WORCESTERSHIRE LOCAL TRANSPORT BODY
MAJOR SCHEME OUTLINE BUSINESS CASE PRO FORMA

Scheme Name	Hoobrook Link Road Phase 2
Promoter	Worcestershire County Council

1. Headline Description

The Hoobrook Link Road is a key priority for Worcestershire County Council, the Worcestershire LEP, Members of Parliament and Wyre Forest District Council. The link road is situated within the South Kidderminster Enterprise Park which is one of Worcestershire LEPs Strategic Employment sites. Existing traffic congestion is a barrier to economic growth in the immediate and wider Kidderminster area. The proposed link road will provide improved access, connect two key employment corridors, promote much needed economic growth and relieve traffic congestion.

2. Geographical Area

The total population of the town of Kidderminster, located in the Wyre Forest District in Worcestershire, is currently 55,000 people, with a working population of 21,000. The town suffers from significant traffic congestion especially on the town centre ring road, a high level of unemployment and the worst areas of deprivation in the county, many adjacent to the proposed scheme. The scheme is located within the South Kidderminster Enterprise Park to the south of Kidderminster town centre. It will support new development and regeneration, including the former British Sugar Site, by providing a link between the A442 Worcester Road and A451 Stourport Road employment corridors. This link will improve the accessibility of these corridors.

OS Grid Reference: 382978, 274865

Postcode: DY10 1JR

A location plan and details of the proposed route alignment are provided in Annexes 1 and 2 respectively.

3. Strategic Case

3.1 Scheme Description

Hoobrook Link Road Phase 2 is a planned extension, of 600m length, to Hoobrook Link Road Phase 1, a development access road for the South Kidderminster Enterprise Park, which will include the regeneration of the former British Sugar site to the south of Kidderminster town centre. The new road will be an urban all-purpose single carriageway with off-road provisions for Non-Motorised Users link two key employment corridors; the A451 Stourport Road and the A442 Worcester Road. At the point where the route crosses the River Stour and Staffordshire/ Worcestershire Canal, a bridge is proposed. The bridge will be sympathetic to the visual setting of the canal corridor which is a designated conservation area.

3.2 Description of Problems to be Addressed

Socio-Economic Issues

Wyre Forest District's labour market suffers from some ongoing supply side deficiencies such as comparatively low working age population and economic activity rates. This is primarily because of the lack of jobs in the local economy, which is confirmed by indicators such as low private sector led growth prior to the economic downturn and poor employment density measured as jobs

per working age population.

The economic downturn in 2008 impacted Wyre Forest District's economy to a much greater extent than benchmarks such as Worcestershire, West Midlands or England. In particular, the number of jobs in the District's economy has contracted by 6.0% between 2008 and 2011 compared to a national decline of 3.0% and a regional decline of 4.7% over the same period. This has resulted in a further decline in Wyre Forest's employment density, which currently stands at 0.50 jobs per working age population. In comparison, the national and regional employment densities are currently estimated at 0.68 and 0.67 jobs per working age population respectively. Further analysis confirms that Wyre Forest will need to increase the number of jobs from 31,100 to approximately 40,000 to increase the District's employment density to the same level as the national average.

Such indicators regarding the local economy clearly highlight the need for job creation in Wyre Forest.

Planning Drivers

Recognising these socio-economic issues within the local authority area, Wyre Forest District Council is seeking to promote sustainable growth as part of its Adopted Core Strategy (December 2010). The key housing and employment 'needs based' targets outlined in the document's Policy DS01 are:

- Deliver 4000 net additional dwellings between 2006 and 2026
- Bring forward 44 hectares of employment land between 2006 and 2026
- Deliver 40,000 sq m of employment development between 2006 and 2026.

The recently published Site Allocations Policies (October 2012) identifies the South Kidderminster Enterprise Park area as the key location to enhance the District's economic wellbeing not least by making significant contributions towards the above mentioned growth targets. In particular, the Enterprise Park area has long been a key employment destination within the District, comprising of two key employment corridors (see Drawing GTWCC3/900/910/027 provided in Annex 1):

- ***Stourport Road Employment Corridor:*** This corridor is home to a large number of the District's businesses, with a high concentration of employment sites situated on a linear route between two of the largest settlements in the District.
- ***Worcester Road Employment Corridor:*** The Corridor follows a linear route to the south of Kidderminster Town Centre. Along this route there are a number of important local employment areas and these provide vital employment space to a number of national and local businesses.

Despite their significance as key employment destinations, the corridors are located predominantly in and around some of the most deprived neighbourhoods within the region and nationally.

The South Kidderminster Enterprise Park area includes key core supply of the District's employment land. These include Former British Sugar Site (Phases 1 and 2), Lisle Avenue, Easter Park, Former Ronwire site, Fine Point (residual development), former Kidderminster depot site and Hoobrook Industrial Estate. Furthermore, a key housing site for the District, namely, Oasis and Reilloc Chain site, is also located within close proximity of the Enterprise Park area. The sites are outlined in drawing GTWCC3-900-910-027 in Annex 1 and account for more than half of the employment land (24 hectares) and floorspace (23,870 sq m) targets summarised in Policy DS01 of the District Council's Core Strategy.

Barriers to Growth

The Core Strategy confirms that traffic congestion within the employment corridors and the ring road to the north of the corridor resulting from the lack of capacity on the highways network acts as a key constraint to bringing forward the new development or regeneration on the above mentioned sites. In response, the Strategy seeks to implement the Hoobrook Link Road to unlock development and accelerate the growth prospects of the District. Furthermore, the Hoobrook Link Road is also highlighted as a key strategic project within the Worcestershire Local Investment Plan and the Worcestershire Local Transport Plan (LTP3) and included within the LTP3's Wyre Forest Transport Strategy as a priority scheme.

Delivery of the Hoobrook Link Road, a "public good" in the form of transport infrastructure, requires significant capital investment. Considering the prevailing poor land and property market conditions, local private sector land owners of the key related sites (mentioned above) are unable to afford the delivery of a "public good" as part of their development proposals. This is confirmed in the recently prepared Property and Market Review: South Kidderminster Enterprise Park Area (Worcestershire County Council, 2013).

Furthermore, to date, public sector investment has not been readily available to deliver the Link Road proposals in its entirety. In particular, working in partnership with the land owner of a key employment site (Former British Sugar site), the District Council managed to secure investment for only Phase 1 of the Link Road. These proposals, construction of which commenced in early March 2013, only improve enough local highway infrastructure capacity to unlock development on part of the former British Sugar site (Phase 1 only).

Hence, despite the ongoing delivery of the Hoobrook Link Road Phase 1, development or regeneration of Phase 2 of the Former British Sugar site and most other development sites mentioned above will remain constrained. Lack of development and employment opportunities will continue to act as a key barrier for the District's growth and economic prosperity.

Proposed Solution

Implementation of the proposed Hoobrook Link Road Phase 2, which is the focus of this funding application, will unlock or accelerate development on the following key employment sites within the South Kidderminster Enterprise Park area:

- *Unlocks development by removing a direct development barrier*: British Sugar Site (Phase 2)
- *Accelerates development, by removing an indirect development barrier*: Easter Park, Former Ronwire site, Fine Point residual development, Former Kidderminster depot site

Furthermore, the proposed Link Road (Phase 2) will also accelerate residential development on Phase 2 of the British Sugar site as well as on Oasis and Reilloc Chain site, a key housing site in the District.

The employment, housing and GVA outputs of the Link Road (Phase 2) proposal are summarised in response to Question 3.3.

3.3 Options Considered

A high level option assessment process based on EAST (DfT's Early Assessment and Sifting Tool) was completed for a range of different schemes that could address the barriers to congestion and economic objectives. This work identified that the impact of lower cost improvements to the highway network and other transport modes (i.e. bus, cycle and walk) measures would fail to deliver the outcomes, and in particular the scale of outcomes, that could be achieved from a highway link.

The level of mode shift required to generate significant congestion relief on the ring road could not be achieved with sustainable measures given the pattern of travel demands and the location of the developments sites, and would not provide the level of accessibility to unlock new employment sites and create new jobs in the South Kidderminster Enterprise Park. However, such measures will be planned in the design of the scheme to maximise the use of walk, cycle and passenger transport and ensure all proposed developments sites have a high level of accessibility by all modes, so are easy to reach by all of the population of the town.

A further advantage of the link road is the potential for reducing traffic flows on the town centre ring road, enabling schemes to downgrade junctions and reduce the severance currently experienced between parts of the town centre, areas around the railway station and major tourist attractions in the town (e.g. Severn Valley Railway). Such schemes would create more pedestrian friendly routes to the centre, encouraging more people to work, shop and visit the centre, boosting the local economy. In addition, schemes would provide better access to bus and rail services, including the potential rail park and ride site at Folly Park sidings on the Severn Valley Railway.

Based on these desired objectives and outcomes, three core highway options have been developed to implement the Hoobrook Link Road Phase 2 schemes. These include:

Option 1: This is the northernmost of the three options. It runs north eastwards from the Saint Francis Group development roundabout (former British Sugar Site), crosses the canal and river via a new bridge just south of Falling Sands Bridge, and continues through an area of the Hoobrook Trading Estate where a new three-arm roundabout junction is formed with the A442.

Option 2: This is the central of the three options. It runs eastwards from the Saint Francis Group development roundabout (former British Sugar Site), crosses the canal and river via a new bridge, it then ties-in to Road No 1 which is an existing local access road for the industrial site. A new signalised junction is formed where the link road meets the A442.

Option 3: This is the southernmost of the three options. It runs south eastwards from the Saint Francis Group development roundabout, crosses the canal and river via a new bridge just south of Option 2A, it then continues through an area of Hoobrook Industrial Estate and a Site of Special Scientific Interest (SSSI) where a new three-arm roundabout is formed with Wilden Lane.

The route alignments for all three options are presented on drawing GTWCC3-900-910-021 in Annex 2.

As part of the feasibility study, a detailed workshop with key delivery partners (including WCC, WFDC and Halcrow) was completed to determine the preferred route of the highway scheme. The appraisal tested the options across the following key criteria:

Strategic fit with the core objectives of the Hoobrook Link Road Phase 2 outlined above

- Key stakeholder acceptability
- Technical robustness
- Deliverability
- Value for money in terms of benefit-cost-ratio.

The options appraisal discounts Options 1 and 3 and confirms Option 2 as the preferred option. Refer to Drawing HOOBROOK-DRG-002 in Annex 2 for details.

Option 1 was discounted due to the visual impacts on the canal setting and significant costs associated with the necessary alterations to the Western Powers distribution lines. The Canals & Rivers Trust considered that Option 1 would adversely affect the setting and appearance of the Falling Sands Bridge, which is a very attractive and historic canal bridge within a designated conservation area, and also the adjacent Severn Valley Railway viaduct. The cost to divert

Western Powers distribution lines and relocate an existing main switch facility would not provide good value for money. There was little support for this option which was also the most costly.

Option 3 has been discounted on the grounds that it will not deliver the same economic benefits (access and time savings) to the Hoobrook Industrial Area, it has a negative environmental impact on a number of residential properties on Wilden Lane and it passes through a Site of Special Scientific Interest (SSSI).

3.4 Expected Benefits / Outcomes

As stated above, implementation of the proposed Hoobrook Link Road Phase 2, which is the focus of this funding application, will unlock development on Phase 2 of the British Sugar site by removing a direct development barrier. Hence, the direct economic impact of the proposed link road relates to unlocking of the second phase of the British Sugar site.

The scheme represents very high value for money, with a Benefit to Cost Ratio of 4.5:1

This direct impact is articulated in the form of the following affects:

- Construction based GVA and employment outputs, as a result of the £32m combined construction expenditure of Phase 2 of the proposed link road and development proposals: This is estimated at £12m of GVA and 259 construction based gross new full-time equivalent jobs (between 2013 and 2022).
- Operational GVA and employment outputs, as a result of the 20,829 sq m of employment floorspace delivered on the site: This is estimated as 530 gross new full-time equivalent jobs from a range of manufacturing, value adding services and distribution sectors (between 2014 and 2021). This would result in £251m of additional GVA for the local economy.

In summary, the direct economic impacts of the proposed link road are:

- 789 gross new full-time equivalent jobs
- £263 million of gross new additional GVA for the local economy.

As stated above, Phase 2 of the proposed link road will also accelerate development, by removing a critical indirect development barrier for key employment sites within the South Kidderminster Enterprise Park area; namely, Easter Park, the former Ronwire site, Fine Point residual development and Former Kidderminster depot sites. Hence, the indirect economic impacts of the proposed link road relate to the accelerated delivery of employment and additional GVA on these sites, primarily during the operational stage.

This indirect economic impact of the proposed scheme is estimated at:

- 1,962 gross new full-time equivalent jobs
- £1.001 billion of gross new additional GVA for the local economy.

Furthermore, the employment land, floor space and housing outputs of the scheme are summarised below:

- 24 hectares of employment land brought forward in the South Kidderminster Enterprise Park area
- 20,829 sq m of employment floor space (B1, B2 and B8) unlocked on Phase 2 of the British Sugar site
- 55,320 sq m of employment floor space (B1, B2 and B8) accelerated for delivery in the South Kidderminster Enterprise Park area

- 70 new housing units on Phase 2 of the British Sugar site and 100 new units Oasis and Reilloc Chain site.

Detailed assessment of the development and economic impacts of the scheme are summarised in the Value for Money Report, Chapter 3 in Annex 3.

The socio-economic benefits of the scheme will generate a benefit cost ratio (BCR) of 4.50, showing "very high" value for money. The key benefits of the scheme are time savings, reliability of travel times and wider economic benefits resulting in significant positive GVA and jobs to the Kidderminster economy.

3.5 Project Scope

The link road alignment is constrained by three major features:

- To the west (start of link road) the vertical and horizontal alignment is fixed where the link road joins the roundabout to be constructed as part of the Phase 2 development of the former British Sugar site.
- To the east (end of link road) the vertical and horizontal alignment is fixed where link road ties-in to the levels of the existing industrial access road to the Hoobrook Industrial Estate and ultimately forms a new signalised junction at the A442 Worcester Road.
- In the central section of the link road where it crosses the River Stour and the Staffordshire and Worcestershire Canal there is a need to maintain minimum clearances above the canal. This is contrasted by a desire to reduce road levels in this location to maintain a minimum clearance below high voltage overhead power lines immediately east of the river.

Given the three constraints listed there is little scope to reduce costs by changing the proposed alignment either horizontally or vertically.

There is potential to reduce earthworks costs by giving detailed consideration to the reuse of surplus material on site to avoid the costs associated with disposal.

There is scope to reduce the costs associated with drainage works by providing storage in the form of a detention basin or storage tanks rather than use of oversized pipes. There is also scope for discussions with the Canal & River Trust to part discharge into the Canal.

3.6 Related Activities

Implementation of Hoobrook Link Road Phase 1, which unlocks the Phase 1 development of the former British Sugar site, is the core related activity. The planning approvals for the Phase 1 Link Road have been sought, with Section 38 Agreement currently being reviewed by Worcestershire County Council. The funding for the scheme has already been secured through Regional Growth Fund and developer contributions. The main construction works commenced in Spring 2013.

3.7 Consequences of Funding Not Being Secured

Wyre Forest district, and in particular the town of Kidderminster, is characterised by depressed labour market conditions. In terms of labour supply, the district suffers from comparatively low working age population and economic activity rates. At the same time, labour demand has been low, as demonstrated by negligible private sector led growth prior to the economic downturn and poor employment densities. Such trends emphasise the need for job creation in Wyre Forest.

Failure to deliver the proposed Hoobrook Link Road Phase 2 is forecast to result in a further decline in the economic performance of the Wyre Forest and Kidderminster. It will fail to unlock or accelerate development on a number of key employment sites in the district, including:

British Sugar Site 1 Phase 2 – unlocked (direct impact);

- Easter Park, Former Ronwire site, Fine Point residual development, Former Kidderminster depot site – accelerated (indirect impact).
- Furthermore, the proposed link road will not support the accelerated residential development on the Oasis and Reilloc Chain site, a key housing site in the district.
- Without the new road, significant benefits in terms of GVA (Gross Value Added), employment and housing outputs as well as the wider regeneration benefits will not be generated.

There is no lower cost alternative able to unlock the identified development sites and create private sector led sustainable employment opportunities in Wyre Forest District. This was identified as part of the option sifting and scheme development process, reported under Question 3.3.

4. Fit with Strategic Policy and Objectives

4.1 Fit with Over-Arching Economic Objectives

Objectives and Priorities

The objectives and priorities of Worcestershire County Council and its partners, including the Worcestershire LEP, are set out in the authority's Corporate Plan and the Worcestershire LEP's Business Plan, with economic growth a key aim. The priorities are set out in a range of documents, including:

Worcestershire County Council's Corporate Plan

www.worcestershire.gov.uk/cms/general-council-information/corporate-plan-2011-2017.aspx

Economic Strategy

www.worcestershire.gov.uk/cms/research-and-intelligence/economy/local-economic-assessment/purpose-and-scope.aspx

Infrastructure Strategy

www.worcestershire.gov.uk/cms/strategic-planning/infrastructure-planning.aspx

Local Transport Plan (LTP3)

www.worcestershire.gov.uk/LTP3

The priorities are also consistent with the transport elements of the Wyre Forest Core Strategy

These priorities are closely aligned with those of the Worcestershire LEP as set out in its 2012 Business Plan.

www.wlep.co.uk/read-all-about-it/

It is recognised by Worcestershire County Council and its stakeholders that additional investment in transport infrastructure and services is required where this will provide business with improved access to markets and employees and encourage economic growth in Worcestershire.

4.2 Fit with Local Policy Objectives

Worcestershire County Council's Corporate Plan

The Corporate Plan highlights the relatively poor performance of the Worcestershire economy.

The county's Gross Value Added (a measure of economic production per head) is £4,200 per annum below neighbouring Warwickshire's, with this a longer term problem than current economic difficulties. The Corporate Plan is aiming to try and close this gap, including through developing the County's assets and skills base. There must also be considerable investments in the County's infrastructure to address barriers to economic growth and to maintain the quality of life for residents. This will include investment in transport infrastructure where this supports Corporate Objectives.

A key element of the Corporate Plan is that the County Council will judge its progress by measuring the:

- Increase in the overall employment rate of the County
- Reduction in the number of young people on out of work benefits
- Increase in Worcestershire's Gross Value Added
- Amount of new private sector investment levered and attracted into the County

As set out in the Strategic Case, the Hoobrook Link Road scheme will support the achievement of all these targets.

The Corporate Plan also highlights that spending on capital projects (such as the Hoobrook Link Road) is likely to continue, particularly where this is shown to stimulate growth, for example in the areas of structural and infrastructure major works, enabling the County to be truly open for business. The Hoobrook Link Road scheme will help to reduce some of the transport related barriers to the achievement of growth by reducing the adverse impacts of traffic congestion on business and other network users' transport costs.

Through to 2017 the Corporate Plan highlights that spending on capital programmes will be a priority where this tackles enablers critical to growth, including transport schemes such as:

- Strategic route improvements
- Rail station improvements

The Hoobrook Link Road scheme falls within the strategic route improvements category.

The improvement to the performance of the Kidderminster and wider Wyre Forest transport network is referenced in the Worcestershire LTP3. The completion of the Hoobrook Link Road is a specific LTP3 policy (K1), whilst the other transport schemes that it would support (to a greater or lesser extent) are also referenced (Policies K2 – K7).

5. Deliverability

5.1 Details of Any Previous Work Undertaken

Concept Study	✔
Feasibility	✔
Preliminary Design	✔
Detailed Design	
Risk Register	✔
Detailed Work Programme	✔
Quantified Risk Assessment	✔
Environmental Appraisal	✔
Member Approval	✔
Commitment of Partners	✔
Consultation with Key Stakeholders	✔
Strategic Business Case	✔
Business Case with BCR	✔
Other (Specify)	

5.2 Dependencies and Risks / Barriers to Delivery

5.21 Land Ownership

Details of the land/properties affected by the proposed scheme are provided in the extract from the District Valuer's Report in Annex 5.

5.22 Requirement for Compulsory Purchase

The scheme will require land to be purchased (refer to the extract from the District Valuer's Report in Annex 5 for details). Negotiations with landowners and businesses directly affected by the scheme have already commenced and initial responses indicate that these interests can be acquired through negotiation avoiding the need of compulsory purchase powers. However, should it ultimately prove necessary to undergo a CPO process this can be accommodated within the proposed programme (including a Public Inquiry).

5.23 Land Type (e.g. all highways, presently occupied etc.)

The scheme passes through an existing industrial estate. Land is required from several parties including property owners, the local district council and the Canal Trust. Further details are provided in the extract from the District Valuer's Report in Annex 5.

5.24 Requirement for major statutory instruments (e.g. TWA, Side Road Orders etc.)

A Side Roads Order is required for the improvement and stopping up of roads within Hoobrook Industrial Estate.

5.25 Requirements for Planning Consents

Full Planning Consent is required. The Planning Authority is Worcestershire County Council. A statutory Environmental Impact Assessment (EIA) will also be required. The programme accommodates both requirements.

5.26 Known Environmental Impacts (e.g. SSSIs, Ancient Monuments, Green Belt etc.)

The findings of the environmental assessments have shown the scheme area is not within an AQMA. There is likely to be an overall slight deterioration in NO2 and PM10 concentrations

with the new link road due to the increase in traffic serving the development. This increase in traffic is unlikely to be sufficient to be above EU limits. However, a reduction in fuel consumption is forecasts as traffic speeds increase due to reduced congestion. The areas to benefit from less congestion are the Birchen Coppice and Holly Park, two of the wards of lowest IMD in the town.

Overall, the environmental issues on water and biodiversity can be mitigated without significant measures and cost, and at worst slight adverse impacts are expected from the scheme.

5.27 Other

The detailed design is yet to be undertaken, however, the impacts of the risks associated with this (e.g. on cost and programme) are considered to be low. Due allowance has been made for this risk in the Quantified Risk Assessment and programme. The necessary resources to undertake this work have been identified and allocated.

6. Timescales

6.1 Earliest Start on Site

April 2015

6.2 Scheme Delivery Date Assessment

Delivery Period		Overall Deliverability *(Tick only one row)*				
		Highly Deliverable	Readily Deliverable	No Major Barriers	Moderate Delivery Risks	Significant Delivery Risks
Before 2014/15						
2014/15 to 2018/19 (inclusive)	✔				✔	
2019/20 to 2025/26 (inclusive)						
Beyond 2026						

6.3 Approximate Duration of the Scheme

The main construction works are anticipated to take 58 weeks however advance utility works are anticipated to take an additional 24 weeks.

7. Delivery Agency

7.1 Proposed Delivery Agency

Worcestershire County Council

7.2 Partnership bodies (if any) you plan to work with during design or delivery

The scheme will be delivered in partnership with Wyre Forest District Council. The Councils are taking a joint approach to concluding land negotiations required to secure the scheme. A joint team of officers from both authorities has been established to take forward the planning approval process. This will ensure the details of the scheme maximise the requirements of both authorities.

Close liaison will also take place with St Francis Group who is the developer of the former British Sugar Site. This will ensure the scheme maximises the development potential of Phase 2 of the site.

8. Costs and Funding

8.1 Cost

Specific Estimate if Available	£11.41m (outturn cost)
£5-15m	✔
£15-30m	
£30-50m	
£50-100m	
£100-200m+	
Unknown at this stage	

8.2 Proposed Sources of Funding

Source	**Contribution** *(tick)*	**Approx %**
LTP		
Major Scheme Funding	✔	35.0
CIL		
Highways Agency		
Network Rail		
Regional Growth Fund		
Local Authority (e.g. Prudential Borrowing / asset release)	✔	21.1
Transport Operator		
Private Sector	✔	8.8
Other: Greater Birmingham & Solihull Local Transport Board	✔	35.0

8.3 Project Costs

8.31 Table A: Funding profile (Nominal terms)

£000s	Earlier years	2015/16	2016/17	2017/18	2018/19	Later Years	Total
LTB funding sought		2,500	1,500	0	0		4,000
Local Authority contribution	2,350	60	0	0	0	0	2,413
GBSLTB		2,500	1,500	0	0		4,000
Third Party contribution	0	0	1,000	0	0	0	1,000
TOTAL	2,350	5,060	4,000	0	0	0	11,413

8.32 Table B: Cost Estimates (Nominal Terms)

Cost Heading	Cost (£000s)	Date estimated	Status (e.g. target price)
Scheme Development	966.5	February 2013	Cost Estimate
Works Cost (including Land, excluding Part 1 Claims)	9,020	February 2013	Cost Estimate
Works Supervision	334	February 2013	Cost Estimate
Quantified Risk	1,092.5	February 2013	Cost Estimate
TOTAL	**11,413**		

Notes:

1) LTB funding must not go beyond 2018/19 financial year.

2) A minimum local contribution of 10% (local authority and/or third party) of the project costs is required.

3) Costs in Table B should be presented in outturn prices and must match the total amount of funding

indicated in Table A.

9. Economic Assessment

	*Tick **one** box for each row only*						
	Large / High Beneficia	*Moderate Beneficia*	*Slight Beneficia l*	*Neutral*	*Slight Adverse*	*Moderate Adverse*	*Large / High Adverse*
Economic (*Note:* VfM: Low = 0>1.4, Medium 1.5 > 2.0, High 2.0+)							
Transport Economic Efficiency (VfM)	✔						
Reliability		✔					
Wider Economic Benefits	✔						
Environment							
Noise				✔			
Local Air Quality				✔			
Greenhouse Gasses				✔ ☐			
Landscape / Townscape			✔ ☐ (Townscape)		☐ ✔ (Landscape)		
Heritage				✔ ☐			
Biodiversity					✔ ☐		
Water Environment					✔ ☐		
Social							
Physical Fitness			✔ ☐				
Journey Quality				✔ ☐			
Accidents				✔ ☐			
Security					✔		
Access to Services		✔					
Affordability				✔			
Severance			✔				

	Option Values				✔				

Provide a brief bullet point summary of justification for the above WebTAG appraisal based on each of the three main headings only:

Economy	• The package delivers time saving benefits to business trips. Over 60% trips will have a time saving, and 3% will be over 2 minutes of travel time, and 0.1% over 5 minutes. Large savings will be on the ring road in Kidderminster as traffic will divert to the new link so reduce the congestion • Operational GVA and employment outputs, as a result of the 20,829 sq m of employment floorspace estimated as 789 gross new full-time equivalent jobs would result in £263 million of gross new additional GVA for the local economy. The indirect GVA impacts would be 1,962 gross new full-time equivalent jobs, adding £1.001 billion of gross new additional GVA for the local economy.
Environment	• The proposed link road will cause an increase in traffic noise in an area where there was previously limited traffic noise (by the canal). The wider surrounding area, however, is currently dominated by traffic and industrial noise, and it is unlikely the extra traffic associated with the development will increase this by a significant amount at nearby sensitive receptors. The proposed link road is unlikely to impact upon any vulnerable groups. • The scheme will have an adverse impact on the tranquillity of the regional valued Canal Conservation Area and the setting will be permanently altered. The loss of vegetation should be mitigated for in the design development. There will be a minor loss of semi-natural habitats that will be restricted to a linear route across the River Stour and Staffordshire and Worcestershire Canal. Slight adverse impacts are predicted to these habitats and to the potential fragmentation to bat foraging habitat even following mitigation. Following mitigation measures (if required) for pollution control, otter, water vole, reptiles, breeding birds, fish and badgers all other impacts are predicted as neutral.
Social	• Measures for cyclists and pedestrians are intended to form part of the proposed scheme, principally through the provision of new links between the Hoobrook/Spennells and Foley Park/Bircham Coppice areas of Kidderminster • No direct changes to public transport services as part of the scheme, and as such there is no change in public transport accessibility directly

		attributed to the link. • There is potential to reduce accidents on roads that are provided with some traffic relief by the Hoobrook Link Road (A449 Worcester Rd & A451 Stourport Rd)

10. Financial Case – Affordability and Risk

a) What risk allowance has been applied to the project cost and what is the basis of this allowance?

The risk allowance is £1.092m. This allowance excludes any risks associated with ongoing operation costs. Refer to the summary of Scheme Costs, Risk Management Plan (including High Level Risk Register) and Quantified Risk Assessment in Annexes 4, 6 & 7 respectively for further details.

(b) How will cost overruns be dealt with?

WCC has allocated sufficient budget to deliver this scheme on the basis of its proposed funding contribution and accepts its responsibility to meet any costs over and above the LTB contribution requested, including potential cost overruns and the underwriting of any funding contributions expected from third parties.

(c) What are the main risks to project delivery timescales and what impact this will have on cost?

The main risk to project delivery timescales is the potential for a CPO Public Inquiry. Negotiations with landowners and businesses directly affected by the scheme have already commenced and initial responses indicate that these interests can be acquired through negotiation avoiding the need of compulsory purchase powers; therefore, this risk is considered to be low. However, to ensure that this risk is adequately catered for, the implications of a CPO Inquiry on the proposed programme were investigated and it was demonstrated that an Inquiry could be accommodated. In addition, the review demonstrated that, if the inquiry is undertaken in a timely manner, it would not affect the proposed level of LTB contribution in each year or the proposed year of completion. The cost implications would be mainly limited to additional professional fees incurred during the preparation of the Public Inquiry.

(d) How will cost overruns be managed?

WCC accepts its responsibility to meet any costs over and above the LTB contribution requested, including potential cost overruns and the underwriting of any funding contributions expected from third parties. This responsibility includes seeking increases in third party contributions where this is considered to be appropriate and feasible.

11. The Economic Case – Value for Money

Annex 3 includes the Value for Money Assessment for the proposed scheme. Chapter 2 of this report covers the traffic modelling of the scheme using the recently developed Wyre Forest Model (WFM) using the VISUM software. Included in the report is a summary of the model validation showing compliance against DMRB for flows and journey times, demonstrating the model is fit

for purpose for testing of a major scheme. Also included in this chapter is analysis of the impacts of the scheme with assessments including flow changes and congestion relief to the network, reflecting positive and negative impacts. Chapter 4 of the value for money report includes the economic appraisal, and Table 4.4 reported the distribution of time saving benefits and the number of gainers and losers, in terms of travel time impacts, of the scheme. Overall, the gainers will exceed the losers by 25%, with 95% of time savings less than 1 minute.

Annex 3 includes the Value for Money Report, with Chapter 4 covering the estimate of the BCR. The approach to calculating the Benefits Costs Ratio (BCR) has been completed in a spreadsheet, and is based on TUBA and the values in WebTAG. The outputs from the WFM Model covering changes in vehicle hours and kilometres travelled between the reference case and the scheme form the inputs to the economic appraisal.

A summary of the economic results for the scheme are shown below. Full TEE, PA and AMCB tables are provided in Annex 3, Chapter 4.

Benefits / Costs	Economic Value 2010 Prices and Values £000's
Consumers - Commuting	£12,305
Consumers - Other	£40,511
Business	£30,010
External and Other Benefits	£6,908
Indirect Tax	-£4,231
Developer Contributions	-£838
Present Value of Benefits (PVB)	**£84,664**
Local Government Funding	£16,170
Central Government Funding	£3,485
Developer Contributions	-£838
Present Value of Costs (PVC)	**£18,817**
Net Present Value (NPV)	**£65,847**
Benefits Costs Ratio (BCR)	**4.50**

To reflect uncertainty in the case, a number of sensitivity tests have been completed, as reported below. The combined effect of the potential downsides to the economic case would reduce the BCR from 4.50 to 3.89. Clearly, there is also the potential for upside impacts to the case that would increase the BCR to above the central case value of 4.50 to 5.07.

Benefits / Costs	Central Case	+10% Capital Costs	-20% demand growth	Exclude Developer Contributions	-10% VDM Impacts	Combined Downside Impacts	Combined Upside Impacts
Impact	Central Case	Downside	Downside	Downside	Upside	Downside	Upside
PVB	£84,664	£84,664	£81,244	£85,502	£95,352	£82,082	£95,352
PVC	£18,817	£20,283	£18,817	£19,655	£18,817	£21,121	£18,817
NPV	£65,847	£64,381	£62,427	£65,847	£76,535	£60,961	£76,535
BCR	4.50	4.17	4.32	4.35	5.07	3.89	5.07

12. The Commercial Case

Provide a summary of the proposed procurement strategy that will be used to select a contractor:

(a) Please provide evidence to show the risk allocation and transfer between the promoter and contractor, contract timescales and implementation timescales (this can be cross-referenced to your Risk Management Strategy).

The Term Civil Engineering Contract referred to in Section 12(b) is an NEC Target Cost contract designed to deal effectively with risk by using contractor experience early in projects to mitigate risk and allocate it to the party most able to control it. This directly and beneficially affects outturn costs and the programme. An extract from the Contract describing what is expected from ECI is reproduced at the end of the response to this question.

The Term Civil Engineering Contract is in place and is with a single supplier tendered in

compliance with the Public Contract Regulations and EU Directives.

Target Prices are derived using tendered Defined Costs (equivalent to resource rates) and benchmarked against similar projects and activities to ensure best value and consistency. Contract performance is driven by KPIs including Share Savings Achieved which is a gateway KPI having a target of 5%. This is designed to control cost over-runs whilst not encouraging high target prices. The Contractor's Share is 50% below 110%, which means that the employer's liability is limited to 5% above target prices and both the Employer and Contractor equally share gains below 100%. Cost control is therefore incentivised.

The significant risks that are best controlled by the Contractor include:

- Contaminated ground (with the benefit of information in the Ground Investigation report)
- Buried underground services
- Unforeseen ground conditions (with the benefit of information in the GI report)
- Presence of invasive weeds
- Re-usability of excavated material (with the benefit of information in the GI report)
- Flood risk (flood zone 3)

Further details on key project risks may be found in the high level risk management plan in Annex 6.

Extract from the Contract:

Early Contractor Involvement (ECI)

Early Contractor Involvement (ECI) involves the creation of a Contractor/Consultant/Client team, led by the Project Manager, which caters for the consideration of buildability and value issues earlier in the design process, leading to shorter construction periods and reduced impacts during construction.

The benefit of ECI is that it utilises contractors' unique understanding of construction processes to optimise the design and delivery process. The difference is, as the name implies, that ECI involves the contractor far earlier. With ECI, the contractor joins the team early and is involved with planning, assessing buildability, cost estimating and value engineering. ECI is the key to ensuring both programme and cost certainty for WCC. The Contractor is expected to be involved in a project as early as possible. A strong team ethos is critical in producing the most cost efficient project.

The goal of ECI is to provide the possibility for forecasting project results with more certainty. It should prepare all parties to jointly solve problems, address unknowns in difficult environments and avoid or resolve conflicts more effectively.

Range of benefits gained by participating in ECI

- Early creation of delivery team
- More scope for innovation
- More flexibility and better value
- Integrated and incentivised supply chain
- Improved risk management with fair allocation of risks
- Improved Health and Safety

- Shorter construction periods and reduced impacts during construction
- Maintaining a competitive and sustainable supply chain
- Clear points of responsibility, no unnecessary layers of supervision
- Good and appropriate quality of design to meet project objectives
- Partnership approach and team ethos based on long-term relationships
- Performance measurement with continual improvement targets
- Improved communications and liaison with the key stakeholders during consultation and construction

Requirements

The Contractor provides suitably qualified and experienced individuals who are capable of assisting WCC in the implementation of the benefits as outlined above. The Contractor provides an ECI service to WCC as part of the project team. This reflects a partnering relationship that should increase transparency and therefore reduce risk, increase shared responsibility and limit the extent of change.

The Contractor's representative also assists in the development of the communications plan and attends public consultation/ information/ exhibitions should a particular scheme require it. These often occur outside of normal working hours to maximise public representation. Effectiveness and value of ECI is reviewed at quarterly review meetings.

(b) What is the preferred procurement route for the scheme and how and why was this identified as the preferred procurement route? For example, if it is proposed to use existing framework agreements or contracts, the contract must be appropriate in terms of scale and scope.

Worcestershire County Council has recently awarded its Term Civil Engineering Contract (TCEC) to enable delivery of highway improvement and civil engineering projects. The estimated value of civil engineering works for this project (circa £5m) is of the nature and scope of that for which the contract was developed. Electrical infrastructure works will not be delivered under this contract.

Setting the Target Price is straight forward because the Contractor has very good knowledge of the project through Early Contractor Involvement and meaningful input into the construction programme and works design. Development of the target price has been included within the project plan in Annex 8.

The purpose of the TCEC was described in the Invitation to Tender as presented below:

The Works to be carried out under this Contract are located throughout the County of Worcestershire.

The Works consist of highway improvements and structures projects. Tenderers may wish to view LTP3, Worcestershire's third Local Transport Plan, which can be found here:

http://www.worcestershire.gov.uk/cms/local-transport-plan.aspx

The supplier may be required to design and construct or solely construct. Examples could be junction improvements, cycleways, corridor improvements, public realm enhancements, structures, retaining wall construction & maintenance, bridge deck refurbishment, masonry repairs, etc. The size and value range of projects will be variable, the largest could be in the order of £5m, the smallest around a hundred thousand pounds, with any size in between.

The contractor participates as a member of the project team for each project and to positively contribute by Early Contractor Involvement in order to produce demonstrable value for Worcestershire County Council.

The contract is under NEC3 ECC Option C target cost arrangements for a duration of four years with the potential to extend for up to a further two years, dependent upon performance and value to the Council.

13. The Management Case - Delivery

13.1 Development and Construction Milestones

Milestones	Estimated Date
Start of works	14/09/2015
River Bridge (start)	12/10/2015
River Bridge (completion)	22/04/2016
Highway/pavements (completion)	26/08/2016
Opening date	21/10/2016
Completion of works (if different)	

The Project Plan in Gantt chart form is provided in Annex 8.

13.2 Previous Delivery Performance

Worcestershire County Council is currently delivering the £8.2m Evesham Abbey Bridge project funded through the DfT Major Scheme process. This major scheme comprises the replacement of a key bridge over the River Avon in Evesham, the modification of an adjacent junction and provision of improved facilities for pedestrians and cyclists. The scheme has involved managing the development and procurement of a bridge design compatible with the area and which offers value for money within available funding, preparation and submission of a successful planning application and associated consultation (and ongoing communications) with the public and key stakeholders and the preparation of a traffic management strategy for the period of construction. The bridge is currently under construction, and will be operational by the end of 2013. The scheme is currently on programme and within budget.

14. Statutory Powers and Consents

Statutory Powers and Consents Required		
Description	Act or Legislation	Comments
Full Planning Consent	Planning Act 2008	To be determined by Worcestershire County Council.
Compulsory Purchase Order	Highways Act 1980	To be determined by Secretary of State. May not be required if third party negotiations are successful.
Side Roads Order	Highways Act 1980	To be determined by Secretary of State. Required for the improvement and stopping up of roads within Hoobrook Industrial Estate.
Bridge Scheme	Highways Act 1980	Authorisation is required to construct over the navigable waters of the Staffordshire/Worcestershire Canal.
Rights Agreement		Rights for access and maintenance of the new bridge via the Staffordshire/Worcestershire Canal towpath will need to be agreed with the Canal & River Trust.
Road Classification		The new road classification is to be determined by the local highway authority which is Worcestershire County Council.
Land Drainage Consent	Land Drainage Act 1991	Following completion of the FRA, consent will be required to discharge surface from the highway to the River Stour.
European Protected Species Licence	Conservation of Habitats and Species Regulations 2010	To be determined by Natural England. Low potential for EPSL to be required, but would be necessary if bat roost or otter holt impacted.
Badger Disturbance Licence	Badger Protection Act 1992	To be determined by Natural England if a badger sett is impacted/ disturbed.

15. Governance

Provide a summary of the proposed organisation of the project

Project Governance details are provided in Annex 9.

16. Risk Management

Provide a brief summary of the proposed Risk Management Strategy outlining how risks will be managed and referencing the Risk Register

A Risk Management Strategy is provided in Annex 6. A summary of the QRA is provided in Annex 7.

17. Stakeholder Management

(a) Please provide a summary of your strategy for managing stakeholders, with details of the key stakeholders together with a brief analysis of their influences and interests.

Please see the Communications Review (including Communications Plan) in Annex 10 which presents any engagement undertaken to date and outlines the strategy for managing key stakeholders up to and beyond the funding application.

Letters of Support for the proposals have been secured from primary stakeholders to support a recent funding application (Pinch Point Funding, Feb 2013) The stakeholders are aware of this latest application to the Worcestershire Local Transport Body.

(b) Can the scheme be considered as controversial in any way? If yes, please provide a brief summary (in no more than 100 words)

No.

(c) Have there been any external campaigns either supporting or opposing the scheme? If yes, please provide a brief summary (in no more than 100 words)

No.

18. Benefits Realisation, Monitoring and Evaluation

Introduction

The commitment to monitor and evaluate the impacts of schemes once implemented and assess benefits realisation is based on the WebTAG guidance. The guidance requests details on the likely benefits and how they will be measured and reported. It is proposed that this will broadly follow the 'standard monitoring' approach set out in the 'Monitoring and Evaluation Framework for Local Authority Major Schemes', although this effort will be adjusted accordingly, to be appropriate, proportionate and cost effective. "Standard monitoring" should include measures covering inputs, outputs, outcomes and impacts of the scheme. For the purposes of this scheme, it is proposed to consider the following questions:

- Was the scheme delivered to cost and timescale?
- Has the scheme delivered the type and scale of benefits forecast?
- Has the scheme delivered the desired outcomes?

Evaluation costs of £10,000 are assumed in the total costs estimates of this bid.

Costs and Delivery

The scheme build would be monitored, covering procurement, achievement of timescale and key milestones, risk outcomes, and stakeholder feedback. The actual scheme as delivered would be assessed, including success of the design and materials used. Outturn costs will be compared to forecasts and on-going maintenance costs, ensuring the scheme remains affordable and demonstrates value for money. This could include indicative outturn BCR based on final costs and benefits outcomes.

Benefits, Impacts and Monitoring

Desired outcomes from the scheme include:

- Maximising the efficiency of the road network;
- Reducing congestion and transport costs;
- Increasing journey time reliability; and
- Supporting growth and development, by addressing constraints on network performance.

As such, outcome analysis will concentrate on travel time savings (for journeys using the link and adjacent corridors) and traffic flows (on the Hoobrook Link road and surrounding and parallel routes). This will be accomplished through data collection in Kidderminster, including monitoring traffic flows and journey times on the Hoobrook Link Road and associated routes (such as A449 and A451).

Existing program data sources will be used as much as possible with limited bespoke data collection. For instance, journey times can be monitored through manual observation and/or use of StrateGIS, BLISS or TrafficMaster data (if available). Data collection and reporting would include before opening (Stage 1), 1 year after full opening of the link (Stage 2) and 5 years after

full opening (Stage 3), with reporting at stages 2 and 3.

As the scheme is specifically targeted at unlocking development land, impacts on the local economy are also important. Statistics on changes in employment and development permissions and completions would be collated, covering size, timescale, occupancy and take up of sites in the South Kidderminster Enterprise Park and the wider Wyre Forest Region.

19. Equality Analysis

See Annex 11 for a copy of the Equality Impact Screening undertaken for the Hoobrook Link Road scheme.

20. Senior Responsible Owner DECLARATION

As Senior Responsible Owner for [scheme name] I hereby submit this request for funding consideration to the Worcestershire Local Transport Body.

Name:	Signed:
Position:	

21. Section 151 Officer DECLARATION

As Section 151 Officer for Worcestershire County Council I declare that the scheme cost estimates quoted in this bid are accurate to the best of my knowledge and that Worcestershire County Council has allocated sufficient budget to develop and deliver this scheme on the basis of its proposed funding contribution.

Name:	Signed:
Position:	

22. CONTACT DETAILS FOR FURTHER ENQUIRIES

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