

COAST TO CAPITAL LOCAL TRANSPORT BODY – 24 February 2016

A259 LITTLEHAMPTON IMPROVEMENTS

1. Introduction

1.1 This paper considers an application for funding by West Sussex County Council for the A259 Littlehampton scheme. This is the first time that the Local Transport Body has seen a full business case for this scheme.

1.2 For the avoidance of confusion, this scheme has also been known as the "A259 Corridor Improvements" and "A259 Corridor capacity enhancement, East Arun". As the A259 is a relatively long road, we propose to call it this scheme the "A259 Littlehampton Improvements" scheme from now on.

2. Background

2.1 The A259 scheme was one of the first five transport schemes to be agreed by the Local Transport Body in 2014. It was agreed in principle by the Board of Coast to Capital LEP and by the Government, and was included in the Strategic Economic Plan.

2.2 As a named scheme in the Growth Deal, this scheme is not competing against other schemes for funding. The Local Transport Body's role is to assess whether it meets minimum value for money criteria.

3. The scheme

3.1 The scheme is an online road improvement of around 5.1 kilometres of dual carriageway between the A259/ A284 junction in the west and the A280 roundabout in the east. It includes pedestrian and cycling improvements.

3.2 The objectives of the scheme align closely with the Coast to Capital Strategic Economic Plan:

- Offering motorists a less congested route with reduced journey times (consistent with the SEP transport objectives of connectivity and quality).
- Reducing queue lengths at key junctions (consistent with the SEP objectives of improving journey time reliability).
- Directly supporting the Angmering development of 600 new homes and 8.95 hectares of employment space.

- Indirectly contributing to the creation of 4,695 jobs, 2,600 homes and 24,370 m² of net employment space in East Arun.

4. Costs

4.1 The overall cost of the scheme is estimated at £14.8 million. West Sussex County Council are proposing that this should be funded from the following sources:

Source	£
Local Growth Deal Grant	£7,510,000
Section 106	£3,330,000
West Sussex County Council	£3,959,904
Total	£14,799,904

4.2 This is higher than the previous estimates of scheme costs. When the SEP was written (December 2013 to March 2014), the overall cost of the scheme was estimated at £12.35 million. It is not unusual for scheme costs to change as a scheme is developed from initial scoping exercise to full business case.

4.3 The proposed growth deal grant figure is slightly higher than the growth deal allocation of £7.5 million. At £7.51 million, it is proposed to be £10,000 more than originally agreed. This is a relatively small variation from the allocation and could be accommodated within the Local Transport Body budget with little difficulty. However, in the interests of fairness we have been strict with all schemes about even small figures like this. Accordingly, we recommend that the grant be reduced to the agreed allocation of £7.5 million, and that West Sussex County Council be invited to increase their contribution by £10,000.

5. Scheme benefits and value for money

5.1 The scheme has an adjusted benefit to cost ratio of 16 to 1. This is considerably higher than the Coast to Capital threshold of 2 to 1. In the Department for Transport value for money categories, a benefit: cost ratio of more than 4 to 1 would be classed as "very high" value for money.

5.2 Even on a low growth/high cost (worst case) scenario, West Sussex County Council estimate that the scheme would have a benefit to cost ratio of around 8 to 1. On a best case scenario, the scheme could have a benefit: cost ratio of over 17 to 1.

5.3 The independent scheme assessor, AECOM, have confirmed that these estimates of value for money are reasonable.

5.4 We therefore consider that the scheme offers very high value for money. A value for money statement is attached at Annex A.

5.5 The independent assessor has identified a number of areas where the business case could be strengthened, for example by providing more information about the economic impact of the scheme and the linkage to jobs and new housing. Whilst we would agree that this would improve the business case, our recommendation is that the promoters have done enough to justify that the scheme is very high value for money. Further investigative work on an already strong scheme would not change our assessment of the scheme.

6. Deliverability

6.1 While the independent assessor has identified some small areas for improvements, the overall deliverability of the scheme is sound. The promoter has provided a thorough risk register and a detailed breakdown of costs.

7. Consultation

7.1 The LTB Assurance Framework requires that we carry out a consultation exercise on each business case. Accordingly, this scheme was subject to consultation in January and February 2016. No comments were received.

8. Independent Assessment

9.1 Independent assessors AECOM have reviewed the business case. We can confirm that AECOM have no beneficial or prejudicial interest in this scheme.

9.2 A copy of AECOM's assessment is included with the papers for the Local Transport Body meeting. Their overall assessment is that the scheme:

- demonstrates good value for money with a BCR range of 7.8 - 17.4
- has linkages with the economic outcomes of the Strategic Economic Plan, although these indicators could be better demonstrated
- has a reasonable estimate of costs, although some of costs appear to be quite low.

9.3 AECOM's overall summary is shown below:

"Overall, the Business Case is a well prepared and considered document, with some improvements recommended for the application document as discussed above to further strengthen it. Our review suggests that the scheme therefore meets the value for money requirement of the LEP."

10. Assessment

10.1 This is a relatively straight-forward scheme to assess. The business case is well written and clear. The benefit to cost ratio is very high at 16 to 1. As an online improvement, the scheme has fewer impacts on the environment or existing dwellings than a wholly new road. The scheme has strong links to the aims and objectives of Coast to Capital LEP. It appears to be deliverable and affordable.

10.2 Our independent assessors, AECOM, have recommended a number of areas where the business case could be improved. These recommendations are valuable, but we do not consider that they should prevent us from recommending full acceptance at this point. The recommendations would make an already strong scheme stronger.

10.3 We therefore recommend that the scheme should be accepted in full, subject to the normal process of negotiating a funding agreement.

11. Accountable Body comments

11.1 To follow

12. Recommendations

12.1 We recommend that:

- This scheme be known as the "A259 Littlehampton Improvements" scheme
- The Growth Deal allocation to this scheme be maintained at the originally agreed £7.5 million and not the £7.51 million proposed in the business case.
- That this scheme be fully accepted for funding by LTB, subject to the normal process of negotiating a funding agreement.

Iain Reeve
Transport Adviser
Coast to Capital LEP

Date: 10 February 2016

Annex A

Value for Money Statement

A259 Littlehampton Improvements

1. Coast to Capital LEP officers have examined the business case supplied by West Sussex County Council in support of the A259 Littlehampton Improvements scheme. This scheme has also been referred to as the "A259 Corridor Improvements scheme" and the "A259 Corridor capacity enhancement, East Arun".
2. The scheme has also been assessed by the LEP's independent assessors, AECOM.
3. Both the LEP officers and AECOM have concluded that the scheme offers very good value for money and meets the value for money requirements of the LEP.
4. The scheme has an estimated core benefit: cost ratio of more of 16 to 1, with a range of 7.8 to 17.4. This comfortably exceeds the LEP's usual requirement of a benefit: cost ratio of more than 2 to 1.

Signed: Iain Reeve

Transport Adviser

Coast to Capital LEP

Countersigned: Jonathan Sharrock

Chief Executive

Coast to Capital LEP