

10th November 2014

Richard Tyndell
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Department: Customer and Community Services
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Dear Mr Richard,

Re: Slough Mass Rapid Transit – Value for Money Statement

This letter is provided in support of the Major Scheme Business Case produced by Slough Borough Council for the A332 Route Enhancement scheme.

Value for Money categorisation

The evidence provided within the Full Business Case report for the A332 scheme proves that the monetised benefits which can be deemed to be having an effect on the public accounts can provide a **High VfM** category. This categorisation is confirmed when the reliability benefits and significant local economic and social benefits are added.

Present value of benefits and cost

The analysis contained within this chapter suggests that the A332 Route Enhancement scheme will generate a Present Value of Benefits (PVB) of **£11,163,260** made up of:

- £4,570,000 PV resulting from a reduction in journey time and vehicle operating cost for business users;
- £3,248,000 PV resulting from a reduction in journey time and vehicle operating cost for commuters;
- £4,341,000 PV resulting from a reduction in journey time and vehicle operating cost for other users;
- -£484,740 PV resulting from increases in accident numbers
- £133,000 PV as a result of reduced greenhouse gas emissions.
- -£309,000 PV as a result of developer contributions; and
- -£335,000 PV as a result of Indirect tax

Further analysis was conducted on noise and air quality however the impact was deemed to be neutral in each case and no monetised benefit was produced.

This PVB compared against the Present Value of Costs (PVC) of **£5,510,000** and will generate a **Benefit-Cost Ratio (BCR) of 2.0**.

Reliability benefits provided by the scheme suggest an **adjusted BCR of 2.4**.

Non-monetised, environmental social and distributional impacts

Further social and environmental benefits have been derived from qualitative assessment, and whilst these will not provide a monetised benefit for use in this appraisal, the impacts are taking considered when deriving the Value for Money presented by the scheme:

- The impact to Noise is considered to be **neutral**;
- The impact to Local air quality is considered to be **neutral**;
- The impact to Landscape is considered to be **neutral**;
- The impact to Townscape is considered to be **slight adverse**;
- The impact to the Historic Environment is considered to be **neutral**;
- The impact on Biodiversity is considered to be possible **neutral**;
- The impact on the Water Environment is considered to be **neutral**;
- User benefits is considered to be **moderate beneficial**; and
- The impact on Severance is considered **neutral**.

Key risks, sensitivities and uncertainties

A number of assumptions were used in the preparation of the economic forecast for the A332 Route Enhancement scheme. To demonstrate the level of robustness of the economic case to variations in these assumptions, and thereby indicate to which the scheme performance is most sensitive, a range of tests were carried out in which individual assumptions have been varied from the Core Scenario.

Even in the 'worst case', with the resulting reduction in public transport benefits, the remaining benefits (of both public transport and public transport) mean that the BCR for the A332 Route Enhancement scheme remains a positive BCR of **1.2**.

Key risks for the scheme include planning related delay, delay in land swap beyond the funding window, changes to the scheme funding and scheme cost over time, and the construction delay due to unforeseen challenges. The Business Case includes a Risk Management Plan which will details the organisation for identifying, controlling and mitigating for risk throughout the lifecycle of the project.

Certification of the Senior Responsible Officer

I certify the Value for Money Statement provided within this letter to be a true reflection of the work undertaken in preparing the Business Case for the A332 Route Enhancement scheme

Yours sincerely,



Savio De Cruz
Senior Responsible Officer