





**Brighton & Hove
City Council**

Title:	Environment, Transport & Sustainability Urgency Sub-Committee
Date:	16 February 2015
Time:	4.00pm
Venue	Council Chamber, Hove Town Hall
Members:	Councillors: Davey (Chair) Cox, Mitchell
Contact:	John Peel Democratic Services Officer 01273 291058 john.peel@brighton-hove.gov.uk

	The Town Hall has facilities for wheelchair users, including lifts and toilets
	An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter and infra red hearing aids are available for use during the meeting. If you require any further information or assistance, please contact the receptionist on arrival.
	FIRE / EMERGENCY EVACUATION PROCEDURE If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions: <ul style="list-style-type: none">• You should proceed calmly; do not run and do not use the lifts;• Do not stop to collect personal belongings;• Once you are outside, please do not wait immediately next to the building, but move some distance away and await further instructions; and• Do not re-enter the building until told that it is safe to do so.

1 Procedural Business

(a) **Declaration of Substitutes:** Where Councillors are unable to attend a meeting, a substitute Member from the same Political Group may attend, speak and vote in their place for that meeting.

(b) **Declarations of Interest:**

- (a) Disclosable pecuniary interests not registered on the register of interests;
- (b) Any other interests required to be registered under the local code;
- (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

- (i) the item on the agenda the interest relates to;
- (ii) the nature of the interest; and
- (iii) whether it is a disclosable pecuniary interest or some other interest.

If unsure, Members should seek advice from the committee lawyer or administrator preferably before the meeting.

(c) **Exclusion of Press and Public:** To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

NOTE: *Any item appearing in Part Two of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.*

A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.

2 COAST TO CAPITAL LOCAL TRANSPORT BODY MEETING 18 FEBRUARY 2015 1 - 48

Report of the Executive Director Environment, Development & Housing (copy attached).

Contact Officer: Andrew Renaut

Tel: 29-2477

Ward Affected: All Wards

The City Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public. Provision is also made on the agendas for public questions to committees and details of how questions can be raised can be found on the website and/or on agendas for the meetings.

Agendas and minutes are published on the council's website www.brighton-hove.gov.uk. Agendas are available to view five working days prior to the meeting date.

Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

For further details and general enquiries about this meeting contact John Peel, (01273 291058 – email john.peel@brighton-hove.gov.uk)

Date of Publication 13 February 2015

Subject:	Coast to Capital Local Transport Body Meetings – 18 February 2015		
Date of Meeting:	16 February 2015		
Report of:	Executive Director – Environment, Development & Housing		
Contact Officer:	Andrew Renaut-Head of		
	Name:	Transport Policy & Strategy	Tel: 29-2477
	Email:	andrew.renaut@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

By reason of the following special circumstances, which shall be recorded in the minutes, the Chair of the meeting is of the opinion that this item should be considered at the meeting as a matter of urgency. In order to establish the council's position with respect to reports and recommendations that were published on 12 February 2015, prior to meetings of the Coast to Capital Local Transport Body to be held on 18 February 2015, an Urgency Sub-Committee has been arranged for Monday 16 February 2015. The agenda and associated papers were published as soon as they could be finalised.

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The city council is a member of the democratically accountable Coast to Capital [CtoC] Local Transport Body [LTB], which is based on the geography of the CtoC Local Enterprise Partnership [LEP]. The CtoC LEP area includes the whole of West Sussex County Council and Brighton & Hove City Council, part of Surrey Council and Lewes District Council and the London Borough of Croydon. The primary functions of the Coast to Capital Transport Body are exercised through its Board. The Board includes the five local highway authorities (East Sussex County Council represents the Lewes District area) and the LEP as its core members, and the Highways Agency and Network Rail have observer status.
- 1.2 The LTB are meeting in public on 18 February 2015 to consider and make a number of decisions, and in order for the council's representative to be able to agree and, if necessary, vote on recommendations, it is necessary to establish the council's position through a recognised democratic process.

2. RECOMMENDATIONS:

- 2.1 That the Urgency Sub-Committee welcomes the positive recommendation being made to the Coast to Capital Local Transport Board [LTB] about Valley Gardens

(Phases 1 & 2) and thanks the Local Enterprise Partnership Board, the members of the LTB and their respective officers for the work that has been undertaken in considering, prioritising and proposing the Valley Gardens project for funding.

- 2.2
- (i) That the Urgency Sub-Committee agrees that the council's Lead Member for Transport can advise the Coast to Capital Local Transport Board [LTB] that the city council fully supports the proposed recommendations on the Valley Gardens scheme and therefore agrees that the £8 million funding for the scheme should be released from 2015/16 onwards.
 - ii) That the Urgency Sub-Committee endorses the bids made by the council for funding from the Sustainability & Resilience Programme and agrees that the council's Lead Member for Transport can advise the Coast to Capital Local Transport Board [LTB] that the city council:-
 - a) notes the progress that has been made on developing the programme following receipt of first round bids for 2015/16, but regrets that decisions on allocating funding will be delayed until March 2015;
 - b) agrees that a second round of bidding should commence in February 2015 and that bids should be received in September 2015; and
 - c) agrees to the discussion and production of further guidance on the assessment of bids for Sustainability & Resilience projects by the LTB.
 - (iii) That the Urgency Sub-Committee agrees that the council's Lead Member for Transport can advise the Coast to Capital Local Transport Board [LTB] that the city council supports the principles of the proposed recommendations being made to the LTB regarding the request for increased funding for the A284 Lyminster Bypass, and therefore agrees that :-
 - a) additional funds should not be diverted to the scheme on this occasion, but this decision could be revisited in the future; and
 - b) accepts that the LTB's Assurance Framework allows for such requests to be considered on their merits and therefore agrees that the framework should not be altered.
 - iv) That the Urgency Sub-Committee agrees that the council's Lead Member for Transport can advise the Coast to Capital Local Transport Board [LTB] that the city council agrees to the spending programme for the five Major Schemes approved in 2013, as proposed in Appendix 1 (LTB Process Meeting - Agenda Item 5) of this report;

and in relation to the recommendations set out in this paragraph 2.2 i - iv authorises the Lead Member for Transport to vote accordingly.

- 2.3 That the Urgency Sub-Committee authorises that the council's Lead Member for Transport can use his discretion in considering any minor variations tabled to proposed recommendations made in reports to the LTB, should it decide to propose or agree to consider such alternative, tabled recommendations.

- 2.4 That the Urgency Sub-Committee agrees that if an alternative (or new) recommendation is tabled during the LTB meeting which varies significantly from the original recommendation, that the Lead Member for Transport should not vote on behalf of the city council, but should seek a further decision from the Urgency Sub-Committee if such a decision would alter the overall decision of the LTB, or that the council wishes its position to be clearly established and recorded with the LTB process.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The LTB abides by an agreed Assurance Framework that has also been approved by the Department for Transport. It also has delegated authority from the CtoC LEP Board to agree, manage and oversee delivery of a prioritised programme of major and smaller transport schemes, based on approved allocations of funding through the Local Growth Fund process. In March 2013, the council's Policy & Resources Committee agreed to nominate the Lead Member for Transport as the council's representative on the LTB.
- 3.2 Croydon and East Sussex County Council will participate in full in strategic discussions and decisions, but will not be eligible to vote in decisions about allocation of funding which the board of the LTB decides is open only to schemes in the administrative areas of Brighton and Hove City Council & Hove, Surrey County Council and West Sussex County Council. Observers will not be eligible to vote in decisions.
- 3.3 In accordance with its Assurance Framework, the LTB is required to meet in public when decisions are to be made on the recommended prioritisation of individual schemes, a scheme programme and funding allocations. Meetings of the LTB will be held on 18 February 2015 and it is expected to consider reports on the following matters:-
- a) Valley Gardens
 - b) A284 Lyminster Bypass
 - c) Scheme cost profiles
 - d) Sustainability & Resilience projects.
- 3.4 The published LTB reports are attached at Appendix 1 of this report, and a brief commentary on each item is set out below.
- Valley Gardens (Phases 1 & 2)
- 3.5 Following its approval in principle to receive funding through the Local Growth Fund process, the Valley Gardens (Phases 1 & 2) project's Business Case must be considered and approved by the LTB in order to enable the funding to be formally released. The scheme involves significant changes and enhancement to this central corridor within the city and its development has been consulted on, and discussed and agreed on many occasions by the council's Transport and Environment, Transport & Sustainability Committees.
- 3.6 The recommendations being made to the LTB note that the scheme has fulfilled all the necessary requirements and achieved a high Value for Money ratio, and

therefore conclude that the scheme should be formally approved for the purposes of releasing the £8 million funding from 2015/16 onwards, and it is recommended that this should be supported by the Urgency Sub-Committee.

Sustainability & Resilience projects

- 3.7 The CtoC LEP has been allocated a total of £62.6 million over 6 years (2015/16 to 2020/21) by the Government for Sustainability and Resilience [S&R] projects, as part of its successful Growth Deal bid. £9.2 million of this funding is available to be allocated for schemes starting in 2015/16 and 12 bids were submitted, including two for Brighton & Hove – a Bike Share scheme (Sustainability) and an Intelligent Transport Systems package (Resilience).
- 3.8 The report explains the progress that has been made on developing the S&R programme (although decisions on allocating funding in 2015/16 will not be made until March 2015), and the recommendations being made to the LTB are that a second round of bidding for the S&R programme should be started, and that further guidance on assessment of the bids should be prepared. It is recommended that these should be supported by the Urgency Sub-Committee.

A284 Lyminster Bypass

- 3.9 This project is located in West Sussex and was approved to be allocated £3million in July 2013 as part of the CtoC LEP's Growth Fund. A request has now been received by the LTB to seek additional funding of about £2million to address a funding shortfall due to general scheme cost increases and the withdrawal of an offer from Network rail to remove a level crossing.
- 3.10 The recommendations being made to the LTB are that the request should not be agreed on this occasion and that the LTB's Assurance Framework should also not be altered, and it is recommended that these should be supported by the Urgency Sub-Committee.

Scheme cost profiles

- 3.11 The LTB is required to agree, manage and oversee delivery of a prioritised programme of major and smaller transport schemes. The Major Scheme programme, totalling £24.2 million, was agreed in June 2013 and it is necessary to set and agree a profile of spend in order to ensure a realistic and accurate allocation of funding between 2015/16 and 2018/19. This programme includes the Valley Gardens (Phases 1 & 2) scheme.
- 3.12 The recommendations being made to the LTB are that the proposed spending programme set out in Appendix 1 (LTB Process Meeting - Agenda Item 5) should be agreed, and it is recommended that this should be supported by the Urgency Sub-Committee

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The council's representation on the LTB is essential in order to ensure that the council is fully engaged and actively participating in the work of this formal partnership.

- 4.2 The commentary and advice set out in section 3 of this report is considered to be reasonable and appropriate, in the context of the information that has been included in the LTB reports.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The approach to engagement and consultation on matters that are addressed by the LTB is set out within its Assurance Framework. Some of the issues raised in the LTB reports referred to in this report have also been the subject of ongoing discussions and meetings with local authority officers and councillors, as part of the day to day activities involved in the CtoC LTB process.

6. CONCLUSION

- 6.1 The opportunity to establish the council's formal position with regard to proposed key decisions to be made by the LTB, prior to it meeting in public, is considered essential. If agreed, the recommendations proposed in this report will therefore fulfil this requirement and enable the council's representative to put forward its views on the items to be discussed and agreed on 18 February.
- 6.2 The proposed recommendations within this report are considered to be consistent with the council's own policies and objectives, and the projects that are referred to within the city will also support the priority proposals for the city that are included in the CtoC Strategic Economic Plan [SEP].

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The government has not provided any additional funding to enable local authorities to support their involvement in the establishment and participation in an LTB. The Department for Transport [DfT] has confirmed that the devolved money for Major Schemes cannot be top-sliced locally for administration costs as the major scheme budget is for capital projects only. The council's active participation in this process has therefore been funded from within Transport revenue budgets.
- 7.2 Securing local or third party sources of funding for approved schemes remains an important element of the funding allocation process and final approval and decisions made by the LTB. The city council has therefore incorporated this requirement into its own considerations and decision-making on the bids that have been submitted to the LGF process so far, including Valley Gardens, and will continue to do so. Such decisions will be made within the council's annual processes for overall, or service area, budget-setting, which will primarily include the Local Transport Plan capital programme.
- 7.3 The council acknowledges that it will receive a formal decision letter from the LEP/LTB setting out further details on monitoring, reporting and accountability if the LTB approves the release of the funding for Valley Gardens (Phases 1 & 2). In addition, the Assurance Framework indicates that funding will be paid in

arrears, except in exceptional circumstances. Detailed financial implications of the Valley Gardens project have previously been reported to Committee.

Finance Officer Consulted: Steven Bedford

Date: 12/02/15

Legal Implications:

- 7.4 As noted in the report, Local Transport Bodies are democratically accountable. The recommendations in this report, if agreed, will allow the Lead Member for Transport to vote on recommendations before the LTB with the backing of a democratically elected Sub-Committee.

Lawyer Consulted: Hilary Woodward

Date: 12/02/15

Equalities Implications:

- 7.5 There are no direct equalities implications arising from this report. Any such issues will be addressed within the specific workstreams and associated decisions linked with any project or programme within the city, as it is developed.

Sustainability Implications:

- 7.6 There are no direct sustainability implications arising from this report.

Any Other Significant Implications:

- 7.7 The main additional, significant implication of decisions made by the LTB with respect to scheme and funding approvals relates primarily to citywide and corporate implications. The success of funding bids made to the LTB will support the delivery of the city's priority development locations, as identified within the LEP's SEP, and help meet the wider objectives of the Greater Brighton City Region.
- 7.8 Any issues associated with risk and opportunity will be addressed within the specific workstreams and associated decisions linked with any project or programme within the city, as it is developed.

SUPPORTING DOCUMENTATION

Appendices:

1. Agenda and reports – Local Transport Body meetings : 18 February 2015

Documents in Members' Rooms

None.

Background Documents

1. Report to Policy & Resources Committee – 21 March 2013. Agenda Item 173
2. Coast to Capital Local Transport Body Assurance Framework

COAST TO CAPITAL LOCAL TRANSPORT BODY – 18 February 2015

Process Meeting

Agenda

1. Welcome and introductions – Councillor Pieter Montyn
2. Declarations of interest
3. Verbal update on:
 - the growth deal (Ian Parkes)
 - LTB schemes not included on the agenda (Iain Reeve)
4. The A284 Lyminster Bypass – request for increased grant
5. Cost profiling of 2013 schemes
6. Any Other Business

Iain Reeve
Transport Adviser
Coast to Capital

11 February 2015

COAST TO CAPITAL LOCAL TRANSPORT BODY – 18 February 2015

Process Meeting

Agenda item 4

A284 Lyminster Bypass

Introduction

1. The A284 Lyminster Bypass is one of the first five schemes to be approved by the Local Transport Body in July 2013. This paper considers whether additional funding should be made available to the scheme to help meet subsequent cost increases.
2. This paper looks solely at the question of the cost increase. It does **not** make recommendations about whether the A284 should be accepted for funding. That decision is expected to be taken at the LTB's meeting on March 25 2015 following consideration of the scheme's business case.

Background

2. In 2013, the Government invited Coast to Capital's Local Transport Body to allocate £24.2 million to transport schemes within its area. After considering a range of proposals, the LTB allocated its £24.2 million to five schemes:

Promoting authority	Scheme	Grant
Brighton and Hove	Valley Gardens, phases 1 and 2	£8 million
Surrey County Council	Epsom Plan E	£2.7 million
	Wider Network Benefits	£3 million
West Sussex County Council	A284 Lyminster Bypass	£3 million
	A259 East of Arun	£7.5 million
Total		£24.2 million

3. At the time (July 2013), West Sussex estimated that the A284 Lyminster Bypass (north) would cost a total of £7.65 million to construct. They requested a grant contribution of £3 million, as part of a three way funding package which also included £1 million from Network Rail for the removal of the Wick level crossing. The A284 Lyminster Bypass (south) is being delivered directly by developers at a cost originally estimated to be £3.875 million.
4. The Government approved the five schemes, including the A284 Lyminster Bypass (north) in 2013 and reaffirmed that decision in the July 2014 Growth Deal. The Growth deal includes a specific allocation of £3 million for the scheme, spread over a number of years.
5. West Sussex now estimate that the scheme costs for the A284 Lyminster Bypass (north) have increased. They are requesting an increase in their grant allocation to make good this funding shortfall.

Assurance framework

6. The LTB's Assurance Framework includes a section on the handling of cost increases:

Cost increases

70. The funding of cost increases will be considered on a case by case basis. As a general rule, the LTB will expect promoters to bear cost increases that could reasonably be considered to be within their control. The LTB may recommend the funding of cost increases, for example, where the reason for the cost increase could not realistically have been expected, such as a change in legislation or scope of the project.

7. This provides the power for the LTB to fund cost increases on a case by case basis, but there is no guarantee that cost increases will be met.

Reasons for the cost increase

8. A comparison between the original and the new cost estimate is given below along with details of how the scheme is to be funded:

Funding source	Original proposal	Latest position
Local Contribution	£3.65 million	£3.16 million
Network Rail	£1 million	0
Local Growth fund	£3 million	£3 million
<i>Shortfall</i>		<i>£2.52 million</i>
Scheme cost	£7.65 million	£8.68 million*

* excludes 'sunk costs' spent to date see paragraph 10

9. There are two main reasons for the cost increase:

- The base cost of the scheme has increased by £1.03 million
- Network Rail has withdrawn an offer of £1 million for the removal of the Wick level crossing.

10. In addition to the cost increase, part of the local contribution has already been spent on preparing the business case. Total spend on scheme preparation up to the completion of the business case (including economic appraisal) is £490,000. However, these costs are considered to be 'sunk' costs and cannot be retrieved, thus reducing the amount of local contributions which can be spent on post-appraisal work by £490,000.

11. West Sussex County Council have provided a detailed explanation of these cost increases in the accompanying letter.

Assessment

12. West Sussex County Council have provided credible and reasonable explanations for the cost increases in this scheme. It is not unusual for the costs of a scheme to rise between early feasibility work and the completion of a full business case. It is quite likely that we will see several other examples of scheme cost increases as other schemes are developed to the full business case stage.

13. Unlike a package of smaller works it is much harder to scale a large road scheme up or down. Scheme promoters generally do not have an opportunity to reduce the scope of the scheme or to build it to a lower standard. This appears to be the case with the A284 Lyminster Bypass.

14. A case could therefore be made for some or all of the costs increase to be met with a higher grant allocation. This scheme has a high level of local contributions. The cost increases were largely caused by factors outside the promoting authority's control.

15. However, the Growth Deal does not include a reserve of funds to pay for cost increases like this one. The Growth Deal provides specific funding allocations for each major scheme. The only unallocated transport funds are for sustainability and resilience schemes, but Coast to Capital's commitment in the Growth Deal was that these funds would be spent on sustainability and resilience.

16. This means that the only way to meet cost increases like this one would be to reduce the level of funding provided to another scheme. At this very early stage in the development of the programme, none of our schemes are reporting a predicted underspend.

17. Elsewhere in the Growth Deal we are telling the delivery agencies that our contribution to their scheme is fixed. If there is a shortfall in a scheme, it would have to be managed either by the promoting authority increasing their contributions or by adjusting the scope of the scheme.

Recommendation

18. Whilst we have considerable sympathy for West Sussex County Council, we do not have unallocated reserves from which to pay for these cost increases.

19. If we did have additional resources, it would be difficult to make an equitable distribution to promoting authorities because we do not know which other schemes might face cost increases in the near future. A decision on this scheme would set a precedent for other similar schemes.

20. In theory, these costs could be met by diverting funds from the sustainability and resilience budgets. However, this would mean that we would not be delivering our part of the Growth Deal. It would also mean that we would be redistributing funds between the local authorities.

21. On balance, we recommend that the LTB should not provide additional funds for the A284 Lyminster Bypass scheme. This decision could be revisited in the future if reserve funds did become available, for example if other schemes were underspending or if the LTB decides not to fund a particular scheme because it fails its business case assessment.

22. If the LTB accepts this recommendation, this begs the question about whether the LTB should change its assurance framework. We recommend that the assurance framework should not be changed. It allows the LTB to consider each request for additional funds on its merits. It is possible that the LTB may wish to approve a cost increase in the future, in exceptional circumstances.

Iain Reeve
Transport Adviser
Coast to Capital

11 February 2015

Geoff Mee
Director of Highways and Transport

Email: Geoff.Mee@westsussex.gov.uk
Telephone: 03302226482 (Direct)
(01243) 777421 (Fax)
www.westsussex.gov.uk

County Hall
West Street
Chichester
West Sussex
PO19 1RQ

WSCCPos-Spot-LH

22nd December 2014

Ron Crank
Chief Executive
Coast to Capital LEP
Arun House, Hurst Road
Horsham RH12 2DN
(ron.crank@coast2capital.org.uk)

Dear Ron,

A284 Lyminster Bypass – Submission of Transport Business Case

Please find attached the Transport Business Case (TBC) and Economic Assessment Report (EAR) for the A284 Lyminster Bypass (north) scheme in West Sussex. The scheme will join the A284 Lyminster Bypass (south) and together these schemes will provide a 1.8km realignment of the A284 to the north of Littlehampton, bypassing Lyminster and Wick villages. The scheme supports the delivery of 1,980 homes and 2ha employment floor space north of Littlehampton which will lead to the creation of 700 jobs.

The two sections of the scheme are:

. Lyminster Bypass (south): this 0.7km long section includes a new junction on the A259 and bridge over the West Coastway and terminates at Toddington Nurseries which is being redeveloped. This section is being funded and delivered by developers and requires no Local Growth Funding; and

. Lyminster Bypass (north): this 1.1km long section between Toddington Nurseries and the existing A284 north of Lyminster village, is being delivered by West Sussex County Council (WSCC). This section of the bypass requires Local Growth Funding and is the subject of this TBC.

The A284 Lyminster Bypass scheme was identified as a priority for investment by the Local Transport Body (LTB) in July 2013. The initial cost estimate for the northern section of the scheme was £7.65m, to be funded as follows:

- . Local contributions: £3.65m
- . Local Growth Funding (LGF) grant: £3m
- . Network Rail contribution: £1m

The initial cost estimate was based on feasibility stage designs prepared by Consultants WSP, using publicly available information such as LIDAR data complemented by a site walkover.

Following identification as a priority for investment by the LTB, the County Council has prepared preliminary designs and a TBC for Lyminster Bypass (north). This work has been informed by the results of traffic modelling, ground investigations, flood studies, site topographical surveys and an Environmental Impact Assessment (EIA). The TBC shows that Lyminster Bypass (north) offers very high value for money, demonstrated by a Benefit Cost Ratio (BCR) of 25.86. The revised scheme cost estimate is £8.68m which means there is now a funding gap of £2.52m as detailed below:

- . Local contributions: £3.16m
- . LGF contribution: £3.0m
- . Financing gap: £2.52m

The reasons for the £2.52m financing gap are provided below:

1. Loss of Network Rail contribution of £1m

The proposed Lyminster Bypass includes a new bridge over the West Coastway railway line at Toddington, providing an alternative north-south route between Littlehampton and A27 which avoids the Wick level crossing. This allows Network Rail to consider the closure of the Wick level crossing and at the feasibility stage, Network Rail had indicated that as it is their policy, wherever possible, to close level crossings they would be willing to financially support the project. Network Rail specifically mentioned a contribution of £1m to be funded from savings to be made from avoiding renewal of the level crossing, which was planned for 2016/17. Therefore, a £1m contribution from Network Rail was assumed in the initial funding strategy, to be spent on enabling works on the existing A284.

However, Network Rail has since advised that they are no longer planning to renew Wick level crossing and they now consider the cost of constructing and maintaining a footbridge at the location will be at least as much as the cost of maintaining the level crossing which it would replace. Therefore, they are no longer prepared to contribute to the cost of the project and wish to revisit the issue in future when the West Coastway railway line is re-signalled.

2. Reduction in local contributions (£490,000)

The reduction in local contribution from £3.65m to £3.16m is because the difference of £490,000 has been spent on scheme preparation including preliminary designs, business case development and EIA. Given that these costs were incurred prior to the completion of the scheme's economic appraisal, the £490,000 is effectively a 'sunk' cost and cannot be included in the cost estimate for completion of the scheme.

3. Increase in Base Cost Estimate of Scheme (£1.03m)

The remaining £1.03m financing gap is attributable to an increase in the base cost estimate of the scheme following the completion of preliminary designs, which could not be covered by allowances made in the feasibility stage estimates for risk and optimism bias. The initial estimate of £7.65m was derived from a base cost estimate of £5.345m (including construction, design, project management and land acquisition costs). The revised base cost estimate is £6.579m which, taking risk and optimism bias into account results in a total cost estimate of £8.68m. This increase in base cost is attributable to the following factors:

3.1 Increases in the cost estimates for Black Ditch and Brookfield Stream Structures and Earthworks

a) Planning applications for development proposals of 1 hectare or more in the Environment Agency's Flood Zone 1 and all proposals for new development located in Flood Zones 2 and 3 are required to be accompanied by a Flood Risk Assessment (FRA). This should identify and assess the risks of all forms of flooding to and from the development and demonstrate how these flood risks will be managed, taking climate change into account.

b) The Site of the Proposed Lyminster Bypass (north) is located within the catchment of the River Arun and the proposed route crosses the Black Ditch (a main river) in the centre of the Site and the Brookfield Stream (an ordinary water course), at its northern extent. The Site is in Environment Agency Flood Zones 2 and 3 and land take for the scheme is 4.6ha, implying that the scheme requires a FRA.

c) The feasibility stage designs included a proposal to construct a 23m span bridge over the Black Ditch and a proposal to extend the culvert at the Brookfield stream. However, FRAs are normally carried out at the preliminary design stage to support planning applications and the feasibility stage designs and cost estimates for the scheme did not benefit from an FRA and the associated flood studies. The designs were based on a site walkover survey and publicly available data including LIDAR data for site levels, existing EA flood level data and British Geological Survey ground condition data.

d) Hydraulic modelling of the Black Ditch and Brookfield ditch has been undertaken at the preliminary design stage to inform the scheme's FRA using methodologies agreed between the Environment Agency and the County Council. The modelling included sensitivity tests in which a fluvial 1 in 100 year climate change event and a tidal 1 in 200 year climate change event were assessed. For these runs the River Arun tidal defences were removed to model an 'undefended' scenario in accordance with the Environment Agency's policy for the Arundel to Littlehampton Strategy Unit 6 (SU6) after year 50.

e) The policy for SU6 was published in December 2012 as part of a consultation on the Environment Agency's Lower Tidal River Arun Flood Risk Management Strategy (LTRAS) and was adopted by the EA in 2014. Therefore, the requirement to model the 'undefended' scenario could not have been known by the County Council or its consultants when the feasibility stage designs and cost estimates were developed in early 2012.

f) The FRA completed in August 2014 and the associated flood studies have resulted in:

- . The need to raise the soffit level of the proposed bridge over the Black Ditch by over 1m with a resultant increase in the span of the bridge from 23m to 30m;
- . The need to increase the height of the road as a result of the increased height of the bridge; and
- . The need to replace the Brookfield culvert with a larger and much longer culvert, rather than just extending the existing culvert.

g) Based on publicly available geotechnical data, the feasibility stage vertical alignment design achieved an earthworks balance with a slight surplus in material and avoided the need to import material to site. This was based on the assumption that site won material will be suitable for re-use and that the small volume of surplus material could be used for noise bunds, or to reduce the gradient of embankments. However, the results of the ground investigations and flood modelling have shown that the ground water levels are shallow and the flood levels are higher, making it necessary to increase the design height of the road and the bridge. Furthermore the site investigation also identified that less of the existing material is suitable for re-use in the road embankment. The combined effect is that a significant quantity of imported fill needs to be used, resulting in a £600k increase in the overall cost of the earthworks.

h) At the feasibility stage, while it was recognised that some piling would be required for the foundations of the bridge over the Black Ditch, the extent of piling could only be determined following ground investigations undertaken at the preliminary design stage. The results of the ground investigations determined that significantly more piles and of a longer length were required to accommodate the proposed design. This coupled with the need to widen the bridge span and the need to replace the culvert at the Brookfield stream by a larger box culvert has resulted in a £731,000 increase in the cost estimate for structures.

3.2 Traffic Calming, Landscape and Ecology

Other factors contributing to the increase in the base cost include:

- . Additional provision for traffic calming measures on the existing A284 Lyminster Road following the decision by Network Rail not to close the level crossing on the A284 at Wick at this time;
- . Additional requirements for landscaping and ecological mitigation measures based on the findings of the EIA;
- . The construction sector in the South East of England is experiencing a higher than expected increase in enquiries and workload and prices are rising at a rate greater than anticipated with contractors becoming considerably more selective (Gleeds' Economic and Regional Inflation

Report, 3rd Qtr 2014). Consequently, projections for construction inflation have increased since the feasibility stage estimates were prepared in 2012.

The County Council could not have realistically foreseen and planned for these factors at the feasibility stage (i.e. prior to the earlier LTB submission). The magnitude of the resulting increases to the base cost are such that the allowances included in the feasibility stage estimate for inflation, risk and optimism bias have not been sufficient to cater for the increased cost of the scheme.

As Network Rail has advised that they do not wish to consider the closure of Wick level crossing at this time, it is proposed to proceed with the scheme on the assumption that the level crossing will remain. However, as level crossing closures are a stated objective of the Strategic Economic Plan, the County Council will continue to negotiate with Network Rail on this issue. If Network Rail does not financially contribute to the scheme, the County Council will construct the scheme as presented in the TBC. This would not facilitate the future closure of Wick level crossing. Any contribution resulting from the negotiations with Network Rail will be applied towards the delivery of a revised scheme design and will not affect the LGF grant contribution towards the scheme.

The County Council consider that the factors responsible for the increase in the scheme cost estimate are not within its reasonable control and that in spite of the cost increases, the scheme, with a Benefit Cost Ratio of 25.86 still provides very high value for money. Therefore, the County Council is requesting additional LGF grant to address the financing gap resulting a total request of £5.52m. The scheme cost estimate of £8.68m being funded as follows:

- . Net Local Contributions: £3.16m
- . Total LGF grant: £5.52m

Alongside the accompanying TBC, I hope that this information will be sufficient to assess the case for this scheme and approve a £5.52m LGF grant contribution, subject to appropriate conditions. The County Council will assist in any practical way to assist the LTB in its deliberations. If any further information is required, then please do not hesitate to get in contact.

Yours sincerely,

Geoff Mee

Director of Highways and Transport
West Sussex County Council

cc: Hayley Hill, Growth Deal Project Manager, Coast to Capital LEP
hayley.shepherd@coast2capital.org.uk

Iain Reeve, Transport Consultant, Coast to Capital LEP

iain.reeve@coast2capital.org.uk

COAST TO CAPITAL LOCAL TRANSPORT BODY – 18 February 2015

Process Meeting

Agenda item 5

COST PROFILING OF 2013 SCHEMES

Introduction

1. One of the LTB's key roles is to manage the funding levels for a programme of schemes after they have been accepted in principle and whilst they are being constructed. This can be a challenging task. It is not unusual for transport schemes to spend more or less in a given year than their promoting authority had anticipated, despite every effort having made to identify risks, undertake all necessary procedures and ensure that all figures are accurate .
2. This paper recommends an initial budget for the programme of transport schemes.

LTB July 2013 schemes

3. In July 2013, the LTB agreed an initial programme of five schemes within a budget of £24.2 million offered by the Department of Transport. These five schemes are:

Promoting authority	Scheme	Grant
Brighton & Hove City Council	Valley Gardens, Phases 1 and 2	£8 million
Surrey County Council	Epsom Plan E	£2.7 million
	Wider Network Benefits	£3 million
West Sussex County Council	A284 Lyminster Bypass	£3 million
	A259 East of Arun	£7.5 million
Total		£24.2 million

5. At the time, the Department of Transport said that the schemes would be funded over a four year period according to the promoting authorities' forecasts of spending in each year.
6. In recent weeks, we have been told that the Government will not fund these schemes according to the promoting authorities' estimates. Instead, it intends to allocate a pro-rata £6.1 million allocation for these five schemes for each of the four years.
7. The LTB's original total bids for all five schemes and the pro-rata allocation are shown below:

	2015-16	2016-17	2017-18	2018-19	Total
LTB bid	£7.2 million	£8.95 million	£5.8 million	£2.25 million	£24.2 million
Latest allocation	£6.1 million	£6.1 million	£6.1 million	£6.1 million	£24.4 million
Difference	+\$1.1 million	+\$2.85 million	-\$0.3 million	-\$4.36 million	£200,000

8. The LTB's original bid allocated the majority of funds towards the beginning of the programme, in line with Government requests for schemes which could be delivered quickly. Under this scenario, two thirds of the funding would be provided in the first half of the programme.

9. The new pro rata allocations will force the LTB to defer some construction to later years.
10. In discussion with local authority officers, we have adjusted the spend profile of these five individual schemes in order to try to be consistent with the new allocations. In doing so, the authorities have also taken the opportunity to further review and update the profiles, to make them more realistic and achievable.
11. These allocations assume that the grant for the A284 Lyminster Bypass would not be increased. The table would need to be recalculated if the LTB decide to increase the grant for this scheme.

Scheme name:	2015-16	2016-17	2017-18	2018-19	Total
A284 Lyminster	£650,000	£545,000	£1.805 million	0	£3 million
A259 East Arun	£250,000	£600,000	£2.405 million	£4.76 million	£7.5 million
Valley Gardens Phase 1&2	£2.8 million	£3.31 million	£1.89 million	0	£8 million
Epsom Plan E	£1.1 million	£1.06 million	£540,000	0	£2.7 million
Wider Network Benefits	£1.2 million	£1.35 million	£450,000	0	£3 million
Total	£6 million	£6.85 million	£6.575 million	£4.76 million	£24.2 million

12. It has not been possible to match the Government's pro rata allocation of £6.1 million exactly in every year. The 2015-16 programme under-allocates funding by £100,000. The profiles for 2016-17 and 2017-18 are over-programmed by £750,000 and £475,000 respectively.
13. We believe that this is a reasonable programme. The level of over-programming is relatively small. We would expect that this could be managed by transferring unallocated funds from other schemes, such as the resilience and sustainability programmes, or by utilising the opportunity of any scheme slippage that may occur, as referenced in paragraph 1. Experience has shown that schemes often slip but rarely spend more than anticipated.
14. This spending profile is conditional on the named schemes being approved by the LTB, following satisfactory business case assessments having been submitted and independently assessed.

Recommendation

15. That the Coast to Capital Local Transport Body agrees the spending programme as proposed in paragraph 11 above.

Iain Reeve
 Transport Adviser
 Coast to Capital

11 February 2015

COAST TO CAPITAL LOCAL TRANSPORT BODY – 18 February 2015

Funding Meeting

Agenda

1. Welcome and introductions – Councillor Pieter Montyn
2. Declarations of interest
3. Funding decision – Brighton Valley Gardens Phases 1 & 2
4. Sustainability and resilience schemes
5. Any Other Business

Iain Reeve
Transport Adviser
Coast to Capital

11 February 2015

COAST TO CAPITAL LOCAL TRANSPORT BODY – 18 February 2015

Funding Meeting

Agenda item 3

VALLEY GARDENS, PHASES 1 AND 2

Introduction

1. This paper considers whether to provide funding for Valley Gardens Phases 1 and 2, a scheme promoted by Brighton & Hove City Council.
2. The scheme's business case is robust and provides very high value for money, with a benefit to cost ratio of more than 4:1. **Accordingly, we recommend that the scheme should now be formally approved to receive funding from the Local Transport Body from 2015/16 onwards.**
3. This approval would be subject to further administrative, formal agreements between Brighton & Hove City Council and Coast to Capital about details such as the timescale for delivery and monitoring/ reporting arrangements.

The scheme

4. The Valley Gardens area of central Brighton is currently unattractive, congested and car-dominated. The junction layouts are complicated and confusing. The area is particularly difficult for pedestrians to cross. Over 40% of the time taken to walk north to south through Valley Gardens is currently spent waiting at signalised crossings. There have been numerous collisions in the area.
5. The scheme would improve travel by all modes - walking, cycling, public transport and car. It would simplify the junctions to reduce severance and improve safety. The scheme would also help to create a new amenity space.

Background to the LTB's decision

6. This scheme was one of the first five schemes to be agreed in principle by the LTB in July 2013. In a forerunner to the Growth Deal, the Government allocated funds to Local Transport Bodies by a pro-rata based on population. In this process, Coast to Capital LTB were allocated approximately £24 million. Following a prioritisation exercise, the LTB decided to allocate these funds to:

Promoting authority	Scheme	Grant
Brighton & Hove City Council	Valley Gardens, Phases 1 and 2	£8 million
Surrey County Council	Epsom Plan E	£2.7 million
	Wider Network Benefits	£3 million
West Sussex County Council	A284 Lyminster Bypass	£3 million
	A259 East of Arun	£7.5 million

7. These allocations were approved in principle by the Government in 2013. They were also re-announced as part of the July 2014 Growth Deal.

8. In each case, the allocation of funds was subject to satisfactory completion of a transport business case. It should be noted that these schemes are no longer competing against each other. Each scheme has been approved in principle and has had funding set aside for it.

9. The question in front of the LTB is whether each of the proposed schemes is viable, deliverable and offers good value for money.

Costs and grant requested

10. The total cost of the Valley Gardens scheme is estimated to be £10.126 million. Brighton & Hove City Council are requesting Local Growth Fund grant of £8 million to match a local contribution (including eligible preparation costs) of £2.126 million.

11. This is consistent with the LTB's Assurance Framework which states that local contributions should usually be at least 20% of the scheme costs. Brighton & Hove City Council have given an undertaking to meet any cost increases from within their own resources.

12. The business case, written in July 2014, assumed that the grant would be spread over two years. However, this has now been changed following discussions with the promoter, and recent decisions by the Department for Transport. The city council now proposes to deliver the scheme over three years. The previous and new funding profiles are shown below:

	2015-16	2016-17	2017-18
Previous profile	£4 million	£4 million	0
Proposed new profile	£2.8 million	£3.31 million	£1.89 million

13. This profile is also discussed under agenda item 5 of the process meeting. Subject to decisions about that agenda item, this new profile appears to be realistic and workable.

Value for Money

14. The business case offers a benefit to cost ratio of 4.148 to 1. In other words, the scheme would deliver four times as many benefits as it would cost. This is comfortably in excess of the LTB's minimum benefit to cost ratio of 2 to 1.

15. The independent assessor has confirmed that the benefit to cost ratio is robust. Indeed, the assessment may be conservative because it does not include benefits to tourism and it calculates benefits over a 20 year period instead of the more normal 60 years.

16. The Department for Transport classifies schemes with a benefit to cost ratio of more than 4 to 1 as "Very high value for money".

17. Accordingly, Coast to Capital has issued a formal "value for money statement" for this scheme, stating that the scheme offers very high value for money. A value for money statement is a Department for Transport requirement which has been incorporated into the Assurance Framework. A copy of the value for money statement for this scheme is attached at Annex A.

Policy fit

18. The policy fit of the scheme for the LEP region was examined in some depth when it was approved in principle in July 2013. The scheme reduces congestion and promotes sustainable transport. It directly supports a planned 309 new dwellings and 66,822 metres² of office space, within priority development locations identified within the Coast to Capital Strategic Economic Plan.

Deliverability

19. The independent assessor has confirmed that the scheme is deliverable, especially with revised funding profile described in paragraph 12. The business case includes a robust risk assessment and a comprehensive project plan. The city council has built up considerable experience delivering these kinds of works within the city, especially on key movement corridors such as the A270 Lewes Road (Local Sustainable Transport Fund project) and Eastern Road/Edward Street (Better Bus Area project).

Consultation

20. The scheme has been subject to extensive consultation by the promoting authority. The business case includes supporting statements which have previously been received from representatives of a wide range of interests during the scheme's development:

- Chris Todd, City Sustainability Partnership and Friends of the Earth
- Roger French, Brighton and Hove Bus & Coach Company
- Alistair Hill, Consultant in Public Health, NHS Surrey
- Chris Kift, Chair of the BHCC City Assembly and Member of the Federation for Independent Living
- Stephen Young – Living Streets
- Andrew Boag – Brighton Area Buswatch
- Julie Cattell – Chamber of Commerce
- Alan Boldon – Deputy Head of the School of Art, Design and Media, University of Brighton

21. The LTB has placed the scheme's business case on its website to enable comments to be received as part of consultation attracted one response which supported the scheme. The city council has also placed the business case on its website.

Independent Assessment

21. Transport consultants Parsons Brinckerhoff were appointed to carry out an independent assessment of the scheme. Parsons Brinckerhoff has no financial interest in the scheme and have not been involved in its development.

22. A copy of their report is attached at Annex B. Their overall conclusions were:

"The conclusion of this review is that the Valley Gardens Business Case submitted to the LEP is robust and fit for purpose, and the reviewer recommends that the Board approves the requested funding.

However, due to the slippage in the programme, the LEP and BHCC need to liaise on a realistic and deliverable project programme and funding profile."

23. We consider that the proposed new funding profile suggested in paragraph 12 would address the second point. This would reduce the grant allocation in 2015-16 from £4 million to £2.8 million. BHCC have confirmed that this profile is realistic and achievable.

24. The independent consultants have made a number of more minor recommendations to improve the presentation of business cases. These will be incorporated into new guidance for producing business cases. As the Valley Gardens scheme is the first of the schemes to reach this stage, its business cases is acting as a test case for future business cases.

Recommendations

25. That the Coast to Capital Local Transport Body notes that the Business Case for the Valley Gardens scheme (Phases 1 and 2) - 1) has met all of the requirements necessary to enable the funding allocation to be released; 2) has been approved by the independent assessor; and 3) has a benefit to cost ratio of over 4 to 1 which means that it offers very high value for money.

26. That the Coast to Capital Local Transport Body is recommended to approve the release of the £8 million funding for the Valley Gardens (Phases 1 and 2) scheme from 2015/16 onwards.

Next steps

27. If the LTB agree with these recommendations, a formal decision letter would be sent by the Coast to Capital LEP to Brighton & Hove City Council setting out the proposed conditions for this funding, including requirements for monitoring, reporting and accountability. Further discussions may then be required in order to confirm the details of these conditions.

Iain Reeve
Transport Adviser
Coast to Capital

11 February 2015

Annex A

COAST TO CAPITAL VALUE FOR MONEY STATEMENT

VALLEY GARDENS PHASES 1 AND 2

1. Coast to Capital LEP has examined the business case for Valley Gardens Phases 1 and 2, as submitted by Brighton and Hove Borough Council in July 2014.
2. The business case has also been independently assessed by transport consultants Parsons Brinckerhoff.
3. The promoting authority, Brighton and Hove Borough Council, estimate that the scheme would have a benefit to cost ratio of 4.148 to 1. Both Coast to Capital LEP and Parsons Brinckerhoff consider this to be a reasonable and robust estimate of the value for money of this scheme. It is possible that the value for money may be higher because the estimate does not include tourism benefits and because it is calculated over 20 years instead of 60.
4. We are happy to certify that, to the best of our knowledge, this scheme offers very high value for money.

Ron Crank
Chief Executive
Coast to Capital LEP

Date?????

FULL INDEPENDENT BUSINESS CASE

ASSESSMENT SUMMARY REPORT

Valley Gardens Brighton

[Coast to Capital LEP – 30 January 2014]

[Draft]

FULL INDEPENDENT BUSINESS CASE

ASSESSMENT SUMMARY REPORT

Valley Gardens Brighton

[Coast to Capital LEP – 30 January 2014]

[Draft]

FULL INDEPENDENT BUSINESS
CASE ASSESSMENT SUMMARY
REPORT

Valley Gardens Brighton

Prepared for

Coast to Capital LEP

Arun House,

Hurst Road,

Horsham,

RH12 2DN

Prepared by

Parsons Brinckerhoff

Westbrook Mills

Godalming

Surrey GU7 2AZ

Report Title : INDEPENDENT BUSINESS CASE ASSESSMENT Valley

Gardens Brighton

PIMS Number : N/A

Report Status : [Draft]

Job No : [TBC]

Date : 30 January 2015

DOCUMENT HISTORY AND STATUS

Document control

Prepared by Theo Genis Checked by(technical)

Approved by Theo Genis Checked by(quality assurance)

Revision details

Version Date Pagesaffected Comments

1.0 30 January

2015 All Original draft

AUTHORISATION SHEET

Client: Theo Genis, Parsons Brinckerhoff

Project: Regional Associate

Address:

PREPARED BY

Name: Theo Genis, Parsons Brinckerhoff

Position: Regional Associate

Date: January 2015

AGREED BY

Name: Theo Genis, Parsons Brinckerhoff

Position: Regional Associate

Date: 30 January 2015

AUTHORISED FOR ISSUE

Name:

Position:

Date:

DISTRIBUTION

ACCEPTED BY

Name: Iain Reeve, Coast to Capital LEP

Position: Consultant to Coast to Capital LEP

Date:

ACCEPTED BY

Name:

Position:

Date:

INDEPENDENT BUSINESS CASE

ASSESSMENT - Valley Gardens Brighton

CONTENTS

Page

1 Executive Summary 3

1.2 Summary of Proposed Scheme 3

1.3 Summary of Review Findings 3

2 Methodology 4

2.1 Overview of Review Methodology 4

2.2 Documentation Reviewed 4

3 Review Findings 5

3.1 Commentary on Scheme 5

3.2 Assessment of Alternatives 5

3.3 Consultation and Stakeholder Engagement 6

3.4 Project Programme / Timescales 6

3.5 Project Costs and Funding 6

3.6 Assessment of General Scheme Benefits 7

3.7 Assessment of Specific Benefits 7

3.8 Review of Policy Fit 7

3.9 Review of Economic, Commercial and Management Cases 7

3.10 Approach to Modelling 10

3.11 Review of Risk Assessment 10

3.12 Review against Business Case Guidance (DfT) 10

4 Conclusions and Recommendations 11

Prepared by Parsons Brinckerhoff

for Coast to Capital LEP

- 1

INDEPENDENT BUSINESS CASE

ASSESSMENT - Valley Gardens Brighton

1

EXECUTIVE SUMMARY

1.1.1

This technical note provides an independent review of the Valley Gardens Brighton Scheme Business Case submission to the Coast to Capital Local Enterprise Partnership.

1.1.2

The review has been carried out by Theo Genis (“The Reviewer” of Parsons Brinckerhoff Ltd (PB) on behalf of Coast to Capital LEP.

1.1.3

The Coast to Capital LEP was allocated a portion of the Local Growth Fund (LGF) in 2014 for the development and delivery of transport infrastructure schemes. Brighton and Hove City Council (BHCC) submitted a full business case for the Valley Gardens scheme in Brighton to the LEP in a bid for Major Scheme funding of £8m.

1.2

Summary of Proposed Scheme

1.2.1

This scheme would improve walking, cycling, public transport and car journeys in the Valley Gardens area of Brighton City. The aim of the scheme is to create an attractive, flexible and safe space that enhances the city centre's environment, a place that will attract residents and visitors at all times of the day and year, and a meeting place, connecting the city efficiently and safely.

1.2.2

Buses, taxis and local access will be moved onto a consistent route that will run along the western side of Valley Gardens, and private vehicles will be kept on the eastern side of Valley Gardens.

1.3

Summary of Review Findings

1.3.1

The Business Case is detailed and comprehensive and addresses all of the main areas expected within a major scheme Business Case submission, with a few minor exceptions.

1.3.2

The range of benefits that the Valley Gardens scheme will deliver enables the business case to estimate that a BCR (benefit cost ratio) of 4.148:1 will be achieved over a 20 year period. This represents very high Value for Money (VfM).

1.3.3

No significant concerns were identified in the review, which considered the business case contents, the scheme costs and the scheme benefits as set out.

1.3.4

The most notable issue identified is concerned with scheme deliverability – this is an aspect that requires the attention of both the LTB and the scheme promoter (BHCC). There are differences between timeframes set out in the business case (dated July 2014), and what is likely considering the delays in scheme approval dates, and changes to the LGF funding allocations announced in the 2014 Autumn Statement.

1.3.5

The implications of these on the scheme delivery programme, procurement, planning consent and subsequent scheme spend profiles need to be taken into consideration by the LTB.

1.3.6

The conclusion of this review is that the Valley Gardens business case submitted to the LEP is robust and fit for purpose, and the reviewer recommends that the Board approves the requested funding.

Prepared by Parsons Brinckerhoff

for Coast to Capital LEP

- 3

INDEPENDENT BUSINESS CASE

ASSESSMENT - Valley Gardens Brighton

Prepared by Parsons Brinckerhoff

for Coast to Capital LEP

- 4 -

2 METHODOLOGY

2.1 Overview of Review Methodology

2.1.1 The review was undertaken as follows:

- The reviewer (Theo Genis, PB) confirmed with the LEP officer (Iain Reeve, C2C) that the business case documents contained on the Coast to Capital LEP website were the latest, and most appropriate, documents to review (week commencing 19/01/2015).
- The review was undertaken, and a list of queries and clarifications were put via email to Iain Reeve and the lead officer from BHCC (Jim Mayor) on 23/01/2015.
- Emailed responses were received on Monday 26/01/2015 and a telephone conversation was held between the reviewer and Jim Mayor.
- The reviewer finalised this Assessment Report following the receipt of these responses and the further information provided.

2.1.2 The review was undertaken against the guidance of the Department for Transport in the documents "Transport Analysis Guidance (TAG) - The Transport Appraisal Process", January 2014 and "The Transport Business Cases", January 2013.

2.2 Documentation Reviewed

2.2.1 Business Case Documents:

- Valley Gardens Brighton - Local Growth Fund Business Case (Coast to Capital), July 2014 by Brighton & Hove City Council (lead officer Jim Mayor)

http://www.coast2capital.org.uk/images/Final_Valley_Gardens_Business_Case_July_2014.pdf

- Appendices to Business Case

http://www.coast2capital.org.uk/images/Final_Valley_Gardens_Appendices.pdf

2.2.2 Technical Documents supporting the Transport Modelling:

- Brighton and Hove Multi Modal Paramics Model - Local Model Validation

Report, JMP Consultants Limited, 3 August 2011

- Brighton & Hove Multi-Modal Transport Model - Local Model Validation Report,

JMP Consultants Limited, 17 August 2011

2.2.3 Background Documents:

- Frequently Asked Questions about the Valley Gardens Scheme

<http://www.brighton->

[hove.gov.uk/sites/brightonhove.gov.uk/files/Valley%20Gardens%20FAQs%20web%202015.pdf](http://www.brighton-hove.gov.uk/sites/brightonhove.gov.uk/files/Valley%20Gardens%20FAQs%20web%202015.pdf)

INDEPENDENT BUSINESS CASE

ASSESSMENT - Valley Gardens Brighton

Prepared by Parsons Brinckerhoff

for Coast to Capital LEP

- 5 -

3 REVIEW FINDINGS

3.1 Commentary on Scheme

3.1.1 The business case does not succinctly summarise the proposed scheme in a single section. The reviewer's understanding of the scheme is as follows:

Problem statement:

3.1.2 Current road arrangement between the Aquarium Roundabout and St Peters Church is a needlessly confusing mixture of gyratories and contraflows, with buses, private vehicles and cyclists moving from one side of the gardens to the other as they travel north to south.

3.1.3 The area has huge potential as a city amenity space, and plays an important role in connecting various city destinations. Despite being a conservation area, and incorporating a series of large, green open spaces in the centre of the city, there's not a lot to attract residents and while some parts are busy, others are used mostly as a way across the city and by dog walkers. Movement through the area can be difficult whether you are travelling by vehicle or on foot.

3.1.4 The Valley Gardens area – as it is at present – represents a barrier to development on the western side (city centre) reaching eastwards.

What the Scheme Proposals include:

3.1.5 The scheme includes measures that will help in simplifying and improving movement through the space.

3.1.6 Buses, taxis and local access will be moved onto a consistent route that will run along the western side of Valley Gardens, and private vehicles will be kept on the eastern side of Valley Gardens (all vehicle access points in and out of Valley Gardens will be maintained). This will also result in simpler junction layouts.

3.1.7 The simpler layout will enable Brighton to reclaim some of the existing space given over to vehicles to create more public space, without reducing vehicle capacity.

3.1.8 The simpler traffic layout also means that traffic becomes less of a barrier and danger for pedestrians. New pedestrian crossings will be provided throughout the area, including new paths across the park spaces, and footways along the building edges will be improved. Cycle routes will be made simple, direct and consistent.

3.2 Assessment of Alternatives

3.2.1 This business case sets out the following alternatives:

- A Do Minimum option
- Three scheme options, varying in their impact on the reduction of vehicular capacity and simplification of the carriageway arrangements, are presented. Within the preferred option (Option 3), three design options were considered:

Option 2 is deemed “to have the greatest potential for transformative change in Valley Gardens, whilst being realistic in terms of deliverability” (page 33).

3.2.2 The business case sets out that the proposed scheme can be scaled up or down, but does not provide information on the implications of such changes in terms of project programme or cost. However, in the context of the business case showing a very high value for money, this does not represent a concern.

3.2.3

The reviewer considers that a wider range of different alternatives could have been investigated. However, a proportionate approach has been taken to dealing with a well-defined problem in Valley Gardens, and as such the limited number of alternative schemes is not a concern.

3.3

Consultation and Stakeholder Engagement

3.3.1

The business case sets out the consultation undertaken as part of the scheme development (a process begun in 2009) in Section 10. It indicates that further consultation will take place upon receipt of conditional planning and funding approval.

3.3.2

A final stage of full public consultation will take place – the business case states that future consultation will not have a meaningful impact upon its conclusions.

3.4

Project Programme / Timescales

3.4.1

The business case sets the originally proposed project timescales, which assumed that LTB approval would be achieved in October 2014 (page 17). This will obviously not be the case, and LTB approval is only likely in February 2015.

3.4.2

This aspect was raised with the LEP officer and BHCC lead officer, and the information provided to the reviewer indicated that this slip in programme is being taken into consideration.

3.5

Project Costs and Funding

3.5.1

Project costs of £10.126m are shown in the Business Case. The requested funding from the LEP is for a grant of £8m (page 17).

3.5.2

The project costs are further detail in Section 17 (page 61) and a profile of contributions from the LEP and local BHCC contributions are shown. The profile of spend on construction is shown to be £4,701m in 2015/16, and £4,650m in 2016/17.

3.5.3

Scheme costs have been updated throughout the project process by sub-consultants to BHCC (QS LandPRO). BHCC have checked their projected future contractor rates with an existing contractor to ensure that they are basing the projected scheme costs on robust rates. Whilst nothing is certain, there is a reasonable chance that some if not all the future Framework contractors will be the same companies as those on the existing Framework.

3.5.4

The application of optimism bias to the costs is in accordance with the TAG. However, the reviewer queried this with Jim Mayor who confirmed that 3% optimism bias was applied, and that this was considered to be robust due to the straightforward nature of the scheme delivery.

3.5.5

The reviewer queried with Jim Mayor whether BHCC needed to make a more formal commitment to covering any funding gaps. However, the LTB has not set a defined standard for optimism bias or a requirement for promoting authorities to show where additional funds would come from.

3.5.6

The LTB might want to look at details like that for a scheme promoted by a charity or a private company, but for a scheme promoted by one of the key local authority partners the LTB would be happy to accept their confirmation that they would bear any cost increases.

3.5.7

There is also a mechanism in the LTB for promoters to bid for an increased grant allocation, although there is no guarantee that they would be successful.

3.5.8

The reviewer queried with Jim Mayor whether consideration had been given to a traffic management plan, which would have an impact on costs and potentially give rise to dis-benefits to road traffic. The response was that this had not been done prior to review of the business case, but

that it would form part of the scheme development following LTB approval. He stated that BHCC considered the scheme to be relatively simple to deliver and that no issues with traffic management were anticipated.

3.5.9

Due to the slippage in the project programme (with LTB approval in February 2015), this programme needs to be revisited. There will also be an impact on the funding profile following the 2014 Autumn Statement which altered the profile of funding that government will provide to the LGF. The LEP and BHCC need to liaise on a realistic and deliverable project programme and funding profile.

3.6

Assessment of General Scheme Benefits

3.6.1

The general scheme benefits included in the business case, and commentary on these benefits, are included in Table 1.

3.6.2

The reviewer questioned Jim Mayor on whether a high-level estimate of the potential benefits of SUDS (Benefit 5) was available, but the response was that the modelling of SUDS is a costly exercise and time consuming, and as the scheme had a strong BCR this modelling work was not deemed necessary.

3.7

Assessment of Specific Benefits

3.7.1

The benefits determine for Benefit Areas 1, 2 and 3 all appear reasonable and robust. Specific comments are included under section 3.6 on the general benefits.

3.7.2

The benefits for Area 4 (Transport) all appear to have been formulated appropriately and are robustly calculated.

3.8

Review of Policy Fit

3.8.1

There is a good fit between the proposed scheme and the local policy and LEP Strategic Economic Plan (SEPLEP).

3.9

Review of Economic, Commercial and Management Cases

3.9.1

The economic case is robust, and results in a very high benefit-cost ratio of 4.148. The reviewer has no concerns with the scheme's value for money, as this benefit-cost ratio excludes the potential benefits from additional tourism, and has been calculated over 20 years rather than the standard assessment period of 60 years. Hence the BCR represents a conservative estimate.

3.9.2

It is recommended that future business cases for the LEP, and that as part of further scheme development for Valley Gardens, the sensitivities of and risks to the benefits included in the Economic Case be determined. This is also in keeping with the DfT's guidance on transport business cases.

INDEPENDENT BUSINESS CASE ASSESSMENT -Valley Gardens Brighton

TABLE 1: Assessment of General Scheme Benefits

General Benefits included in Business Case

Benefit 1: Movement

Benefits Calculated

Encourage growth in Walking numbers, with a Health benefit valued at £3.27m over 20 years.

Encourage growth in Cycling numbers, with a Health benefit valued at £1.05m over 20 years.

Reduce likelihood of collisions, resulting in a KSI benefit valued at £1.72m over 20 years.

Improve journey times for drivers, with a financial benefit of £2.893m over 20 years.

Improve northbound peak hour journey times for buses by at least 30 seconds.

Improve journey times for pedestrians by 15%.

Improve journey times for cyclists by 31%.

Enhance proportion of population with access to high frequency bus stops by 8.6%

Improved journey experience for all modes

Improve perceived safety in the area.

Review Comments

The reviewer inspected both the modelling overview included in the business case and the Local Model Validation Reports (LMVRs) for the SATURN and S-PARAMICS models, and concluded that the models are robust and fit for purpose.

The calculation of air quality and noise quality impacts has been reviewed and these too appear to be robust and have followed a logical approach.

General Benefits included in Business Case

Benefit 2: Economic Growth

Benefits Calculated

Growth in office space, retail space, new education space, new strategic sites, leisure space, and support the creation of 15FTE jobs and 50 training opportunities

Review Comments

Business Case includes descriptions of the reasoning behind the scheme unlocking further development, and indirectly influencing development further afield. The reasoning behind the assumed jobs and training opportunities assumed is not very clear, but as this doesn't form part of the scheme BCR it is not a concern.

Benefit 3: Housing

Benefits Calculated

Growth in housing and an increase in local property prices

Review Comments

The assumptions due to direct and indirect support of housing development seem reasonable. The benefits due to increases in local property prices have been based on a tool developed by Transport for London. As such, the reviewer questions whether the tool can be applied to an area outside of London. However, as this benefit does not form part of the scheme BCR it is not a concern.

Benefit 4: Use

Benefits Calculated

Create 245 training opportunities p.a.

Increase potential retail rateable value from adjacent frontagers by £0.97m over 20 years.

Review Comments

Again the TfL tool (VURt) has been applied, which is questioned. However, this is not a concern and the assumptions regarding training opportunities seems reasonable.

Benefit 5: Environment and Resilience

Benefits Calculated

Provide Quality of Life benefits for Valley Gardens users valued at £4.917m over 20 years.

Improve NO2 and Particulate Air Quality to a value of £1.294m over 5 years.

Improve Noise Quality with a value of £0.143m over 20 years

Enable the city to manage water more sustainably

Plant 265 new trees

Review Comments

The assumptions on the benefits to Quality of Life are based on the TfL VURt tool - the same comments apply.

The assumptions on air quality and noise quality appear reasonable, and the modelling tools applied to calculate these benefits appear to be appropriate and fit for purpose.

Benefit 6: Building on the City's role as a KIBS Hub

Benefits Calculated

Contribute towards growth of the KIBS sector, to a value of at least £10.1m over ten years.

Contribute towards growth of the KIBS sector, creating a minimum of at least 141 FTE jobs over ten years.

Review Comments

The assumptions made, and calculation methodology applied, to determining the potential contribution to growth of the KIBS sector appears reasonable and proportionate.

Benefit 7: Building on the City's role as a Visitor Destination

Benefits Calculated

Attract an additional £3.9m p/a visitor income to the city.

Contribute towards a minimum of 87 FTE (or 118 actual) additional jobs in Tourism Services.

Review Comments

The annual benefits accruing from the potential increase in tourism spend have been based on sound assumptions and evidence from a report developed by a third party, and appear reasonable.

It is notable that the benefits from the increase in tourism spend would alone more than justify the scheme.

3.10 Approach to Modelling

3.10.1 The reviewer notes that an Appraisal Specification Report was not developed as part of the development of the scheme.

3.10.2 The main impacts of the scheme have been calculated using a combination of data from the Bright and Hove Multi-modal SATURN model and the Brighton and Hove Multi Modal Paramics Model. These models were used as the basis for assessing the changes in journey times between the current situation and a forecast situation in 2017 and 2030.

3.10.3 The reviewer inspected both the modelling overview included in the business case and the Local Model Validation Reports (LMVRs) for the SATURN and S-PARAMICS models, and concluded that the models are sufficiently robust and fit for purpose.

3.10.4 The calculation of air quality, noise quality, walking and cycling impacts has been reviewed and these too appear to be robust and have followed a logical approach.

3.11 Review of Risk Assessment

3.11.1 The risk assessment included in the business case appears robust and there are no items identified that are at high risk.

3.12 Review against Business Case Guidance (DfT)

3.12.1 Whilst the majority of the DfT's requirements for transport business cases have been fulfilled by the Valley Gardens Business Case, there are a number of categories that have not been completed.

3.12.2 Strategic Case:

- Objectives

- o Establish specific, measurable, achievable, realistic and time-bound objectives that will solve the problem identified. Ensure that they align with the organisation's strategic aims.

- Measures for success

- o Set out what constitutes successful delivery of the objectives

3.12.3 Economic Case:

- Appraisal Summary Table

- o If there was a requirement for the scheme to be compared to numerous others for the purposes of making funding decisions, the Appraisal Summary Table would be useful. At the current state of this scheme, where the business case is not competing against other schemes for budget approval, the format of the benefits as currently included in the business case is acceptable.

- Risk profile and sensitivity

- o Action recommended as set out above to investigate the sensitivity of the assumed benefits, and risks to these benefits.

3.12.4 Commercial and Management Cases:

- The business case content for these two cases does not include all of the elements required by the DfT guidance. This does not affect the robustness of the business case at this stage, but should be addressed as part of the next stages of development.

3.12.5 It is recommended that as part of further scheme development the missing elements of the business case are addressed.

4 CONCLUSIONS AND RECOMMENDATIONS

4.1.1 The conclusion of this review is that the Valley Gardens business case submitted to the LEP is robust and fit for purpose, and the reviewer recommends that the Board approves the requested funding.

4.1.2 However, due to the slippage in the programme, the LEP and BHCC need to liaise on a realistic and deliverable project programme and funding profile.

COAST TO CAPITAL LOCAL TRANSPORT BODY – 18 February 2015

Funding Meeting

Agenda item 4

SUSTAINABILITY AND RESILIENCE

Introduction

1. This paper gives an update on the sustainability and resilience programmes and recommends an additional bidding round.

Background

2. In the July 2014 Growth Deal, Coast to Capital secured funding for two programmes – transport resilience and sustainability.

	Total allocation (2015 to 2021)	2015-16	Local contribution
Resilience	£30.9 million	£5.5 million	£5 million
Sustainability	£31.7 million	£3.7 million	£10 million

3. These funds are available to Brighton & Hove City Council, Surrey County Council and West Sussex County Council. Other bodies may also bid for these funds provided that they bid as a partner with one of these three authorities.

4. The Local Transport Body invited the eligible authorities to submit bids for schemes which could start in 2015-16. Twelve bids were received by the deadline in December 2014:

	Sustainability	Resilience	Hybrid
Brighton & Hove	Bike Share Scheme	Intelligent Transport Systems	
Surrey CC	Greater Redhill sustainable package	A22	
	Dorking Transport Package (phase 1)	A23	
		A217	
		A24	
West Sussex CC	Worthing sustainable package		
	National Cycle Network 2*		
	Beautiful outdoors*		
			West of Horsham Transport Package

* West Sussex have asked for these two bids to be treated as a single scheme.

Assessment

5. The business cases for each scheme are currently being assessed by independent transport advisors. Parsons Brinckerhoff are assessing the sustainability schemes. WYG are assessing the resilience bids. Both consultants are being asked to advise on the one hybrid scheme which has elements of both sustainability and resilience.

6. Funding recommendations for these schemes will be made in the March 25 meeting of the Local Transport Body.

7. The total grant requested for these 12 schemes is £27,458,120. This is less than half of the total £62.6 million that is currently available for this programme:

	Grant requested	2015-16 funds available	Total available (to 2020-21)
Sustainability	£7.5 million	£3.7 million	£31.7 million
Resilience	£16.8 million	£5.5 million	£30.9 million
Hybrid	£3.2 million	-	-
Total	£27.5 million	£9.3 million	£62.6 million

8. This shows that we have enough bids to make good use of the funds allocated in 2015-16, but we do not yet have enough schemes to fill the entire programme to 2020-21. We therefore recommend a second round of bidding, where authorities can propose schemes which would start in 2016-17.

9. In particular, we should encourage bids for sustainability schemes, which are under-represented in the bids received so far. Sustrans has expressed an interest in working with Coast to Capital and its authorities to help develop a streamlined process for developing and assessing sustainability schemes.

Second round of bidding

10. Subject to the LTB's views, we would propose that the second round of bidding should be similar to the first. We would invite bids of less than £5 million (gross) from the three eligible promoting authorities (Brighton & Hove, Surrey, West Sussex) or third parties working in partnership with those authorities.

11. Bids would be requested by a deadline in September 2015, with the aim to make funding decisions at a meeting of the LTB in December 2015. Further guidance on this process would be produced, learning the lessons from the first round of bidding.

Recommendations

12. We recommend that a second round of bidding for sustainability and resilience funds be launched, with a deadline for bids to be received by September 2015.

13. If the LTB agrees in principle to this proposal, further details would be produced following discussions between the local transport authority officers, LTB secretariat and the consultants advising us on the assessment of sustainability and resilience schemes.

Iain Reeve
Transport Adviser
Coast to Capital

12 February 2015

