

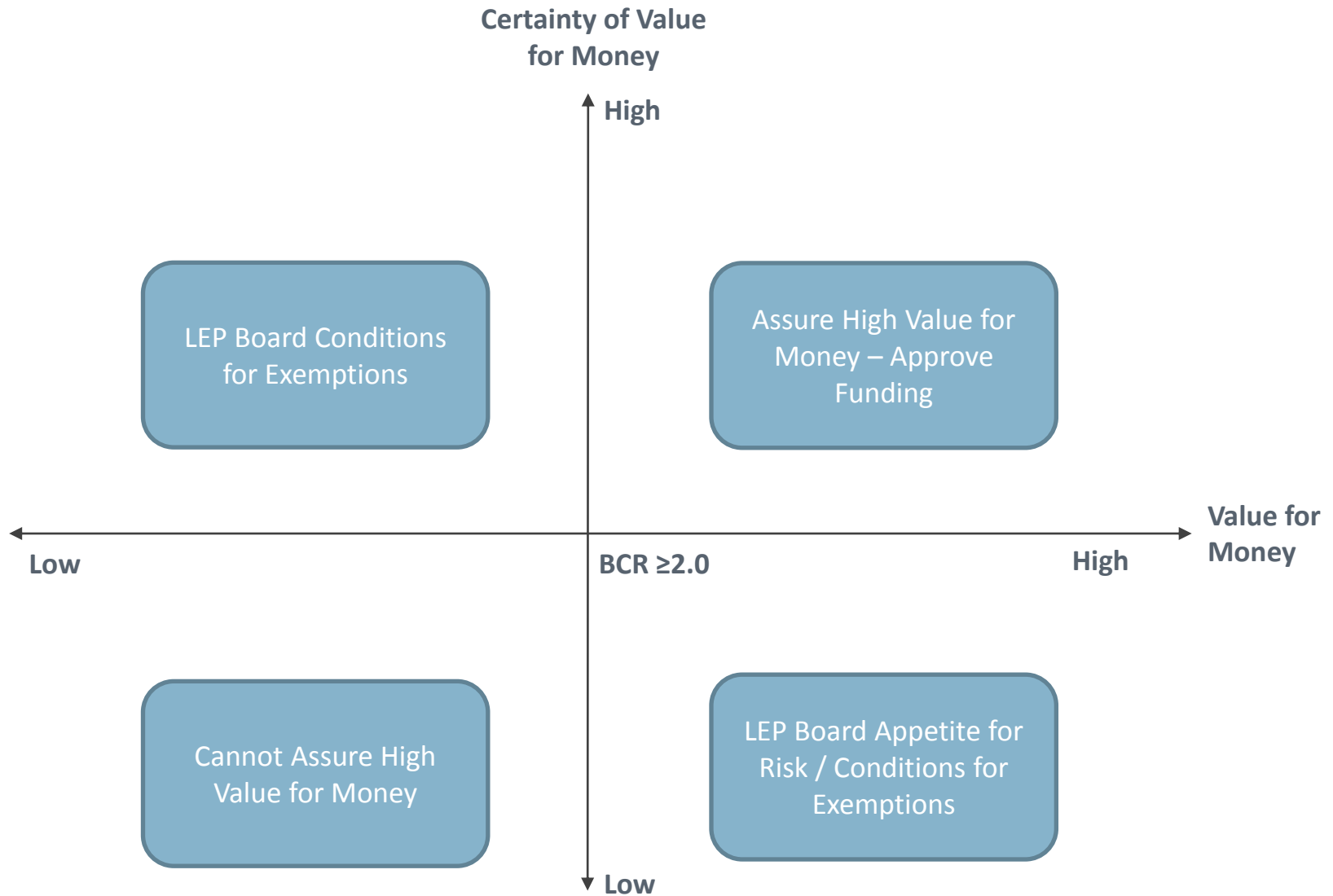
Independent Technical Evaluator

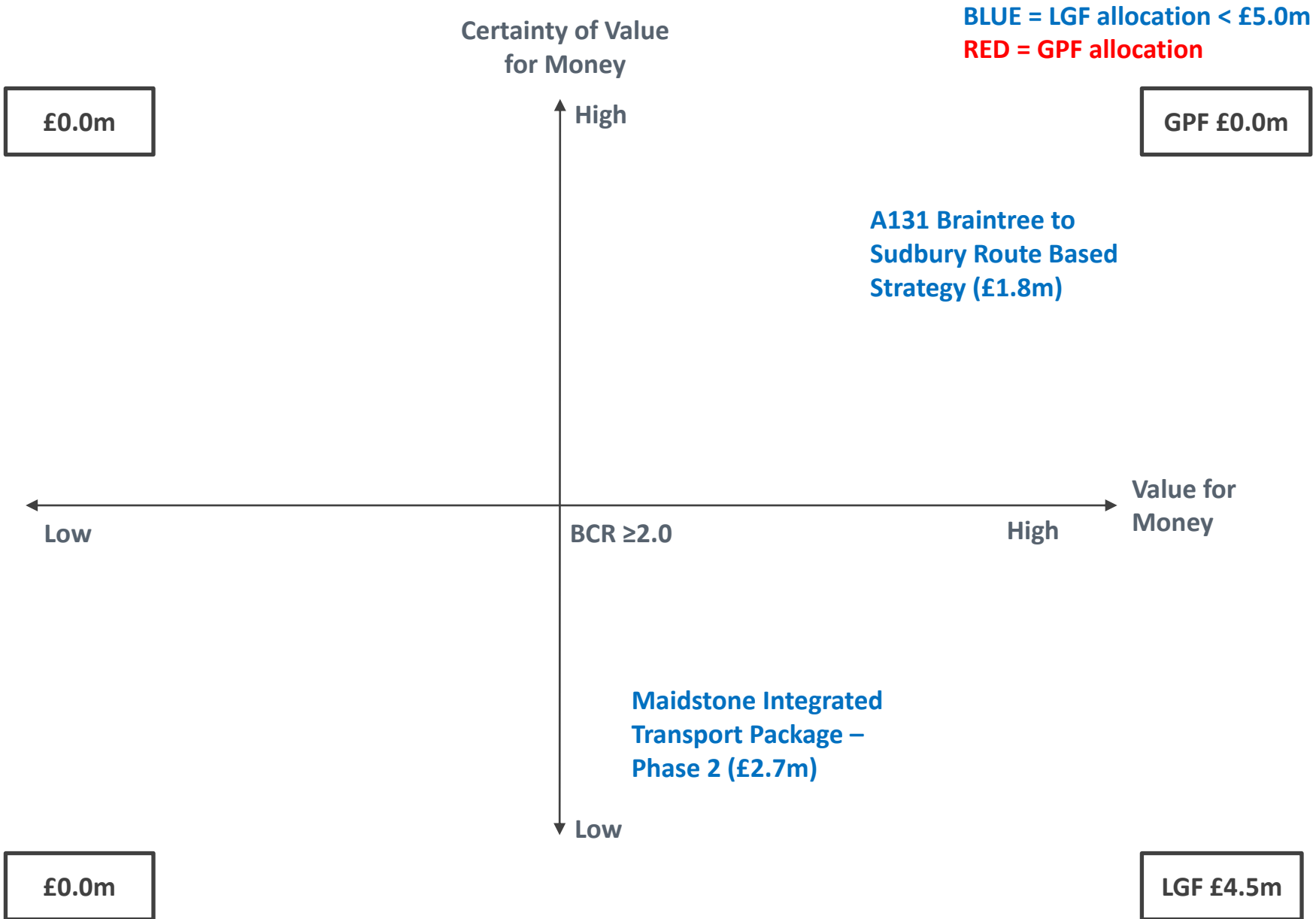
Summary of recommendations

South East Local Enterprise Partnership

Accountability Board

15th June 2018





Rochester Airport Innovation Park – Phase 1 (1)

- Medway Council has submitted a change request to reduce the scope and amend the delivery timescales of Phase 1 of the Rochester Airport scheme, allocated £4.4m LGF funding at the June 2016 Accountability Board.
- This change request has been triggered by significantly higher construction costs for Phase 1, which are estimated to have increased by £4.6m since the original Phase 1 business case was submitted. In light of these revised costs, the Council has undertaken a reassessment of the scope of the scheme to remain within the initial LGF budget.
- The revised scope of the scheme proposes maintaining the grass air strip instead of replacing it with a hard-paved runway (the runway lighting will be replaced and the existing helipads relocated but no other works will be undertaken) and delivering one new hangar instead of the two initially planned.
- In considering the Value for Money of the scheme following these changes, it is necessary to consider the case for investment across all three phases.

Rochester Airport Innovation Park – Phase 1 (2)

- Phase 1 is explicitly designed to safeguard the financial viability of the airport site following the closure of one of the two grass runways which, in turn, will release 17 hectares of commercially developable land. In isolation, phase 1 does not deliver significant monetisable benefits (safeguarding 25 existing jobs and relocating 37 jobs through construction of a new headquarters for the Kent, Surrey and Sussex Air Ambulance service).
- The case for investment across all three phases, therefore, hinges upon successful delivery of the Innovation Park campus, the benefits of which are only marginally affected by the change in scope of works to the runway and hangar provision at Rochester Airport.
- It should be noted that as an enabling scheme, Phase 1 in isolation offers poor Value for Money, and is reliant upon successful completion of subsequent phases of work. There is, therefore, a risk to SELEP if these phases do not proceed as planned.
- On the basis of the assurances provided by Rochester Airport Ltd we do not consider the revised scope of Phase 1 to materially affect the Value for Money of the Innovation Park proposal, which continues to offer very high VfM. In turn, this suggests that the previous scope for Phase 1 may have been over-specified.

A131 Braintree to Sudbury Route Based Strategy

- As presented, the central case scenario indicates that the scheme represents very high value for money.
- The expected housing growth in the area underpins the case for highway capacity improvements and investment in road safety measures. The business case provides a clear rationale for the need for intervention supported by evidence regarding congestion and safety concerns along the corridor.
- The alignment of the economic case with WebTAG Guidance together with the demonstrated experience in delivering schemes of similar size and complexity indicate that the scheme has high certainty around its expected value for money.

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary
A131 Braintree to Sudbury Route Based Strategy	£1.8m	Gate 1: 10.5:1	Green	Green	Green	Green	Green
Gate 2 review not required							

Maidstone Integrated Transport Package – Phase 2 (1)

- As presented, the central case scenario indicates that the scheme represents high value for money.
- There is evidence regarding the current and projected level of congestion relative to the current and proposed roundabout capacity. However, the wider network implications are not considered.

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary
Maidstone Integrated Transport Package – Phase 2	£2.7m	Gate 1: 1.9/2.1:1 (without/with developer contribution)	Amber	Amber	Red	Amber	Green
		Gate 1b: 2.4/2.9:1 (without/with developer contribution)	Amber	Amber	Red	Amber	Green
		Gate 2: 2.5/2.9:1 (without/with developer contribution)	Amber	Amber	Green	Green	Green

Maidstone Integrated Transport Package – Phase 2 (2)

- There is a high level of uncertainty regarding the key (conservative) assumptions and approach taken:
 - appraisal period (assumed to be 15 years);
 - projected demand growth (no growth is applied);
 - value of travel time savings (these do not grow in-line with output per capita); and
 - consideration of impacts on the wider road network (there is a considerable risk of double-counting benefits from this scheme with other schemes delivered in the vicinity).
- Alignment of the Strategic Case with the Economic Case is weak because the Economic Case does not incorporate any future growth, nor does it test the future capacity of the scheme. This limits the level of assurance that can be provided regarding the fitness for purpose of the intervention and its long term resilience to network growth.

Change requests

- The SELEP Assurance Framework states that any variations to a project's costs, scope, outcomes or outputs from the information specified in the Business Case must be reported to the Accountability Board.
- When the changes are expected to have a substantial impact on forecast project benefits, outputs and outcomes as agreed in the business case and which may detrimentally impact on the Value for Money assessment, it is expected that the business case should be re-evaluated by the Independent Technical Evaluator.
- In light of the increased costs on the Rochester Airport Innovation Park – Phase 1 scheme, Steer Davies Gleave have carried out a reassessment of its Value for Money categorisation.

Independent Technical Evaluation – Timescales

- The table below identifies the timescales for the indicative Independent Technical Evaluation process leading up to the next Accountability Board meeting.

STAGE	September Accountability Board
Outline business case submission	29/07/2018
Gate 1 Review Completing	13/07/2018
Full Business Case Submission deadline	27/07/2018
Gate 2 Review completion	10/08/2018
Reporting for Draft Board Papers	17/08/2018
Issue Board Papers	07/09/2018
Accountability Board	14/09/2018

Questions

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