



GFirst Local Enterprise Partnership

Board Paper – 2nd July 2019

Agenda Item (Title)	A40 Innsworth Gateway Scheme
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Supporting Papers	Further information on the scheme, including public share displays and the Full Business Case (following its consideration by the LEP Investment Panel) can be found on the scheme https://www.jointcorestrategy.org/a40-innsworth-gateway Letter received from both, Tewkesbury Borough Council and Robert Hitchins Limited seeking approval to transfer the scheme promoter role to Robert Hitchins Limited. The A40 Innsworth Gateway Scheme: Full Business Case Assessment Report.
Confidentiality	Open
Purpose	For the full LEP Board to consider the recommendation to approval Growth Deal funding of £4.53 million for the A40 Innsworth Gateway Scheme, based on the due diligence and Business Case assessment report and investment panel recommendation. For the full LEP Board to consider the proposed transfer of the scheme promoter role from Tewkesbury Borough Council to Robert Hitchins Limited.
Summary	The £13.1m A40 Innsworth Gateway Scheme project consists of capacity improvements to the A40 Longford Roundabout and provision of a new roundabout on the A40 Gloucester Northern Bypass to enable delivery of housing at Innsworth and Twigworth. A new access road connecting this new roundabout to Innsworth Lane is also proposed as part of the scheme. The scheme seeks to reduce delays along the A40 corridor and facilitate housing development without adversely impacting the existing road network. The developments at Innsworth Gateway (1,300 dwellings) and Twigworth (725 dwellings) will contribute towards the Joint Core Strategy housing target. Capacity improvements at Longford roundabout also aim to improve journey times on the A40 and aims to reduce the number and severity of vehicle collisions especially at Longford Roundabout, which has seen a cluster of collisions in the past five years. In terms of the value for money of the scheme a Benefit Cost Ratio (BCR) of 27.8 has been calculated, corresponding to a value for money category of 'Very High'. Key contributors to the quantified benefits of the scheme include travel time savings for users of the scheme. The large portion of the scheme costs which are entirely

Agenda Item 5

	<p>developer funded (covering the cost of the access road) also contribute to the indicated very high value for money of the scheme, but a sensitivity test undertaken by the scheme promoter has confirmed that the scheme would still represent very high value for money if this element of the scheme were (hypothetically) to be publically funded. The quantified assessment of the scheme benefits indicates a Present Value of Benefits (PVB) of £111m over a 60 year appraisal period.</p> <p>Other quantified benefits of the scheme include accident and reliability benefits and land value uplift to the development land at Innsworth and Twigworth. Quantified dis-benefits include construction impacts, a reduction in indirect tax revenues and transport congestion costs placed on existing users resulting from the additional development.</p>
<p>Implications, impacts or risks</p>	<p>A series of Due Diligence Checks have been undertaken against the criteria set out as part of the GFirst LEP Assurance Framework on the Due Diligence process. This included information on the Strategic, Financial and Economic Case for the scheme, as well as the planned processes for the delivery and management of the scheme.</p> <p>It is considered that there is a small potential for legal challenge in relation to State Aid and procurement. While the risk of challenge for both, the procurement arrangements and State Aid lies with the scheme promoter, GCC as the accountable body has also sought independent legal advice from Ashfords LLP in relation to the matter which can be made available to members of the LEP Board on request.</p> <p>Across all remaining criteria it was considered that the planned scheme and its intended delivery and management processes were sufficient to ensure the intended project outputs and outcomes are delivered. It is noted that the intention is for the scheme promoter to change following FBC approval. Additionally a number of legal agreements are still outstanding. For these reasons, the conditions of funding listed under ‘recommendations’ below, should be applied in relation to these issues.</p>
<p>Decision required</p>	<p>The LEP Board is asked to:</p> <ul style="list-style-type: none"> a) Approve the offer of a formal funding award, of £4.53 million, post due diligence and business case assessment, for the A40 Innsworth Gateway Scheme. b) Approve the preparation of the final funding agreement for the A40 Innsworth Gateway Scheme. c) Confirm the special conditions to be associated with the funding agreement in line with the recommendations below. d) Approve the transfer of the scheme promoter role from Tewkesbury Borough Council to Robert Hitchins Limited.
<p>Recommendations</p>	<p>That the following conditions are included within the funding agreement before any funds are transferred:</p> <ul style="list-style-type: none"> i. Legal agreements are required in the form of S278 agreements with Highways England and Gloucestershire County Council as well as S38 and S104 agreements with Gloucestershire County Council and Severn Trent Water. It is recommended that a condition is included in the funding agreement in relation to the successful completion of these processes so that funding can be withheld or clawed back as required should such approvals be rejected. ii. The intention is for the scheme promoter role to switch from Tewkesbury Borough Council to Robert Hitchins Limited following approval of the Full Business Case. LEP Board approval is required to allow this transfer to occur.

Agenda Item 5

	<p>The approval of the Business case should be conditional on this switch, as the management case approach, some of the risk management and the financial case proposed in the Full Business Case would have to be revisited, should this approval be rejected.</p> <ul style="list-style-type: none">iii. A funding condition should be included within the legal agreement so that should delivery of the scheme be delayed such that existing planning approvals expire then any LEP funding given can be clawed back.iv. A disposal clause should be included within the legal agreement to ensure that if the site land was sold on any outstanding commitments applied to Robert Hitchins Ltd in relation to the scheme would pass on to the new land owner.v. A funding condition should be included for the scheme promoter to confirm arrangements with the relevant highway authorities regarding ongoing maintenance costs. Should agreement not be reached between the scheme promoter and the relevant highway authorities regarding agreement to fund commuted sums that the scheme promoter will confirm their ability to fund these sums instead.vi. A funding condition should be included that clearly states that all outstanding fees for cost incurred by the Gfirst LEP Accountable Body, in relation to scheme assessment and legal advise, should be paid by the scheme promoter before any funding is released.
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For further information points raised in this Board paper, please contact Luisa Senft-Hayward
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