



Thames Valley Berkshire Local Economic Partnership

**Independent Assessment Summary Report:
A339 Widening and London Road,
Industrial Estate (LRIE) Access Scheme**

Outline Business Case Independent Assessment

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Appendices

Appendix A – Business Case Checklist

1 Executive Summary

- 1.1 This technical note provides an independent review of the A339 Widening and London Road Industrial (LRIE) Access Scheme Business Case submission to the Thames Valley Berkshire Local Enterprise Partnership. It should be noted that WSP (West Berkshire Consultants) have confirmed that this is an Outline Business Case and not a Full Transport Business Case. The Thames Valley LTB Founding Document indicates in Part 3 paragraph 3 that, for programme management and investment decisions that the proposer will develop a Full Transport Business Case. We recommend that TVLTB discuss this issue with West Berkshire Council and decide whether the outline business case as submitted is sufficient for the purposes of the LTB investment decision. WYG have queried with West Berkshire Council and WSP why this is an Outline and not a Full Business Case.

SCHEME SUMMARY

- 1.2 The A339 Widening and LRIE access scheme is a signalised junction connecting the A339 and Fleming Road within the London Road Industrial Estate.
- 1.3 The Fleming Road access allows traffic to turn left, to head south onto the existing A339 or turn right to turn north onto the existing A339.

REVIEW FINDINGS

- 1.4 The review of the submitted Business Case identified the following:
- 1.4.1 The Business Case is detailed and comprehensive and addresses all of the main areas expected within a major scheme Business Case submission (checklist provided as **Appendix A**).
- 1.4.2 The predicted overall Benefit to Cost Ratio (BCR) of the scheme is 4.628, which represents Very High Value for Money (VfM).
- 1.4.3 No information on noise and air quality assessments was provided in the Business Case.
- 1.4.4 There are 2 key issues which the review suggests should be taken into account when considering the overall benefits of the scheme. It is considered that these could result in an

overestimate of the economic benefits of the scheme and the issues relate to the modelling and TUBA appraisal of the scheme:

- i) Specific sector to sector movements have been removed from the TUBA assessment. In turn this has led to large benefits and large disbenefits being omitted from the final benefit calculation, which highlights possible concerns regarding the reliability of the model. Further information was provided by WSP regarding the Saturn convergence criteria which have been tightened up and the models rerun. The reruns have yielded lower benefit in line with the reductions to the annualisation factors (see below). Some of the extreme sector-to-sector changes have been smoothed out. It is also reported that significant benefits arise from journey time savings in excess of five minutes. This is considered to be unusual for a scheme of this type and WYG consider that this needs further investigation. We do not agree with the conclusion that long journey time savings have to come from long-distance trips.
- ii) The annualisation factors used in the TUBA assessment have been derived using peak hour to peak period factor rather than the method set out within TUBA guidance. Further information was provided by WSP on revised annualisation factors which provided a lower BCR on the basis of no sector to sector amendments. No information was provided on an assessment with the sector to sector changes and, as such, we are unable to confirm whether this test is satisfactory.

1.4.5 Therefore, it is not possible to fully recommend the business case as submitted and it is considered that the business case will require updating in order to be considered suitable for final submission. However, the underlying case for the scheme would appear to be positive and, as such, a conditional approval subject to addressing the modelling and economic queries raised within a re-submitted case, is considered to be an appropriate way forward.

2 Process

MEETINGS

- 2.1 An initial project inception meeting was held on 23rd July 2014 with West Berkshire Council and WSP to introduce the scheme and to discuss the timescales and requirements for the Business Case submission.
- 2.2 This was followed by subsequent telephone discussions and emails during September, October and November 2014 to discuss queries on the scheme assessment work. It is recommended that the business case submitted to WYG is updated to reflect the comments provided, in particular those made post submission of the business case on 17/10/14.

OPTION ASSESSMENT REPORT (OAR)/ APPRAISAL SPECIFICATION REPORT (ASR)

- 2.3 No stand alone OAR and ASR have been submitted as part of the assessment as it was agreed this was to be included within the Business Case for review. The LMVR of the West Berkshire Base Model (WBBM) and the Newbury Network Data Report have been provided to give background information regarding the modelling of the scheme.
- 2.4 It was confirmed that the overall modelling methodology for the assessment of the scheme has, in the most part, been included within the Economic Case chapter of the Business Case.
- 2.5 Having conducted a review of the modelling information provided and that included within the Economic Case, we have identified issues concerning the TUBA analysis conducted for the creation of benefits formed from the proposed scheme.

REVIEW

- 2.6 Following the review of the draft Business Case, comments have been provided concerning issues raised. The Business Case was submitted on the 17th October 2014 with the information provided (including all appendices) summarised in Section 3 and the results from the review presented in Section 4.

3 Submitted Information

3.1 The Business Case independent assessment was carried out based upon the following reports and appendices submitted by West Berkshire Council and their consultant team:

- Business Case A339 Widening and London Road Industrial Estate (LRIE) Access Scheme (Outline) Business Case dated 17/10/2014
- Appendix A – Annual Average Daily Traffic (AADT) flows - 2013 base year and forecast years of 2019 and 2026: Without Scheme
- Appendix B – Annual Average Daily Traffic (AADT) flows - Forecast years of 2019 and 2026: With Scheme
- Appendix C – TUBA – initial results
- Appendix D – Appraisal Summary Table
- Appendix E – Scheme pro-forma
- Appendix F – Detailed cost estimates
- Appendix G – Project delivery structure
- Appendix H – Project Board
- Appendix I – Delivery partner support letter
- Appendix J – Outline project programme
- Appendix K – Communications Plan
- Appendix L – Risk Management Strategy
- Appendix M – Risk Register

4 Review

OPTIONS ASSESSMENT

- 4.1 Section 3.13 of the submitted Business Case provides a brief summary of the options considered which has resulted in the development of the preferred option. This included restricting right turns from Faraday Road (A339 Northbound). Due to the limited amount of information concerning options assessed a request for further information concerning options was made which indicated that only one other option had been briefly considered, which included a possible roundabout junction, but no further analysis had been undertaken. Therefore, it is not possible to comment if the WebTAG guidance for Options Assessment has been used to appraise the options.
- 4.2 The majority of scheme benefits include journey time savings for cars and HGV users, improving performance at the Robin Hood Roundabout to the north, and benefits resulting from the scheme allowing the opening up development for the adjacent site.
- 4.3 The scheme proposed for current funding represents the strategic approach considered to be the most deliverable of the only one other option presented, which has support from the local council.

APPROACH TO MODELLING

- 4.4 It was previously been agreed that no ASR was necessary as part of the review of the proposed scheme, as a result it has not been possible to evaluate the modeling specifically for the proposal in depth
- 4.5 Having requested further information it was subsequently stated that the information required with regards to modelling has been included within the Business Case report. To supplement this the LMVR for the core model was also provided alongside the Business Case
- 4.6 Having reviewed what was included within the Outline Business Case as well as the LMVR provided for the West Berkshire Base Model, the following concerns with the modelling and TUBA appraisal work have been identified:

1. Specific sector to sector movements have been removed from the TUBA assessment. In turn this has lead to large benefits and large disbenefits being omitted from the

final benefit calculation, which highlights possible concerns regarding the reliability of the model. Further information was provided by WSP regarding the Saturn convergence criteria which have been tightened up and the models rerun. The reruns have yielded lower benefit in line with the reductions to the annualisation factors. Some of the extreme sector-to-sector changes have been smoothed out. It is also reported that significant benefits arise from journey time savings in excess of five minutes. This is considered to be unusual for a scheme of this type and WYG consider that this needs further investigation. We do not agree with the conclusion that long journey time savings have to come from long-distance trips

2. The annualisation factors used in the TUBA assessment have been derived using peak hour to peak period factor rather than the method set out within TUBA guidance. Further information was provided by WSP on revised Annualisation factors which provided a lower BCR on the basis of no sector to sector amendments. No information was provided on an assessment with the sector to sector changes and as such we are unable to confirm whether this test is satisfactory.

4.7 In response to the aspects mentioned above, the following response has been provided from WSP;

1. *'The traffic model is only a prediction of what may happen in the future and the reason for the removal of some of the sector to sector benefits and dis-benefits is that they are in areas where, in reality, you would not expect a localised highway scheme to give that level of benefits or dis-benefits.'*
2. *'If you only use the 253 peak hours per peak then the TUBA economic assessment could potentially under-estimate the benefits of a scheme and hence the use of peak hour to peak period factors to ensure that the economic assessment covers e.g. the 07:00-10:00 period.'*

BUSINESS CASE

Format and Content

- 4.8 Having conducted a review of the Business Case provided it has been identified that it is comprehensive and covers each of the main categories expected for a scheme of this scale. A Business Case checklist has been provided as **Appendix A**.
- 4.9 This checklist confirms whether each of the expected sub-sections within the 5 cases have been adequately covered within the submitted Business Case and provides explanatory notes where a specific area may not be fully addressed.
- 4.10 In response to a query on the COBALT accident assessment which was carried out on a link assessment basis only, WSP provided results from a combined Link and Junction assessment. The benefits reported on this appear to be unrealistically high and we would ask WSP to review these.
- 4.11 We note air quality and noise assessments have not been carried out and we would request that further information is provided on why this has been scoped out.

Value for Money

- 4.12 The London Road Industrial Estate Business Case details a Benefit to Cost Ratio (BCR) for the Access Road project of 4.628, which represents a Very High Value for Money (VfM) scheme.
- 4.13 However, this BCR has been considered in the light of two main influencing factors, detailed below;
- 4.14 However, this BCR has been considered in the light of the following main influencing factors, detailed below;
- i) As detailed in the previous section of this note, it has been discovered that some sector to sector movements have been omitted along with specific travel times and vehicle operating costs, which in turn has led to an adjusted BCR.
 - ii) As well as the annualisation factors not being created in accordance with TUBA guidance, it is noted that a Low and High Growth sensitivity test has not been carried out in accordance

with WebTAG. A 0%, 15% and 44% Optimum Bias sensitivity test is reported on. Appraisal Summary

Appraisal Summary

- 4.15 A review of the appraisal summary contained within the Business Case submission is provided in
- 4.16 **Table 1** below, areas where the review disagrees or queries the proposed level of benefit or disbenefit associated with the SMaRT scheme are detailed and explanatory notes provided.

Table 1 - Appraisal Summary

Category	Sub-category	Business Case Assessment	Agree / Disagree with Assessment	Notes
Economy	Business users & transport providers	Distributional Scale =beneficial	Disagree	See comments in report.
	Reliability impact on Business users	Beneficial	Disagree	See comments in report.
	Regeneration	Neutral	Agree	
	Wider Impacts	N/A	Agree	
Environmental	Noise	N/A	Disagree	This has not been assessed.
	Air Quality	N/A	Disagree	This has not been assessed.
	Greenhouse gases	Quantitative assessment has been included	Agree	
	Landscape	N/A	Disagree	This has not been assessed.
	Townscape	N/A	Disagree	This has not been assessed.
	Historic Environment	N/A	Disagree	This has not been assessed.
	Biodiversity	N/A	Disagree	This has not been assessed.
	Water Environment	N/A	Disagree	This has not been assessed.
	Journey Ambiance	Quantitative	Disagree	However, WSP state within the Summary of key impacts that the scheme improvements to the pedestrian and

		assessment has not been assessed		cycleway network within the areas surrounding the scheme can be considered to be beneficial.
Social	Commuting and Other users	Distributional Scale = Beneficial	Agree	
	Reliability impact on Commuting and Other users	No Qualitative or Quantitative assessments have been undertaken.	Disagree	However, WSP state within the Summary of key impacts that the scheme provides a more direct route between the A339 and Hambridge Road Industrial Estate.
	Physical activity	No Qualitative or Quantitative assessment has been assessed.	Disagree	However, WSP state within the Summary of key impacts that the scheme provides improved pedestrian and cycling facilities in the immediate area will make it more attractive for these modes to be used.
	Journey quality	No Qualitative or Quantitative assessment has been assessed.	Disagree	However, WSP state within the Summary of key impacts that the scheme is to be considered as beneficial.
	Access to services	Not Assessed	Disagree	This has not been assessed.
	Affordability	Neutral	Agree	
	Severance	Moderate Beneficial	Agree	
	Option and non-use values	Neutral	Agree	
Safety	Accidents	Quantitative Assessment has been assessed. Beneficial.	Disagree	See comments in report above.
	Security	Not Assessed	Agree	
Public Accounts	Cost to Broad Transport Budget	A Monetary value has been included.	Agree	
	Indirect Tax Revenues	Monetary value has been included.	Agree	

Risks

- 4.17 The submitted Business Case includes a Quantified Risk Assessment, which can be identified within Appendix M 'Risk Register', this provides a detailed breakdown of the project risks and associated weighted costs relevant to the project.
- 4.18 The Business Case also includes a high level risk register for the delivery of the scheme within the core report, this identifies three main aspects of risk, including;
1. Approvals and Acquisitions; which includes, risks of if planning permission is not granted, issues concerning land ownership and LTB approval not being granted;
 2. Costs and Funding; which includes, sources of funding not being available and market prices change, and;
 3. Delivery; which includes, delay of the delivery of the scheme, lack of public and stakeholder engagement and understanding.



Appendix A – Business Case Checklist

Project Number: A087383-03
 Scheme: A339 Widening and London Road, Industrial Estate (LRIE) Access Scheme
 Submitted by: Newbury

Strategic Case	Addressed within Business Case	Notes	Economic Case	Addressed within Business Case	Notes	Financial Case	Addressed within Business Case	Notes	Commercial Case	Addressed within Business Case	Notes	Management Case	Addressed within Business Case	Notes
Business Strategy	Y		Options appraised	Y		Costs	Y		Output based specification	Y		Evidence of similar projects	Y	
Problem Identified	Y		Assumptions	Y	Combined Link and Junction assessment has been made as an amendment.	Budgets / Funding Cover	Y		Procurement Strategy	Y		Programme / Project dependencies	Y	
Impact of not changing	N	This has not been assessed.	Sensitivity and Risk Profile	Y		Accounting Implications	Y		Sourcing Options	Y		Governance	Y	
Drivers for change	N	This has not been assessed.	Appraisal Summary Table	Y					Payment Mechanisms	Y		Programme / Project Plan	Y	
Objectives	Y		Value for Money Statement	Y					Pricing Framework and charging mechanisms	Y		Assurances and approvals	Y	
Measures for success	Y								Risk allocation and transfer	Y		Communication & Stakeholders	Y	
Scope	Y	The FBC hasn't included what is out of scope							Contract length	Y		Project Reporting	Y	
Constraints	Y	None known							Human resource issues	N	This has not been assessed.	Implementation	N	This has not been assessed.
Inter-dependencies	Y	None known							Contract management	Y		Key Issues	Y	Detailed within Appendix L.
Stakeholders	Y											Contract Management	Y	
Options	Y	Only one other option has been identified - restricting right turners from Faraday Road onto the A339 Northbound.										Risk Management	Y	Included within key issues for implementation.
												Benefits realisation	Y	
												Monitoring and evaluation	Y	
												Contingency	N	This has not been assessed.
												Options	N	Has not been included.