reported BCR of 2.67 indicates a value for money category of 'high'. However, AECOM do not feel that they can support a figure as high as this because the model used for the assessment is not considered sufficiently sensitive to accurately assess the impacts further away from the scheme.

The scheme forms part of the wider WCTIS programme of improvements, the first phase of which was assessed to achieve a value for money category of 'very high' (BCR of 13.45). Taken as a package the first two elements of the programme would therefore achieve a value for money category of 'high' taking account of only the costs of phase 2 and not its benefits.

To overcome the model sensitivity issues described above AECOM has undertaken a separate calculation focusing on the scheme benefits proposed on the A40 scheme section alone. Based upon this calculation we have concluded that the phase 2 scheme on it's own would achieve a value for money category of at least 'Low', indicating that the scheme benefits would at least cover the scheme costs. 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.

The scheme forms part of the wider WCTIS programme of improvements, the first phase of which was assessed to achieve very high value for money. Taken as a package the first two elements of the programme would achieve a value for money category of high, despite the low value for money assessment of phase 2.

Table 2: Assessment of the Economic Case for the Scheme

Criteria	RAG Status	Assessment
Has an Appraisal Summary Table been provided?	Pass	An AST has been provided.
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 quantitative and qualitative scores are given, which is considered appropriate to a scheme of this nature. Evidence is presented within the report to justify quantitative scores given.
Are the scores given considered accurate and appropriate?	Some issues identified but are not considered critical	The scores given are considered appropriate, with the exception of monetary assessments of business user, transport provider, commuting and other user impacts, which are derived from modelling which is considered to be over-estimating the economic benefits of the scheme.
Does the scheme score positively against the majority of AST categories?	Pass	The majority of appraisal areas are scored as neutral, however there are more positive than negative impacts against the various AST criteria.
What negative impacts are predicted and what are the consequences of these?	Some issues identified but are not considered	Adverse Impacts on: - Noise – Mitigation will be identified as part of detailed design, which are anticipated to overcome this issue.

Criteria	RAG Status	Assessment
	critical	<ul style="list-style-type: none"> - Air Quality – Negative impacts identified, but not considered to result in any air quality strategy objectives being exceeded. - Landscape - Impacts will be explored in detailed design but replacement and enhancement planting would be proposed to mitigate any impact. - Biodiversity - Pre-works surveys will identify mitigation appropriate to any protected species on the site. - Accidents - no clear mitigation suggested - Affordability (taken from TUBA) <p>It is considered that mitigation can resolve a number of negative impacts currently reported.</p>
Are any additional negative consequences predicted that have not been included within the AST assessment?	Pass	The assessment of negative consequences 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 are not considered critical	<p>The BCR presented in the report is not considered accurate as it is considered that many of movements benefiting from the journey time savings reported relate to model noise rather than true scheme impacts (due to a lack of sensitivity in the model), over estimating the scheme benefits. Monetised negative impacts in relation to air quality, noise and greenhouse gases have also not been included in this calculation. To overcome this, we have undertaken a separate calculation of the economic benefits achieved limited to the impacts on the A40 scheme section itself, where positive impacts are considered more realistic.</p>
Does this indicate that the scheme represents value for money?	Some issues identified but are not considered critical	<p>The reported BCR indicates that the scheme represents high value for money, however as noted above this calculation is considered inaccurate and overstated. The outcome of our separate calculation related to the scheme section only indicates that it is appropriate to conclude that the scheme represents at least 'low' value for money, generating benefits which will at least cover the cost of the investment. 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.</p>

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	The latest financial costs are provided in 2019 prices
How do these costs compare to previous estimates?	Pass	Costs have reduced since previous estimates due to a reduction in utilities diversions.
Have they outlined the additional elements which make up the whole life costs of the scheme?	Pass	Yes, Table 5.5 summarises maintenance costs which will be covered by GCC.
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. All the requirements within the Business Case Guidance are considered to have been met. A procurement strategy has been provided with the preferred procurement route being a Full OJEU tender Open Tender and the scheme will be procured on a lump sum basis as an ECC Option A contract which will allow for greater transfer of risk to the Contractor through a priced contract. Contractor tendering is scheduled 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?	Pass	No income is anticipated to be directly generated by the scheme.
If income is generated sufficient to ensure the long-term viability of the scheme?	Pass	N/A
Has a procurement strategy been provided?	Pass	A procurement strategy has been provided with the preferred procurement route being a Full OJEU tender, Open Tender.
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	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.

Management Case

Table 5 presents the assessment of the Management Case for the scheme. This indicates that all but two of the criteria is considered to have been met in their entirety.

Some issues were identified in relation to the public consultation exercise, as it is not possible to separate comments on Phases 1 and 2 of the schemes based upon the information provided. Monitoring and evaluation activities are considered appropriate, however further work will be required ahead of construction to define the metrics to be used and collate baseline evidence.

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	A design and construction methodology is provided which indicates that standard construction methods will be used and that traffic management will be coordinated with other schemes on the strategic road network and avoid peak period lane closures.
Are these plans considered appropriate to the scheme?	Pass	The proposed construction and traffic management arrangements proposed are considered appropriate.
Have they included information on the legal powers that are needed to construct the scheme?	Pass	All works are within the existing highway boundary, no TROs or other legal powers are required.
Have they stated how will these powers be obtained?	Pass	No additional legal powers are required, confirmation is awaited on whether Section 61 permissions will be required for night time working.
Have they indicated the results of public and stakeholder consultation activities?	Some issues identified but are not considered critical	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. It is not possible to separate comments on Phases 1 and 2 of the scheme based upon the information provided.
Has the scheme been altered to satisfactorily reflect the consultation responses received?	Pass	Details are provided on how consultation feedback have been reflected in the design process.
Have they detailed the key risks in terms of impacts on delivery timescales?	Pass	Project Risk Register is included in Appendix F.
Have they detailed how the risks will be managed / mitigated?	Pass	Risk mitigation has been identified and is considered appropriate to the risks identified.
Has a Quantified Risk Assessment (QRA) been provided?	Pass	A quantified risk assessment has been undertaken identifying the likely cost associated with the risks identified.

Criteria	RAG Status	Assessment
Have all key risks been identified, sufficiently mitigated and quantified?	Pass	The risk register is considered comprehensive, with appropriate mitigation identified and quantified. 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 identified and considered appropriate.
Have they outlined the planned project programme for delivery of the scheme including a GANTT chart	Pass	A GANTT chart provided as an appendix.
Is the programme considered realistic and viable?	Pass	The programme is considered realistic.
Does the programme facilitate completion of the project within the LEP funding period?	Pass	The programme assumed completion of construction by the end of 2020, within the LEP funding period.
Have they included the proposed Benefits Realisation strategy?	Pass	A benefits realisation strategy is provided in section 6.11.
Have they identified how the benefits be monitored and evaluated?	Pass	A monitoring and evaluation plan is provided in section 6.12.
Are monitoring and evaluation activities considered appropriate to the scale and nature of the project?	Some issues identified but are not considered critical	Monitoring and evaluation activities are considered appropriate, however further work will be required ahead of construction to define the metrics to be used and collate baseline evidence.

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 2 is focussed on improving the link between J11 of the motorway along the A40 to Arle Court Roundabout, to benefit all users of the network. Phase 2 is closely linked to Phase 1 of the scheme, and will directly link in to the improvements at Arle Court Roundabout.</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, and 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 Phases 1 and 2 being closely linked.</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 SEP further identifies that unlocking employment land in a growth zone with good access to the M5 is especially important and highlights the Cheltenham Cyber Park. The scheme will contribute to the aims of the SEP by reducing congestion; improving</p>

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

	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 <p>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.</p>																																																												
Financial																																																													
Cost profile	<p>The cost profile is as per the Business Case, and is as below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Project cost components</th> <th rowspan="2">Capital cost items</th> <th rowspan="2">Estimate status*</th> <th colspan="4">Costs by year (£)</th> <th rowspan="2">Totals</th> </tr> <tr> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> </tr> </thead> <tbody> <tr> <td>Design & Management</td> <td>Design fees, Surveys and trial holes, Land Purchase</td> <td>P</td> <td>£277,300</td> <td>£600,000</td> <td>£63,000</td> <td>-</td> <td>£940,300</td> </tr> <tr> <td rowspan="2">Construction including Traffic-Related Maintenance</td> <td>Non-Routine Re-construction</td> <td rowspan="2">P</td> <td rowspan="2">-</td> <td rowspan="2">£50,000</td> <td rowspan="2">£2,591,900</td> <td rowspan="2">-</td> <td rowspan="2">£2,641,900</td> </tr> <tr> <td>Site clearance, Diversions of Statutory services. Widening and re-Surfacing of carriageway.</td> </tr> <tr> <td rowspan="2">Contingency</td> <td>Risk Adjustment</td> <td>P</td> <td>-</td> <td>-</td> <td>£897,800</td> <td>-</td> <td>£897,800</td> </tr> <tr> <td>Optimism Bias</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Indirect Tax</td> <td>Non-Recoverable VAT (if applicable)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total Cost</td> <td>(NB – Base cost + 3% inflation)</td> <td>P</td> <td>£277,300</td> <td>£650,000</td> <td>£3,552,700</td> <td>-</td> <td>£4,480,000</td> </tr> </tbody> </table> <p>*O = Outline estimate, P = Preliminary estimate, D = Detailed estimate, T = Tender price</p>	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	£277,300	£600,000	£63,000	-	£940,300	Construction including Traffic-Related Maintenance	Non-Routine Re-construction	P	-	£50,000	£2,591,900	-	£2,641,900	Site clearance, Diversions of Statutory services. Widening and re-Surfacing of carriageway.	Contingency	Risk Adjustment	P	-	-	£897,800	-	£897,800	Optimism Bias	-	-	-	-	-	-	Indirect Tax	Non-Recoverable VAT (if applicable)	-	-	-	-	-	-	Total Cost	(NB – Base cost + 3% inflation)	P	£277,300	£650,000	£3,552,700	-	£4,480,000
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Funding	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>The funding is all from the LEP, and the profile as per the table above. Circa £600,000 has been spent up until the end of September 2019 which has included Professional Services and costs associated with stats searches.</p> <p>Drawdown from the LEP to date for all four phases of the project has been £2,155,000.</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>£0.89 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 £3.59m.</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 every Major Project to comply with the business case.</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.</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 the J11 to Arle Court section 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. The quantified economic case for the scheme was considered to have been overstated within the economic appraisal undertaken by the scheme promoter and hence AECOM has undertaken an additional calculation focusing on the scheme section to confirm that the scheme would achieve at least 'low' value for money.</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>Based upon the information calculated by the scheme promoter the scheme achieves a Benefit Cost Ratio figure of 2.67 representing a value for money classification of 'high'. The quantified economic case for the scheme was, however, considered to have been overstated due to the inclusion of journey movements which are not considered to benefit from the scheme and instead represent modelled 'noise'. AECOM has undertaken an additional calculation focusing on the scheme section to confirm that the scheme would achieve at least 'low' value for money and hence the benefits would at least cover the cost of the investment. 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.</p> <p>The scheme forms part of the wider WCTIS programme of improvements, the first phase of which was assessed to achieve very high value for money. Taken as a package the first two elements of the programme would achieve a value for money category of high, despite the low value for money assessment of phase 2.</p> <p>Has a Value for Money Statement been completed?</p> <p>The full Value for Money Statement is in the Business Case.</p>
Delivery	
Timetable	Attach the latest project timetable identifying key milestones

	Activity	Target Date
	Submit Full Business Case for Approval	01/11/2019
	Detailed Design Start	22/07/2019
	Detailed Design End	11/10/2019
	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	03/04/2020
	Construction Start	18/05/2020
	Construction End	25/12/2020
	<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> <p>A contractor will be appointed in April 2020 and will be maintained through to completion of construction in December 2020.</p>	
Site	<p>Confirm ownership of the site and detail arrangements to ensure unfettered access e.g. covenants, rights of way, easements etc.</p> <p>The Phase 2 scheme can be built fully within the highway boundary. There are no impacts in terms of access being affected.</p>	
Planning	<p>Does the project have planning permission? Are there planning conditions that still need to be satisfied e.g. s106, ecology etc.? . Please list all statutory orders related to the scheme and when these were or are planned to be achieved.</p> <p>The proposed works would fall within the definitions of permitted development as works carried out by the highway authority, required for the improvement of the road either on land within the boundaries of a road or on land outside but adjoining the boundary of an existing highway, under Section 55(2)(b) of the Town and Country Planning Act 1990 and Part 9, Class A of the Town and Country Planning (General Permitted Development) (England) Order 2015.</p> <p>Screening and scoping assessments are being carried out to determine whether the Scheme is likely to have significant adverse effects requiring an Environmental Impact Assessment (EIA). It is currently envisaged that the overall scheme will not have significant adverse impacts. However, If the relevant local planning authorities determine that the Scheme is EIA development, then permitted development rights would be removed and a planning application would be required.</p> <p>The requirement of a TRO has been reviewed and the proposed alterations to the mainline carriageway will be covered by an existing Clearway order. No further TROs are required for the Phase 2 scheme.</p>	
Environmental Sustainability/Social Value	<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 the project team will seek opportunities to reduce those through improvements to the design. Each</p>	

	<p>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 on the link from M5 J11 to Arle Court Roundabout, which in turn will help to alleviate traffic problems which are currently seen as a blocker to further development. This further development will lead to increased employment opportunities.</p> <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 effects upon various topic areas as a result of the scheme (please see the Phase 1 AST Tables). Mitigation measures proposed to avoid adverse effects are provided in sections 3.3.1-3.3.7 of the WCTIS Business Case on a specific topic basis.</p>
Procurement	<p>Outline the procurement strategy – is this State Aid compliant?</p> <p>There is no State Aid/subsidy provided as the contract will be tendered competitively to the whole market.</p> <p>Basis for contractor selection: is this best VFM?</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>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. We 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?</p>

	<p>Is the investment covered by General Block Exemption Rules or any other EU approved notification?</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 Confirm Risk register in place and arrangements for maintaining</p> <p>The risk register will be a 'live document' and taken forward to the contractor engagement process. As part of the tender process, the contractor will produce their own risk register. Risks onsite will be managed using the NEC early warning process.</p> <p>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 managed with the project?</p> <p>There are other projects in preparation (including Phase 1) that are being undertaken by the GCC/Atkins collaborative 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</p>

	<p>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 will be ongoing communication with the LEP regarding progress and timescales. 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 is a full Comms Strategy established within GCC.</p> <p>There is no marketing strategy, as not required for this project.</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 scheme capital costs have been estimated as £4.48m; 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	£940,300
Construction including Traffic-Related Maintenance	Non-Routine Re-construction	£2,641,900
	Site clearance, Diversions of Statutory services. Widening and re-Surfacing of carriageway.	
Contingency	Risk Adjustment	£897,800
Indirect Tax	Non-Recoverable VAT (if applicable)	-
Total Cost	(NB – Base cost + 3% inflation)	£4,480,000

Funding

A LEP Growth Fund contribution of £4.48m 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 is required to be funded by LEP funding.

Table 8: Sources of funding

Source funding	Fund details	2018/19	2019/20	2020/21	2021/22	Total
Government/ LEP funding (Growth Deal 3)	(Growth Deal 3)	£277,300	£650,000	£3,552,700	-	£4,480,000
GCC	-	-	-	-	-	-
Total		£277,300	£650,000	£3,552,700	-	£4,480,000

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	01/11/2019
Detailed Design Start	22/07/2019
Detailed Design End	11/10/2019
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	03/04/2020
Construction Start	18/05/2020
Construction End	25/12/2020

Outputs

The following are the key outputs of the project:

Output	Measurement
Total length of resurfaced roads (km)	0.9km
Number of lanes created	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 A40 East Bound Widening scheme. Whilst all criteria within the financial and commercial cases were fully addressed some of the criteria within the strategic, economic and management cases were not entirely addressed, but none were considered critical to the overall business case for the scheme. The key issue identified related to the quantified value for money calculation produced by the scheme promoter, which was considered to be overstated. A separate calculation has been undertaken by AECOM to confirm that the scheme would achieve at least 'low' value for money in this respect, with the scheme benefits at least covering the cost of the scheme. 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.

The scheme forms part of the wider WCTIS programme of improvements, the first phase of which was assessed to achieve very high value for money. Taken as a package the first two elements of the programme would achieve a value for money category of high, despite the low value for money assessment of phase 2.

Table 10: Summary of Full Business Case Assessment

Case	Assessment
Strategic Case	Passed 2/4 criteria – 2 criteria had some issues identified, but not considered critical
Economic Case	Passed 5/9 criteria – 4 criteria had some issues identified, but not considered critical
Financial Case	Passed 5/5 criteria
Commercial Case	Passed 4/4 criteria
Management Case	Passed 15/17 criteria – 2 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.

Recommendation and Conditions of Funding

Based on the AECOM assessment of the Final Business Case and the Due Diligence checks undertaken, the value for money calculation undertaken by AECOM suggesting at least 'low' value for money and the contribution the scheme is likely to make towards accelerating the release of the employment land associated with the 'West Cheltenham' Strategic allocation it is recommended that the scheme can be approved for LEP Growth Fund funding and that funding can be released in 2019/20. The following Funding Conditions are recommended to ensure the scheme delivers the outcomes intended:

- A funding condition should be included such that if any outstanding consents are declined then funding can be withheld or clawed back as required.
- Should the Phase 2 project be delivered for less than the allocated £4.48m 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.

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