



Thames Valley Berkshire Local Enterprise Partnership

## **Independent Assessment Summary Report National Cycle Network Route 422 Scheme**

Business Case Independent Assessment

Report No. RT-A087383-13

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# 1 Executive Summary

- 1.1 This technical note provides an independent review of the National Cycle Network Route 422 Scheme Business Case submission to the Thames Valley Berkshire Local Enterprise Partnership by West Berkshire Council via their consultants WSP | Parsons Brinckerhoff (WSP PB).
- 1.2 In addition to West Berkshire Council's area, the proposed route travels through Wokingham Borough Council, Reading Borough Council, Bracknell Forest Council and The Royal Borough of Windsor and Maidenhead and these authorities all form part of the Steering Group which would deliver the scheme. Wokingham Borough Council will take the role of Project Sponsor to oversee project liaison issues between the five authorities.

## SCHEME SUMMARY

- 1.3 The scheme is to proposed to deliver National Cycle Network (NCN) Route 422 between Newbury and Windsor. The proposed NCN Route 422 follows the A4/ A329 corridor between Newbury and Ascot. As well as serving town centres such as Newbury, Reading, Wokingham and Bracknell, the route will serve existing and future employment sites and provide connectivity towards existing NCN routes in the area.

## REVIEW FINDINGS

- 1.4 The approach to assessing the scheme is considered to be appropriate and proportional for the type and complexity of the scheme in question.
- 1.5 The Benefit to Cost Ratio (BCR) of the scheme is detailed within the submitted Business Case as 2.08, which represents a 'High' Value for Money scheme.
- 1.6 There are deemed to be limited constraints to the scheme delivery, although it should be noted that this review is not intended to provide an assessment of the proposed scheme design. The notable constraint identified regarding delivery is that implementation of the Ascot to LEGOLAND® section of the route is dependent upon planning permission and land securement from Crown Estates, which is yet to be attained. The Royal Borough of Windsor and Maidenhead is liaising with Crown Estates to ensure the development of a mutually acceptable scheme.

- 1.7 Based on the WSP note on additional information (dated 5/11/15) an alternative route has been identified which is now considered to overcome this concern.
- 1.8 The other main concern noted is that the overall scheme estimate totals £6.685m, yet the identified funding package totals only £5.83m. This is because the level of funding available matches scheme costs in years 2015/16 and 2016/17 but the funding profile for 2017/18 and 2018/19 has yet to be confirmed. The Business Case says that *“once funding has been awarded by the Thames Valley LEP the Steering Group will make key decisions regarding the split of funding and actions to be taken to ensure that additional funding options are identified at the earliest opportunity to cover scheme costs in later stages. The detailed design phase, incorporating value engineering, will ensure that costs can be managed and possibly reduced”*.
- 1.9 Based on the WSP note on additional information (dated 5/11/15) further detail has been provided with regards to the funding shortfall which is now considered to overcome this concern.
- 1.10 A checklist has been produced by WYG and is contained in **Appendix A** to review the Business Case against the guidance contained in the Department for Transport’s “The Transport Business Cases” document. It is recommended that this Business Case can be signed off for approval as there is a well rationalised case based upon suitable evidence and assumptions, resulting in a high value for money scheme estimate.

## 2 Submitted Information

2.1 The Business Case independent assessment was carried out on the following documents submitted by West Berkshire Council (WBC) by their consultants WSP | Parsons Brinckerhoff (WSP PB):

- NCN Route 422 Cycle Scheme Business Case (Draft, dated September 2015);
- NCN Route 422 Cycle Scheme Option Assessment Report (Final, dated July 2015); and
- NCN Route 422 Scheme Appraisal Specification Report (Final, dated July 2015).
- NCNR 422 Business Case Additional Information (dated 5/11/15)

2.2 The Business Case document includes figures illustrating the proposed route alignment and its context with existing cycle routes, development locations, employment areas and town centres. The appendices contain an Appraisal Summary Table (AST), AST WebTAG worksheets, an environmental study and a quantified risk assessment.

## 3 Review

### 3.1 OPTIONS ASSESSMENT REPORT & APPRAISAL SPECIFICATION REPORT

3.1.1 The Options Assessment Report (OAR) and Appraisal Specification Report (ASR) were submitted in July 2015. A meeting was held between WYG and WSP | Parsons Brinckerhoff on 28/07/15 at WSP PB's London Office to review the documents. On 12/08/15, following some minor changes made as a result of the meeting, WYG confirmed that the revised OAR and ASR documents provided sufficient information and provided sign off for WSP PB to proceed to production of the Business Case document.

### 3.2 BUSINESS CASE

#### Document Review

3.2.1 A Business Case checklist has been produced by WYG and is contained in **Appendix A** of this note. The checklist reviews that sufficient information for each of the subsections of the five cases has been provided for the NCN Route 422 Business Case in line with Department for Transport (DfT) guidance.

#### The Strategic Case

3.2.2 The Strategic Case is deemed to be complete, providing the appropriate level of detail to demonstrate that all elements have been covered.

#### The Economic Case

3.2.3 The Business Case details all of the elements suggested in the DfT's guidance.

#### Options Appraised

3.2.4 The report cross refers to the OAR, which provides a more detailed commentary on the different options appraised for each section of the route.

#### Assumptions

3.2.5 Assumptions made to forecast the potential use of the route are logical and clearly explained. It is presumed that Table 5.1 which summarises the resultant trips should read "Cycle Trips" rather than "Accidents".

## Appraisal Summary Table

3.2.6 An Appraisal Summary Table (AST) is provided as Appendix A of the Business Case. WYG's review of the AST is contained in **Table 1**.

**Table 1 – Appraisal Summary Table**

Category	Sub-category	Estimated Impact in AST	Agree / Disagree with Assessment	Notes
Economy	Business users & transport providers	Not Applicable	Disagree	No economy factors estimated in the AST table. It could be argued that all four have qualitative benefits resulting from a potential transfer of trips to cycling – suggest that AST is amended
	Reliability impact on Business users	Not Applicable	Disagree	
	Regeneration	Not Applicable	Disagree	
	Wider Impacts	Not Applicable	Disagree	
Environmental	Noise	Slight Beneficial	Agree	
	Air Quality	Slight Beneficial	Agree	
	Greenhouse gases	Not Applicable	Disagree	Slight Beneficial if car trips are transferred to use the cycle route?
	Landscape	Slight Beneficial	Agree	
	Townscape	Slight Beneficial	Agree	
	Historic Environment	Neutral	Agree	
	Biodiversity	Neutral	Agree	
	Water Environment	Negligible	Agree	
Social	Commuting and Other users	No Information Provided	N/A	Cells not completed in AST
	Physical activity	Slight Beneficial	Agree	Quantitative/ monetary value produced using HEAT tool, along with reduced mortality and absenteeism benefit calculations
	Journey quality	Slight Beneficial	Agree	Improvements in terms of cycling route journey consistency, reliability and fear of accidents
	Accidents	Beneficial	Agree	The improvements will encourage a shift from car driving to cycling for journeys, reducing the traffic flow on the road. They will also encourage cyclists to use dedicated cycling infrastructure, potentially reducing accidents for these vulnerable road users
	Security	Neutral	Agree	Follows existing corridor which is already well lit and overlooked
	Access to services	Not Applicable	Agree	Strategic accessibility not deemed to be relevant as not a public transport scheme
	Affordability	Not Applicable	Agree	Affordability not deemed to be relevant as not a public transport scheme



	Severance	Neutral/ Slight Beneficial	Agree	Additional crossings will help severance
Public Accounts	Cost to Broad Transport Budget	£6,686,253 NPV	Agree	The total scheme cost, on which this Business Case is based, is £6,685,263 (2015 prices) which gives a present values discounted to 2010, in 2010 prices of £5,940,000
	Indirect Tax Revenues	Not Applicable	Agree	

3.2.7 The AST and the more detailed rationale within the Economic Case section is considered to provide an accurate and appropriate analysis of the proposed scheme.

#### Value for Money Statement

3.2.8 The NCN Route 422 Cycle Scheme Business Case details a Benefit to Cost Ratio (BCR) of 2.08. WebTAG categorises schemes with BCRs of between 2.0 and 4.0 to have High Value for Money.

#### The Financial Case

3.2.9 The Financial Case provides cost estimates for the two local authority sections and a combined cost estimate of £6,685,263. Funding sources are described but it should be noted that the identified funding package totals only £5,830,000. This is because the level of funding available matches scheme costs in years 2015/16 and 2016/17 but the funding profile for 2017/18 and 2018/19 has yet to be confirmed. The Business Case says that *"once funding has been awarded by the Thames Valley LEP the Steering Group will make key decisions regarding the split of funding and actions to be taken to ensure that additional funding options are identified at the earliest opportunity to cover scheme costs in later stages. The detailed design phase, incorporating value engineering, will ensure that costs can be managed and possibly reduced"*.

#### The Commercial Case

3.2.10 The Commercial Case provides details of the Procurement/ Delivery Strategy and Risk Allocation and Transfer.

#### Output Based Specification

3.2.11 An outline of the approach taken to assess the commercial viability of the scheme has been included. The procurement strategy aspires to achieve cost certainty, ensuring best value and

quality through scheme design, ensure experienced contractors with realistic construction programmes are used and to include the contractor within the risk management process.

#### Procurement Strategy and Sourcing Options

- 3.2.12 At this stage a detailed procurement strategy is not provided but it does state that each local authority's existing procurement protocols will be used. A single contract may be required for signing and cycle count infrastructure, which the project team will agree on contractual arrangements for as development of the scheme progresses.

#### Payment Mechanisms, Pricing Framework and Charging Mechanisms

- 3.2.13 Payments to the contractor will be made in arrears to the value of 60% of the project subject to an independent clerk of works agreeing with the submission made by the contractor. The final 40% will be paid in stages upon receiving invoices for completed elements of the work.

#### Risk Allocation and Transfer

- 3.2.14 Risks are identified and detail of the local authorities' previous experience in delivering similar schemes are introduced, giving confidence in their ability to successfully deliver this scheme.

#### Contract Length and Contract Management

- 3.2.15 Each section will be delivered by the individual local authorities and, therefore, contract length will be dependent upon the individual programming which is yet to be defined in detail. This will be undertaken once the detailed design phases have been completed.
- 3.2.16 It is suggested that the Project Sponsor will play a key role in co-ordination between the construction stages of each local authority area to ensure smooth delivery of the route as a whole.

#### The Management Case

- 3.2.17 The Management Case is a comprehensive section, with the vast majority of information provided. Evidence of similar projects in particular is strongly described. The following areas may need more explanation, although it is accepted at this stage for the type and size of project this may be difficult.

### Assurances and Approvals

- 3.2.18 There is a generic process briefly described, however this does not fully explain how this will work on this project. With the number of different authorities involved it would be helpful to understand this aspect of the Management Case better.

### Implementation of Work Streams

- 3.2.19 No information is provided, although this is not a mandatory item in the DfT guidance.

### Contract Management

- 3.2.20 The document states that individual authorities are responsible for managing separate contracts within their areas. DfT guidance suggests that the promoter should confirm arrangements for continuity between those involved in developing the contract and those who will subsequently manage it.

### Benefits Realisation

- 3.2.21 The tracking of scheme benefits will be undertaken as part of a Monitoring and Evaluation Plan. No specific details are provided within the Business Case as to the data which will be collected to assess this.

### Business Case Review Summary

- 3.2.22 The submitted Business Case report provides a clear explanation and assessment of the proposed NCN Route 422 scheme. Subject to clarification of the following points it is recommended that this Business Case can be signed off for approval as there is a well rationalised case based upon suitable evidence and assumptions, resulting in a high value for scheme estimate.
- 3.3 A notable risk identified regarding delivery of the overall route is that implementation of the Ascot to LEGOLAND® section is dependent upon planning permission and land securement from Crown Estates. The Royal Borough of Windsor and Maidenhead is liaising with Crown Estates to ensure the development of a mutually acceptable scheme. It would be desirable to provide an evaluation of the scheme without this section included be provided in case this can't be delivered. Based on the WSP note on additional information (dated 5/11/15) an alternative route has been identified which is now considered to overcome this concern.

- 3.3.1 As part of the discussions for the OAR it was suggested that a sensitivity test using an alternative demand scenario was undertaken to judge the point at which the scheme loses its value for money. This has not been provided in the Business Case.
- 3.4 The other main concern noted is that the overall scheme estimate totals £6.685m, yet the identified funding package totals only £5.83m. This is because the level of funding available matches scheme costs in years 2015/16 and 2016/17 but the funding profile for 2017/18 and 2018/19 has yet to be confirmed. Based on the WSP note on additional information (dated 5/11/15) further detail has been provided with regards to the funding shortfall which is now considered to overcome this concern.

## 4 Summary and Conclusions

- 4.1 Based upon the information submitted it is considered that the underlying case for the scheme is good, with a 'High' Benefit to Cost Ratio calculated.
- 4.2 The information submitted also demonstrates that the scheme is deliverable, with limited risks and demonstration of ongoing development of options with stakeholders throughout the development of design options up to this point in time.
- 4.3 It is recommended that this Business Case can be signed off for approval.



## **Appendix A – Business Case Checklist**

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	Addresses regional and local transport priorities and how NCN 422 will contribute to these	Options appraised	Y	Refers to OAR and how the final route alignment was reached	Costs	Y	Project cost estimates are provided by year and by local authority location	Output based specification	Y	States requirements which the procurement strategy must meet	Introduction	Y	Outline of the approach taken to assess if the proposal is deliverable
Problem Identified	Y	No coherent route across Berkshire, future housing growth will increase pressure on the existing transport network	Assumptions	Y	Increase in cycle trips due to the new route, LTP policy mode share increase, housing growth implications all discussed. Should Table 5.1 read "Cycle Trips" rather than "Accidents"?	Budgets / Funding Cover	Y	The funding package is discussed - it should be noted the identified funding package totals £5.53m whereas the cost estimate totals £6.685m the Business Case states that additional funding will be sourced for 2017/18 and 2018/19 if funding is approved for the scheme from Thames Valley LEP	Procurement Strategy	Y	Procurement strategies will be devised for each local authority in line with OJEU principles	Evidence of similar projects	Y	Recent Wokingham Borough Council experience in delivering similar schemes. No information on other authorities' track record in delivery of similar projects
Impact of not changing	Y	Without scheme much more difficult to achieve the authorities' policy objectives to promote sustainable transport in this area	Sensitivity and Risk Profile	Y	Key infrastructure requirements described to provide a "core scenario" in line with WebTAG Unit M4.3	Accounting Implications	Y	Financial implications by authority area discussed further	Sourcing Options	Y	Each local authority's procurement protocols will be used. A single contract may be required for signing and cycle count infrastructure, which the project team will agree on contractual arrangements for	Programme / Project dependencies	Y	Stakeholder dependencies and sensitive periods to be avoided for construction works are described
Drivers for change	Y	Supports local transport policies, future development requires sustainable transport	Appraisal Summary Table	Y	Provided in Appendix A				Payment Mechanisms	Y	Payment performance mechanisms detailed	Governance	Y	Project Governance Organogram (Figure 8.1) shows outline arrangements
Objectives	Y	Objective is the provision of a safer and more convenient, direct cycle route	Value for Money Statement	Y	Comprehensive Statement with overall impacts described in terms of Net Present Value and a benefits to Cost Ratio				Pricing Framework and changing mechanisms	Y	Contractor performance targets described	Programme / Project Plan	Y	Table 8.1 provides indicative project plan (table heading text appears to be from Table 4.2 rather than Table 8.1)
Measures for success	Y	Increase in cycle trips for all purposes (local authority counts will provide before and after data); reduction in single occupancy car trips on corridor during peak periods; improved air quality; and meeting travel and health policy objectives							Risk allocation and transfer	Y	Briefly discussed in Section 5.3 of the Business Case	Assurances and approvals	N	Generic information on a "Gateway Process" is provided. This doesn't really explain how this will work for this particular project
Scope	Y	Project geographical scope clearly defined							Contract length	N	Programming is yet to be defined in detail at this stage. Separate contracts for each local authority area	Communication & Stakeholders	Y	Communications strategy to be produced. Key stakeholder liaison objectives identified
Constraints	Y	Cross boundary issues, land and planning issues from Crown Estates							Human resource issues	N/A	HR issues will lie with the contractor not the promoters as one off project	Project Reporting	Y	Project Sponsor has overall responsibility to ensure information is provided to LEP. Project Managers have responsibility to relay information as requested to Project Sponsor
Inter-dependencies	Y	Dependencies introduced in this section with reference to the likelihood of risks occurring							Contract management	N	Contract management to be covered by each authority's existing contractual arrangements	Implementation of work streams	N	No summary of key work streams for executing the work is provided at this stage
Stakeholders	Y	Key partner organisations and stakeholders identified										Key Issues	Y	Risk register provides implementation information
Options	Y	Option generation, risks and siting process explained. Change to Bracknell Forest section since OAR submission explained clearly										Contract Management	N	States individual authorities are responsible. DfT guidance suggests that promoter should confirm arrangements for continuity between those involved in developing the contract and those who will subsequently manage it
												Risk Management	Y	Risk register provided
												Benefits realisation	N	Will be considered in the Monitoring and Evaluation plan
												Monitoring and evaluation	Y	Before and after surveys. Logic map produced to show progress
												Contingency	Y	Contingencies contained in Risk Register. These will be reviewed by Project Managers as the scheme progresses
												Options	Y	Refers to scheme design options rather than summarising an overall approach for project management as per the DfT guidance