

FULL INDEPENDENT BUSINESS CASE ASSESSMENT SUMMARY REPORT

Valley Gardens Brighton

[Coast to Capital LEP – 30 January 2014]

[Draft]

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Report Title	:	INDEPENDENT BUSINESS CASE ASSESSMENT - Valley Gardens Brighton
PIMS Number	:	N/A
Report Status	:	[Draft]
Job No	:	[TBC]
Date	:	30 January 2015

DOCUMENT HISTORY AND STATUS

Document control			
Prepared by	Theo Genis	Checked by <i>(technical)</i>	
Approved by	Theo Genis	Checked by <i>(quality assurance)</i>	
Revision details			
Version	Date	Pages affected	Comments
1.0	30 January 2015	All	Original draft

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1 EXECUTIVE SUMMARY

- 1.1.1 This technical note provides an independent review of the Valley Gardens Brighton Scheme Business Case submission to the Coast to Capital Local Enterprise Partnership.
- 1.1.2 The review has been carried out by Theo Genis ("The Reviewer" of Parsons Brinckerhoff Ltd (PB) on behalf of Coast to Capital LEP.
- 1.1.3 The Coast to Capital LEP was allocated a portion of the Local Growth Fund (LGF) in 2014 for the development and delivery of transport infrastructure schemes. Brighton and Hove City Council (BHCC) submitted a full business case for the Valley Gardens scheme in Brighton to the LEP in a bid for Major Scheme funding of £8m.

1.2 Summary of Proposed Scheme

- 1.2.1 This scheme would improve walking, cycling, public transport and car journeys in the Valley Gardens area of Brighton City. The aim of the scheme is to create an attractive, flexible and safe space that enhances the city centre's environment, a place that will attract residents and visitors at all times of the day and year, and a meeting place, connecting the city efficiently and safely.
- 1.2.2 Buses, taxis and local access will be moved onto a consistent route that will run along the western side of Valley Gardens, and private vehicles will be kept on the eastern side of Valley Gardens.

1.3 Summary of Review Findings

- 1.3.1 The Business Case is detailed and comprehensive and addresses all of the main areas expected within a major scheme Business Case submission, with a few minor exceptions.
- 1.3.2 The range of benefits that the Valley Gardens scheme will deliver enables the business case to estimate that a BCR (benefit cost ratio) of 4.148:1 will be achieved over a 20 year period. This represents very high Value for Money (VfM).
- 1.3.3 No significant concerns were identified in the review, which considered the business case contents, the scheme costs and the scheme benefits as set out.
- 1.3.4 The most notable issue identified is concerned with scheme deliverability – this is an aspect that requires the attention of both the LTB and the scheme promoter (BHCC). There are differences between timeframes set out in the business case (dated July 2014), and what is likely considering the delays in scheme approval dates, and changes to the LGF funding allocations announced in the 2014 Autumn Statement.
- 1.3.5 The implications of these on the scheme delivery programme, procurement, planning consent and subsequent scheme spend profiles need to be taken into consideration by the LTB.
- 1.3.6 The conclusion of this review is that the Valley Gardens business case submitted to the LEP is robust and fit for purpose, and the reviewer recommends that the Board approves the requested funding.**

2 METHODOLOGY**2.1 Overview of Review Methodology**

2.1.1 The review was undertaken as follows:

- The reviewer (Theo Genis, PB) confirmed with the LEP officer (Iain Reeve, C2C) that the business case documents contained on the Coast to Capital LEP website were the latest, and most appropriate, documents to review (week commencing 19/01/2015).
- The review was undertaken, and a list of queries and clarifications were put via email to Iain Reeve and the lead officer from BHCC (Jim Mayor) on 23/01/2015.
- Emailed responses were received on Monday 26/01/2015 and a telephone conversation was held between the reviewer and Jim Mayor.
- The reviewer finalised this Assessment Report following the receipt of these responses and the further information provided.

2.1.2 The review was undertaken against the guidance of the Department for Transport in the documents "Transport Analysis Guidance (TAG) - The Transport Appraisal Process", January 2014 and "The Transport Business Cases", January 2013.

2.2 Documentation Reviewed

2.2.1 Business Case Documents:

- Valley Gardens Brighton - Local Growth Fund Business Case (Coast to Capital), July 2014 by Brighton & Hove City Council (lead officer Jim Mayor)
http://www.coast2capital.org.uk/images/Final_Valley_Gardens_Business_Case_July_2014.pdf
- Appendices to Business Case
http://www.coast2capital.org.uk/images/Final_Valley_Gardens_Appendices.pdf

2.2.2 Technical Documents supporting the Transport Modelling:

- Brighton and Hove Multi Modal Paramics Model - Local Model Validation Report, JMP Consultants Limited, 3 August 2011
- Brighton & Hove Multi-Modal Transport Model - Local Model Validation Report, JMP Consultants Limited, 17 August 2011

2.2.3 Background Documents:

- Frequently Asked Questions about the Valley Gardens Scheme
<http://www.brighton-hove.gov.uk/sites/brighton-hove.gov.uk/files/Valley%20Gardens%20FAQs%20web%202015.pdf>

3 REVIEW FINDINGS

3.1 Commentary on Scheme

3.1.1 The business case does not succinctly summarise the proposed scheme in a single section. The reviewer's understanding of the scheme is as follows:

Problem statement:

3.1.2 Current road arrangement between the Aquarium Roundabout and St Peters Church is a needlessly confusing mixture of gyratories and contraflows, with buses, private vehicles and cyclists moving from one side of the gardens to the other as they travel north to south.

3.1.3 The area has huge potential as a city amenity space, and plays an important role in connecting various city destinations. Despite being a conservation area, and incorporating a series of large, green open spaces in the centre of the city, there's not a lot to attract residents and while some parts are busy, others are used mostly as a way across the city and by dog walkers. Movement through the area can be difficult whether you are travelling by vehicle or on foot.

3.1.4 The Valley Gardens area – as it is at present – represents a barrier to development on the western side (city centre) reaching eastwards.

What the Scheme Proposals include:

3.1.5 The scheme includes measures that will help in simplifying and improving movement through the space.

3.1.6 Buses, taxis and local access will be moved onto a consistent route that will run along the western side of Valley Gardens, and private vehicles will be kept on the eastern side of Valley Gardens (all vehicle access points in and out of Valley Gardens will be maintained). This will also result in simpler junction layouts.

3.1.7 The simpler layout will enable Brighton to reclaim some of the existing space given over to vehicles to create more public space, without reducing vehicle capacity.

3.1.8 The simpler traffic layout also means that traffic becomes less of a barrier and danger for pedestrians. New pedestrian crossings will be provided throughout the area, including new paths across the park spaces, and footways along the building edges will be improved. Cycle routes will be made simple, direct and consistent.

3.2 Assessment of Alternatives

3.2.1 This business case sets out the following alternatives:

- A Do Minimum option
- Three scheme options, varying in their impact on the reduction of vehicular capacity and simplification of the carriageway arrangements, are presented. Within the preferred option (Option 3), three design options were considered: Option 2 is deemed “to have the greatest potential for transformative change in Valley Gardens, whilst being realistic in terms of deliverability” (page 33).

3.2.2 The business case sets out that the proposed scheme can be scaled up or down, but does not provide information on the implications of such changes in terms of project

programme or cost. However, in the context of the business case showing a very high value for money, this does not represent a concern.

- 3.2.3 The reviewer considers that a wider range of different alternatives could have been investigated. However, a proportionate approach has been taken to dealing with a well-defined problem in Valley Gardens, and as such the limited number of alternative schemes is not a concern.

3.3 Consultation and Stakeholder Engagement

- 3.3.1 The business case sets out the consultation undertaken as part of the scheme development (a process begun in 2009) in Section 10. It indicates that further consultation will take place upon receipt of conditional planning and funding approval.

- 3.3.2 A final stage of full public consultation will take place – the business case states that future consultation will not have a meaningful impact upon its conclusions.

3.4 Project Programme / Timescales

- 3.4.1 The business case sets the originally proposed project timescales, which assumed that LTB approval would be achieved in October 2014 (page 17). This will obviously not be the case, and LTB approval is only likely in February 2015.

- 3.4.2 This aspect was raised with the LEP officer and BHCC lead officer, and the information provided to the reviewer indicated that this slip in programme is being taken into consideration.

3.5 Project Costs and Funding

- 3.5.1 Project costs of £10.126m are shown in the Business Case. The requested funding from the LEP is for a grant of £8m (page 17).

- 3.5.2 The project costs are further detail in Section 17 (page 61) and a profile of contributions from the LEP and local BHCC contributions are shown. The profile of spend on construction is shown to be £4,701m in 2015/16, and £4,650m in 2016/17.

- 3.5.3 Scheme costs have been updated throughout the project process by sub-consultants to BHCC (QS LandPRO). BHCC have checked their projected future contractor rates with an existing contractor to ensure that they are basing the projected scheme costs on robust rates. Whilst nothing is certain, there is a reasonable chance that some if not all the future Framework contractors will be the same companies as those on the existing Framework.

- 3.5.4 The application of optimism bias to the costs is in accordance with the TAG. However, the reviewer queried this with Jim Mayor who confirmed that 3% optimism bias was applied, and that this was considered to be robust due to the straightforward nature of the scheme delivery.

- 3.5.5 The reviewer queried with Jim Mayor whether BHCC needed to make a more formal commitment to covering any funding gaps. However, the LTB has not set a defined standard for optimism bias or a requirement for promoting authorities to show where additional funds would come from.

- 3.5.6 The LTB might want to look at details like that for a scheme promoted by a charity or a private company, but for a scheme promoted by one of the key local authority

partners the LTB would be happy to accept their confirmation that they would bear any cost increases.

- 3.5.7 There is also a mechanism in the LTB for promoters to bid for an increased grant allocation, although there is no guarantee that they would be successful.
- 3.5.8 The reviewer queried with Jim Mayor whether consideration had been given to a traffic management plan, which would have an impact on costs and potentially give rise to dis-benefits to road traffic. The response was that this had not been done prior to review of the business case, but that it would form part of the scheme development following LTB approval. He stated that BHCC considered the scheme to be relatively simple to deliver and that no issues with traffic management were anticipated.
- 3.5.9 Due to the slippage in the project programme (with LTB approval in February 2015), this programme needs to be revisited. There will also be an impact on the funding profile following the 2014 Autumn Statement which altered the profile of funding that government will provide to the LGF. The LEP and BHCC need to liaise on a realistic and deliverable project programme and funding profile.

3.6 Assessment of General Scheme Benefits

- 3.6.1 The general scheme benefits included in the business case, and commentary on these benefits, are included in **Table 1**.
- 3.6.2 The reviewer questioned Jim Mayor on whether a high-level estimate of the potential benefits of SUDS (Benefit 5) was available, but the response was that the modelling of SUDS is a costly exercise and time consuming, and as the scheme had a strong BCR this modelling work was not deemed necessary.

3.7 Assessment of Specific Benefits

- 3.7.1 The benefits determine for Benefit Areas 1, 2 and 3 all appear reasonable and robust. Specific comments are included under section 3.6 on the general benefits.
- 3.7.2 The benefits for Area 4 (Transport) all appear to have been formulated appropriately and are robustly calculated.

3.8 Review of Policy Fit

- 3.8.1 There is a good fit between the proposed scheme and the local policy and LEP Strategic Economic Plan (SEPLEP).

3.9 Review of Economic, Commercial and Management Cases

- 3.9.1 The economic case is robust, and results in a very high benefit-cost ratio of 4.148. The reviewer has no concerns with the scheme's value for money, as this benefit-cost ratio excludes the potential benefits from additional tourism, and has been calculated over 20 years rather than the standard assessment period of 60 years. Hence the BCR represents a conservative estimate.
- 3.9.2 It is recommended that future business cases for the LEP, and that as part of further scheme development for Valley Gardens, the sensitivities of and risks to the benefits included in the Economic Case be determined. This is also in keeping with the DfT's guidance on transport business cases.

TABLE 1: Assessment of General Scheme Benefits

General Benefits included in Business Case	Benefits Calculated	Review Comments
Benefit 1: Movement	<p>Encourage growth in Walking numbers, with a Health benefit valued at £3.27m over 20 years.</p> <p>Encourage growth in Cycling numbers, with a Health benefit valued at £1.05m over 20 years.</p> <p>Reduce likelihood of collisions, resulting in a KSI benefit valued at £1.72m over 20 years.</p> <p>Improve journey times for drivers, with a financial benefit of £2.893m over 20 years.</p> <p>Improve northbound peak hour journey times for buses by at least 30 seconds.</p> <p>Improve journey times for pedestrians by 15%.</p> <p>Improve journey times for cyclists by 31%.</p> <p>Enhance proportion of population with access to high frequency bus stops by 8.6%</p> <p>Improved journey experience for all modes</p> <p>Improve perceived safety in the area.</p>	<p>The reviewer inspected both the modelling overview included in the business case and the Local Model Validation Reports (LMVRs) for the SATURN and S-PARAMICS models, and concluded that the models are robust and fit for purpose.</p> <p>The calculation of air quality and noise quality impacts has been reviewed and these too appear to be robust and have followed a logical approach.</p>
General Benefits included in Business Case	Benefits Calculated	Review Comments
Benefit 2: Economic Growth	<p>Growth in office space, retail space, new education space, new strategic sites, leisure space, and support the creation of 15FTE jobs and 50 training opportunities</p>	<p>Business Case includes descriptions of the reasoning behind the scheme unlocking further development, and indirectly influencing development further afield. The reasoning behind the assumed jobs and training opportunities assumed is not very clear, but as this doesn't form part of the scheme BCR it is not a concern.</p>

Benefit 3: Housing	Growth in housing and an increase in local property prices	The assumptions due to direct and indirect support of housing development seem reasonable. The benefits due to increases in local property prices have been based on a tool developed by Transport for London. As such, the reviewer questions whether the tool can be applied to an area outside of London. However, as this benefit does not form part of the scheme BCR it is not a concern.
Benefit 4: Use	Create 245 training opportunities p.a. Increase potential retail rateable value from adjacent frontagers by £0.97m over 20 years.	Again the TfL tool (VURt) has been applied, which is questioned. However, this is not a concern and the assumptions regarding training opportunities seems reasonable.
Benefit 5: Environment and Resilience	Provide Quality of Life benefits for Valley Gardens users valued at £4.917m over 20 years. Improve NO2 and Particulate Air Quality to a value of £1.294m over 5 years. Improve Noise Quality with a value of £0.143m over 20 years Enable the city to manage water more sustainably Plant 265 new trees	The assumptions on the benefits to Quality of Life are based on the TfL VURt tool - the same comments apply. The assumptions on air quality and noise quality appear reasonable, and the modelling tools applied to calculate these benefits appear to be appropriate and fit for purpose.
Benefit 6: Building on the City's role as a KIBS Hub	Contribute towards growth of the KIBS sector, to a value of at least £10.1m over ten years. Contribute towards growth of the KIBS sector, creating a minimum of at least 141 FTE jobs over ten years.	The assumptions made, and calculation methodology applied, to determining the potential contribution to growth of the KIBS sector appears reasonable and proportionate.
Benefit 7: Building on the City's role as a Visitor Destination	Attract an additional £3.9m p/a visitor income to the city. Contribute towards a minimum of 87 FTE (or 118 actual) additional jobs in Tourism Services.	The annual benefits accruing from the potential increase in tourism spend have been based on sound assumptions and evidence from a report developed by a third party, and appear reasonable. It is notable that the benefits from the increase in tourism spend would alone more than justify the scheme.

3.10 Approach to Modelling

- 3.10.1 The reviewer notes that an Appraisal Specification Report was not developed as part of the development of the scheme.
- 3.10.2 The main impacts of the scheme have been calculated using a combination of data from the Bright and Hove Multi-modal SATURN model and the Brighton and Hove Multi Modal Paramics Model. These models were used as the basis for assessing the changes in journey times between the current situation and a forecast situation in 2017 and 2030.
- 3.10.3 The reviewer inspected both the modelling overview included in the business case and the Local Model Validation Reports (LMVRs) for the SATURN and S-PARAMICS models, and concluded that the models are sufficiently robust and fit for purpose.
- 3.10.4 The calculation of air quality, noise quality, walking and cycling impacts has been reviewed and these too appear to be robust and have followed a logical approach.

3.11 Review of Risk Assessment

- 3.11.1 The risk assessment included in the business case appears robust and there are no items identified that are at high risk.

3.12 Review against Business Case Guidance (DfT)

- 3.12.1 Whilst the majority of the DfT's requirements for transport business cases have been fulfilled by the Valley Gardens Business Case, there are a number of categories that have not been completed.
- 3.12.2 Strategic Case:
- Objectives
 - Establish specific, measurable, achievable, realistic and time-bound objectives that will solve the problem identified. Ensure that they align with the organisation's strategic aims.
 - Measures for success
 - Set out what constitutes successful delivery of the objectives
- 3.12.3 Economic Case:
- Appraisal Summary Table
 - If there was a requirement for the scheme to be compared to numerous others for the purposes of making funding decisions, the Appraisal Summary Table would be useful. At the current state of this scheme, where the business case is not competing against other schemes for budget approval, the format of the benefits as currently included in the business case is acceptable.
 - Risk profile and sensitivity
 - Action recommended as set out above to investigate the sensitivity of the assumed benefits, and risks to these benefits.
- 3.12.4 Commercial and Management Cases:

- The business case content for these two cases does not include all of the elements required by the DfT guidance. This does not affect the robustness of the business case at this stage, but should be addressed as part of the next stages of development.

3.12.5 It is recommended that as part of further scheme development the missing elements of the business case are addressed.

4 CONCLUSIONS AND RECOMMENDATIONS

4.1.1 The conclusion of this review is that the Valley Gardens business case submitted to the LEP is robust and fit for purpose, and the reviewer recommends that the Board approves the requested funding.

4.1.2 However, due to the slippage in the programme, the LEP and BHCC need to liaise on a realistic and deliverable project programme and funding profile.