

Stage 2 – Business Case Template

Gunnels Wood Road Infrastructure Improvement

Business Case template (optional) to be used by Towns as guidance for structuring their business cases

EXECUTIVE SUMMARY

On 6 September 2019 the government invited 100 places to develop proposals for a Town Deal, as part of the £3.6 billion Towns Fund. In response to the prospectus, Stevenage Development Board submitted the Stevenage Town Investment Plan, seeking £50m of Town Deal Funding. The plan includes a number of projects, which relate to connectivity, arts and culture, regeneration and land use and skills and enterprise. The plan is not just about investment in buildings and infrastructure, but investment in people, to improve their lives and to boost their skills to enable them to engage with local employers and local employment.

In March 2021, Stevenage Development Board was awarded £37.5m of Town Deal funding, including £1.0m for the Gunnels Wood Road Infrastructure Improvements Scheme.

Town Deal funding for the project was agreed in principle, subject to securing LEP funding. On 9 September 2021, the LEP Board approved an allocation of £1.013m for the project. This business case seeks to unlock £1.0m of Town Deal funding for phase 1 of the Gunnels Wood Road Infrastructure Improvements Scheme (preparatory works). If approved, this will complete the funding package for the preparatory works.

The purpose of the Gunnels Wood Road Infrastructure Improvements Scheme Stage 1 Project is to unlock development and lead to the creation of additional high-quality jobs in the Gunnels Wood Employment Area. It will do this by carrying out preparatory works only leading, in due course, to undertaking a range of transport improvements in and around the Gunnels Wood Road Infrastructure Improvement Scheme. The construction of these transport improvements, known as Stage 2, will include pedestrian, cycling & public transport improvements, together with upgrading the Gunnels Wood Road roundabout itself into a hamburger style junction and widening the A602 between the A1072 and the A1(M).

A separate business case has been submitted to government under the Levelling Up initiative, seeking funding of £10.1 million for the phase 2 transport improvements.

1. INTRODUCTION

1.1 Introduction

[background to Towns Fund and Stage 2 process]

[who is the scheme promoter and accountable body for the project]

Purpose of the Business Case and Summary of the Scheme

The purpose of the Gunnels Wood Road Sustainable Transport Infrastructure Scheme Stage 1 Project is to unlock development and lead to the creation of additional high-quality jobs in the Gunnels Wood Employment Area. It will do this by carrying out preparatory works only leading, in due course, to undertaking a range of transport improvements in and around the GWR Sustainable Transport Improvement Scheme. The construction of these transport improvements, known as Stage 2, will include pedestrian, cycling & public transport improvements, together with upgrading the GWR roundabout itself into a hamburger style junction and widening the A602 between the A1072 and the A1(M).

The preparatory works include further traffic modelling work, project management, communications and engagement, high level delivery programme, surveys and investigations (including land ownership, topographical, geotechnical, environmental, ecological, Statutory Undertakers' enquiries, highway drainage, structures, street lighting and any other possible construction constraints), detailed design (including technical approvals and road safety audits), construction costings (including inflation, optimism bias etc.), preparation of invitation to tender pack, preparation and signing of a legal agreement, relocation of boundary walls and fences and the advance diversion of Statutory Undertakers' apparatus.

The A602 is a busy, strategic road on the primary route network that runs from Hitchin in the North West to Ware in the South East. At Stevenage, the A602 connects with the A1(M) London to Edinburgh road at junction 7 (Stevenage) and junction 8 (North Stevenage/Hitchin).

The A602 Broadhall Way generally runs east-west through the area of the proposed scheme and the A1072 Gunnels Wood Road forms the northern arm of the existing roundabout, acting as the main distributor to the extensive employment area on the western side of Stevenage. The southern arm of the roundabout is the main vehicular access to the Glaxo SmithKline (GSK), campus.

Situated a short distance east of A1(M) junction 7, the Gunnels Wood Road/ A602 roundabout is a key gateway to Stevenage and to the Gunnels Wood Road employment area. Please see the location plan at Figure 1 below.



Figure 1: Location plan

The Gunned Wood Employment Area is by far the largest employment area in Stevenage, and one of the largest in Hertfordshire. It accommodates a range of businesses, from small and medium organisations, through to some world-renowned employers including GSK, Airbus, MBDA, and Fujitsu. The GSK Campus is also home to Stevenage Bioscience Catalyst and the Cell & Gene Therapy Catapult (a centre of excellence building a world-leading cell and gene therapy sector in the UK as a key part of a global industry). Around 19,000 employees work within the Gunned Wood Employment Area for approximately 300 different businesses and it is set to intensify as part of the Local Plan proposals. In particular we anticipate that the number of people employed in the area is set to grow by some 1,750 jobs in the next 5-10 years (source Stevenage Town Investment Plan Oct 2020) with potential growth of up to 5,000 jobs if investment in Cell & Gene Therapy continues to grow in line with international trends.

A manual traffic count undertaken in October 2014 recorded that approximately 14,000 vehicles pass through the junction in both the a.m. and p.m. peak periods. In the a.m. peak, the dominant manoeuvre is the right turn from Gunned Wood Road towards the A1(M) and in the p.m. peak, the dominant manoeuvre is straight across from the A602 East towards the A1(M).

The traffic modelling undertaken by WSP in 2020 suggests the proposed hamburger style junction would have a benefit to traffic flow in both the a.m. and p.m. peaks.

Pre-Covid-19 the roundabout experienced queuing traffic (congestion) and delay at peak times. Traffic modelling indicates that, if nothing is done, the road network will lock up by 2031 affecting private car and goods vehicle movements along with bus journey time and reliability. Although traffic levels in Stevenage reduced significantly in the short term as a result of Covid-19, this reduction was time limited since the underlying traffic pressure remains. Further traffic modelling is being carried out post-Covid as part of preparatory work but this is not expected to change the need for transport infrastructure improvements, especially since Gunned Wood Road is home to a proportionately larger number of manufacturing and trade type uses, together with uses that require a physical presence such as R&D.

After the completion of preparatory works (the subject of this funding application), the resulting scheme is likely to involve upgrading the existing roundabout into a hamburger style junction and widening the A602 between the A1072 and the A1(M). Please see the general arrangement drawing in Figure 2 below.

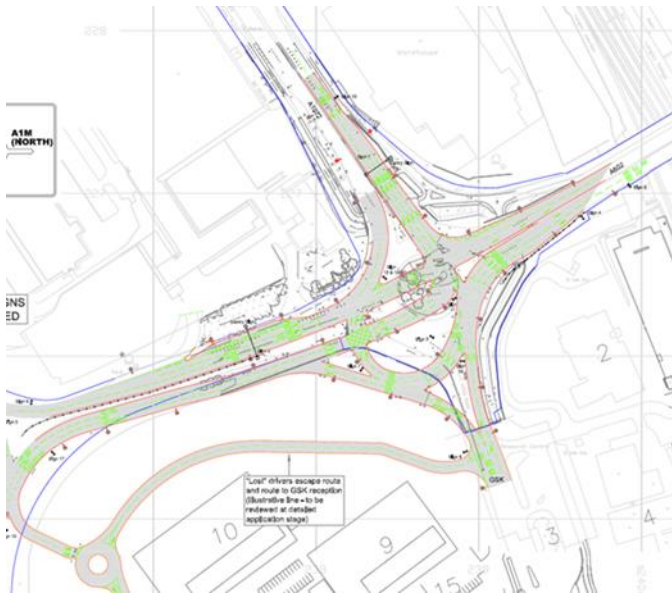


Figure 2: General Arrangement Drawing

In addition to the hamburger style junction, in Stage 2 of the project we will also be looking to improve pedestrian and cycling facilities together with public transport improvements such as a possible dedicated bus lane. The feasibility of these improvements will be assessed as part of the preparatory stage.

Most of the land required is already highway maintainable at public expense. However, it will be necessary to acquire some land outside of the highway boundary (denoted by a solid blue line) in order to construct the hamburger style junction and widened road and provide the necessary visibility splays and environmental mitigation. This additional land is owned by GSK and is expected to be gifted to HCC to enable the scheme to go ahead at optimum cost. The road scheme as a whole, including the area currently owned by GSK, will not require planning permission for use for highways purposes.

This Business Case

In accordance with the latest MHCLG guidance, this business case comprises of five parts as follows:

- **Strategic case** – shows the rationale, background, policy context and strategic fit of the public expenditure or public intervention, including clear objectives with a robust logic of change from inputs to outcomes.
- **Economic case** – provides evidence of why a privately provided solution would fall short of what is optimal (market failure) and a list of options to achieve a better outcome. “Do nothing” should always be an option. The case must build on robust verifiable evidence, consider additionality, and displacement of activity, and include a sensitivity analysis and a correction for optimism bias if risk is a factor for success. Value for money is ideally demonstrated in a credible Benefit-Cost Ratio, but where some of the costs and/or benefits cannot be monetised at the present time, the economic case should proportionally capture these impacts and specify a partial value for money measure. Wider benefits and costs should be considered and specified where these are sizeable, compared with the direct impacts. Towns should decide how to treat Covid-19 impacts.
- **Financial case** – appraises the financial implications of the project, including budgets, cash flow, and contingencies.
- **Commercial case** – demonstrates commercial viability or contractual structure for the project, including procurement where applicable.
- **Management case** – demonstrates how the project is going to be delivered, monitored and evaluated.

STRATEGIC CASE

2. STRATEGIC CASE

What problem(s) will the proposed project address?

According to the Stevenage Town Investment Plan (Oct 2020) the capacity of the road network, especially the Gunnels Wood Road/A602 Roundabout, is currently a critical constraint to short term future employment growth in the Gunnels Wood Road employment area. For instance, there is significant queuing on Gunnels Wood Road southbound on the A602 westbound in the morning peak; and significant queuing within employment sites within the evening peak. Increasing its capacity, either through physical roadwork intervention and/or investment and delivery of more sustainable forms of transport to promote modal shift, has the potential to unlock a significant increase in investment which will in turn lead to growth in high value jobs, particularly in science and technology. In addition, the project will open up opportunities for the town and enable the regeneration of wider areas while locking in sustainable transport modes.

The GWR Employment Area is home to a number of businesses that are of national/international importance. GWR in Stevenage is one of six Life Science Opportunities Zones identified by the Government for promoting the UK's Life Science capabilities on the global stage. Its recent designation by the DIT as a High Opportunity Area promotes the town for the UK centre stage. More than 70 companies in the life sciences field have clustered around Stevenage over the past 8-10 years, more than 60% of them focussed on R&D in the Cell and Gene therapy. These companies have already raised more than £1.5bn of venture capital investment. Market analysis (Aritzon 2019) projects the global Cell & Gene therapy revenues at \$14bn (c. £11bn) by 2025 (CAGR 30%). Stevenage companies currently account for 7% of the global market, 27% of Europe.

The opportunity for Stevenage is not only to retain but to grow its share of the global market. Assuming it simply retains its 7% share, this will equate to annual revenues by 2025 of around £750m, capable of supporting up to 5,000 jobs, and with multiplier impacts locally, the revenues to support another 1,000 jobs. This is Stevenage's offer for UK plc and the strategic opportunity for the Town's Fund to support.

Moreover, world class advanced manufacturing and high growth and internationally significant businesses are based in the GWR area. Stevenage competes in a global market such as Philadelphia, Boston and Europe. For instance, a quarter of all satellites – and other inter-global assets such as the Mars Rover currently manoeuvring round Mars looking for signs of life – are made in Airbus facility in GWR Stevenage. Key businesses are clear: urgent investment is needed to create a high-quality gateway for businesses, facilities to meet and host clients, maximising a sustainable supply of local skilled labour, and maximising the assets and offer of the town.

These traffic problems were observed and evidenced during traffic surveys undertaken in 2014, 2015 and 2019 and are forecast to worsen with time due to background growth. If required, further work to look at traffic modelling will be carried out as part of the preparatory work being proposed under this funding application. Pre-Covid-19 the roundabout experienced queuing traffic (congestion) and delay at peak times. Traffic modelling indicates that, if nothing is done, the road network will lock up by 2031 affecting private car and goods vehicle movements along with bus journey time and reliability. Although traffic levels in Stevenage reduced significantly in the short term as a result of Covid-19, this reduction was time limited since the underlying traffic pressure remains. Further traffic modelling is being carried out post-Covid as part of preparatory work but this is not expected to change the need for transport infrastructure improvements, especially since Gunnels Wood Road is home to a proportionately larger number of manufacturing and trade type uses, together with uses that require a physical presence such as R&D.

While, according to the Stevenage Town Investment Plan, businesses in the GWR employment area recognise, and are pressing for, improvements to the GWR Roundabout and its associated infrastructure, no single or even group of companies is able or willing to address the issue. There are a number of reasons for this market failure:

- Apart from access roads into new developments, the private sector very rarely invests in major infrastructure in the UK. When it does, for instance the M6 Toll Road, it is through a Government sponsored competitive programme
- Most of the land on which the existing road, pedestrian and cycling infrastructure sits is already in public ownership and the onus is on public bodies to upgrade infrastructure – albeit with private sector contributions through s106, CIL and, in the case of GSK, land contributions
- Although new development, and therefore employment growth, relies to some extent on improving the GWR infrastructure, no one developer, investor or business can cover the cost while still maintaining the viability of their development or business
- Expecting one business, or even a group of businesses, to pick up the cost of improving a key piece of infrastructure that benefits a much wider range of businesses, residents and visitors is unrealistic and inequitable.

The most recent example in Hertfordshire that illustrates this market failure, and the need for public agencies to intervene in the market, is the New River Bridge scheme in Hoddesdon which provides a new bridge serving the Hoddesdon Business Park and beyond. This very successful scheme has been sponsored and managed by HCC and funded by Herts LEP and HCC with a modest contribution from the private sector through s106 payments.

What other sources of funding have been considered?

Funding for the initial preparatory work will come from the following sources:

LEP funding	£1,013,000
Stevenage Town Deal	£1,000,000
HCC	£110,000 (estimate of in kind in 20/21, 21/22 and 22/23)

This cost to carry out the following preparatory works is £2,123,000 and comprises the following costs / activities:

Activity	Estimated cost
Project management	£110,000
Communications and engagement	£30,000
Further traffic modelling work	£30,000
High level delivery programme	£3,000
Surveys and investigations, including land ownership, topographical, geotechnical, environmental, ecological, Statutory Undertakers' enquiries, highway drainage, structures, street lighting and any other possible construction constraints)	£200,000
Design, technical approvals and road safety audits	£350,000
Construction costings (including inflation, optimism bias etc.)	£10,000
Procurement including prequalification, preparing and issuing invitation to tender pack, responding to tender queries and tender evaluation	£45,000
HCC's professional fees e.g. land agent, legal	£30,000
GSK's professional fees e.g. land agent, legal	£30,000
Advance works, including site clearance and the relocation of boundary walls and fences	£325,000
Advance diversion of Statutory Undertakers' apparatus.	£960,000
Total	£2,123,000

The cost of carrying out improvement works, including the Stage 2 construction of the hamburger roundabout, is estimated to be in the region of a further £9.0m in addition to the preparatory works, land value, and HCC in-kind contribution mentioned above. The detailed costings will be carried out as part of the preparatory works

(although final estimated costs will not be known until construction works are procured). This gives the overall cost of the scheme, including implementation of works, risk and inflation, at an estimated £14,596,000. The timeframe for carrying out the stage 2 works is for works to start in Summer 2023 and be completed by Winter 2024. Like all road schemes there is the risk that delivery may be delayed due to adverse weather conditions and other factors outside the contractors' control. The £9.0 m Stage 2 construction works is the subject of a separate application by Stevenage Borough Council and partners under the Government's Levelling Up Fund.

The above costs are high level and may change as more information becomes available through surveys, investigations, land negotiations and design development and construction. A risk workshop will be held early on to identify and quantify the key risks and propose suitable mitigations. This proposal has formed part of the stakeholder consultation throughout the Town Deal bid development process, including setting up a theme group to look at transport infrastructure improvements. In addition to this, and in line with the normal HCC consultation processes, HCC will carry out consultation regarding the scheme to ensure that local stakeholders are engaged in the schemes development and understand its aims and objectives. The form of the engagement will be defined through a communications strategy, however, it likely to be via the HCC Website, SBC Town Centre regeneration shop (which is also on-line), through discussions with key stakeholders such as businesses, , through letter drops and through published & exhibition material (Covid restrictions permitting).

Since this application is for the Stage 1 preparatory works, any cost increase on the £9.0m Stage 2 construction works does not fall on SBC as the applicant or on HCC or the LEP. Therefore the risk to SBC, HCC and the LEP relates to the scheme being abandoned should the £10.1m (and/or any cost increase) not be secured. The usual period that is used to determine when a scheme has been abandoned is 5-10 years. If this was the case then the £2.013m would revert from capital to revenue and would need to be borne by SBC, HCC and the LEP. The details of how this revenue would need to be handled at the time is beyond the scope of this application as it is so far ahead but it is a relatively small amount given the scale of major capital projects in both organisations and the scope for revenue-capital swaps. This risk is shown on the risk register.

This estimate assumes that:

1. MHCLG confirms Town Deal funding for Stevenage in March 2021 – now confirmed
2. Stevenage Development Board allocates £1.0m towards this project – the subject of this application
3. Hertfordshire LEP allocates £1.013m towards this project – now confirmed
4. A planning application is not required (as the land falls under highways powers)
5. There are no contentious land issues
6. The adjacent landowner (GSK) agrees to give up and dedicate the land to the public as a highway
7. The land will become a highway maintainable at public expense
8. Statutory Undertakers' diversions will be implemented only when the full funding package is in place
9. A design and build approach will be used
10. Road space for construction will be granted when needed
11. Construction is completed by March 2025 in advance of the A1 – junction 6 -8 smart motorway project that has been paused as part of the national review.

Please see below a table showing the estimated expenditure and funding by year and funding organisation.

Funding (£K)	Sunk	21/22	22/23	23/24	Total Remaining	Total
HCC (Revenue)	£50	£30	£30		£60	£110
Stevenage Town Deal			£600	£400	£1,000	£1,000
Herts LEP		£478	£535		£1,013	£1,013
Total	£50	£508	£1,165	£400	£2,073	£2,123
Costs (K)						
Spend to date	Sunk	21/22	22/23	23/24	Total Remaining	Total
Forecast Costs	£50	£69			69.000	119.000
Uncommitted costs		£439	£1,165	£400	£2,004	£2,004
Total						£0
	£50	£508	£1,165	£400	£2,073	£2,123
Variance (Proposed Funding v Costs)	£0	£0	£0	£0	£0	£0

Improving the GWR Roundabout its environs including the wider sustainable transport network (that could form phase 2), is critically important in providing a high-quality gateway to enable Stevenage and the GWR employment area, to maintain and grow its position as a global player in life sciences and advanced manufacturing. Town Deal funding is key for the phase 1 project.

In short Town Deal funding has the potential to kick-start the improvements needed to make Stevenage a major sub-regional centre, attracting more growth which will benefit local residents and strengthen Hertfordshire's economy.

What will happen if the project is not awarded Town Deal Funding?

If the Gunnels Wood Road Sustainable Transport Infrastructure Improvement Stage 1 project is not awarded LEP funding, there is a very real risk that it may not go ahead. At best without Town Deal funding the project could be delayed by a significant number of years due to the planned improvements to the A1(M) as outlined below. This project enables us to have a spade-ready scheme that is very well positioned to secure delivery funding from public funding agencies, notably Government.

There is a narrow window in which to deliver this scheme. If the preparatory phase starts late, this would have a knock-on effect on the delivery phase. For example, the construction programme would then clash with Highways England's proposal to upgrade the A1(M) to a smart motorway between junctions 6 and 8, and the Gunnels Wood Road/ A602 junction would be sterilised until 2027 at the earliest. By that time, priorities may have changed and there may no longer be an appetite for proceeding with this project or the investment it is identified to help support.

The following challenges would not be addressed and growth in the UK's fastest-growing science and technology centres would dissipate away from Stevenage, thereby damaging the local and regional economy:

- A resident population in danger of being left behind, distanced from the needs and innovation of the businesses located here;
- World-leading businesses in science and technology disadvantaged by the lack of local labour, facilities and amenities; and
- Ageing infrastructure and facilities projecting a poor external image, holding back the town's potential as a vibrant destination.

How do these objectives contribute to national/subnational and local priorities and strategies?

The Gunnels Wood Road/ A602 Sustainable Transport Infrastructure Improvement project contributes to a number of key strategies and plans as follows:

National/Regional Policies

Sitting at the heart of the UK Innovation Corridor (UKIC), part of a dynamic cluster connecting London to Cambridge, Stevenage represents advanced technology and bioscience at its finest and prominent within Catalyst South - the six LEP area coalition with a population of 11 million people, 5.8 million jobs, and home to half a million enterprises.

The UKIC supports an economy worth £189 billion (2018), 2.8 million jobs, and out-performs the Oxford to Cambridge Arc (£87 billion) and delivers half the economic output of the Northern Powerhouse's economy (£397 billion), but with only one-third of the number of jobs. It is now Britain's Fastest Growing Region with industries focussed on commercial innovation, advanced technology, and bioscience.

However, Stevenage will simply be unable to unlock this global opportunity without first resolving the GWR roundabout which currently acts as a constraint on almost all future employment growth in the GWR employment area. This project is the first step in unlocking that full potential.

The **National Infrastructure Strategy** (2020) outlines the Government's plans to transform the UK's infrastructure networks. Infrastructure underpins the economy, and the government wants to radically improve the quality of the UK's infrastructure to help 'level up' the country and put the UK on the path to net zero emissions by 2050.

The strategy is based around four overarching subject matters:

- **Levelling Up** – boosting growth and productivity by investing in rural areas, towns and cities through major national projects or local priorities
- **Carbon Net Zero Emissions by 2050** – to put the UK on the path to meeting its net zero emissions target by transforming infrastructure to decarbonise the UK's power, heat and transport networks
- **Supporting private investment** – to attract private investment into infrastructure so they can help deliver the upgrades and projects needed across the country
- **Accelerate and improve delivery of infrastructure projects** – reforming and speeding up the planning system, and improving the way projects are chosen, procured and delivered

Improved transport links will allow cities and towns to 'act as an anchor' for growth, enabling the rebalancing of the economy through infrastructure. It is acknowledged 50% of the UK population live in towns, many of which have suffered from economic and social decline over the decades. The government therefore plans to invest in infrastructure to revitalise towns, which will drive their economic regeneration.

The project is well-aligned to many of the aspects of the National Infrastructure Strategy: an improved road layout with faster journey times for commuters and business travellers will increase productivity; it will support private investment, with GSK providing the land required to deliver project, which will then enable further opportunities for growth in high tech jobs in this bio-tech cluster.

This scheme will also contribute towards the government goal of achieving Carbon Net Zero Emissions by 2050. This scheme tackles environmental issues by reducing emissions caused by slow moving traffic and congestion. This will have the positive impact of improving air quality and health.

Local LEP Policies

The LEP **Strategic Economic Plan** (2017) has two policies that are directly relevant to this project:

- Priority 3 – Re-invigorating our places for the 21st century. The SEP states that with New Towns *all of their infrastructure is decaying simultaneously. It needs re-investment: town centres are jaded, the retail offer is poor and the socio-economic make-up of the New Towns differs starkly from elsewhere in Hertfordshire. Re-investment in the New Towns needs an active development process.* This priority lies at the heart of the project since it is about ensuring that the GWR employment area has infrastructure that is fit for purpose and able to meet future growth requirements
- Priority 4 – Foundations for growth. This seeks to support Hertfordshire's economy by providing a strong under-pinning foundation: workforce skills, vibrant and robust SMEs, and wider support such as high-quality business accommodation. Again, this project supports that ambition by providing the infrastructure to enable new employment, skills and business growth opportunities to be delivered

The **Hertfordshire Local Industrial Strategy** (final draft 2019) was written to respond to and improve the county's productivity in the context of the Government's four Grand Challenges (artificial intelligence & data, ageing society clean growth and future of mobility). Of the 7 strategic themes under the LIS, two are directly relevant to this project:

- Unlocking science-based cluster in the Golden Triangle: Life sciences and advanced engineering – this project is key to unlocking the potential of life sciences and advanced manufacturing in Stevenage, the focus of these sectors in the county. Without improvements to the GWR roundabout and its environs, growth of these sectors and employment across the GWR employment area, will be severely constrained
- Space to grow: From enterprise to business in Hertfordshire – exploiting expansion and growth opportunities, either within the GSK campus or other key sites within the GWR employment area, will be impossible without increasing transport capacity. This constraint will be damaging locally and will hamper Hertfordshire's inward investment offer

The **Hertfordshire Recovery Plan** (October 2020) identifies three recovery programmes, of which two relate to this project:

- Recovery Package 1: Enterprise & Innovation – we will *accelerate the growth of the cell and gene therapy cluster, most immediately through the Getting Building Fund, but also by advancing a longer-term cluster development plan.* This project supports that cluster development plan by providing the infrastructure to enable the plan to be delivered
- Recovery Package 2: International Trade & Investment – we will *work with partners to ensure that major sites are used appropriately in seeking to attract international investment and we will promote the High Potential Opportunity area around Stevenage in relation to cell and gene therapy.* In each case this project provides the underpinning infrastructure to deliver these key priorities to the benefit of the Stevenage and Hertfordshire economy

Other Local Policies

In addition to LEP strategies, the project makes a significant contribution to a wide range of transport and planning-related local policies and strategies, briefly as follows:

HCC Corporate Plan 2019 to 2025

The project contributes to two of the ambitions that underpin the vision as follows:

- Opportunity to live in thriving places– the project will help enable Stevenage to become a thriving place by enabling growth in high quality employment opportunities
- Opportunity to share in Hertfordshire's prosperity – the project supports the levelling up agenda by improving access to new employment prospects

Hertfordshire County Council's Local Transport Plan 4

LTP4 places the focus for future transport initiatives on: discouraging unnecessary travel, prioritising walking & cycling, supporting public transport, and, where necessary supporting the resilience and reliability of the network through road improvement schemes. Since this project is predominantly a highway capacity led improvement scheme, part of the preparatory work will be to make the business case for why this scheme is needed. This means that the scheme will need to consider within its core programme improvements that can be made to the infrastructure to for people when they are walking or cycling. The case will be supported by traffic modelling to demonstrate the junction improvements will offer journey time benefits to vehicles on Gunnels Wood Road and the A602 in the base case, which could also help to improve bus journey times and reliability.

North Central Hertfordshire Growth and Transport Plan

The project contributes to the Connected objective: 'Improved transport connections between and within towns and rural areas; improved services to support economic activity, education, access to services; and the development of new jobs and homes' by potentially significantly improving access to new high value job opportunities to residents in Stevenage and across North Hertfordshire

The project contributes to the Reliable objective: 'Improved network resilience and journey time reliability for all users, so that transport networks and services provide consistent and dependable journeys throughout the day.'

Stevenage Local Plan

The project contributes to policy SP3 *Continue to remodel Gunnels Wood to meet modern requirements and provide a high quality and attractive business destination*. This will include the continued development of the Stevenage GSK and Bioscience Catalyst Campus at the south of the employment area.

In particular the Stevenage Local Plan lists three sites at Gunnels Wood that are allocated for employment development. These are EC1/1 Stevenage GSK and Bioscience Catalyst Campus, EC1/2 South of Bessemer Drive, Gunnels Wood and EC1/3 West of Gunnels Wood Road. It is very unlikely that any or all of these sites could be developed without implementing this project.

There are a number of other local strategies, plans and initiatives which this project supports, namely:

- Stevenage Town Investment Plan
- Stevenage Borough Council's Future Town, Future Transport Strategy 2019
- Stevenage Borough Council's Local Cycling and Walking Infrastructure Plan 2019

More information is available for these policy areas if required.

Which specific outputs/outcomes are proposed? For example, number and type of jobs created/safeguarded, sqm of business space provided, number of learners/ qualifiers by qualification type, business supported, housing units delivered etc.

This project will by its nature deliver no LEP core outputs. The only output from this application will be a business case for the scheme.

However, the final Stage 2 project will deliver the following core outputs (by 2040):

- 44,700 m2 of new commercial floorspace – calculated as 40,700 m2 (483,000 sq. ft.) plus 10% uplift to reflect gross area
- 1,750 new jobs – calculated as 1,510 jobs from Monck report plus 14% uplift to reflect other opportunities on GSK campus beyond the SBC buildings boundary. We estimate that 50% of these will be high value jobs (using the LEP’s definition)
- 150 construction jobs – over a period of 18 months based on experience of recent road schemes in Herts
- £100m of private sector leverage – in the form of new investment in the GWR employment area
- GVA uplift of £88.55m – measured using the LEP/LIS methodology of £50,600 per job. Note that Charles Monck have used a net GVA of £96m but we have used the LEP methodology which gives a lower figure.
- 1.1 km of road, cycleway and footpath improvements.

Note that these outputs are for this scheme only and do not relate to any other Stevenage regeneration outputs. The source for these economic outputs is the Stevenage Town Investment Plan and the recent (March 2021) Economic Impact Assessment report prepared by Charles Monck & Associates for Stevenage Bioscience Catalyst. (note that this report is not published) Charles Monck has calculated the economic figures using projections of sector growth based on their knowledge of the market for the Stevenage Bioscience Catalyst area only on the GSK campus.

Date and development	Developed sq. ft.	Hertfordshire		UK Level	
		Net GVA p.a.	Net Employment	Net GVA p.a.	Net Employment
2020 current SBC portfolio	160,000	£20m	330	£34m	640
2030 with Sycamore House	253,000	£35m	570	£60m	1,100
2030 with gyratory	483,000	£61m	940	£105m	1,800
2040 with gyratory	732,000	£96m	1,510	£165m	2,900

However, the Charles Monck report does not account for other sites in GWR. As a consequence these outputs are deliberately very conservative.

Please outline the anticipated timeline for the overall project including project start date, project end date and when the outputs will be delivered

This project is programmed to start in spring 2021 and end in summer 2022 subject to funding.

There is a narrow window in which to deliver this scheme. If the preparatory phase starts late, this would have a knock-on effect on the transport improvements. For example, the construction programme would then clash with Highways England’s proposal to upgrade the A1(M) to a smart motorway between junctions 6 and 8 and the Gunnels Wood Road/ A602 junction would be sterilised until 2030.

Please see below indicative timescales for the delivery of various project management tools and project outputs. For completeness, the table shows details for both the preparatory works and the subsequent transport improvements.

Project management tool/ Project Output	Start Date	End Date
Preparatory Works (this project)		
Governance arrangements	Summer 2021	Autumn 2021
Project management Plan	Summer 2021	Summer 2021
Procurement strategy	Summer 2021	Autumn 2021
Land Dedication agreement	Winter 2021	Spring 2022
Licences for access to adjacent land	Winter 2021	Spring 2022
Business cases to secure other contributions	Summer 2021	Winter 2021
Surveys and site investigations	Autumn 2021	Winter 2021
Design	Winter 2021	Summer 2022
Advance works, including site clearance and relocation of boundary fences and walls	Spring 2022	Spring 2022
Statutory Undertakers' diversions	Spring 2022	Autumn 2022
Invitation to tender pack	Summer 2022	Summer 2022
Transport Improvements (subsequent project)		
Traffic regulation orders	Autumn 2022	Autumn 2022
Construction mobilisation	Autumn 2022	Autumn 2022
Road improvements	Autumn 2022	Spring 2024
Environmental planting	Spring 2024	Spring 2024

Please outline the environmental impact of the proposed project: a) Is the project carbon neutral, and if not, are the projects carbon impacts being mitigated? b) Does the proposed project support the development or implementation any green technology?

An environmental impact appraisal will be undertaken at later stages of the project. We are unable to confirm the environmental impacts at this stage (or whether the project will be carbon neutral), though the improved junction layout will reduce congestion and likely improve air quality around the site. Together with future active mode interventions (in stage 2 of the project), these have the potential to bring about mode shift to more sustainable modes, which would likely reduce vehicle greenhouse gas emissions, contributing to the Government's carbon net zero commitment and the principles set out in the Ten Point Plan for A Green Revolution (i.e. decarbonising transport networks).

Which stakeholders have been engaged and how have they responded?

This project has been developed jointly by Stevenage Borough Council, HCC and Herts LEP. It is one of the 10 projects identified in the Stevenage Town Investment Plan and submitted to Government in September 2020 as a key component of the Stevenage Town Deal. There was a long engagement process for the Town Deal over some six months during which a long list of 20 or so projects were distilled down to 10. The members of the Stevenage Development Board were actively involved throughout this process through four thematic groups, of which infrastructure was one, providing a clear steer to the projects being put forward.

The project was formally adopted by the Stevenage Development Board at its meeting on 27th October 2020 as part of the wider Town Deal proposition. The members of Stevenage Development Board include: Stevenage Borough Council, Hertfordshire County Council, Hertfordshire LEP, Hertfordshire Chamber of Commerce, East & North Hertfordshire NHS Trust, University of Hertfordshire, Historic England, North Hertfordshire College, Citizens

Advice Bureau, Lytton Enterprises (Knebworth House), WENTA, Cell & Gene Therapy Catapult, MBDA Defence Systems, MACE, The Wine Society, Airbus UK, Stevenage Bioscience Catalyst, Groundwork East, Legal & General. The business members of the Board are either based in Gunnels Wood Road or have a strong connection with the area.

ECONOMIC CASE

3. ECONOMIC CASE

Please outline the long list of options which you have considered to address the problems that you have outlined

As the Gunnels Wood Road project application is for preparatory works, there are only a very limited number of options that are available to consider. These are:

1. **Do nothing** – i.e. leave the Gunnels Wood Road Roundabout and existing cycle and pedestrian networks as they are and keep employment levels broadly as they are
2. **Leave to private sector** – i.e. leave the improvements to the Gunnels Wood Road Roundabout and associated cycle and pedestrian networks to existing landowners, investors and prospective developers
3. **Public agencies proactive** – i.e. public agencies to take the lead in taking forward the Gunnels Wood Road Roundabout scheme preparatory work in anticipation of future requirements
4. **Public agencies reactive** – i.e. public agencies to take the lead in taking forward the Gunnels Wood Road Roundabout scheme once sufficient demand and funding has built up from developers, investors and businesses

Which criteria were used to arrive at your short list of options? (e.g. deliverability, economic impact, Benefit Cost Ratio)

The longlist of options has not been reduced down to a short list since all four options on the long list are perfectly relevant and each has their own merits and demerits.

However, for completeness the criteria for taking forward the four long list options to shortlist are based (apart from do nothing which is the baseline position) on:

- Deliverability – can the options demonstrate that they are capable of being delivered? All short-listed options have the capability of being delivered in theory although the private sector option raises considerable doubts about whether in reality this would happen. That issue is addressed below
- Economic impact – can the options demonstrate positive (or negative) impact? All short-listed options are able to demonstrate positive economic impact both in the locality and in Hertfordshire
- BCR – this is closely linked to economic impact but sets positive impact against cost. All shortlisted options are broadly similar in terms of cost although any delay to the project under option 4 would increase costs due to construction inflation
- Timeframe – can the options demonstrate that they can be delivered within a realistic timeframe? All short-listed projects, with the possible exception of Option 4 which is open-ended, can demonstrate delivery within a realistic timeframe

Please list the shortlist of options which you have considered to address the problems you have outlined. There should be a minimum of four options, including a Do-nothing Option

Option 1: Do Nothing

Under this option no action would be taken to the existing GWR Roundabout and the nearby existing cycling and pedestrian links, aside from normal day-to-day maintenance. As a consequence, the opportunity for employment growth would be capped at existing numbers with no scope for employment growth.

There would be no opportunity to raise the profile of the GWR employment area or to exploit the opportunities offered by the Cell & Gene Therapy Catapult or the wider life sciences opportunities offered by GSK, Stevenage Bioscience Catalyst (and their tenants) or other life science companies in the locality. Similarly, the opportunity to grow Stevenage and northern Hertfordshire's advanced manufacturing offer would be lost.

It is for these reasons that this option is REJECTED.

Option 2: Leave to Private Sector

Under this option it would be up to private developers, investors or businesses to promote, develop, fund and potentially implement the scheme. While this is not impossible, in our view it is extremely unlikely since ownership in the area is very fragmented – although GSK, MBDA and Airbus have quite large landholdings the remainder of GWR is in multiple ownership and leasing arrangements. To improve the GWR Roundabout would require bringing together these disparate organisations and endeavouring to secure a common view and apportioned contributions in a timely manner. We do not believe that this is a realistic option.

The only local example we are aware of where the private sector has led on transport preparatory works is J8 M1 where The Crown Estate is leading. However, TCE have large landholdings in the vicinity and, in any event, Herts LEP is covering half the cost as grant funding.

It is for these reasons that this option is REJECTED.

Option 3: Public Agencies Proactive

Under this option local public agencies (in this case HCC and SBC) would take forward the scheme development in anticipation of growth opportunities in the GWR employment area. This places the scheme in a strong position to secure capital funds to support its delivery. Subject to that funding being secured to support the delivery this enables the scheme to be well underway, possibly even completed, ready to accept employment growth opportunities either from existing businesses in the GWR area looking to expand, existing businesses from the wider northern Hertfordshire area looking to move to new premises, or existing businesses looking to cluster closer to other businesses in their sector (for instance life sciences) or companies needing to be closer for supply chain purposes.

It also enables Hertfordshire to respond more rapidly and much better to potential inward investment enquiries especially in terms of life sciences and advanced engineering/manufacturing.

It is for these reasons that this option is ACCEPTED.

Option 4: Public Agencies Reactive

Under this option local public agencies (again most likely HCC and SBC) would take forward this scheme but only after there was sufficient up-front demand from businesses, developers and investors. This would mean that there would have to be proven demand with a firm commitment from a business planning to move to the area or expand. Where Stevenage and Hertfordshire are competing in a global market this reactive approach is very unlikely to secure a business when other markets can offer ready-to-utilise sites with good communications and access. Particularly with inward investment opportunities, agencies need to be able to move quickly so that their proposal is best placed to meet the requirements of the investor. Few investors if any are willing to wait the 5 years or so to take a scheme from inception to delivery.

The other problem with this option is that it misses the window of opportunity presented by the A1(M) Smart motorway works and the Government's push for 'spade-ready' schemes which is becoming ever more critical for securing major capital funding.

It is for these reasons that this option is REJECTED. However, this would be a fall-back option if Option 3 does not go ahead at this time.

Please state the Preferred Option.

Our preferred option is **Option 3: Public Agencies Proactive**.

Please explain how and why you have chosen your preferred option

Option 3: Public Agencies Proactive offers a number of advantages over the other options as follows:

- **Maintaining momentum** – this scheme has been discussed for years but now appears to be the right time to promote the scheme, particularly with the successful Town Deal bid and unanimous support from Stevenage Development Board (representing a range of businesses in the locality), together with a robust political support for the project. Moreover GSK (as landowner) are in detailed dialogue with HCC and the LEP over land requirements and Stevenage Bioscience Catalyst are promoting the scheme with Government.
- **Spade-Ready Projects** – the Government is currently looking for ‘spade-ready’ (or ‘dig-ready’) schemes to fund in order to help re-start the UK economy post Covid-19. ‘Spade-ready’ is either a requirement of many new funding schemes or it is likely to lead to a scheme being prioritised higher. In order to help secure funding for the delivery of the final GWR Roundabout Stage 2 project, we need to have a scheme that can be delivered relatively easily with most obstacles resolved or at least identified and mitigated. This will significantly increase our chances of success in securing delivery funding.
- **A1(M) Smart Motorway Window** – Highways England are planning to start work in 2025 on upgrading the A1(M) between Welwyn Garden City and Stevenage North to 3-lane smart motorway standard in each direction. Following the Highways England stocktake of smart motorways the Government has made a commitment that no All Lane Running motorways will open without radar technology to spot stopped vehicles. It is unlikely that this will delay the revised start of works on the A1(M) but this presents a window to complete the GWR Roundabout before works start on the A1(M).
- **Cell & Gene Therapy** – the rapid growth of cell & gene therapy at the Catapult on the GSK campus offers Stevenage and Hertfordshire the chance to be ready for investment and growth in this specialist sector when it happens. As stated in S1 above market analysis (Aritzon 2019) projects the global Cell & Gene therapy revenues at \$14bn (c. £11bn) by 2025, with Stevenage companies currently accounting for 7% of the global market and 27% of the European market. The opportunity for Stevenage is not only to retain but to grow its share of the global market. Assuming it simply retains its 7% share, this will equate to annual revenues by 2025 of around £750m. This is similarly the case with Stevenage’s advanced engineering and manufacturing sector – for instance Airbus operates in a global market manufacturing 25% of the world’s satellites.
- **Inward Investment Offer** – Hertfordshire has a skilled and very well-educated workforce. However, the county’s lack of suitable sites and good quality infrastructure means that potentially important inward investment opportunities are lost to other areas, sometimes outside the UK. This scheme will help address this by opening a number of employment development opportunities in the GWR area, not just on the GSK campus, in specialist areas such as cell & gene therapy where there is currently very high global demand.

Please describe the wider benefits of the project (e.g. indirect economic, social or environmental consequences).

The driving principle behind the GWR Roundabout project is providing real benefit to local businesses and local people.

This is reflected in the fact that we anticipate the final scheme when completed will have wider benefits well beyond the LEP core outputs of jobs, construction jobs, skills and potentially business assists. Stevenage is located within a 'core' Functional Urban Region (FUR), meaning it is more likely to benefit from agglomeration effects, the clustering of specialised industries (such as bio-science), leading to efficiency savings and productivity gains, when transport costs are reduced. The transport improvements proposed here are likely to deliver such wider economic impacts.

Furthermore, additional wider welfare benefits are likely to arise including:

Social – the junction improvements will in effect reduce pedestrian severance, which is especially important for vulnerable groups (such as the elderly and mobility impaired). As the junction will be designed to modern safety standards (such as LTN1/20), and will be subject to a safety audit there will also likely be a reduction in number and or severity of accidents at the junction, plus alongside future proposals to improve the overall environmental for pedestrians and cyclists, this will likely encourage a greater share of trips to this locality by sustainable modes. This is known to generate health benefits from greater physical activity and also improved air quality impacts associated with reduced vehicle emissions (see below).

Climate Change – The phase 2 package of works can further contribute to the Government's carbon net zero / greenhouse gas reduction commitment in the following ways: by reducing congestions at the Gunnels Wood Roundabout as vehicle emissions associated with idling traffic sat in queues will reduce; the public realm and walking and cycling improvements will also encourage a greater proportion of trips to and from the Gunnels Wood Employment Area by active modes – this mode shift away from private motorised vehicles will further help to reduce vehicle emissions.

Please describe the quantitative and qualitative assessment approaches used to determine the impacts of the scheme

This application is for Stage 1 preparatory work only, not for the Stage 2 construction of the GWR Roundabout or any other related cycling and pedestrian works. As a consequence it is our assumption that this section does not apply since there are no core outputs and therefore any means of assessing the BCR of the project.

For transport schemes over £5m, please describe the economic appraisal assumptions used within the assessment

WebTAG version	TBC at next stage
Opening Year, Final Modelled Year and Appraisal Duration	TBC at next stage
Price Base/ GDP Deflator	TBC at next stage

Summarise the Value for Money implications of the scheme

Not applicable.

Please provide narrative and details of the sensitivity tests undertaken

Not applicable.

FINANCIAL CASE

4. FINANCIAL CASE

Please provide a full breakdown of your project's costs and funding

The breakdown of costs for the preparatory works (for which funding is sought) are provided below, the design of the road is considered to be capital expenditure. These costs are top-down estimates derived from the Stevenage Town Deal, which include suitable contingency to increase their robustness. The contingency allowance is included within each of the activities rather than as a separate line. The overall contingency in this initial design and development phase is 15%, which is reflective of this type of road scheme. This investment will further develop and refine the cost estimates and contingency estimates for future construction costs and risk.

Activity	Estimated cost
Project management	£110,000
Communications and engagement	£30,000
Further traffic modelling work	£30,000
High level delivery programme	£3,000
Surveys and investigations, including land ownership, topographical, geotechnical, environmental, ecological, Statutory Undertakers' enquiries, highway drainage, structures, street lighting and any other possible construction constraints)	£200,000
Design, technical approvals and road safety audits	£350,000
Construction costings (including inflation, optimism bias etc.)	£10,000
Procurement including prequalification, preparing and issuing invitation to tender pack, responding to tender queries and tender evaluation	£45,000
HCC's professional fees e.g. land agent, legal	£30,000
GSK's professional fees e.g. land agent, legal	£30,000
Advance works, including site clearance and the relocation of boundary walls and fences	£325,000
Advance diversion of Statutory Undertakers' apparatus.	£960,000
Total	£2,123,000

The spend profile for the preparatory works are estimated as follows:

Funding (£K)	Sunk	21/22	22/23	23/24	Total Remaining	Total
HCC (Revenue)	£50	£30	£30		£60	£110
Stevenage Town Deal			£600	£400	£1,000	£1,000
Herts LEP		£478	£535		£1,013	£1,013
Total	£50	£508	£1,165	£400	£2,073	£2,123

Costs (K)						
Spend to date	Sunk	21/22	22/23	23/24	Total Remaining	Total
Forecast Costs	£50	£69			69,000	119,000
Uncommitted costs		£439	£1,165	£400	£2,004	£2,004
Total						£0
	£50	£508	£1,165	£400	£2,073	£2,123

Variance (Proposed Funding v Costs)	£0	£0	£0	£0	£0	£0
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Please outline the status and timelines for securing any of the currently unsecured funding, including how the likelihood of this funding being secured

The funding schedule for the project is £2,013,000 plus HCC in kind plus value of GSK land being provided, giving a grand total of £4,489,000. This consists of:

LEP funding	£1,013,000 - secured
Stevenage Town Deal	£1,000,000 – secured in principle
HCC	£110,000 (estimate of in kind in 20/21, 21/22 and 22/23) - secured

HCC are in discussions with GSK over the acquisition of their land required for the road improvements. The GWR Roundabout improvement scheme is critical to GSK developing the undeveloped northern part of their site so they have a very strong incentive to reach agreement with HCC. Detailed discussions over the site acquisition will form a key component of this project and we anticipate transfer of the land to HCC by December 2021.

The remaining cash and in-kind funding have already been secured.

Please provide evidence that match funding has been secured

LEP funding of £1.013m was agreed by the LEP Board at the meeting on 9 September 2021.

Stevenage Town Deal – the funding of £1,000,000 was agreed in September 2020 by Government as part of the package of nine Town Deal projects totalling £37.5m This has been identified as a fast project whereby the business case for the scheme will be developed over the next three months to be signed off by SBC and the Stevenage Development Board at its meeting in September 2021. This approach and supporting the £1m project funding was agreed by the SDB at its meeting on 13th May 2021.

HCC In-kind Funding – the in-kind funding of £110,000 (officer time)

What provisions have been made to deal with any potential cost overruns?

It is not anticipated that there will be any cost overruns. In the unlikely event that there are any these will be covered by the applicant and other partners through careful budget management as per the processes described below.

HCC via its consultants WSP will establish processes to manage project risk and associated cost increases, including the use of a risk registers and Quantified Risk Assessment (for cost-risk adjustment), as well as Quality Management processes which involve the regular review of costs and delivery (with appropriate mitigation plans). These outputs will be reported to the LEP and SBC as project delivery partners.

The delivery partners have produced a draft memorandum of understanding setting out how the financial risks of the stage 1 project will be shared between SBC, HCC and the LEP. It is anticipated that the MoU will be in place by October 2021. Project progress and risk can be reported via the governance framework to ensure that partners are able to jointly share risk and make associated decisions around risk and necessary mitigations.

Should costs increase then HCC, LEP and SBC can consider curtailing the design process, value engineering of the design or using alternative funds.

How has Contingency been factored into the Financial Case? How has this level of Contingency been determined?

The costs contained within the Financial Case were estimated as part of the Town Deal bid and included contingency within the cost build up, which is calculated at 15% overall.

HCC then reviewed and disaggregated these costs and confirmed their appropriateness. Further work will be undertaken to increase the robustness of costs at the next stage of the project. This will be reported through the governance framework to be established between the project partners.

COMMERCIAL CASE

5. COMMERCIAL CASE

Please provide evidence that the proposed project complies with public sector procurement regulations, including details of your organisation’s procurement policy

Hertfordshire County Council adheres to public procurement procedures and its procurement guidelines can be found here:

<https://www.hertfordshire.gov.uk/media-library/documents/about-the-council/data-and-information/constitution-annex-13-contract-regulations-dec-2014.pdf>

What previous experience does your organisation have of similar procurement processes?

It is anticipated the scheme delivery will be procured through established and previously utilised Highways Framework arrangements. It is anticipated that HCC’s existing framework contract for the development of Major Transport projects with WSP will be utilised for this bid. Stage 2 will likely use the (Eastern Highways Alliance 3 Framework or similar) to speed delivery and to benefit from established and market tested competitive processes, utilising contractors who have experience of working on the HCC network. This procurement route has been used to deliver projects in Hertfordshire and wider local authorities.

Hertfordshire County Council has a very experienced team that has recently delivered the New River Bridge and is currently delivering the A120 and A602 projects through similar contracting arrangements and governance.

Please provide information about the allocation of risks between project partners

A detailed analysis of risk, including the use of a risk workshop will be undertaken in future project phases. This will be used to create a more detailed risk register that will be used within the risk-cost adjustment process (via Quantified Risk Assessment). However, the following strategic risks have already been identified for this Stage 1 project.

Risk	Mitigation
Traffic modelling results highlight that the benefits will be too low to warrant proceeding with the project	<ul style="list-style-type: none"> • Check traffic modelling assumptions • Value engineering
Land acquisition/dedication (from GSK) (the current cost estimate does not include any allowance for land)	<ul style="list-style-type: none"> • Engage Estates Team • Appoint a land agent • Request a formal land valuation • Work collaboratively with GSK to secure the land needed
Funding is not forthcoming	<ul style="list-style-type: none"> • Prepare a robust business case that can be tailored for different funding sources • Make adequate provision for risk and contingency

	<ul style="list-style-type: none"> • Continue to engage with funding partners • Seek out alternative sources of funding (e.g. LEP, DfT, Town Deal, Levelling Up Fund, etc.)
All funding being offered is capital and comes with the risk that HCC might have to fund this from its revenue budget if the scheme does not proceed	<ul style="list-style-type: none"> • Brief senior management and Members about the costs, risks and benefits and seek their approval to proceed
Ability to secure funding for the construction phase	<ul style="list-style-type: none"> • Develop a robust business case that can be tailored to a range of funding sources • In the first instance apply for funding under the Levelling Up Fund (LUF) via SBC
Sufficiency of contingency provision in the cost estimate inherited from the Stevenage Town Investment Plan	<ul style="list-style-type: none"> • Hold a workshop with SBC officers to discuss the sufficiency of the contingency allowance • Hold a risk workshop
Having to return funding if scheme does not progress beyond preparatory work	<ul style="list-style-type: none"> • Engage Legal Services • Negotiate a robust agreement with funding partners
Stakeholder acceptability	<ul style="list-style-type: none"> • Communicate project benefits and how they contribute to corporate priorities e.g. LTP4 • Engage with Members and stakeholders
Construction cannot be completed by March 2025	<ul style="list-style-type: none"> • Continued liaison with Highways England about proposed project to upgrade the A1(M) to a smart motorway between junctions 6 and 8 • Continued liaison with HCC Network Manager • Submit Provisional Advance Authorisation to secure road space • Design & Build contract to minimise programme duration
Buildability	<ul style="list-style-type: none"> • Investigating options for early contractor involvement • Consider technology (BIM and digital engineering)

Please outline the anticipated rate of return on investment

Like virtually all publicly funded major road schemes, the GWR Roundabout preparatory works project will not deliver an income stream or a return on investment.

Do State Aid rules apply to your project?

<p>Does the assistance give an advantage to one or more undertakings over others? An “undertaking” is any organisation engaged in economic activity. This is about activity rather than legal form, so non-profit organisations, charities and public bodies can all be undertakings, depending on the activities they are involved in. An undertaking can also include operators and ‘middlemen’ if they benefit from the funding. “Economic activity” means putting goods or services on a market. It is not necessary to make a profit to be engaged in economic activity: if others in the market offer the same good or service, it is an economic activity. Support to an organisation engaged in a non-economic activity isn’t State aid, e.g. support to individuals through the social security system is not state aid. An “advantage” can take many forms: not just a grant, loan or tax break, but also use of a state asset for free or at less than market price. Essentially, it is something an undertaking could not get in the normal course of business.</p>	<p>No, this scheme will benefit all users of the highway network in Stevenage and capacity will be used by development on a first come first served basis.</p>
<p>Does the assistance give an advantage to one or more undertakings over others?</p>	<p>No</p>
<p>Does the assistance affect trade between Member States? The interpretation of this is broad: it is enough that a product or service is tradable between Member States, even if the recipient does not itself export to other EU Markets.</p>	<p>No</p>

MANAGEMENT CASE

6. MANAGEMENT CASE

Please outline key individuals who will be responsible for the management and delivery of the project

Role	HCC
Senior Responsible Officer/ Project Executive	Rupert Thacker (on behalf of HCC Transportation Major Projects Board)
Group Manager	David Burt
Project Sponsor	Paul Rogers
Design Project Director	Graham Higgins (WSP)
Design Project Manager	Livio Martelli (WSP)

What is the track record of the applicant organisation (and individuals involved with project delivery) of managing and delivering similar projects on time and within budget?

Hertfordshire County Council has an experienced team that has recently delivered the New River Bridge project broadly on time and within budget. The team is also currently delivering the A120 and A602 projects.

The team has reach back to technical, contract and project management experts within Arup and WSP via the CST and TIPS contracts.

Please provide information on key milestones and deliverables

The high-level Gantt chart below provides a summary of the intended delivery plan. This will be developed in greater detail during the next stage of the project.

Project management tool/ project output	2021	2022	2023	2024
Preparatory Works (this project)				
Governance arrangements	■ ■			
Project management plan	■ ■			
Procurement strategy	■ ■			
Land dedication agreement		■ ■		
Licenses for access to adjacent land		■ ■		
Business cases to secure other contributions	■ ■ ■			
Surveys and site investigations		■ ■ ■		
Design		■ ■ ■		
Advance works		■		
Statutory Undertakers' diversions		■ ■ ■		
Invitation to tender pack		■		
Transport improvements (subsequent project)				
Traffic regulation orders			■	
Mobilisation			■	
Road improvements			■ ■ ■ ■ ■ ■ ■ ■ ■ ■	
Environmental planting				■

How developed is the project? – e.g. for physical projects, planning permission, ready to start, on site, underway and land ownerships secured

The extended project life cycle adopted by HCC comprises of seven stages as follows:

- Stage 1: Initiation
- Stage 2: Option Testing
- Stage 3: Preferred Option Business Case
- Stage 4: Design
- Stage 5: Procurement
- Stage 6: Delivery
- Stage 7: Maintain and Operate.

At the end of each stage, gate reviews are held to review progress, determine what is required for the next stage, determine whether any key decisions need to be made and determine whether the project should proceed to the next stage.

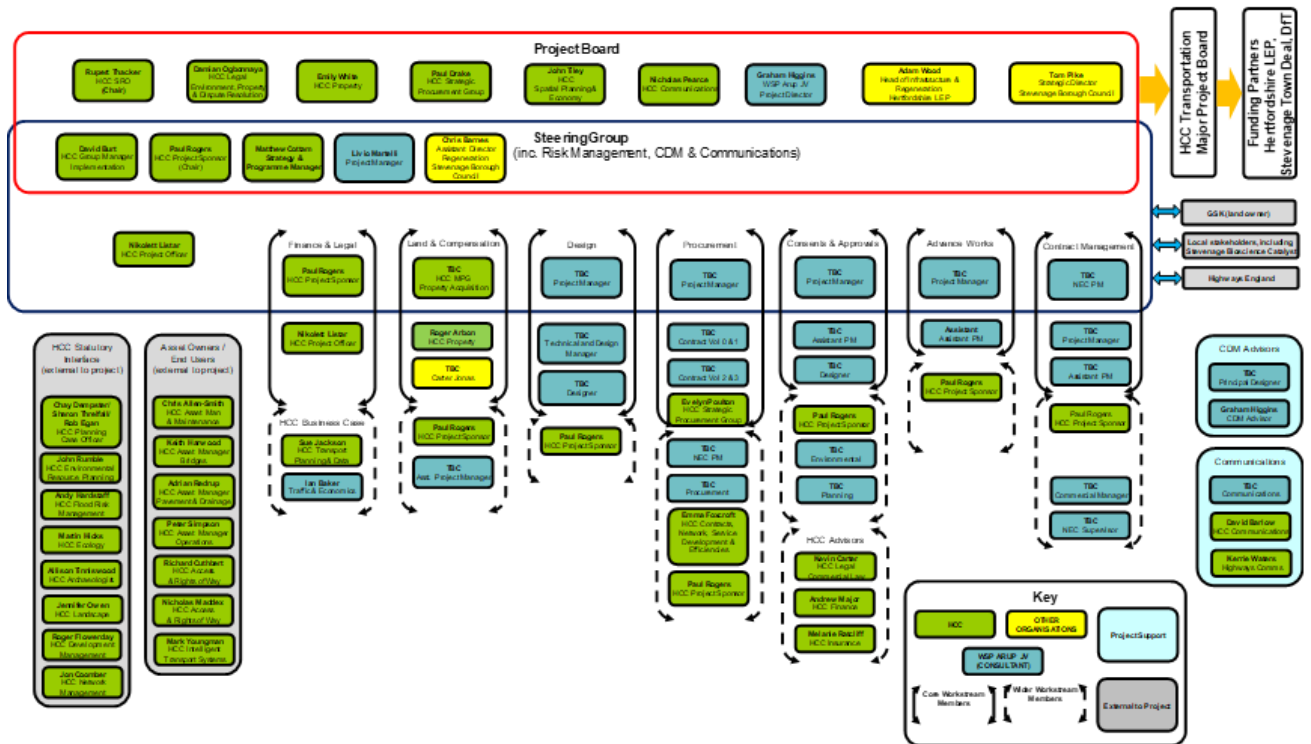
This project is currently approaching the end of Stage 3.

Below is a list of deliverables that have already been produced as part of this project:

- Outline design
- Stage 1 Road Safety Audit
- Technical review of proposed layout
- Specification for topographical survey
- Review of land ownership
- Review of scheme to take account of comments from Stage 1 Road Safety Audit
- Review of scheme against updated design standards
- Updated traffic modelling to reflect scheme post RSA and design standards review
- Land plan
- High level drainage design

What governance and assurance processes are in place for the management and delivery of the project?

The figure below outlines the governance structure that will be employed to deliver the project.



The roles and responsibilities of key roles within the project are described in the table below:

	Responsibility
Project Board	Sponsors and signs off on strategic decisions and strategies. Escalates to Chief Officer and/or political decision makers.
Steering Group	Responsible for overseeing the delivery of the Project including: recommending strategic decisions to Project Board monitoring project milestones tracking the progress of the Work Streams and discuss or mitigate any bottlenecks highlighted by the Work Stream Leads
HCC Senior Responsible Officer	Accountable for the overall success of the project in meeting the objectives.
HCC Project Sponsor	Responsible for the overall success of the project in meeting the objectives.
HCC Project Manager	Responsible for managing the delivery of the Project on behalf of HCC.
Risk Manager	The risk manager assists the HCC Project Manager by managing the project risk register. The risk manager will provide updates at Steering Group meetings for discussion and assist in identifying risks that require escalation to the Project Board in accordance with the agreed escalation process

Work Stream Leads (WSL)	The Work Stream Leads support the Project Manager in the day to day running of the various work streams and will coordinate their respective work streams and provide updates to the Steering Group.
Design Project Manager	The Design Project Manager is responsible for managing the Design Work Stream
CDM 2015: Client	The CDM 2015 Client will be responsible for carrying out the Client role as defined in CDM 2015 Regulations. This CDM 2015 Client will be the named "Client" on the HSE F10 Form.
CDM 2015: Principal Designer	The principal designer is responsible for managing health and safety during the pre-construction phase of the project.

The extended project life cycle adopted by HCC comprises seven stages as follows:

- Stage 1: Initiation
- Stage 2: Option Testing
- Stage 3: Preferred Option Business Case
- Stage 4: Design
- Stage 5: Procurement
- Stage 6: Delivery
- Stage 7: Maintain and Operate.

At the end of each stage, gate reviews are held to review progress, determine what is required for the next stage, determine whether any key decisions need to be made and determine whether the project should proceed to the next stage.

This project is currently approaching the end of Stage 3.

The HCC Major Transportation Board (the top right of the organogram above) will be responsible for project assurance – this Board includes representatives from the LEP, HCC Senior officers with scheme delegations and reporting lines to the Section 151 Officer who will be responsible for financial expenditure.

What plans are in place for the ongoing monitoring of the project? i.e. how will information regarding project outputs and outcomes be collected/ monitored

A Monitoring and Evaluation Plan will be developed as part of the preparatory works.

Given the early stage of the project, a bespoke monitoring and evaluation plan is not yet in place. This will be developed during later stages of the project but will adopt the following methodology / include the following data:

Baseline data will be collected prior to scheme construction and will include:

- Traffic data (journey times, manual classified counts, queue lengths) at key junctions
- Economic data (GVA, current number of jobs) in the Gunnels Wood Employment Area
- Accident data (STATS19)
- Air quality data (at the closest AQ monitoring sites)

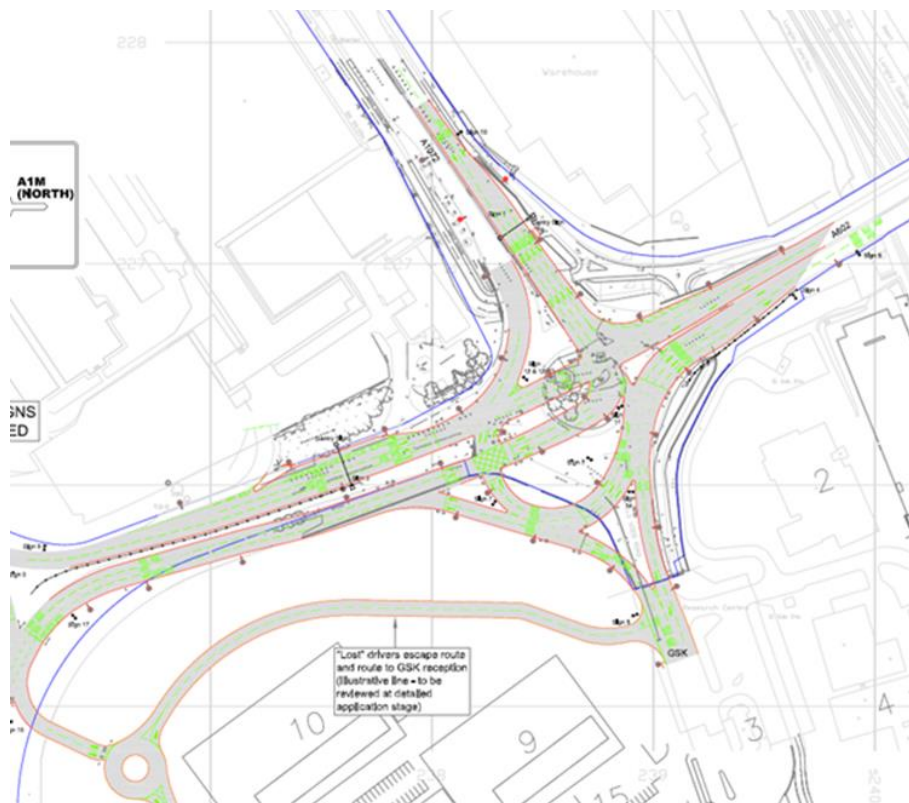
Additionally, the estimated construction cost, and duration of construction programme will be recorded.

Following construction of the scheme, the same data will be collected / surveys undertaken as the data assembled for the baseline, to enable analysis and comparison. The data analysed will be reported on in an evaluation plan. Success of the project will be determined against how well it has achieved its objectives and anticipated outcomes (this will be outlined within a causal chain diagram within future updates of the business case), and how closely the outturn costs, construction programme and Value for Money were adhered to.

Future Employment and housing allocations through to 2031 based on both permissions and Local Plan information are captured in a database that can be accessed via geographic mapping. These site allocations are included within HCC's Strategic Transport model (COMET) which is used as the basis for forecast travel demand scenarios in developing future transport infrastructure. This data set thus provides the most appropriate source for outputs, ensuring consistency with HCC transport modelling which underpins the business case development for new schemes.

A wider monitoring regime to capture the (indirect) impact on housing, jobs and economic impacts has been established by HCC and the LEP in relation to HCC led transport infrastructure projects. This regime is already being used for a number of highways projects and will be used for this project as well. Data is collected from local planning authorities on an annual basis in relation to the number of developments constructed, in construction, in planning and so forth and information is stored by HCC in a central data base that can be access at any time via a geographic interface which allows the user to directly access the current information for developments across the county.

PLEASE PROVIDE A site plan



Once Heads of Terms have been agreed, towns are required to develop business cases for each project and submit a Summary Document to Ministry of Housing, Communities and Local Government (MHCLG). MHCLG will need to review and be satisfied with the Summary Document before funding can be released.

The **Summary Document is mandatory**, even if you do not use the TFDP business case template.

SUMMARY DOCUMENT

General conditions table
TIP improvement condition <i>Set out TIP improvement conditions as agreed in Heads of Terms</i>
Evidence <i>Provide evidence of how conditions have been addressed</i>
Public Sector Equality Duty (PSED) <i>Provide a summary of programme-level PSED analysis</i>
Signature of Town Deal Board Chair and accountable body’s Chief Executive Officer or S151 Officer

Project summary table

Project summary table
<u>Gunnels Wood Road Infrastructure Improvements Part 1</u>
Business case appraisal <i>Provide details of how the business case has been appraised</i>
Is this project being fast-tracked?
Yes
Total project value (£, million)
Towns Fund funding allocated (£1 million):

Outputs <i>Provide a list of the final projected outputs, they must be clear and quantified</i>					
Outcomes <i>Provide a list of the final projected outcomes, they must be clear and quantified</i>					
Cost-benefit projection (for example BCR or NPSV)					
Public match funding <i>Provide the total (£, million) and breakdown of sources</i>					
Private match funding <i>Provide the total (£, million) and breakdown of sources</i>					
Nominal Financial profile (£, million)					
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Actions taken to address project conditions <i>Provide details of actions taken to address any conditions that were attached to the project, where the condition was to provide a delivery plan this should be inputted in the section below</i>					

Delivery plan

Including details of:

- *partnerships*
- *timescales*
- *planning permission and other milestones*
- *interdependencies*
- *risks and mitigation measures*

Monitoring and evaluation plan*

Provide details on:

- *how spending and delivery will be monitored against expected milestones and outputs and outcomes*
- *what Key Performance Indicators will be used*
- *arrangements for sharing of data*
- *the levers that are available to address any performance issues*
- *who will be responsible for evaluating success*

Signature of Town Deal Board Chair and accountable body's Chief Executive Officer or S151 Officer

* Further guidance on monitoring and evaluation requirements will be provided in January 2020.

PROPORTIONALITY GUIDE

You should consider the following questions and prompts to help guide the level of detail required for your business case. Ultimately, this is a question for your local assurance processes and your Town Deal Board.

GENERAL CONSIDERATIONS

Key questions to consider the level of detail and effort required for your business case as a whole include:

- Is your project large (smaller projects – e.g. <£1m – require less detail compared to larger projects – e.g. projects over £25m)?
- Is the project of regional or national significance?
- Is it a complex or innovative project?
- Is this the first time you have delivered a project of this kind?

If you answer 'Yes' to one or more of these questions, you will need to produce a more detailed business case.

Ultimately, you should follow any guidance on the level of detail required for business cases based on your local assurance processes.

For each of the five cases below, we set out key questions and considerations to help you gauge the level of detail required for your business case.

At the end of this document, you can use the [Proportionality Tool](#) to assess where each business case falls on the scale of these key questions, which should help you understand the level of detail required for your business case.

STRATEGIC CASE

Key questions to consider the level of detail and effort required for your Strategic Case include:

- Is the project a key enabler for other projects or programmes? Is it part of a set of projects to achieve more transformational change?
- Is there a complex stakeholder or policy challenge which requires further evidence or articulation of wider strategic alignment?
- Does the project or its theory of change have any dependencies on other projects or activities?

ECONOMIC CASE

Key questions to consider the level of detail and effort required for your Economic Case include:

- Is the project in any way high risk or/and new and novel? Are the benefits of this type of project well understood and is there evidence that they are likely to be achieved?
- Is the "Do something" well-articulated – or does it need further refinement? Are the scenarios easily defined?

- What is the level of certainty around the costs and benefits? Is the BCR or NPV calculation particularly sensitive to any of the variables or assumptions?
- Is there any interrelationship or complexity between costs, benefits etc.? For instance, prices or costs impacting on demand?
- Are the costs and benefits dependent on the commercial or financial deal?
- Are there any significant dis-benefits?
- Is the case dependent on significant benefits which are difficult to monetise?
- Is the project likely to have a different impact on different groups (e.g. age, income)?

FINANCIAL CASE

Key questions to consider the level of detail and effort required for your Financial Case include:

- What are the various sources of co-funding and commitment levels, and are there key uncertainties around those?
- Are there any foreseen Capital or Revenue constraints?
- What are the key assumptions that will impact the financial viability and what sensitivities do you plan to run? Are there any key financial risks to the project?
- Has there been consideration of tax and accounting treatment with your local assurance owner / accounting buddy?

COMMERCIAL CASE

Key questions to consider the level of detail and effort required for your Commercial Case include:

- What is the commercial strategy underpinning delivery of the project?
- Which party owns which risk and the basis for the risk allocation? To what extent is there opportunity for suppliers to bear risk? Where suppliers are able to take risk how will the pricing mechanism reward/penalise them?
- Does the project involve partnering with multiple bodies and, if so, how will agreements be negotiated?
- Does the scope of the project require specialist input and are there any specific challenges or risks?
- Is the market understood and is the project likely to result in competitive tender(s)?
- Are there any specific challenges in deciding the procurement route to market? To what extent can existing processes for procurement and contract management be used? Do you have experience with this type of procurement?
- To what extent can the project be delivered as a single package or are multiple packages required?
- Can social value be delivered through procurement?

MANAGEMENT CASE

Key questions to consider the level of detail and effort required for your Management Case include:

- Does the accountable body have an existing and proven approach for the delivery of projects and how will that be applied to the delivery of the project?
- What is the scale and complexity of the project?
- What are the key risks, who are the owners and how will they be managed?
- Is this an innovative project and does the project sponsor have experience in delivering similar projects?
- How many organisations will be involved in the delivery of the project and have they worked together?
- Does this project require complex delivery arrangements and are the roles and responsibilities clear and agreed?
- To what extent is the project dependent on projects by others and how will interfaces be managed?

- How many stakeholders will need to be engaged during development and delivery stages and how will this be achieved?
- What is the basis for the workstreams/activities in the proposed delivery schedule and the confidence in achieving key milestones?
- To what extent are there existing processes and procedures for project controls and how will these be applied?
- Who requires to assured, about what, to what level of detail and to what extent can existing arrangements be adapted and used?
- Is benefits realisation dependent on other parties, behavioural change, or additional enablers such as training or programming?
- How many outcomes and outputs will need to be monitored, and is there an established method for monitoring the outcomes and outputs that have been identified?

PROPORTIONALITY ASSESSMENT TOOL

	Less detail		More detail
General			
Project size and value	<£1m	↔	£25m+
Regional and national significance	Local	↔	Regional / national
Innovation	Low	↔	High
Experience delivering similar projects	High	↔	Low / no experience
Strategic case			
Enabler of other projects and transformational change	Local impact	↔	Transformational change
Stakeholder picture	Simple	↔	Complex
Key dependencies with other projects	No dependencies	↔	Strong dependencies
Economic case			
Risk and novelty of project	Low		High
Scenario definition	Simple	↔	Complex, including Covid-19 impacts
Certainty around costs and benefits	High certainty	↔	Low certainty
Disbenefits	No disbenefits	↔	Potential Disbenefits
Monetising benefits	Easy to monetise	↔	Difficult to monetise
Distributional impacts across groups	simple impacts, less relevant to project	↔	Complex distributional impacts
Financial case			
Co-funding and uncertainties	Clear co-funding approach	↔	High uncertainty and complex co-funding
Capital and Revenue restraints	None		Some
Financial viability and key financial risks	Low risks	↔	High financial risks
Tax and accounting treatment	Clear	↔	Complex, to be defined
		↔	

	Less detail		More detail
Commercial case			
Number of parties	1	↔	>3
Procurement experience	Procured before	↔	Never procured
Risks and allocation	Clear and obvious	↔	Shared and need defining
Market assessment	Sufficient capacity	↔	Limited capacity
Procurement route	Framework	↔	Negotiated deal
Contract conditions	Standard, used before	↔	Modified, complex
Payment mechanisms	Cost reimbursement	↔	Target price
Incentives	None	↔	Pain / Gain
Assurance required	Minimal	↔	Independent
Value added	Minimal	↔	Multiple opportunities
Management case			
Technical complexity	Low	↔	High
Novelty	No novel aspects	↔	Little experience
Delivery risks	Few and manageable	↔	Many, likely, resource hungry
Dependencies	Few	↔	Many
Delivery model	Single body	↔	Multi-party
Project team	1-3	↔	>5
Project model	Single	↔	Part of a programme
Stakeholders	Passive management	↔	Active management
Assurance required	Minimal	↔	Independent
Benefits	Clear, concise, measurable	↔	Multi-faceted