

- 1. The Lincolnshire County Council (A15 Lincoln Eastern Bypass)
(Classified Road) (Side Roads) Order 2014**
- 2. The Lincolnshire County Council (A15 Lincoln Eastern Bypass)
Compulsory Purchase Order 2014**
- 3. Application In Relation To Proposed Compulsory Purchase Of
Land Held By The Canal & River Trust**

Department for Transport Reference: NATTRAN/EM/LAO/0084

**Note on the need for, and scale of, Value Engineering of LEB and
consultation following Comprehensive Spending Review**

1 Introduction

- 1.1.1 This note has been prepared in response to the Inspector's query regarding advice and guidance from DfT regarding the value and nature of the funding bid at the Best and Final Bid (BaFB) Major Scheme Business case stage in 2011. In order to provide a meaningful response to this, the 2011 BafB has been set in the context of the Comprehensive Spending Review and the status of Lincoln Eastern Bypass following this review. Reference is also made to DfT advice regarding consultation at that stage in the scheme development.

2 Prior to the Comprehensive Spending Review, 2010

- 2.1.1 Prior to the Comprehensive Spending Review (CSR) of 2010, LCC had, in 2009, submitted a Major Scheme Business Case (MSBC) to DfT for a dual carriageway LEB scheme which included a Hawthorn Road over bridge and improvements to Greetwell Road. The LEB MSBC was one of a large number of similar proposals from local authorities being considered by DfT as candidates for funding. These schemes were seeking Programme Entry status which, while not completely assuring funding, would have seen DfT funding allocated to the scheme, pending completion of additional processes including a Final Business Case.

3 Comprehensive Spending Review Decisions on Major Schemes

- 3.1.1 Following the CSR, DfT wrote to all the local authorities to inform them of the results of the review of the candidate schemes. Each scheme had been allocated to one of three groups:

- **Supported Pool** – effectively these were schemes which DfT had agreed to fund
- **Development Pool** – these were schemes which DfT considered reasonable candidates for funding and for which promoters were invited to submit further Best and Final Bid Business Cases. It was made clear that DfT would not have sufficient funding for all of these projects and so the BaFB process would be competitive.
- **Pre-Qualification Pool** – these were schemes which DfT considered did not, at that time, offer a sufficiently robust justification for funding at the scale bid for. However, DfT offered promoters of these schemes the opportunity to submit an "Expression of Interest" which would detail how the cost of the scheme could be reduced or the case improved so that the scheme could be elevated to the Development Pool. The key element of the EoI had to be
 - the schemes' potential to offer value for money;
 - the ability and willingness of the promoters to offer savings to the DfT; and
 - the likelihood of delivery in the spending review period

- 3.1.2 DfT informed Lincolnshire County Council that LEB had been allocated to the Pre-Qualification Pool and hence unless a suitable Expression of Interest was submitted and accepted, LCC would not be able to submit a BaFB and the scheme would not be a candidate for DfT funding at all. Consequently LCC decided to submit an Expression of Interest to attempt to have LEB elevated to the Development Pool.

4 Expression of Interest

- 4.1.1 Prior to completing the Expression of Interest, LCC requested a meeting with DfT in order to understand why the scheme had been allocated to the Pre-Qualification Pool and what sort of issues needed to be addressed in order to achieve Development Pool status.
- 4.1.2 DfT indicated that, based on their review of the 2009 MSBC, they considered that the scheme at that time was fundamentally too costly for the scale of problems it was designed to resolve, was “over engineered” in terms of justification of a dual carriageway scheme and included elements which were not considered core to the scheme objectives. For example, the Greetwell Road improvements were not considered integral to the LEB and could be better considered as a separate local improvement when necessary. DfT did not propose a value for a funding contribution that LCC should seek, however, it was made clear that significant reduction from the contribution sought in the 2009 MSBC would be necessary for the scheme to be considered further.
- 4.1.3 In the light of DfT comments, LCC undertook a major value engineering exercise. The most significant consequence of this was that the Scheme was redesigned as a single carriageway and other elements, including the Hawthorn Road over bridge and the Greetwell Road Improvements were removed.
- 4.1.4 An Expression of Interest based on the value engineered scheme was submitted to DfT in February 2011 with an indicative funding contribution request for £50m. On the basis of this, the LEB was elevated to the Development Pool and LCC began the preparation of the BaFB Business Case which was submitted in September 2011. The scheme was granted Programme Entry Status in November 2011.

5 Best and Final Bid Consultation

- 5.1.1 In discussion with DfT regarding the BaFB, LCC were advised that, as a comprehensive consultation exercise had taken place prior to the submission of the 2009 MSBC, it was not necessary nor desirable to undertake a similar scale exercise for the value engineered single carriageway scheme. Rather, DfT advised that, in addition to the statutory required consultation for planning purposes, LCC should undertake a focused consultation with stakeholders with a specific interest in economic regeneration, as this would carry weight with ministers making decisions on funding.
- 5.1.2 This is what the Council did. The Statutory consultation requirements were complied with along with other bodies concerned with economic growth."