

# Executive Summary

## A38 Bromsgrove Route Enhancement Programme - Outline Business Case

Worcestershire County Council is pleased to submit this Outline Business Case (OBC) to the Department for Transport (DfT) for the Major Road Network (MRN) funding. The scheme being promoted – the A38 Bromsgrove Route Enhancement Programme (BREP) - will deliver a major upgrade of the A38 corridor, which is a key part of the MRN network in Worcestershire.

The scheme is a high priority both for Worcestershire County Council (WCC) and Worcestershire Local Enterprise Partnership (WLEP). The scheme is well developed, has a strong strategic case, is backed by political support and is included in Worcestershire's LTP4 and the City and Town Centre Investment Programme of WLEP's Strategic Economic Plan (SEP). The scheme also features in WLEP's 2020-40 Plan for Growth vision document as one of the three key pieces of physical infrastructure projects. The A38 improvements are also a priority within the Regional Evidence Base, compiled by Midlands Connect.

The A38 corridor acts as a route that performs a range of different functions, providing a link to the Strategic Road Network (SRN), a bypass to Bromsgrove town centre, a distributor road for journeys that have an origin and/or destination in Bromsgrove and a local access route for residents and businesses that have direct frontages on to the corridor. The corridor experiences congestion and delay at key junctions, leading to unreliable journey times. This situation is projected to worsen into the future. To effectively support future adopted local plans and to deliver economic growth, significant improvements are required to key junctions. In addition, significant enhancements are required to provide for pedestrians and cyclists and public transport users. The A38 BREP supports the delivery of circa 5500 homes and 14 Hectares of employment land based on the current plan. Subject to the ongoing Local Plan review, the scheme may further support delivery of additional homes.

This MRN OBC builds upon the SOBC submitted to DfT in 2019. Updates have been made to reflect the progression of the assessment and appraisal. In particular all traffic modelling data has been updated since SOBC stage, reflecting the development of a Production – Attraction (PA) based model which has evolved since SOBC in response to DfT feedback and the economic appraisal is now based on this.

The full A38 BREP Package includes seven schemes focussed on junctions (notated schemes A to G) and six schemes focussed on active modes (notated as schemes 1 to 6) and two local public transport enhancements (notated as schemes 7 and 8). Some elements of the full BREP Package have been delivered early by WCC to take advantage of a local funding opportunity (namely: schemes 2a,2b and 4). This OBC presents the case for all the 15 schemes.

The package has evolved since SOBC stage. Key changes include:

- Introduction of additional improvements for pedestrians and cyclists, including a key provision of a north-south cycle route (Scheme 1 provides a key stretch of this route), enhanced facilities through the central part of the corridor and additional crossing facilities at junctions.
- Evolution of the design for the two proposed footbridges (Schemes 3 and 5).
- Improvements to the stretch of the A38 between M42 J1 and Birmingham Road (Scheme F) to provide two lanes southbound, providing additional capacity which benefits the junction with the SRN. This scheme involves restricted turning movements at the junction with School Lane.
- Design changes to reflect standards set out in LTN 1/20, where justified.
- Design changes to help minimise land take.
- Design changes in relation to progressed engineering design and environmental assessment.
- The development of a Production – Attraction (PA) based model.

Overall, the A38 BREP Package addresses the MRN priorities by:

- Reducing congestion – Without improvements, existing congestion at junctions will continue to worsen leading to increased journey time and increased cost to the economy. The traffic modelling shows that in 2040, in the do-minimum scenario, junction capacity is exceeded at multiple locations on the corridor and journey times are increased.
- Supporting economic growth and rebalancing – Congestion on the A38 affects the wider economy, restricts labour markets and impacts on the ability of employees to access potential employment. Improvements are required to enable the A38 corridor to function effectively for businesses and workers.
- Supporting housing delivery - The ability to accommodate growth will be impeded without improvements, due to limited capacity on the network. Junction improvements will help enable the network to better cater for planned development and support delivery of the Local Plan requirements.
- Supporting all road users – Opportunities to support mode shift to walking and cycling are currently restricted due to actual and perceived severance caused by the A38, impacting on local trips and those to the railway station. Walking and cycling improvements included in this scheme address severance issues by providing better facilities along and across the A38, building on schemes being delivered across Bromsgrove in other programmes. These schemes will improve safety and security for non-motorised users crossing the A38, resulting in a reduced number of collisions and subsequent economic active mode user benefits.
- Supporting the SRN - Congestion affects the strategic role of the A38, delaying traffic that is trying to reach the SRN via M5 junction 4 and M42 Junction 1 or using the corridor as a diversionary route, as well as traffic using the corridor to access urban areas and key employment areas south of Birmingham. Improvements to the corridor will provide efficient and reliable access to the M5 via Junction 4 and M42 via Junction 1.

Ultimately, not delivering significant enhancements to the A38 corridor will mean the MRN national priorities will not be achieved in the region. The objectives of key policies set out by the LEPs in their SEPs, by WCC in the LTP and the District Council's in the Local Plans, will also not be realised.

The scheme benefits from financial contributions from WLEP who allocated £7.5 million of Local Growth Funding to the A38 enhancements in 2017. The first tranche of this funding was used (alongside contributions from Greater Birmingham and Solihull LEP and National Highways' Growth and Housing Fund) to deliver the 'A38 Part 1' improvements to the junction of the A38 with M5 Junction 4, M42 Junction 1 and Barley Mow Lane and these works are now complete (and are included within the 'without scheme' baseline scenario for this OBC). (Historically, this has been referred to as A38 Package 1 or Phase 1, for this OBC submission, this will now be referred to as Part 1).

More recently WLEP funding has also been used to deliver three 'early delivery' elements of the overall BREP package, providing walking and cycling enhancements. These schemes (2a, 2b and 4) are integral to the BREP and were delivered ahead of the rest of the package in order to make best use of available local funds. For the purpose of this OBC assessment schemes 2a, 2b and 4 are included in the 'without scheme' assessment (i.e. as part of the Do Minimum baseline) reflecting a conservative approach to modelling and benefits calculation. The remaining WLEP funding has funded the development and design of this OBC, for which funding is sought through this MRN bid.

WCC has the necessary resources and proven expertise to deliver the scheme in accordance with the programme and budget. By carrying forward the project team and governance structure already in place and successfully used to deliver the A38 Package 1 schemes and A38 BREP early delivery schemes, this bid benefits from an established process, with a clear process for assurance and approvals. The project has a clear and achievable programme. In addition, the business case demonstrates a good understanding of likely risks, reflecting the fact that the proposed schemes are at an advanced development. In general, the scheme has a good level of support from relevant stakeholders.

The estimated total cost of the scheme is £49.8 million (outturn cost). The scheme costs have been based upon construction rates of projects currently under construction within the WCC area by the term contractor, as such they are expected to represent a robust estimate of scheme costs at this stage of scheme development. The costs have also been subjected to an Independent Cost Review. The cost estimate also includes an allowance for Quantified Risk Assessment (QRA). Local contributions are based on S106 contributions of £5.3 million (10.8% of total scheme costs) with a further local contribution of £1.3 million (2.60% of total scheme costs) from WLEP. The majority of funding is sought from the DfT.

An additional £2.27 million of local contribution (WLEP) was used to deliver “Early Delivery Schemes” of the A38 BREP Package. This was done because the time period for using the grant funding from the Local Growth Fund Deal 3 was ending in March 2021. WCC made the DfT aware of this outcome in November 2020. The DfT’s preferred option was that the local contribution that is spent to deliver early delivery schemes is taken out of the scheme and the remaining scheme is submitted with a 15% local contribution. However, if that was not possible then the OBC should present the full scheme (including the early delivery elements) and explain the process for delivering the early works. It should demonstrate the Value for Money (VfM) of the full scheme, the early delivery schemes and the VfM of the remaining BREP elements separately. The economic case demonstrates high VfM for the full scheme, Early Delivery Schemes and the remaining BREP elements separately. Thus, in total this means that a local contribution total of £8.9 million has been secured for this project amounting to circa 18% of the total scheme cost, including work that has been delivered between SOBC and OBC stage. Additionally, £298.5K for Monitoring and Evaluation and a further £447K for Part 1 Claims is contributed by WCC.

The A38 BREP is supported by a robust case for change. The scheme’s initial Level 1 Benefit Cost Ratio (BCR) (Transport user benefits) is estimated at 2.7 demonstrating that the scheme provides a ‘High VfM’ (between 2 and 4) to taxpayers. The Present Value of Benefits (PVB) equates to £77.27M compared against the Present Value of Costs (PVC) of £28.67M. Low and high growth sensitivity tests have been undertaken. The low growth test demonstrated a BCR of 1.98 implying a medium value for money whilst the high growth scenario demonstrated a BCR of 3.05 implying a high value for money.

With the inclusion of the wider economic benefits (Level 2 BCR, include induced investment, employment effects and productivity impacts) the scheme demonstrates an adjusted BCR of 3.19 which implies a High VfM. The corresponding Level 2 BCR figures for the low and high growth sensitivity tests are 2.31 and 3.63 respectively, implying High VfM for both tests.

Analysis of the combined early delivery schemes (schemes 2a, 2b and 4, also called Part 2 schemes) and the remaining A38 BREP schemes (this OBC, also called Part 3 schemes) has also been undertaken. As a standalone package, the early delivery schemes offered a High VfM to taxpayers. When combined with the rest of the A38 BREP (Part 3) a High VfM to taxpayers is anticipated with a BCR estimated at 2.7. In summary, the A38 BREP scheme offers a High VfM to taxpayers and seeing the extensive sensitivity tests that have been carried out for the scheme the likelihood of achieving the VfM is also high. The scheme supports delivery of circa 5,500 homes and 14 Ha of employment land. WCC also believes that the A38 BREP has sound commercial footing, is well supported by stakeholders and is deliverable. Upon approval of this OBC, the scheme is well positioned to move effectively and efficiently to Full Business Case stage.