

# LINCOLNSHIRE

## STRATEGIC TRANSPORT BOARD

County Offices  
Newland  
Lincoln  
LN1 1YL

30 January 2015

### Lincolnshire Strategic Transport Board Meeting

A meeting of the Lincolnshire Strategic Transport Board will be held on **Monday, 9 February 2015** in **Committee Room Two, County Offices, Newland, Lincoln LN1 1YL** at **2.00 pm** for the transaction of business set out on the attached Agenda.

Yours sincerely



Tony McArdle  
Chief Executive

### Membership of the Lincolnshire Strategic Transport Board

#### (Voting Members)

Councillor R G Davies (Chairman)	(Executive Councillor for Highways, Transport and IT)
Councillor C J Davie (Vice-Chairman)	(Executive Councillor for Economic Development, Environment, Planning, Tourism)
Councillor S F Kinch	(Executive Support Councillor for Highways, Transport and IT)
Peter Denby	Greater Lincolnshire Local Enterprise Partnership
1 Co-Opted Vacancy	

#### Advisor (Non-Voting)

Richard Wills	Principal Advisor
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#### Observers (Non-Voting)

Jodie Booth	North Lincolnshire Council
Holly Smith	North East Lincolnshire Council
Cyril Day	Highways Agency

Rob Fairy

1 Vacancy

Network Rail

Humber Local Transport Board

**LINCOLNSHIRE STRATEGIC TRANSPORT BOARD AGENDA  
MONDAY, 9 FEBRUARY 2015**

<b>Item</b>	<b>Title</b>	<b>Report Reference</b>
<b>1</b>	<b>Apologies for Absence</b>	
<b>2</b>	<b>Declarations of Members' Interests</b>	
<b>3</b>	<b>Minutes of the previous meeting held on the 7 October 2013</b>	(Pages 5 - 8)
<b>4</b>	<b>Transport Board - Update</b> <i>(To receive an update, for information purposes, since the Board last met on 7 October 2013)</i>	(Pages 9 - 10)
<b>5</b>	<b>Consideration of Grantham Southern Relief Road Outline Business Case</b> <i>(To receive the Outline Business Case for the proposed Grantham Southern Relief Road)</i>	(Pages 11 - 16)

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**Please Note:** for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements
- Copies of reports

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## LINCOLNSHIRE

### STRATEGIC TRANSPORT BOARD

LINCOLNSHIRE STRATEGIC  
TRANSPORT BOARD  
7 OCTOBER 2013

#### **PRESENT: COUNCILLOR RICHARD GRAHAM DAVIES (CHAIRMAN)**

Officers in attendance: Paul Coathup (Assistant Director of Highways and Transportation); Ian Kitchen (Transport Manager – Policy and Orders); John Pollard (Mouchel); Gary Billington (Mouchel)

Also in attendance: P Denby (Lincolnshire Enterprise Partnership Representative); Holly Smith (North East Lincolnshire Council); Rob Fairy (Network Rail)

#### 8 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors C J Davie, S F Kinch, Mrs J Churchill, Richard Wills, Executive Director for Communities and Jodie Booth (North Lincolnshire Council).

In the absence of Richard Wills, Paul Coathup deputised as Advisor to the Board.

#### 9 DECLARATIONS OF MEMBERS' INTERESTS

There were no declarations of Members' Interests.

#### 10 MINUTES OF THE PREVIOUS MEETING HELD ON 19 JULY 2013

##### RESOLVED

That the Minutes of the previous Meeting held on the 19 July 2013 be agreed and signed by the Chairman as a correct record.

#### 11 GOVERNANCE ARRANGEMENTS

A report outlining the Governance arrangements was presented to the Board and it was confirmed that Lincolnshire County Council were still awaiting further information relating to Part 2 of the Governance arrangements from the DfT although it was anticipated there was unlikely to be significant change. In view of this, the Board therefore agreed to make a decision on funding priorities for major schemes in Lincolnshire at the meeting using the framework as proposed.

##### RESOLVED

- (a) That, in the absence of any further guidance from DfT, the Board agreed to make a decision on its priorities at this meeting.

(b) That, should the need arise, the decision be reviewed in the light of any comments subsequently received from DfT.

## 12 FUNDING PRIORITIES

The Board was informed that EAST (Early Assessment and Sifting Tool) assessments had now been undertaken on the proposed schemes in line with the decision at the previous meeting.

A brief overview was given to the Board outlining the EAST assessment process, highlighting that it was a tool to support the decision-making process by assembling information in a consistent way and helping the Board form a decision on the proposed schemes. It was stressed that the Board should, when making their decision on which scheme(s) would be recommended for implementation, take into account the strategy policy fit, the economic benefits and contribution to growth, the current scheme status and realistic delivery timescale, along with the risks to delivery.

A copy of the EAST Comparison Overview was circulated at the meeting which outlined the following four schemes which were discussed in detail.

### (a) Grantham Southern Quadrant Link Road

The Grantham Southern Quadrant Link Road forms a 3 km single carriageway road (with crawler lane in part) that links the B1174 to A52 Somerby Hill. The scheme was a major part of the Grantham Southern Relief Road and would be located to the south of the Grantham urban area and the village of Somerby Hill and to the north of the village of Somerby Hill and to the north of the villages of Little Ponton and Great Ponton. The scheme included a bridge crossing over the River Witham and the East Coast Main Line and would form the second phase Grantham Southern Relief Road which would connect the A1 to the A52.

It was reported that this scheme had received a high degree of consultation, was well advanced and currently going through the planning process. It was reported that this scheme would be able to be delivered in between two and five years if prioritised by the Board. It was estimated that the cost would be approximately £46.1 m, although it was expected that this cost may be reduced as a result of an ongoing value engineering exercise. It was noted that Lincolnshire County Council had an excellent working relationship with Network Rail in respect of issues associated with the crossing of the East Coast Main Line.

### (b) Grantham Southern Relief Road

The Grantham Southern Relief Road formed a predominantly single carriageway route linking the A1 to the A52 located to the south of Grantham urban area. The Grantham Southern Relief Road consists of the following two sections:

(i) The King 31 link, which would connect the A1 to the B1174 at the western end of the relief road and formed part of the Spittlegate Development (also known as the

"King 31" development). This element already had planning approval (it should be noted that this was due to expire in August 2014), and

(ii) The Southern Quadrant Link Road which would link the B1174 to A52 and would serve the proposed Southern Quadrant mixed use development.

The Board felt that the King 31 aspect of the above Scheme needed a review of the design aspect if the Board decided to progress this Scheme further.

(c) Skegness Western Relief Road

The Skegness Western Relief Road would provide a new link between the A158 and the A52 to the west of Skegness. The scheme was at the feasibility stage so the route alignment had not been finalised. Two route alignments had been identified and both tie-in to the A52 and the A158 at the same point via roundabout junctions. The scheme would form a single, two-lane all-purpose 7.3 m wide carriageway with 1 m hard strips and 2.5 m verges for a length of some 2.4 km with roundabouts at either end.

The Board observed that the strategic impact scores were lower for the Skegness scheme than for the Spalding and Grantham schemes and that development of the scheme was far less advanced. It was reported that a Feasibility Study had been undertaken during 2006 and a lot of further work would need to be undertaken to update the feasibility report and re-evaluate the expected impact of the scheme. It was also reported that the route alignment had not been precisely defined and there was flexibility and scope to change how the scheme was currently presented.

(d) Spalding Western Relief Road – Phase 1 only

Phase 1 of the Spalding Western Relief Road provided the initial phase of a road that would ultimately provide a link between Spalding Common and Spalding Road, Pinchbeck. Phase 1 would provide approximately 2 km of highway infrastructure from Spalding Common to a roundabout adjacent to Hill's Drain and provided access via a roundabout to the Holland Park development which would include 2,250 dwellings. Phase 1 formed part of the outline planning permission granted for the Holland Park development.

The Board felt that this scheme was well developed and the level of assessment was high. It was felt that this was a necessary first stage of a much larger project for a relief road around the western side of Spalding. It was noted that this scheme had strategic importance for the housing development in Spalding.

It was confirmed that the Board's overall budget allocation from the DfT towards one or more of the above schemes was £11.9 m. Considerable discussion followed regarding the strengths and weaknesses of the schemes and whether the funding should be used to support more than one scheme.

Key points included:

- (i) In view of the relatively modest amount of funding available, the greatest benefits could be secured by supporting a single scheme.
- (ii) Since the proposed Skegness scheme was at a relatively early stage, there was a higher risk of it not being delivered within the required timescale. However, it was felt that in view of its potential to support the important coastal tourism economy, it was a strong candidate for further consideration for inclusion within the emerging Strategic Economic Strategy.
- (iii) In the case of the Spalding scheme, the scheme was well advanced and a strong funding package was being developed. The true highway benefits of the scheme would only be fully realised when the entire western relief road was completed in the longer term.
- (iv) The timescale for the delivery of the King 31 link (and associated employment development) of the proposed Grantham Southern Relief Road is uncertain.

In the light of the above, the Board agreed to prioritise the whole of the funding allocation to the full Grantham Southern Relief Road. This would enable the highest degree of support for the early delivery of a scheme that would support both employment and housing growth, whilst also relieving the town of A52 through traffic.

#### RESOLVED

That the Lincolnshire Strategic Transport Board prioritise the full £11.9 m funding allocation towards the proposed A52 Grantham Southern Relief Road.

#### 13 GROWTH DEALS, STRATEGIC ECONOMIC PLANS AND TRANSPORT

A paper was presented to the Board updating the position in respect of the new Strategic Economic Plans and Growth Deals through which funding for transport would be channelled from 2015/16 onwards. Further guidance was expected from DfT in due course, but the Local Enterprise Partnership was required to submit a draft Strategic Economic Plan to Government by the end of this year, with a final version due in March 2014. Funding would then be announced by Government in July 2014.

#### RESOLVED

That the report be noted.

The meeting closed at 3.35 pm.



## LINCOLNSHIRE

### STRATEGIC TRANSPORT BOARD

Monday 9<sup>th</sup> February 2015

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## Transport Board - Update

1. The Board last met on 7<sup>th</sup> October 2013. At that time, final approval from the Department of Transport (DfT) was still awaited on Part 2 of the proposed Governance Assurance Framework which sets out the processes to be followed by the Board in respect of its structure, operation, prioritisation and programme management. Following some minor changes, the final version (Version 6.0) was subsequently agreed. This can be found online at [www.lincolnshire.gov.uk/lstb](http://www.lincolnshire.gov.uk/lstb) .
2. At the same meeting, the Board considered the case for funding support for four candidate schemes and resolved to prioritise the full £11.9m allocation from the Department for Transport towards the proposed A52 Grantham Southern Relief Road. Since then, further development work has been carried out on the scheme and the Outline Business Case is the subject of a separate paper to this meeting.

### RECOMMENDATIONS

For information only.

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## LINCOLNSHIRE

### STRATEGIC TRANSPORT BOARD

Monday 9<sup>th</sup> February 2015

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## Consideration of Grantham Southern Relief Road Outline Business Case

1. Working has been ongoing on the further development of the proposed Grantham Southern Relief Road, including the preparation of the Outline Business Case (OBC).
2. The Governance Assurance Framework for the Board requires the OBC to be presented to the Board for consideration, which is the purpose of this paper.
3. The full Outline Business Case and its supporting appendices have been prepared in line with Department for Transport's (DfT) WebTag guidance and, as such, run to several hundred pages. However, the overall outcome is summarised in the Value for Money assessment, again prepared in line with the DfT's document "Value for Money Assessments: Advice Note for Local Transport Decision Makers". The Value for Money assessment has been extracted from the OBC and is attached to this paper as Appendix A. A copy of the full OBC is also available online at [www.lincolnshire.gov.uk/lstb](http://www.lincolnshire.gov.uk/lstb) .
4. In summary, the Value for Money assessment begins with an initial Benefit to Cost Ratio (BCR) calculated using industry standard processes in line with DfT guidance. This is then further adjusted to reflect monetary assessments of the wider economic impacts. Finally, the qualitative impacts are also summarised and the three elements combined to produce an overall Value for Money (VfM) category. As can be seen in Appendix A, this has been assessed as "High" for the proposed Grantham Southern Relief Road scheme. Officers from the Lincolnshire Highways Alliance will be present at the meeting to outline the work undertaken and answer any questions.
5. In order to provide an independent scrutiny of the work, a County Council officer not directly involved with the scheme has sat in on Highway Alliance progress meetings to scrutinize and, where necessary, challenge the assessment. As a result, the Executive Director for Environment and Economy as Principal Advisor to the Board has signed off the VfM statement.
6. Should Members of the Board approve the Outline Business Case and the associated Value for Money assessment today, then a Full Business Case will be prepared at a

later date and brought to the Board for approval as the final step in releasing the £11.9m funding allocation for the scheme.

**RECOMMENDATION**

That the Outline Business Case for the proposed Grantham Southern Relief Road be approved

## 4.11 Value for Money Statement

### 4.11.1 Overview

This section brings together all the elements of the economic case and associated appraisal of a variety of economic, environmental and social impacts in order to allow a judgement to be made on the overall VfM category of the GSRR.

Both the 'Initial' and 'Adjusted' BCR's are calculated before a summary of the remaining qualitative and quantitative impacts is provided.

Finally, based on all the elements of the appraisal a final VfM category is chosen.

### 4.11.2 Initial BCR (Step 1)

The initial BCR is based on monetised assessment of a number of key impacts. The appraisal of these impacts is based on robust methods outlined in the DfT's TAG documents. **Appendix F.1** contains the final Analysis of Monetised Costs and Benefits (AMCB), Transport Economic Efficiency (TEE), Public Accounts (PA) tables for the GSRR scheme.

For this assessment it should be noted that:

- The PVB includes the results of the appraisal of Transport User Benefits (Business Users and Commuters & Others), taking into account the QUADRO assessment impact on users during the construction and maintenance of the scheme.
- The PVB also includes impacts on Accidents, Noise, Air Quality and Indirect Tax Revenues.
- The PVC for the scheme only includes the cost to the Broad Transport Budget. Private sector contributions are included as a negative benefit, in line with the DfT's TAG.

Table 4-14 below summarises the Initial BCR assessment.

Table 4-14 – Initial BCR Calculation

Analysis of Monetised Costs and Benefits	
Economic Efficiency: Consumer Users (Commuting)	£26.7m
Economic Efficiency: Consumer Users (Other)	£37.4m
Economic Efficiency: Business Users	£38.0m
Wider Public Finances (Indirect Taxation Revenues)	-£1.2m
Greenhouse Gases	£0.5m
Accidents	£17.6m
Noise	£0.1m
Air Quality	-£0.4m

Analysis of Monetised Costs and Benefits	
Private Contributions	-£29.9m
<b>Present Value of Benefits (PVB)</b>	<b>£88.7m</b>
<b>Cost to Broad Transport Budget</b>	
Investment Cost	£40.6m
Operating Costs	£8.0m
<b>Present Value of Costs (PVC)</b>	<b>£48.6m</b>
<b>Overall Impacts</b>	
<b>Net Present Value (NPV)</b>	<b>£40.1m</b>
<b>Benefit to Cost Ratio (BCR)</b>	<b>1.8</b>

From *Table 4-14* it can be seen that the NPV of the scheme is **£40.1m**, resulting in an Initial BCR for the scheme of **1.8**.

#### 4.11.3 *Adjusted BCR (Step 2)*

The adjusted BCR includes monetary assessments for Wider Impacts. The monetary assessment is based on proxy uplift values suggested by the DfT in the VfM guidance for Local Authority Decision makers.

It is important to stress that these monetary values are based on less robust evidence and are provided in order to give a high level indication of the likely additional benefits the scheme may bring; as such they are included in the 'Adjusted BCR' only.

The PVC for the scheme remains the same as for the Initial BCR calculation. The only difference is that monetised benefits for Wider Impacts (£3.8m) are added to the PVB.

*Table 4-15* below highlights the impact of including Wider Impacts.

*Table 4-15 – Adjusted BCR calculation*

Cost and Benefits	Core Scenario
Initial PVB	£88.7m
Wider Impacts	£3.8m
<b>Adjusted Present Value of Benefits (PVB)</b>	<b>£92.5m</b>
<b>Cost to Broad Transport Budget</b>	
Investment Cost	£40.6m
Operating Costs	£8.0m
<b>Present Value of Costs (PVC)</b>	<b>£48.6m</b>
<b>Overall Impacts</b>	

Cost and Benefits	Core Scenario
Net Present Value (NPV)	£43.9m
Benefit to Cost Ratio (BCR)	1.9

From *Table 4-15* it can be seen that the Adjusted NPV of the scheme is **£43.9m**, resulting in an Adjusted BCR for the scheme of **1.9**.

#### 4.11.4 Qualitative Impacts Summary (Step 3)

DfT Value for Money Assessment: Advice Note for Local Transport Decision Makers states that ‘*qualitative assessment may not contribute to the BCR but should be given equal weight when defining the Value for Money Category.*’

The following *Table 4-16* summarises the remaining impacts and qualitative scores derived from the appraisal.

*Table 4-16 – Summary of Qualitative Impacts*

Impact Category	Impact Name	Score
Economy	Regeneration	Not Assessed
	Dependent Development	Large Beneficial
Environment	Landscape	Moderate Adverse
	Townscape	Not Assessed
	Heritage of Historic Resources	Slight Adverse
	Biodiversity	Neutral
	Water Environment	Neutral
Social	Physical Activity	Moderate Beneficial
	Journey Quality	Slight Beneficial
	Security	Neutral
	Accessibility	Neutral
	Affordability	Not Assessed
	Severance	Neutral
	Option and Non-Use Values	Moderate Beneficial

#### 4.11.5 Overall VfM Category

##### *Initial BCR*

Section 4.11.2 presents an Initial BCR value of **1.8**, indicating ‘Medium’ VfM, based on the DfT categories outlined in Section 4.2.2.

##### *Adjusted BCR*

Once the estimated wider impacts have been taken into account, Section 4.11.3 outlined and Adjusted BCR for the scheme of **1.9**, still representing ‘**Medium**’ VfM based on the DfT categories outlined in Section 4.2.2.

### *Qualitative Impacts*

It is clear from *Table 4-16* that the only adverse impacts of the scheme are related to the Landscape and Heritage of Historic Resources. In terms of Landscape, whilst the upland plateau is capable of effectively accommodating the GSRR, the crossing of the River Witham valley will result in permanent loss of woodland and the introduction of a significant new and visually prominent landscape feature. The Slight Adverse Heritage impact regards a minor negative impact on the setting of the Scheduled Monument and Listed Buildings, although these assets are largely well screened and their settings are already compromised to a certain extent by the presence of the A52, B1174 and the A1. In addition, the scheme will pass through an area with a number of known buried archaeological assets and through two non-designated built heritage assets and will, therefore, lead to the partial or total loss of these features.

In terms of positive impacts, Large Beneficial results are stated for Dependent Development, Moderate Beneficial impacts for Physical Activity and Option and Non-Use Values and a Slight Beneficial impact on Journey Quality. In terms of Dependent Development, despite the negative impact on landscape amenity and the transport externalities of the extra housing and employment developments, the size of the planning gain (based on land value uplift) far outweighs these impacts, leading to an overall Large Beneficial impact.

Furthermore, whilst not specifically included in the TAG compliant appraisal, it is still important to note the results of the Focus Consultants Economic Appraisal Report of the GSRR. This outlined substantial economic benefits resulting from the scheme, including 36,700 additional jobs, £71.3m per annum increase in resident spend and £745m additional Gross Value Added (GVA) generated by businesses in South Kesteven.

### Overall VfM Category

After giving consideration to the Initial and Adjusted BCR values of **1.8** and **1.9** respectively, and the qualitative impacts, a conclusion on the overall VfM Category of the GSRR scheme has been reached. Given the evidence presented, an overall **High** VfM category has been chosen.

### **Overall Value for Money (VfM) Category – High**