
3.9 Value for Money Statement

Overview

- 3.9.1 A Value for Money (VfM) assessment has been undertaken for the A690 Cycle Route. Monetised values have been included for congestion benefit, infrastructure maintenance, accidents, local air quality, noise, greenhouse gases, reduced risk of premature death, absenteeism and journey ambience.
- 3.9.2 DfT guidance recommends that the initial VfM category is identified based upon the Benefit to Cost Ratio (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 the 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 Present Value of Benefits (PVB) by the Present Value of Costs (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 Section 4 of this FBC. The cost of the scheme and the spending profile is input into AMAT and the costs are then deflated and discounted to form the PVC of the scheme.
- 3.9.5 The final PVB and BCR for the core scenario is shown in Table 3-13

Table 3-13: Core Scenario - Scheme Costs, Benefits and BCR

Benefit Category	Benefits (£'000's, 2010 Prices Discounted to 2010)
Congestion Benefit	387.51
Infrastructure Maintenance	1.16
Accident	35.55
Local Air Quality	6.81
Noise	2.37
Greenhouse Gases	18.83
Reduced Risk of Premature Death	4,210.96
Absenteeism	523.79
Journey Ambience	2,410.15
Indirect Taxation	-24.53
Government Costs	2,631.48
Private Contribution	0.00
Present Value of Benefits	7,571.45
Present Value of Costs	2,630.32
Benefit to Cost Ratio	2.88

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- 3.9.6 As can be seen in Table 3-13, the BCR for the scheme is **2.88** which indicates that the A690 Cycle Route currently offers **High** Value for Money.
- 3.9.7 Table 3-14 summarises the Value for Money of the various sensitivity tests that have been undertaken for the A690 Cycle Route.

Table 3-14: Summary of Sensitivity Test Value for Money

Sensitivity Test	BCR	VfM
Low Growth	2.51	High
High Growth	3.25	High
Double Baseline	2.06	High
Double Baseline with No Ped Growth	2.03	High
Split AMAT Core	3.00	High
Split AMAT Low Growth	2.60	High
Split AMAT High Growth	3.39	High