

HERTFORDSHIRE LOCAL TRANSPORT BODY

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A120 SCHEME BUSINESS CASE

A602 SCHEME BUSINESS CASE

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1. Purpose of Report

1.1 The purpose of this report is to:

- Present the Local Transport Body with the Business Case for the A120 Bypass (Little Hadham) and the A602 Improvements (Stevenage to/from Ware) Major Schemes
- Demonstrate that the A120 Bypass (Little Hadham) meets the requirements to progress through the LTB Gateway 3
- Set out the current position for the A602 Improvements (Stevenage to/from Ware) within the Gateway process.
- To seek confirmation that, having considered the Business Cases, the A120 Bypass (Little Hadham) remains the priority scheme identified by the LTB to receive the current LTB funding allocation (£18.5m)

2. Business Case Update

2.1 Since the last report to the LTB on major schemes, the County Council has continued to progress the promotion of the A120 Bypass (Little Hadham) and A602 Improvements (Stevenage to/from Ware) schemes.

2.2 These two schemes are being developed to seek LTB and/or LEP capital funding through the SEP process from 2015 for delivery by 2019 (although LEP funding could be through to 2021). The Business Cases for each of these schemes provide further background information in addition to the key points presented in this paper, and are available for on-line on the Local Transport Body webpage for this meeting.

2.3 The business cases have been through an independent appraisal process as per the current LTB Assurance Framework. A process is in place that ensures that any technical issues identified through this process are taken forward and addressed through the scheme working groups with other

higher level issues being reported to the project boards / LTB as appropriate.

3. A120 Bypass (Little Hadham)

- 3.1 A preferred route for the A120 Bypass (Little Hadham) scheme was approved by the County Council Cabinet in 2008. However, at that time there was no foreseeable prospect for funding the delivery of the project, and so authorisation to proceed with statutory powers, which would be required to progress through the next phases of a major project delivery programme, were not sought. Approval was instead given for the seeking of other sources of funding from wherever possible, in order to expedite the provision of the A120 Bypass (Little Hadham) at the earliest opportunity.
- 3.2 Following the approval of the LTB priority list in July 2013, a business case for the A120 has been prepared which demonstrates a 'very high' value for money (VFM). The economic assessment within the business case demonstrates a Benefit Cost Ratio of 9.1. Values in excess of 4.0 are classified as 'very high' VFM.
- 3.3 The Cabinet meeting on 24 March 2014 authorised a request for authorisation to proceed with the statutory processes, including the applying for Planning Permission, Side Roads Orders and Compulsory Purchase Orders to enable delivery of the A120 Bypass (Little Hadham)

4. Background

- 4.1 A bypass for Little Hadham has been under consideration since the 1970s. The existing traffic signals have been upgraded several times over the years but there is no further scope for improvement. There are no options for physical widening or other localised infrastructure improvements due to the close proximity of Grade II listed private properties. An assessment of strategic options for improving the A120 was undertaken in 2006 with a local bypass to Little Hadham being identified as the preferred option. Route variations for the bypass were the subject of a full public consultation and appraisal leading to county council cabinet approval of the preferred route at its meeting on 16 June 2008.
- 4.2 However, at that time there was no foreseeable prospect for funding the delivery of the project, and so authorisation to proceed with statutory powers, which would be required to progress through the next phases of a major project delivery programme, were not sought. Approval was instead given for the seeking of other sources of funding from wherever possible, in order to expedite the provision of the Little Hadham Bypass at the earliest opportunity.
- 4.3 The A120 Little Hadham Bypass scheme has been short listed by the Local Transport Body and is identified as a high priority within the Local

Enterprise Partnerships Strategic Economic Plan, and thus has a high likelihood of attracting funding. The funding settlements for these bodies are expected to be confirmed by July 2014.

- 4.4 The scheme has been clearly defined following a full assessment of the options, and is good value for money, with the risks considered to be manageable. A business case for the project has been prepared and more detail from this is set out below.
- 4.5 Should the project be successful in attracting funding via the LTB, the project will need to be delivered within an identified funding window between 2015 and 2109. There is a high level of confidence that this is achievable. The programme for delivery requires detailed design and environmental appraisal work to be commenced during 2014 alongside preparation of the appropriate documentation to progress the required statutory processes.

5 Scheme details and business case

- 5.1 The A120 is an important east-west link in Hertfordshire's primary road network. The A120 Bypass (Little Hadham) scheme will provide a northern 3.9km bypass to the village of Little Hadham, which currently experiences congestion and delays as a result of a one-way working signal controlled junction in the centre of the village. A bypass for Little Hadham has been under consideration since the 1970s. A business case has been developed for the preferred route that was endorsed by Cabinet in 2008. The bypass also includes a flood alleviation scheme which would be delivered in collaboration with the Environment Agency. The flood alleviation scheme will result in a reduction of flood risk to Little Hadham. With the bypass in place, congestion would be removed in the village and journey times along the A120 would be reduced, improving the quality of life for residents. A plan of the preferred route is shown at Appendix 2.
- 5.2 The business case has been produced in line with the current guidance from the DfT which in itself broadly follows the Office of Government Commerce's Five Case Model that is used extensively within Central Government and across the public sector. The key points are summarised below.
- 5.3 The economic assessment within the business case demonstrates very high value for money (VFM) with a Benefit Cost Ratio of 9.1. Values in excess of 4.0 are classified as 'very high VFM. This value is conservative, as it does not currently include the wider benefits such as the benefits from the flood alleviation scheme, or the potential link to assist in economic growth. The BCR value will be recalculated based on updated information collated as the scheme development progresses, but it is not anticipated that it will move out the 'very high' VFM category.

5.4 The total estimated scheme cost for the transport scheme including a risk contingency, but excluding inflation, is £26.4 million in 2013 Quarter 2 prices. The total outturn cost (including inflation) is estimated to be £29.86m. This includes some, but not all, of the costs of the flood alleviation scheme. The tables below illustrate the funding profile for the project.

Funding Source	Amount (£m)
Project Sponsor (HCC)	£1.55m
Growth Fund (LTB)	£18.5m
Environment Agency sources	£1.0m
Stansted Airport Ltd/S106	£0.33m
Growth Fund (LEP)	£8.48m
Total	£29.86m

Table 5.1: Funding Sources

Financial Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Total
HCC	£0.12m	£0.65m	£0.68m	£0.10m	£0	£0	£1.55m
LTB	£0	£0	£0.45m	£0.66m	£10.93m	£6.45m	£18.50m
LEP	£0	£0	£0	£0	£0	£9.81m	£9.81m
Total	£0.12m	£0.65m	£1.13m	£0.76m	£10.93m	£16.26m	£29.86m

Table 5.2: Cost Profile (including inflation)

5.5 The County Council will be responsible for covering specific costs related to the bypass scheme and all bypass scheme costs prior to 2015. The bypass scheme delivers some elements of the flood alleviation scheme, and it is anticipated that the Environment Agency will source contributions of approximately £1 million toward the delivery of these elements within the bypass scheme. There is some potential S106 funding available from Stansted Airport and the Bishop's Stortford North development.

- 5.6 The A120 Bypass (Little Hadham) scheme has been identified as a high priority scheme for the county for LTB expenditure. The total funding required to deliver the scheme is £29.86m including inflation. Of this, £1.55m in preparation costs will be funded by the county council. However, if the entire LTB 'pot' of £18.5m is made available for this scheme, there remains a shortfall of £9.81m in 2018/19 (including inflation) that is part of the application by the scheme sponsor (Hertfordshire County Council) to the Hertfordshire LEP. Should this funding not be available, it is likely that the scheme will not proceed although the county council would evaluate all available options at the appropriate time to seek additional financing if it became necessary. There is some potential S106 funding from Stansted Airport and Bishop's Stortford North.
- 5.7 The County Council are working in close partnership with the Environment Agency and a Memorandum of Understanding is in place which sets out the principles under which the bypass and flood alleviation schemes will be delivered within the single scheme
- 5.8 The procurement strategy will be further developed prior to 2016, but a Design and Build Contract is currently envisaged that will have a single contractor undertake final design and construct both the bypass and the flood alleviation elements. The current delivery programme for the scheme envisages planning permission being sought in early 2015, procurement in 2016, and start of construction in late 2017. The completed scheme is forecast to open in April 2019.
- 5.9 There is a high level of confidence that delivery within this timescale is achievable. Key risks have been identified which include the potential for delay in statutory processes associated with planning and land acquisition, working in a multi-partner arrangement and managing stakeholder expectations. These are regularly reviewed and managed appropriately.
- 5.10 The design development for the scheme has been budgeted for within the overall programme of work within the Highways Major Projects portfolio for 2014/5 and will utilise existing staff and contract arrangements.

6. A602 Improvements (Stevenage to/from Ware)

- 6.1 The A602 forms part of the primary road network in Hertfordshire, providing an east-west route between the A10 in Ware and the A1(M) on the west side of Stevenage. The road is dual carriageway through the urban area of Stevenage, but the rest of its length to Ware is predominantly rural single carriageway. It is considered to be of low standard for a primary route, with junction and alignment issues, poor visibility and sub-standard designs. Traffic often exceeds capacity, resulting in congestion and delays, particularly at peak times. A route

improvement strategy has been developed but has not been progressed due to a lack of funding opportunities.

- 6.2 The current A602 scheme comprises a series of improvements at various junctions (from the A10 to the Hertford Road roundabout on the east side of Stevenage) to upgrade the overall standard of the route, ease congestion, reduce journey times, improve journey time reliability, and improve safety characteristics. The proposals can be delivered in the short term and will extend the effective operational 'life' of the road. Future longer term improvement phases (addressing the overall capacity of the road, and a potential 'off line' solution at Hook's Cross) are not deliverable within the current scheme, but remain an option for consideration and would be subject to separate development processes.
- 6.3 After review of previously proposed schemes and traffic surveys that were commissioned, three junction improvements have been added that have not previously been proposed. The overall route improvement scheme thus includes:
- widening and partial signalisation of the A602/A10 junction;
 - realignment of the Westmill Road junction;
 - enlarging the Anchor Lane roundabout;
 - rearranging the junction with Stony Hills to bring it up to current standards for a T junction and including a ghost island right turn lane;
 - widening the road at the Sacombe Pound junction to accommodate a ghost right turn lane;
 - realignment and the addition of a ghost island right turn lane at the Heath Mount School access;
 - a signalised crossroads at the A119 junction with a segregated left turn lane;
 - enlarging the Hertford Road Roundabout.
- 6.4 A business case for the scheme as a whole has been prepared. The key points are summarised in this paper, but for full information, please refer to the business case
- 6.5 The economic assessment within the business case demonstrates high VFM with a Benefit Cost Ratio of 3.3 (VFM values between 2.0 and 4.0 are classified as 'high'). The projected benefits are derived from delivering all of the improvements within the corridor in order to improve the journey time from the A10 to the Hertford Road roundabout. The calculation assumes that traffic growth is in line with current forecasts. It should be noted that the value for money will reduce with lower or zero traffic growth.
- 6.6 The total estimated scheme cost for the overall scheme including a risk contingency, but excluding inflation, is £17.2 million in 2013 Quarter 2 prices. The total outturn cost (including inflation) is estimated to be £19.40m.

Funding Source	Amount (£m)
Project Sponsor (HCC)	£1.35m
Growth Fund (LTB or LEP)	£18.05m
Total	£19.40m

Table 6.1: Funding Sources

Financial Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Total
HCC	£0.15m	£0.33m	£0.75m	£0.12m	£0	£0	£1.35m
LTB or LEP	£0	£0	£0.5m	£0.40m	£7.35m	£9.80m	£18.05m
Total	£0.15m	£0.33m	£1.25m	£0.52m	£7.35m	£9.80m	£19.40m

Table 6.2: Cost Profile (including inflation)

6.7 The total funding required to deliver the scheme is £19.40m including inflation from 2013 Quarter 2 to the point of spend. Of this, £1.35m in preparation costs will be funded by the county council with the balance of £18.05m forming the bid to the LTB. Should insufficient funding be made available from the LTB 'pot' of £18.50m, any shortfall will be the subject of an application by the scheme sponsor (Hertfordshire County Council) to the Hertfordshire LEP. Should the funding not be available, it is likely that the scheme will not proceed, although the county council would evaluate all available alternative funding options at the appropriate time

6.8 The delivery programme associated with the above funding arrangement envisages ongoing design development and environment assessment followed by planning permission and other statutory powers being sought in early 2015, procurement in 2016, detailed design in 2017. The completed scheme is forecast to open by April 2019.

6.9 A key consideration for this scheme is the delivery strategy for construction. The strategy is still to be developed in detail but there is potential for some sections of the A602 to require closure for a period to enable safe construction of the works. This would cause potentially significant disruption. To minimise this, the delivery of the overall scheme may potentially be phased over a period of perhaps two years,

to enable closures during school holidays, and maximum utilisation of periods of night and weekend working work.

- 6.10 This staged delivery of the works also offers the potential that the overall corridor scheme could be delivered over a period perhaps longer than two years, as series of individually funded schemes rather than a single commitment. Such an approach enables a more opportunistic approach to utilising funding sources to secure the scheme benefits. It should be recognised that the maximum benefit of the route improvement strategy is only achieved once the complete package of improvement measures is in place, although incremental benefits will be achieved at each stage. The development of the delivery strategy will be concluded within the next two months