

Report to Accountability Board	Forward Plan reference number: FP/AB/115
Date of Accountability Board Meeting:	17th November 2017
Date of report:	23rd October 2017
Title of report:	A414 Chelmsford to Harlow
Report by:	Rhiannon Mort, SELEP Capital Programme Manager
Enquiries to:	Rhiannon.mort@essex.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for A414 Chelmsford to Harlow Project (the Project) which has been through the Independent Technical Evaluator (ITE) process to enable £2.173m funding to be devolved to Essex County Council for scheme delivery.
- 1.2 The ITE report sets out the detailed analysis of the Project. This report is included in Appendix 1, of Agenda Item 5.
- 1.3 Whilst the Project was originally allocated £3.66m through LFG Round 1, a Business Case has been brought forward for the allocation £2.173m. Section 6 of this report sets out the proposed re-allocation of funding from the A414 Chelmsford to Harlow Project to the Mercury Theatre and the A414 Pinch Point Package.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Approve** the award of £2.173m Local Growth Fund (LGF) to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.

3. A414 Chelmsford to Harlow

- 3.1 The Project consists of a package of five schemes to provide highway capacity, cycling and safety improvements for the Chelmsford to Harlow corridor. These schemes include:

- 3.1.1 Widford Roundabout – extend entry flair from A414 west to improve capacity
- 3.1.2 Four Wantz Roundabout – Resize roundabout, widen approaches, improve lane designation and introduce new Toucan crossing
- 3.1.3 A1169 Southern Way to Clock Tower roundabout (A1025 Second Avenue) – widened road to two lanes
- 3.1.4 Safety Improvements – lighting, signing and lines which have been identified through safety audit
- 3.1.5 Public Transport – Bus stop improvements, including new/ upgraded shelters, information and footways.
- 3.2 These measures have been identified through the Chelmsford to Harlow Route Based Strategy and extensive consultations on the interventions identified within this strategy.
- 3.3 The intended outcomes and objectives of the measures are to:
 - 3.3.1 Provide a package of quality transport improvements to support and facilitate sustainable growth and regeneration along the A414;
 - 3.3.2 Support economic growth, through business growth, new jobs and new houses;
 - 3.3.3 Improve safety along the route, including reduced collisions
 - 3.3.4 Encourage sustainable transport along the A414;and
 - 3.3.5 Reduce congestion at key points along the corridor, to improve journey times and reliability for all vehicles.
- 3.4 The proposed package of schemes will improve access in Harlow Science Park and Enterprise Zone, supporting the delivery of 4,030 jobs and 910 homes, such as at the New Hall site off London Road.
- 3.5 The total cost of the Project is estimated at £4.346m, with 50% of the funding contribution being from Essex County Council.

Table 1 A414 Chelmsford to Harlow Funding Profile

£m	2017/18	2018/19	2019/20	2020/21	Total
SELEP LGF request		1.200	0.973		2.173
Essex County Council contribution		1.200	0.973		2.173
Total		2.400	1.946		4.346

4. Outcome of ITE Review

- 4.1 The SELEP ITE has assessed the Project Business Case through the Gate 1 and Gate 2 process and has recommended that the Project achieves high value for money with a medium to high certainty of achieving this.
- 4.2 The Project Business Case has demonstrated that the Project presents high value for money, with a Benefit Cost Ratio (BCR) of 3.31:1. This BCR has been calculated following the latest Department for Transport WebTAG guidance.
- 4.3 The ITE has commented that no scenario testing of the expected project benefits was included as part of the Business Case value for money assessment. Whilst it would have been best practice for the Business Case to include this scenario testing of the proposed project benefits, the inclusion of scenario testing in the Business Case is not a condition of the funding. Given the high BCR value then only very substantial changes would have a detrimental impact on the BCR value. As a result, the ITE review has confirmed that there is a medium to high level of certainty in the value for money category.

5. Compliance with SELEP Assurance Framework

- 5.1 Table 2 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 5.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

Table 2 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		<p>The strategic objectives of the project are identified.</p> <p>The ITE review confirms that the A414 Chelmsford to Harlow Route Based Strategy supports the SELEP Vision to 'Create the most enterprising economy in England' and the single SELEP goal 'to promote steady, sustained economic growth over the next two decades' by improving access to employment, markets and suppliers, with a particular emphasis on access to Harlow's three</p>

		Enterprise Zone sites.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		<p>The expected project outputs and outcomes are set out in the Business Case and detailed in section 3 above.</p> <p>The ITE review confirms that Transport Users Benefits Appraisal (TUBA) has been completed following a sensible and proportionate approach to assess the expected outputs and outcomes of the intervention following WebTAG guidance.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		<p>The ITE review confirms that a Quantified Risk Assessment has been completed and a Risk Register is included in the Business Case, with risk owners having been identified.</p> <p>A detailed project programme has been included as an appendix to the Business Case.</p> <p>An organisation chart has also been included which sets out individual roles and responsibilities.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		<p>A BCR has been calculated as 3:31:1, which indicates high value for money.</p> <p>When wider economic benefits are taken into account the adjusted BCR increases to 3:46:1.</p>

6. A414 Chelmsford to Harlow LGF Allocation

- 6.1 The A414 Chelmsford to Harlow project was provisionally allocated £3.66m through LGF Round 1. However, the revised cost estimates prepared as part of the Business Case development has reduced and, as such, £1.487m has been identified as unallocated.
- 6.2 Change requests have been submitted for the re-allocation of this remaining £1.487m LGF following the process agreed at the Board meeting on the 22nd September 2017, for re-allocating LGF underspend within a Federated Areas programme and for the inclusion of new LGF projects into SELEP's Growth Deal programme.

A414 Pinch Point Package

- 6.3 It is proposed that £0.487m LGF will be re-allocated to A414 Pinch Point Package. The A414 Pinch Point Package was approved by the Board in June 2015, but has experienced substantial cost increase as a result of project complications and delays.
- 6.4 A revised value for money calculation is currently being prepared and it is intended that a decision will be sought from the Board at a future meeting, for the reallocation of £0.487m to the A414 Pinch Point Package.

Mercury Rising Theatre

- 6.5 To utilise the remaining £1m LGF the Board is asked to consider the reallocation of £1m LGF to the Mercury Rising Theatre project. A decision to allocate and award £1m LGF to the Mercury Rising project is sought under Agenda Item 8.

7. Financial Implications (Accountable Body comments)

- 7.1 This project is requesting approval of LGF allocations in 2018/19 and 2019/20; It should be noted that whilst future year grant payments from Government haven't been confirmed, funding for this Project is included in the indicative LGF programme allocations provided by Government for future years.
- 7.2 In considering allocating funding to this project, the Board should take into account the funding profile risk outlined in the Capital Programme Management report (Agenda item 11), particularly in relation to the funding risk in 2019/20. The report identifies that whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £26m (including the requirements of this project); it is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered.
- 7.3 There are SLAs in place with the sponsoring authority which makes clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

8. Legal Implications (Accountable Body comments)

- 8.1 There are no legal implications arising out of this decision. All funding will be transferred to the sponsoring authority under the provisions of the SLAs already in place.

9. Staffing and other resource implications (Accountable Body comments)

- 9.1 None at present.

10. Equality and Diversity implication

- 10.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 10.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

11. List of Appendices

- 11.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

12. List of Background Papers

- Business Case for A414 Chelmsford to Harlow

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off	
Lorna Norris	09/11/2017
(On behalf of Margaret Lee)	