

3.9 Value for Money Statement

Overview

- 3.9.1 A Value for Money (VfM) assessment has been undertaken for the proposed scheme. Monetised values have been included for travel time, Vehicle Operating Costs (VOC), safety, construction and maintenance, greenhouse gases and indirect taxation.
- 3.9.2 DfT guidance recommends that the initial VfM category is identified based upon the BCR of the scheme, using monetised impacts as detailed above. The thresholds that are used to determine the VfM are as follows:
- Poor VfM if BCR is below 1.0;
 - Low VfM if the BCR is between 1.0 and 1.5;
 - Medium VfM if the BCR is between 1.5 and 2.0;
 - High VfM if the BCR is between 2.0 and 4.0; and
 - Very High VfM if the BCR is greater than 4.0.
- 3.9.3 The BCR represents the amount of benefits of the scheme being bought for every £1.00 of cost and is calculated by dividing the PVB by the PVC.

Benefit Cost Ratio (BCR)

- 3.9.4 A full breakdown of the scheme costs is provided in the Financial Case which is included as Chapter 4 of this FBC. The cost of the scheme and the spending profile is input into TUBA and the costs are then deflated and discounted to form the Present Value of Costs (PVC) of the scheme.
- 3.9.5 The final value of PVB and BCR for the core scenario is shown in Table 3.12. As can be seen in Table 3.12, the BCR for the scheme is **2.06** which indicates that the scheme currently offers **High** Value for Money.
- 3.9.6 The accompanying Appraisal Summary Table (AST) and PA, TEE and AMCB tables are included as **Appendix F and G** respectively to this report.
- 3.9.6 The Value for Money ratings for the sensitivity tests conducted in section 3.6 are set out in the Table 3.16 below.

Table 3.16 - Sensitivity Testing VfM ratings

Test	Overall BCR (including GVA benefits)	VfM Rating
Fare Test 1	1.99	Medium
Fare Test 2	2.23	High
COVID Test	1.02	Low
Costs +10%	1.88	Medium
Costs – 10%	2.30	High
WTP Cap	1.62	Medium
PDFH litter and cleanliness	2.32	High

