

# HERTFORDSHIRE LOCAL TRANSPORT BODY

3 APRIL 2014

## A120 SCHEME BUSINESS CASE & GATEWAY SCRUTINY

## A602 SCHEME BUSINESS CASE SCRUTINY

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### 1 Purpose of report

- 1.1 The purpose of this report is to present the key findings of the scrutiny and recommend whether the responses from the scheme promoter are reasonable for:
- The draft scheme business case for the A120 Little Hadham Bypass scheme and compliance to Gateway 3.
  - The draft scheme business case for the A602 Improvements

### 2. Background

- 2.1 In 2015 the Department of Transport (DfT) announced its intention to devolve funding for local major transport schemes to Local Transport Bodies. The primary role of Local Transport Bodies is to decide which investments should be prioritised, to review and approve individual business cases for those investments, and to ensure effective delivery of the programme.
- 2.2 In line with DfT guidance an Assurance Framework document was developed and approved in February 2013 by both the LTB and Hertfordshire County Council, as the accountable body for the LTB.
- 2.3 The approved assurance framework included a requirement for an independent audit and scrutiny of the prioritisation process, spend profiles and business case approval. This role has been undertaken by the Highways Transport Planning team with support from the Council's contracted framework Transport Planning consultants.
- 2.4 An early task was to review the spend profiles for the schemes. Each scheme was assessed and issues were raised in relation to adequacy of input data, design / technical criteria, methodology, scheme assumptions and compliance with guidance. As reported to the LTB in July 2013 the comments were used to refine the spend profiles and supporting information and where appropriate develop a risk assessment schedule.
- 2.5 The draft business case proposals for the A602 and A120 have now been subject to scrutiny. This report sets out a summary of the findings and recommendations to the LTB Board.

### **3. Audit and Scrutiny Process**

- 3.1 Following the prioritisation and short listing of schemes work has been ongoing from the schemes promoters to develop business cases for each of the two projects.
- 3.2 Two workshops were held in October and November 2013 to discuss the draft Business cases with the scrutiny team. At each of these comments and recommendations were recorded in an audit and scrutiny template. This was used by the promoters to inform and develop their business cases to a final draft.
- 3.3 Final draft business cases for the two schemes were submitted by the promoters on the 13th December 2013. A high level review of these documents has taken place. As you would expect in projects of this size and complexity there are always risks and challenges. These have been highlighted and discussed with the scheme promoter.
- 3.4 On the basis of the evidence provided it is considered that the promoter has met the main requirements of the Business Case process and that where issues have been identified these are actively being addressed.
- 3.5 It is recommended that the draft business cases are made publicly available and that comments are considered by the LTB in advance of any funding decisions.
- 3.6 A series of formal project Stages and Gateways have been introduced to ensure effective programme management for major projects including the two LTB schemes.
- 3.7 A Project Board of senior officers from across the County Council has been formed for each scheme and acts as the governance for confirming whether the schemes have met the requirements of the gateways within HCC's processes.

### **4 A120 Little Hadham Bypass**

- 4.1 Scrutiny of the Business Case and compliance to Gateway 3 raised a number of issues as set out in Appendix A. These were subsequently considered by the scheme promoter and work was undertaken to address them.
- 4.2 The Project Board for the A120 scheme met on 26<sup>th</sup> March and considered the evidence provided by the Project Team to demonstrate the criteria of Gateway 3 have been met.
- 4.3 The presentation included:
  - Demonstration of project governance
  - A positive Business Case
  - The programme, funding and cashflow
  - HCC Cabinet approval to Seek Statutory Powers
  - A schedule of proposed Legal Agreements
  - The stakeholder and public engagement strategy

- The proposed post completion monitoring regime

4.4 The Project Board signed off progression of the scheme through Gateway 3 (Programme Entry) as meeting HCC's requirements, although there were a number of minor observations around particular elements, such as monitoring, stakeholder engagement and how objectives are explicitly linked to growth.

4.5 The evidence provided by the scheme promoter, as signed off by the HCC Project Board, meets the requirements of the LTB's Gateway 3.

4.6 It is recommended that the draft Business Case and the supplementary documentation is published for consultation purposes as required by the LTB's Assurance Framework

## **5 A602 Improvements**

5.1 The A602 project is not ready to progress through Gateway 3. However, the Business Case has been scrutinised.

5.2 The summary of the scrutiny and the scheme promoter's response is contained within Appendix B

5.3 It is recommended that the amended draft Business Case (updated to reflect the discussion of wider benefits) is published for consultation purposes as required by the LTB's Assurance Framework

**Appendix A**  
**A120 Little Hadham Bypass – Conformity to Gateway 3**

Requirement	Original Scrutiny Observations	Promoter Response	Gateway Condition Met
Approval to seek Statutory Powers	<p>Not yet secured.</p> <p>The preferred option was selected in 2008. Changes in political, economic and development landscapes may influence the optimum option.</p>	<p>HCC Cabinet gave approval on 24<sup>th</sup> March 2014.</p> <p>The option was reviewed in December 2013 and validity will continue to be tested at key stages and tested externally at the Planning Application stage.</p> <p>The balance has to be struck between reviewing and responding to changing dynamics and committing to a project and then delivering.</p>	Yes
Consultation and Communication Strategy for Stage 4 Identified	<p>Not reviewed - however, a key task is formalising the arrangements with the Environment Agency and the Memorandum of Understanding and how this will impact on consultation.</p>	<p>Strategy presented and, with minor amendment, agreed at HCC Project Board</p>	Yes
Governance	<p>There is a structure included in the Business case but no worked up detail (named people or an indication of the number of staff). Further information is required that the right people / organisations are in place with clarity on their roles. The information is Qualitative rather than quantitative.</p> <p>The scheme will require involvement and funding from other partners, which introduces additional risk to delivery and</p>	<p>Governance has been developed and presented to HCC Project Board.</p> <p>Relative responsibilities through project lifecycle agreed and MOU with EA ready for signature. A more detailed Collaboration Agreement has been initiated to satisfy the requirements of Stage 4.</p> <p>Cash flow now identified.</p>	Yes

Requirement	Original Scrutiny Observations	Promoter Response	Gateway Condition Met
	feasibility.		
Budget, funding & cash flow requirements for Stage 3 in place	There is a section in the financial case which includes annual profiles. This needs to be split into the gateway stages and there is a need of evidence or a statement that different elements of funding are approved / covered for Stage 4 and in particular details of any partnership funding.	Cash flow now split into Gateway Stages.  Funding in place having been allocated to the project through HCC budget setting cycle.	Yes
Indicative budget, funding & cash flow requirements for stages 4, 5, 6 & 7 identified	As above	Cash flow now split into Gateway Stages.	Yes
Updated programme to Gateways 3 to 6	A project plan is included in the Business Case appendices but there is a need to outline how this matches the Gateway process and a need to identify the dates of key expectations	Programme now reflects Gateway Stages	Yes
Traffic Modelling	The traffic modelling will need to be developed and updated	Agreed – it is planned to update the modelling during Stage 4 as is common practice.  Sensitivity tests using the existing model suggest that the project remains valid and good value for money.	

Requirement	Original Scrutiny Observations	Promoter Response	Gateway Condition Met
Post Completion Monitoring Regime	Not Included	Regime presented and, with minor amendment, agreed at HCC Project Board	Yes

**Appendix B**  
**A602 Improvements – Business Case Scrutiny**

Scrutiny Issue Identified	Original Scrutiny Observations	Scheme Promoter response
Deviation from standard transport assessment framework	<p>Clarify why and where there has been a deviation from WebTAG.</p> <p>Identify areas where evidence can be gathered to strengthen business case.</p>	<p>Section 3.1 of the Business Case sets out how and why the appraisal deviates from WebTAG.</p>
Long Term Strategy for A602 / 'Future proofing'	<p>Stakeholder engagement strategy should be developed that is clear on the scheme objectives and outcomes to ensure expectations are managed.</p> <p>Seek funding to commence investigation of longer term solution for the A602 considering traffic growth associated with local plan growth. Consider outcomes of this study and future proof where feasible within current scheme. Consider how this study fits into the stakeholder engagement strategy.</p>	<p>Stakeholder engagement will be implemented at the appropriate time.</p> <p>A Strategy will form part of the required documentation for the project to pass HCC gateway 3 &amp; achieve Programme Entry status (Anticipated to be in May / June 2014)</p> <p>Whilst the works would be superseded if an off-line route were to be constructed in the future, the timescale for such an intervention would be considerable. The scheme provides short term capacity enhancements to the junctions which will give some reduction in delays to road users.</p> <p>Investigating a longer term solution for the A602 would be sensible to ensure that the designs in the current scheme are compatible with potential future plans. This proposal will be included with a wider delivery strategy paper which will accompany the business case when seeking Programme Entry.</p>
Online construction	<p>Construction programme needs to be developed as a priority to identify network constraints, construction methodology and phasing.</p> <p>Early contractor involvement to understand buildability issues.</p> <p>Consider a level of traffic disruption during construction period in business</p>	<p>It is intended that the final construction programme and the phasing of the works will seek to minimise disruption to traffic. As far as possible closures will be kept to overnight and/or weekends. Where closures are necessary it is envisaged that they would be planned around school holidays or other less busy periods as far</p>

Scrutiny Issue Identified	Original Scrutiny Observations	Scheme Promoter response
	<p>case.</p> <p>Ensure that an appropriate contingency is held for increased construction costs associated with online improvements on a traffic sensitive road. Member and public consultation needs to be defined clearly within a project programme and risk assessment.</p>	<p>as possible. A delivery strategy paper is being produced which will accompany the business case when seeking Programme Entry.</p> <p>Some assessment of delays during construction could be made once the construction programme is more developed.</p>
Scheme design and optioneering	<p>Seek funding to commence investigation of longer term solution for the A602 considering traffic growth associated with local plan growth.</p> <p>Develop an overarching phased Strategy for the A602 corridor. Identify how the current scheme would fit within this programme.</p> <p>Develop the construction programme to take into account local and stakeholder priorities.</p>	<p>Regardless of the need for investigation of any longer term options for the route, the scheme offers short to medium term improvements.</p> <p>The final construction programme will take account of construction delays and the relative priority of the different elements of the scheme.</p> <p>A delivery strategy paper is being produced which will accompany the business case when seeking Programme Entry.</p>
Scheme benefits	<p>The value for money statement should be accompanied with information on the broader benefits of the scheme and how these contribute to overall policy objectives in the shorter term and bringing the A602 up to current standards.</p> <p>The risks around these benefits and the longevity of the scheme should be very clearly stated. The potential impact of the scheme on longer term enhancements should also be set out e.g. potential disruption during construction or the cost of the scheme may delay when and if longer term improvements may be acceptable to stakeholders/ the public.</p>	<p>The discussion of these points will be presented to the LTB and A602 Project Board prior to inclusion and publication of the amended Draft Business Case</p>