

17 November 2014

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Our Ref: VIM KRLR

Your Ref

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Dear Richard,

Kings Road Link Road Scheme, Newbury – Value for Money Statement

This letter is provided in support of the Business Case produced by West Berkshire Council for the Kings Road Link Road (KRLR) scheme.

Value for money categorisation

The evidence produced within the Business Case report for the Kings Road Link Road scheme proves that the monetised benefits which can be deemed to be having an effect on the public accounts can provide a **Very High VfM** category.

Present value of benefits and cost

The analysis contained within the Business Case suggests that the KRLR scheme will generate a Present Value of Benefits (PVB) of £14,709,000 calculated as shown in Table 1 overleaf.

As illustrated in Table 1 this PVB compared against the Present Value of Costs (PVC) of £2,467,000 will generate a Benefit –Cost Ratio (BCR) of 5.962.

Table 1

Item	Value (£000s)
COBALT - Accidents	£0.282
Greenhouse gasses	£0.749
Wider Public Finances (Indirect Tax Revenues)	-£1.946
TUBA – Time benefits and vehicle operating costs	£15.624
Present Value of Benefits (PVB)	£14.709
Broad Transport Budget	2.467
Present Value of Costs (PVC)	2.467
Net Present Value (NPV)	12.242
Initial Benefit to Cost Ratio (BCR)	5.962

Non-monetised, Environmental, Social and Distributional Impacts

Further social and environmental benefits have been derived from qualitative assessment. Whilst these will not provide a monetised benefit for us in this appraisal, the impacts are considered when deriving the Value for Money presented by the scheme:

- The impact to noise is considered to be **beneficial**
- The impact to local air quality is **moderate beneficial**.
- The impact to landscape is **slight beneficial**.
- The impact to townscape is **neutral**.
- The impact to the historic environment is **neutral**.
- The impact on biodiversity is **neutral**.
- The impact on the water environment is **neutral**.
- The impact on severance is **moderate beneficial**.
- The impact on personal security is **neutral**.
- The impact on accessibility is **slight beneficial**.

Key risks, sensitivities and uncertainties

The key risks relating to this scheme are summarised in the business case and mainly relate to planning permission not being granted, construction delays due to unforeseen challenges, scheme costs increasing over time and the Developer being able to start on site when anticipated. How these key risks will be managed is set out in the Business Case.

With all transport modelling there are a number of assumptions made and some uncertainties. Work is ongoing with independent consultants White Young Green to agree the modelling methodology used in preparing the Business Case. However, White Young Green have agreed that the underlying case for the scheme is positive and will bring about benefits.

Certification of the Senior Responsible Officer

I certify the Value for Money Statement provided within this letter to be a true reflection of the work undertaken in preparing the Business case for the Kings Road Link Road scheme.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Bryan Lyttle', with a stylized flourish at the end.

Bryan Lyttle
Planning & Transport Policy Manager