

COAST TO CAPITAL LOCAL TRANSPORT BODY – 24 February 2016

A284 LYMINSTER BYPASS

1. Introduction

1.1 This paper considers an application for funding by West Sussex County Council for the A284 Lyminster Bypass.

2. Background

2.1 This scheme was one of the first five schemes to be approved by the Local Transport Body in July 2013. These five schemes were then endorsed by the Government and subsequently included in the Coast to Capital Strategic Economic Plan. The Government repeated its support for these schemes in the Growth Deal announced in July 2014.

2.2 This means that the scheme already has been approved in principle as a good fit with the policies and objectives of the Strategic Economic Plan. Unlike the sustainability and resilience programme, this scheme is not competing against other schemes. The question for the LTB to consider is whether the scheme is deliverable, is good value for money and provides the anticipated benefits for economic growth.

2.3 As the scheme has a gross cost of more than £5 million, a full business case is needed.

3. The scheme

3.1 The A284 Lyminster Bypass is a 1.8 km realignment of the A284 to the north of Littlehampton, bypassing Lyminster and Wick villages. The scheme would support the delivery of the Arun Local Plan which seeks to deliver 4,695 jobs, 2,600 homes and 27,370sqm net employment floorspace in east Arun, including direct access to the north Littlehampton strategic development which has outline planning permission for 1,980 homes and 2 hectares of employment floor space leading to the creation of 700 jobs.

3.2 The overall scheme consists of two sections. The southern section is 0.7 km and is being funded and delivered entirely by developers. This application is for the northern section, a 1.1 km road between Toddington Nurseries and the existing A284 North of Lyminster village.

3.3 The scheme is needed because the existing alignment of the A284 is tortuous and has several tight bends, leading to slow and unreliable journeys and poor air quality for residents. The new road will provide access to the north Littlehampton strategic development site and also bypasses the villages of Lyminster and Wick, providing a shorter and less congested route for motorists between Littlehampton and the trunk road network via the A27. By improving access to Littlehampton, the scheme will support wider regeneration of the area.

4. March 2015 Local Transport Body

4.1 A business case for this scheme was considered by the Local Transport Body in its 25 March 2015 meeting which was held in public.

4.2 At that time, our independent assessing consultants, AECOM, advised that the scheme had several advantages but there were a number of outstanding issues which prevented them from recommending full approval for the scheme.

4.3 The scheme's strengths (as assessed in March) included:

- A very high value for money assessment (benefit cost ratio) of between 24.7 and 25.8 to 1 (since revised to 30.4)
- The scheme would support the delivery of the Arun Local Plan which seeks to deliver 4,695 jobs, 2,600 homes and 27,370sqm net employment floorspace.

4.4 The outstanding issues were:

- The scheme had an unidentified funding gap of £2.52 million
- The business case was unclear and difficult to follow as it referred to more than one option for the delivery of the scheme.
- AECOM had raised a number of technical questions about the presentation of the benefit cost ratio.

4.5 The Local Transport Body decided:

5.1 The LTB considered that they were not able to make a decision about this scheme. They asked the scheme promoters (West Sussex County Council) to bring the scheme back to a future LTB meeting.

5.2 The LTB asked West Sussex County Council to provide further information on the specific option being proposed and the benefit to cost ratio of the scheme, as recommended in the paper. The scheme would also need a full funding package which did not have a funding gap.

Source: Agreed minutes of the LTB Funding meeting held on 25 March 2015

5. The latest business case

5.1 West Sussex have now submitted a revised business case. A copy of this business case is available separately, along with West Sussex County Council's covering letter and a note of changes since the first business case.

5.2 We consider that this business case has addressed the three outstanding issues.

6. Funding gap

6.1 The funding gap arose when the scheme costs increased beyond the estimated costs produced in 2013. As allowed for in the LTB Assurance Framework, West Sussex County Council formally asked the LEP and LTB to increase the grant component of £3 million. This was not agreed.

6.2 The funding gap has now been closed. West Sussex County Council are proposing to fund the scheme from the following sources:

Section 106 contributions:	£3.24 million
Coast to Capital grant:	£3 million
West Sussex County Council:	£2.42 million

Total scheme costs £8.66 million

6.3 This is consistent with the Growth Deal allocation of £3 million for this scheme. Any future cost increases on the scheme would be considered within the context of the LTB Assurance Framework provision for cost increases:

70. The funding of cost increases will be considered on a case by case basis. As a general rule, the LTB will expect promoters to bear cost increases that could reasonably be considered to be within their control. The LTB may recommend the funding of cost increases, for example, where the reason for the cost increase could not realistically have been expected, such as a change in legislation or scope of the project.

7. Clarity of the proposed scheme and value for money

7.1 The business case considered by the LTB on 25 March 2015 was difficult to follow because it discussed more than one option for the alignment of the new road. The current version of the business case focuses on one preferred alignment and is considerably clearer.

7.2 The benefit cost ratio of the scheme is now estimated at between 17.6:1 and 49.7:1, taking account of cost and benefit uncertainties. The core adjusted BCR is 30:1, which is comfortably above the LTB's threshold of 2:1.

8. Consultation

8.1 The LTB Assurance Framework requires that we carry out a consultation exercise on each business case. Accordingly, this scheme was subject to consultation prior to the March 2015 meeting of the Local Transport Body. No comments were received.

8.2 It is open to question whether we should consult again on the scheme now that the business case has been revised. This point is not explicitly covered in the LTB Assurance Framework, which says:

Consultation

67. *Except where commercially sensitive, business cases will be published as part of the decision-making process – see discussion of public meetings above.*

68. *Opinions expressed by the public and stakeholders will be made available to LTB members when decisions are being taken.*

69. *Except where otherwise agreed, the consultation period shall be one month.*

8.3 We recommend that it should be a matter of judgement whether there should be a further consultation exercise on a business case which is submitted for a second time. If the scheme is not substantially changed, it would seem to be a poor use of public funds to undertake a second consultation exercise. On the other hand, the public and stakeholders would have a legitimate need to be consulted if the revised business case was substantially different to the first.

8.4 To clarify this, we recommend adding a new sentence to the LTB Assurance Framework at the end of section 69:

69. *Except where otherwise agreed, the consultation period shall be one month.*

Additional consultation exercises may be undertaken, at the discretion of LEP officers and the Chairman, if a revised business case is submitted which has been substantially revised.

NB: Text in bold will not be bold in the Assurance Framework.

8.5 A case could be made that the current A284 Lyminster Bypass business case does not require further consultation. The scheme is mostly the same as in the previous business case, although some of the confusion about alternative routes has been removed. The benefit cost ratio is similar. The funding gap has been closed. The funding package has also been subject to public scrutiny as part of West Sussex County Council's decision-making process.

8.6 The counter argument is that the business has been rewritten and so should be subject to further consultation. In this instance, the safest course seemed to be to consult again on the scheme. The extra cost and time involved was mitigated by the fact that we were also consulting on the A259 scheme in the same timeframe.

8.8 One consultation response was received from Sustrans, reproduced below.

Benefit would be gained if the proposal provided more detail on the development and integration of Sustainable transport links between the communities as well as the road links.

With planned Cycle routes between these communities significant improvement would be made to health, economic prosperity, air quality and offer an alternative method to travel between Arundel and Littlehampton.

In addition it could easily provide a direct route cycle route into the South Downs national park from Littlehampton

8.9 In response, West Sussex County Council have explained to Sustrans that there would be a 3 metre wide shared use footway/cycleway to run along the full length of the proposed bypass between A259 Worthing Road in Littlehampton and Lyminster Village.

8.10 We do not believe that the consultation exercise should affect the overall assessment of the scheme. We recommend that West Sussex County Council continues to have a good working relationship with Sustrans over cycling infrastructure in the geographical area affected by the A284 Lyminster Bypass.

9. Independent assessment

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

9.2 AECOM's response was received on 29 January and is included with the papers for this meeting of the Local Transport Body. Their summary assessment is:

"Overall, the Business Case is a well prepared and a considered document, the improvements recommended in 2015 have been taken on-board to further strengthen the application document as discussed above. The transport business case for the A284 Lyminster Bypass Transport Scheme looks strong, linking to development proposed and assuming a BCR of about 30. Of the concerns highlighted in the previous application we feel that almost all of these have now been answered, with the exception the second bullet point above. Our review suggests that the scheme therefore meets the value for money requirement of the LEP."

9.3 AECOM's one outstanding comment was about the tangible economic benefits of the scheme, and in particular identifying the specific development locations that would be unlocked by the scheme. This is discussed in section 10 below.

10. Assessment

10.1 The A284 Lyminster Bypass is one of the first schemes to be approved in principle by the Local Transport Body. It has been approved by the Board of Coast to Capital LEP and by the Government in successive iterations of the Growth Deal. It is a named scheme within the Growth Deal and is no longer competing against other schemes for funding.

10.2 The three outstanding conditions laid down by the Local Transport Body in March 2015 appear to have been fulfilled:

- The funding gap has been closed by West Sussex County Council increasing their local contributions.
- The revised business case is much clearer.
- AECOM are satisfied with the presentation of the Benefit to Cost ratio.

10.3 We therefore consider that the scheme has met the conditions set by the Local Transport Body and that it should now be recommended for full approval, subject to the normal procedures for negotiating a funding agreement.

10.4 AECOM have raised questions about the economic case for the scheme. It is not clear exactly which developments are unlocked by this scheme. We do not consider this to be a material consideration at this stage in the scheme's development. It is evident that the scheme has a strong transport case with a benefit to cost ratio of more than 30 to 1. The scheme would undoubtedly **support** several new developments by providing additional transport capacity and reducing journey times. It is notoriously difficult to estimate which schemes would be **unlocked** by a particular piece of infrastructure.

10.5 All in all, we recommend that West Sussex County Council have clearly demonstrated that the scheme offers good value for money is consistent with the objectives of the Strategic Economic Plan. Given the overall strength of the scheme, further investigations into its precise benefits would appear to be a poor use of public money.

11. Accountable Body comments

11.1 To follow

12. Recommendations

12.1 We recommend that:

- the A284 be fully accepted by the Local Transport Body for funding under the Growth Deal, subject to the normal procedures for securing a funding agreement.
- The Assurance framework be amended to include this statement:

69. *Except where otherwise agreed, the consultation period shall be one month. Additional consultation exercises may be undertaken, at the discretion of LEP officers and the Chairman, if a revised business case is submitted which has been substantially revised.*

Iain Reeve
Transport Adviser
Coast to Capital LEP

Date: 10 February 2016

Annex A

Value for Money Statement

A284 Lyminster Bypass

1. Coast to Capital LEP officers have examined the business case and further information supplied by West Sussex County Council in support of the A284 Lyminster Bypass.
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 benefit: cost ratio of more than 30 to 1, largely due to time savings on the northern section of the A284. 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