

INDEPENDENT TECHNICAL EVALUATION

Greater Cambridge Greater Peterborough Business Case Review: Strategic Case

Scheme Name: Bourges Boulevard

Date Completed: 19 March 2015

Completed By: Jake Cartmell

Question	Value / Source	Commentary	R/A/G Status
Overall: How compelling is the case for the scheme?			High/Medium/Low
1) Is there evidence to show that there is a need for intervention?			High/Medium/Low
Has a scope for the scheme been defined?		Yes, the scheme is well defined within a narrow specification.	Red/Amber/Green
Have current problems been identified?		Current pedestrian and cycle severance issues are defined in qualitative and quantitative terms.	Red/Amber/Green
Have problems in the future been identified?		Future problems relate to barriers to development in the Station Quarter as a consequence of severance issues	Red/Amber/Green
Does the scheme address the problems?		The scheme goes a considerable way towards relieving severance issues. While it will improve the attractiveness of development sites and improve permeability/footfall, the specific impact of the intervention on development and job creation is difficult to quantify. The scheme itself may generate minor dis-benefits to highway users	Red/Amber/Green
Have other opportunities for the scheme been identified?		Yes, evidence is provided that a range of options have been identified and sifted.	Red/Amber/Green
Is there a case to say why the scheme is needed now?		Peterborough city centre is a victim of its own success and brownfield sites for development now lie outside the traditional city centre boundary demarked by Bourges Boulevard. The City Council has commenced works at risk in reflection of the priority they place on delivering the Bourges Boulevard improvements	Red/Amber/Green
2) Have objectives been appropriately defined?			High/Medium/Low
Do the objectives capture the context/problems which ground the need for the scheme?		Specific scheme objectives have been identified and reflect the problems identified. These have not been defined in SMART terms, but given the scale of the intervention this may be considered disproportionate	Red/Amber/Green
Have the objectives been developed to align with the objectives and outlooks of national/sub-regional/local planning policies?		Bourges Boulevard improvement works are included within the Peterborough City Council Local Transport Plan 3.	Red/Amber/Green
How well does the scheme align to the objectives?		LTP aligns with Peterborough City Council's Core Strategy and maps well to central government policy.	Red/Amber/Green

Question	Value / Source	Commentary	R/A/G Status
3) Have alternative options been defined?			High/Medium/Low
What is the basis to the generation of alternative options?		A range of realistic and appropriate alternatives have been considered	Red/Amber/Green
Is the case for the discounting of alternative options compelling?		No formal documentation regarding the option sifting criteria has been provided, but commentary regarding the rationale for rejecting alternative options is compelling	Red/Amber/Green
4) Does the case identify other factors affecting the suitability of the preferred option?			High/Medium/Low
Constraints		The strategic case acknowledges (and embraces) potential disbenefits to traffic using Bourges Boulevard, with an explicit aim to reduce through-traffic in favour of local movements.	Red/Amber/Green
Dependencies/Interdependencies		The improvements identified are expected to contribute to the attractiveness of land identified for development within the Railway Quarter. Benefits to existing businesses in the vicinity of the improvements are to be captured through S106 contributions	Red/Amber/Green
5) Does the case identify risks affecting delivery of the scheme?			High/Medium/Low
Key Risks		Not applicable as the scheme is current being delivered.	Red/Amber/Green
Stakeholder Awareness		The scheme was identified as a requirement in the Peterborough Local Transport Plan 3 (2011-2016) and Peterborough Long Term Transport Strategy (2011-2026). These policy documents were consulted on extensively with key stakeholders and local residents throughout 2010. A public exhibition regarding the scheme proposals, benefits and potential timescales for delivery is planned	Red/Amber/Green
Powers and Consents		No planning permission will be required as works are going to be carried out on highway land.	Red/Amber/Green

INDEPENDENT TECHNICAL EVALUATION

Scheme Name: Bourges Boulevard
 Date Completed: 19 March 2015
 Completed By: Jake Cartmell

Greater Cambridge Greater Peterborough Business Case Review: Economic Case

Category/Topic	Value/Source	Commentary	Red – Reject Amber – Defer Green – Accept
General		Rating for overall uncertainty:	High/Medium/Low
WebTAG version		Not applicable	Red/Amber/Green
Price base/GDP deflator		2010	Red/Amber/Green
Market prices		Yes	Red/Amber/Green
Consistent units		Yes	Red/Amber/Green
Discount year		2010 – WebTAG guidance indicates that discounting should commence from the current year. Applying this change would increase both PVC and PVB, although given the relatively short time frame over which costs are incurred, the PVB is likely to increase faster than PVC.	Red/Amber/Green
Appraisal period		60 years	Red/Amber/Green
Forecast years		Not applicable – the do-something impact is expected to occur instantaneously following delivery of the scheme	Red/Amber/Green
Opening year		2015	Red/Amber/Green
Appraisal pro-forma		Appraisal Summary Table provided.	Red/Amber/Green
Sensitivity testing		Some sensitivity test results are reported below	Red/Amber/Green
Capital Cost		Rating for overall uncertainty:	High/Medium/Low
Price base		2010	Red/Amber/Green
Spend profile		The spend profile appears sensible and is in line with project delivery milestones	Red/Amber/Green
Treatment of sunk costs		Not applicable	Red/Amber/Green
Inflation assumptions		The scheme is currently being delivered therefore capital cost inflation should be captured within outturn scheme costs	Red/Amber/Green
QRA appropriateness		A full and detailed QRA has been carried out	Red/Amber/Green
Optimism bias allowance		Optimism bias of 3% has been applied to base costs + QRA. For a scheme of this nature the OB uplift is reasonable.	Red/Amber/Green
Local contribution		PCC are contributing 34% of overall scheme funding, with a further 22% from S106 contributions	Red/Amber/Green
Consistency with scheme		Capital costs are in line with the overall scale of the scheme, although prelims and preparation/supervision costs appear generous	Red/Amber/Green
Other Costs		Rating for overall uncertainty:	High/Medium/Low
Price base		2010	Red/Amber/Green
Operating costs		Not applicable	Red/Amber/Green
Maintenance costs		Estimated to be 1.7% of capital costs (or £88k) per annum.	Red/Amber/Green

Category/Topic	Value/Source	Commentary	Red – Reject Amber – Defer Green – Accept
Renewals costs		Included in the 1.7% above.	Red/Amber/Green
Inflation assumptions/capping		Maintenance cost assumptions are assumed to grow in line with inflation in the wider economy.	Red/Amber/Green
Public/private allocations		Responsibility for ongoing maintenance costs lies with PCC.	Red/Amber/Green
Consistency with scheme		As noted in the commentary, it is difficult to reconcile all scheme costs with ongoing maintenance and renewals requirements. While there is no evidence to suggest that cost estimates are biased, there is some uncertainty regarding the ongoing cost implications	Red/Amber/Green
Passenger Benefits		Rating for overall uncertainty:	High/Medium/Low
TUBA - input file		Not applicable	Red/Amber/Green
Non-TUBA – rule of a half applied		Not applicable	Red/Amber/Green
Appraisal inputs (age/source/units)		All WebTAG values are from the most recent update	Red/Amber/Green
Mode shift (approach/forecast)		Not applicable. To only include new users in the with-scheme case suggests that the development is 100% reliant upon (and realised as a consequence of the delivery of the Bourges Boulevard) improvements. Despite the above, removing ALL generated traffic from the appraisal and focusing solely on JT savings for existing users, the BCR remains positive.	Red/Amber/Green
Annualisation approach		Annualisation factors are very conservative and only cover the period 7am until 6pm on weekdays.	Red/Amber/Green
Growth assumptions (NTEM)		Not applicable	Red/Amber/Green
Spread by journey purpose		For pedestrian traffic (48% business, 12% commute, 40% leisure)	Red/Amber/Green
Spread by time period		Not applicable – it is not possible to say when induced footfall will occur	Red/Amber/Green
Spread by impact type		Only JT improvements for pedestrians are captured within the BCR. Impacts on road users and improvements to accident rates are not captured.	Red/Amber/Green
Spread by benefit scale		In AST.	Red/Amber/Green
Approach to non-TEE benefits		In AST. Benefits considered to be considerable.	Red/Amber/Green
Indirect tax impacts		Not captured, but unlikely to be significant	Red/Amber/Green
Consistency with scheme		A number of material scheme impacts appear not to have been estimated. As a consequence the range of uncertainty around a given value for money judgement is likely to be large	Red/Amber/Green
Revenue		Rating for overall uncertainty:	High/Medium/Low
Derivation		Not applicable	Red/Amber/Green
Fares growth		Not applicable	Red/Amber/Green
Implied yield		Not applicable	Red/Amber/Green
Public/private allocations		Not applicable	Red/Amber/Green
Assumed operator response		Not applicable	Red/Amber/Green
Appraisal Outputs		Rating for overall uncertainty:	High/Medium/Low
NPV		£14.7m (2010 prices) – this falls to £6m if the changes in the BCR section below are applied	Red/Amber/Green

Category/Topic	Value/Source	Commentary	Red – Reject Amber – Defer Green – Accept
BCR		<p>The NPV/BCR calculations provided by PCC do not follow the formulation recommended by WebTAG. Notwithstanding the issues raised above, if maintenance costs are treated as a cost rather than a negative benefit then the BCR becomes 3.45 rather than 4.54. In order for the revised BCR to fall below 2, induced pedestrian journeys need to fall from 6,572 to less than 1,800.</p>	Red/Amber/Green
VfM Category		<p>Given the issues identified above it is likely that, on the basis of impacts on pedestrian traffic along, the vfm category would lie somewhere between medium and high. However, the BCR only takes into account impacts on pedestrian traffic and ignores the impact on vehicles (benefits to those vehicles exiting the stations and dis-benefits to through-traffic and also ignores the improvement in attractiveness for development sites within the Railway Quarter. While it is difficult to attribute improvements in the likelihood of development to the scheme itself, there is likely to be a small but material impact. In summary, while the scheme assessment goes some way to narrowing down uncertainty regarding the impacts on pedestrians, the impact on road users is not captured and therefore there are wide bounds of uncertainty.</p>	Red/Amber/Green

INDEPENDENT TECHNICAL EVALUATION

Scheme Name: Bourges Boulevard
 Date Completed: 19 March 2015
 Completed By: Jake Cartmell

Greater Cambridge
 Greater
 Peterborough
 Business Case
 Review:
 Financial Case

Category/Topic	Value/Source	Commentary	Red – Reject Amber – Defer Green – Accept
Financial estimates (capital)		Rating for overall uncertainty:	
			High/Medium/Low
Funding requirement		A detailed funding breakdown has been provided. The majority of works have already taken place during FY 2014-15, with a small amount to be completed in 2015/16. Peterborough City Council has provided forward funding.	Red/Amber/Green
Accuracy of funding requirement		Outturn construction costs are currently projected to be £4m. The LEP Board may consider whether it wishes to award funding on the basis of forecast or outturn costs.	Red/Amber/Green
Inflation assumptions		Not applicable as the scheme is currently being delivered	Red/Amber/Green
Time-consistency		Cost phasing is entirely in line with project requirements. As noted above Peterborough City Council has provided forward funding for the scheme, in anticipation of S106 and LGF funding	Red/Amber/Green
Overheads and uplifts		The full range of overheads and uplifts expected have been included within the cost estimates.	Red/Amber/Green
Risk and uncertainty		A detailed QRA has been carried out and cost estimates at P50 included within the funding requirement. P95 cost estimates increase the overall requirement by £0.4m, although indications suggest that the scheme will be delivered within the P5 estimate	Red/Amber/Green
Contingency and optimism bias		Optimism bias of 3% has been applied on top of base costs + QRA. This is reasonable for a scheme of this nature	Red/Amber/Green
Financial procedures		Rating for overall uncertainty:	
			High/Medium/Low
Funding mechanism		The project is currently forward funded by Peterborough City Council. PCC will seek to recover some of the scheme costs through S106 (22%) and LGF (43%) funding	Red/Amber/Green
Availability of funds		See above	Red/Amber/Green
Funding profile		See above	Red/Amber/Green
Funding commitment		Section 151 officer commitment has been provided via a signed officer declaration	Red/Amber/Green
Funding risks		Section 106 agreements for the pedestrian crossing elements of the site have been secured agreed from the Great Northern Hotel (£500k) and Former Royal Mail Sorting Office Site (£614k)	Red/Amber/Green
Funding constraints		Not applicable	Red/Amber/Green
Financial estimates (non-capital)		Rating for overall uncertainty:	
			High/Medium/Low
Non-capital funding mechanism		Future maintenance costs are estimated to be 1.7% per annum of the construction cost e.g. £88k (2010 prices) per annum. PCC would fund these additional costs	Red/Amber/Green
Non-capital funding profile		Small ramp-up during years 1-2 then fixed in real terms over the lifetime of the assets. Likely to overestimate maintenance requirements in short-term.	Red/Amber/Green

Category/Topic	Value/Source	Commentary	Red – Reject Amber – Defer Green – Accept
Accuracy of non-capital funding requirement		Justification for 1.7% provided.	Red/Amber/Green
Non-capital inflation assumptions		It is implicitly assumed that maintenance costs increase in line with inflation in the wider economy. Given the reliance on raw materials and labour we might expect maintenance costs to increase faster than inflation in the rest of the economy.	Red/Amber/Green
Revenue forecasts		Not applicable	Red/Amber/Green
Ramp-up assumptions		Not applicable in the context of revenue generation – see economic case proforma for more detailed assessment of ramp-up assumptions	Red/Amber/Green
Operating surplus		Not applicable	Red/Amber/Green

INDEPENDENT TECHNICAL EVALUATION

Scheme Name: Bourges Boulevard
 Date Completed: 19 March 2015
 Completed By: Jake Cartmell

Greater
 Cambridge
 Greater
 Peterborough
 Business Case
 Review:
 Commercial Case

Category/Topic	Value/Source	Commentary	Red – Reject Amber – Defer Green – Accept
Rating for overall uncertainty:			High/Medium/Low
Contracting strategy		Design and supervision of the scheme is through PCC's highways delivery partnership with Skanska. Construction of the scheme has been let through the Midlands Highway Alliance	Red/Amber/Green
Procurement strategy		As the scheme is currently being delivered the procurement strategy has already been implemented. The Midlands Highway Alliance 'Direct Call Off Route' has been applied. Given the scale of the scheme it is not clear whether better value would have been realised through an open competitive bidding process.	Red/Amber/Green
Market maturity		Yes, the framework is well established and has been successfully used by PCC for recent schemes	Red/Amber/Green
Procurement experience		No evidence regarding the scheme promoter's experience and expertise of procuring similar schemes has been explicitly provided. However, given the nature of the scheme, regular use of the MHA Framework and the key project staff (outlined in the Management Case) we have no reason to doubt PCCs procurement credentials	Red/Amber/Green
Risk allocation		No details regarding risk allocation has been provided, although we note that the scheme has been procured on a target cost basis which limits the exposure of PCC to cost overruns.	Red/Amber/Green
Consistency with other cases		The commercial case is wholly consistent with other cases	Red/Amber/Green

INDEPENDENT TECHNICAL EVALUATION

Scheme Name: Bourges Boulevard
 Date Completed: 19 March 2015
 Completed By: Jake Cartmell

Greater Cambridge Greater Peterborough Business Case Review: Management Case

Category/Topic	Value/Source	Commentary	Red – Reject Amber – Defer Green – Accept
Management Case		Rating for overall uncertainty:	High/Medium/Low
Project sponsor		A named Senior Responsible Officer has been nominated	Red/Amber/Green
Wider governance		It is not clear whether a specific project board has been established, although it may not be necessary for a project of this scale. PCC has a Transport Project Board which provides oversight.	Red/Amber/Green
Approval procedures		Reporting and approvals processes, including escalation channels are documented and captured by PCC's corporate project gateway process	Red/Amber/Green
Stakeholder engagement		See Strategic Case review	Red/Amber/Green
Risk management strategy		While a QRA has been provided to support the development of the financial case, this does not include an active risk mitigation plan and only covers those risks that are likely to affect project costs. However, since delivery of the scheme is near-complete, many of this risks may have expired	Red/Amber/Green
Availability and suitability of resources		No evidence regarding the scheme promoter's experience and expertise of delivering similar schemes has been explicitly provided. However, given the nature of the scheme, regular use of the MHA Framework and the key project staff (outlined in the Management Case) we have no reason to doubt PCCs delivery credentials	Red/Amber/Green
Work programme		The proposed work programme is well defined and realistic/achievable. Indeed, a majority of the works have already been delivered	Red/Amber/Green
Project/programme management		Limited information has been provided regarding project/programme management, although delivery of the scheme is near complete and the scope for further cost/time overruns is limited.	Red/Amber/Green
Monitoring and evaluation		AN outline monitoring and evaluation plan has been identified, but it is very limited. While the scope appears in-line with the scale of the scheme, additional information regarding the process for undertaking monitoring and evaluation, with greater commitment to the delivery of monitoring evidence is needed.	Red/Amber/Green

Category/Topic	Value/Source	Commentary	Red – Reject Amber – Defer Green – Accept
Benefits realisation		An outline benefits realisation plan has been identified, although this say little aside from the expected benefits of the scheme. While a full benefits realisation plan would be disproportionate for a scheme of this scale we might expect to see additional information on responsibility for ensuring benefits are realised and additional indicators to inform monitoring and evaluation plans.	Red/Amber/Green

Summary

Business Case 'RAG' Ratings

- Strategic Case Green
- Economic Case Amber
- Commercial Case Green
- Financial Case Green
- Management Case Green / Amber

Robustness of Approach

A recognised and proportionate approach was followed. Quantification and monetisation of a wider set of impacts, particularly on road vehicles would have enhanced the business case.

Reasonableness of Approach

For the time available, given the value and impact of the scheme, and given the scheme has largely been delivered, the approach is reasonable.

Uncertainty

The scheme has an unadjusted Benefit Cost Ratio of 3.5:1. This presents high value for money. There is uncertainty over the full extent of benefits given impacts have not been quantified of public realm enhancements and changes to road layout at the station and from the introductions of a signalised pedestrian crossing.

Conclusion

Despite the uncertainty generated from a lack of analysis of the impacts of the scheme, as Independent Technical Advisor we still view this scheme as presenting high value for money (i.e. a Benefit Cost Ratio equal to or greater than 2:1). Therefore, we recommend funding is approved.

As one of the earliest schemes to be delivered as part of the Greater Cambridge Greater Peterborough Local Enterprise Partnership's Growth Deal, we recommend that this scheme is closely monitored and evaluated to demonstrate 'quick wins'.