

BERKSHIRE LOCAL TRANSPORT BODY (BLTB)

REPORT TO: BLTB

DATE: 15 July 2021

CONTACT OFFICER: Josie Wragg, Chief Executive, Slough Borough Council, lead officer to BLTB

Item 7: Financial Approval 2.37 Bracknell A322 A329 Corridor Improvements (Birch Hill Junction Upgrade Extension)

Purpose of Report

1. To consider giving financial approval for additional funding to scheme 2.37 Bracknell: A322 A329 Corridor Improvements for Birch Hill Junction Upgrade.
2. This project delivers upgrades to signalling equipment at the Birch Hill Junction, situated along the A322 and A329 corridor.
3. The scheme represents a relatively small-scale investment in the replacement of obsolete, and failing, signalling technology at the junction, to ensure greater resilience to the strategically important A322/A329 corridor, as well as provide day-to-day operational benefits.
4. This proposes an increment to an already approved Local Growth Fund (LGF) Bracknell project, scheme 2.37: Bracknell A322 A329 Corridor Improvements. The project will significantly help in terms of accommodating movements and reducing congestion between the M4 and M3 and between Reading, Wokingham, Bracknell, Bagshot and beyond, as well as improving North-South links between the M3 and M4.

Recommendation

5. You are recommended to give scheme 2.37 Bracknell: A322/A329 Corridor Improvements, full financial approval for an additional sum of £450,000 in 2021/22 for the Birch Hill Junction Upgrade on the terms of the funding agreement set out at paragraph 11 step 5 below. This brings the total funding for this project to £850,000.

Other Implications

Financial

6. A re-prioritisation exercise was undertaken in advance of previously allocated Getting Building Fund (GBF) monies returned to the “pot” for re-allocation. At the March 2021 BLTB meeting an additional £450,000 of GBF was allocated to Scheme 2.37 Bracknell: A322/A329 Corridor Improvement for the Birch Hill Junction Upgrade.

7. This report recommends that Bracknell Forest Council be authorised to draw down the capital sum £450,000 from the Getting Building Fund for this scheme.
8. The funding agreement set out at paragraph 11 step 5 sets out the roles and responsibilities, reporting and auditing arrangements, timing and triggers for payments, contributions from other funders, consequences of delay, consequences of failure, claw back, and evaluation requirements at one and five years on.

Risk Management

9. The risk management arrangements already put in place by the Local Transport Body are as follows:
 - The [Assurance Framework](#)¹ has been drafted following DfT guidance and has been approved by the DfT for use in allocating capital funds for transport schemes
 - Hatch Regeneris have been appointed as Independent Assessors and have provided a full written report (see Appendix 1) on the full business case for the scheme
 - The funding agreement set out at paragraph 11, step 5 makes clear that the financial risk associated with implementation of the scheme rests with the scheme promoter.

Human Rights Act and Other Legal Implications

10. The scheme promoter is a local authority and they have to act within the law. Slough Borough Council will provide legal support for the BLTB, should any questions arise.

Supporting Information

11. The scheme will be carried out for Bracknell Forest Council.
12. The full details of the scheme are available from the [Bracknell Forest website](#)². A summary of the key points is given below:

Task	Timescale
Procurement	Via the Council's Term Contractor
Contractor appointed	As above
Construction	January 2022
Open to public	March 2022

Activity	Funder	Cost
Scheme development (original)	Bracknell Forest Council	£ 117,658
Major scheme funding (original)	Berkshire Local Transport Body	£400,000

¹<http://www.thamesvalleyberkshire.co.uk/berkshire-strategic-transport-forum>

²<https://www.bracknell-forest.gov.uk/strategic-economic-plan/background>

Scheme development (extension)	Bracknell Forest Council	£50,000
Major scheme funding (extension)	Berkshire Local Transport Body	£450,000
Scheme development total	Bracknell Forest Council	£167,658
Major scheme funding total	Berkshire Local Transport Body	£850,000

13. The table below sets out the details of this scheme's compliance with steps 1-5 of paragraph 14 of [Assurance Framework](#)³.

Assurance Framework Check list	2.37 Bracknell A322/A329 Corridor Improvements (Birch Hill Junction Upgrade extension)			
	<p>The project was originally devised to deliver significant improvements to one of the key highway corridors in Thames Valley Berkshire. This specific addition to the existing scheme represents a relatively small-scale investment in the replacement of obsolete, and failing, signalling technology at the junction, to ensure greater resilience to the strategically important A322/A329 corridor, as well as provide day-to-day operational benefits. Overall, the project will significantly help in terms of accommodating movements and reducing congestion between the M4 and M3 and between Reading, Wokingham, Bracknell, Bagshot and beyond, as well as improving North-South links between the M3 and M4. The updated BLIS assessment process was used and the scheme was given 23.5 points and ranked 6th of 17 schemes submitted.</p>			
	Factor	Raw score	Weighting	Weighted score
	Strategy	3	1.5	4.5
	Deliverability	3	2.0	6.0
	Economic Impact	2	4.0	8.0
	TVB area coverage	2	1.5	3.0
	Environment	1	0.5	0.5
	Social	3	0.5	1.5
	Total			23.5
<p>Step 2: Programme Entry: evolution of the scheme from outline proposal to full business case, external view on the business case, and independent assessment (See paragraphs 15 and 16)</p>	<p>Programme Entry status for the additional funding was given by the BLTB on 11 March 2021⁴.</p> <p>The Bracknell Forest website⁵ holds the latest details of the full business case, including the VfM statement certified by the senior responsible officer.</p> <p>Any comments or observations on the scheme received by either TVB LEP or Bracknell Forest Borough Council have been fully considered during the development of the scheme.</p> <p>The report of the Independent Assessor is attached at Appendix 1. The Independent Assessor was asked to report as follows:</p> <ul style="list-style-type: none"> • Completeness – has the promoter prepared a complete Full Business Case submission, when judged against the prevailing 			

³<http://www.thamesvalleyberkshire.co.uk/berkshire-strategic-transport-forum>

⁴<http://www.slough.gov.uk/moderngov/documents/s54539/Report%20and%20Appendices.pdf>

⁵<https://www.bracknell-forest.gov.uk/strategic-economic-plan/background>

Assurance Framework Check list	2.37 Bracknell A322/A329 Corridor Improvements (Birch Hill Junction Upgrade extension)
	<p>advice from the DfT</p> <ul style="list-style-type: none"> • Accuracy – has the promoter performed the relevant calculations and assessments accurately and without error • Relevance – has the Full Business Case considered all relevant matters, including use of appropriate forecasting models and planning assumptions, and has it included any irrelevant considerations such as unduly-optimistic assumptions or out of date modelling data • Value for Money – does the scheme promoter’s Value for Money assessment comply with the prevailing DfT guidance • Evaluation arrangements – has the scheme promoter made provision for appropriate post-implementation evaluation of the scheme. • Remedies – where the independent assessment reveals a gap between the FBC supplied and the standard anticipated by the DfT guidance, then the advice for the LTB should include recommendations for remedial actions required – e.g., collection of further data, sensitivity tests on particular assumptions etc.
Step 3: Conditional Approval	The Independent Assessor has recommended that in this case Full Financial Approval is appropriate.
Step 4: Recommendation of Financial Approval - High Value for Money - Support of the Independent assessor	<p>The scheme has a Benefit- Cost Ratio (BCR) of 2.33</p> <p>DfT has set thresholds of 2.00 (High VfM) and 4.00 (Very High VfM) and schemes with BCRs above these thresholds can be described as having High or Very High Value for Money.</p>
Step 5: Formal Agreement - roles - responsibilities - implementation - reporting - auditing - timing and triggers for payments, - contributions from other funders, - consequences of delay, - consequences of failure, - claw back, - evaluation one and five years on	<p>The capital grant of £850,000 is a maximum figure which cannot be increased but may be reduced if savings are achieved during implementation. In the event that Bracknell Forest Council wishes to alter the profile of the grant payments, it must seek prior written permission from TVB LEP, having first raised the matter with the BLTB. The grant is made subject to the following:</p> <ol style="list-style-type: none"> 1. <u>Roles</u>: TVB LEP is a part funder of the scheme. Bracknell Forest Council is the scheme promoter and is the relevant highway and planning authority. 2. <u>Responsibilities</u>: TVB LEP is responsible for allocating the capital finance in accordance with its Assurance Framework. Bracknell Forest Council is responsible for all aspects of the design, risk management, insurance, procurement, construction and implementation of the scheme, including its responsibilities as highway and planning authority, any other statutory duties, and any financial or other liabilities arising from the scheme. 3. <u>Implementation</u>: In addition to any reporting requirements within Bracknell Forest Council, the scheme promoter will use the proforma supplied by TVB LEP to make reports on progress of the

Assurance Framework Check list	2.37 Bracknell A322/A329 Corridor Improvements (Birch Hill Junction Upgrade extension)
	<p>implementation of the capital scheme to each meeting of the BLTB until the build is complete. In particular, Bracknell Forest Council will report on any change in the size, scope or specification of the scheme; and on any substantial savings against the scheme budget whether achieved by such changes to the size, scope or specification of the scheme, or through procurement, or through the efficient implementation of the scheme.</p> <p>4. <u>Reporting</u>: The scheme promoter must provide accurate, timely, verified and quality assured quarterly monitoring and forecast data, which relate to defined output and outcome indicators agreed between TVB LEP and government as a condition of the Growth Deal. This scheme will not be required to participate in an evaluation as set out in the Growth Deal Monitoring and Evaluation Plan.</p> <p>5. <u>Auditing</u>: Bracknell Forest Council will keep financial records such that the expenditure on the scheme is readily identifiable, and if and when BEIS, DfT or other government department or the Accountable Body for TVB LEP requests access to financial or other records for the purposes of an audit of the accounts, Bracknell Forest Council will co-operate fully.</p> <p>6. <u>Timing and Triggers for payments</u>: See the Claim Proforma at Appendix 1 of the Capital Grant Letter – available on request.</p> <p>7. <u>Contributions from Other Funders</u>: Bracknell Forest Council capital programme contributed 117,658 in 2020/21 and will contribute £50,000 in 2021/22. In the event that the scheme experiences or it is anticipated that the scheme will experience a shortfall in these contributions, Bracknell Forest Council will be required to notify TVB LEP of these developments. The provisions of clauses 8, Consequences of Delay; 9, Consequences of Change to the Design or Specification of the Scheme; or 10, Consequences of Failure will then be applied.</p> <p>8. <u>Consequences of Delay</u>: In the event that the scheme experiences minor delays to its overall Business Case programme (no more than 10 weeks), Bracknell Forest Council will report these delays and the reasons for them, and the proposed remedial action to the next available meeting of the BLTB. In the event that the scheme experiences major delays to its overall Business Case programme (11 weeks or longer) Bracknell Forest Council will be required to seek permission from TVB LEP to reschedule any payments that are due, or may be delayed in falling due because of the delay to the overall Business Case programme.</p> <p>9. <u>Consequences of Change to the Design or Specification of the Scheme</u>: In the event that Bracknell Forest Council wishes to change the design or specification of the scheme such the scheme delivered will vary in any material aspect from the description given in the overall business case, Bracknell Forest Council will be required to</p>

Assurance Framework Check list	2.37 Bracknell A322/A329 Corridor Improvements (Birch Hill Junction Upgrade extension)
	<p>seek prior written consent from TVB LEP. Failing this permission, no further monies will be paid to Bracknell Forest Council after the change becomes apparent to TVB LEP. In addition, consideration will be given to recovering any monies paid to Bracknell Forest Council in respect of this scheme.</p> <p>10. <u>Consequences of Failure</u>: As soon as it becomes apparent to Bracknell Forest Council that it will not be possible to deliver the scheme by the end of March 2022, written notice shall be given to the Accountable Body for TVB LEP. No further monies will be paid to Bracknell Forest Council after this point. In addition, consideration will be given to recovering any monies paid to Bracknell Forest Council in respect of this scheme.</p> <p>11. <u>Claw back</u>: If the overall scheme achieves savings against budget, these savings will be shared by TVB LEP and the other funders noted above in proportion to the amounts set out in the Financial Profile. The Accountable Body for TVB LEP reserves the right to claw back any amounts of grant that have been spent on purposes other than the scheme as approved and any repayments due as a consequence of changes to the design or specification of the scheme or scheme failure.</p> <p>12. <u>Evaluation One and Five Years On</u>: Bracknell Forest Council will produce scheme evaluations One and Five years after practical completion that comply with DfT guidance.</p> <p><u>Other Conditions of Local Growth and Getting Building Funds</u>: Bracknell Forest Council will acknowledge the financial contribution made to this scheme through Local Growth Funds and follow the "Growth Deal Identity Guidelines"⁶ It will also give due regard to the Public Services (Social Value) Act⁷, particularly through the employment of apprentices across the scheme supply chain.</p>

Conclusion

14. It is the conclusion of the Independent Assessor that there is sufficient evidence presented to support the overall case for investment in the scheme. It meets wider strategic policy aims and should deliver 'high' value for money. The overall value for money for the scheme is high. On this basis, we recommend the scheme for approval.

Background Papers

15. The LTB and SEP scoring exercise papers are available on request.

⁶<http://www.thamesvalleyberkshire.co.uk/documents?view=files&folder=230>

⁷ <https://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources>

Thames Valley Berkshire Local Enterprise Partnership

Independent Assessment Summary Report A322/A329 Corridor Improvements: Birch Hill Junction Upgrade

June 2021

www.hatch.co.uk

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Executive Summary

- i. This technical note provides an independent assessment of the A322/A329 Corridor Improvements: Birch Hill Junction Upgrade Business Case submission to the Thames Valley Berkshire Local Enterprise Partnership (TVB LEP).

Scheme Summary

- 1.1 The business case submission sets out the case for investment in upgrades to signalling equipment at the Birch Hill Junction, situated along the A322 and A329 corridor.
- ii. The scheme represents a relatively small-scale investment in the replacement of obsolete, and failing, signalling technology at the junction, to ensure greater resilience to the strategically important A322/A329 corridor, as well as provide day-to-day operational benefits.
- iii. The overall scheme cost is estimated to be £0.5 million, with £0.45 million sought from the Getting Building Fund (GBF).

Review Findings

Conclusions

- iv. Given its locations along the A322/A329 there is considered to be a strong case for investment in upgrades to traffic signalling technology at the Birch Hill Junction. The age of the current systems represents a significant risk to on-going, and future, network resilience, and the replacement will improve the efficiency of movements across the corridor.
- v. Whilst challenging to quantify, there is sufficient evidence to demonstrate that the scheme will deliver 'high' value for money, based upon reducing the frequency of traffic signal failures, as well as the wider benefits the upgraded signal technology will deliver for normal network management.
- vi. The underlying scheme costings are considered reasonably robust, albeit subject to further development, particularly in relation to the requirement for any utilities work. The inclusion of a contingency provides confidence that the project can be delivered within the overall budget.
- vii. The delivery of the scheme, through the BFC Term Maintenance Contract, is considered appropriate, and the management processes in place should ensure risks are minimised.
- viii. It is acknowledged that there is a relatively short period of time to deliver the scheme and that, whilst feasible, it will be important to ensure there are no delays to the commencement of work and that all risks have been suitable mitigated, including the requirement for utilities work.

Recommendations

- ix. There is considered to be sufficient evidence presented to support the overall case for investment in the scheme. It meets wider strategic policy aims and should deliver 'high' value for money. The main risk will be for BFC to ensure delivery within the designated three month time period from January 2022 to March 2022.

- x. On this basis, the Birch Hill Junction Upgrade is recommended for investment.

1. Introduction

- 1.1 This report provides an independent assessment of the Full Business Case (FBC) submitted by Bracknell Forest Council (BFC) for the delivery of the A322/A329 Corridor Improvements: Birch Hill Junction Upgrade.
- 1.2 The scheme represents a relatively small-scale investment in the replacement of obsolete, and failing, signalling technology at the junction. This will ensure greater network resilience along the strategically important A322/A329 corridor, as well as provide day-to-day operational benefits.
- 1.3 This report considers the evidence presented within the FBC and whether it represents a robust case for the investment of Thames Valley Berkshire Local Enterprise Partnership (TVB LEP) Getting Building Funds (GBFs).
- 1.4 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 Transport's (DfT) Transport Appraisal Guidance (TAG).

Submitted Information

- 1.5 The independent assessment process for the Birch Hill Junction submission has been conducted on the following set of documentation submitted by BFC:
 - Full Business Case Submission (15th June 2021)
- 1.6 In addition to these formal documents, Hatch has engaged with BFC between April and June 2021 to discuss the requirements of the business case submission and comment upon the acceptability of the proposed appraisal approach, as well as input assumptions and parameters.
- 1.7 Given the relatively small-scale nature of the scheme, no formal Appraisal Specification Report or Option Appraisal Report has been required of this project. The specification has been discussed and agreed between BFC and TVB LEP.

Report Structure

- 1.8 This Independent Assessors Report responds to the formal submission of documentation, as well as the informal engagement process with BFC, to provide a review of information provided, assess its suitability and robustness against TVB LEP's assurance requirements, and provide recommendations in relation to the approval of LEP funding for the proposed scheme.
- 1.9 This report provides an initial summary of scheme elements included within business case submission, alongside the details presented within each of the five 'cases' (Strategic, Economic, Financial, Commercial, Management).
- 1.10 It also sets out the recommendations to the LEP Local Transport Body relating to the suitability of the scheme for funding.

2. Business Case Submission

Overview

- 2.1 The full business case submission sets out the case for investment in signalling upgrades at the Birch Hill Junction. The core scheme deliverables are:
- Upgrade of traffic signals to incorporate MOVA technology
 - Utilisation of PLUS + technology to reduce the number of new duct-runs required and, therefore, minimise the civils cost element of the project. The system includes dedicated failsafe signal heads, as well as new smart loop modules to make sure that the overall system is tolerant of individual component and cable damage.
- 2.2 The scheme is designed primarily to resolve current, and projected future, failure rates of the existing signally technology at the junction, which can cause significant delays along the strategically important A322/A329 corridor.
- 2.3 In addition, the upgraded signalling technology will permit enhanced day-to-day management of the local network and improve performance.

Key Input Assumptions and Parameters

Summary of Content

- 2.4 The overarching business case is considered particularly reliant upon the following key assumptions:
- Scheme opening year = 2022
 - 20-year benefits appraisal period
 - Costs and benefits discounted to 2010 prices @3.5% per annum
 - Values of Time applied from TAG Databook
 - 10% 'optimism bias' applied as an uplift in the Financial Case

Independent Assessor Comment

- 2.5 The assessment has applied a range of standard **assumptions and parameters**, including discount rates and values of time, all of which are considered appropriate.
- 2.6 The 20-year **appraisal period** is generally considered appropriate for a technology-based investment of this type, albeit this is at the upper end of the expected life-cycle.
- 2.7 The '**optimism bias**' that has been applied within the financial case is considered to be more reflective of a financial contingency or risk allowance. As such, there should, technically, be a further level of 'optimism bias' applied within the economic assessment. The implications are examined further within the Economic Case section of the report, below.

Strategic Case

Summary of Content

- 2.8 The Strategic Case sets out the wider context in which the Birch Hill Junction needs to be considered. The junction's location on the A322/A329 corridor is highlighted and how this corridor provides a key link between the M3 and M4 and is recognised by the DfT for its strategic importance to the region as highlighted in its M25 South West Quadrant report.
- 2.9 It is demonstrated that a range of improvements have already been made across the corridor to improve network resilience and Birch Hill Junction remains a location still in need of improvement.
- 2.10 The current challenges experienced at the junction are set out, including the age of the signalling technology and the lack of real-time adaptability that hinders the management of the network in that area. Whilst the junction operates relatively effectively during periods of normal activity, when incidents occur (including signal failures) the impact upon the local network is significant.
- 2.11 Data is reported that demonstrates the signalling technology has failed, on average, over 10 times a year for the last five years. Furthermore, these incidences of failure are anticipated to increase over the forthcoming years as the technology ages further.
- 2.12 Traffic modelling outputs are presented that demonstrate the implications of signal failures upon the wider network and provides data on the extent of the delays that can occur.
- 2.13 The measures of success are outlined as: reduced queue lengths; reduced delays; and improved journey times across the A322/A329 corridor.

Independent Assessor Comment

- 2.14 BFC has previously demonstrated the **strategic importance** of the A322/A329 corridor for both the local area, as well as wider connectivity across the region. Whilst this full body of evidence is not repeated within this business case, it remains clear that the Birch Hill Junction Upgrade would support these wider policy aspirations to provide resilience and improve the performance of the corridor.
 - 2.15 The extent of the **issues and opportunities** for enhancement are well presented, with good supporting evidence that demonstrates the extent to which the failures of the current signalling system create significant wider network disruption.
 - 2.16 Whilst not stated within the FBC document, it is understood that the scheme has **inter-relationships** with other highway works in the area, as well as the requirement to protect network capacity in the lead up to Christmas, and so works at Birch Hill Junction cannot commence until January 2022.
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Economic Case

Summary of Content

- 2.17 The Economic Case presents a case study review of previous junction improvement schemes along the A322/A329 that demonstrates they have all been forecast to delivery high, or very high, value for money.
- 2.18 The benefits stream for Birch Hill Junction Upgrade has been assessed on the basis of reducing the number of incidents of traffic signal failures at the junction. This is recorded in terms of the total network journey time that can be saved every time a signal failure is prevented. This utilises the current data on signal failure rates, but also assumes a further deterioration in the performance of the technology, with a predicted 10% increase in failure rate per annum. The present value of benefits associated with the network journey time saved is estimated at £0.823 million in 2010 prices.
- 2.19 The present value of costs for the scheme have been estimated, applying the costs within financial case, and are estimated £0.353 million in 2010 market prices. Optimism bias has been applied within the financial case, but not additionally within the economic case.
- 2.20 The overall estimated benefit cost ratio for the scheme is 2.33 to 1. This does not include any quantitative assessment of the improvements to normal operation of the junction, nor any potential savings with on-going maintenance requirements of the current signals.

Independent Assessor Comment

- 2.21 It is acknowledged that there are a number of challenges in assessing the economic impact of the signalling upgrade scheme, since the majority of the **quantified benefits** are derived from the prevention of traffic signal failures, as opposed to direct enhancement of normal junction forward.
- 2.22 Whilst there are some limitations to the approach adopted, given the scale of the investment, we consider it to be appropriate in this instance. The underlying assumptions made within the analysis are considered acceptable and the overall outcomes demonstrate that the scheme should deliver 'high' value for money.
- 2.23 It is accepted that there may be a **range of other benefits** that the scheme will deliver that can't easily be quantified, including network efficiency improvements, from the use of MOVA technology, and reduced requirements for annual maintenance of the current signalling equipment.
- 2.24 As set out in paragraph 2.7, there may be a case under DfT TAG protocols for applying an additional level of 'optimism bias' within the economic case analysis. The addition of a further 15% **optimism bias** would still result in a 'high' benefit cost ratio, and so we remain confident that the scheme will offer value for money from investment, even in the event of higher final scheme costs.

Financial Case

Summary of Content

- 2.25 Scheme costs have been estimated by BFC through concept designs and application of BFC Term Contractor schedule of rates. This generates a base cost estimate of £451,076, with a breakdown of all elements provided within an appendix.
- 2.26 A 10% 'financial optimism bias' has been applied to generate an overall budget requirement of £500,000.

- 2.27 The funding request of the TVB LEP is for £450,000, with a local contribution from BFC of £50,000.
- 2.28 BFC have provided a separate letter from the S151 Officer confirming the availability of the funding.

Independent Assessor Comment

- 2.29 A detailed breakdown of the **scheme cost** is provided, giving confidence that individual cost elements have been examined in detail and should represent a robust overall estimate of costs.
- 2.30 The additional 10% added within the financial case is considered to represent a **cost contingency**, as opposed to optimism bias, but does ensure that an allowance for unforeseen cost is included.
- 2.31 There would appear to be some minor uncertainty around the potential need for any utilities works (trial holes will be undertaken), and the extent to which this could impact upon scheme costs, but BFC are confident that the nature of the scheme means these will be minimal and sufficient allowance has been included within the overall budget.
- 2.32 Whilst the **funding profile** is not stated within the FBC, BFC are fully aware that all the TVB LEP funds from the GBF need to be defrayed before the end of March 2022.
- 2.33 The S151 Officer letter provides confidence of the allocation of the BFC contribution to the project.

Commercial Case

Summary of Content

- 2.34 The FBC states that the project, being small in scale, is limited in complexity (e.g., construction tasks, site access, etc.). No third party land is required and some of the construction work can be undertaken off-line, simplifying any traffic management issues.
- 2.35 The highways work will be undertaken by Ringway Infrastructure Services, as part of the BFC Term Maintenance Contract. This will operate with "Target Costing", with any cost overruns will be shared between the contractor and the Council.
- 2.36 Risks will be managed through both joint working with the contractor at the design and programming stages and continuous monitoring of costs and progress to minimise costs overrun.
- 2.37 The contract is anticipated to be for a period of 3 months from January 2022 and will be managed within BFC by an experienced resident engineer, with regular progress meetings and risk reduction meetings. The contractor will be contractually obliged to provide monthly progress and financial updates to BFC, which will include updates to the project programme.

Independent Assessor Comment

- 2.38 Given the scale of the scheme investment, the decision of BFC to utilise their existing Term Maintenance Contact appears pragmatic and acceptable. This framework has already been subject to a full open tendering process and so BFC can demonstrate that an appropriate **procurement process** has been undertaken that will result in commercial value for money.

- 2.39 It will clearly be important for BFC to work closely with the contractor to secure the final 'target cost' within the scope of the agreed funding budget and to subsequently to carefully manage the delivery of the project.

Management Case

Summary of Content

- 2.40 The management case provides evidence of similar projects that have been completed by BFC along the A322/A329 corridor, including: the Horse and Groom Roundabout, Twin Bridges Gyratory, Jennett's Park Roundabout, Hilton Roundabout, and Coral Reef Roundabout.
- 2.41 The schemes is stated as being free from dependencies. There is the potential requirement for minor utilities diversions. Trial holes will be undertaken to establish the location of apparatus in key areas to ensure an accurate assessment of impacts and costs can be made at this stage of the project.
- 2.42 The governance, organisational structure & key roles are set out, covering overall responsibilities for the delivery of the schemes, alongside day-to-day management.
- 2.43 A provisional Project Plan is provided demonstrating the key stages and the critical path. This includes two work phases: Phase 1: Circulatory and Phase 2: Centre Area. Project assurance and approvals will be the main responsibility of the Steering Group Chair supported by the Steering Group.
- 2.44 A 'tried and tested' stakeholder engagement process is outlined, which is used on all significant BFC projects. The approach to project reporting is also set out, including updates on general progress, project finances, issues, as well as risk and governance meetings.
- 2.45 The approach to managing risks is set out, and a risk register is provided, with the main risk identified as '*delays to programme due to non-performance of supplier or sub-contractor failure*'.
- 2.46 The approach to benefits realisation and monitoring is outlined, with 1, 3 and 5 year monitoring of success factors identified.

Independent Assessor Comment

- 2.47 The management case provide strong evidence that BFC have the **experience** and protocols in place to deliver a scheme of this nature, including **governance, assurance and approvals, engagement, and reporting**.
- 2.48 Whilst not detailed in nature, the **Project Plan** provides evidence of the different stages of delivery and when the required works will be completed. Since the project cannot be commenced until January 2021 (due to the requirement to complete other highway projects in the area and to minimise works on the network in the lead up to the Christmas period) the delivery timeframe is very constrained, and it will be imperative that all potential **risks** are managed appropriately by BFC, and their contractors, to ensure there are no delays.
- 2.49 Whilst a detailed **benefits realisation plan** is not presented, sufficient evidence is presented (both in the management case and strategic case) of how the impacts of the scheme will be **monitored**.

Summary and Conclusions

Summary

2.50 The review of the five cases has identified the following key points for consideration:

- The importance of the A322/A329 corridor, as a strategic route, is established within the **Strategic Case**, as are the issues of the current reliability of the traffic signals at Birch Hill Junction. Traffic modelling tools provide a demonstration of the scale of the impact when the traffic signals fail and how the scheme will deliver network resilience, as well enhanced network management technology.
- Whilst the approach to assessing the quantified benefits of the scheme is challenging, the **Economic Case** demonstrates sufficient evidence to provide confidence that the scheme will deliver 'high' value for money from investment. The benefits will not only include reduce network disruption from traffic signal failure, but also improvements to normal operations and potential reductions in highway maintenance requirements.
- The overall **Financial Case** demonstrates that the costings are reasonably detailed and included an allowance for contingency. There is some uncertainty as to whether any utilities work are required, but these are anticipated to be minor. It is important to recongnised the requirement for all TVB LEP GBF allocations to be defrayed by the end of March 2022, which coincides with the current scheme completion date, therefore no delays can be tolerated.
- The **Commercial Case** is succinct but reflects the relatively straightforward nature of the scheme and the existence of The BFC Term Maintenance Contract for delivering these types of projects in an effective and efficient manner.
- The **Management Case** provides sufficient evidence to determine that the project will be delivered in an effective manner, albeit it is recongnised that there is very limited scope to accommodate any delays in the project delivery programme, in order to defray TVB GBF payments by the end of March 2022.

Conclusion

- 2.51 Given its locations along the A322/A329 there is considered to be a strong case for investment in upgrades to traffic signalling technology at the Birch Hill Junction. The age of the current systems represents a significant risk to on-going, and future, network resilience, and the replacement will improve the efficiency of movements across the corridor.
- 2.52 Whilst challenging to quantify, there is sufficient evidence to demonstrate that the scheme will deliver 'high' value for money, based upon reducing the frequency of traffic signal failures, as well as the wider benefits the upgraded signal technology will deliver for normal network management.
- 2.53 The underlying scheme costings are considered reasonably robust, albeit subject to further development, particularly in relation to the requirement for any utilities work. The inclusion of a continency provides confidence that the project can be delivered within the overall budget.
- 2.54 The delivery of the scheme, through the BFC Term Maintenance Contract, is considered appropriate, and the management processes in place should ensure risks are minimised.
- 2.55 It is acknowledged that there is a relatively short period of time to deliver the scheme and that, whilst feasible, it will be important to ensure there are no delays to the

commencement of work and that all risks have been suitable mitigated, including the requirement for utilities work.

Recommendation

- 2.56 There is considered to be sufficient evidence presented to support the overall case for investment in the scheme. It meets wider strategic policy aims and should deliver 'high' value for money. The main risk will be for BFC to ensure delivery within the designated three month time period from January 2022 to March 2022.
- 2.57 On this basis, the Birch Hill Junction Upgrade is recommended for investment.