

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
Present Value of Benefits (PVB)	£88.7m
Cost to Broad Transport Budget	
Investment Cost	£40.6m
Operating Costs	£8.0m
Present Value of Costs (PVC)	£48.6m
Overall Impacts	
Net Present Value (NPV)	£40.1m
Benefit to Cost Ratio (BCR)	1.8

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
Adjusted Present Value of Benefits (PVB)	£92.5m
Cost to Broad Transport Budget	
Investment Cost	£40.6m
Operating Costs	£8.0m
Present Value of Costs (PVC)	£48.6m
Overall Impacts	

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