Independent Assessment Summary Report: Maidenhead Missing Links Scheme

A Final Report by Hatch Regeneris Consulting
November 2018

Thames Valley Berkshire Local Enterprise Partnership

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Executive Summary

i. This technical note provides an independent assessment of the Maidenhead Missing Links (MML) Scheme Business Case submission to the Thames Valley Berkshire Local Enterprise Partnership.

Scheme Summary

ii. The full business case submission sets out the case for investment to improve cycling facilities in and around Maidenhead Town Centre. In summary, this includes:

- Construction of a second underpass leading into the West Street development site dedicated for cyclists, north east of the existing pedestrian underpass;
- Replace metal/concrete bridge at Holmanleaze with wider bridge suitable for semi-segregated use at Holmanleaze to improve connectivity for cyclists;
- Widen existing footways to accommodate semi-segregated cycle facilities and increase width of existing facilities that fall below standard;
- Replace pedestrian crossing on B4447 with a Toucan crossing, relocating to follow the desire line to and from the St Clouds Development and Kidwells Park;
- Replace pedestrianised area on King Street between West Street and Nicholson Road with a shared facility, incorporating a semi segregated route for cyclists; and
- Provide segregated routes in shared areas along King Street.

Review Findings

Conclusions

iii. The overall need for the scheme, and how it supports national, regional and local strategic priorities, is considered strong. The established objectives are clear and the importance of encouraging sustainable travel within a car dominant area is identified. Whilst the Economic Case does not suggest large-scale mode shift from car to cycle, this is considered to reflect a relatively conservative set of assumptions that have been applied, to ensure a robust appraisal. Some of the wider economic impacts of the scheme may have been overstated.

iv. The scheme development process has considered a range of route options and has clearly sought to identify the best value for money from investment, as evidenced by a lower over project cost and lower LGF ask of only £2,241,788 for the final scheme option.

v. The approach to the demand and benefits assessment is considered strong. Whilst further evidence could be provided to support the final forecasts, the combination of monetised and non-monetised benefits presents a compelling case for investment.

vi. The Financial Case appears robust but further evidence would provide certainty over the underlying costs of building the scheme.

vii. The Commercial Case is considered non-compliant, in business case terms, but this is due to the Applicants stated reliance upon term contracts which, if capable of effectively and efficiently delivering all aspects of the scheme, are likely to be the best procurement solution. This does, however, need to be evidenced.

Recommendations

viii. Whilst the case for funding appears strong, it is our conclusion that the overall evidence presented within the business case does not currently permit an unconditional approval of the scheme.

Conditions for Approval

ix. We recommend that the following series of conditions are applied before the scheme is taken forward:

1) Provision of a clear statement about the expected scale and duration of disruption caused by the construction of the cycle subway under the A4 and evidence that any negative impacts generated (in terms of highway congestion and delay) will not be of a scale to affect the overall economic case for the scheme.

2) Provision of a clear statement of the expected operational arrangements for Section F of the route during the period 2021 to 2025 in advance of the St Cloud Way development and, furthermore, evidence that these arrangements will not negatively impact upon the benefits that will be derived by the whole scheme during that period.

3) Provision of a clear statement that highlights the potential impacts of any inter-dependent development not being delivered, or being delivered late, (including, but not limited to, St. Cloud Way and West Street) and evidence that it will not negatively impact upon the benefits that will be derived by the whole scheme during that period.

4) Provision of the analytical workings that underpin the demand forecasting and the monetised benefits assessment work within the Economic Case to provide a clear audit trail that lead to the final values presented.

5) Provision of a copy the 'Bill of Quantities' that provides clear and credible evidence of the robustness of the underlying scheme build cost estimates presented.

6) Confirmation of a definitive cost spend profile and, subsequently, that cost inflation has been applied appropriately within both the Economic and Financial Cases.

7) A methodology statement that describes how the 'cost estimates' and 'likelihood of risks' recorded within the risk register were derived, which provides clear evidence that they are credible and realistic.

8) Additional evidence of how each of the existing term contract frameworks will be used to deliver specific elements of the scheme and a clear demonstration that these represent the best procurement options.

9) A clear statement of whether any additional contracting will be required and, if so, a full statement on the approach that will be adopted that provides evidence that the optimum procurement strategy will be applied and that robust contracting arrangements will be put in place.

10) A revision to the Monitoring and Evaluation Plan to ensure it reflects the outcomes predicted by the demand modelling and benefits assessment within the Economic Case and that all targets are specific in terms of location and scale of impact and set against a realistic counter-factual scenario.

11) Provision of a Contingency Plan for inclusion within the Management Case.

12) Ensure that the scheme retains high or better value for money once all other conditions have been met.

1. Introduction

1.1 This report provides an independent assessment of the Full Business Case (FBC) submitted by the Royal Borough of Windsor and Maidenhead (RBWM) for a package of enhancements to town centre cycling and walking provision. This includes measures to improve cycling facilities between Ray Mill Road (W) across the A4 Maidenhead Town Centre and linking in with proposed improvements at Maidenhead Railway Station.

1.2 The report considers the evidence presented and whether it represents a robust case for the investment of Thames Valley Berkshire Local Enterprise Partnership (TVB LEP) growth deal funds.

1.3 The independent assessment has applied criteria from TVB LEP assurance framework and the requirements for transport scheme business cases set out within the Department for Transports (DfT) WebTAG.

Submitted Information

1.4 The independent assessment process for the Maidenhead Missing Links (MML) submission has been conducted on the following set of documentation submitted by RBWM and their consultant team (Project Centre/AECOM):

- Option Assessment Report (25th October 2018)
- Appraisal Methodology Note (24th September 2018)
- Full Business Case Report (5th November 2018)

1.5 In addition to these formal documents, Hatch Regeneris have engaged with the Council's consultants (Project Centre/AECOM) between July 2018 and November 2018 to discuss the requirements of the final business case submission and comment upon the acceptability of the proposed appraisal approach and input assumptions and parameters. This included reviewing initial drafts of some of the five business case elements.

Report Structure

1.6 This Independent Assessors Report responds to the formal submission of documentation, as well as the informal engagement process with RBWM and their consultants, to provide a review of information provided, assess it suitability and robustness against TVB LEPs assurance requirements, and provide recommendations in relation to the approval of LEP funding for the proposed scheme.

1.7 The report is structure as follows:

- Section 2: Option Assessment Report – provides commentary upon the OAR and the process by which a preferred scheme option has been identified.
- Section 3: Appraisal Methodology Note – presents a high-level review of the AMN and the acceptability of the proposed appraisal approach to be adopted
- Section 4: Full Business Case Submission – presents an initial summary of scheme elements included business case submission, alongside the details presented within each of the five 'cases' (Strategic, Economic, Financial, Commercial, Management). It also sets out the recommendations to the LEP Local Transport Body relating to the suitability of the scheme for funding.

2. Option Assessment Report

Overview

2.1 An OAR for the scheme, dated October 2018, has been reviewed. This sets out the aims and objectives of the scheme, the current infrastructure for cycling and walking across six areas, the potential for cycling within Maidenhead, along with a collision analysis that identifies challenging locations. This information is drawn together into a set of key constraints for cycling in the town centre. One of the key issues that is identified is the challenge of crossing the A4.

2.2 The OAR subsequently develops and appraises four options for crossing the A4:

- Option 1: Improve existing subway
- Option 2: Upgrade existing footway
- Option 3: A new toucan crossing
- Option 4: A new dedicated cycling subway

2.3 The OAR concluded that Options 3 and 4 were the best performing schemes. Despite being the highest cost, Option 4 was considered likely to provide the best all round solution to crossing the A4 as it had much higher stakeholder support.

2.4 On the basis of the crossing options, a wider route option development process was then undertaken. This identified 26 separate route sections for assessment, including the four A4 crossing options.

2.5 The varying options were subject to assessment against the six Strategic Economic Plan objectives, the five objectives of the scheme itself, as well as a set of deliverability criteria, incorporating:

- Infrastructure feasibility;
- Operational feasibility;
- Land requirements;
- Complexity of delivery;
- Stakeholder acceptance / support;
- Cost;
- Affordability; and
- Timescales for delivery.

2.6 A set of scores was applied to each route option. In addition, a ‘Cycle Level of Service’ score was also assessed, measuring how attractive a route is likely to be perceived by cyclists.

2.7 The A4 crossing Option 3 and 4, continued to be rated highly, with a preference retained for Option 4. On this basis a full route was developed that connected up to Option 4 crossing.

Review

2.8 The OAR provides a comprehensive assessment of underlying issues with existing cycling infrastructure, cycle safety, and the propensity to cycle within Maidenhead Town Centre. It uses these to identify key constraints, including crossing the A4, enabling a clear focus upon routes where enhancements to cycling provision are required. This is considered to be a strong evidence base underpinning the analysis.

2.9 The initial option development process focuses upon the A4 crossing as a critical spatial element within any wider route development. This approach is considered logical. Four options are presented and appraised with two short-listed options identified. The preferred crossing option is identified on the basis of stakeholder support. In a situation where both options offer very similar levels of benefit this approach is acceptable. Given the level of detail of the schemes at the OAR stage, it would be expected that both scheme options are retained for further consideration within the full business case.

2.10 The full route appraisal process is considered to be very thorough and robust with consideration for a wide range of impacts and deliverability.

2.11 In conclusion the OAR, is considered to demonstration that a wider range of options have been developed and reviewed in an objective-led manner.

3. Appraisal Methodology Note

Overview

3.1 The Appraisal Methodology Note (AMR) was submitted for assessment and reviewed by Hatch Regeneris in late October 2018. It focused on the approach to the Economic Case and provided:

- An overview of the scheme and key appraisal assumptions;
- The approach to estimating demand;
- The approach to determining benefits;
- How costs will be treated within the business case; and
- Sensitivity tests.

3.2 A telecom was held with RBWM consultants, (Project Centre/AECOM), to discuss the broad approach.

Review

Overview and Assumptions

3.3 The overview of the scheme identifies the component sections of the infrastructure and then sets out a range of key appraisal assumptions. These all appear consistent with WebTAG requirements, although some assumptions were subject to confirmation, including the precise appraisal period (20 to 30 years) and the scheme opening year.

Demand

3.4 Existing demand is presented in the form of pedestrian and cycle counts in and around Maidenhead Town Centre, in proximity to the potential scheme. A translation table is presented demonstrating how these counts will be used to estimate current demand along the individual sections of the Missing Links scheme. This process is considered logical and is considered sufficient to provide an underlying assessment of current demand.

3.5 Census Journey to Work data is also presented to help estimate overall levels of walking and cycling. Whilst 2011 Census data is now relatively old, it can remain the only available source of data to assess mode share, so this is considered acceptable.

3.6 DfT TEMPRO (NTEM v7.2) will be used to assess underlying growth in trips. This is considered to be standard practice.

3.7 Development sites have been identified along the potential route of the MML scheme for which new trips may be generated. This is considered to be standard practice.

3.8 The AMN considered three approaches to assessing future demand. It concludes that a method of estimating demand from a Disaggregate Mode Choice Model, as specified within WebTAG. This approach is considered robust.

Benefits

3.9 The benefits assessment will estimate:

- Journey time savings: by assumed changes in cycling speeds for different types of cycling provision

- Journey quality: Applying WebTAG Journey Ambience values for cycling provision and values of aspects in pedestrian environment
- Accident savings: applying WebTAG values for the prevention of accidents
- Decongestion and Environmental Impacts: resulting from mode shift from car to cycle and applying WebTAG decongestion values and air quality, noise and greenhouse gas reductions.
- Indirect Tax Revenues: reductions in vehicle fuel duty from fewer car trips
- Physical Activity and Absenteeism: applying WebTAG unit 5.1 benefits for car users who switch to cycling
- Car park revenue: any loss in revenue associated from lost car parking provision
- Congestion impacts: any increase in congestion/journey times caused by at-grade cycle and pedestrian crossing facilities

3.10 The approaches outlined all appear consistent with WebTAG guidance and so, subject to appropriate application, are considered an acceptable approach.

Costs

3.11 Underlying scheme costs will be developed for the scheme. These will then be subject to:

- Optimism bias
- Real price increases
- Adjustment to 2010 prices
- Discounted

3.12 Renewal and maintenance costs will also be considered.

3.13 These is considered to be an acceptable approach.

Sensitivity Tests

3.14 A small number of sensitivity tests will be conducted on the scheme appraisal parameters. This is considered important part of the appraisal process and it is fully supported that these will be included.

Conclusion

3.15 The approach outlined for the Economic Case is considered to be entirely reasonable and consistent with WebTAG requirements. It is recognised that there are some challenges with the availability of data, and the ability to quantify some impacts, for an assessment of this type but, on the basis that any uncertainties are dealt with by way of the sensitivity tests, the outcomes should be considered robust.

4. Full Business Case

Overview

4.1 The full business case submission sets out the case for investment to improve cycling facilities in and around Maidenhead Town Centre. In summary, this includes:

- Construction of a second underpass leading into the West Street development site dedicated for cyclists, north east of the existing pedestrian underpass;
- Replace metal/concrete bridge at Holmanleaze with wider bridge suitable for semi-segregated use at Holmanleaze to improve connectivity for cyclists;
- Widen existing footways to accommodate semi-segregated cycle facilities and increase width of existing facilities that fall below standard;
- Replace pedestrian crossing on B4447 with a Toucan crossing, relocating to follow the desire line to and from the St Clouds Development and Kidwells Park;
- Replace pedestrianised area on King Street between West Street and Nicholson Road with a shared facility, incorporating a semi segregated route for cyclists; and
- Provide segregated routes in shared areas along King Street.

4.2 The Maidenhead Missing Links scheme aims to link in with proposed developments at the Maidenhead Railway Station to enhance pedestrian and cycling facilities, improve the public realm, and accessibility and functionality of the station.

Strategic Case

4.3 The Strategic Case provides an overview of the primary objectives of the scheme and how the scheme will contribute to national, regional and local strategic priorities, including the RBWM Draft Cycling Action Plan. It also specifically highlights housing development proposals within the Borough Local Plan that are in the vicinity of the scheme and how these are a driver for change across the area.

4.4 An overview of existing cycling trends for the area is presented, along with collison and road safety data. The individual sections of the proposed route are then described, and the impact of 'No Change' upon the local economy, the environment and upon social provision.

4.5 The measures by which the success of the scheme will be determined are outlined and a list of constraints and inter-dependencies set out, along with the key stakeholders related to the scheme.

4.6 An options appraisal section builds upon the OAR, demonstrating the process undertaken to develop and sift options. The final scope of works and design criteria and then set out.

Independent Assessor Comment

4.7 The Strategic Case is set out in a considered manner and encompasses all key requirements. It clearly identifies how the scheme fits with national, regional and local strategic priorities, in particular in relation to accommodating future growth through means of sustainable travel.

4.8 Some of the ways in which the scheme is claimed to tackle congestion and deliver new housing development may, potentially, be over-stated, particularly when subsequently considering their assessment within the Economic Case, but the underlying principles are considered sound.

4.9 The inter-interaction between the scheme and individual development sites is clearly demonstrated and, whilst not all will be directly served by the new cycling and walking infrastructure, there is clearly a case that the scheme will enable these developments to be proactive in encouraging cycling and walking as a key mode of travel.

4.10 The underlying assessment of cycling trends, the collision data, and route assessments provide a strong evidence base on the underlying walking and cycling needs for the area, culminating in the stated impact of 'no change'. The stated 'economic impacts' are relatively generic, and are not specifically evidenced, but the underlying principles are considered sound.

4.11 A clear set of measures for success are set out and are considered appropriate overarching metrics, albeit they are no specific targets and there could be some issues in establishing a counter-factual scenario, given changes in underlying development levels (e.g. is an absolute "reduction in local journeys by motor vehicles" realistic or is a proportional reduction more tangible?)

4.12 The constraints section highlights potential disruption associated with the construction of the cycle subway but it does not provide any details relating to extent and duration of any diversions.

4.13 The inter-dependencies section highlights some risks associated with development sites not coming forward but does not describe what would occur if this happened. It is also noted that the St Cloud Way site is not mentioned, and it is unclear what happens to Section F of the route between 2021 (when the rest of the scheme is open) and 2025 when the development is scheduled to be completed.

Economic Case

4.14 The Economic Case is structured to provide separate assessments of demand, benefits, and costs, before considering overall monetised value for money and additional non-monetised benefits. A series of sensitivity tests are then undertaken.

4.15 The demand assessment using count data to estimate underlying levels of cycling and walking demand along each section of the scheme corridor. It then considers potential new cycling and walking trips associated with Borough Local Plan housing development sites around the town centre. An assessment of wider, underlying, growth in demand is also considered. Finally, new demand generated by the scheme itself is estimated from a Disaggregate Mode Choice Model. The demand outputs are presented by three aggregated sub-sections of the full scheme and indicates that the middle sub-section of the scheme will be most utilised.

4.16 The benefits assessment considers:

- Journey time savings
- Journey quality improvements
- Accident reductions
- Non-user benefits, in terms of decongestion and environmental benefits
- Health benefits in relation to increased physical activity and reduced absenteeism

4.17 The overall ***Present Value of Benefits*** is estimated as £5.414 million. The key contributors are cyclist journey time savings (£2.142 Million, 40%), and physical activity health benefits (£1.823 Million, 34%).

4.18 In assessing scheme costs, the capital (build) costs, preliminaries and design fees are presented for each individual component of the scheme. A Quantified Risk Assessment

then identifies an additional risk/contingency value to be added, resulting in a total scheme cost of £2.802m in 2017 prices.

4.19 Optimism Bias, real price increases, and adjustments to 2010 prices and for tax corrections are applied. The costs have then been profiled over time and allowance for on-going maintenance and renewal added.

4.20 The overall ***Present Value of Costs*** is estimated as £2.581 million.

4.21 The core scenario results produce a forecast ***Net Present Value*** of £2.803 million and a ***Benefit Cost Ratio*** of 2.1.

4.22 A number of sensitivity tests are also presented:

- Lower engineering cost inflation of 1.5%
- 15% increase/reduction in capital costs
- 0.5% increase/reduction in on-going costs
- Higher demand equivalent to 6% mode share
- Re-categorisation of route sections ‘E’ and ‘G’ as ‘off-road segregated cycle track’

4.23 A range of non-monetised impacts are then identified including:

- Severance
- Public Realm
- Regeneration
- Pedestrian Journey Time Savings
- Induced Pedestrian Demand
- Highway Journey Times

4.24 An overall Appraisal Summary Table is then presented and an associated ‘Value for Money’ Statement.

Independent Assessor Comment

4.25 The overall Economic Case is well set out, with a clear methodological approach. The ***assessment of demand*** clearly considers the component parts of existing demand, development growth, wider underlying growth, and trips generated by the enhanced provision itself. The section would benefit from reference to more of the workings to enable a more transparent review of the final demand numbers.

4.26 The overall summary table would also benefit from separating cycling demand from pedestrian demand and presenting overall summaries to demand on each sub-section. A ***profile of demand over time*** should also be provided.

4.27 The range of ***benefits assessed*** is both comprehensive and appropriate. The underlying approach and assumption are outlined, however, as with the demand assessment, the analysis would benefit by referencing the direct workings and totals for all elements. In particular, there is limited information presented in relation to some of the key benefit streams, such as physical activity and abseentism, to be able to verify that these have been correctly generated.

4.28 The scheme capital and on-going costs appear to have been treated correctly, although there are potentially some minor inconsistencies with the Financial Case (referenced within the Financial Case section below).

4.29 The monetised benefits within the ***Core Scenario*** generate a BCR value over 2 to 1, indicating high value for money. Whilst not significantly above, the underlying assumptions applied within this scenario are considered robust and, in some cases, conservative. As commented above, further details on the calculation of some of the benefit streams would provide added reassurance on the value for money of the scheme.

4.30 The value for money assessment does not consider the alternative toucan crossing route option that was discussed and short-listed within the Option Appraisal Report, however, the Applicant has provided evidence that this option delivers a lower benefit cost ratio.

4.31 The majority of the ***sensitivity tests*** have tests provide some additional confidence of the robustness of the value for money case, albeit it is clear that avoiding any cost escalation during the detailed design phase will be extremely important. The assessment of higher cycling demand demonstrates that if the scheme, alongside other active travel measures, can achieve the RBWM target cycling level of 6%, then the investment will clearly represent good value for money.

4.32 The section on ***non-monetised benefits*** identifies a range of additional areas in which the scheme will contribute positive benefits. Each individual assessment is considered to be realistic in nature and, in combination, adds to the case for investment.

Financial Case

4.33 The Financial Case provides the estimated funding and cost profile and breakdown of the scheme.

4.34 The ***total cost of the scheme*** is stated as £2.802m, incorporating £1.793 million of build costs, £0.538 million for design and prelims, and £0.471 million as contingency.

4.35 The total scheme cost is considerably less than the provisionally agreed total of £4.75 million.

4.36 The identified funding sources are as listed:

- LGF funding ask = £2,241,788
- Capital Funding from RBWM = £ 140,000
- S106 contribution (via RBWM) = £ 420,000

4.37 The LGF funding ask has reduced from the provisionally agreed value by the BLTB of £3,048,000.

4.38 It is stated that the budget will be reviewed and refined through the design and commissioning process as more information becomes available to inform cost estimates.

Independent Assessor Comment

4.39 In broad terms, the financial costs appear to have been generated through acceptable industry standard processes, with allowances for design, preliminaries, and contingency.

4.40 There is relatively limited information detailing the breakdown of **cost estimates,** which were developed using a Bill of Quantities (as mentioned in Risk Register) but not provided as part of the submission. As such, it has not been feasible to verify the figures.

4.41 The ***Contingency Risk Budget*** amounts to 17% of the total estimate scheme cost, this would appear to be a reasonable amount to meet unexpected costs.

4.42 The **cost and funding profiles** differ marginally and will need to be carefully managed. During the first year, 2018/19, cost exceed funding by £20,000. In the second-year funding

is greater than cost estimates by £74,000. By the final and third year cost estimates are £54,000 greater than funding income. There is potentially a minor typing error in the funding profile, which will need to be clarified, that states the third and final year to be 2021/22 as opposed to 2020/21 set out in the cost profile. The funding profiles also appear to the cost profiles set out within the Economic Case.

4.43 From the same **funding profiles**, it is not clearly stated within the Financial Case how inflation has been adjusted for and what year prices are currently presented in, although some reference is provided within the Economic Case. Confirmation is required.

Commercial Case

4.44 The Commercial Case provides evidence on the commercial viability and outlines the procurement strategy of the scheme.

4.45 An output-based specification for the scheme and the procurement strategy are outlined.

4.46 It is stated that RWM will draw upon their ***long-term framework contracts*** with Volker Highways, Project Centre, AA Lighting and Maydencroft to deliver the majority of the project.

4.47 Signal design will be undertaken using in-house expertise. Delivery of the signal schemes will be through preferred contractors Siemens and Simone Surveys.

4.48 It is stated that wider marketplace procurement will take place for specialist construction elements, such as the subway and bridge structures.

4.49 Reference is made to existing payment mechanisms associated with the term contracts. It is stated that risk allocation and transfer will be highlighted during contract negotiations with partners and allocations made to the party best suited to manage it. Existing terms contract lengths are referenced.

4.50 Human resource issues will be scrutinised at procurement stage. A broad outline of contract management arrangements is provided.

Independent Assessor Comment

4.51 The Commercial Case is not considered to be particularly detailed and there are a range of inconsistencies throughout. Overall, considerably more information could be set out to provide much greater confidence in the procurement process.

4.52 The original process (***procurement strategy and sourcing options***) used to appoint Volker Highways, Project Centre, AA Lighting and Maydencroft onto their term contracts are not included, despite being requested. It is, therefore, not possible to be certain about the suitability of these contracts for undertaking this work in the most effective manner.

4.53 It is unclear as to whether or not ***additional contractors*** will need to be procured for specialist work, e.g. bridge or subways. If they are, then there no information available about the process for procuring these additional contractors, and this element of the procurement process fails to adequately meet nearly all the requirements of the Commercial Case.

4.54 Whilst reference is made to the incentives included within the existing term contracting arrangements, there is limited detail presented. It is also currently unclear how the contract negotiations will ensure risk allocation and transfer will be shared and apportioned to the most appropriate partner.

Management Case

4.55 The Management Case presents information on how the scheme will be delivered and managed.

4.56 Several relevant examples of RBWM's and Project Centre's previous experience in delivering transport development projects are presented. In examples where projects were over-budget, reviews, adjusted methodologies and lessons learned were actioned.

4.57 A list of project dependencies was considered and centre around ensuring general support and liaison, and financial backing. Though Missing Links scheme ties in with developments at West Street, it is not dependent and can be progressed independently.

4.58 A detailed account of jobs titles and roles in RBWM's management and governance arrangements is included.

4.59 The project plan, and assurance and approval sections clearly list key milestones and expected dates for delivery. Whilst a list of key work streams to deliver the project is presented.

4.60 The framework in place to govern assurance and approval, communications and stakeholder management, and reporting are well considered and defined.

4.61 Little information on Risk Management arrangements and governance framework. The Risk Register highlights a total of 25 risks, of which seven are considered of "major" consequence. Mitigations, actions to be taken and cost estimates (which forms Contingency Risk Budget) are considered in detail.

4.62 An outline plan to conduct a Monitoring and Impact assessment of the scheme was considered. A "Key Performance Indicators" table outlining the scheme's target output and outcomes is presented.

Independent Assessor Comment

4.63 The **Evidence of Delivering Similar Projects** section showcases both relevant and a strong history of project and programme management example that are similar to that of Missing Links. Examples where projects experienced significant overspend reviews were undertaken to identify learning points. However, this section lacks examples presenting Volker Highways', and joint, experience in delivering similar projects.

4.64 From the business case it is unclear the risk and magnitude of impact **project dependencies** have on the proposed scheme, but it is unlikely, with the exception of securing funding, many will have a critical impact.

4.65 The **Governance, Organisation Structure and Role** section is detailed but lacks information to explain why the selected team is best suited to deliver the proposed scheme.

4.66 The **Risk Register** presented is comprehensive and mitigation actions sensible, however it is unclear what methodology has been used to determine the estimated cost and likelihood of each risk, i.e. a £20,000 cost has been associated to the scheme not integrating with the wider policy. However, as mentioned the "Contingency Risk Budget" formed from the Risk Register seems a reasonable amount.

4.67 The **Benefits Realisation Plan** section does not contain any details as to how the applicant will ensure benefits are realised.

4.68 **Monitoring and Evaluation** of the scheme has does not set out tangible outcome target measures to evaluate against nor has it been costed for.

4.69 The Management Case does not present a **Contract Management** and **Contingency Plan**.

Summary and Conclusions

Summary

4.70 The review of the five cases has identified a series of points for further consideration. These are summarised below:

- The Strategic Case states that the scheme will help to tackle congestion and air quality through encouraging mode shift. Whilst the cycling demand forecasting analysis predicts some mode shift from car to cycle it is not substantial. This may partly reflect a conservative approach applied within the demand forecasting but would still suggest that the scheme may not result in significant mode shift.
- The scheme interacts with a number of development sites and so it will be important to understand these inter-dependencies in detail and any risks to the successful implementation of the overall scheme
- Disruption caused during construction will need to be managed carefully and further information is required about the scale of potential impacts, particularly upon the A4.
- The main benefits from the scheme are forecast to relate to cycling journey time saving and health benefits associated with increase physical activity. Whilst the Benefit Cost Ratio is only just over 2:1, there are a range of non-monetised benefits that also contribute to the overall case for investment.
- The Financial Case appears robust but further supporting information is required to fully verify the approach adopted. In addition, there appear to be some inconsistencies within the cost profiles presented.
- The Commercial Case is relatively weak, with a reliance placed upon the use of existing term contracts with limited supporting evidence. It also remains unclear whether any elements of the scheme delivery will require appointment of additional contractors.
- The Management Case is acceptable but could be strengthened in terms of monitoring and evaluation and contingency planning.

Conclusions

4.71 The evidence presented within the Strategic Case relating to the need for the scheme and how it supports national, regional and local strategic priorities, is considered strong. The established objectives are clear and the importance of encouraging sustainable travel within a car dominant area is identified. Whilst the Economic Case does not suggest large-scale mode shift from car to cycle, this is considered to reflect a relatively conservative set of assumptions that have been applied, to ensure a robust appraisal. Some of the wider economic impacts of the scheme may have been overstated.

4.72 The scheme development process has considered a range of route options and has clearly sought to identify the best value for money from investment, as evidenced by a lower over project cost and LGF ask for the final scheme option.

4.73 The approach to the benefits assessment is considered strong. Whilst further evidence could be provided to support the final forecasts, the combination of monetised and non-monetised benefits presents a compelling case for investment.

4.74 The Financial Case appears robust but further evidence would provide certainty over the underlying costs of building the scheme.

4.75 The Commercial Case is considered non-compliant, in business case terms, but this is due to the Applicants stated reliance upon term contracts which, if capable of effectively and

efficiently delivering all aspects of the scheme, are likely to be the best procurement solution. This does, however, need to be evidenced.

4.76 It is our conclusion that whilst there appears to be a strong overarching case for the scheme, there are currently too many uncertainties within the business case to permit an unconditional approval of the scheme.

Conditions for Approval

4.77 We recommend that the following series of conditions are applied before the scheme is taken forward:

1) Provision of a clear statement about the expected scale and duration of disruption caused by the construction of the cycle subway under the A4 and evidence that any negative impacts generated (in terms of highway congestion and delay) will not be of a scale to affect the overall economic case for the scheme.

2) Provision of a clear statement of the expected operational arrangements for Section F of the route during the period 2021 to 2025 in advance of the St Cloud Way development and, furthermore, evidence that these arrangements will not negatively impact upon the benefits that will be derived by the whole scheme during that period.

3) Provision of a clear statement that highlights the potential impacts of any inter-dependent development not being delivered, or being delivered late, (including, but not limited to, St. Cloud Way and West Street) and evidence that it will not negatively impact upon the benefits that will be derived by the whole scheme during that period.

4) Provision of the analytical workings that underpin the demand forecasting and the monetised benefits assessment work within the Economic Case to provide a clear audit trail that lead to the final values presented.

5) Provision of a copy the 'Bill of Quantities' that provides clear and credible evidence of the robustness of the underlying scheme build cost estimates presented.

6) Confirmation of a definitive cost spend profile and, subsequently, that cost inflation has been applied appropriately within both the Economic and Financial Cases.

7) A methodology statement that describes how the 'cost estimates' and 'likelihood of risks' recorded within the risk register were derived, which provides clear evidence that they are credible and realistic.

8) Additional evidence of how each of the existing term contract frameworks will be used to deliver specific elements of the scheme and a clear demonstration that these represent the best procurement options.

9) A clear statement of whether any additional contracting will be required and, if so, a full statement on the approach that will be adopted that provides evidence that the optimum procurement strategy will be applied and that robust contracting arrangements will be put in place.

10) A revision to the Monitoring and Evaluation Plan to ensure it reflects the outcomes predicted by the demand modelling and benefits assessment within the Economic Case and that all targets are specific in terms of location and scale of impact and set against a realistic counter-factual scenario.

11) Provision of a Contingency Plan for inclusion within the Management Case.

12) Ensure that the scheme retains high or better value for money once all other conditions have been met

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