

# ACCOUNTABILITY BOARD

<b>09:00</b>	<b>Friday, 24 June 2016</b>	<b>High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ</b>
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**Quorum: 3 (to include 2 voting members)**

## **Membership**

Mr Geoff Miles  
Cllr Kevin Bentley  
Cllr Paul Carter  
Cllr Rodney Chambers  
Cllr Keith Glazier  
Cllr Rob Gledhill  
Cllr John Lamb  
Angela O'Donoghue  
Myroulla West

Chairman  
Essex County Council  
Kent County Council  
Medway Council  
East Sussex Council  
Thurrock Council  
Southend Borough Council  
Further Education/ Skills representative  
Higher Education representative

**For information about the meeting please ask for:**

**Ian Myers**  
**(Secretary to the Board)**  
**[ian.myers@essex.gov.uk](mailto:ian.myers@essex.gov.uk)**  
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## Meeting Information

All meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972.

Most meetings are held at High House Production Park, Purfleet. A map and directions to can be found <http://hhpp.org.uk/contact/directions-to-high-house-production-park>

If you have a need for documents in the following formats, large print, Braille, on disk or in alternative languages and easy read please contact the Secretary to the Board before the meeting takes place. If you have specific access requirements such as access to induction loops, a signer, level access or information in Braille please inform the Secretary to the Board before the meeting takes place. For any further information contact the Secretary to the Board.

The agenda is also available on the Essex County Council website

## **Part 1**

(During consideration of these items the meeting is likely to be open to the press and public)

	<b>Pages</b>
<b>1 Welcome and Apologies for Absence</b>	
<b>2 Minutes</b> As an extraordinary meeting, there is no requirement to approve minutes from the previous meeting on 10 June 2016. These will be submitted for approval at the next scheduled Board meeting, on 16 September 2016.	
<b>3 Skills Equipment Fund Approval</b> To receive attached report	<b>5 - 14</b>
<b>4 Business Case Approvals, including Independent Technical Evaluation</b> To receive attached report	<b>15 - 112</b>
<b>5 Capital Programme Management Update</b> To receive attached report	<b>113 - 124</b>
<b>6 Dates of Next Meetings</b> To note that the next meetings of the Board will take place on Friday 16 September 2016 and Friday 18 November 2016 at 10.00am at High House Production Park	
<b>7 Urgent Business</b> To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

## **Exempt Items**

(During consideration of these items the meeting is not likely to be open to the press and public)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

**8            Urgent Exempt Business**

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

**AGENDA ITEM 3**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/046
<b>Date of Accountability Board Meeting: 24<sup>th</sup> June 2016</b>	
<b>Title of report: Skills Capital Equipment Fund Approval</b>	
<b>Report by:</b> Mike Rayner. Skills Lead	
<b>Enquiries to :</b> <a href="mailto:mike.rayner@kent.gov.uk">mike.rayner@kent.gov.uk</a>	

**1. Purpose of report****1.1. The paper has two purposes:**

- To present recommendations regarding the recent Skills Capital Equipment bidding round to inform the board's decisions about whether or not to accept the applications for funding.
- To present options on how to spend the remaining funding for the accountability board to choose between.

**1. Recommendations**

The Board is asked to:

**2.1. Approve the recommendations from the Assessment Group for the allocation of £1,542,695.50 from the Skills Equipment Fund to the following projects subject to an acceptable technical/financial appraisal by the Skills Funding Agency (SFA). All bids require an SFA assessment:**

**2.1.1. Approval is subject to an acceptable outcome from the full financial assessment and a technical assessment from the Skills Funding Agency (SFA) before an allocation can be made.**

- Hadlow College, Court Lane Horticultural Nurseries – Enhancing Specialist Facilities for Further and Higher Education, £447,000
- Hadlow College, Princess Christian Centre – Enhancing Specialist Facilities for learners with a range of learning disabilities or difficulties, aged 14 through to adulthood, £385,000
- South Essex College, Development of Construction facilities in Basildon to support economic growth and address local and regional skills shortages in construction skills, £366,705

2.1.2. Approval is subject to an acceptable outcome from the technical assessment from the SFA before an allocation can be made.

- North Kent College, Thameside Jetty refurbishment, £64,500
- Chelmsford College, Industry Standard Surveying Equipment and Soil Laboratory for Technical Construction, £57,490.50
- Plumpton College, Science and Engineering for Tree Management, £140,000
- Midkent College - Transport and logistics skills hub, £82,000. The bid requested 65% funding. This was felt to be acceptable according to paragraph 7.2 of the guidance, which allows for “some small flexibility” in match funding if a compelling case is presented (Scoring 130/144) and it receives a clear endorsement from the federated areas. The bid scored 134/144 and received a strong endorsement from Kent. It is recommended that the board accept this.

2.2. Decline, on the recommendation of the Assessment Group due to not meeting the scoring threshold:

- Canterbury College, Constructing Futures, £223,798
- Creative Skills, Touring Technical Theatre Masterclasses, £112,159

2.3. Note that the Kent Skills Commission and the Kent and Medway Economic Partnership (KMEP) did not endorse the following application for £52,510. It was deemed not to have met local priorities.

2.3.1. North Kent College, Technology Advanced Learning Project, £52,510

2.4. The accountability board should consider the options for spending the unallocated funding presented in section 5 and choose the one they consider to be most appropriate.

### **3. Background**

3.1. The South East Local Enterprise Partnership (SELEP) was awarded £22m for skills capital building projects and equipment in 2015. To date the following allocations have been made:

- Round 1 - £16,099,440
- Round 2 - £620,540
- Round 3 - £3,411,405

3.2. £1.868m was available for this funding round.

3.3. The scoring thresholds for bids was:

- Acceptable: 72/144

- Compelling 130/144
- 3.4. The SELEP initiated round 4 of bidding for the capital equipment grant in April 2016. Organisations eligible to bid for the grant were defined as further education colleges and approved training organisations within the SELEP area that are on the Register of Training Organisations and hold a direct contract with the Skills Funding Agency to deliver education and training.
  - 3.5. Bidders were expected to provide 50% match funding of the total cost of the equipment. The guidance allowed for “some small flexibility in this” if a compelling case is presented (Scoring 130/144) and the bid received a clear endorsement from the federated areas.
  - 3.6. Grant sizes were to be normally in the range of £50,000 to £500,000. The guidance allowed for “some small flexibility in this” if a compelling case is presented (Scoring 130/144) and the bid receives a clear endorsement from the federated areas. Bids in excess of £150,000 required an additional financial assessment by the Skills Funding Agency to provide assurance with regard to their financial plan.
  - 3.7. Bidders had to gain endorsement from their federated areas before they could be assessed.
  - 3.8. Bidding for capital equipment has now ended and the bids have been assessed in line with the agreed evaluation process by the Assessment Group; this group consisted of representatives from each Employment and Skills Board.

#### **4. Summary of assessment findings (Full details in Appendix A)**

- 4.1. 10 bids were received totalling £1,931,162. It was therefore not possible to fund all the bids if they met the eligibility and quality criteria, within the funding envelope available under this round.
- 4.2. Of those 10 bids one was rejected by the Kent Skills Commission and KMEP as it did not meet local priorities. It was felt that it focused on upgrading IT facilities rather than bringing benefit to the economy of the SELEP Area. Full details are available in the attached document: Skills Capital Fund – KMEP response. The bid is:
  - North Kent College, Technology Advanced Learning Project, £52,510
- 4.3. A further 2 bids were received that were rejected due to scoring poorly at the final assessment stage:
  - Canterbury College, Constructing Futures, £223,798 – score 36/144. This bid also requested 90% funding which was outside the “small flexibility” in match funding specified in paragraph 7.2 of the guidance.
  - Creative Skills, Touring Technical Theatre Masterclasses, £112,158.50 – score 48/144

- 4.4. 7 Bids have been assessed as acceptable and it is recommended that they should receive their requested allocation. The Skills Funding Agency (SFA) has been unable to complete the technical/financial evaluations in time for the Accountability Board and therefore all allocations will be dependent on their outcome. Some small clarifications and adjustments may be necessary as a result of the SFA evaluations before allocations can be finalised.
- 4.5. Of these 7, 3 have applied for more than £150,000 and will be subject to an additional financial assessment by the SFA:
- Hadlow College, Court Lane Horticultural Nurseries – Enhancing Specialist Facilities for Further and Higher Education, £447,000
  - Hadlow College, Princess Christian Centre – Enhancing Specialist Facilities for learners with a range of learning disabilities or difficulties, aged 14 through to adulthood, £385,000
  - South Essex College, Development of Construction facilities in Basildon to support economic growth and address local and regional skills shortages in construction skills, £366,705.
- 4.6. The Midkent College bid requested 65% funding. This was felt to be acceptable according to paragraph 7.2 of the guidance, which allows for “some small flexibility” in match funding if a compelling case is presented (Scoring 130/144) and it receives a clear endorsement from the federated areas. The bid scored 134/144 and received a strong endorsement from Kent.
- 4.7. The remaining 3 bids have all scored acceptably (72/144 or higher) and only require a favourable technical assessment from the SFA. They are:
- North Kent College, Thameside Jetty refurbishment, £64,500
  - Chelmsford College, Industry Standard Surveying Equipment and Soil Laboratory for Technical Construction, £57,490.50
  - Plumpton College, Science and Engineering for Tree Management, £140,000
- 4.8. The process to evaluate the bids has been robust and in line with the Assurance Framework and advice from the SFA and allocations have been made in line with the agreed evaluation approach.

## **5. Options for spending the unallocated funding**

- 5.1. The board is asked to consider the options below for the allocation of the final £325,000 and decide which they wish to choose:
- A small competition – this would require a lot of capacity to run for a very small amount of money but would be rigorous and transparent.
  - Ask the unsuccessful bidders to resubmit their bids – not all the unsuccessful bids met the eligibility criteria and may not be successful on resubmission.



- Allocate the funding as a contingency for overspend on other projects – this is a large sum to allocate as a contingency and may impact negatively on future Skills Capital Allocations.
- Make the funding available for strong projects coming forward from the ESBs over the next few months without a competition on a first come first served basis. This approach lacks the rigour and transparency of previous rounds but could allow for a strong project to come forward simply.

5.2. Irrespective of which option is selected, the allocation of funding will still be required to adhere to the SELEP the Assurance Framework, in particular the requirement for a value for money assessment by an Independent Technical Evaluator; to date this activity has been undertaken by the Skills Funding Agency.

## **6. Financial Implications**

6.1. SELEP has received a £11m allocation in 2015/16 of Skills Funding as part of the Local Growth Fund and a further £11m has been allocated in 2016/17. Of this total overall amount, £20.131m has been previously allocated and accepted by colleges, leaving a remaining £1.868m to be allocated in the fourth bidding round.

6.2. A total of £1,542,696 is currently requested for approval in this report, some of which is subject to additional requirements being met. This leaves £325,000 of 2016/17 grant unallocated. As with all allocations to date, the outstanding grant will need to be allocated in line with the value for money requirements of the Assurance Framework.

6.3. Grant approved as part of this report will be transferred to the respective college under a grant agreement from the Accountable Body; this agreement will ensure that the requirements for utilising the grant for new capital expenditure in line with the respective bids, and the match funding and other requirements are adhered to as appropriate.

## **7. Legal Implications**

7.1. All approved allocations will be required to enter into a Grant Agreement with the Accountable Body, which contains the obligations for monitoring and reporting, which will allow for updates to be received going forward.

## **8. Staffing and other resource implications**

8.1. Resources will be required to monitor the spend and the targets to be achieved as agreed with the bidders. This will be delivered within individuals current workloads.

## **9. Equality and Diversity implications**

9.1. None

## **10. List of Appendices**

10.1. Skills Equipment bids collated with recommendations

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

## **11. List of Background Papers**

11.1. Full bid documents

11.2. KMEP assessment

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b> Lorna Norris  On behalf of Margaret Lee	16 June 2016

# **Appendix A SE LEP Skills Equipment bids collated with recommendations**

## **Scoring Note:**

- Compelling – 130/144
- Acceptable – 72/144

## **Bids recommended for approval subject to the results of SFA evaluations**

Organisation	Project	Items purchased/Buildings constructed or refurbished	Amount requested (£)	% of project	Score (/144)	Recommendation/Notes
North Kent College - Thameside Jetty	Thameside Jetty	Refurbishment of jetty with up to date equipment to enable the continuation and development of vocational training for the maritime sector	£64,500.00	50	82	Approve subject to favourable technical evaluation by SFA,
Midkent College	Transport & Logistics Skills Hub	Equipment and small building work to develop a logistics training centre co-located with a local business.	£82,000.00	65	134	Approve subject to favourable technical evaluation by SFA,
Hadlow College (Princess Christian Farm)	Foundation Learning (Princess Christians Farm Campus) – Enhancing Specialist Facilities	Upgrading of equipment and classrooms to enable the continued existence of this facility for learners with a range of learning disabilities or difficulties, aged 14 through to adulthood. It will support deliver of horticulture, agriculture, care and retail.	£385,000.00	40	76	Approve subject to favourable technical evaluation by SFA,
Hadlow College - Court Lane	Court Lane Horticultural Nurseries – Enhancing Specialist Facilities for Further & Higher Education	Classrooms and equipment to develop the delivery of horticultural training.	£447,000.00	45	86	Approve subject to favourable technical evaluation by SFA,

South Essex College	Development of Construction facilities in Basildon to support economic growth and address local and regional skills shortages in construction skills	Conversion of a sports hall into a construction training facility, working in partnership with Redrow homes.	£366,705.00	50	102	Approve subject to favourable technical evaluation by SFA,
Chelmsford College	Industry Standard Surveying Equipment and Soil Laboratory for Technical Construction	Industry Standard Surveying Equipment and Soil Laboratory for Technical Construction	£57,490.50	50	80	Approve subject to favourable technical evaluation by SFA,
Plumpton College	Science and Engineering for Tree Management	Classroom refurbishment and purchase of specialist tree management equipment.	£140,000.00	50	84	Approve subject to favourable technical evaluation by SFA,
Total			£1,542,695.50			

**Bids recommended for refusal due to lack of endorsement by federated area**

Organisation	Project	Items purchased/Buildings constructed or refurbished	Amount requested (£)	% of project	Recommendation/Notes
North Kent College	Technology Enhanced Learning Project	IT equipment to transform teaching practice.	£52,510	50	Refuse – did not meet local priorities or guidance on eligible equipment.
Total			52,510		

**Bids recommended for refusal due to scoring less than the required threshold**

Organisation	Project	Items purchased/Buildings constructed or refurbished	Amount requested (£)	% of project	Score (/144)	Recommendation/Notes
National College for Creative Skills	Touring Technical Theatre Development Masterclasses	Transport and technical stage equipment to facilitate road shows and masterclasses.	£112,158.50	50	48	Refuse – scored less than the required threshold.
Canterbury College	Constructing Futures	Adaptation of premises and purchase of specialist equipment to teach electrical and sustainable construction techniques.	£223,798.00	90	36	Refuse – scored less than the required threshold.
Total			£335,956.50			



<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b>	<b>24<sup>th</sup> June 2016</b>
<b>Date of report:</b>	<b>14<sup>th</sup> June 2016</b>
<b>Title of report:</b>	<b>Business Case Approval</b>
<b>Report by:</b>	<b>Adam Bryan</b>
<b>Enquiries to:</b>	adam.bryan@essex.gov.uk

### 1. Purpose of report

- 1.1 The purpose of this paper is to make the Board aware of the value for money assessment of business cases for schemes having been through the Independent Technical Evaluator (ITE) process to enable funding to be devolved to scheme sponsors (county and unitary councils) as part of our capital programme management.

### 2. Recommendations

- 2.1 Subject to confirmation of approval of the project from Network Rail with no additional cost implications, the Board is asked to **APPROVE** funding the following scheme which presents high value for money with low to medium certainty of achieving this.

- **Sturry Link Road (£5.9m)**

### 3. Background

- 3.1 This report brings forward, for release of funding, projects that have successfully completed the Independent Technical Evaluation process, a condition of our Assurance Framework agreed with Government.
- 3.2 The Sturry Link Road scheme, as currently assessed, presents high value for money, but there is uncertainty regarding the cost and deliverability of the scheme due to the necessary interaction with Network Rail. The ITE has recommended that with confirmation from Network Rail that they have approved the scheme and that their approval, and any further necessary involvement, would not cause an increase in costs, the scheme should be funded. Without this confirmation being provided, the advice from the ITE is that the scheme currently presents too high a risk and that the approval of the scheme be deferred until such time that such assurances can be provided by Network Rail.

#### **4. Financial Implications**

- 4.1 Approval can be provided to the scheme in principle as it meets the requirements of the agreed SELEP Assurance Framework. However, funding beyond 2016/17 is subject to confirmation from Government of future years' Local Growth Fund allocations.

#### **5. Legal Implications**

- 5.1 None at present.

#### **6. Staffing and other resource implications**

- 6.1 None at present.

#### **7. Equality and Diversity implications**

- 7.1 None at present.

#### **8. List of Appendices**

- 8.1 None.

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

#### **9. List of Background Papers**

- 9.1 In support of this paper is the Report of the Independent Technical Evaluator and Sturry Link Road Business Case.

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Lorna Norris	16 June 2016
On behalf of Margaret Lee	





# KCC Transport Scheme Business Case Report Sturry Link Road

CO04300369/011 Revision 03

June 2016



## Document Control Sheet

Project Name:	Sturry Link Road
Project Number:	CO04300369
Report Title:	KCC Transport Scheme Business Case Report
Report Number:	011

<b>Issue Status/Amendment</b>	<b>Prepared</b>	<b>Reviewed</b>	<b>Approved</b>
00 (Draft for KCC comments)	Name: Gareth Elphick  Signature:  Date: 21/3/16	Name: Margaret Nicholls  Signature:  Date: 21/3/16	Name:   Signature:  Date:
01 (Submission to KCC for ITE Gate 1 Review)	Name: Gareth Elphick  Signature:  Date: 25/04/16	Name: Margaret Nicholls  Signature:  Date: 26/04/16	Name: Steve Whittaker  Signature:  Date: 27/04/16
02 (Gate 1 Review Comments)	Name: Gareth Elphick  Signature:  Date: 16/05/16	Name: Margaret Nicholls  Signature:  Date: 16/05/16	Name: Steve Whittaker  Signature:  Date: 16/05/16
03 (Gate 2 Review Comments)	Name: Gareth Elphick  Signature:  Date: 01/06/16	Name: Margaret Nicholls  Signature:  Date: 01/06/16	Name: Steve Whittaker  Signature:  Date: 01/06/16

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## **1 Introduction**

### **1.1 SELEP Schemes – Transport Business Case Preparation**

Amey has been commissioned by Kent County Council (KCC) to prepare a Transport Scheme Business Case (TBC), appropriate to the size and scope of each scheme, for each of the projects which have been allocated Local Growth Fund (LGF) finance by the South East Local Enterprise Partnership (SELEP).

### **1.2 Purpose of Report**

The overall purpose of this TBC report is to provide a 'proportionate' justification for the LGF funding allocated to the *Sturry Link Rd (circa £6million)*. This is a predominantly highway scheme aiming to address the layout and function of the road network in and around the village of Sturry; specifically around the junction of the A28/A291 north-east of Canterbury city centre. A key aspect of the scheme is a new bridge over the railway to reduce the current use of the Sturry level crossing.

The scope of the TBC is not aligned with any specific stage of the Department for Transport (DfT) 'Transport Business Cases' procedure. Rather, it is a 'lighter touch' report in the spirit of the DfT advice for 'LEP Assurance Framework' (December 2014), which agrees with using 'proportionate appraisal' appropriate to the scope of a transport scheme.

The TBC report does, however, consider the five key strands of TBC content required by DfT and HM Treasury's The Green Book, namely strategic, economic, financial, commercial and management. It also brings in other strands where relevant, such as summary of predicted scheme outcomes and scheme operational case (including design).

This TBC report may need to stand as an interim submission, justifying SELEP allocation of LGF to the *Sturry Link Rd*, but which may need to be supplemented by a further TBC submission in later financial years, as the content and delivery aspects of the scheme are resolved in greater detail.

The report broadly follows the 5-Case Model for Transport Business Case preparation, incorporating design and environmental issues as well as a summary of the overall risks in terms of project delivery and project funding approval. These risks include:

- The potential for the project to be called in for review by DfT or other bodies before it is delivered;
- The potential for challenge from stakeholders which may jeopardise or delay the project;
- The potential that a subsequent review of the project after implementation may identify issues relating to the delivery of overall outcomes (e.g. job creation or transport modal shift);

### ***Proportionate Transport Business Case***

Whilst this scheme is part of a second tranche of LEP schemes, including relatively larger schemes compared with KCC's 2015/16 LGF allocated schemes, it is still important to consider what is sufficient and proportionate.

The Sturry Link Rd scheme has been scoped, with communication with the ITE (independent technical evaluator) for SELEP. These discussions clarified the requirement for a reasonably comprehensive modelling exercise and a likely TUBA appraisal.

In addition the following will be considered:

- Address, briefly, each of the five aspects common to all stages of the TBC, namely, the strategic, economic, financial, commercial and management, cases;
- Present a clear train of logical reasoning and correlated steps for how the scheme is justified;
- Provide qualitative evidence in support of the scheme, if it is not possible or good value to assemble quantitative evidence.

## **1.3 Structure of the Document**

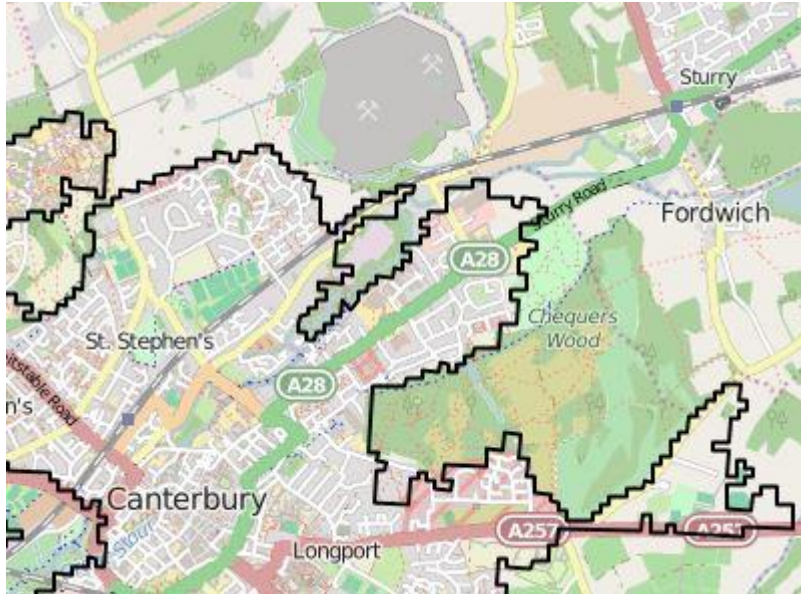
This report is structured in accordance with the Department for Transport's guidance on Transport Business Case, which was updated in January 2013. Following this Introduction, the remainder of the document is structured as follows:

- Chapter 2 - Project Outline;
- Chapter 3 - the Strategic Case;
- Chapter 4 - the Economic Case (including Value for Money Statement);
- Chapter 5 - the Financial Case;
- Chapter 6 - the Commercial Case;



- Chapter 7 - the Management Case;
- Chapter 8 - Conclusions and Recommendations.





**Figure 2-2 – Canterbury built-up area**

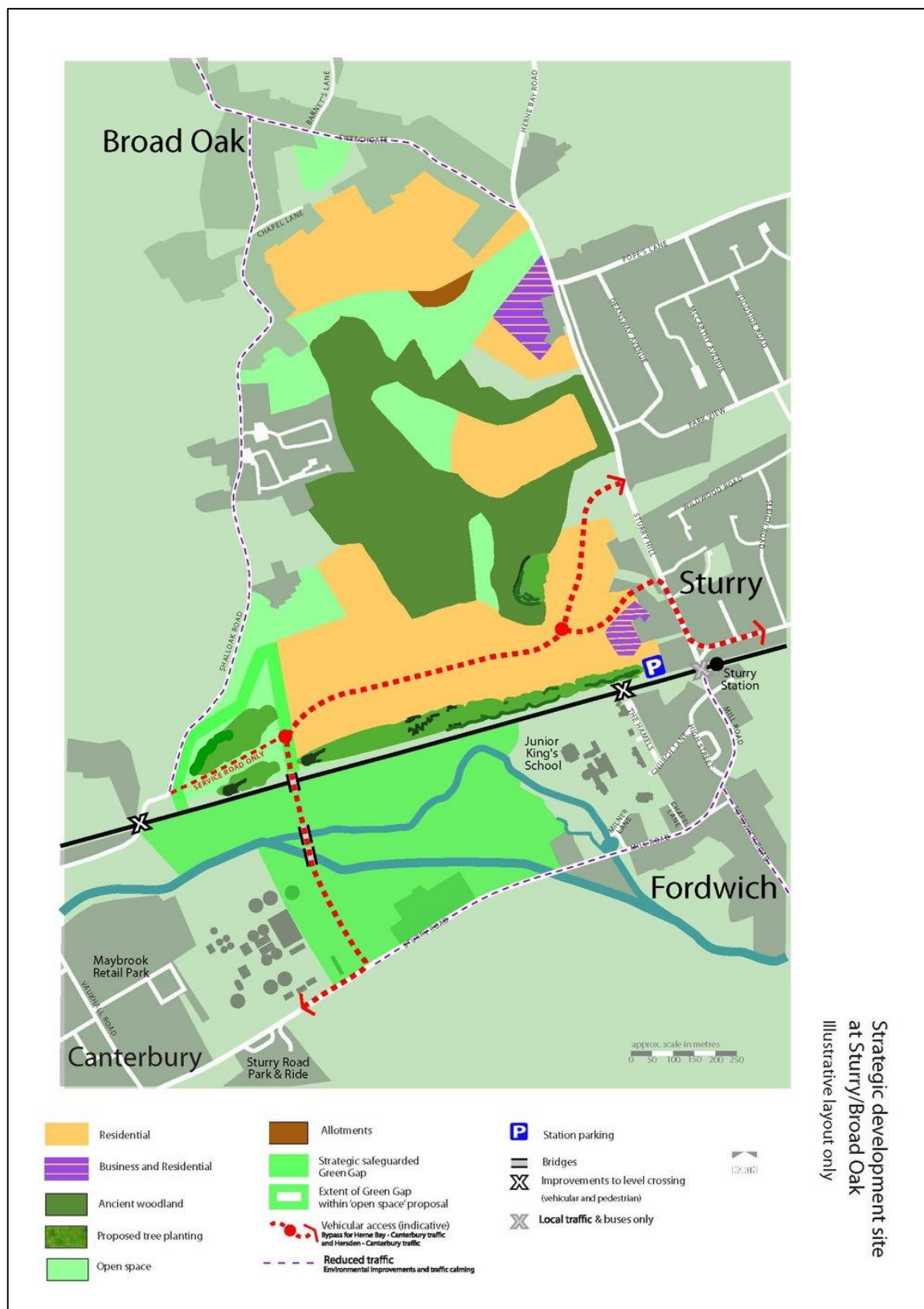
## 2.2 Current Conditions

At present there are approximately 18,000 vehicles per day (vpd) using the level crossing at Sturry. This is the combination of traffic from Herne Bay via the A291 and Thanet via the A28 joining and heading towards Canterbury City Centre.

## 2.3 Scheme Layout and Function

The link road is designed to remove the need for mainline traffic on the A28 (from Thanet district) and the A291/A28 (from Herne Bay, a satellite town of Canterbury) to cross the level crossing at Sturry, by means of an alternative bridge. The indicative scheme is shown in **Figure 2-3**. Traffic then continues through the Canterbury urban area towards the city centre via the A28 or a parallel route (Broad Oak Rd). The presence of these parallel routes is discussed further later in this report.

In addition the scheme will also be able to remove some poor elements of the existing layout, relating to the proximity of junctions and other highway elements near to the level crossing. This is discussed in further detail in later chapters.



**Figure 2-3 – Indicative scheme**

The proposed link road will re-join the old A28 alignment near to the Sturry Rd Park-and-ride site; providing a more reliable access to the facility. There are also aspirations to improve the area around Sturry station and the surrounding bus stops.

The indicative scheme is a combined scheme connecting the A28, via a new link bridging the railway, connecting with new infrastructure within a strategic development site. The current design drawing is given as **Appendix A**

## **2.4 Cost of Scheme**

The projected scheme cost is £29.6m.

The costing for the Sturry Link Road relates to the new infrastructure, mainly the bridge over the railway from the A28, which is located outside of the development site. It should be noted that, in terms of scheme appraisal, the overall cost of all new infrastructure will be used. There is also a variation of the scheme including an additional 'spur' near the village of Broad Oak and this cost will be included when applicable.

## **2.5 'Screening' Summary for Scheme LGF Bid and Supporting TBC**

This report consists of a proportionate transport scheme business case in support of the LGF bid for the *Sturry Link Rd*. This means that some criteria for justifying the scheme have only been considered in a simplified way, with qualitative supporting evidence, rather than with detailed quantified appraisal. Less relevant criteria for this scheme have been largely omitted from the TBC report.

**Table 2-1** gives a 'screening' summary to show how each of the transport scheme appraisal criteria specified by DfT (broadly aligned with WebTAG Appraisal Summary Table – AST) have been handled with respect to the LGF bid for the *Sturry Link Rd*. Elements can be refined or added in further submissions if required.

As will be further discussed the key appraisal is the journey time savings from modelling inputted into TUBA.

**Table 2-1 'Screening' Summary for 'Proportionate' Scheme Appraisal and TBC**

Scheme Impact	'Proportionate' Details Covered in this Scheme	Appraisal of Impacts	
		Quantitative	Qualitative
<b>Economy (Travel Congestion Impacts for All Users)</b>			
User Travel Time (congestion)	Yes – Road junction delay savings	✓	✓
User Travel Distance (operation)	Yes – but broadly neutral		
Journey Reliability (travel time variability)	Yes	✖	✓
<b>Wider Impacts / Wider Economy</b>			
'Growth'	Scheme allows delivery of proposed local plan numbers	indicative	✓
<b>Public Accounts Impacts</b>			
Public Accounts Cost	Yes – Outline summary of scheme costs	✓	✓
Indirect Tax Revenue	Yes – but broadly neutral	✓	✓
<b>Environmental Impacts</b>			
Noise	Assumed neutral	✖	✓
Air Quality	Assumed neutral	✖	✓
Greenhouse Gas	Assumed neutral	TUBA	
Landscape / Townscape		✖	✓
Other Environmental		✖	✖
<b>Social / Distributional impacts</b>			
Journey Quality		✖	partial
Accidents		COBALT	✓
Other SDI		✖	some
<b>Door to Door Strategy for Sustainable Transport</b>	Minor impact as highway	✖	some
<b>Effective Scheme Design</b>			
Fitness for Purpose / Successful Operation / Future Network Resilience and Resistance to Shocks	Yes – sense-check of scheme layout against intended purpose	✖	✓



## **3 Strategic Case**

### **3.1 Overview**

The Strategic Case outlines the overarching reasons for proposing the scheme intervention, in terms of its contribution to improving local transport and making effective use of infrastructure. A further consideration is the scheme's alignment with wider aspirations, such as a prosperous economy, an enhanced community, an attractive and sustainable environment, safer and healthier lifestyles and access to opportunities for all.

Ultimately, the Strategic Case indicates who, what, why, when, where and how, the scheme will assist.

### **3.2 Purpose of the Proposed Investment**

The scheme is intended to provide a highway network around Sturry which can cope with both current traffic flows and extra traffic from proposed development in the north-east quadrant of Canterbury district. The scheme aims to reduce congestion, improve journey reliability, and overcome poor elements of the existing highway network.

### **3.3 Strategic Context**

#### ***3.3.1 National Strategy: 'National Infrastructure Plan'***

The Government has long-term objectives aimed at improving the economy, environment and society. These are the three tenets against which major transport infrastructure projects are assessed, and will continue to be assessed in future.

In its National Infrastructure Plan 2014, the Government presented its vision for the UK transport system:

- Transport infrastructure can play a vital role in driving economic growth by improving the links that help to move goods and people around and by supporting the balanced, dynamic and low-carbon economy that is essential for future prosperity;
- Local transport systems must enable suburban areas to grow. The transport network must support good value and rapid movement of goods around the country. The transport system must be efficient but also resilient and responsive to infrequent and unexpected pressures; and

- Airports and ports are the gateways to international trade and the Government will work to improve the road and rail connectivity to major ports and airports.

The plan cites the importance of local infrastructure as part of economic growth. As such it introduces the Single Local Growth Fund.

### **3.3.2 National Strategy: 'Creating Growth, Cutting Carbon'**

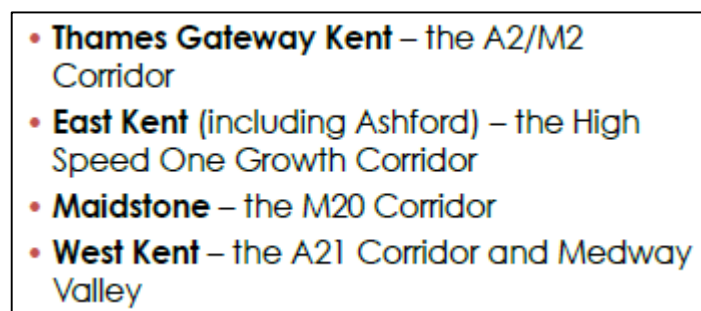
The White Paper 'Creating Growth, Cutting Carbon – Making Sustainable Local transport Happen' (January 2011) sets out central Governments vision for delivering a transport system which enables economic growth which also tackles climate change by reducing carbon emissions.

The strategy encourages decision making and identification of transport solutions at the local level. The paper sets out the vehicles for decentralising economic powers such as the Regional Growth Fund and the devolution of funding to local LEP's.

The Sturry Link Rd scheme is in accord with this vision as it represents a locally identified scheme to resolve existing problems and has been provisionally allocated funding from the Local Growth Fund, via the SE LEP.

### **3.3.3 Regional and Local Strategy**

Canterbury is an urban area in one of Kent's four defined areas, namely '**East Kent**' recognised by SELEP in the 'Growth Deal and Strategic Economic Plan' (**Figure 3-1**)

- 
- **Thames Gateway Kent** – the A2/M2 Corridor
  - **East Kent** (including Ashford) – the High Speed One Growth Corridor
  - **Maidstone** – the M20 Corridor
  - **West Kent** – the A21 Corridor and Medway Valley

**Figure 3-1 – Kent strategic areas**

The role of the A28 as a county route from Thanet to East Sussex (via Canterbury and Ashford) is noted in KCC's Local Transport Plan (2011-2016) in KCC's Local Transport Plan (2011-2016). The subsequent delivery plan 'Growth without Gridlock' highlights Canterbury's challenge of reducing congestion on the A28.



Canterbury City Council (CCC) has aspirations to deliver approximately 15,600 houses between 2011 and 2031 at 780 dwellings per annum (dpa). This is potentially going to be raised to 16,000 houses at 800 dpa following the inspector's comments in Stage 1 of the Local Plan hearing. In the north-east quadrant there are five strategic sites.

The scheme is intended to conform with Government guidance to LEP on how the SEP's component transport schemes should perform and contribute towards local growth ('Growth Deals Initial Guidance for Local Enterprise Partnerships', July 2013). This centres around three themes:

- Ambition and rationale for intervention for the local area;
- Value for money;
- Delivery and risk;

### **3.3.4 Regional Strategy: 'LEP Assurance Framework'**

The latest Government guidance for SELEP ('LEP Assurance Framework', HMT, December 2014), sets out Government expectations for how transport investments, such as the *Sturry Link Rd*, should be justified with supporting evidence in a manner 'proportionate' to the scope of the scheme and the scale of funding required.

## **3.4 The Case for Change**

### **3.4.1 The Need for the Scheme**

Canterbury has significant growth aspirations and will require a resilient transport network to enable them. This intended growth is to contribute to the wider growth of both Kent and SELEP.

The Sturry Link road, together with another nearby scheme (Herne Bypass), is deemed required by CCC and KCC as one of the components to provide a sufficient transport network to support the emerging Canterbury local plan and the sites in the north-east quadrant. The scheme is listed in 'Growth without Gridlock' (2014) and cross-referenced in the Canterbury District Transport Strategy 2014-2031.

The five strategic sites in the north-east quadrant are shown in **Figure 3-2**. These sites total 4,500 houses. These are detailed as Spatial Policy SP3, and are sites 2,3,4,5 and 8 (<https://www.canterbury.gov.uk/media/941559/CDLP-11-Canterbury-District-Local-Plan-Publication-Draft-June-2014-with-maps-CCC.pdf>)



**Figure 3-2 – Local Plan Housing Sites**

The Sturry (and Broad Oak) development (site 2 in Policy SP3) of 1,000 homes is being developed in conjunction with the scheme construction.

### **3.4.2 Employment in surrounding area**

In addition to the new housing in the area, a network which is sufficient for the continued sustainable growth of the employment sites in the area is important. For example there is the Lakesview site on the A28 in Hersden. These sites have been seen as key in Canterbury recording a post-recession growth exceeding other areas (4.1%).

In this regard the scheme should be seen as an East Kent strategic fit, rather than as just a local Canterbury district one.

### **3.4.3 Current Transport Problems**

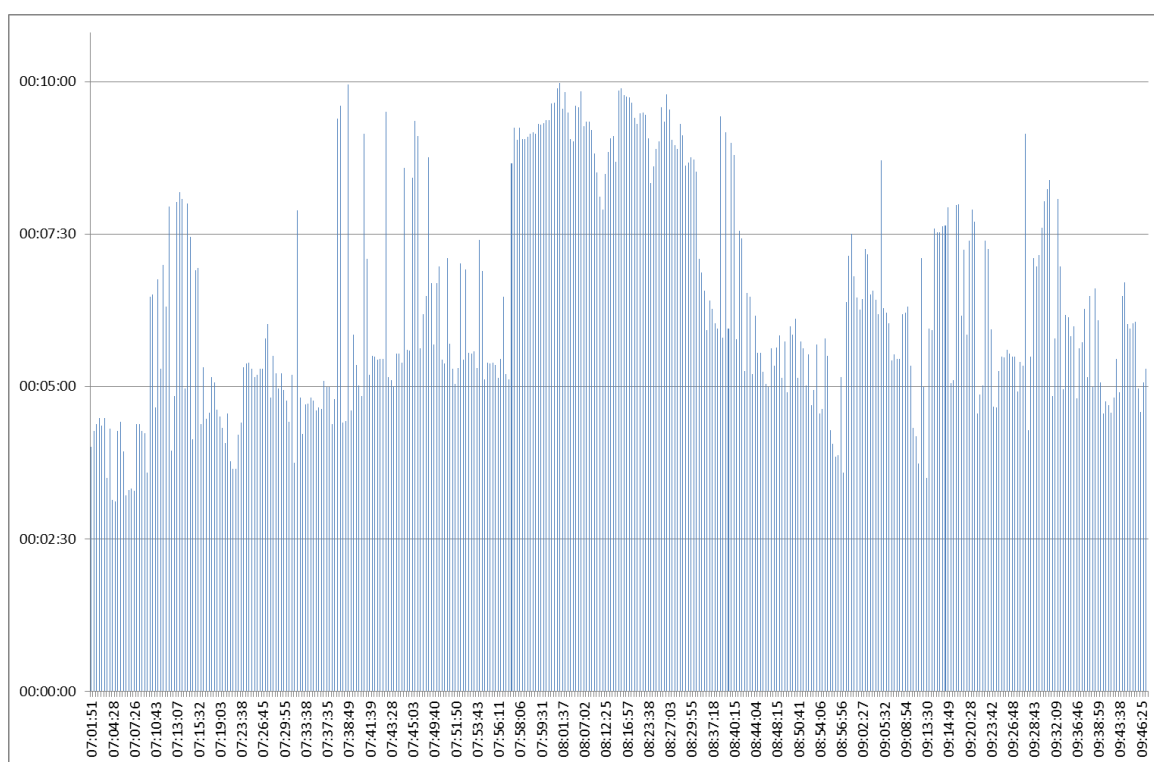
The simplified picture is of two A-roads with flows circa 10,000 vpd joining in Sturry, and a new combined flow heading over the level crossing towards Canterbury (around 18,000 vpd).

In reality it is not quite so simplified. There are the traffic movements from Sturry itself, and some of the A291 traffic, that uses an alternative (non-classified) 'rat-run' route through Broad Oak village towards Canterbury over a different level crossing (Broad Oak). This route has a flow of around 7000 vpd, being notably high in comparison with the mainline A28 flow.

The A28 mainline flow, and the joining traffic from the A291, is constrained by the capacity of the level crossing and other downstream factors such as a pedestrian crossing and a variety of junctions serving the 'old' village, King's school, and the village of Fordwich. In addition there are a number of bus stops in the area (Stagecoach's 'Triangle' via the A291 to Herne Bay and the 'Breeze' via the A28 to Thanet), and traffic dropping off at Sturry station.

The functioning of the A291/A28 priority junction is complicated by the proximity of the level crossing, and can lead to unpredictable driver behaviour. This includes vehicles squeezing into the A291 'out' pocket and forcing into the queued A28 inbound traffic whilst the outbound flow is held at the level crossing.

All of the above factors combine during peak network conditions to cause a notable delay, as illustrated in **Figure 3-3**.

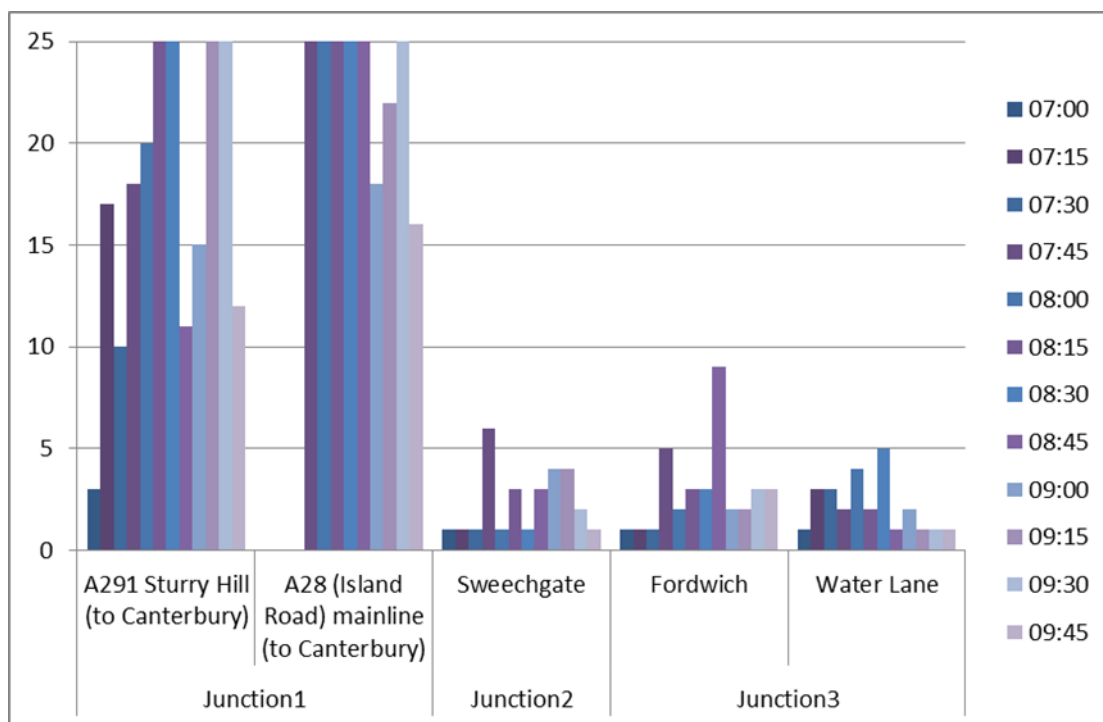


**Figure 3-3 AM Peak Average Journey Times (Herne Bay Rd to Island Rd)**

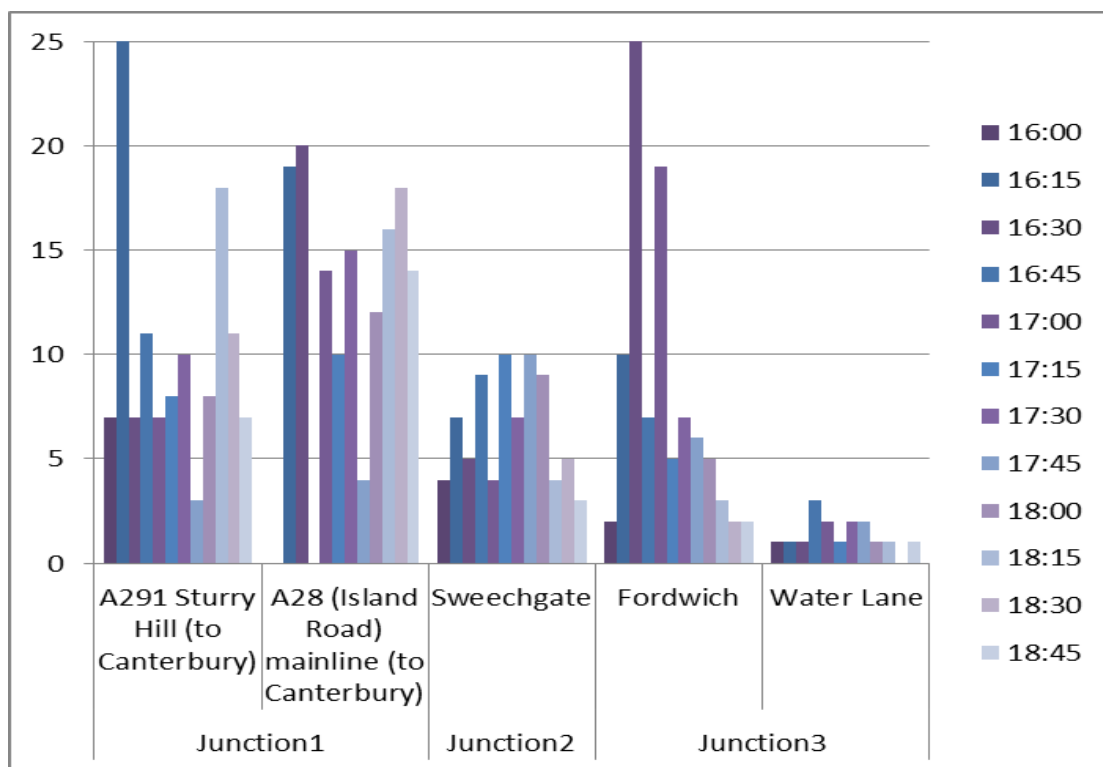
### 3.4.4 Queues

There are sustained AM queues on the A28 Island Rd, reflected in a queue survey at the A291/A28 priority junction. Due to the level crossing in near proximity this survey measured queues on the mainline A28 as well as the 'give-way' traffic on the A291. It is noted that the queue on the A28 (WB) is moving, however the considerable length and sustained nature of the queue is pertinent (**Figure 3-4**).

The PM peak exhibits lower queues in comparison on the A28, however there are queues elsewhere due to different traffic tidality and loading (**Figure 3-5**).

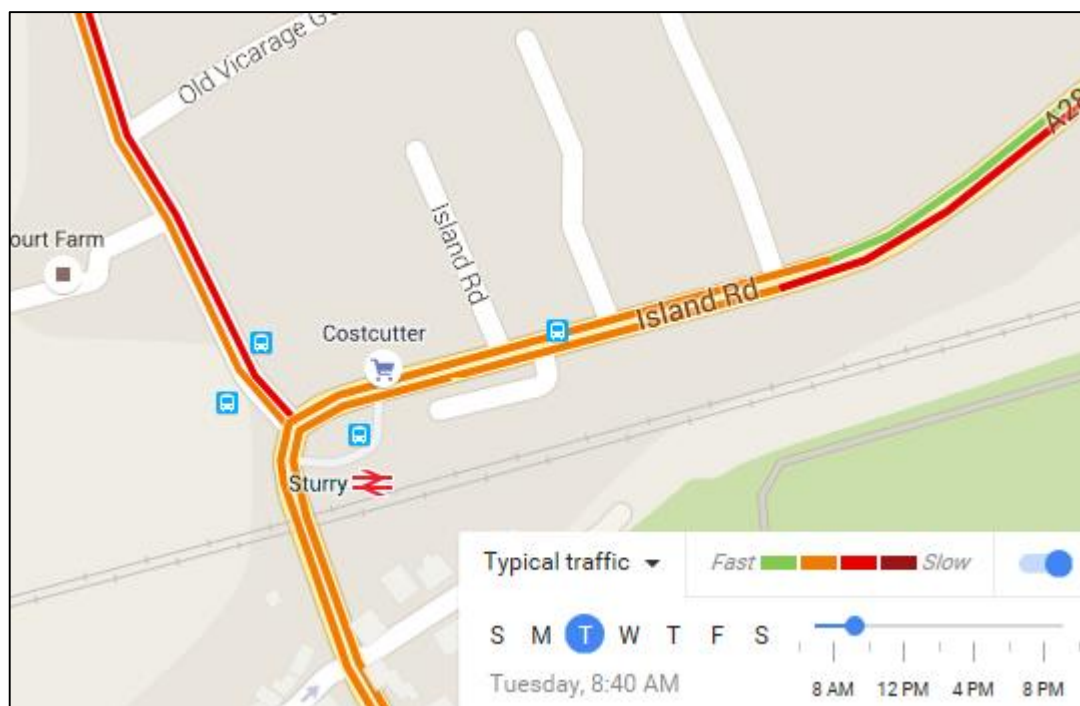


**Figure 3-4 AM Peak Queue Lengths**



**Figure 3-5 PM Peak Queue Lengths**

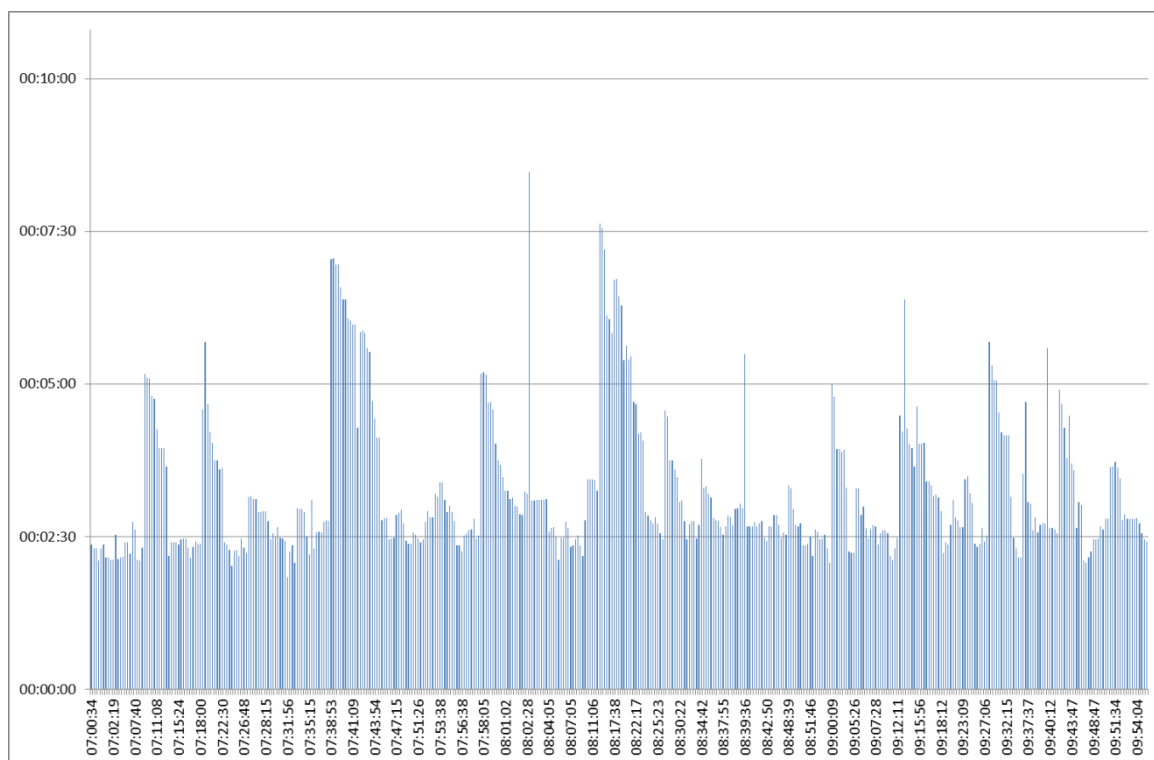
The observed AM peak queuing is supported by the typical traffic conditions given by Google (**Figure 3-6**).



**Figure 3-6 AM Peak 'Typical' Traffic Conditions by Google (Google ©)**

### **3.4.5 Journey Time Variability**

For this area, it is more important to highlight the journey time variability rather than the journey times per se. This is due to the presence of the level crossings, particularly Sturry with longer down-time, and the variability pattern that ensues due to whether the journey encountered the crossing being down. It is accepted that there are other contributory factors to the movement through the corridor but the level crossing is the key delay point. As can be seen in **Figure 3-7** the profile has a noticeable periodicity rather than either a hump or erratic pattern.



**Figure 3-7 AM (ANPR) Journey Times from Sturry Rd to Island Rd**

### 3.4.6 Level Crossings

Whilst Network Rail could not provide confirmation of how many level crossings are currently situated on 'A' roads, it is assumed that it is a relatively rare occurrence. Other examples in the South-East are the A265 in Etchingam (East Sussex) and A286 in Chichester (West Sussex).

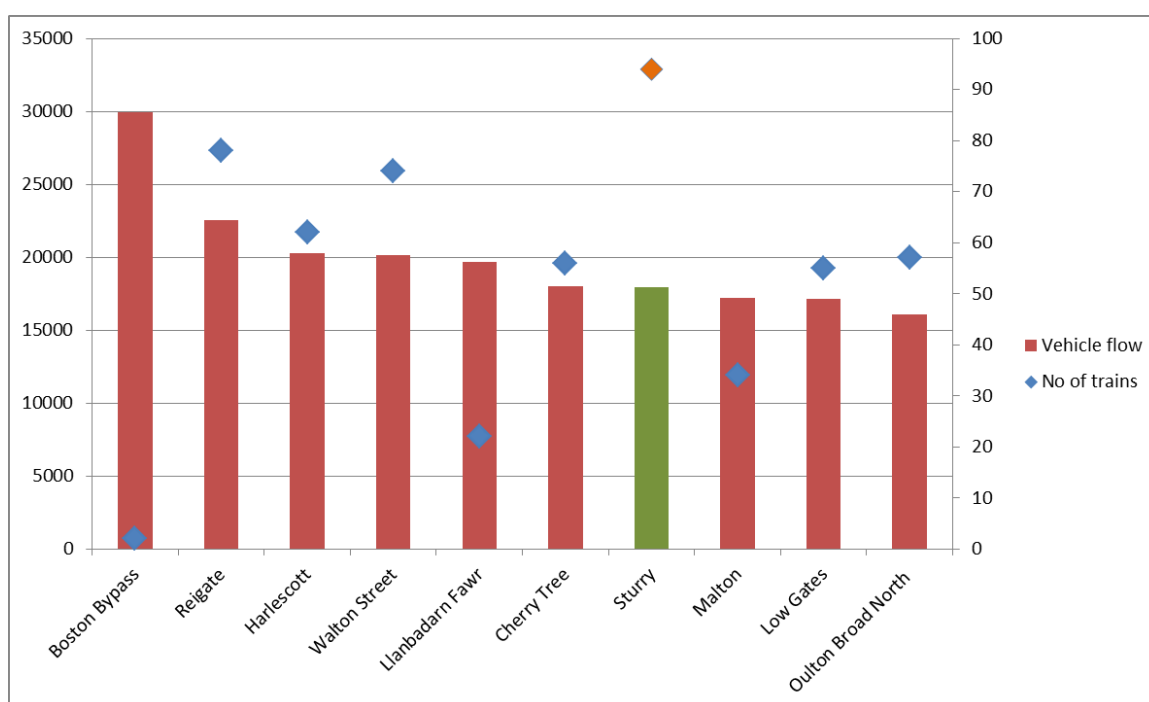
The Sturry Level Crossing has a high vehicle flow. In a search of Network Rail's database it is in the top ten highest flows in the UK. This is given as **Table 3-1**.

**Table 3-1 Traffic Flows at Level Crossings Data from Network Rail database**

Boston Bypass	Boston District (B)	29916
Reigate	Reigate and Banstead District (B)	22518
Harlescott	Shrewsbury CP	20250
Walton Street	City of Kingston upon Hull (B)	20182
Llanbadarn Fawr	Llanbadarn Fawr Community	19710
Cherry Tree	Beverley CP	18010
<b>Sturry</b>	<b>Sturry CP</b>	<b>17928</b>
Malton	Norton-on-Derwent CP	17225
Low Gates	Northallerton CP	17121
Oulton Broad North	Waveney District	16092

Of these instances of level crossings with high traffic flows, the Sturry level crossing has the highest number of trains per day.

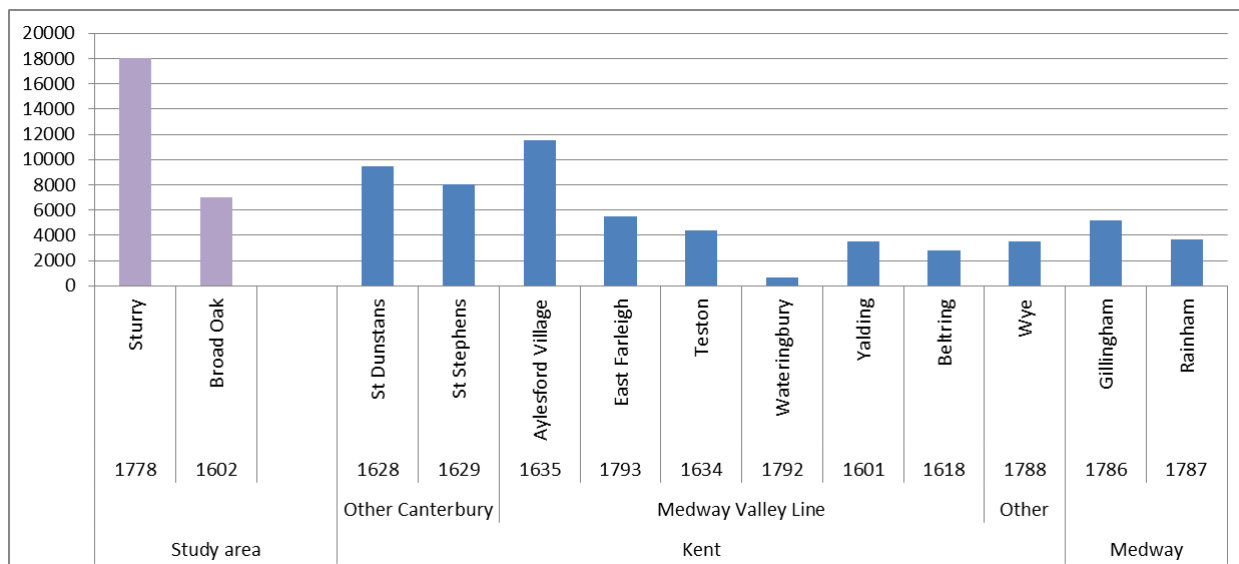
The crossing is on the Thanet to Ashford International line which serves Canterbury via Canterbury West. The line has both classic and High-speed (HS1) Domestic services. On average, six trains pass each hour resulting in five or six level crossing activations of approximately 2.5-3 minutes in length.



**Figure 3-8 Traffic Flow/Train Frequency at Level Crossings**

In addition the two level crossings adjacent to the scheme, Sturry and Broad Oak, have been compared against other Kent level crossings. **Figure 3-9** shows Broad Oak level crossing also has a notably high flow; with the combined corridor therefore being very significant in this regard.

The scheme would add to the reducing of traffic flows over level crossings in Kent and Medway; after the completion of the bridge on the A228 in 2012 removing Stoke crossing as a trafficked route.



**Figure 3-9 Traffic Flows at Kent Level Crossings**

Network Rail assesses level crossing risk based on the following categories:

- > Individual risk - which applies only to crossing users. The score is presented as a letter ranging from A to M where A is the highest value and M is the lowest.
- > Collective risk - which considers the total risk for all people who use the crossing, including: pedestrians, road vehicle drivers, train staff and passengers. The score is presented as a number ranging from 1 to 13 where 1 is the highest value and 13 is the lowest. This 'collective risk' score is the most important part when prioritising crossings.

The Network Rail risk categories are given for the two crossings in **Table 3-2**. On the collective risk scale (all users rather than crossing users) both crossings are in the higher three risk ratings, however both score a little lower in the individual risk category.

Sturry level crossing also has 900 pedestrian and cyclist movements.

**Table 3-2 Network Rail Risk Categories**

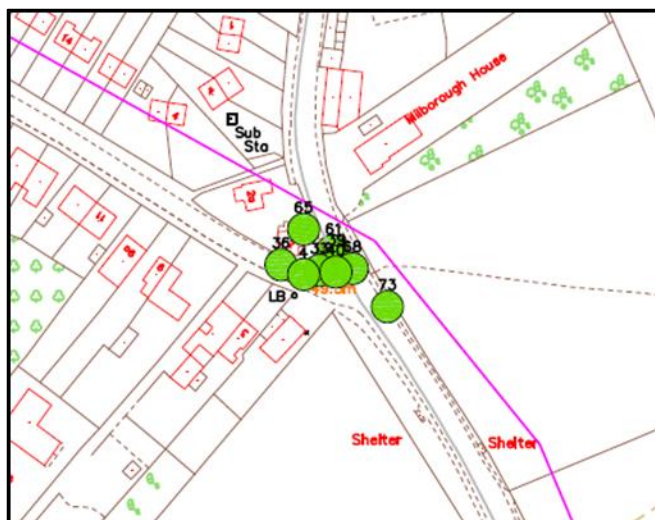
	Collective risk (1 to 13)	Individual risk (A to M)
Broad Oak	2	E
Sturry	3	H



### 3.4.7 Accidents

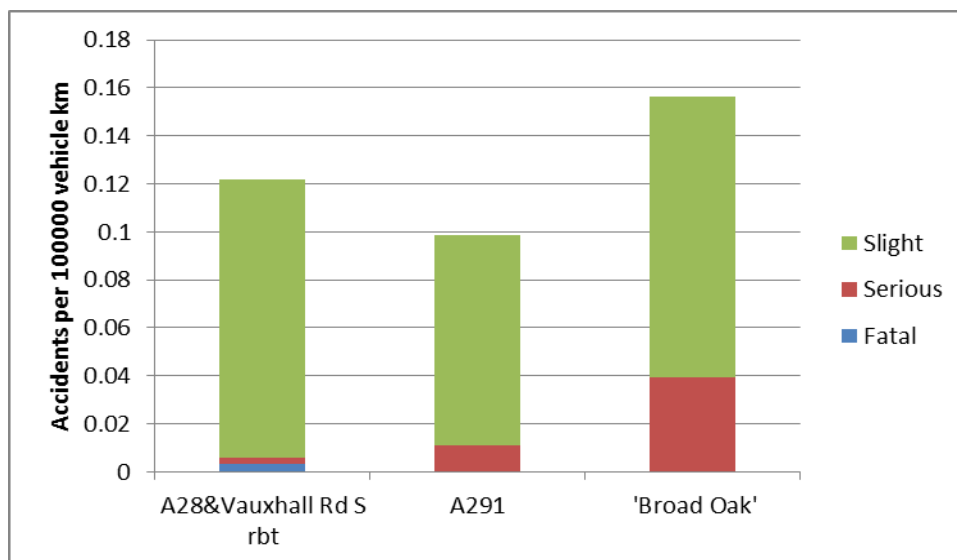
The accident plot for the study area is given as **Appendix B**.

There is an accident cluster at the junction of the A291/Sweechgate (**Figure 3-10**). This seems to be caused by the excessive use of Sweechgate as an alternative route to the A291.



**Figure 3-10 Accident cluster at Sweechgate**

In addition the accidents on the alternative route have a higher proportion of severe accidents (**Figure 3-11**).



**Figure 3-11 Accidents by severity**

In terms of road users or themes of accidents, no particular trends are apparent; with accidents varying from involving pedestrians, cyclists, buses, turning, stopping at shops, and parked cars.

#### **3.4.8 Air Quality**

Sturry is a little outside of the Canterbury Air Quality Management Area (AQMA), which is contained to the urban area.

However, there has been some additional monitoring of other areas. Sturry itself has not been monitored but nearby Herne has. There is some evidence, via diffusion tubes (DT25 Herne Street), of excessive NO<sub>2</sub> and monitoring is on-going. It is considered reasonable to assume, due to similar conditions, that Sturry has comparable environmental conditions.

#### **3.4.9 JTI project**

There are also possibilities that the introduction of the Sturry Link Road can assist in the delivery of the Journey Time Improvements (JTI) project for rail services between Ashford and Ramsgate. The Sturry Link Road delivery is expected to help Phase 2 of this project.

#### **3.4.10 Likely Impact of No Change**

The Canterbury Local Plan presupposes the delivery of the link road, and if it is not forthcoming the local plan development quantum will be brought into question.

If direct Government funding (LGF) is not forthcoming; the transport strategy for the local plan could potentially be found to be unsound; and a reduced quantum may be appropriate.

**Table 3-3** summarises the current and future problems that the scheme is intended to solve.

**Table 3-3 – Summary of Problems**

Summary of Identified Problem Issues to be Resolved by the Scheme				
Strategic / Local Context & Primary / Secondary Problem		Identified Problem Issue	Details of Problems (e.g. Type, Scale, Timeframe, Affected Groups and Impact Severity)	
			Existing Problems	Future Problems
Strategic / Localised	Primary / Secondary			
Localised	Primary	Localised congestion	Link capacity of level crossing	Growth numbers will add to current delays
	Secondary	Poor elements of existing design	Proximity of junctions to level crossing	
Strategic	Primary	Wider network rat-running	A291 to Canterbury traffic uses alternative route through Broad Oak village	Increase rat-running
	Secondary			

## 3.5 Scheme Objectives and Scope

### 3.5.1 Objectives

**Table 3-4** summarises the broad scheme objectives / identified problems and intended outcomes.

**Table 3-4 Summary of Objectives**

Scheme Objective to be Achieved	Main benefits for Respective Stakeholders
<b>Objective 1</b> Improve operation of Sturry highway network	<b>Users</b> Improved journey time and reliability <b>Cyclists / Local users</b> Improved journey quality on original alignment <b>Local Authorities,</b> Improved attractiveness of the area for inward investment and job creation Improved attractiveness of the area for housing <b>Developers and Employers</b> Ability to develop schemes without excessive planning conditions Ability to create employment and attract employees <b>Network Rail</b> Less traffic over level crossing <b>Residents of Sturry and Broad Oak</b> Less traffic / improved noise and air quality

<b>Scheme Objective to be Achieved</b>	<b>Main benefits for Respective Stakeholders</b>
<b>Objective 2</b> Remove poor elements of existing layout	<b>Users</b> Improved journey quality.
<b>Objective 3</b> Provide transport system which can deliver local plan	<b>SELEP</b> Canterbury District can assist in delivering housing growth
<b>Objective 4</b> Enhance use of Park-and-ride	<b>Users</b> A more reliable arrival at the Sturry Rd park-and-ride. <b>Bus operator</b> Increased patronage <b>Local Authorities</b> Improved use of sustainable modes

### 3.5.2 Scope

**Table 3-5** summarises the scope of the project.

**Table 3-5 – Summary of Project Scope**

<b>Items Within and Outside the Scope of the Scheme Project</b>		
<b>Item of Interest</b>	<b>Details Within Scope of the Scheme</b>	<b>Details Outside Scope of the Scheme</b>
Functioning of local highway network	Delays at approaches and within network including level crossing	Wider network operation
Local plan delivery	Proportion of delivery quantum (North-eastern quadrant of district)	Balance of delivery quantum

There is minimal opportunity to reduce the scope of the scheme project, as the factors causing congestion, including the level crossing, are close together and highly interacted and entwined. Minor improvements may alleviate current conditions. However, this would be limited and at the expense of the local plan delivery.

## 3.6 Determining Success of the Scheme

Fulfilment of certain successful performance criteria, together with negotiating a number of essential hurdles to fund and deliver the scheme, can be regarded as 'Critical Success Factors' (CSF) for the *Sturry Link Rd*, in accordance with HM Treasury's 'The Green Book' (July 2011).

### **3.6.1 Critical Success Factors**

There are several 'Critical Success Factors' (CSF) that will determine if the *Sturry Link Rd* can be introduced satisfactorily. These CSF are essentially a combination of performance, finance and delivery assurances, as suggested in HM Treasury's 'The Green Book' (2011) and which can be assessed qualitatively and broadly aligned under the five criteria of the 'Transport Business Cases' (DfT, January 2013).

The CSFs for the Sturry Link Rd project have been selected and categorised as follows:

- **CSF1: Strategic Fit**
  - Will reduce congestion in critical area;
  - Will enable housing and employment development;
- **CSF 2: Prosperous and Sustainable Economy and Value for Money**
  - Will reduce cost of travel and increases journey reliability for scheme users;
  - Will maximise return on investment, striking a balance between the cost of delivery and the cost to the economy of non-delivery;
- **CSF 3: Affordable Finance**
  - Can be delivered within the likely capital funding available;
  - Can be afforded, in terms of financing revenue liabilities within current budgets;
- **CSF 4: Achievable Construction**
  - Can be delivered using current engineering and technological solutions;
  - Can be procured through accepted methods of commissioning;
- **CRF 5: Manageable Implementation and Operation**
  - Can be delivered within the timeframe of available funding;
  - Can be operated satisfactorily in accordance with its intended remit.

### **3.6.2 Successful Performance Criteria**

Some of the critical success factors for the *Sturry Link Rd* relate to the operational performance of the intervention.

For this scheme the key operational parts are a successful re-design of the A28/A291 junction introducing efficient signals and an improved design considering all modes.

### **3.6.3 Measurement of Successful Scheme Performance**

Scheme monitoring and evaluation is discussed in Section 7.10 of this report..

## **3.7 Constraints and Dependencies**

### **3.7.1 Scheme Constraints**

#### **Engineering challenge**

A bridge over the railway is a significant engineering challenge, reflected in the scheme costs. In addition the alignment crosses the Great Stour River and the associated riparian environment.

#### **Network Rail Liaison**

KCC have entered into a Basic Services Agreement with Network Rail and have had early high level discussions about the project. KCC are in the process of completing the Front End Pack required by Network Rail. To minimise the impact to Network Rail the proposed viaduct would overfly the rail boundaries minimising the need for possessions of the railway.

KCC have experience of delivering projects involving Network Rail, and will employ consultants and contractors that also have experience and knowledge of Network Rail procedures.

In addition to the bridge, proposed alterations to the junction between the A28 and A291 will require discussions with Network Rail in order to ensure the proposals do not interfere with the safe operation of the Sturry Level Crossing.

#### **Environment Agency Liaison**

Early discussions have been held with the Environment Agency to obtain their views on the form of bridge and the impact on the Great Stour and its flood plain. Initial preferences were:

- The bridge should maintain continuity of the flood plain
- Columns and piles are preferred as the support of the structure rather than abutments and embankments
- Both branches of the Great Stour are classified as a main river and will require access for maintenance

- With columns spanning the flood plain the EA would be less concerned about modelling the river with the bridge structure in place. With embankments detailed modelling would be required.

Feasibility designs of various forms of structures have been carried out and a high level impact assessment undertaken. The conclusion was that the bridge would need to be a viaduct crossing both branches of the Great Stour, its flood plain as well as the railway. The viaduct option has been included in the cost estimate.

The benefits of the viaduct option are:

- Minimal impact on the flood plain and flood storage
- Minimal impact on river flows
- Reduces need and extent of any land required to provide flood storage compensation
- Piled foundations and columns reduce the risks associated with construction over poor ground.
- Reduces the quantity of imported fill necessary to construct the road.

A viaduct, removes the key concerns raised by the EA reduces the risk of objection and provides an engineered solution within the site constraints.

### ***Combined scheme and development***

The scheme is being delivered in co-operation with the developer promoting the Sturry / Broad Oak site (1,000 houses). The financial implications are detailed in the financial case. The dependency of the 1,000 homes on the scheme is covered in the appraisal assumptions (section 4.3.2).

#### ***3.7.2 Scheme Dependencies***

As highlighted, the current 'scheme' is working in tandem with a developer site and its new road network. Therefore in terms of current funding aspirations both elements need to be delivered. If the developer site does not proceed, the scheme would be 'shelved'.

This combined scheme can be considered as stand-alone. However, there are other improvements to the local network that are working as a package to deliver the local plan quantum.

The scheme can provide a more reliable car-leg to the park and ride site at Sturry Rd, located beyond Sturry towards Canterbury on the A28. However to be effective in enhancing park and ride usage the bus leg needs to be addressed by measures to improve the Sturry Rd bus lanes for the journey to the city centre. This is dealt with in another LGF funded scheme ('Sturry Rd Integrated Transport Package').

To deliver all of the named sites in the north-east quadrant, a bypass is being promoted of the village of Herne further out of Canterbury on the A291. These sites will maximise the 'value for money' by providing a greater number of users.

### **3.8 Stakeholders and Interests**

Stakeholders are identified and a stakeholder-strategy introduced in a later chapter.



## **4 Economic Case**

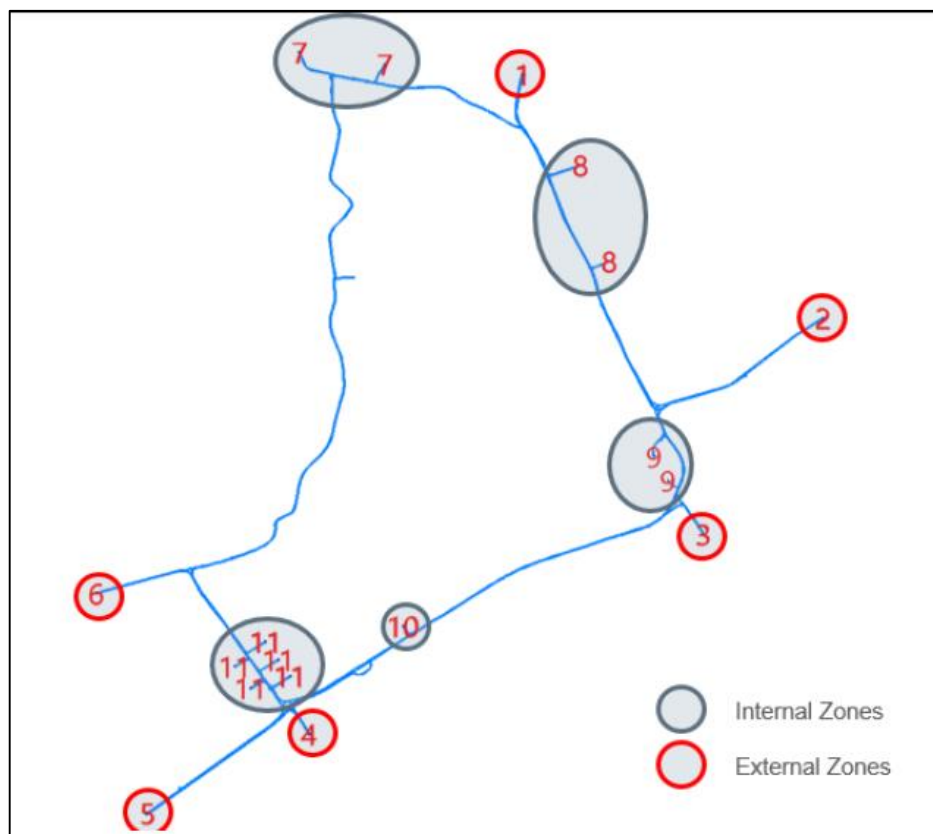
### **4.1 Overview**

The Economic Case provides evidence of how the scheme is predicted to perform, in relation to its stated objectives, identified problems and targeted outcomes. It considers the relative performance of possible scheme options, in order to determine the optimum scheme. Ultimately, the Economic Case determines if the proposed scheme is a viable investment, whose strengths outweigh its weaknesses and which provides good value for money.

The predicted scheme appraisal focuses on those aspects of scheme performance that are relevant to the nature of the intervention. However, we do acknowledge the strands of assessment that are required under various pieces of statutory guidance (e.g. DfT WebTAG, VfM Assessment, LSTF; HM Treasury 'Green Book').

The *Sturry Link Rd* is being assessed from VISSIM results of the travel time of the highway-network comparing the 'with' and 'without' scheme scenarios. These results are available for the AM and PM peaks. The method used was, predominantly, a TUBA calculation for travel time savings. The VISSIM path files were converted into matrices in excel using pivot tables.

The scope for the VISSIM model was presented to the incumbent ITE prior to the modelling being undertaken. The modelling reports, LMVR and forecasting report are available. The model coverage for the links and the zones are shown in **Figure 4-1**. The VISSIM Origin-Destination matrix was constructed from a commissioned ANPR survey.



**Figure 4-1 VISSIM coverage (links and zones)**

In accordance with the requirements of HM Treasury's Green Book 'Appraisal and Evaluation in Central Government', (July 2011), this section of the TBC report gives an appraisal of the scheme options that have been considered as possible solutions to the project objectives and problems identified in the strategic case.

## 4.2 Background

Achievement of the scheme objectives is intended to resolve the identified transport problems and result in the anticipated stakeholder benefits. Evidence is needed to determine if these predicted outcomes are attainable and this is appraised in the 'Economic Case'.

This appraisal is focused on predicting the scheme's performance against the selected success criteria.

A subsequent part of the Economic Case is to predict the scheme's ability to satisfy its Critical Success Factors (CSF) which represent a combination of performance, funding and delivery expectations, in line with HM Treasury guidance. These CSFs are categorised according to Strategic Fit, Value for Money, Achievability, Affordability and Timescale, reflecting the 5-case TBC model. They enable the scheme and its options to be appraised and compared in order to identify the most effective solutions.

The following subsections describe the scheme options, their advantages and disadvantages and whether they have shown sufficient merit to take forward for more detailed economic appraisal. A summary of the options, mapped against the scheme objectives and CSFs is provided.

Following this, the approach towards more detailed economic appraisal is described, followed by the scheme option appraisal itself.

An Appraisal Summary Table, setting out the key issues relevant to this scheme is provided. Although some aspects of this (including the economic appraisal) have been explored in outline at this initial stage, other aspects will not be explored in detail until a later Transport Business Case stage, if necessary.

### **4.3 Appraisal Assumptions**

With devolution of major scheme approval to Local Enterprise Partnerships, it is important that an approach to appraisal is used that gives regard to local priorities (especially in enabling investment, job creation and housing construction). This must be done with due regard to standard practice, which in transport terms means the use of WebTAG guidance. Discussions with the Department for Transport have indicated that a 'proportionate' approach to WebTAG should be used. Kent County Council has held discussions with the South East Local Enterprise Partnership, in the light of Government Guidance, on how the appraisal of devolved small major schemes should be handled ('Growth Deals Initial Guidance for Local Enterprise Partnerships', HM Government July 2013).

The following assumptions have been made during transport modelling and appraisal of the preferred scheme;

### *TUBA*

- TUBA version 1.9.5
- AM and PM peak hours have been weighted as two hour periods and annualised over 253 days (see below). As the benefits are being claimed for non-modelled periods, the matrices included part of the pre-load to be a more robust estimate. Also, it is noted that there is evidence for some inter-peak and Saturday benefits but these have been excluded.
- Two forecast years entered into TUBA, opening and forecast year. Opening year has been assumed to be the same as base. Forecast year reflects local plan horizon year. The TUBA runs used the model scenarios excluding dependent housing (Scenarios A and D in Webtag A2.3).
- 60 year appraisal
- Standard TUBA economics parameter file used.
- Traffic flows assumed to be all cars. This is reasonable as average vehicle VOT are similar and there are no specific differences for HGV costs.

### *Modelling*

- Downstream capacity outside of modelled area assumed not to be a limiting factor. The first downstream junctions inbound to Canterbury (Vauxhall Rd roundabouts) have been included in the modelled area.
- Average vehicle hours extracted, with the journey time variability from the level crossing ignored in quantitative appraisal terms.
- Estimate of 'with-scheme' signal timings
- No variable demand responses, particularly trip distribution have been included.
- Future year growth established from first principles based on working TAs from the development sites in the north-east quadrant, plus a small TEMPRO uplift to reflect other factors, using the alternative planning assumptions to remove double-counting.

### *Scheme costs*

- Combined scheme cost, and commensurate developer contribution, included in TUBA input. Further detailed in financial case, including 'Treatment of scheme costs' (WebTAG A1.2).

- Effect of roadworks during construction based on QUADRO indicative values. This is detailed more below.
- Notional major maintenance of £10million included.
- Optimism bias of 15% - 'conditional approval' level. The optimism bias has been assumed to be allocated to the public purse, with the developer contribution assumed fixed.
- GDP adjustment to 2010 prices (undiscounted) (for TUBA) taken from WebTAG data book.
- Stage of preparation (for TUBA) noted as Public Consultation.
- Sunk costs are excluded and deemed subsumed into normal council operations (as per WebTAG A1.2 Scheme costs).

Other

- Noise and air quality not monetised (see below).
- Simplified COBALT exercise undertaken (see below).
- Dependent housing. Detailed more below.

#### **4.3.1 TUBA modelled periods**

The AM and PM peak hour models have each been assumed to be representative of 120mins. Journey time data of current conditions was investigated to check that this is reasonable. Whilst there are elements of 'peakiness' in some movements, overall the assumption is sufficiently robust. In addition, as previously mentioned, the skims were created including part of the model pre-load to be more representative.

#### **4.3.2 Dependent housing**

Consideration has been given to how best address the appraisal of dependent housing. As the required basis the four steps in WebTAG A2.3 were investigated. It seemed appropriate to adopt a simpler approach.

The Sturry/ Broad Oak development being delivered in tandem with the scheme is regarded as dependent housing. The other sites have been assumed as non-dependent.

This is only an appraisal assumption and not a basis of any planning considerations.

#### **4.3.3 Roadworks during construction**

It is accepted that roadworks during construction, could be considered as part of appraisal. This could either be by use of QUADRO, more historically or for the SRN; or the 'active' congested assignment package, in this case VISSIM. However for this scheme the large proportion of the construction works will be offline to the existing network. Furthermore the ongoing maintenance will be absorbed into KCC's on-going asset management.

Consideration was given by reference to DMRB Volume 14 and TAG A1.3 (section10). It is worth noting that this process is neither a go/no-go nor a route sifting exercise.

KCC understand the importance of minimising the delay and need to consider the elements of the design particularly:

- On the western side of the area, there is a new roundabout on the A28 Mill Road (disruption to a link flow of 20,000vpd)
- On the eastern side, there is the signalling the A28/A291 junction; and adding the A291 links to the link road.
- Adding Broad Oak Link
- Minimising increased use of Shalloak Rd
- Working with Stagecoach to ensure smooth running of bus services.
- Working with Network Rail / proximity to level crossing.

A possible approach could be to complete the link road between A291 and Mill Rd, removing the A291 inbound traffic from the level crossing area, and then complete the A28 Island Rd connections to the link road.

It will also be important to coordinate any shuttle working with the level crossing down-time, and to a lesser extent the pedestrian crossing; and to ensure there is no blocking back caused by hampered right-turns due to queued traffic (e.g. the right turns for inbound traffic into the industrial estates on Mill Rd could be blocked by outbound queuing in the shuttled working).

For this scheme it has been deemed reasonable to apply an estimate using representative values from QUADRO. Six months of shuttle working has been assumed. Although there is potential for reassignment, via the alternative route, this has been dismissed as it assumed KCC would not encourage that approach. Whilst it may be better from a travel time perspective it could encourage more accidents.

#### **4.3.4 On-going maintenance**

It is generally assumed that the maintenance of the link road will be subsumed into KCC's ongoing network asset management. However, a major re-surfacing has been included in the TUBA run. This was assumed at £10 million.

#### **4.3.5 Noise and air quality**

There is a change in alignment of the transport corridor. However it is noted that this is alongside the existing rail corridor; and will not detrimentally affect many residential properties. Some impact is likely to Greenfields (Shooting school) and the Telephone Exchange on the A291, and the industrial area on the A28.

Environmental consultants will be involved with the design process for both the KCC scheme and the development site, but at this stage no further appraisal of noise and air quality is included. If deemed necessary an updated business case will include these aspects.

There is an expectation that the overall change will be broadly beneficial with the improvements through Broad Oak village.

### **4.4 Scheme Options Considered**

Whilst the economic appraisal will be limited to the 'preferred' option this section gives an overview of the sifting of options.

#### **4.4.1 Option 1: Do Nothing**

##### **Description**

Current situation

##### **Conclusion**

**Option 1: Not relevant for appraisal, as excludes committed interventions and growth. Confirms 'the case for change'.**

#### **4.4.2 Option 2: Do Minimum**

##### ***Description***

Background growth, excluding dependent development, is applied to current network and other committed interventions.

This could include converting A291 / Sweechgate junction to a roundabout.

##### ***Advantages***

- No need for scheme funding.
- Addresses accident cluster at A291/Sweechgate.

##### ***Disadvantages***

- Existing situation likely to worsen and dependent housing not delivered.

##### ***Conclusion***

**Option 2: Not carried forward, but used as 'baseline' for appraisal.**

#### **4.4.3 Option 3a: Do Something (Low-cost options 1)**

##### ***Description***

Public transport and active modes interventions. Includes Demand Management/Smarter choices.

##### ***Advantages***

- Possibility of lower cost and promotes the sustainability agenda.

##### ***Disadvantages***

- This would be insufficient for the highway network in this area. Such options would be part of 'locking-in' the benefits of a highway scheme. There is a focus on enhancing the use of park and ride in conjunction with a highway scheme.

##### ***Conclusion***

**Option 3a: Rejected**



#### **4.4.4 Option 3b: Do Something (Low-cost options 2)**

##### **Description**

Modifications to current network

##### **Advantages**

- Possibility of a lower cost option.

##### **Disadvantages**

- This would be insufficient for the highway network in this area and would be detrimental to the growth aspirations.

##### **Conclusion**

**Option 3b: Rejected**

#### **4.4.5 Option 4: Do Something (Sturry Link Road without Broad Oak Link)**

##### **Description**

Bridge over railway to bypass mainline traffic using Sturry Level Crossing. This would be in the viaduct from as identified in 3.7

##### **Advantages**

- Provides a highway network which can deliver local plan sites.
- Reduces vehicle flow over level crossing and through village; improving journey quality for cyclists, pedestrians, and local traffic.
- Reduces delay to vehicles through Sturry.
- Improved air quality in village.
- Reduced rat-running through Broad Oak.

##### **Disadvantages**

- Some landscape and environmental impact.
- Risk of funnelling too much traffic into a downstream capacity point at Vauxhall Rd.

##### **Conclusion**

**Option 4: Extended to Option 5, after modelling exercise**

#### **4.4.6 Option 5: Do Something (Sturry Link Road with Broad Oak Link)**

##### **Description**

As Option 4 but with additional link.

##### **Advantages**

- Provides a connection from the link road to a secondary parallel route into Canterbury. This allows traffic to cross Vauxhall Rd at the northern roundabout and use a parallel route through the urban area, rather than funnelling all A28 traffic through the southern roundabout. This should also reduce 'rat-running' through Broad Oak even further; as the alignment becomes the best route for more destinations in the urban area.

##### **Disadvantages**

- Cost due to increased new highway infrastructure and engineering requirements.

##### **Conclusion**

**Option 5: Preferred**

#### **4.4.7 Option 6: Do Something (Broad Oak Link south of railway)**

##### **Description**

As Option 5 but with additional link south of railway.

##### **Advantages**

- Possibilities of closure of level crossing.

##### **Disadvantages**

- Excessive cost due to either second railway crossing, or additional link being built as a viaduct over flood plain.

##### **Conclusion**

**Option 6: Rejected**

Options 4 and 5 also have variations including a wider bridge structure to accommodate potential road space for a bus lane, and potentially a dedicated approach to the park-and-ride. The design is proceeding assuming this extra width, and the costs have included the additional items (circa £2m).

**Table 4-1** gives a summary of the above review of scheme options, in terms of the objectives and critical success factors for the scheme:

**Table 4-1 - Summary of Scheme Option Assessment and Sifting**

Reference to:	Option 1/2	Option 2	Option 3	Option 4	Option 5	Option 6
Description of Option:	Do Nothing	Do Minimum	Low-cost options	Sturry Link Road	Sturry Link Road with Broad Oak Link	Broad Oak Link south of railway
Improve operation of transport system	x	x	x	✓	✓✓	✓✓✓
Remove poor elements of existing layout	x	✓ (partial)	x	✓	✓	✓
Provide transport system which can deliver local plan	x	x	x	✓	✓	✓
Affordable finance	✓	✓	✓	✓	✓	x
<b>Summary</b>	<b>Reference</b>		<b>Discounted</b>	<b>See Option 5</b>	<b>Preferred</b>	<b>Discounted</b>

## 4.5 Economic Case Content and Method

The appraisal criteria for the scheme and the overall approach used to assess these are as shown in **Table 4-2**.

**Table 4-2 – Appraisal Criteria for Assessing Core Scheme Performance**

<b>Appraisal Criteria</b>	<b>Direct/ Indirect Impact Appraisal</b>	<b>Approach Used to Assess Core Scheme Performance Items</b>
Journey time savings	Direct	VISSIM modelling to feed TUBA
Improved layout and journey perception	Indirect	Qualitative
Wider Economic Impacts	Indirect	Ensuring viable transport strategy for emerging local plan

The Economic Case for this scheme is focused on:

- Assessing the direct, localised, economic efficiency and prosperity benefits of the scheme.
- Qualitatively appraising the wider scheme benefits, in terms of enabling planned developments and other major transport schemes in the area and complementary sustainable transport schemes.
- Offsetting the scheme benefits against the direct scheme capital costs, (i.e. construction costs, not accounting for the costs of any complementary investments).

As set out in the Strategic Case, this scheme will be important for supporting the development of jobs and housing in the local area. For the purposes of this scheme, the direct employment benefits (i.e. people employed in constructing the scheme) have not been calculated, although these may be assessed as part of the direct jobs generated by the LGF programme as a whole.

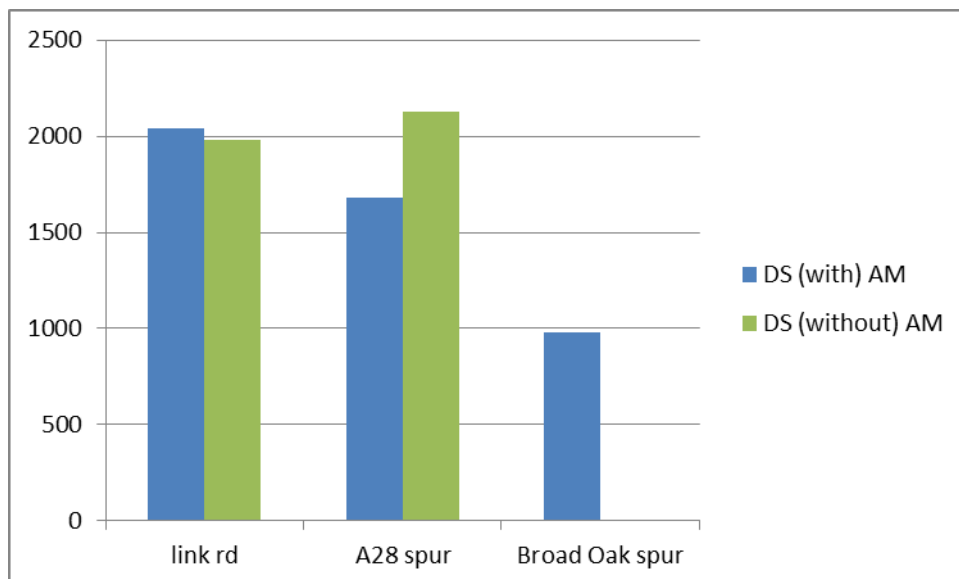
As previously highlighted, the economic appraisal has been undertaken against only two options:

- Do Minimum - reference case with the scheme not delivered; and
- Do Something - with delivery of the proposed scheme option.

## **4.6 Preferred Scheme Option**

The link road with an additional link to Broad Oak, north of railway, has been selected as the preferred option, and a brief commentary highlights the reasons.

Operational – This option maintains the use of two corridors of traffic towards the City Centre. This is understood to be the basis of successful network operation. This routing is illustrated in Figure 4-2.



**Figure 4-2 Flow comparison with/without additional link**

Cost – Avoids excessive costs of a link to the south of a railway that would incur from either a second bridge or viaduct structure.

Objectives – In conjunction with other measures, can help deliver necessary infrastructure for delivering local plan. The scheme is also complementary to sustainable transport objectives.

## 4.7 Scheme Option Localised Performance

This section summarises the predicted performance of scheme options to understand the scheme layout's fitness for purpose.

**Table 4-3** compares localised scheme performance against the do minimum. This is reported as vehicle hours which work as a proxy for journey time savings through the study area.

**Table 4-3 – Localised Scheme Performance Compared with Do Minimum Reference Case**

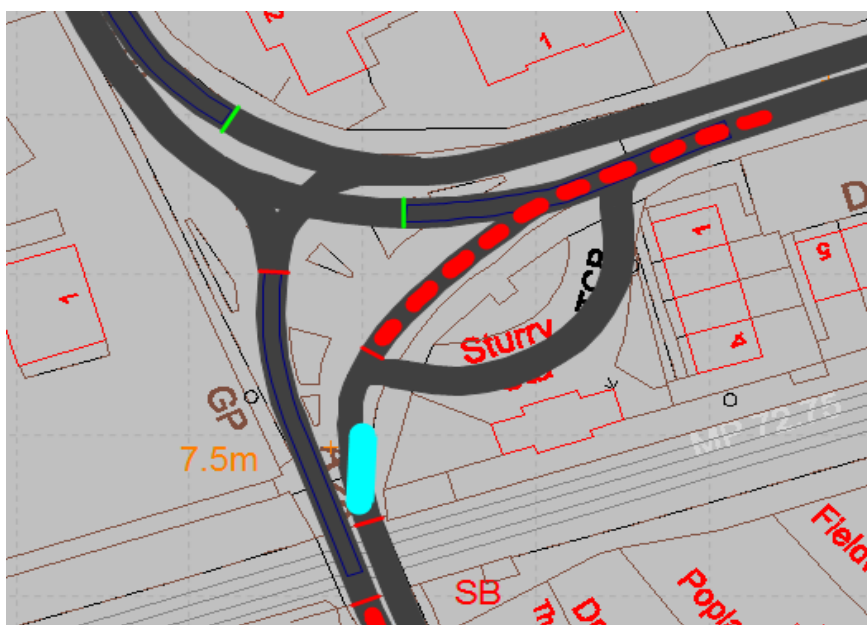
Scenario	Key Performance Indicators	Unit	AM	PM
Do-Minimum (opening year)	Performance indicators for Congestion Relief road schemes (VISSIM total hours)	Veh-hrs	858	975
Do-Something (opening year)			778	982
Do-Minimum (forecast year)			1314	1652
Do-Something (forecast year)			1099	1411

The scheme has a more beneficial effect in the opening year on the AM situation, noting the PM is broadly neutral at this point. This is in-line with expectations due to the nature of the pinch-point at the A28/A291 junction. The inbound traffic, higher with the AM tidality, has a give-way requirement from the A291 that is not extant for the outbound.

In the forecast year, with the additional growth, both time peaks show benefits.

#### 4.8 Scheme Performance Risk and Outcome Sensitivity

It should be noted that the current scheme design has a limitation with regard to a new signalised junction to replace the current A28/A291 junction. With the current proposal there is potential blocking back on the old A28 over the level crossing to the extent that traffic is hindered reaching the new link road when the level crossing is in operation (illustrated as Figure 4-3). This blocking back prevents use of green time at the new signals at the A28/A291 junction. Due to the tidality this is more pertinent in the AM, and leads to an underestimate of benefits.



**Figure 4-3 Design limitation**

This limitation manifests in both the modelling and the design.

In the modelling the driver behaviour does not update, in terms of routing, if the driver is trying to use the old A28 instead of the new link road.

In the current design the stacking capacity is only about five vehicles. If either the stop line can be moved closer to the railway, albeit at some detriment to buses, or a longer flare can be introduced then greater benefits will ensue.

Further investigation is currently being undertaken by KCC and Amey to identify an optimal solution at this junction to eliminate/reduce this limitation.

#### **4.9 Accident Appraisal**

A small COBALT exercise was undertaken to ascertain potential accident benefits. This was kept to a simple spreadsheet exercise to determine the inputs, with link flows approximated to AADT. This was based on Option 4 which can be reasonably used as a simplification of the preferred option. This network has also kept distance neutral between origin-destinations; and assumed that the Vauxhall Rd roundabouts would be unchanged in combined accident terms.

The exercise has only been done as an approximation due to the limitation of assessing the benefits of reducing traffic crossing the level crossings, which in the coding were assumed to be junctions. Some of the smaller conflict points, local access points and Fordwich Rd, have been ignored. In addition user-inputs were used to reflect the accident cluster at Sweechgate and on the alternative route.

The breakdown and the simple network representation is given in Appendix D.

The results give evidence for a small uplift in the PVB/BCR, but not a greatly meaningful difference. A working value of circa £0.75m as an uplift to the PVB is stated. However, due to the possible variability of this small number it is not being included in the initial BCR.

This result being only slightly beneficial is logical, as there are benefits from traffic being on better highway infrastructure offset against the traffic using more junctions.

#### **4.10 Other Social / Distributional Impacts**

Social and distributional impacts have been given an appropriate consideration. It is noted that the scheme is assumed to have minimal impacts. As a predominantly highway scheme certain impacts are largely ignored, such as personal security and personal affordability.

Social impacts are summarised in the Appraisal Summary Table (AST) as per usual. It was felt unwieldy to add an extra Appendix for a distributional impacts pro-forma, keeping relevant comments in the narrative and in the AST.

Two points are worth highlighting. Firstly, there is the potential benefit from a more reliable bus service; noting bus users are often in the low income groups. This would be further enhanced by improvements to Sturry station and the surrounding bus stops; becoming more in keeping with a public transport hub/interchange. Secondly, traffic flow will be moved away from the local pedestrian / cycling movements in Sturry. This should provide a safer, more pleasant environment.

#### **4.11 Appraisal Summary Table**

A qualitative / quantitative assessment of predicted scheme performance against WebTAG appraisal criteria has been completed using an Appraisal Summary Table (AST) which is attached as Appendix B.

For this highway scheme a quantitative measure has been calculated for travel time savings (TUBA). In addition a small potential uplift for accident savings (COBALT) is noted. There are also qualitative statements for other key items.

#### **4.12 Present Value Outcomes from Economic Appraisal**

**Table 4-4** shows summary of AMCB based on the TUBA results. As recommended in WebTAG (A2.3) benefits of dependent housing are not included in the AMCB.



**Table 4-4 – Summary of Analysis of Monetised Costs and Benefits**

<b>Scheme Summary Analysis of Monetised Costs and Benefits (Present values and prices)</b>	
<b>Net Outcome for:</b> <b>Do-Something Preferred Scheme minus Do Minimum</b>	<b>Present Values (£ 000s)</b>
User Present Value Benefit (PVB)	57,415
Capital Present Value Cost (PVC)	25,077
Scheme Net Present Value (NPV) = PVB - PVC	32,338
Scheme Initial Benefit to Cost Ratio (BCR) = PVB/PVC	2.3

#### **4.13 TUBA output (results and warnings)**

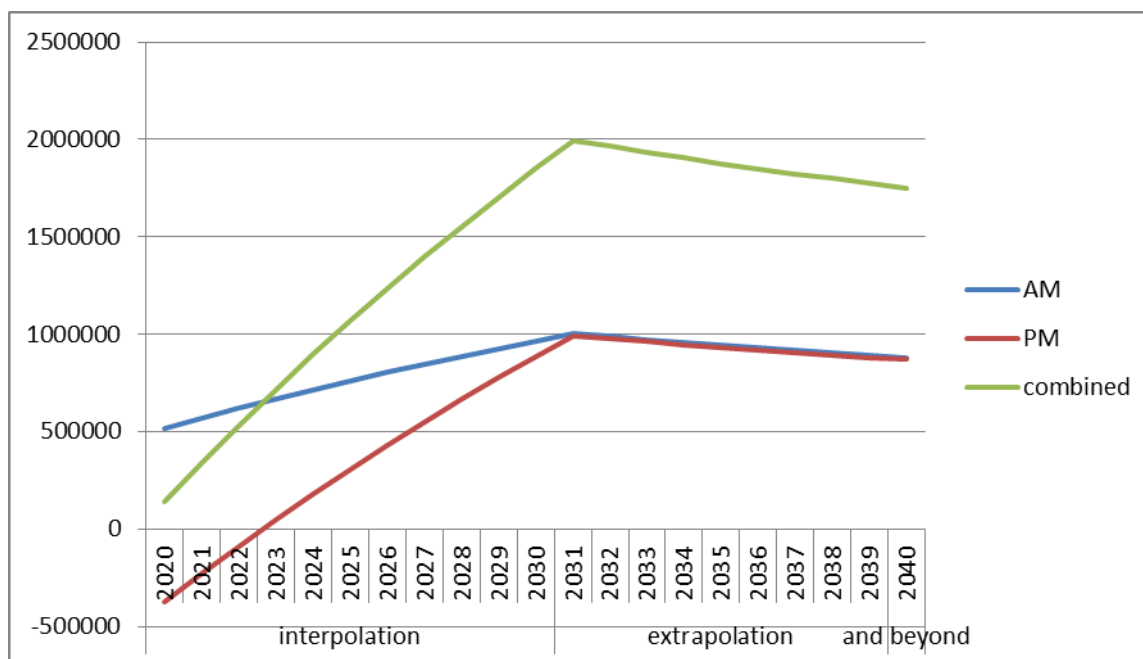
As the benefits of the scheme are derived from the TUBA run, some additional comments are given.

The TUBA warnings have been investigated. Although this is not necessarily required, as 'rule of a half' violations do not apply for fixed matrices, they were useful to check modelling results were credible.

It is noted that for this exercise we are looking at a 'large scheme in a small network' so it is likely to be less sensitive to model convergence. Modelling results can be supplied.

As indicated from the vehicle-hours quoted earlier, the AM peak is initially deriving the higher benefits. The time periods become comparable in the later year, although it has been noted that the AM is likely to be underestimated. The pattern of the benefits is shown in Figure 4-4.

The disaggregation of the benefits has been inspected for anomalies and credibility. The number of zones was small enough to use the zones as sectors in TUBA.



**Figure 4-4 Benefits over years**

#### 4.14 Sensitivity testing

Sensitivity testing was undertaken with regards to the TUBA modelled hours, and the level of optimism bias.

##### ***TUBA modelled hours:***

Whilst the use of each of the peak hours to represent two hours seems reasonable including reflecting off-peak and weekend, a sensitivity test was undertaken for both by decreasing to 1½ hours and increasing to 2½ hours. The BCR varies from 1.4 to 3.2. Even though the BCR would be only 1.4 if the benefits would only accrued for the lower modelled hours, this excludes other monetised benefits that would enhance the BCR, such as accident benefits. Furthermore no planning gain is included in the BCR at this stage.

##### ***Optimism bias:***

The costs are relatively well developed, and still include a sizeable risk allocation (this is discussed in the Financial Case). Therefore the 15% optimism bias used is deemed robust. However a sensitivity test of 44% was undertaken reflecting a BCR of 1.5. Once again the aforementioned additional benefits, which would increase the BCR, should be considered. Therefore extreme cost escalation does not diminish the value for money of the scheme.

#### **4.15 Planning Gain / TEC**

As previously mentioned, planning gain can be quantified but should not be included in the AMCB. The assessment can, however, be drawn into the 'value for money' statement. This is step 4 in the WebTAGA2.3 – dependent housing assessment.

A simple approach has been used to quantify both the planning gain from the 1,000 dependent houses and to offset the Transport External Costs (TEC). The housing included is consistent with the dependent housing assumption.

The WebTAG worksheet for calculating impact of housing has calculated the planning gain, and TECs calculated using the Marginal External Cost Method. Rather than extracting from the model output, which would have constrained additional vehicle kilometres to the network, a first principle has been undertaken assuming the development trips have a measurable impact for 5 km.

The results are:-

- Planning gain : £23m (Slight beneficial)
- TEC : calculated as £11m.
- Net Panning Gain: circa £12 million.

As it is a relatively low number of houses, it is not surprising that both the planning gain and the TECs are of a low order of magnitude.

#### **4.16 Adjusted BCR / Value for Money Statement**

An initial BCR was calculated as 2.3 based on the TUBA results. As a highway scheme this is mainly journey-time savings based. It is noted that noise and air quality disbenefits have not been monetised and the COBA-LT results have not been included. The initial BCR suggests a high value-for-money.

In terms of an adjusted BCR there are three key components, wider impacts and dependent development, journey reliability and environmental (landscape and ecology).

It has not been seen necessary to adjust the BCR but the three items are reaffirmed as part of the VfM statement.

A planning gain would be generated from the 1,000 houses of around £23m which would enhance the BCR. A simple, and relatively pessimistic, approximation of TECs suggests only accruing 50% of the planning gain. This gives further surety of the BCR translating, with other considerations, to a high value for money.

For this scheme, there are two elements to journey time reliability. Firstly there is the general variability caused by congested conditions. Secondly there is the specific pattern of the level crossing. In terms of the adjusted BCR, the first point can be addressed by a small uplift in the travel time savings, with the 5% suggested in 'Value for Money Assessment: Advice Note for Local Transport Decision Makers' seeming reasonable (a ready-reckoner calculation, based on WebTAG A1.3, is also in this order of magnitude, if not higher). The second point, about the level crossing, is noted as an additional unquantified benefit, with fewer users being impeded by the level crossing.

In terms of environmental impacts, the scheme does require some land-take but this is generally alongside the existing railway. There will also be some visual intrusion due to the bridge structures. However this is near an industrial area and will not be a severe negative impact. In addition, there are no significant ecological impacts noted. The wider impact of the development side is not part of this report; being commensurate with the site's planning application and the Canterbury local plan.

There are some other beneficial factors which should be mentioned. The scheme could facilitate a greater number of trains as more level crossing 'downtime' might be achievable. Also, as mentioned, in the SDI there are possible bus user benefits both in terms of access and journey time.

#### **4.16.1 Overall VfM Category**

Overall Final VfM Category (considering risk and sensitivities): High

This category considers the points covered in this report, including the initial and adjusted BCRs. It is a balanced view which considers both disbenefits, such as non-monetised environmental factors, and positive points such as the possibility of additional benefits from improved design.

## **5 Financial Case**

### **5.1 Overview**

The Financial Case for the *Sturry Link Rd* gives an itemised breakdown of the expected project cost components and the time profile for the transport investment. It considers if these capital costs are affordable from public accounts at the times when the costs will arise. It also identifies where contributions of anticipated funding will be obtained, to meet the scheme costs and it assesses the breakdown of funds between available sources and by year and considers how secure these funds are likely to be. Finally, it reviews the risks associated with the scheme investment and examines possible mitigation.

### **5.2 Project Costs**

This section considers the capital costs associated with the proposed scheme investment. This is for the viaduct option as identified in 3.7.

#### **5.2.1 Scheme Elements**

The 'combined' scheme is in four notable parts :

- 1) The bridge over the railway (the LEP scheme) £28.5 million.
- 2) The new network through the developer controlled site. This is developer funded, comprised of three links of £8.5m, £3.5m and £2m.
- 3) The new signalised junction £1.1 million.
- 4) The additional link (as described in Option 5) £4.1 million. This is an extension to the network the developer is providing.

For consistency with the modelling and appraisal, all four elements have been included in the costing of the 'scheme' in the *Economic case*.

It is noted that part 2 (and the additional link - part 4) is, to a large extent, a scheme by itself. This is being delivered by the developer of the 1,000 houses, previously described as the dependent housing, as the access road for the site. This will then be adopted by the county council to complete the link road with the other elements. This wider planning implication is not considered further here. It is considered further in the *Management case*.

Developer contribution consists of both delivering portion 2 and a contribution towards 1, 3 and 4. As will be clarified the developer is expected to pay for the balance of the costs excluding the LGF contribution.

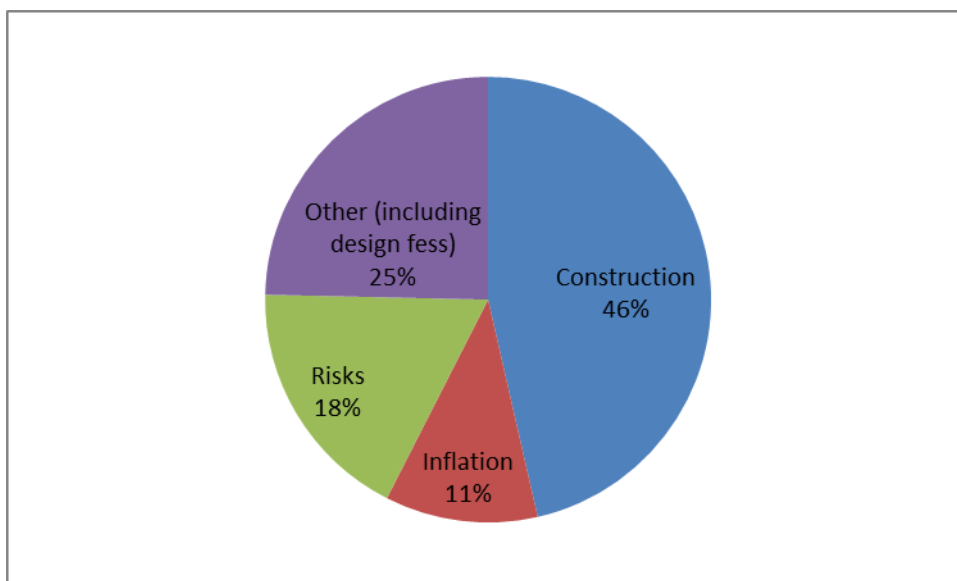
### **5.2.2 Breakdown of Project Costs**

Table 5-1 shows the itemised breakdown of scheme capital costs, including both construction costs and other costs for the KCC elements. These were provided by KCC's cost consultants and are in correct for 2016. The construction costs are further itemised in Appendix E. The key divisions of the cost are shown in Figure 5-1. The costs for the developer's network are not included here.

The itemised elements (Appendix E) consider the implications of both working with Network Rail and construction in a floodplain/riparian environment. This reflects the acknowledged engineering challenges and the liaison with Network Rail and Environment Agency as highlighted in 3.7.

**Table 5-1 Cost Breakdown**

<u>Cost Element</u>		<u>Bridge</u>	<u>New signalised junction</u>
		<u>1Q20</u>	<u>1Q20</u>
<b>TOTAL CONSTRUCTION COST</b>		£13,009,925	£488,658
Developing Business Case		£210,000	£0
Outline Design		£350,000	£0
Planning & Consultation Costs		£720,000	£0
Detailed Design Fees	7%	£910,695	£34,206
Supervision Fees	6%	£780,596	£29,320
Surveys & Studies		£60,000	£25,000
Archaeology Studies		£20,000	£5,000
Ecology Studies		£35,000	£0
Demolitions		£46,000	£0
Advance Works		£60,000	£0
Utilities		£250,000	£50,000
Accommodation Works		£180,000	£0
Highway Landscape Manitenance		£80,000	£0
KCC Direct Costs		£337,500	£15,000
KCC Legal Costs		£55,000	£5,000
KCC Clerk of Works		£70,200	£0
Land Costs		£600,000	£0
Flood Compensation Land		£600,000	£0
LCA Part 1 Costs		£25,000	£45,000
Lane Rental		£56,000	£32,000
Commuted Sums		£1,000,000	£0
KCC Adoption Fees	6.5%	£0	£31,763
Funder Monitoring		£10,000	£0
<b>Network Rail</b>			
Possessions		£250,000	£10,000
Design Supervision		£475,000	£20,000
TOC Compensation		£25,000	£5,000
Track Monitoring		£50,000	£10,000
Sundry Costs		£70,000	£10,000
Risks	25%	£4,958,979	£198,546
<b>Sub-Total</b>		£25,294,894	£1,014,493
Inflation - Refer to Heading for Start Date)		£3,173,120.93	£115,922.63
<b>TOTAL ESTIMATED PROJECT COST (excluding VAT)</b>		<b>£28,468,015</b>	<b>£1,130,416</b>



**Figure 5-1 Breakdown of scheme costs**

'Sunk costs' are assumed to have been absorbed within normal operations of the 'transport planning / project delivery' teams as part of ongoing preparedness.

### **5.2.3 Treatment of Scheme Costs**

The basic scheme costs are used, with some subtle differences, in both the financial case and the economic case.

For completeness, the steps are listed here:

- deriving a base cost estimate - including real cost increases;
- adjustment for risk (both cases), and optimism bias (economic case);
- re-basing the price base to the Department's base year (economic case);
- discounting to the Department's base year (economic case);
- converting to the market prices unit of account (economic case).

### **5.2.4 Inflation**

The scheme costs have been adjusted to include inflation at £4.8m. For the scheme, the bridge and the signalised junction assume the first quarter of 2020 for the required adjustment year. The indices used in the calculation provided by the cost consultant are given below:



<b>Indices:</b>							
Base Date:							4Q15
BCIS All IN TPI @ Base Date:							274
Construction Commencement Date: (1Q18)							305
Construction Commencement Date: (1Q19)							322
Construction Commencement Date: (1Q20)							339

### 5.2.5 Risk and Contingency

A Quantified Risk Assessment (QRA) has been undertaken which is included in Appendix J. This equates to a risk allowance of 25% across the project.

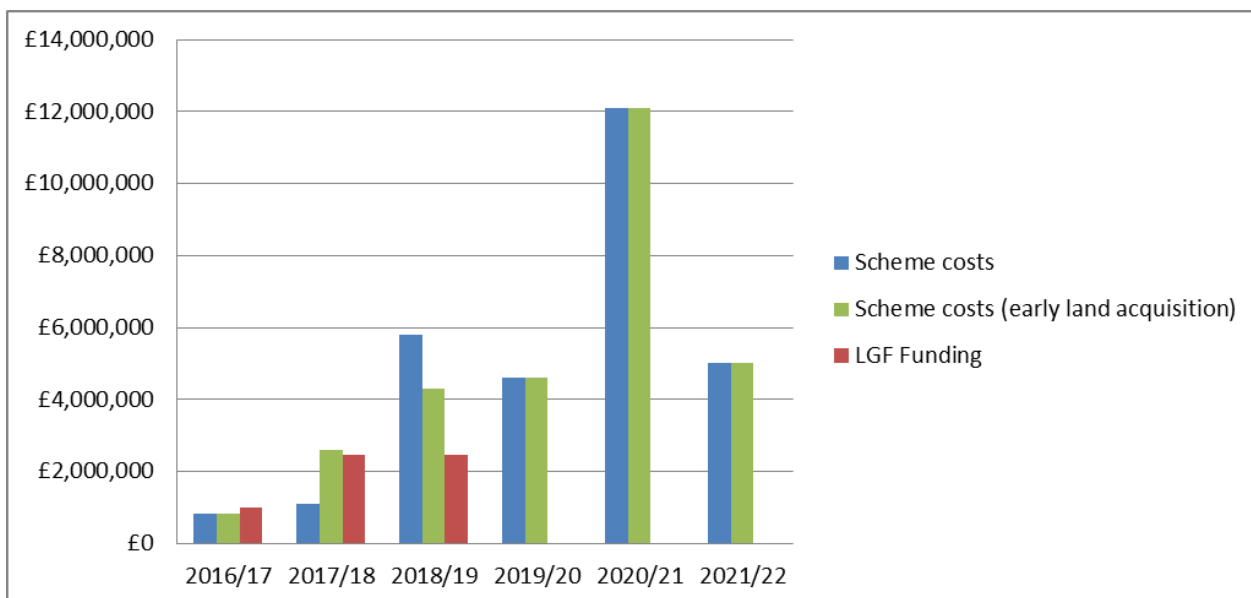
The outline design has been developed and costed with a viaduct to overfly both the flood plain and Network Rail land to mitigate the design risks as far as practicable.

## 5.3 Project Funding

This section considers the capital funding requirements and commitments for the proposed scheme investment.

### 5.3.1 Sources of Funding

The earmarked LGF funding to be released from SELEP is £5.9m, £1m to be released in 2016-17, and £2.45m in each of 2017-18 and 2018-19. Figure 5-2 shows the LGF funding in relation to the scheme costs.



**Figure 5-2 LGF Funding**

As mentioned the balance of the scheme costs is to be provided by the developer. The majority of the funding is to be provided by the Sturry/Broad Oak Developers (Site 2), with additional funding from 'North of Hersden (Site 8). In addition, the developer for Herne Bay Golf Club (site 4) has forward-funded £250,000 in 2015-16. The profile is attached as Appendix H, highlighting the build-out required for the developer to provide the scheme funding.

This payment schedule has been 'agreed in principle' with the developers and letters of assurance from the developers with regards to their funding contribution to the scheme are provided in Appendix I.

### **5.3.2 *Security and Earliest Availability of Funds***

'Heads of terms' / 'Memorandum of Understanding' are being arranged between KCC and the developer.

The developer will underwrite up to £3m costs if the scheme does not proceed but spending has occurred.

## **5.4 Financial Risk Management Strategy**

This section examines the risks associated with the costs and financial requirements of the Sturry Link Rd. It considers the mitigation that may be needed to handle the identified risks, if they arise.

### **5.4.1 *Risks to the Scheme Cost Estimate and Funding Strategy***

**Table 5-2** shows the financial risk assessment.

**Table 5-2 – Scheme Financial Risk Assessment**

Qualitative Financial Risk Assessment										
Scheme Financial Risk Item	Likelihood of Risk Arising (✓)			Impact Severity (✓)			Predicted Effect on Scheme Delivery & Outcome (✓)			Suggested Mitigation
	Low	Medium	High	Slight	Moderate	Severe	Slight	Moderate	Severe	
Unforeseen increase in scheme cost reduces the VfM (i.e. BCR nearer to 1.0 'low')	✓				✓			✓		Amend preferred scheme design content to reduce scheme cost and increase VfM / BCR
Earmarked / secured funds do not cover current scheme capital cost	✓					✓		✓		Lobby for additional funds from existing / new contributors. Consider reappportioning from other KCC schemes.
Majority of fund allocation is from a single source, not spread out		✓				✓		✓		'Heads of terms' to be completed before KCC commit excessive expenditure.
Majority of fund allocation is from Government LGF, giving poor 'leverage'	✓			✓			✓			Seek additional private sector and local public sector fund contributions
Main funding award depends upon sound scheme transport business case, which is not currently achievable	✓			✓				✓		Assemble additional supporting evidence for the scheme and prepare a Transport Business Case to a standard sufficient to confirm funding award
Government policy change disables a planned funding source	✓				✓			✓		None available

## **6 Commercial Case**

### **6.1 Overview**

The Commercial Case for the *Sturry Link Rd* provides evidence that the proposed investment can be procured, implemented and operated in a viable and sustainable way. The aim is to achieve best value during the process, by engaging with the commercial market.

### **6.2 Expected Outcomes from the Commercial Strategy**

The outcomes which the commercial strategy must deliver are to:

- Confirm that procedures are available to procure the scheme successfully;
- Check that available / allocated capital funds will cover contractor and construction costs;
- Verify that risk allowance is sufficient;
- Ensure that arrangements have been made to handle cost overruns;

### **6.3 Scheme Procurement Strategy**

#### *Procurement Options*

KCC have identified two procurement options for the delivery of their LEP funded schemes. The alternative options are:

#### Full OJEU tender

This option is required for schemes with an estimated value of over £4,322,012.

KCC will then need to opt for an 'open' tender, where anyone may submit a tender, or a 'restricted' tender, where a Pre-Qualification is used to whittle down the open market to a pre-determined number of tenderers. This process takes approximately one month and the first part is a 47 day minimum period for KCC to publish a contract notice on the OJEU website.

The minimum tender period is 6 weeks but could be longer for larger schemes. Once the tenders are received they must be assessed and a preferred supplier identified. There is a mandatory 10 day 'standstill' period, during which unsuccessful tenderers may challenge the intention to award to the preferred contractor.

### Delivery through existing Amey Highways Term Maintenance Contract (HTMC)

This option is strictly not procurement as the HTMC is an existing contract. The HTMC is based on a Schedule of Rates agreed at the inception of the contract. The price for each individual scheme is determined by identifying the quantities of each required item into a Bill of Quantities. Amey may price 'star' items if no rate already exists for the required item. If the scope of a specific scheme is different from the item coverage within the HTMC contract a new rate can be negotiated.

### *Preferred Procurement Option*

The preferred procurement route for the Sturry Link Rd scheme is full OJEU tender. This option has been selected as the value of the scheme, £29m, is greater than the OJEU scheme value threshold.

## 6.4 Commercial Risk Assessment

**Table 6-1** shows the commercial risk assessment

**Table 6-1 – Scheme Commercial Risk Assessment**

Scheme Commercial Risk Item	Likelihood of Risk Arising (✓)			Impact Severity (✓)			Predicted Effect on Scheme Procurement, Delivery & Operation (✓)			Immediate Bearer of Risk and Suggested Mitigation
	Low	Medium	High	Slight	Moderate	Severe	Slight	Moderate	Severe	
Scheme construction is delayed and costs increase, owing to unexpected engineering difficulties.		✓				✓		✓		Kent CC, as scheme promoter, bears the risk. Ensure that scheme development, design, procurement and construction procedures are sufficiently robust to minimise likelihood of construction difficulties.

## **7 Management Case**

### **7.1 Overview**

The Management Case outlines how the proposed scheme and its intended outcomes will be delivered successfully. It gives assurances that the scheme content, programme, resources, impacts, problems, affected groups and decision makers, will all be handled appropriately, to ensure that the scheme is ultimately successful. It also covers monitoring of the scheme.

### **7.2 Approach to Scheme Development and Delivery**

Outline the approach that will be followed, to verify that the scheme can be successfully delivered, i.e. show that the management approach will;

- Confirm the problems and scheme issues that are being considered and the problem-handling strategies that are being applied, to assure that the scheme can be delivered satisfactorily;
- Justify the measurement scales and thresholds that will be used to assess problem issues and scheme performance outcomes;
- Verify that the proposed scheme design will be satisfactory and fit-for-purpose;
- Ensure that favourable scheme performance will be judged by robust appraisal against accepted criteria;
- Assure that suitable funding sources are available;
- Show that a procurement, construction and operation strategy is being developed;
- Check that project risks are identified, handled and mitigated effectively; and
- Confirm that appropriate evaluation techniques will be introduced, to measure the scheme's success, after implementation.

Although not fully defined at this stage, the project is likely to be managed in house by PRINCE2 trained and experienced Kent County Council staff, using a well-established governance structure, which has been successfully applied to deliver other transport improvement schemes.

### **7.3 Evidence of Previously Successful Scheme Management Strategy**

KCC have a successful track record of delivering major transport schemes within the county. The most recent of which were the East Kent Access Phase 2 (EKA2) and Sittingbourne Northern Relief Road schemes (SNRR).

The EKA2 scheme, completed in May 2012, was designed to support economic development, job creation and social regeneration, improving access with high quality connections between the urban centres, transport hubs and development sites in East Kent. The overall objectives of the scheme were to unlock the development potential of the area, attract inward investment and maximise job opportunities for local people. The extent of the scheme is shown in **Figure 7-1**.

The scheme was successfully delivered within budget and ahead of programme through the adoption of a robust management approach similar to that set out above to deliver the Sturry Link Rd scheme. The total value of the scheme was £87.0m of which £81.25m was funded by Central Government.

The intended scheme outcomes are currently being monitored but the intended benefits of the scheme are anticipated to be realised.



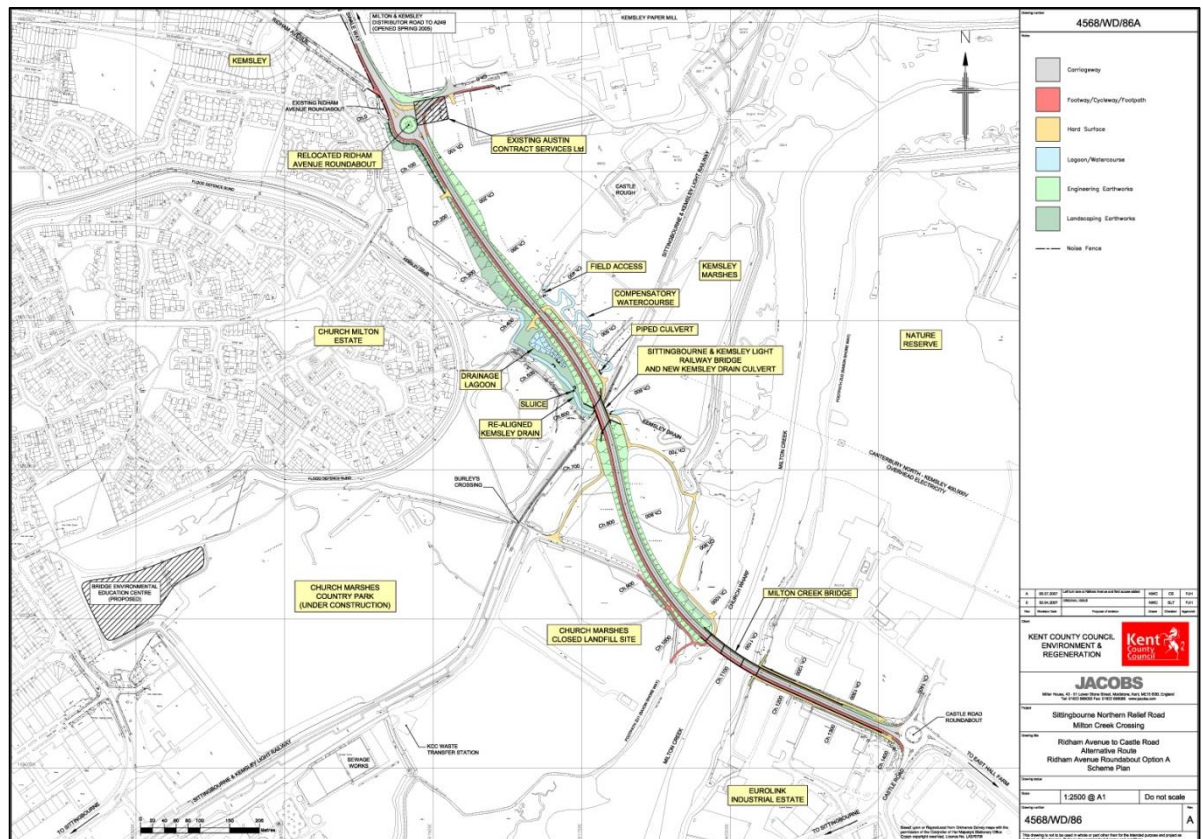
**KEY**

- Phase 1A & 1B (completed 2004)
- Phase 1C (Completed 2007)
- Phase 2 (Completed May)

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The delivered scheme is shown in **Figure 7-2** below:





- Statutory orders (early 2017)
- Detailed design (2017-18)
- Procurement / Tendering (2018-19)
- Environmental surveys (Ecology underway / other surveys being coordinated)
- Construction – Mobilisation Oct 2019, Construction Jan 2020, Close Down Activities Oct 2021)
- Monitoring (part of wider LEP schemes programme)

The programme has been established by KCC in conjunction with the developers. It is an evolving document aimed to synchronise the different planning, development and construction aspects.

## **7.5 Project Governance, Roles and Responsibilities**

KCC have set up a clear and robust structure to provide accountability and an effective decision making process for the management of the LEP funded schemes. Each scheme will have a designated project manager (Richard Shelton for Sturry Link Rd) who will be an appropriately trained and experienced member of KCC staff.

**Figure 7-3** provides an outline of the overall governance structure implemented to manage the delivery of each scheme.

A detailed breakdown of the meetings (along with the attendees, scope and output of each) which make up the established governance process is set out below.

### *Project Steering Group (PSG) Meetings*

PSG meetings are held fortnightly to discuss individual progress on each scheme and are chaired by KCC Project Managers (PMs). Attendees include representatives from each stage of the LEP scheme (i.e. KCC Bid Team, KCC sponsor, KCC PMs, Amey design team and construction manager). Progress is discussed in technical detail raising any issues or concerns for all to action. A progress report, minutes of meeting and an update on programme dates are provided ahead of the Programme Board (PB) meeting for collation and production of the Highlight Report.

**Figure 7-3 – KCC Project Governance Structure**

Bid	Design	Construction	High level Agenda	Frequency	Attendees	Format	Scope	Agenda Items	Key Deliverables/Feedback	Templates
Sponsoring Group			Bid Design Construction	Monthly - Can be called in emergency if required	Chair: TR BC/RW/MG Supported by IPM attendees as required	Face to face meeting, rotating venue	To discuss programme (i.e. high level progress/preview next steps and discuss and resolve issues.	LEP programme (high level) progress to date Programme Financial reporting Next steps Issues/Risk/Change Actions	Minutes of Meeting Action/Decision Log Output distributed to MG	Agenda Minutes Decision list
Sponsoring Group Progress Report			Decisions Needed	Monthly	MG/JW	Report	To record outstanding actions/ issues that require a decision made by the board		Action list ready for the Steering Group	Action List
Programme Board Meeting			Bid Design Construction	Monthly	Chair: MG MG/KCC Promoters/KCC PMs/ AQ or RC/SW/PC/JW	Face to face meeting, rotating venue	To discuss progress/preview next steps and discuss and resolve issues	LEP programme progress to date Project financial reporting Next steps Issues/Risk/Change Actions	Minutes of Meeting Action List Output distributed to all attendees	Agenda Minutes
Highlight Report			Identify key points for Programme Meeting	Monthly	JW/MG	Face to face meeting/report	JW to collate and streamline all reports highlighting areas of interest for the programme meeting. To be fed back to MG by report/meeting		Highlight report for MG to use for Programme Meeting. Highlight report shared with PR attendees.	Highlight Report
Steering Group Meeting			Progress Update	Monthly/Fortnightly as required	Chair: KCC PMs All input staff - KCC Bidding/KCC Promoters/KCC PMs/Amey Design/TMC/JW	Face to face meeting	Individual meetings per project (including each stage of the LEP process to discuss progress in detail).	LEP project progress to date/MS Programme Project financial reporting Issues/Risk/Change Actions	MS Programme Update Progress update in template for each project	Progress Report

**List of Initials:**

BC Barbara Cooper  
 RW Roger Wilkin  
 TR Tim Read  
 MG Mary Gillett  
 AQ Andrew Quilter  
 RC Richard Cowling  
 SW Steve Whittaker  
 PC Paul Couchman  
 JW Joanne Whittaker

### *Highlight Report*

The Progress Reports sent by the KCC PMs comprise of the following updates; general progress, project finances, issues, risks and governance meeting dates. The Highlight Report identifies any areas of concern or where decisions are required by the PB meeting or higher to the KCC LEP Programme Manager. An agreed version of the Highlight Report is issued to the PB meeting attendees during the meeting.

### *Programme Board (PB) Meeting*

The PB meeting is held monthly and is chaired by the KCC LEP Programme Manager. Attendees include representatives from all three stages of the schemes (i.e. KCC LEP Management, KCC LEP Bidding, KCC Sponsors, KCC PMs, Amey Account Manager, Amey Technical Advisors, Amey Construction representatives). This meeting discusses project progress to date, drilling into detail if there is an issue or action (as identified in the PSG meeting), financial progress, next steps and actions. Outputs of this meeting are the Highlight Report and the minutes of meeting.

### *Escalation Report*

A list of actions and decisions that the PB meeting was unable to resolve is prepared ready for the Sponsoring Group (SG) meeting to discuss and ultimately resolve.

### *Sponsoring Group (SG) Meeting*

The SG is held monthly and will be chaired by Tim Read (KCC Head of Transportation). Attendees are Barbara Cooper (Corporate Director), Roger Wilkin (Director of Highways, Transportation and Waste), Tim Read and Mary Gillett (KCC Major Projects Planning Manager). This meeting discusses high-level programme progress to date, financial progress, next steps and closes out any actions from the escalation report. Output is sent to Mary Gillett for distribution. Technical advisors are invited if necessary to expand upon an issue. All actions from the start of this meeting cycle are to be closed out by the SG when they meet (i.e. no actions roll over to subsequent meetings).

## **7.6 Communication and Stakeholder Management Strategy**

**Figure 7-4** shows the engagement approach to be used for various different stakeholders and interest groups. As mentioned consultation is a key milestone in the programme.

There is clearly an important coordination between the Transport Authority (KCC), the developer for the Sturry/Broad Oak site, and the Planning Authority (Canterbury City Council). This is required to ensure a combined delivery of the link road and the 1,000 houses. KCC envisage there will be one planning application for the Sturry Link Road, with a joint EIA prepared with the developers of the Sturry and Broad Oak developments. The intention is to submit a planning application in Oct 2016.

The scheme will require planning consent from Kent County Council as the Planning Authority.

In support of a planning application it should be noted that the scheme is included in the Canterbury District Local Plan 2014 Draft Publication, Policy T14 currently being examined by public consultation.

Policy T14 - Sturry Link Road states

'The Council will seek to implement a Sturry Relief Road as identified on the Proposals Map. Any development proposals that might prejudice this route will be resisted. Contributions to this relief road will be sought from appropriate developments as set out in Policy SP3.'

The funding model has been previously outlined in the Financial Case. This will be enforced by including into S106 agreements with Canterbury City Council.

In addition to the transport surveys and the transport modelling provided as the basis for the Strategic Case and Economic Case, the developer has also funded and made available the topological survey and environmental/ecological survey.

The liaison with Network Rail and Environment Agency has been previously mentioned.

It is appreciated that if the development does not proceed, the link road is unlikely to be delivered.

### Figure 7-4 – Stakeholder Management Plan

Itemise Stakeholders to be Handled in Accordance with Interest / Influence Matrix						
Stakeholder Influence	High	<table><tr><td><u>To be Passively Monitored:</u></td><td><u>To be Actively Engaged and Managed:</u> Canterbury City Council Developer for Sturry / Broad Oak Site SELEP / DfT Network Rail SouthEastern</td></tr><tr><td><u>To be Passively Conciliated:</u> Local population</td><td><u>To be Actively Informed:</u> Local businesses Environment Agency Bus Operators (Stagecoach) Other developers</td></tr></table>	<u>To be Passively Monitored:</u>	<u>To be Actively Engaged and Managed:</u> Canterbury City Council Developer for Sturry / Broad Oak Site SELEP / DfT Network Rail SouthEastern	<u>To be Passively Conciliated:</u> Local population	<u>To be Actively Informed:</u> Local businesses Environment Agency Bus Operators (Stagecoach) Other developers
	<u>To be Passively Monitored:</u>	<u>To be Actively Engaged and Managed:</u> Canterbury City Council Developer for Sturry / Broad Oak Site SELEP / DfT Network Rail SouthEastern				
<u>To be Passively Conciliated:</u> Local population	<u>To be Actively Informed:</u> Local businesses Environment Agency Bus Operators (Stagecoach) Other developers					
	Low	Low				
		High				
		Stakeholder Interest				

## 7.7 Contract Management

Outline how the scheme developer, implementer and operator contracts will be successfully managed, to provide best value, quality assurance and timely delivery.

## 7.8 Project Risk Management and Contingency Plan

### *Risk Management Strategy*

Project risk is managed as an on-going process as part of the scheme governance structure, as set out in section 7.2 of this report. A scheme risk register is maintained and updated at each of the two-weekly Project Steering Group meetings. Responsibility for the risk register being maintained is held by the KCC PM and is reported as part of the monthly Progress Reports.

Any high residual impact risks are then identified on the highlight report for discussion at the Programme Board (PB) meeting. Required mitigation measures are discussed and agreed at the PB meeting and actioned by the KCC PM as appropriate.

An example scheme risk register is shown in **Figure 7-5** below:



### Figure 7-5 – Project Delivery Programme

Risk Register															
Project Title: Example 1				H High			H High								
Project Manager: Mr Smith				M Medium			M Medium			Total Risk Allowance					
Date of Last Review: 25/12/2024				L Low			L Low			0		Risk Closed			
Risk Number	Risk Description	Date Logged	Assigned Impact	Assigned Probability	Assigned Priority	Nature of Impact (Commercial/Programme/R&S)	Action to be taken (Mitigation)	By When	By When	Revised Impact	Revised Probability	Revised Priority	Progress	Residual Cost Allowance in Project Estimate	Risk needs this review
001	Example: Planning permission for construction not obtained in time	01/01/2024	L	L	L	Example: Delay to project as impact on contract documentation.	Example: Ensure that it is project programme with adequate float as per forecast.	2024/03/01		L	L	L			

**Table 7-1** shows a summary of the project risk assessment. This includes aspects from all elements of the business case, and also adds 'operational' and 'scheme performance' elements.

**Table 7-1 – Project Risk Assessment**

Project Risk Management Strategy					
Risk Category	Risk Description	Likelihood of Risk Arising (Score 1-5)	Severity of Impact (Score 1-5)	Risk Score = Likelihood x Impact Severity	Proposed Risk Mitigation and Contingency Action
Scheme Transport Business Case Approval	SELEP / DfT requires more quantified evidence for Economic Case Value for Money, rather than qualitative assessment	2	4	8	Assemble as much available evidence of scheme VfM before submitting
Design –	Safety	1	5	5	On-going safety audits to confirm design appropriate
Design	Issues with statutory, design, procurement or environmental surveys	2	4	8	Address at early stage (use risk register)
Funding	Not forthcoming	1	5	5	Ongoing discussions with funding bodies, developer and SELEP
Delivery	Developer's link roads are delayed	1	5	5	Scheme withdrawn
Operational	Blocking back	1	4	4	To be enhanced during design and negotiations with Network Rail
Scheme performance	Downstream capacity erodes benefits	2	3	6	Further study being undertaken in relation to Vauxhall Rd roundabouts
Overall					
<p><u>Key to Risk-Likelihood and Impact-Severity Scoring Categories:</u></p> <p>Very Low 1.0; Low 2.0; Moderate 3.0; High 4.0; Very High 5.0;</p>					



## 7.9 Project Assurance

KCC have provided a section 151 letter which is given as Appendix F.

## 7.10 Scheme Monitoring

KCC are committed to monitoring, evaluating and reporting the scheme post-opening.

The current data for travel times, via ANPR, through the network can be repeated post-opening. If required, KCC could also undertake 'moving observer' surveys.

In addition pre-opening data for Accidents and Air Quality is available and can also be repeated post-opening.

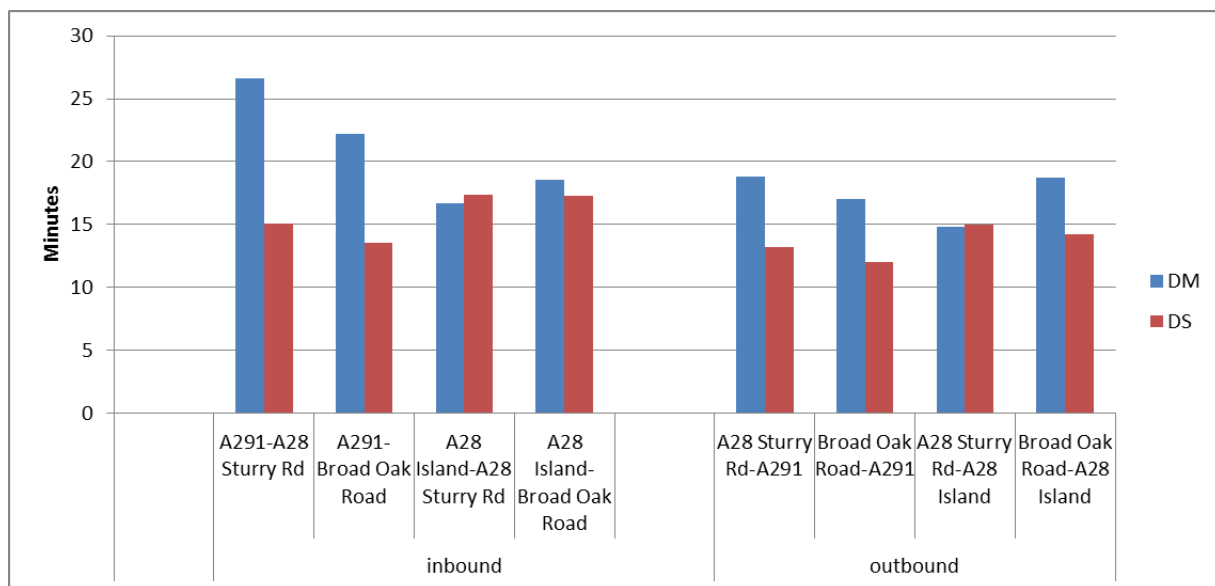
A congestion relief scheme it would be appropriate to compare traffic flows so that the changes in delay are put into context. A repeat of the ANPR survey would provide this.

**Table 7-2** shows the scheme monitoring plan.

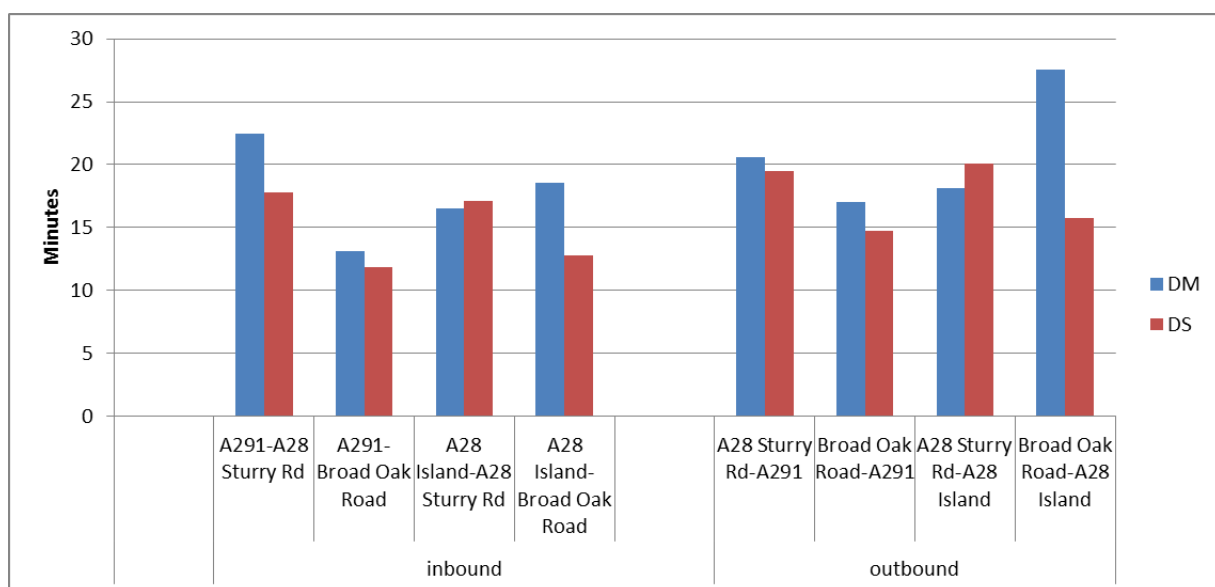
The acceptability will be judged on the predictions supporting the economic case and on delivering the scheme objectives. The expected improvements in junction operation are shown as **Figure 7-6** and **Figure 7-7**.

**Table 7-2 – Scheme Monitoring, Evaluation and Benefits Realisation Plan**

Expected Benefit	Measure	Owner	Outcome/impacts	Review timescale	Review Method
Travel-time improvement	Journey-time	KCC		One and five year post-opening	Repeat ANPR / queue surveys
New housing	Completions	CCC	Delivery of local plan		On-going Housing monitoring
Accidents	KSI	KCC			On-going Accident Monitoring
Air Quality	Nitrogen Dioxide	CCC			On-going measurements
n/a	Traffic Flows	KCC		One and five year post-opening	Repeat ANPR survey



**Figure 7-6 Expected benefits (AM)**



**Figure 7-7 Expected benefits (PM)**

## **8 Conclusions and Recommendations**

### **8.1 Conclusions**

The scheme provides an affordable and deliverable scheme that can overcome the existing problem of congestion in the Sturry area caused by variety of factors including the level crossing and the A28/A291 junction. It will also provide sufficient network to deliver the 4,500 houses in the north-east quadrant of Canterbury, an important quantum in delivering the Canterbury Local Plan.

The scheme is worthwhile from a 'value for money' standpoint. It is worthwhile noting that there is a significant developer contribution, and a high value infrastructure project is being delivered with a 'minimal' ask to public finances.

### **8.2 Recommended Next Steps**

The development and delivery of the scheme should be approved and should proceed. Elements of the business case can be updated as required.

### **8.3 Value for Money Statement**

The 'value for money' statement in this report suggests a 'high' value for money. This should be revisited if scheme costs escalate, or significant environmental factors become apparent.

### **8.4 Funding Recommendation**

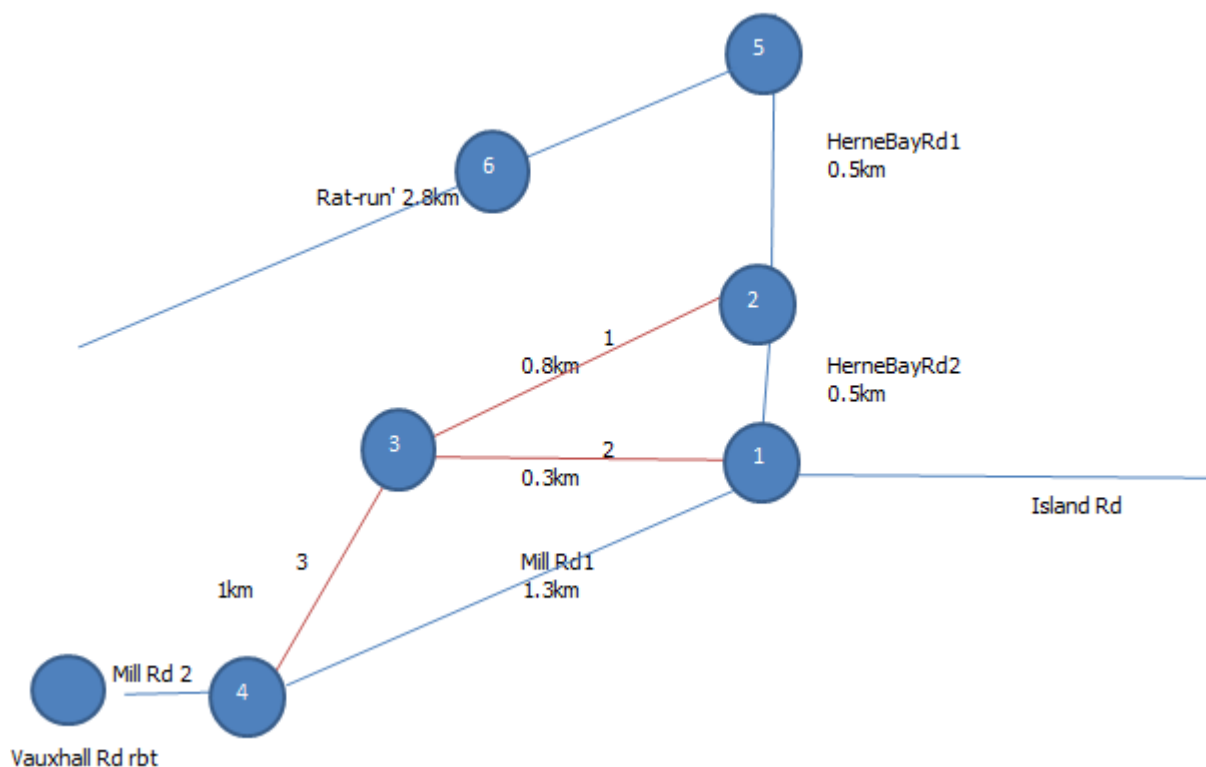
The £5.9m funding requirement from SELEP should be released to KCC.

## **Appendix A Scheme Drawing**

## **Appendix B Appraisal Summary Table**

## **Appendix C Accident plot**

## Appendix D COBALT results



### [Section 2.1] Link Accident Statistics

Link Name	without-Scheme			Total*	with-Scheme			Total*	Benefits			Total*
	2015	2030	Total*		2015	2030	Total*		2015	2030	Total*	
HerneBayRd1	0.4	0.3	18.0	1,133.8	0.4	0.4	20.8	1,308.1	0.0	0.0	-2.8	-174.3
HerneBayRd2	0.4	0.3	18.0	1,133.8	0.2	0.1	4.6	297.0	0.2	0.2	13.5	836.9
MillRd1	1.8	1.4	83.6	5,255.8	1.1	0.4	26.4	1,702.7	0.6	1.0	57.2	3,553.0
MillRd2	0.6	0.5	30.5	1,918.8	0.7	0.6	33.3	2,094.5	0.0	0.0	-2.8	-175.7
IslandRd	0.8	0.6	37.6	2,366.2	0.8	0.6	37.6	2,366.2	0.0	0.0	0.0	0.0
LinkRd1	0.0	0.0	0.0	0.0	0.0	0.4	21.2	1,275.7	0.0	-0.4	-21.2	-1,275.7
LinkRd2	0.0	0.0	0.0	0.0	0.0	0.1	3.3	198.4	0.0	-0.1	-3.3	-198.4
LinkRd3	0.0	0.0	0.0	0.0	0.0	0.7	39.0	2,343.8	0.0	-0.7	-39.0	-2,343.8
RatRun	1.9	2.2	128.3	8,004.6	1.4	1.5	83.9	5,241.8	0.5	0.8	44.5	2,762.8
Total	5.8	5.5	316.2	19,813.0	4.6	4.7	270.1	16,828.2	1.2	0.7	46.0	2,984.8

Costs and benefits discounted to 2010 in multiples of a thousand pounds.

### [Section 2.2] Junction Accident Statistics

Junction Name	without-Scheme			Total*	with-Scheme			Total*	Benefits			Total*
	2015	2030	Total*		2015	2030	Total*		2015	2030	Total*	
J1	1.8	2.0	120.6	5,856.4	0.9	0.0	2.9	196.4	0.9	2.0	117.8	5,660.0
J10S	0.0	0.0	0.0	0.0	0.0	1.2	68.4	3,111.2	0.0	-1.2	-68.4	-3,111.2
J2	0.0	0.0	0.0	0.0	0.0	0.9	51.6	2,437.0	0.0	-0.9	-51.6	-2,437.0
J3	0.0	0.0	0.0	0.0	0.0	0.7	39.9	1,598.9	0.0	-0.7	-39.9	-1,598.9
J4	0.0	0.0	0.0	0.0	0.0	1.6	87.8	4,124.0	0.0	-1.6	-87.8	-4,124.0
LCSturry	0.8	0.9	52.4	2,550.1	0.7	0.5	30.5	1,498.0	0.2	0.4	21.9	1,052.2
J5	1.2	1.4	82.5	4,008.2	0.9	0.0	3.3	223.8	0.4	1.4	79.3	3,784.4
J5DS	0.7	0.7	39.4	1,921.2	0.9	1.2	68.0	3,294.5	-0.2	-0.5	-28.7	-1,373.4
LCBroadoak	0.4	0.5	28.6	1,388.2	0.3	0.4	23.5	1,142.1	0.1	0.1	5.1	246.1
J6	0.3	0.3	17.4	846.3	0.3	0.4	23.5	1,142.1	-0.1	-0.1	-6.1	-295.8
Total	5.2	5.7	341.0	16,570.4	4.0	7.0	399.4	18,767.8	1.2	-1.2	-58.4	-2,197.4

Costs and benefits discounted to 2010 in multiples of a thousand pounds.

## **Appendix E Construction cost breakdown**



## **Appendix F Section 151 Letter**

## **Appendix G Programme**

## **Appendix H Non-LGF Funding**

**CONFIDENTIAL**

## **Appendix I Developer Letters of Assurance**

**CONFIDENTIAL**

## **Appendix J Quantified Risk Assessment**









Independent Technical  
Evaluator – Growth Deal  
Business Case Assessment  
(Late Q1 2016/17 for Q2  
2016/17 starting schemes)

Extraordinary Accountability Board  
Report  
Late June 2016

South East Local  
Enterprise Partnership

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# 1 Independent Technical Evaluation of Q2 2016/17 starting Growth Deal Schemes

## Overview

- 1.1 Steer Davies Gleave and SQW were reappointed by the South East Local Enterprise Partnership in April 2016 as Independent Technical Evaluators. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decisions on investment to independent scrutiny.
- 1.2 This report is for the review of Full Business Cases for schemes which were allocated funding through the Growth Deal process during 2014/15 and are seeking funding in the second quarter (Q2) of 2016/17. Recommendations are made for funding approval on 24<sup>th</sup> June 2016 by the Accountability Board and the Section 151 Officer at Essex County Council as Accountable Body, in line with the South East Local Enterprise Partnership's own governance.

## Method

- 1.3 The review provides comment on the Full Business Cases submitted by scheme promoters, with a focus on the strength of the business case, the value for money being provided by the scheme, as set out in the business case and the certainty of value for money assessment provided.
- 1.4 Our role as Independent Technical Evaluator is not to purely assess adherence to guidance, nor to make 'go' / 'no go' decisions on funding, but to provide information to the South East Local Enterprise Partnership Board to make such decisions based on independent, technically expert, and transparent advice. Approval will, in part, depend on the appetite of the Board to approve funding for schemes where value for money is not assessed as being high.
- 1.5 The assessment is based on adherence of scheme business cases to Her Majesty's Treasury's *The Green Book: Appraisal and Evaluation in Central Government*<sup>1</sup>, and related departmental guidance such as the Department for Transport's WebTAG (Web-based Transport Analysis Guidance) or the Homes and Communities Agency's *The Additionality Guide*. The Green Book, WebTAG and The Additionality Guide provide proportionate methodologies for scheme appraisal (i.e. business case development).
- 1.6 Pro forma have been developed based on the criteria of *The Green Book*, a 'checklist for appraisal assessment from Her Majesty's Treasury, and WebTAG. Assessment criteria were removed or substituted if not relevant for a non-transport scheme.
- 1.7 Individual criteria were assessed and the given a 'RAG' (Red – Amber – Green) rating, with a summary rating for each case. The consistent and common understanding of the ratings are as follows:
- **Green:** approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the Value for Money category assessment.
  - **Amber:** approach or assumption(s) out of line with guidance and practice, with limited significance to the Value for Money category assessment, but should be amended in future submissions (e.g. at Final Approval stage).
  - **Red:** approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the Value for Money category assessment, requires amendment or further evidence in support before Gateway can be passed.

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<sup>1</sup> Source: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220541/green\\_book\\_complete.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf)

1.8 The five cases of a government business case are, typically:

- **Strategic Case:** demonstration of strategic fit to national, Local Enterprise Partnership and local policy, predicated upon a robust and evidence-based case for change, with a clear definition of outcomes and objectives.
- **Economic Case:** demonstration that the scheme optimises public value to the UK as a whole, through a consideration of options, subject to cost-benefit analysis quantifying in monetary terms as many of the costs and benefits as possible of short-listed options against a counterfactual, and a preferred option subject to sensitivity testing and consideration of risk analysis, including optimism bias.
- **Commercial Case:** demonstration of how the preferred option will result in a viable procurement and well-structured deal, including contractual terms and risk transfer.
- **Financial Case:** demonstration of how the preferred option will be fundable and affordable in both capital and revenue terms, and how the deal will impact on the balance sheet, income and expenditure account, and pricing of the public sector organisation. Any requirement for external funding, including from a local authority, must be supported by clear evidence of support for the scheme together with any funding gaps.
- **Management Case:** demonstration that the preferred option is capable of being delivered successfully in accordance with recognised best practice, and contains strong project and programme management methodologies.

1.9 In addition to a rating for each of the five cases, comments have been provided against Central Government guidance on analytical assurance – **reasonableness** of the analysis, risk of error (or **robustness** of the analysis), and **uncertainty**. Proportionality is applied across all three areas.

1.10 Assessments were conducted by a team of transport and economic planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails in April/May/June 2016.

## 2 Evaluation Results

### Gate 2 Results

- 2.1 Table 2.1 below provides the results of our independent and technical evaluation of the scheme seeking funding approval on 24<sup>th</sup> June 2016 by the South East Local Enterprise Partnership Accountability Board. It includes both our interim assessment ('Gate 1 Assessment') of the Outline Business Case and the subsequent final assessment of the Full Business Case ('Gate 2 Assessment'). More detailed feedback has been issued to the scheme promoter and the secretariat of the South East Local Enterprise Partnership using a standard transport assessment pro forma.

### Summary Findings and Considerations for the Board

- 2.2 There is only one recommendation to be made to the board.

#### Recommendations

- 2.3 The following scheme achieves high value for money, but with low certainty of achieving this. Our recommendation is that with confirmation from Network Rail that they approved the scheme and that their approval and any further necessary involvement would not cause an increase in costs, the scheme should be funded. Without these being provided, our advice is that the scheme presents too high a risk and that the approval of the scheme be deferred until such time that such assurances can be provided.
- Sturry Link Road (£5.9m)

**Table 2.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q2 2016/17**

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Sturry Link Road	5.9	Gate 1: 2.3	Amber	Amber	Green	Red	Green	Reasonable methodology has been employed	The assumptions framing the economic case need to be stated to improve the robustness of the analysis.	There are inaccuracies and inconsistencies within the financial case which need to be corrected to provide greater certainty. There is also an issue around the deliverability given the interaction with the railway and the river.
		Gate 2: 2.3	Green	Green	Green	Amber	Amber	Reasonable methodology has been employed	Economic case has been updated and accurate methodology has been employed.	Clarification of the financial case was provided. There is still some uncertainty around the involvement of Network Rail and the level of engagement and consultation so far undertaken.

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## AGENDA ITEM 5

Report to Accountability Board	Forward Plan reference number: FP/AB/045 FP/AB/037
Date of Accountability Board Meeting: 24 <sup>th</sup> June 2016 Date of report: 15 <sup>th</sup> June 2016	
Title of report: Capital Programme Management Update	
Report by: Adam Bryan	
Enquiries to: <a href="mailto:adam.bryan@essex.gov.uk">adam.bryan@essex.gov.uk</a>	

### 1. Purpose of Report

1.1. The purpose of this paper is to:

- Present recommendations for amendments to the capital programme, including a reallocation of funding from Westenhanger Lorry Park Scheme and a change of scope to the A26 London Road/Speldhurst Road/ Yew Tree Road Junction scheme.

### 2. Recommendations

2.1. The Board is asked to:

- **APPROVE** the re-allocation of £3m Local Growth Fund project from Westenhanger Lorry Park project to fund Ashford International Rail Connectivity (Ashford Spurs) Project;
- **APPROVE** the removal of Westenhanger Lorry Park project from the SELEP LGF programme;
- **APPROVE** the proposed change of scope to the A26 London Road/Speldhurst Road/ Yew Tree Road Junction LGF scheme to become Tunbridge Wells Junction Improvements Project; and
- Subsequently **RECOMMEND** the proposed variations to Government
- These recommendations are made on the condition that a value for money assessment is undertaken for the following schemes by the ITE and are assessed as presenting high value for money and demonstrate medium to high certainty of achieving this:
  - Ashford International Rail Connectivity (Ashford Spurs) Project
  - Tunbridge Wells Junction Improvements Project

### 3. Supporting Detail

In support of this paper, appendices contain:

- Appendix 1: Full Report: Ashford Spurs Proposal
- Appendix 2: Full Report: Tunbridge Wells Junction Improvements Proposal

#### **4. Background**

Kent and Medway Economic Partnership are seeking variances to two projects currently funded under LGF Round 2.

- **Ashford Spurs Proposal**

LGF Round 2 had provisionally allocated funding to both Westenhanger Lorry Park (£3m) and Ashford International Rail Connectivity project (£2m). The Government has since confirmed plans to invest in a large scale Lorry Area, and there is now no requirement for funds allocated to Westenhanger Lorry Park. Instead, it is sought that this funding is re-allocated to the Ashford International Rail Connectivity project to help bridge the funding gap. It is expected that this additional allocation would attract further capital investment to the scheme. Full details are outlined in the attached appendix.

- **Tunbridge Wells Junction Improvements Proposal**

LGF Round 2 had allocated £1.8 million to the delivery of the Yew Tree Road/Speldhurst Road/A26 junction improvement scheme in Tunbridge Wells, aimed to ease congestion and facilitate growth. Since its original scoping, the scheme was refined and delivered more cost effectively, to the tune of £600k in February/March 2016. To unlock further benefits, this proposal seeks to amend the project scope to create a second phase of transport infrastructure improvements to tackle congestion and support economic and housing growth in the town. Full details are outlined in the attached appendix.

#### **5. Financial Implications**

- 5.1. There are no funding implications arising from the recommendations in this report as no new funding is being requested; we are simply looking to re-profile existing Local Growth Funding to different projects.
- 5.2. To meet with the requirements of the SELEP Assurance Framework it will be necessary to ensure that any decision to allocate additional or new Local Growth Funding to a project is supported by a business case review and value for money assessment by the Independent Technical Evaluator (ITE).
- 5.3. It is advised by the Accountable Body that the decision to transfer an additional £3m of funding to the Ashford International Rail Connectivity (Ashford Spurs) Project should be reviewed by the Accountability Board should the project not be successful in gaining the required funding to meet the remaining anticipated £4.8m funding gap for this project.

#### **6. Legal Implications**

6.1. None at present

## **7. Staffing and other resource implications**

7.1. None

## **8. Equality and Diversity implications**

8.1. None

## **9. List of Appendices**

- Appendix 1: Full Report: Decision to agree the reallocation of £3m Local Growth Fund from Westenhanger Lorry Park to Ashford International Rail Connectivity Project.
- Appendix 2: Full Report: A26 London Road/Speldhurst Road/ Yew Tree Road Junction Project Change of Scope

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

## **10. List of Background Papers**

10.1. None

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off	
Lorna Norris	16 June 2016
On behalf of Margaret Lee	



## Appendix 1

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b>
<b>Date of Accountability Board Meeting:</b> 10 June 2016 <b>Date of report:</b> 23 May 2016	
<b>Title of report:</b> Decision to agree the reallocation of £3m Local Growth Fund from Westenhanger Lorry Park to Ashford International Rail Connectivity Project.	
<b>Report by:</b> Roger Wilkin , Director of Highways, Transportation and Waste, Kent County Council	
<b>Enquiries to:</b> Lee Burchill ( <a href="mailto:lee.burchill@kent.gov.uk">lee.burchill@kent.gov.uk</a> )	

### 1. Purpose of report

- 1.1 The purpose of this paper is to request approval for the re-allocation of funding between Westenhanger Lorry Park and Ashford International Rail Connectivity (Ashford Spurs) Project

### 2. Recommendations

- 2.1 The Board are asked to:
- Approve the re-allocation of £3m Local Growth Fund project from Westenhanger Lorry Park project.
  - Approve the removal of Westenhanger Lorry Park project from the SELEP LGF programme.

### 3. Background

- 3.1. Through the Local Growth Fund Round 2 Growth Deal Expansion, Westenhanger Lorry Park and Ashford International Rail Connectivity project were provisionally allocated £3m and £2m respectively.
- 3.2. The need for LGF investment in Kent County Council promoted Westenhanger Lorry Park project has been negated, due to Government's plans to invest in a large scale Lorry Area.
- 3.3. It is therefore proposed that the £3million funding allocation to this project should be re-allocated to the Ashford International Rail Connectivity project to help bridge the funding gap.

#### **4. Westenhanger Lorry Park**

- 4.1. The provisional allocation of £3m LGF to Westenhanger Lorry Park project was intended to support the delivery of a 300 space overnight lorry park at M20 Junction 11.
- 4.2. The scheme's aim was to tackle issues of inappropriate lorry parking in Kent and to ease pressure during the implementation of Operation Stack.
- 4.3. Subsequent to the LGF allocation to the project, the Chancellor of the Exchequer announced (in Nov 15) funding of up to £250 million to enable the delivery of a permanent lorry area near M20 Junction 11 to increase network resilience during Operation Stack in Kent.
- 4.4. The Highways England proposal will deliver a 3,600 space Lorry Area for Operation Stack, of which it is proposed that approximately 500 spaces could be allocated for overnight parking. As this is in the same vicinity as the Westenhanger Lorry Park, it negates the need for Kent County Council's LGF project.
- 4.5. The Highways England Lorry Area will therefore deliver benefits in excess of those identified through the Westenhanger Lorry Park proposal for which LGF was allocated and negates the need for the Kent County Council Westenhanger Lorry Park proposal.

#### **5. Ashford International Rail Connectivity (Ashford Spurs) Project**

- 5.1. Ashford International Rail Connectivity project is a strategic priority to deliver the infrastructure investment required to allow existing and future international rails to call at Ashford International Railway Station.
- 5.2. The preparation of the Business Case and project development work by Network Rail has led to a revised anticipated project cost of £10.5m, including contingencies and risk.
- 5.3. This substantially increases the project cost estimate and widens the funding gap to a £7.8m shortfall.
- 5.4. Work is underway, in co-ordination with the ITE, to assess the Network Rail project costs estimate and reduce project costs where feasible, with a view to submit a revised business case for decision at the September 2016 Accountability Board.
- 5.5. To demonstrate SELEP's commitment to the project, it is proposed that the £3m underspend from Westenhanger Lorry Park project should be reallocated to the Ashford International Rail Connectivity project. This will help bridge the project funding gap and strengthen the case to Government for the allocation of additional capital investment in the project.

- 5.6. This proposal to reallocate the £3m underspend from the Westenhanger Lorry Park project to the Ashford International Rail Connectivity project has previously been agreed at the Kent and Medway Economic Partnership (KMEP) in April 2016.

**6. Financial Implications**

- 6.1. The re-allocation of £3m LGF to Ashford Spurs project will increase the total LGF allocation to the project to £5m, thereby reducing the funding shortfall to £4.8m based on the £10.5m Network Rail cost estimate.
- 6.2. The Kent County Council Westenhanger Lorry Park will be removed from SELEP's LGF Programme.

**7. Legal Implications**

- 7.1. None at present

**8. Staffing and other resource implications**

- 8.1. None at Present

**9. Equality and Diversity implications**

- 9.1. None at present

Role	Date
Accountable Body sign off	





<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/037
<b>Date of Accountability Board Meeting:</b> 24 June 2016 <b>Date of report:</b> 23 May 2016	
<b>Title of report:</b> A26 London Road/Speldhurst Road/ Yew Tree Road Junction Project Change of Scope	
<b>Report by:</b> Roger Wilkin , Director of Highways, Transportation and Waste, Kent County Council	
<b>Enquiries to:</b> Lee Burchill ( <a href="mailto:lee.burchill@kent.gov.uk">lee.burchill@kent.gov.uk</a> )	

### 1. Purpose of report:

- 1.1. This report seeks approval from SELEP Accountability Board to amend the scope of the A26 London Road/Speldhurst Road/ Yew Tree Road Junction scheme, to become Tunbridge Wells Junction Improvements project.

### 2. Recommendations:

- 2.1. The Board are asked to:

- Support the proposed change of scope to the A26 London Road/Speldhurst Road/ Yew Tree Road Junction LGF scheme to become Tunbridge Wells Junction Improvements Project.
- Recommend the proposed scheme variation to Government

### 3. Background

- 3.1. The Growth Deal allocated £1.8 million LGF to the delivery of the Yew Tree Road/Speldhurst Road/A26 junction improvement scheme in Tunbridge Wells.
- 3.2. The original bid document defined the scope of this project as the delivery of improvements to the junction to ease congestion and enable future growth in the vicinity.
- 3.3. Subsequent to the bid submission and further assessment and modelling work, the scheme was refined to provide the optimum junction improvement through enhancing the existing layout and traffic signals.

- 3.4. This scheme was delivered in February/March 2016 at a cost of £600k.
- 3.5. To enable further congestion relief benefits and future housing delivery in Tunbridge Wells a further transport improvement has been identified. The approval of the amended project scope to incorporate this second phase, will therefore act to deliver additional benefits through the £1.8m LGF investment.
- 3.6. The amended project scope is supported by Kent County Council, Tunbridge Wells Borough Council and Tunbridge Wells Joint Transportation Board.

#### **4. Variation to Scheme**

- 4.1. A Transport Business Case is currently being developed for Phase Two of the Tunbridge Wells Junction Improvements Project (A264/Halls Hole Road/Blackhurst Lane junction). This demonstrates the additional benefits which can be achieved though expanding the A26 London Road/Speldhurst Road/ Yew Tree Road Junction scheme, to become Tunbridge Wells Junction Improvements project.
- 4.2. The objectives of the Tunbridge Wells Junction Improvement's scheme are consistent with those defined in the original bid document. The additional benefits that will be delivered though the amended project scope include the delivery of transport infrastructure required to tackle congestion and which forms part of the interventions necessary to support the delivery of the significant housing and employment growth proposed by the Tunbridge Wells Core Strategy.

#### **5. Financial Implications**

- 5.1. The LGF spend profile for Phase 1 and 2 of Tunbridge Wells Junction Improvements project is shown below:

2015/16	2016/17	2017/18
£0.6m (already delivered)	£0.2m	£1m

#### **6 Legal Implications**

- 6.1 None at present

#### **7 Staffing and other resource implications**

- 7.1 None at present

**8 Equality and Diversity Implications**

8.1 An Equality Impact Assessment is currently being developed for the revised scheme.

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	

