



4 Financial Case

4.1 Introduction

- 4.1.1 This Financial Case outlines the costs of our TCF programme and financing in terms of the sources of funding and annual breakdown of provisions. This chapter considers:
- How much the overall programme will cost;
 - The risks that may affect the cost and how they are being managed;
 - Anticipated profile of expenditure;
 - How the scheme programme will be funded, and funding sources.
- 4.1.2 We have prepared the Financial Case based on low, medium and high funding levels of investment.
- 4.1.3 Our high funding scenario is an ambitious plan for Greater Norwich and we believe maximises benefit against the core 'Transforming Norwich' objectives.
- 4.1.4 Medium and low cost packages have been developed on the basis of scaling back investment on corridors, whilst maintaining the benefits in each package. We have worked hard with bus operators to understand how improvements can support more efficient services and this has led to a very significant commitment from the operators in relation to their proposed level of investment in improvements to their fleet that support the 'Transforming Norwich' programme.
- 4.1.5 Core schemes are presented in all funding scenarios, namely those in the city centre and those on corridors where benefits against TCF are the highest. To achieve lower cost packages, the decision has been taken to divide the three principal cross-city corridors into the different segments that reflect sections into or out of the city centre. Our three principal corridors have therefore been split into six separate segments. This makes it easier to assess the costs and benefits of the corridors when determining which corridor segments need to be removed in the medium and low cost packages.



4.2 Costs

4.2.1 A summary of the scheme costs for each of the programmes levels is shown in the tables below.

Table 61: Programme Cost

Corridor	Low £000	Medium £000	High £000
Base Cost	71,729	84,427	138,997
Inflation	7,516	9,422	17,608
Risk	4,716	5,736	11,236
Programme cost	83,961	99,585	167,841

Table 62: Scheme costs by corridor:

Corridor	Low £000	Medium £000	High £000
Airport – City Centre	4,997	4,997	13,891
All – City Wide	26,292	26,292	44,634
Broadland Business Park – City Centre	0,0	2,248	22,013
City Centre	23,583	23,583	29,578
Easton – City Centre	8,823	8,823	12,660
Rackheath City Centre	2,250	2,250	5,248
Sprowston City Centre	5,556	5,556	13,982
Wymondham – City Centre	12,459	25,836	25,836
Total	83,961	99,585	167,841



Estimating uncertainty

- 4.2.2 Whilst we have undertaken a significant amount of work to fully understand the anticipated cost of the programme, the final cost will not be known until after completion of detailed design and receipt of tenders. There are many things that could affect the cost. For this reason the scheme cost estimates include allowances for both estimating uncertainty and events driven uncertainty, or risk. An allowance for estimating uncertainty is included in the base costs for each element of the schemes, based on experience with similar schemes at this stage of development. Because of the nature of the proposed schemes we have not undertaken a QRA at a programme level but made a provision for risk at an individual scheme level. The majority of schemes proposed are below £5m. Where appropriate, we will undertake a QRA for relevant schemes between December 2019 and March 2020.
- 4.2.3 Scheme costs have been developed by a range of experienced engineers from Norfolk County Council and our consultants WSP and Mott MacDonald. These have been developed in the context of delivery of similar schemes and costed using our standard schedule of rates. Costs have not been verified by an independent surveyor.



Spend profile

- 4.2.4 A planned spend profile has been developed and is set out in Table 63 below. This is based on the delivery programme as set out in the Management Case.

Table 63: Spend Profile

	Low	Medium	High
2019/20	1,308	1,308	1,308
2020/21	37,050	42,643	49,462
2021/22	33,540	38,547	62,479
2022/23	12,063	17,087	54,592
Total	83,961	99,585	167,841

- 4.2.5 An allowance for inflation has been included for future years based on a rate of 3.6% per annum, this is based on the average rate of inflation applicable for similar work carried out over the last 3 years.



4.3 Budgets/ Funding Cover

- 4.3.1 The composition of the local contributions has been agreed with key external partners:
- Norfolk County Council;
 - Other Local Authority Partners;
 - Section 106/ Community Infrastructure levy;
 - Norfolk Car Club;
 - Transport Operators.
- 4.3.2 The funding commitments are set out in the letters of support appended to this Business Case.
- 4.3.3 The majority of programme is based around improvements to the existing infrastructure and the delivery of bus priority measures and improvements to walking and cycling, and therefore we do not anticipate a significant additional cost of maintenance arising from the delivery of the programme. The County Council has an established process for managing the maintenance of the highway network and all new schemes will be included in this regime.

4.4 Summary of Programme Funding

- 4.4.1 The programme funding is shown in Table 64 below.

Table 64: Programme funding

Funding Source	Low £000	Medium £000	High £000
DfT	58,760	74,380	131,121
Norfolk County Council	4,000	4,000	4,000
Third Party Contribution	21,201	21,206	32,682
Total	83,961	99,585	167,841