

SE LEP Business Case – Medway City Estate: Connectivity Improvements

SMALL SCHEMES

EXECUTIVE SUMMARY OF BUSINESS CASE

For

MEDWAY CITY ESTATE: CONNECTIVITY IMPROVEMENTS

Please note that this proforma is designed to collect key information about the project. The scheme promoters are encouraged to attach any additional supporting information to this business case proforma.

Project type (rail, road, LSTF, integrated package, maintenance etc.): Integrated Package

Type of bid: Small

Large Project (total project cost exceeds £15m)

Medium Project (total project cost is between £8m and £15m)

Small Project (total project cost is below £8m)

Project Location: Medway City Estate

Project start date: 31/03/2015

Project complete date: 31/03/2018

Project development stage (inception, option selection, feasibility, detailed design, implementation): Option Selection

Promoting authority(ies) name: Medway Council

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The Strategic Case

1. PROJECT DESCRIPTION

1.1. Purpose

This scheme delivers commuter link improvements to the Medway City Estate (MCE), the central commercial and industrial area of the Medway Towns, resulting in shorter commuter times for the 5,000 people (approximately) who work on the Estate and instigating greener, more efficient modes of transport to the Estate. These improvements will assist with maintaining continued growth on MCE, a key employment area for the Medway Towns and beyond, as well as assist in reducing the impact of current high peak-time traffic flows on the Estate's existing entrance and exit road network.

1.2. Brief description

The MCE Connectivity Improvements scheme is an integrated package of infrastructure developments aimed at addressing the existing barriers to movement to and from and within MCE. The scheme will include improved direct links to Chatham town centre situated directly opposite the south-east side of MCE across the River Medway.

One of the options being considered is a direct river taxi from MCE to Chatham town centre, including a new landing stage on the River Medway at MCE. The river taxi will use Sun Pier in Chatham town centre using Growing Places funding. Sun Pier itself underwent a refurbishment in 2013 to include a new landing pontoon to enable the Pier to better facilitate river vessel / taxi passengers.

In addition to this, the scheme will include improvements for pedestrians and cyclists, with new and enhanced routes through the MCE, cycle parking, benches and improved connectivity from Sun Pier to Chatham town centre via a riverside walk and traffic management alterations to improve vehicular egress from the site.

As part of Medway's joined up approach to development and transformation, this project links to a range of other LEP projects:

- Chatham Town Centre – This scheme includes the provision of a new Civic Square in the heart of Chatham approximately 200 metres from Sun Pier, in addition to improved walking and cycling routes in the town centre, hard and soft landscaping, traffic management measures, directional signage, way-marking and public art.
- Chatham Railway Station Improvements – This scheme is being developed in partnership with Southeastern and involves a redeveloped station building, with improved access, drop-off and taxi facilities, an improved forecourt, station façade and improved pedestrian environment. Chatham railway station is approximately a 15 minute walk from Sun Pier and along with the proposed improvements to pedestrian access through the town centre, will create an attractive and efficient through-route for commuters traveling to MCE.
- A289 Four Elms Roundabout to Medway Tunnel – One of the aims of this road scheme is to reduce congestion on the road network in and around the main traffic entrance and exit to MCE. This scheme in conjunction with the improvements outlined herein will drastically reduce commuter times on and off MCE and will provide commuters with a range of sustainable transport modes to access MCE.

1.3. Strategic context

Medway City Estate is a strategically important employment site both within Medway and regionally. It is the central commercial and industrial area employing approximately 5,000 people.

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The Medway Local Transport Plan 3 came into effect on 1 April 2011 following approval of Full Council. Given MCE strategic importance, this project links closely to all the five priorities set out in Medway's Local Transport Plan 2011/2026:

- Regeneration, economic competitiveness and growth – by providing a more reliable and efficient local transport network. A key action is improvement to egress from the site for vehicles that currently causes unacceptable delay to business.
- Connectivity – by ensuring Medway has good quality transport connections to key markets and major conurbations in Kent and London. Key actions include improving links to and from the site including encouraging employees to cycle from and to railway stations as part of their journey to work.
- Natural environment – by contributing to tackling climate change and improving air quality. Key actions include encouraging walking and cycling for short journeys, and a more efficient management of the highway network.
- Equality of opportunity – by supporting equality of opportunity to access employment, education, goods and services for all residents of Medway. A key action is to improve accessibility for people with mobility difficulties to access employment.
- Safety, security and public health – by promoting active lifestyles and reducing the risk of death, injury or ill health or being the victim of crime. Key actions include road safety interventions, improved pedestrian access to local facilities including Chatham, and encouraging cycling as an alternative to the car thereby reducing the demand on the local highway network.

The South East Local Enterprise Partnership's bid for Local Growth Funding reflected the aspirations set out in LTP3, with the proposed funding and delivery plan defined within the shorter-term implementation plan.

The project links directly to the Council Plan for Medway, by significantly contributing to one of the four main priorities to 'Everyone benefitting from regeneration'.

The overarching scheme objectives link directly to Medway Council's priorities in the Council Plan. Overarching scheme objectives are:

- **Economic benefits** to local businesses through improving the accessibility for businesses to undertake their activities.
- **Connectivity improvements** – Removal of congestion hotspot to improve connectivity with markets.
- **Disconnect** in the public realm between Chatham railway station and the centre of Chatham.
- **Reputational improvements** to Medway City Estate as a thriving business community.
- **Addressing interdependence** with other related growth projects.

1.4. Powers and consents

Medway Council has the powers of both Highway Authority and Planning Authority. The majority of the works do not require planning consent as they are on public highway.

Consent will be required from Medway Ports Authority of the operation of a River Taxi and planning consent may be required for the ancillary structures associated with a landing stage at MCE. A landing stage exists at Sun Pier, Chatham, which is under the control of Medway Council.

Case for Change

2. BUSINESS NEEDS / REASONS

MCE is the largest concentrated area of employment in the Medway Towns. Efficient and effective commuter travel to and from MCE is one of the main priorities for many if not all of the businesses that operate on MCE, and is likely to be a main driver for any future businesses looking to invest in Medway and locate themselves on MCE. As such, Kent and Medway Business representatives have shown great enthusiasm for this project. We have also had interest from private sector companies interested operating the river taxi commercially.

Medway Council has worked towards making better use of the river in recent years and to compliment this the Council has recently completed refurbishment works to the Sun Pier in Chatham town centre using Growing Places funding. The annual Medway River Festival also takes place on the Medway in this location and provides a valuable boost to the local economy. Medway Council are committed to continuing this improved use of the River as both a leisure source and as viable alternative method for transportation; this scheme enables the continuation of this development.

Economically, this scheme brings the potential to unlock large residential and commercial development sites at Chatham Waterfront (488 residential units and 8,000m² retail space consented) through this direct river crossing, linking Chatham town centre to a large employment area on MCE. The scheme will also contribute to tackling areas of high deprivation close to Chatham by improving accessibility to employment opportunities on MCE for those people without access to a car.

This scheme will build upon the recently completed improvements to Chatham town centre including the new Chatham Waterfront Bus Station and changes to Chatham's road network. By providing a direct link across the river from MCE, a large number of MCE employees will now have direct access to this regional centre during their working day, something they would only have had previously via a longer car journey. This will improve the viability of Chatham town centre and open up the town centre leisure and shopping facilities to workers on MCE. Chatham is a centre of regional importance that, like most high streets, struggles to gain and maintain retail interest. MCE is a major employment area for around 5,000 people who currently have no local retail facilities within walking distance. Removing the physical boundary between these two commercial areas will have a range of mutual benefits for both parties.

This scheme is also key to delivering Medway's LTP priority of supporting Medway's regeneration, economic competitiveness and growth. The scheme seeks to build upon the growth of the MCE by removing a barrier to accessing it during peak times. Improving the link between Chatham, a regional centre, and this large employment area will be instrumental in securing the continued growth of both Medway and the Thames Gateway areas.

- ***Outline the rationale for making the investment with reference to the problems with the status quo.***

The current position regarding access to MCE is not sustainable going forward. MCE currently has only one main road access to its north side, and a smaller secondary access to the west side. During the evening peak the traffic flow off MCE is considerable, with routinely significant delays of over 30 minutes for vehicles leaving the estate during the evening peak. Over the years Interventions have been installed in an attempt to alleviate the problem including junction alterations, additional parking restrictions on main roads through the estate and workplace travel planning, but the problem still remains. This has a significant negative impact on workers commute time and as a result the viability of operating businesses on the estate. Medway Council receives a significant level of complaints from businesses on MCE regarding the traffic issues and this problem is likely to get worse with additional residential and commercial development planned within Strood and on the Hoo Peninsula. This issue is likely to impact on the viability and sustainability of businesses on MCE unless a sustainable solution is delivered.

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The scheme addresses the problem by introducing a package of interventions to provide alternatives to the provide car including river taxi and improved cycling facilities, improvements to the Anthony's Way egress from the site, together with complementary travel planning initiatives on the estate.

In addition, the main traffic flow on and off MCE does not align with the facilities that could potentially be available to workers in Chatham town centre. The development of additional links to the MCE will not only open up these facilities to a much larger market, but will also promote and offer alternative methods of commuter transportation to workers and relieve the pressure on the existing road network at peak times.

- ***What evidence is there of need for the project?***

During 2014 road works around MCE, including scheme work at Darnley Arch in nearby Strood and gas main replacement works by Southern Gas Networks, have exacerbated the issue of peak time traffic flows exiting MCE. This has prompted a large number of business managers from MCE and residents to contact the Council to voice their concerns. Among the comments received, two main business managers for larger employers on MCE stated that they would have to consider alternative business premises if the accessibility issues to MCE were not addressed. It was further stated that a large number of employees specifically chose to work on MCE in order to be closer to home in Medway, having previously commuted to work over a much greater distance. However, the increased journey times when exiting MCE has placed their current commute time on a par with previous commutes, no longer making MCE a viable work place for local residents wishing to work closer to home. These concerns have also been reported by local media outlets including the Medway Messenger, Kent Messenger and Kent Online, who have run campaigns to address the problem.

In the wider context, the 2014 results of the National Highways and Transport Network Survey (NHT), which surveyed a minimum of 3,300 Medway residents, confirmed improvements to congestion as the third most important aspect of transport to be improved upon from a total of 14 aspects surveyed. The survey also confirmed the current satisfaction level with traffic levels and congestion at just 47%, confirming that improvements in this area, such as those proposed in this scheme, as essential in addressing the concerns of local residents.

- ***What impact does the scheme have on releasing the growth or overcoming barriers to growth?***

As stated, MCE is the largest centralised area of employment in Medway, providing premises for a wide range of companies in different industries from service and commercial to industrial. As well as being a large employer base for the Medway Towns, MCE also houses a number of companies that provide essential services to both Medway and beyond, from bus and home to school transport services, to domiciliary homecare services. Unsatisfactory access to MCE is a barrier not only to the continued growth of these companies and new companies who may locate to MCE, but also to ensuring that those companies and employers currently located on MCE choose to remain and invest in Medway. Improving access to MCE and offering a range of alternative commuter transport options, including pedestrian based, will be critical to removing this key barrier to growth.

- ***What will happen if the proposed project is not funded from LGF?***

If this proposed project is not funded it is highly unlikely to move forward given the financial pressures in other Council expenditures areas. Those benefits outlined above will therefore not materialise and may result in a downturn in investment and company location on MCE, with the accompanying negative economic and employment impacts that will follow. The potential for the continued growth of Chatham town centre will also not be fully realised.

- ***Is there a potential to reduce costs and still achieve the desired outcomes?***

No.

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3. BENEFITS

3.1 Estimate jobs and homes (direct, indirect, safeguarding, construction etc)

	2015/16	2016/17	2017/18	2018/19	2019/2020	2020/2021	Total
Jobs	64	52	88	73	90	25	390
Homes	59	88	68	48			261

By providing this new link between the Medway City Estate and the centre of Chatham, opportunities for access between the two locations is greatly improved and the ability for more direct commuter movement between the two locations that does not currently exist is created.

Medway also has a large range of heritage and attractions, and growth in tourism is a continued aspiration at Medway Council. Four million visitors per year visit the Medway area, but we believe there is the potential for this number to significantly increase. The proposed river taxi could easily be extended and developed in order to facilitate a tourist route along the River Medway linking other urban and rural tourist destinations. Chatham waterfront adjacent to MCE includes some of the regions finest historic features including Rochester Castle and Cathedral, Chatham Historic Dockyard and Upnor Castle. The improved links to MCE would greatly improve access to these first class tourist sites and attractions.

- ***Describe the methodology of how the number of jobs and homes is estimated***

In terms of direct delivery of new jobs and houses, it is more difficult to make a formal link between the implementation of this scheme and direct jobs/houses. Therefore 5% of the total jobs/houses for Chatham and Strood combined are quoted above. It is felt that this is an under-estimation as it takes a conservative account of the potential homes and jobs at Chatham Waterfront.

- ***List all main direct and indirect; quantitative and qualitative; cash releasing and non-cash releasing benefits associated with the investment***

The Journey to Work Census 2001 showed a very high proportion of MCE employees arrived by car (79% as car driver, a further 9% as car passenger). The use of public transport to MCE is low (2.3% by train and 2.9% by bus). This reflects the lengthy walk from the nearest railway station (Strood station) and the lack of a good bus service. The northern end of MCE is served by a bus every 30 minutes from Chatham bus station, though due to the geographical barriers between the bus station and MCE, it is not a direct route and often encounters heavy commuter traffic in other areas on its route to MCE. Subsequent surveys have also shown a low use of public transport for commuter trips to MCE.

Improvements to existing access points, and the possible provision of a river taxi from Sun Pier, would improve access to MCE by public transport for employees and visitors. It would also make it practicable for employees to visit Chatham town centre in their lunch break without having to use a car to make the trip.

The key economic benefits arise from the reduction in vehicle kilometres as people switch from car to bus or walk/cycle for their journey to work and for trips during the course of the day, and the increase in usage of those commercial services visited by MCE workers during the day. The local road network, especially the two river crossings over the Rochester Bridge and the Medway tunnel, is particularly congested and a reduction in the number of cars on the surrounding network will also result in time savings to the remaining car users.

In a survey of workers on the MCE in 2002 a third of respondents said they commuted by car to MCE as there was no alternative way for them to make their journey. It is anticipated that improving the connectivity of the area to the bus station in Chatham and the walking/cycling network is likely lead to an increase in the number of people using sustainable modes for travel to work. To assess the current position on MCE further and positive impacts of this scheme, the home origins of people who work on MCE and their chosen mode of transport were

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mapped. The results showed that many of the workers live east of MCE on the other side of the River Medway, confirming that improvements to overcome this geographical barrier need to feature in any MCE accessibility development scheme.

The 2002 MCE worker survey also revealed that 28% of respondents would use a pedestrian/cycle access route between MCE and Chatham town centre to go shopping and for other personal business trips. Taking a conservative view of this response, it is anticipated that this would provide a lunchtime patronage figure of approximately 200 single trips. This would also be supplemented by other trips outside of the lunchtime peak.

Value of reduced vehicle kilometres

The DfT have issued guidance on the value of removing vehicle trips from the highway network in WebTag unit 3.9.5, 'Major Scheme Appraisal: Road Decongestion Benefits', August 2012. Allowing for the removal of 500 trips a day with an average distance of 5kms (the distance between MCE and the town centre) provides for an average daily saving of 2500km and an annual saving of 625,000km. The roads relieved of these trips are congested urban roads so therefore the value per km of removing a vehicle is taken as 47.0 pence per car km (other urban A road, congestion band 4). This figure is net of indirect tax effects and includes the value of congestion relief, safety and environmental benefits.

This provides an annual benefit in 2020 (at 2010 prices) of £293,750.00. This is the benefit in a single year and rises in further years as the value of each vehicle kilometre removed from the network rises. Over a 60-year appraisal period the discounted value of these benefits is over £7.5m.

There would also be a carbon reduction from the reduced vehicle kilometres, but as yet this has not been quantified.

Social Impacts

The poor pedestrian and cycleway facilities within MCE and the high number of HGV's that use the MCE roads currently present a barrier to movement by foot and cycle. Pedestrian facilities from Sun Pier to Chatham are poor particularly for people with mobility difficulties. This scheme will provide improved walking and cycling routes through MCE. The new link into Chatham via the river taxi will also encourage more active travel and bring about benefits to personal accessibility and health.

The reduction in trips as a result of the use of the direct river crossing when compared to the 5km journey by road will result in improved noise and air quality benefitting local people. There will also be health benefits as more people who work on the estate will find walking and cycling an attractive mode for their daily commute or take exercise by walking or cycling to Chatham town centre during the day.

Value of Health Benefits

It is likely that some of the people using the river taxi will be gaining additional exercise as a result of walking to the river taxi at either end of the journey. Assuming that 150 commuters will use the river taxi regularly, and that 5% of these people are new users of active travel modes, gives 7 new active travellers. Using the guidance laid out in WebTAG Unit 3.14.1, 'Guidance on the appraisal of walking and cycling schemes' (August 2012) this provides a discounted value of £0.177m from reduced morbidity.

4. SCHEME DEFINITION & OPTIONS APPRAISAL

4.1. Definition of Scope

This business case sets out and justifies the need for connectivity improvements for Medway City Estate. Measures will improve movement from, to and within the site, and bring opportunities for alternative means for commuting to work.

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4.2. Options Considered

Whilst it is acknowledged that ideally four options should be considered, it was recognised at an early stage that only two options were viable to be considered, these being:

- a) Do nothing
- b) Do something

Other options that were considered at a preliminary stage and discarded if they were detrimental to the objectives for Strood town centre journey time and accessibility improvements. Options discarded at a preliminary stage were:

- Opening up the Riverside bus only link to all traffic;
- Encouraging more traffic to use Commissioner's Road.

Option 1 – Do nothing

Doing nothing would maintain the poor access arrangement to a major employment area and not support existing businesses or encourage growth in jobs at MCE.

Option 2 - Do something

Delivers a package of measures that improve movement from, to and within the site, and bring opportunities for alternative means for commuting to work.

4.3. Options Assessment

All the options considered were tested against the five objectives of Medway's Local Transport Plan, the overarching scheme objectives and critical success factors.

The table below provides a summary of the scheme options listed above in terms of the objectives and critical success factors for the scheme.

Summary of Scheme Option Assessment and Sifting		
Reference to:	Option 1	Option 2
Investment objectives linked to Medway LTP Priorities		
Economic growth	x	✓
Connectivity	x	✓
Natural Environ.	x	✓
Equality	x	✓
Safety & health	x	✓

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Investment objectives linked to overarching scheme objectives			
Economic prosperity	x	✓	
Connectivity	x	✓	
Reputational	x	✓	
Interdependence	x	✓	
Critical Success Factors			
Strategic Fit	x	✓	
Economic Prosperity/ Value for Money	x	✓	✓

This assessment demonstrates that option 2 scores most favourably and is therefore the preferred option that forms the basis of this business case.

5. RISKS

5.1. Provide a summary of key risks to the delivery of the scheme (including financial, commercial, economic and management).

There are potentially a range of constraints, such as land ownership on the MCE, to consider as part of this scheme. This is in addition to access and consents that will be required from the river/port authorities. However, early discussions with the relevant parties on these issues have been very positive. In addition, the River Medway and Ports Economic Study (2007) made direct reference to the provision of commuter transport using the river to be planned for in the future. Jacobs consultancy also prepared a report into the potential for water borne services in Kent and this focussed on the lower Medway area where there is potential for a river taxi.

More detailed technical and environmental assessments would need to be undertaken prior to the commencement of the river project. However, we can state at this stage that construction of a new landing stage in the River Medway and the operation of a river taxi is dependent on the agreement of Medway Ports and the Environment Agency. Also, provision of new pedestrian and cycle links are likely to pass over private land within MCE.

It should be noted that whilst this project links to the scheme for public realm and accessibility improvements at Chatham railway station and along links to Chatham centre, it is not dependent on it.

5.2. Risk Assessment

Risk description	Likelihood	Impact	Likelihood x Impact	Mitigation
Delay / refusal of planning permission or other consents such as from the Medway Ports Authority	1	3	3	Appropriate consultation will take place and necessary timescales factored into scheme timetable

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Delay / refusal in acquiring land or access rights required for the scheme	2	2	4	Appropriate engagement will take place and necessary timescales factored into scheme timetable
Delay / negative outcome to project procurement stages	1	3	3	A robust procurement process jointly managed by both transport and category management officers will ensure a successful procurement outcome.
Delay / amends to scheme forced by technical issues	1	2	2	Appropriate consultation will take place and necessary timescales factored into scheme timetable
Delay caused by diversions / works to utilities	1	2	2	Appropriate consultation will take place and necessary timescales factored into scheme timetable
Delay / design changes resulting from highway safety audits	1	2	2	Appropriate consultation will take place and necessary timescales factored into scheme timetable
Negative public opinion on proposed scheme design	1	2	2	Appropriate consultation will take place and feedback from members included in scheme design where possible.
Delay / unsuccessful delivery due to ineffectual cost management or project delivery resourcing	1	3	3	A robust and inclusive project management team will be assigned to the delivery of the project, with a wide range of cross-cutting skills to reduce the risk of unsuccessful delivery.

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The Economic Case

6. OPTIONS

6.1. Options Considered

For this project 2 options were considered in order to achieve the required objectives and outcomes:

1. Do Nothing
2. Do Something

1. Do Nothing	<p><i>Description:</i> No action to be taken.</p> <p><i>Positive impacts:</i> There are no positive impacts from taking no action.</p> <p><i>Negative impacts:</i> Taking no action could have detrimental effects as it would allow for the following issues to get worse:</p> <ul style="list-style-type: none"> ■ Increased congestion on the local road network, in particular access from the Estate ■ Reduced viability of businesses operating from MCE resulting in diminishing job opportunities for local people
2. Do Something	<p><i>Description:</i> The scheme includes complementary measures for pedestrians and cyclists include new and improved routes through Medway City Estate, cycle parking, benches and improved connectivity from Sun Pier to Chatham town centre via a riverside walk. It will also include improved access on and off of the Estate via Anthony's Way roundabout. The do-something scenario also includes a new landing stage on the River Medway at Medway City Estate to permit the operation of a river taxi between the regional centre of Chatham and Medway City Estate, a major employment area for around 6,000 people. The river taxi will use Sun Pier in Chatham town centre, which underwent refurbishment in 2013 (including a new landing pontoon), using Growing Places funding.</p> <p><i>Positive impacts:</i> Implementing the scheme is likely to have the following positive impacts:</p> <ul style="list-style-type: none"> ■ Aiding vehicular access and egress from the Medway City Estate thereby improving the offer for businesses locating there. ■ Encouraging an increased usage of public transport by employees and visitors accessing the Medway City Estate. ■ Deliver enhanced connectivity between Chatham town centre and Medway City Estate, providing improved opportunities for non-car owners to visit the town centre during lunch break and during the course of the working day. This will deliver travel time savings for some people as they switch from car, bus or rail to river taxi, and will also generate new trips as a result of the new connectivity. ■ Reduction in vehicle kilometres as a result of people switching from car to public transport or walking/cycling for their commuting journey, and lunchtime trips. The local road network, especially the two river crossings over the Rochester Bridge and the Medway tunnel, is particularly congested so a reduction in the number of cars will result in time savings to the remaining car users.

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	<ul style="list-style-type: none"> Health benefits arising from more workers on the estate finding walking and cycling attractive modes by which to undertake their daily commute, and also access Chatham town centre during lunch break. <p><i>Negative impacts:</i> The scheme will not deliver any negative impacts.</p>
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6.2. Please provide description of the main options for investment, together with their relative advantages and disadvantages (a SWOT analysis)

- Do nothing**

Strengths: None	Weaknesses: - Accessibility and traffic flow issues to MCE not addressed. - Lack of joined up approach in supporting other related schemes and projects. - Negative reputational impact on the Council for not addressing accessibility issues on MCE.
Opportunities: None	Threats: - Decline in future investment on MCE. - Reduction in current business and employment opportunities on MCE. - Reduction in investment and future development of Chatham town centre

- Do something**

Strengths: - Accessibility to MCE improved and traffic flow problems to MCE addressed. - Maintenance of current business and employment opportunities on MCE. - Fully realised joined up approach in supporting other related schemes and projects.	Weaknesses: - None
Opportunities: - Increase in future investment and employment on MCE. - Strengthening of previous investment in Chatham town centre, including adjustment to network, new bus station and Waterfront Way. - Increase in investment and future development of Chatham town centre - Improved working relationship between the Council and those businesses on MCE	Threats: - Possible issues around acquisition of land on MCE to implement scheme

6.3. Recommended Option: What is the preferred option – and why?

The recommended option is **Do something**

This option is preferred to ensure that the issue of improved accessibility to MCE and reduction in pressure on the commuter traffic flows to and from MCE is adequately addressed. This option will also ensure the best

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improvement is made to deliver the most benefit in realising growth in Chatham town centre as the commercial and cultural centre of Medway and a recognised regional commercial centre.

Scenario	Key Performance Indicators in line with the Core Metrics spreadsheet agreed with the Federated Area	Unit	Annual
Do-Minimum and Do-Something (first and second future year)	<ol style="list-style-type: none"> 1. Total Length of new cycleways (m) 2. Type of new infrastructure 3. Average daily traffic by peak/ non peak periods (No.) 4. Average AM and PM peak journey time on key routes (min/mile) 5. Accident Rate (p/a, route specific) 6. Casualty Rate (p/a, route specific) 7. Pedestrian Counts on new/existing routes (No.) 8. Cycle journeys on new/existing routes (No.) 9. Cycle Parking Counts (No.) <p>Medway currently has 19 permanent cycle counters that are used to monitor cycle usage in Medway. Cycling has grown by 2.4% per year between 2009 and 2012 and Medway are aiming to build upon this success through delivery of the cycling action plan.</p>		

6.4 Transport scheme assessment approach

6.4.1 Provide a brief description of a (spreadsheet-based) modelling and appraisal methodology as well as detail of data source used

A spreadsheet model has been used which analyses the available data including the number of users who would benefit from the scheme and links to the available webTAG data to arrive at a benefit figure. Given the nature and size of the scheme, the use of TUBA was considered not appropriate for this assessment. In addition, the non-TUBA rule of a half was not applicable as the assessment relates to mode switchers rather than new users.

The spreadsheet model assumed an opening year of 2016 (see qualification at para 8.1) and then forecast growth for each subsequent year was taken from TEMPRO. The spreadsheet model used the Census 2011 Travel to Work data and the 2002 travel survey was used for estimation of lunchtime users.

Regarding journey spread by time period, commuter trips were assumed to take place during the AM and PM peaks, with lunchtime and leisure trips taking place during the inter-peak. With regard to the spread by impact type, the benefits were split between commuter and leisure. Non-TEE benefits were assumed to be minimal.

It is assumed that the private sector operates and maintains boat, as there has been private sector interest in running the service. Revenue from river taxi is assumed to equal running costs and all revenue remains in the private sector. No real fares increases are assumed. Total fare revenue increases will be in line with growth in demand.

The full details of the economic appraisal undertaken are set out below.

6.4.2 List all assumptions made for transport modelling and appraisal

See points below

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6.4.3 Provide key positive and negative impacts of the schemes in the table below as described in the Appraisal Summary Table and Social Distribution Impact analysis, where it is appropriate, supported by evidence.

Appraisal Summary Table (AST)				
Impact		Summary of Key Impacts	Assessment	
Category	Sub-Category		Quantitative	Qualitative
Economy	Business users and transport providers	A decrease in traffic congestion and travel times by improved links to MCE. A modal shift to pedestrian access to MCE will result in fewer vehicles on the existing road network. Businesses may also benefit from a small decrease in absenteeism due to promotion of active travel modes.		Large beneficial
Economy	Reliability impact on Business users	An improvement in journey time reliability and reduction in congestion will have time saving and efficiency improvements for businesses on MCE.		Large beneficial
Economy	Regeneration	Improvements in accessibility to MCE will provide existing MCE businesses with better long term security and allow them to better business plan and future proof their company. It will also make MCE a more viable and attractive location for new businesses, potentially attracting new businesses to the area and creating new job opportunities for residents in Medway who may not have previously considered working on MCE due to the transport restrictions.	Anticipated 390 job increase by 2025	Large beneficial
Economy	Wider Impacts	The project may have a slight positive impact on employment markets outside of Medway, with workers attracted to MCE employment opportunities via improved transportation links and access.		Slight beneficial
Environmental	Noise	There will be a slight improvement in noise levels as a result of possible mode shift and a reduction in traffic congestion.		Slight beneficial
Environmental	Air quality	There will be a slight improvement in air quality levels as a result of possible mode shift and a reduction in traffic congestion		Slight beneficial
Environmental	Landscape	The scheme will not have an impact on the landscape.		Neutral
Environmental	Townscape	The scheme will not have an impact on the landscape.		Neutral
Environmental	Heritage of historic resources	The scheme will have a slight positive impact on the heritage of Chatham town centre by improving access to the town centre via the River Medway		Slight beneficial
Environmental	Biodiversity	The scheme will not have an impact on biodiversity as works are within the existing highway and public realm		Neutral

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		boundary.		
Environmental	Water environment	The scheme will not have an impact on the water environment as the works are within the existing highway boundary. However, by better linking MCE to the Medway waterfront and the town centre the scheme may indirectly benefit the promotion and preservation of the river as a key resource in Chatham.		Slight beneficial
Social	Commuting and other users	The scheme will provide a better range of transport choices to the MCE, removing traffic from the existing routes to the estate and allowing MCE workers the flexibility of choice between methods of commute.		Moderate beneficial
Social	Reliability impact on Commuting and Other users	There will be improvement in journey time reliability due to more accessible links and a greater range of journey choice to MCE.		Moderate beneficial
Social	Health and physical activity	Physical activity will be slightly improved through the promotion of mode shift towards walking and cycling to and from MCE.		Slight beneficial
Social	Journey quality	Journey quality will be improved as a result of the reduced journey time, reduction in traffic congestion, and promotion and provision of a more holistic journey route to MCE via pedestrian access and river accessibility.		Moderate beneficial
Social	Accidents	A reduction in car numbers on the traffic flows to MCE may have a positive impact on the number of accidents on the network in and around MCE.		Slight beneficial
Social	Security	The scheme will not have an impact on security.		Neutral
Social	Access to services	Improve access between MCE and Chatham town centre will open up a range of commercial services to around 5,000 MCE employees who currently dissuaded from travelling to the town centre during the day by a prohibitive car journey. Removing this barrier will create much greater access to these services, to the mutual benefit of both parties.		Moderate beneficial
Social	Affordability	The scheme will promote the ease of pedestrian access to MCE via walking and cycling, which will reduce the need to travel by car or personal vehicle.		Slight beneficial
Social	Severance	Due to the unique geographical location of MCE, it is currently isolated from the nearby commercial and transportation hub in central Chatham. By improving the access links to the town centre this de-		Moderate beneficial

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		isolates MCE and provides better access to and from MCE and the town centre.		
Misc.	Public accounts	The scheme will not have an impact.		Neutral
Misc.	Indirect Tax	There may be a small reduction in fuel duty as a result of mode shift.		Slight beneficial
Misc.	Reputational	The successful delivery of the scheme will have a positive impact on Council reputation following significant contact from businesses and residents on the issue of MCE connectivity and media reporting on the negative aspects of current transport links to MCE.		Slight beneficial

6.5 Assumptions and Estimation of key input parameters

Estimation of the number of potential commuters benefiting from the intervention

- 6.5.1 In order to determine the value of travel time related benefits resulting from the implementation of the River Taxi to Medway City Estate, it was necessary to estimate the number of users who would choose to use the scheme if implemented.
- 6.5.2 Analysis of the Census 2011 Travel to Work suggested approximately 6000 people are currently employed on the Medway City Estate, with a very high proportion of employees (87%) arriving via car. Conversely, only 3% access the site via bus, and a further 3% use the train as their main mode of travel. This reflects the poor penetration of the bus service into the site, in addition to the 3km walk from the nearest train station at Strood.
- 6.5.3 No significant use of the river taxi is envisaged from residents north of the river, as the residential areas are too far from the proposed service.
- 6.5.4 The spatial distribution of commuter trips to the Medway City Estate is shown in Figure 6.5.4a below. It can be seen that trips originate from a wide range of locations, with a significant proportion coming from the Medway towns. Based on the proposed route to be taken by the River Taxi, it is clear that only a proportion of the current travellers to Medway City Estate would benefit from the proposal, namely those located to the south, southwest and southeast of the river Medway. As such, a sectoring system was developed, based on Census 2011 Medium Level Super Output Areas (MSOA), to capture movements which were realistically likely to benefit. The sectoring system is shown in the Figure 6.5.4b below, with 11 sectors defined.

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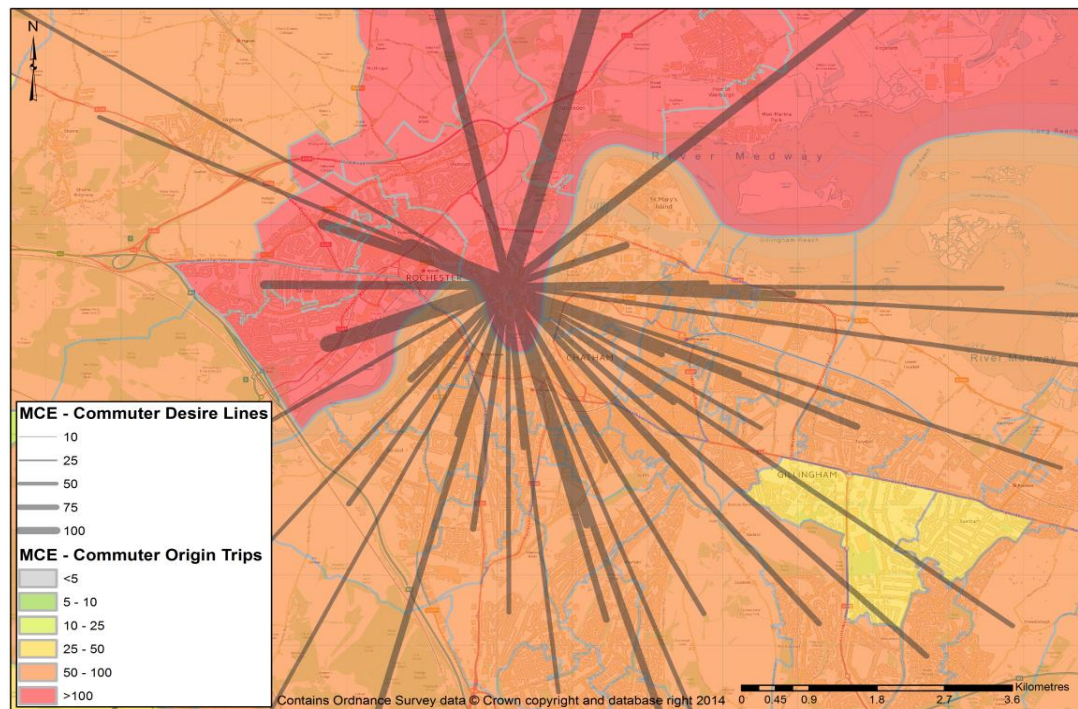


Figure 6.5.4a - Distribution of all commuting trips to MCE – Census TTW 2011

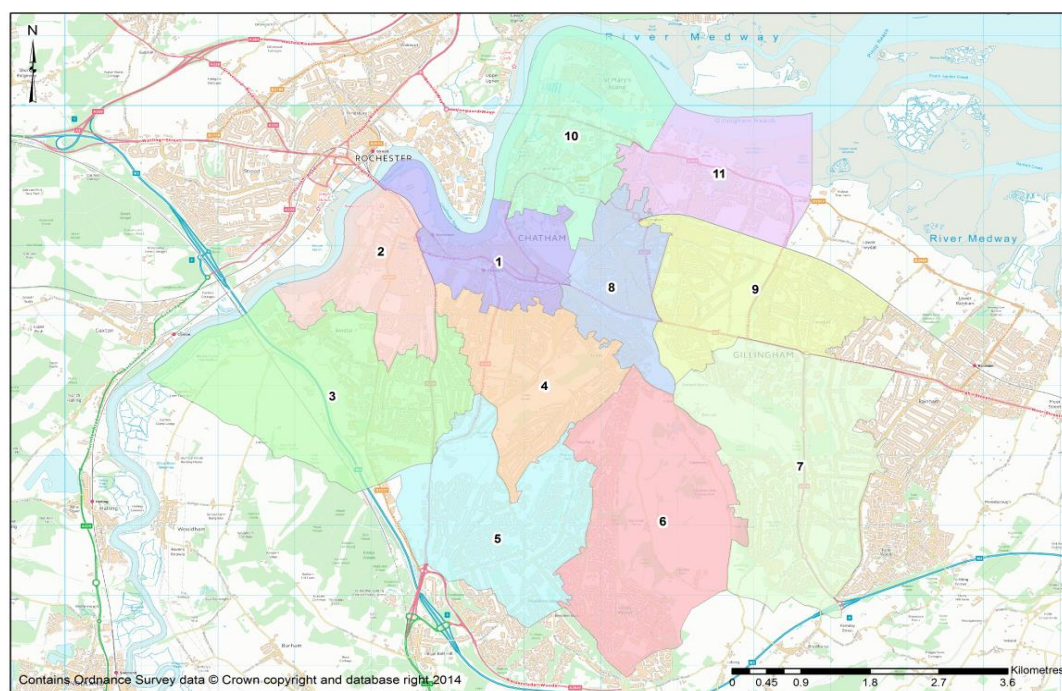


Figure 6.5.4b - The sectoring system adopted for MCE journey time analysis

6.5.5 The total number commuters to Medway City Estate from these sectors is approximately 1800.

Calculating the journey times for commuter trips

6.5.6 In order to estimate the time savings generated by the river taxi, travel times from the 11 sectors to the Medway City Estate were calculated with and without the river taxi in operation. Due to the size and shape of the Medway City Estate, it was also divided into 3 sectors to allow better spatial representation of where the jobs were located and travel times to the estate; it was assumed trips were split equally across these three sectors. Current travel times by PT were then calculated using Google Maps™, based on journeys which permitted arrival at the site before 9am, and the time

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includes all component parts (e.g. walk, transit, interchange, walk). Calculations were based on travel between sector centroid points. To estimate travel times to the site with the river taxi in operation, journey times from the 11 sectors to the south pier were calculated in the same way as above. The crossing time of 5 minutes was then added to this, along with the walk time from the north pier to the three Medway City Estate sectors. This allowed the PT/walk journey time saving, where relevant, to be calculated for each origin – destination pairing; car time savings were assumed to be 50% of the PT figure. A representative headway (wait time) was also included for those using public transport and the river taxi.

- 6.5.7 It should be noted that due to the long walk from the north pier to the northernmost sector, the river taxi option was uncompetitive for this area.
- 6.5.8 At this stage, benefits have been calculated based on journey times only. We have assumed that the impact on overall public transport fares would be neutral for those switching from public transport to car.

Forecasting River Taxi commuter use

- 6.5.9 When travel by river taxi was quicker, it was assumed that 100% of existing public transport users, and those walking and cycling would switch to this option. For car, it was assumed that 75% of those travelling from sector 1 to Medway City Estate sector 1 would switch to the river taxi, in addition to 10% of car trips from sectors 4 and 8. This was based on intercept rates calculated in the Medway Cable Car System study (reference), although some of these rates were factored down to reflect the reduced frequency and lower appeal and convenience of the river taxi compared to the gondola.
- 6.5.10 Based on the above, it was calculated that 155 public transport based commuters and 26 car based commuters would switch to using the river taxi.

Estimation of the number of potential other River Taxi users

- 6.5.11 A survey of workers based in the Medway City Estate was undertaken 2002. It found that 28% of respondents said they would use a pedestrian/cycle bridge between the estate and Chatham town centre to go shopping and for other personal business trips during the course of the working day. If it is assumed that the river taxi is only a third as attractive as a bridge, (based on an approximate estimate of journey times by both), and that employees would travel to Chatham twice per week, this gives a daytime patronage figure of 212 single trips. It has been assumed that 50% of these trips were generated, and 50% were abstracted from existing car users who currently drive to the town centre.
- 6.5.12 All peak time users are assumed to be mode switchers. Given the location of the river taxi it is unlikely it will generate new trips, other than at, possibly, the lunch period.

6.6 Estimation of scheme benefits

Value of journey time benefits

- 6.6.1 The patronage figures outlined above were multiplied by the average weighted journey time saving across all sectors, and then annualised. Year on year growth in the four base demand figures was calculated using TEMPRO derived growth factors in all trips within Medway. This equated to 0.66% in 2017, with growth becoming flat at 0.31% from 2031 onwards. These figures were then monetised by multiplying the time figures by the appropriate VOT (WebTAG Table A 1.3.2) by purpose and year.
- 6.6.2 This value of journey time benefits is presented in the table below, in 2010 prices.

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Year	Value of journey time benefits (2010 prices)
2020	£227,072
2025	£254,720
2030	£285,662
2035	£321,147
2040	£361,818

Value of reduced vehicle kilometres

6.6.3 The DfT has guidance on the value of removing vehicle trips from the highway network in WebTag unit 3.9.5, 'Major Scheme Appraisal: Road Decongestion Benefits', August 2012. Assuming the removal of 133 trips a day (212 divided by average occupancy of 1.6) with an average distance of 5km (the distance between the Medway City estate and the town centre) gives an average daily saving of 664km and an annual saving of 146,036km. The roads relieved of these trips are assumed to be A roads and Other Roads, reflective of average conditions across the network in the Southeast. The total km saved is thus multiplied by the respective pence per km values, to give an annual benefit in 2020, at 2010 prices, of £149,900. This is the benefit in a single year and rises in further years as the value of each vehicle kilometre removed from the network rises. The Table below shows the annual value of the reduction of 146,036km in 2010 prices.

Year	Value of vehicle kilometre benefits (2010 prices)
2020	£149,900
2025	£153,105
2030	£155,741
2035	£158,201
2040	£160,669

Calculation of other benefits with the Marginal External Cost method

6.6.4 The Marginal External Cost (MEC) method was applied to calculate decongestion, accident, greenhouse gas, air quality, noise, reduced infrastructure and indirect tax benefits and followed the four-step process recommended in WebTAG Unit A5.4 Marginal External Costs:

- Estimate the change in car kilometres;
- Analyse the characteristics of the car journeys removed;
- Calculate marginal external costs for modelled years; and

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- Discount costs over the appraisal period.

- 6.6.5 The MECs by road type for each category of impact and year were taken from TAG Data Book Table A5.4.2 for the 'Other urban' road type. These values were then weighted with the proportions of traffic in Table A5.4.1 for 'Other urban' road type in the South East to produce weighted average marginal external costs for each year and category of impact.
- 6.6.6 The table below shows the 60-year present value of the impacts in 2010 prices estimated with the MEC method.

Impacts	Present value
Decongestion	£902,206
Infrastructure	£6,487
Accidents	£156,564
Local Air Quality	£109
Noise	£10,343
Greenhouse Gases	£33,438
Indirect Taxation	£-131,299

6.7 Scheme Costs

- 6.7.1 The service is proposed to operate from the Sun Pier at Chatham to a new landing stage on MCE. The exact location of this facility is to be determined but has been assumed to be on the eastern side of the estate on Riverside. The extent of shallow water at the southern point of the MCE peninsula would preclude locating a landing facility directly opposite Sun Pier, as it would extend too far towards the navigable channel.
- 6.7.2 The crossing time is estimated to be five minutes in each direction. At peak times, a five minute allowance has been made for passenger boarding and disembarking at each terminal; to maintain reliability this has been eased at off-peak times. One vessel can therefore provide a 20 minute frequency service at peak times (including lunchtimes) and a 30 minute service off-peak.
- 6.7.3 The capital costs of the scheme considered here are:
- £1.4m for river taxi infrastructure
 - £0.5m for linking pedestrian and cycling improvements including land acquisition, and
 - £0.1m for promotional activities.
- 6.7.4 All costs associated with the supply and operation of the vessel have been assumed to be met by the operator.

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Calculating present value of benefits

- 6.7.5 The appraisal period used in the calculation is 60 years and the Green Book schedule of discount rates has been applied. The stream of benefits has a 2010 Present Value base year, a 2014 appraisal year and a 2016 opening year. Because the scheme opens in 2016 the appraisal period extends to 2075 to include the 60 years of benefits.
- 6.7.6 The Green Book schedule of discount rates is applied from the year of the appraisal, 2014, so a 3.5% discount rate applies until 2044, with 3% applied until the end of the appraisal period in 2074. Between the appraisal year, 2014, and the Department's Present Value base year, 2010 we have also applied the 3.5% discount rate.

6.8 Calculating the value of costs

- 6.8.1 The Present Value of Costs (PVC) was determined in a very similar way to the PVB. A stream of future costs were estimated over the same appraisal period as the benefits and discounted in the same way. The original costs were expressed in 2014 prices and had to be deflated in 2010 prices to be comparable with the benefits.
- 6.8.2 All figures are in 2010 price base. Figures were adjusted using the GDP deflator from the TAG data book annual parameters (included in the appraisal spreadsheet – sheet Scheme costs– column J). Inflation assumptions are subsumed into risk and contingency costs. Sunk costs are generally written off as part of the day to day business of the transport planning responsibilities of Medway Council. No sunk costs were included in the analysis.
- 6.8.3 Funding for the capital project to enable the operation of a river taxi is fully from the public sector and is secure, with all funding secured from Local Growth Fund. The expectation. Evidence indicates that the market will operate the river taxi at neutral cost to Medway Council.
- 6.8.4 Revenue operating costs have not been included because it is assumed these will be met by the river taxi operator. Any additional maintenance costs will be funded from Medway Council's revenue account.

6.9 Cost-Benefit Analysis results

- 6.9.1 To calculate the benefit to cost ratio (BCR), the total discounted benefit over the 60 years appraisal period is divided by the total discounted cost of the scheme. The resulting benefit cost ratio was found to be 2.99 which suggests that for every £1 of public money spent, the funded scheme provides £2.99 worth of economic benefit. This is presented in the table below. The unit of account used for the Cost- Benefit analysis is 2010 market prices (gross of indirect tax). An optimism bias adjustment is not included in the BCR - see Section 6.10 *Sensitivity testing*, which assesses the impact on the BCR value when including the optimism bias.

Monetised Costs and Benefits	Present Value
PVB	£ 9,048,645
PVC	£ 3,022,720
Net Present Value	£ 6,025,924
BCR	2.99

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6.10 *Sensitivity testing*

- 6.10.1 A range of sensitivity tests were undertaken involving the key drivers benefit assumptions with limited impact on BCR. The main uncertainty revolved around costs. A doubling of costs (including the original optimism bias adjustment of 15%) would reduce the BCR to 1.5.
- 6.10.2 Including an optimism bias adjustment of 15% reduces the BCR to 2.60. Increasing the adjustment to 30% results in a BCR of 2.30.
- 6.10.3 In calculating the present value of benefits the economic case has assumed a 2016 opening year that relates to minor engineering works in the first year, whereas the major element of construction is programmed to be in 2017/18. This inconsistency has been tested by adjusting the opening year to 2017/18, with the outcome that the BCR marginally increases from 2.99 to 3.01.

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Commercial Case

7. PROCUREMENT ROUTE

7.1 Define the approach taken to assess commercial viability

7.1.1 Officers have engaged with the Council's own Category Management Team in order to carry out the necessary market assessment on the commercial viability of this project. This included:

- An appraisal of the current market conditions for the delivery of all aspects of the scheme.
- Consultation with project and performance management consultants for additional guidance on scheme procurement and best contracting methods.
- An examination of the cost benefits of the scheme. The results of this analysis which provide more specific details on the commercial viability and cost benefits of the project are set out in Section 5 above.

7.1.2 Medway Council's Category Management Team has a proven track record of successful project delivery, both in terms of quality and value for money, recognised in March 2014 at the Excellence In Public Procurement Awards 14/15 where the Team achieved the Highly Commended Award for Innovation or Initiative, and in August 2014 being shortlisted for two major award categories in the CIPS Supply Management Awards 2014. The Team will provide support to the Project Group throughout the life of the scheme, including pre and post delivery phases. The Governance Arrangements set out in Appendix A. provides additional detail on the Team's role in the project management structure.

7.2 Briefly describe the procurement strategy. Set out timescale involved in the procurement process to show that delivery can proceed quickly.

7.2.1 In order to achieve the best outcome for the project officers are currently considering two procurement strategies for this project, the two-stage approach and the traditional approach. The proposed timescale and process for the two stage is set out in detail below:

Pre Tender Stage	1. In House Preparation / Appointment of Consultants	The Client prepares a business case for its proposed project and develops this into a project brief that forms the basis for selection of a Designer and Cost Consultant (either in-house or pursuant to a new EU-compliant procedure or under an existing framework / alliance / long-term contract);
	2. Consultant Preparation	The selected designer creates a concept design and the selected cost Consultant creates a Project Budget, in each case for Client approval;
Stage 1 (Tender)	3. Market Engagement / Appointment of Main Contractor	The Client issues the project brief, approved concept design and Project Budget to the market, and invites proposals that will form the basis for their appointment under Conditional Contracts (pursuant to new EU-compliant procedures or under existing frameworks / alliances / long-term contracts);
		Bidder submissions will include appropriate design and other project proposals for evaluation, as well as Consultant fees and Contractor fees / profit/ overheads – and, where appropriate, the costing of work/supply package proposals from preferred Subcontractors and Suppliers;
Stage 2 (Pre Construction Agreement)	4. Pre-Construction Phase	The successful Contractor and Consultant team are appointed to then work up a proposal on the basis of an Open Book cost that meets the Client's stated outcomes and cost benchmark as a second stage;

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		The selected Integrated Team, comprising the Client, Consultants and Contractor (together with any provisionally approved Subcontractors and Suppliers), carries out agreed Preconstruction Phase activities under the terms of their Conditional Contracts and in accordance with a Preconstruction Phase Timetable, including build-up of developed design in respect of the project and each work/supply package, together with Project Budget reconciliations for Client approval;
		As developed design is approved, subject to review and value engineering as appropriate, the Integrated Team then builds up the technical design in respect of the project and each work / supply package for Client approval;
	5. Supply Chain Engagement	Contractor issues approved developed design or technical design (dependent on the extent of design proposals invited) to any provisionally approved Subcontractors and Suppliers for particular work / supply packages and creates a business case for review / development / finalisation of their work / supply package and costs and for Client approval;
		Contractor issues approved developed design or technical design (dependent on the extent of design proposals invited) with an Enquiry Document approved by the Client to prospective Subcontractors and Suppliers for each remaining work / supply package and invites them to submit tenders comprising proposals and costs for that work / supply package;
	6. Finalisation of Design and Cost	As successive Subcontractors and Suppliers are selected, the expanded Integrated Team finalises the technical design, confirms the components of the agreed costs for the project, and develops a Construction Phase programme;
		The expanded Integrated Team undertakes joint risk management activities so as to minimise any risk contingencies quoted by the Contractor and so as to establish a robust and acceptable basis for the Construction Phase of the project to proceed;
		If required, the Client authorises Early Works Orders to be undertaken by agreed Integrated Team members for agreed costs in advance of the Construction Phase of the project;
Construction Phase	7. Construction Phase	<p><i>When technical design and costs and a Construction Phase programme have been sufficiently developed, supported by acceptable conclusion to agreed risk management activities, the Client confirms that the conditions set out in the Conditional Contracts have been satisfied and authorises the Integrated Team to undertake the Construction Phase of the project on the basis of:</i></p> <ul style="list-style-type: none"> • Technical design compliant with the project brief and agreed by the Integrated Team; • Fixed price or target cost within the Project Budget and agreed by the Integrated Team; • A risk management position agreed by the Integrated Team; • A Construction Phase programme agreed by the Integrated Team.

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- 7.2.2 The traditional approach, if taken forward, will include a more independent design stage, with the market approached subsequently for the procurement of scheme construction. Officers are continuing with the necessary due diligence on the appropriateness of the approach for this project and will finalise the specific procurement strategy by March 2015. Officers will ensure that the final strategy:
- Enables full project mobilisation within the funding period
 - Has clearly defined financial implications
 - Has clearly defined risk allocations
 - Specific project timescales, including implementation timeframe.
 - The necessary timescales for multiple procurements if appropriate to ensure all package elements of the scheme are value engineered and delivered to timescale.
- 7.2.3 In order to minimise overrun and contingency arrangements, officers are also considering the appropriateness of either a fixed price or target price contract, and how risk and contingency will be best managed in order to maximise deliverable outcomes for the project. Specific contracts being considered for the project are:
- JCT Constructing Excellence (Construction phase need adapting for pre construction phase)
 - NEC3 Option C (Construction phase need adapting for pre construction phase)
 - PPC2000
 - Public Sector Partnership Contract Option 6 (Option 10 is the preconstruction phase)
 - TPC2005 (Includes 2 stage open book mobilization phase)
- 7.2.4 The chosen procurement strategy will be fully supported by the Council's own internal procurement governance arrangements (public details of which can be found here <http://www.medway.gov.uk/businessandinvestment/procurement.aspx>), including a comprehensive Gateway reporting process, procurement support and guidance from the Council's dedicated Category Management Team, and additional due diligence on all key scheme proposals and awards through the Council's Divisional Management Team (attended by senior Council officers and service heads), Procurement Board (attended by senior Council officers, service heads, and member portfolio holders), and if necessary full Cabinet.
- 7.2.5 The risk allocation throughout the scheme will be costed partially upfront based on the potential risks and then as part of the outline design process. A fully costed risk register will be prepared before the final contract is placed.
- 7.2.6 Medway Council's Procurement & Category Management Team procure the full range of requirements for the Council ranging from social services to capital projects. All members of the Team are members of the Chartered Institute of Purchasing and Supply (CIPS) which sets standards for procurement professionals globally. One of the key lessons learnt from previous procurement projects is that the right team needs to be in place to ensure that the project can deliver the objectives and outcomes within time and budget.
- Medway Council also has a wide range of experience successfully tendering and contract managing traditional build contracts utilising JCT Design and Build as well as other forms of contracts such as NEC3 and PSPC.
- The tender process undertaken will look to ensure that the client side technical support has the correct ethos to deliver the projects and the contractors have experience of delivering these projects working collaboratively rather than adversarial approach.

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Financial Case

8.1 Total cost of the project

List here the elements of gross costs, excluding optimisation bias. Please provide the date the prices for the cost estimate is based on (e.g. Q1 2014):

The table below details the nominal funding requirement for the project. The costs are 2014 prices with no inflation allowance added and overheads are included. No allowance has been made for financial uplifts.

In calculating the present value of benefits the economic case has assumed a 2016 opening year that relates to minor engineering works in the first year, whereas the major element of construction is programmed to be in 2017/18. This inconsistency has been tested by adjusting the opening year to 2017/18 in the Economic Case, with the outcome that the BCR marginally increases from 2.99 to 3.01. The economic case has not been amended to correct this minor inconsistency in the economic assessment.

	* Cost Estimate status (E; F; D; T)	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Procurement Cost								
Feasibility Cost			20 (E)					
Detail Design Cost				100 (E)				
Management Cost			5 (E)	50 (E)	100 (E)			
Construction Cost			75(E)		950 (E)			
Contingency				25 (E)	100 (E)			
QRA – 15% of LGF				50 (E)	250 (E)			
Consultation & engagement				75 (E)	50 (E)			
Land acquisition or licences				100 (E)	50 (E)			
VAT (if appropriate)								
Sub-total Non-Works			25	350	300			
Sub-total Works			75	50	1,200			
TOTAL COST (ex VAT)			100	400	1,500			

*E = Broad estimate, D = Detailed estimate, T = Tender price, F= Feasibility estimate

8.2 Source of funding

List here the amount of funding sought:

Funding Source	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
LGF		100	400	1,500			
Private Developers							
Borrowing							
Income							
Other (insert as many rows as required)							
Local Contribution Total (leverage) –							

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Other Funding (ensure naming every institution; insert as many rows as required)							
TOTAL FUNDING		100	400	1,500			

Please note that the totals for funding should match with the total for project cost.

Type of Funding	Funding Source	Please identify how secure the funds are	When will the money be available
Public	LGF	Secure - Strategic business case agreed by DfT	April 2015
	Borrowing		
	Income		
	Other (insert as many rows as required)		
	Local Contribution Total (leverage)		
Private	Please list all developers		
	Private Developers Total		
	Other Funding (ensure naming every institution; insert as many rows as required)		

8.3 Funding commitment

8.3.1 The funding for this project is secure as it is fully funded from the LGF

8.4 Funding risks and constraints

8.4.1 Funding risks are low because:

- Public funds are secure from LGF which has been agreed by government
- There is no private funding to the project

There are no funding constraints.

8.5 Non-capital funding mechanism

8.5.1 Evidence indicates that the market will operate the river taxi at neutral cost to Medway Council. Revenue operating costs for cycle route work-stream will be minimal because the highway corridors along the routes of new cycle routes generally already exist. Any additional costs associated with the maintenance of new routes will be funded from Medway Council's highway maintenance revenue account.

8.6 Programming

8.6.1 Appendix B provides an overarching programme of start and delivery milestones for the key activities. However, as this project is a package of connectivity improvements, individual work-streams will start and finish at different times – this level of detail is not available at this time. In summary, the majority of construction will take place in 2017/18, hence the majority of the spend takes place during this period.

8.7 Affordability gap

8.7.1 The capital elements of the scheme are affordable within the funds available.

8.7.2 Medway Council is actively investigating EU funding through the Active Coastal Towns initiative, which could provide revenue funding to support the promotion of the project.

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Management Case – Delivery

9. DELIVERY

9.1 Provide high level information about arrangements that will ensure delivery of this project

9.1.1 Medway Council has effective management and governance arrangements in place to ensure effective delivery of LGF projects, including an established project management toolkit based on PRINCE2 methodology and governance arrangements that involve both elected members and senior officers of the council. The organogram at Appendix A summarises the structure of the LGF management and governance arrangements. Table 9.1 details the management and governance arrangements that Medway Council has in place to deliver Medway's LGF projects.

9.1.2 This project is a package of small schemes that will be delivered and delivered during the lifetime of project. The programming and monitoring delivery of the individual schemes will be handled by the management and governance arrangements in place. The start and delivery milestones for this project are summarized at Appendix B.

Table 9.1 - Medway Council key management and governance arrangements

Responsible group or officer	Responsibility
Cabinet	Member group that manages council business including high value/high risk procurement and projects including LGF projects. Cabinet meets every three weeks.
Member Advisory Project Board	Member overview of project development and delivery. The Board reviews, analyses and scrutinizes progress on the directorate's capital programme and, where relevant, specific large/complex projects. Board is chaired by Frontline Services Portfolio Holder. LGF reports are regularly considered by this Board.
Procurement Board	Member board that agrees and scrutinises procurement activity. This Board will consider the procurement strategy for each LGF project, consider submitted tenders and scrutinise outcomes.
Officer Project Group for Regeneration Community & Culture Directorate (RCC)	<p>Senior officer project management of all LGF projects.</p> <p>The Group is responsible for the strategic management of the project and has authority to commit resources to the project in accordance with the Council's Constitution. General tasks include:</p> <ul style="list-style-type: none"> • appointing the project manager; • signing off the project brief and business case; • approving the PID; • agreeing project controls; • authorising project start; • authorising variations to expenditure; • managing key risks in the highlighted risk log; • and authorising project closure. <p>An LGF update report is a standing item on the agenda. The Group meets every four weeks.</p>
Project Sponsor	Independent of the project and provides challenge to ensure project is

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	delivered on time, within budget and achieving the anticipated benefits
Project Owner	<p>Ensures governance arrangements and Medway project management principles are adhered to.</p> <p>Ensures the project is technically and financially viable and compliant with the organisation's corporate standards and strategic business plans.</p> <p>Owens the Business Case, funding and cost allocation for the project.</p> <p>Provides leadership and direction throughout the project.</p> <p>Is responsible and accountable for ensuring the project remains focussed on achieving its objectives and that the anticipated benefits can be achieved.</p> <p>Attend the directorate Officer Project Board to lead discussions on the project.</p> <p>Provides sufficient induction for the Project Manager to ensure s/he has the best understanding of the project.</p> <p>Chair implementation board if required.</p>
Project Manager	<p>Responsible for delivering the project on behalf of the project owner and officer project board.</p> <p>Leads and manages the Project Team with the Authority and responsibility to run the project on a day-to-day basis.</p> <p>Delivers the right outputs, to the required level of quality and within the specified constraints of time, cost, resources and risk.</p> <p>Prepare project information, including PID, Project Plan and Business Case.</p> <p>Identify and evaluate risks, determine and manage actions, and maintain the risk log.</p> <p>Manage and control changes to scope, requirements, personnel etc.</p> <p>Ensure project's resource plans and costs include sufficient, properly skilled support.</p> <p>Monitor and report progress against plans, quality and costs.</p> <p>Liaise with the Project Owner and Officer Project Board for their approval and decisions at key project stages.</p>
Head of Local Growth Fund Projects	<p>Lead on managing and being responsible for Medway's LGF programme of projects. Includes operating at a high level with government, SE LEP and the Independent Technical Evaluator.</p> <p>This post filled and operational.</p>
Section 151 Officer	<p>Responsible for signing acceptance of the grant and its attached conditions, overseeing financial transactions and challenging where necessary, sign off of financial statements requested from SELEP.</p>
Head of Place, Category Management	<p>Lead on providing procurement advice.</p>
Head of Internal Audit	<p>Lead on providing financial governance advice. Involved in the programme from an early stage.</p>

9.2 *Benefit realisation plan and monitoring*

- 9.2.1 Under the requirements of section 151 of the Local Government Act 1972, Medway Council confirms the financial administrator has adequate project assurance systems in place to verify that the scheme is fit and able to be procured and delivered using Medway Council procedures. This will include the council's Internal Audit team being engaged with the project at key gateways in its progress.
- 9.2.2 Medway Council will seek to agree with the SE LEP and Government a collection of KPIs (Key Performance Indicators) for the recommended option to monitor the delivery and success of the project. The metrics that may form the basis of the KPIs are listed below, which cover key outcomes

SE LEP Business Case – Medway City Estate: Connectivity Improvements


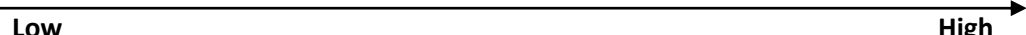
and outputs from the project. Medway Council currently has monitoring arrangements in place to measure the majority of these indicators.

1. Core Metrics	2. Project specific outputs - Transport	3. Additional monitoring
Inputs	Outputs	Accident rate
Expenditure	Total length of resurfaced roads	Casualty rate
Funding breakdown	Total length of new cycle ways	Pedestrians counts on new/existing routes
In-kind resources provided	Type of infrastructure	Cycle journeys on new/existing routes
Outcomes	Type of service improvement	
Jobs connected to the intervention		
Commercial floorspace constructed		
Housing unit starts		
Housing units completed		

9.3 Communication and Stakeholder Management Strategy

The figure below shows the engagement approach to be used for various different stakeholders and interest groups.

Stakeholder Management Plan:

Itemised stakeholders to be handled in accordance with interest / influence matrix		
Stakeholder Influence 	High	To be actively engaged and managed: SELEP/DfT Local elected members; Medway Ports Authority; Business leaders on Medway City Estate; Bus Operators through established partnerships; Sustrans;
	To be passively monitored: English Nature	
	To be passively conciliated: Local population	To be actively informed: Parish Councils; Chatham town centre partnership; Local businesses, including those based in Chatham; Physical Disability Board.
Stakeholder Interest 		
Low		
High		

SE LEP Business Case – Medway City Estate: Connectivity Improvements

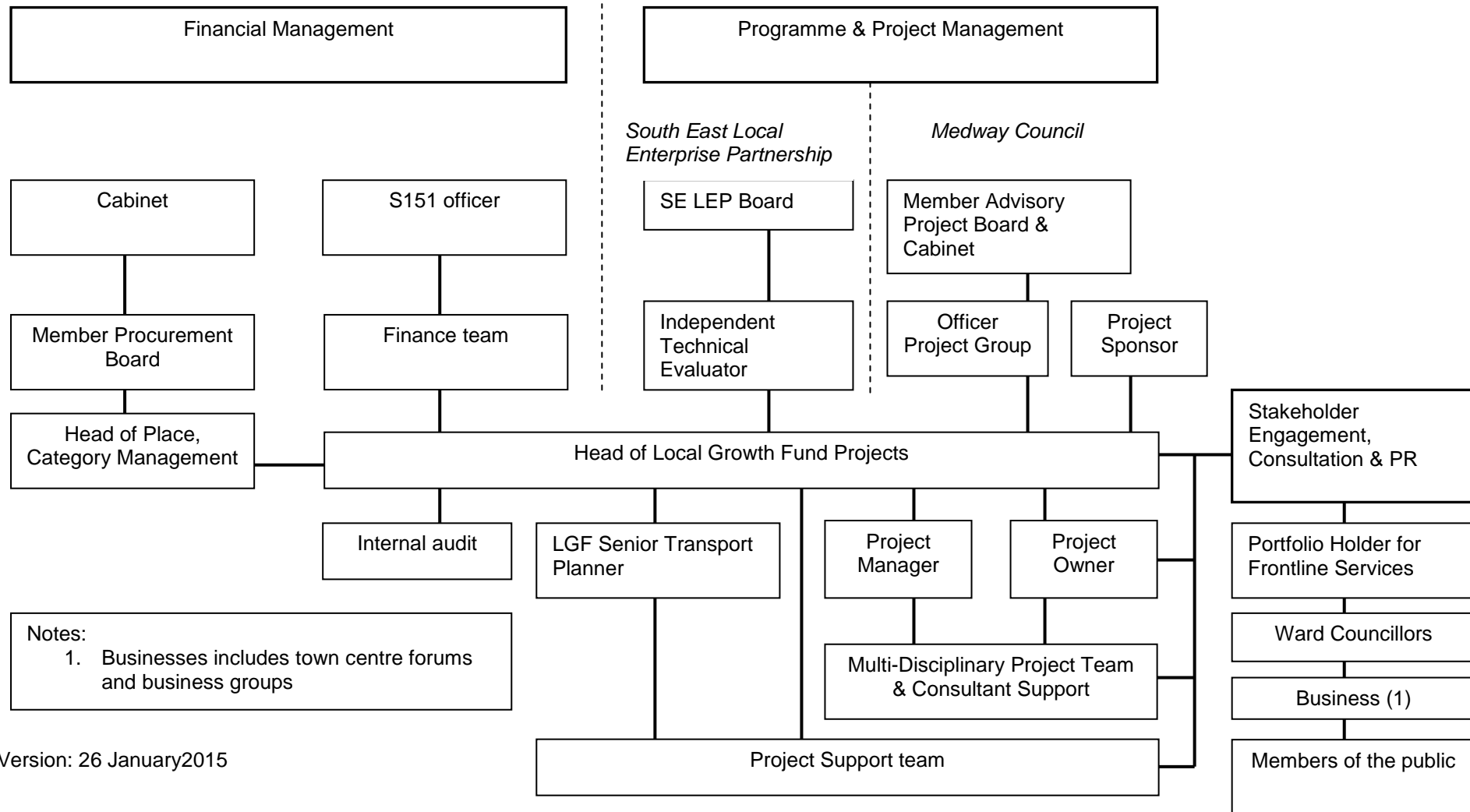
Formal consultation will be commenced on elements of the package as soon as funding is confirmed and secured. All consultation activities will be managed through Medway Council and will be closely coordinated with the project delivery programme.

9.4 *Independent Technical Evaluators' sign off*

- 9.4.1 The business case will be assessed by Steer Davies Gleave, the Independent Technical Evaluator appointed by the South East Local Enterprise Partnership.

SE LEP Business Case – Medway City Estate: Connectivity Improvements

APPENDIX A - LOCAL GROWTH FUND – GOVERNANCE ARRANGEMENTS FOR LGF PROJECTS



Version: 26 January 2015

SE LEP Business Case – Medway City Estate: Connectivity Improvements

APPENDIX B

Medway Council LGF Projects - Start and Delivery Milestones

Scheme name	Start date for funding release	Outline design commence	Detailed design complete	Acquisition of statutory powers complete	Procurement complete	Start of construction	Completion of construction
A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	Apr 2015	Feb 2015	Mar 2016	Mar 2017	Sept 2017	Oct 2017	Dec 2018
Strood Town Centre Journey Time and Accessibility Enhancements	Apr 2015	Apr 2015	Sep 2016	n/a	Mar 2017	Apr 2017	Jun 2018
Chatham Town Centre Place-making and Public Realm Package - early public realm wks	Apr 2015	n/a	n/a	n/a	Mar 2015	Apr 2015	Oct 2016
Chatham Town Centre Place-making and Public Realm Package - masterplan wks	Apr 2015	Mar 2015	Dec 2015	n/a	Jun 2016	Jul 2016	Jul 2017
Medway Cycling Action Plan (package of measures)	Apr 2015	underway	In phases	n/a	n/a - term contractor	Apr 2015	Mar 2018
Medway City Estate Connectivity Improvement Measures – early interventions	Apr 2015	Jan 2015	Mar 2015	n/a	n/a – term contractor	Apr 2015	Mar 2016
Medway City Estate Connectivity Improvement Measures - package of measures	Apr 2015	Apr 2015	Sep 2016	Sep 2016	Mar 2017	Apr 2017	Mar 2018
Notes: 1: Dates in bold are key dates when funding confirmation and funding release is required.							