

## **PROJECT DOCUMENTATION**

## **FEASIBILITY BUSINESS CASE**

## *Hereford Transport Package*

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## Feasibility Business Case History

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## Stage 0 Business Case

### 1. Purpose of Document

This Feasibility Business Case contains information that describes the justification for continuing the development of outline Business Case for Hereford Transport Package (HTP) project from the Strategic Outline Business Case (SOBC) which is published on the council's website and can be viewed by following the link below:

[https://www.herefordshire.gov.uk/download/downloads/id/13069/hereford\\_transport\\_package\\_strategic\\_outline\\_business\\_case.pdf](https://www.herefordshire.gov.uk/download/downloads/id/13069/hereford_transport_package_strategic_outline_business_case.pdf)

This Feasibility Business Case is to be submitted to the Capital Strategy Board and if accepted, a more detailed outline Business Case will be developed.

### 2. Objectives

If the business case is approved then the project can continue in 2019/2020 and project development can continue to current programme. Detailed design of the bypass could continue with consultation planned for February / March 2019 and summer / autumn 2019 and planning application submission by end 2019. Approved funding will also enable support for landowners who are impacted by the scheme to be provided subject to appropriate governance decisions. Development of the active travel measures which would accompany the bypass would also continue based on February / March 2019 consultation feedback. Approval of the business case will also enable development of funding bids.

### 3. Background

#### 3.1 Project Drivers and High Level Issues

The Hereford Transport Package includes the proposed Hereford Bypass and a package of walking, cycling, bus and public realm schemes. It is a key infrastructure project that will:

- Improve local and regional connectivity by providing an alternative route to the existing A49 through the city
- Encourage new business and job creation by making Hereford a more attractive place to locate with improved road connections and more reliable journey times
- Enable the delivery of future housing and educational development, attracting people to live and study in the city
- Reduce the impact of accidents and breakdowns on the city's roads by providing an alternative crossing for the River Wye
- Reduce the impacts of transport on air quality and noise within the city, and improve road safety
- Encourage healthy lifestyles by improving public spaces and encouraging more people to walk and cycle

The Hereford Transport Package, is identified as a priority within the council's Economic Vision, Local Plan Core Strategy (LPCS) and Local Transport Plan (LTP) and also within the Marches Strategic Economic Plan and Midlands Connect regional transport strategy.

### 3.2 High Level Metrics

#### Scheme History:

Cabinet Decision Report – 16 June 2016

On 16 June 2016 cabinet approved that work commence to develop the Hereford relief road (Hereford bypass) in support of proposals within the adopted Core Strategy.

In taking this decision cabinet approved the recommendation that:

**authority be delegated to the assistant director environment and place to take all operational actions necessary to progress the Hereford bypass to route selection within the resources (including external funding) available**

At that time the costs of this development work were being sought through a bid for funds under the DfT's Large Local Majors Transport Fund, summarised in the table below. The aim of the fund is to provide funding for large, transformative, local schemes that are too big to be taken forward within Local Growth Deal allocations and might not otherwise be funded.

A total of £2.65m was being sought from the DfT to develop the business case for Hereford bypass and complementary measures with a local contribution of £0.6m.

It was acknowledged in the decision report that if funding was not awarded through the Department for Transport Large Local Majors fund consideration would need to be given to allocate further local revenue funding and once a route for the scheme had been selected to include the scheme in future revisions of the capital programme.

	2016/17 £m	2017/18 £m	TOTAL £m
Funding sought from DfT large local majors fund	1.95	0.70	2.65
Local funding	0.30	0.30	0.60
<b>TOTAL</b>	<b>2.25</b>	<b>1.00</b>	<b>3.25</b>

The 2016/2017 & 2017/2018 revenue funding set out within this report would deliver:

- Assessment of the Core Strategy Corridor to consider a long list of possible route for the bypass.
- Detailed technical assessment of a long list of 24 possible routes using a range of assessment criteria to enable a short list to be recommended.
- Production of a Corridor Assessment Framework document and associated reports to support shortlist recommendation.
- Detailed consultation on bypass long list and possible complimentary active travel measure which would form the Hereford Transport Package.
- Analysis of consultation feedback in a detailed consultation report to support cabinet decision.
- Commencement of development of outline business case for the HTP including traffic surveys and

modelling work to support economic assessment of the scheme in future years

#### Cabinet Decision Report – 18 January 2018

On 18 January 2018 cabinet considered a report which set out the technical route assessment work (including public consultation) which had progressed subsequent to the June 2016 cabinet decision. This report summarised the assessment of 24 possible routes for the bypass and feedback to the consultation about the scheme which had taken place in April / May 2017. The report recommended a shortlist of seven possible bypass routes for further development and consultation along with a package of measures which would be delivered alongside a bypass. This would enable a preferred package to be developed.

In taking this decision cabinet authorised the then assistant director of environment and place to continue development and technical work to inform a decision to select a preferred route for the bypass.

Within the resource implications section of the January 2018 report the revenue spend in 2016/17 was confirmed as £1.4m and forecast revenue spend in 2017/2018 was forecast as £1.612m giving a total forecast revenue spend of £3.012m. As the Large Local Major bid to DfT referred to as a funding source in the report to cabinet in June 2016 had not been successful this report confirmed the funding of the revenue spend was from an external grant of £590K from Highways England, an external grant of £150K from Midlands Connects and a mix of council revenue and reserve budget. The full detail of this can be seen in paragraphs 33-36 of the January 2018 report.

The 2017/2018 and 2018/2019 revenue funding set out within this report enabled delivery of:

- Detailed technical assessment of a short list of 7 possible routes using a range of assessment criteria to enable a preferred route for the bypass to be recommended.
- Production of a suite of documents to support preferred route selection decision as follows:

Stage 2 Scheme Assessment Report

Stage 2 Environmental Assessment Report

Route Selection Report

Preferred Route Report

- Detailed consultation on seven possible routes for the bypass and further detail of the possible complimentary active travel measure which would form the Hereford Transport Package.
- Analysis of consultation feedback in a detailed Sage 2 consultation report to support cabinet decision.
- Continued development of outline business case for the HTP including traffic modelling work to support economic assessment of the scheme in future years to enable external bids for funding to be developed

Capital spend in 2017/2018 was forecast as £500K and capital spend in 2018/2019 was forecast as £2.45m to confirm a preferred route and to develop a planning application for the scheme. It was intended that this capital cost was to be funded from the council's corporately funded prudential borrowing as the project was included in the proposed capital programme to be approved by Council 26 January 2018.

Cabinet Decision Report – 27 July 2018

On 27 July 2018 cabinet considered a report which set out the technical route assessment work (including public consultation) which had progressed following the selection of a shortlist of seven possible routes in the January 2018 cabinet report. This report summarised the assessment of each of the seven routes for the bypass and feedback to the consultation about the scheme which has taken place in February and March 2018. The report recommended that having due regard to this technical work (set out in a suite of documents appended to the cabinet report) and consultation feedback the red route be approved as the preferred route for further scheme development and consultation along with recommended active travel measures prior to submission for planning and any other permissions.

In taking this decision cabinet authorised the then director for economy, communities and corporate to take all necessary steps to progress detailed design and consultation with a maximum cost of £2.45m.

Within the resource implications section of this July report the estimated capital cost of the bypass based on the level of design detail set out in the Stage 2 Scheme assessment report appended to the cabinet report was set out in paragraph 88 for each of the seven possible route.

The estimated capital cost of the red route is shown as £153m and a comparison of this to bypass costs set out in the SOBC was detailed in paragraph 90.

In paragraph 93 of the July cabinet paper the revenue spend to the end of May 2018 was confirmed as £4.037m. This was the revenue cost of the technical work of both the long list and shortlist of possible routes and consultation required to enable a preferred route to be selected which is set out in more detail above.

The final revenue expenditure position (from 2014/2015 to July 2018) is £5.11m. This has been funded as follows:

Highways England	£590K
Midlands Connect	£300K
HC Revenue Budgets & Reserves	£4.22m

Paragraph 94 confirmed approval of £2.960m capital budget for 2018/2019 and set out that would fund detailed design and consultation of the preferred route and package in year. A grant contribution of £150k has been received in February 2019 and therefore increased the overall capital programme budget to £3.11m. This capital funding is delivering:

- Detailed topographical and ground investigations to progress the detailed design of the red route.
- Commencement of detailed design of earthworks, structures, pavements construction, footways, signals, street lighting and junctions along the red route
- Continuation of ecological surveys to enable the impact of the scheme to be determined and to inform mitigation measures design
- Continuation of traffic modelling to inform noise and air quality mitigation measures
- Consultation in early 2019 on the possible complementary improvement schemes to support package development
- Continued development of the outline business case for the scheme and preparation of appropriate funding applications.

Paragraph 96 of the July 2018 cabinet sets out progressing the scheme further in 2019/2020 would be the subject of applications for funding and would need to be considered in the annual review of the capital programme however no estimated annual budgets beyond 2018/2019 were presented.

Following the selection of a preferred route a more detailed programme for the preparation of the planning application for the scheme and the required consultation has been developed and forms the basis of the request for capital funding in 2019/2020.

Capital funding of £3.5m in 2019/2020 would deliver:

- Completion of detailed design of the bypass to a standard for a planning application
- Continuation of ecological surveys to inform the design of the scheme and the development of the planning application
- Continuation of traffic modelling to inform noise and air quality mitigation measures to inform the design of the scheme and the development of the planning application
- Preparation of a suite of planning documents for the scheme
- Consultation with landowners to inform scheme design and planning documents for the scheme
- Engagement with planning authority to support submission of planning application
- Analysis of January / February consultation to enable development of HTP package of measures
- Consultation in late Summer / Autumn 2019 on the bypass detail and planning application
- Submission of planning application
- Continued development of the outline business case for the scheme and preparation of appropriate funding applications.

In summary the following costs are associated with the option appraisal and development work and route development undertaken and planned design work to inform a planning application is as follows:

Activity		Revenue / Capital	Cost
Route optioneering to develop and consult on a long list and subsequent short list of possible bypass routes.	From 2014/2015 to July 2018	Revenue	£5.11m
Progression of detailed design and consultation of preferred route and package measures development.	August 2018 – end March 2019	Capital	£3.11m
Detailed design and consultation of the preferred route and planning application development. Business Case and funding application development Package measures development and	April 2019 – March 2020	Capital	£3.5m

*Hereford Transport Package*

Feasibility Business Case

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consultation			
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Further costs associated with the completion of the detailed design and further consultation of the approved scheme, procurement and full business case development prior to construction will be set out in future report and business case for next year's spend.

A Housing Infrastructure Fund application has been developed and is due to be submitted in March 2019 seeking to secure external funding required for the scheme. Further bids to Government will be progressed as opportunities arise. However to ensure that the project is able to progress to current programme the capital funding being requested for 2019/2020 is needed.

**4. Scope**

**4.1 Included in Scope**

There is a current approved capital budget to end 2018/2019 of £2,960,000 and this business case is requesting a further spend of £150k funded by a grant received in 2018/19 and £3.5m to enable further development work to progress in 2019/2020. This includes the detailed design and consultation of the bypass, to develop a planning application and outline business case for the bypass and to enable support to be provided to those affected by the scheme. This funding will also enable the development of a package of walking, cycling, public transport and public realm improvement schemes which will enable detailed design and consultation. This is set out in detail above.

BBLP and their sub-consultants WSP professional services costs associated with this project are procured through the council's Public Realm contract and form part of the council's annual plan. This contract was awarded to BBLP following a competitive OJEU procurement process in 2012/2013 and design professional services are within the scope of this contract and annual fee proposals are reviewed and monitored regularly.

**Commented [LA1]:** Please confirm the procurement process to appoint WSP including the contracted sum.

Appropriate internal staff costs associated with this project are capitalised and are included within the costs above but are not broken down.

**4.2 Not included in Scope**

Estimated costs in future years for the HTP are not included in this bid.

Information of these future costs for bypass and the walking, cycling, public transport and public space improvements were set out in the July 2018 cabinet report. These costs will be updated further following public consultation and detailed design and set out in future project decision reports, outline and full business case documents for the project.

**5. Stakeholders**

The SOBC sets out key stakeholders within the strategic case section of the document and this has been developed into a comprehensive stakeholder group for this project following a number of consultation events and can be seen in the most recent consultation report by following the link below:

<http://councillors.herefordshire.gov.uk/documents/s50058868/Appendix%201%20-%20Phase%202%20Consultation%20Report.pdf>

## 6. Dependencies

### 6.1 Initiatives which depend on this project are:

The delivery of the Hereford Transport Package enables the delivery of the planned housing and employment growth set out in the Councils local plan core strategy and will support the delivery of the new NMIte University. The scheme will also deliver regional benefits which supports its inclusion in the Marches LEP SEP.

### 6.2 This project depends on:

The delivery of the HTP complements the delivery of the SWTP and the HCCTP and the southern bypass junction connects with the Southern Link Road western junction. Once complete a further link from the A49 to the A4103 route can be considered for delivery. Further inter-dependencies are set out in section SC7 of the SOBC.

## 7 Benefits

The anticipated benefits of the Hereford Transport Package project are set out in the Economic case section (EC2) of the SOBC and these have been further developed for consultations and are listed below:

The HTP will:

- Facilitate economic growth by reducing peak hour journey times.
- Encourage sustainable development by creating attractive alternatives to shorter car journeys
- Provide network resilience by reducing the impact of accidents and breakdowns and maintenance work on the city's main road network
- Encourage healthier lifestyles by providing facilities for walking and cycling
- Improve air quality and reduce noise
- Reduce severance by improving connections for pedestrians and cyclists
- Improve safety for all road users

### 7.1 Quantifiable

A benefits cost ratio for the bypass was assessed as part of the SOBC and is set out in the economic case section of the report. A BCR of 10.5 for the bypass route calculated in accordance with Department for Transport criteria is well above the value of 2 which DfT consider represents high value for money. The BCR will be recalculated in the Outline Business Case and subsequent Full Business Case for the scheme based on revised scheme cost estimate to ensure continued value for money as the detail of the scheme is developed and delivery of the scheme proceeds.

## **7.1 Non-Quantifiable**

The wider economic benefits which the HTP will deliver are set out in the economic case (EC3) of the SOBC which details the job creation which will be delivered by the scheme. The Environmental impacts and benefits of the scheme are set out in section EC4 of the SOBC and the social benefits are detailed in EC5.

An initial assessment of impacts and benefits is set out in an AST within the SOBC. At that stage this was based primarily on qualitative work. A full AST will be completed in line with DfT criteria in the Outline Business case for the scheme.

Within the management case section (MC4) of the SOBC a benefits realisation strategy is set out with a monitoring and evaluation strategy outlined in MC5. These will be developed further in the outline and full business case documents for the project.

## **8 Potential Costs and Options for Project**

The current estimated outturn cost of the HTP project is £186m which comprises an estimated cost of £153m for the Hereford bypass and an indicative cost of £29m for walking, cycling, bus and public realm improvements.

A comparison of the current estimated cost compared to the original SOBC was set out in paragraph 90 of the Hereford Transport Package report presented to cabinet in July 2018 as follows:

Package Element	Estimated Total Cost (£) – Current year Prices (2014)	Estimated Total Cost (£) – Current year Prices (2018)
Western Relief Road (excluding Southern Link & with Risk adjusted)	£136,270,000	£153,000,000 (subject to selection of red route as preferred bypass route )
Public realm, active mode and traffic management scheme for existing route of A49	£10,000,000	To be updated as active travel measures are further developed
Public realm, active mode and traffic management scheme for radial A routes within urban area	£10,000,000	To be updated as active travel measures are further developed
Urban traffic control system including local management centre	£5,000,000	To be updated as active travel measures are further developed
20 mph schemes for residential areas	£2,000,000	To be updated as active travel measures are further developed
City wide active travel mode projects	£2,000,000	To be updated as active travel measures are further developed

These costs will be updated in the outline and full business case documents as the project is delivered to ensure that the benefits of the scheme and value for money is demonstrated at the appropriate points for decision making.

Section SC8 of the SOBC confirms that a full Option Assessment Report (OAR) was prepared in 2003 identifying key problems and those options best placed to mitigate problems and meet objectives. This work indicated that a package of multi modal measures was required and this is detailed within this section of the SOBC. The OAR has been supplemented by a number of update reports which are detailed in this section of the SOBC report and an updated OAR will be developed for the Outline Business Case.

## 9 Costs and Timescales to Develop the Full Business Case

The cost of producing a HTP Outline business case with the associated traffic modelling is estimated at approximately £200,000 and is included within the capital costs presented within this report. This cost would be funded from current 2018/2019 capital budget and the 2019/2020 budget if approved. The outline business case is currently programmed to be developed by end 2019.

## 10 Risks of not doing the Project

Section SC3 of the SOBC details the consequences of failing to implement the scheme and lists the following:

- Market failure – congestion on the existing trunk road and key junctions will hold back housing and employment growth.
- Worsening car use for short trips – more car use and lower accessibility to sustainable modes of travel.
- Extended social deprivation – areas of Hereford become isolated and deprived.
- Resilience of network decreases – single river crossing failure increasing network failure risk
- City centre damage – through traffic continues to travel through city impacting on environment and communities.