<table>
<thead>
<tr>
<th>SCHEME NAME</th>
<th>Sunderland Strategic Transport Corridor – New Wear Crossing</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEAD LOCAL AUTHORITY</td>
<td>Sunderland City Council</td>
</tr>
<tr>
<td>OTHER PARTNER LAS (IF ANY)</td>
<td>None</td>
</tr>
</tbody>
</table>

### STRATEGIC CASE

#### Problems and Objectives

**Problem**
Traffic movements across the River Wear are restricted to two crossings in the City Centre and one on the A19 two to three miles to the West. This has significant impact upon accessibility to proposed development sites on the south bank of the Wear. Cross river movements on public transport and cycling/walking are also constrained by the limited number of crossings.

**Objectives/Investment aims**
The scheme aims to relieve existing congestion on the river crossings by providing additional river crossing capacity.

However it’s main purpose is to help stimulate new employment related developments, and, as envisaged in the city’s Economic Masterplan, to move towards a low carbon economy (building on Nissan’s electric vehicle production and offshore wind turbines).

#### Options Appraisal

The origin of the scheme is not entirely clear but it appears there have been aspirations for a new crossing for some time and that this project began with a specific proposal in the late 90s. The currently proposed location was determined at some point between then and the Programme Entry bid of 2008. After the scheme gained Programme Entry in 2008 a decision was made to enhance the specification of the bridge to include a major iconic/landmark feature, and a competition was held for the design.

The BAFB says that options other than new highway infrastructure were ruled out but provides no more details. In the 2005 MSBC the ‘next best’ option was a single carriageway road bridge, appraised in detail but ruled out due to it not providing the necessary level of benefits.

However there is no evidence of any robust options appraisal process having been carried out.

### Scope

**Scope of previously proposed scheme (June 2010)**
The scheme is a 336m span dual carriageway bridge with an iconic/landmark design and dedicated provision for cyclists/pedestrians. The scheme also includes significant road infrastructure – upgraded junctions and improved traffic control systems - on either bank to connect with the existing road network.

The scheme is intended to be one element in a strategic transport corridor linking the A19 and adjacent industrial sites (e.g. Nissan) with the City Centre and Port. The rest of the corridor on both sides of the crossing is currently served by existing roads and there is a long term aspiration to enhance the whole route.

**Descoping**
There has been no major descoping but the promoters have altered one of the junctions, changing it from a signalised junction to a roundabout.

**Impact on objectives?**
The changes are not fundamental and seem unlikely to make any difference to the achievement of objectives

### Impact on growth and developments

**GDP benefits**
The scheme is estimated to generate £0.61 of business benefits for every £1 of net public expenditure. This includes benefits to business users in the form of journey time savings and impacts from improved reliability.

**Developments**
The South Side of the river is earmarked as a major development site, stretching from just West of the proposed bridge all the way into the City Centre. Only a relatively small proportion of the development is entirely dependent on the bridge but it seems reasonable to assume that the sites, particularly those closest to the bridge, would be considerably more viable with the bridge in place than without as their accessibility would be significantly improved. Given the congestion that already occurs on the existing crossings, the accessibility to any of the new sites would be considerably limited without the bridge. The owners of an existing retail site, which is below capacity, have said that the bridge will make a difference to them letting the currently vacant lots.
However, planning for most of the sites appears to be in the early stages with few if any specific developers in place, and a large degree of uncertainty over the timing and nature of developments.

<table>
<thead>
<tr>
<th>No of new dwellings claimed facilitated by scheme</th>
<th>The site immediately at the southern end of the bridge (the former Groves site) is the biggest. Up to 1000 dwellings are planned (only 400 could go ahead without the bridge), offices and some retail.</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of Jobs claimed facilitated by scheme</td>
<td>The promoter has not made any claims of job creation directly attributable to the scheme but says that the scheme &quot;will make a significant contribution to the creation of 6,000 jobs targeted within the Sunderland Economic Masterplan&quot;</td>
</tr>
<tr>
<td>What is the status of the planning/development</td>
<td>The owners of the Former Groves Site have begun consultation on a new masterplan. None of the other sites appears to have planning consent or developers on board.</td>
</tr>
</tbody>
</table>

**Stakeholder views**

**LEP views**

There is a letter of support from the LEP which acknowledges the benefits that the project will bring and notes the landmark design in enhancing the image of the city.

There are letters of strong support from Nissan and many other individual companies located in the City Centre. The common themes are that the bridge will improve recruitment opportunities and access to customers and markets. Most of them acknowledge the potential of the landmark design to enhance the image and marketability of the city.

The letters of support tend to concentrate on the potential benefit to existing business and do not generally mention the opportunities for new developments. There is a letter of support from O&H Q7, developers of the site on which the bridge will connect with the south bank. There are no letters from prospective developers of the other sites.

There are also letters of support from the major bus operators, Arriva, Stagecoach and Go-Ahead.

**Statutory Bodies**

The views of statutory bodies are not mentioned and no evidence is supplied of any recent engagement with them.

**Previous Correspondence to DfT**

Prior to this bid we had had no correspondence other than letters of support from local MPs and Councillors.

**External Campaigns**

There is no evidence of any organised opposition to the scheme.

**Consultation**

There was consultation in 2005 prior to the submission of the original MSBC, and again in 2008 on the bridge design (said to be the largest consultation ever run by Sunderland). A design competition was held. No detail given on responses to the consultations other than a reference that the public have “expressed strong support for the landmark bridge project”.

**Consultation responses Oct 2011**

We have had a high level of response to comments. Over 150, the second highest in the Development Pool, surprisingly so given the lack of previous public correspondence on this scheme. The responses are overwhelmingly supportive, although over half of those are from Sunderland City Council employees.

3 of the 5 comments against the scheme are in favour of a bridge but think the landmark design is a waste of money.

**Neighbouring authorities**

Tyne & Wear ITA have issued a letter of support.

**Carbon**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Traded Sector</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Non-traded sector</td>
<td>0</td>
<td>-282</td>
<td>-363</td>
<td>-356</td>
</tr>
</tbody>
</table>

This has been estimated as a saving of 1492 tonnes over a 60 year appraisal period.

**STRATEGIC CASE: SUMMARY**

The scheme appears to have emerged from a long standing aspiration for a new crossing and there does not appear to have been any systematic options appraisal carried out.

The primary purpose of the scheme is to stimulate new employment related developments on the south side of the River Wear. At the very least, the scheme should relieve existing congestion on the river.
crossings by providing additional crossing capacity and better connectivity between either side of the river.

However those development sites have seen little progress to date, despite the bridge proposals having had a high profile and receiving Programme Entry three years ago. Most of the sites do not have a developer on board and no planning consents have yet been sought. It is noticeable that, while there is a high level of support from the public and existing businesses in the city, there is, with the exception of one site, no direct evidence of developer interest.

**Recommended conditions of approval (if any):**
Provide an update of your engagement with the Statutory Bodies.
## Economic Case

### Scheme Name
Sunderland Strategic Corridor

### Date
01/12/2011

### Economic Summary

<table>
<thead>
<tr>
<th>Core</th>
<th>Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>PV Benefits (£m)</td>
<td>£159 m</td>
</tr>
<tr>
<td>PV Costs (£m)</td>
<td>£103m</td>
</tr>
<tr>
<td>BCR</td>
<td>1.6</td>
</tr>
</tbody>
</table>

### Value for Money
Medium

### Assumptions
The estimates of scheme benefits have been forecast using a transport model which covers highway and public transport. The appraisal assumes no growth in benefits beyond the final forecast year (2031) and this methodology is consistent with that applied for all other schemes in the Development pool. We have also made an allowance for additional benefits for the weekend and off-peak trips as this had not been included in the initial assessment by the promoter. The optimism bias applied in the appraisal is 58% reflecting the mix of highway and bridge elements of this scheme.

### Key Risks, Sensitivities, and Uncertainties
The assessment undertaken by the bidder demonstrated significant growth in benefits of 9% per annum between 2015 to 2030. The bid assumed that this positive growth would continue beyond the last modelled year and a sensitivity test using such assumptions reports a BCR of 3.5. There is however no evidence to demonstrate the ability of the network to support the additional traffic and further work would be required to verify this sensitivity test.

There are some concerns about the level of growth forecast in the model which is potentially optimistic and there is also some evidence to suggest that the value for money of the scheme is sensitive to demand changes; further analysis will need to be undertaken to understand these impacts further.

The scheme is forecast to lead to a large reduction in costs for some trips which may lead to an over estimation of benefits, the magnitude of this is unknown although it could affect approximately 25% of benefits.

Initial assessment by the promoter made an allowance for 11% of optimism bias. This provides an adjusted BCR of 2.2 for this scheme. However, we have little evidence to suggest that the scheme has reached this stage in the project. A more reasonable lower bound for optimism bias would be a rate of 23% which would give a BCR of 2.5.

We have not made an allowance for any regeneration impacts from this scheme. The promoter identifies that the structure will help raise commercial rental values, attract tourists, enhance community confidence and provide employment at the sites which benefit from such a structure.

A 13% fall in benefits would bring this scheme to low value for money. The probability of this is quite high as there are currently significant uncertainties in the modelling and appraisal and the impact of different growth assumptions may exacerbate this risk.

### Impacts

<table>
<thead>
<tr>
<th>Impact</th>
<th>Adjusted BCR Monetised Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>£11.48m-this has been included in the adjusted BCR and have been estimated by the promoter based on our guidance.</td>
</tr>
<tr>
<td>Wider Impacts</td>
<td>£6.35 m- this has been included in the adjusted BCR and is estimated as 10% of the net impact to business users.</td>
</tr>
<tr>
<td>Landscape</td>
<td>This not been monetised as evidence provided suggests that such impacts are likely to be slight adverse.</td>
</tr>
</tbody>
</table>

### Impacts | Positive Non-Monetised Impacts | Impact |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No moderate or large non-monetised impacts</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Further comments

### Impacts | Negative Non-Monetised Impacts | Impact |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No moderate or large non-monetised impacts</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Further comments

### Reduction in benefits required for medium vfm
NA | Probability | NA
<table>
<thead>
<tr>
<th><strong>FINANCIAL CASE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic Financial Summary</strong></td>
</tr>
<tr>
<td>£m</td>
</tr>
<tr>
<td><strong>Previous cost (June 2010)</strong></td>
</tr>
<tr>
<td><strong>Currently proposed cost (BAFB)</strong></td>
</tr>
<tr>
<td><strong>%Change (June 10 to BAFB)</strong></td>
</tr>
</tbody>
</table>

**Overall scheme costs**

**Savings from June 10 to BAFB**

Overall, costs have reduced by £15.426m but that is a result of reducing the allowances for risk and inflation. The bid claims that value engineering was undertaken although this was embedded within a comprehensive recosting exercise and there is no net saving in the overall base construction cost. It should be noted that while the cost of the preferred scheme has reduced, the cost of a 'non-landmark' alternative is reported to have risen from £103m to £109m. This has the effect of reducing the differential between the landmark/non-landmark costs from nearly £30m to only £6m. However it should be noted that the costs for the non-landmark alternative include increased costs for risk and inflation (due to having to go through redesign and fresh planning/statutory orders processes).

**Pre-Jun 2010 movement in costs**

Programme Entry was granted in 2008 with a total cost (for a non-landmark bridge) of £104.0m and a DfT contribution of £98.0m. The decision in 2009 to upgrade the design to 'landmark' raised the total cost to £133.1m on the clear understanding that the DfT funding would not increase. There was no further reported movement in costs before June 2010. The recent re-costing exercise may therefore capture inflation increases since then and that may explain the lack overall savings despite value engineering.

**Base cost of the scheme**

The scheme cost was revised following completion of detailed design and value engineering measures in 2010/11. These costings were independently reviewed and verified by another consultant (Corderoy) in September 2011.

Note that on cost profile (section 4.4) the local contribution includes “Benefits Evaluation programme”. Not only is this ineligible spend (not capital) but it does not feature in the detailed cost estimates.

**Inflation**

Standard inflation factor of 2.7% has been used, as provided for in WebTAG. However the scheme is particularly reliant on steel and specialist engineering resources. Potential for higher inflation has been allowed for in the QRA but the base inflation factor remains 2.7%.

**Risk**

Risk costed at £7.732m, QRA undertaken by Faithful & Gould. Risk is 6.6% of total cost (after inflation) or 7.1% before. This is a large decrease from £15.7m prior to June 2010, but it is known that Sunderland have continued to press ahead with the development of the scheme in the last 18 months, which would be expected to eliminate some of the earlier risks.

**Adjustments made by DfT**

None. The costs as set out in the BAFB are in line with guidance.

**Sources of funding (and risks)**

**Third Party funding**

The only third party funding is £1.929 from One North East the former Regional Development Agency. This contribution has already been received and spent (on preparatory costs).

Despite the many development sites the scheme would unlock there are no other developer contributions planned. Sunderland say that as most of developments can go ahead without the bridge there is no prospect of Section 106 contributions.

Given the stated private sector support for the scheme and the potential development associated with it the lack of third party contributions is surprising.

**LA contribution**

The LA contribution is £33.2m in total or £25.6 excluding sunk costs. SSC plans to meet this from IT block funding (£10m over 6 years) and £15m from reserves. The Section 151 Officer has signed off the bid.

**Ongoing costs**

Not applicable.
The costing of the scheme appears to have been thorough and detailed, although the reduction is on ‘soft’ cost elements i.e. risk and inflation. Some reduction in risk is to be expected, given the development work Sunderland have continued with in the last 18 months but, on the other hand, is broadly in line with other schemes, despite the complex engineering risks of a major river crossing with a nonstandard design. The considerable reduction in inflation suggests that the previous allowance for inflation may have been too high. The current assumption is 2.7% pa which is reasonable.

The local contribution of £25m is a significant undertaking for a unitary authority, but they say they have £15m of reserves which they will use.

Given the stated private sector support for the scheme and the extent of potential development associated with it the absence of third party contributions is somewhat surprising.

**Recommended conditions of approval (if any):**

None
### COMMERCIAL CASE

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Packaging of procurement of capital elements</td>
<td>Single procurement for whole scheme</td>
</tr>
<tr>
<td>Type of procurement</td>
<td>Conventional with NEC Option A contract. There is a detailed description of the procurement options considered.</td>
</tr>
<tr>
<td>Procurement Route</td>
<td>Restricted</td>
</tr>
<tr>
<td>Procurement of bus/tram/rail services</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

### COMMERCIAL CASE: SUMMARY

The procurement is traditional and straightforward and the approach appears to have been well planned and thought through. We have no major concerns.

**Recommended conditions of approval (if any):**

None
## MANAGEMENT CASE

<table>
<thead>
<tr>
<th><strong>Est Start Date</strong></th>
<th>Oct 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Est Completion Date</strong></td>
<td>Oct 2015</td>
</tr>
<tr>
<td><strong>Percentage of DfT funding in Spending Review period</strong></td>
<td>95% (70% if 13/14 spending is constrained to budget)</td>
</tr>
</tbody>
</table>

### Timetable and milestones (inc opening date etc)

The timetable assumes orders will be confirmed in Dec at the same time as the funding decision. This is unrealistic. Given the Public Inquiry is in October it would be safe to assume at least 6 months before an orders decision and possibly longer. Given that they are unlikely to issue an invitation to tender before orders are confirmed this would put the timetable for the scheme back 4 months from that assumed in the BAFB i.e. Feb 2013 start of works.

### Track Record on recent major schemes (and any others known e.g. CIF)

Sunderland has a poor track record of delivery in recent years. Sunderland Southern Radial Route had a large cost increase during construction, and the Southern Central Route (now withdrawn by the promoters) suffered a significant increase in estimated costs.

This has been raised at senior level within the authority and in 2007/08 the Department commissioned a review of Sunderland’s overall project management capability. At face value they appear to have taken the lessons on board and are showing signs of improvement. Recent gateway reviews have not indicated major concerns. However this improvement is as yet untested and therefore some risk remains.

### Governance

The SRO is Stephen Pickering and he chairs the Project Board. However his delegated authority is not clear, nor is his upward reporting. David Abdy is the Project Director (we assume this is synonymous with project manager but role not clear).

Precise roles and responsibilities are not particularly clear. In particular the Project Board responsibilities are very processy and nothing on responsibility for delivery to time and budget, or benefits realisation, assurance etc.

A council member sits on the project board and his role is described simply as ‘scrutiny’ but unclear whom or what is being scrutinised.

### Dependencies

There are no known dependencies on other projects.

### Statutory Permissions

Planning consent has already been granted (May 2010). The BAFB says that the planning authority is content that the minor changes are within the terms of the existing consent.

SRO/CPO orders published and Public Inquiry was held 11-14 October. There were 6 statutory objectors and 1 non-statutory. The Department awaits the inspectors report.

### Risks

There is an inherent risk associated with bridge construction (as opposed to a road scheme on land) and the engineering associated with the landmark structure. The promoters have detailed where this is taken into account in the risk register, although the highest rated risks in terms of cost are generic ones that would apply to any project:
- Changes in design
- Inflation higher than forecast
- Problems with utilities
- Unforeseen ground conditions

The overall risk allowance (see financial case) is around the norm for Development Pool schemes.

### Project Assurance

Gateway Review stage 2 carried out August 2011.

### Evaluation/Benefits Realisation

A reasonably detailed evaluation plan has been included in the BAFB, with 8 evaluation objectives covering a wide range of impacts with collection of data in short, medium and long terms.

## MANAGEMENT CASE: SUMMARY

The preparation and planning of the scheme appears to be thorough. Sunderland’s track record on delivery is of concern and although they appear at face value to have remedied some of their known problems this has not been tested in the real world.

The Governance proposals may be flawed and give rise to some concerns but are not fundamental. Overall the nature and complexity of the project must carry some inherent risks above the norm. The orders
process should be fairly straightforward, although the outcome of the public inquiry is not yet known, and there is little or no opposition to the scheme.

**Recommended conditions of approval (if any):**
Revision on the proposed timetable to better reflect the timing of Public Inquiry and subsequent decisions.
<table>
<thead>
<tr>
<th>Economic Impact</th>
<th>Quantification</th>
<th>Government</th>
<th>Monetary (GBP)</th>
<th>Distributional Impact on Wage Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Impact</td>
<td>0.26%</td>
<td>12.4m</td>
<td>4.9%</td>
<td>NA</td>
</tr>
<tr>
<td>Employment Impact</td>
<td>500</td>
<td>200</td>
<td>300</td>
<td>NA</td>
</tr>
<tr>
<td>Housing Impact</td>
<td>10%</td>
<td>7%</td>
<td>3%</td>
<td>NA</td>
</tr>
</tbody>
</table>

**Social Impact**

- Public Health
- Educational Opportunities
- Social Cohesion

- Negative
- Positive
- Neutral

**Environmental Impact**

- Air Quality
- Water Quality
- Noise Pollution

- Negative
- Positive
- Neutral

**Table 1: Impact Summary**

- Positive
- Neutral
- Negative

**Figure 1: Economic Impact Graph**

- Positive
- Neutral
- Negative

**Figure 2: Social Impact Graph**

- Positive
- Neutral
- Negative

**Figure 3: Environmental Impact Graph**

- Positive
- Neutral
- Negative