

MARCHES LEP LTD BOARD MEETING PAPER

Meeting date:	xxxxxx				
Agenda Item:	Oxon Link Road – 2023 Outline Business Case Refresh				
Item Subject:	xxxxxx				
For:	Discussion		Decision		Information x

Purpose of the Paper:

To update the LEP Board Members on the benefits around the Growth Deal funded “Oxon Link Road” project.

Summary of Recommendations:

- To note the 2023 refresh of the initial 2016 Oxon Link Road Outline Business Case.

With Planning Committee intent to grant full planning consent now received 31st October 2023 (subject to completion of relevant s.106 arrangements and Conditions), this update informs the LEP Board, as part funder, of the benefits that will accrue on future delivery of the Oxon Link Road.

The overall rationale for the OLR as presented in the 2015 OBC still stands. The project’s objectives remain aligned with national, regional and local policies and strategies.

The project shows an updated 2023 BCR of 3.3 (“High”)

Within this paper are details on the GVA uplift forecast of £774,576,490 over the next 30 years, and Land Value Uplift (LVU) benefits of some £44 million. It’s also to note that the OLR project is confident that it will outstrip its contracted housing and employment outputs.

In spite of the recent ongoing inflationary pressures around construction, the Council is also (based on recent announcements through Government), confident that its OLR match obligations can be met, based on the fixed award from the LEP of a £4.2m funding allocation set in 2016.

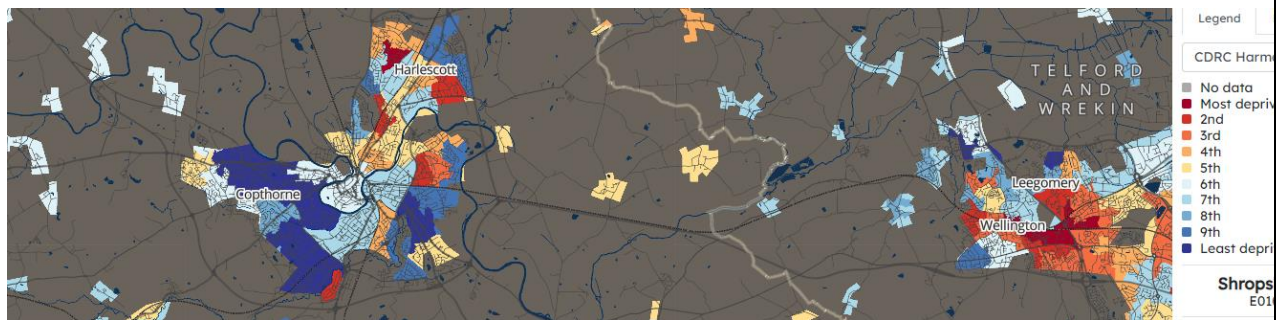
The original OLR objectives still align well with relevant policies and strategies. The stated objectives of delivering towards housing targets, improving access to employment, road network resilience, reducing accidents, promoting sustainable transport solutions and enabling the delivery of wider infrastructure improvements are all objectives that are regularly sighted for strategic rational in highway business cases completed recently. With the increasing focus on the strategic rational in recent updates of the HM Treasury Green Book and the implementation of policies such as Levelling Up, the strength of the Strategic case has increased.

1.1 Strategic Case

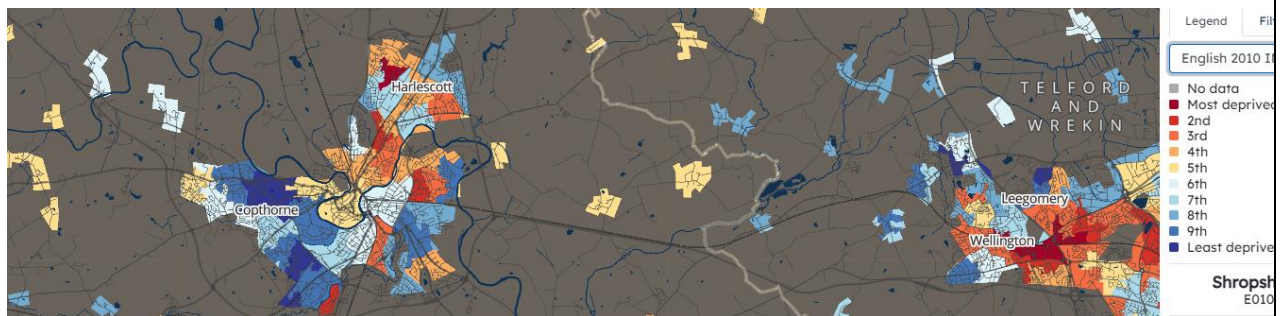
Strategies and policies will have been updated since the 2015 OBC. A review has been conducted of the policy alignment conducted in 2015 and it is considered highly likely that it remains well aligned today.

Shropshire has been designated a Priority level 2 area in the governments Levelling up index. This places it below top priority areas but recognises that the Local Authority as a whole has areas that require investment. A closer look at the Index of Multiple Deprivation (IMD) data shows that the area where the OLR will be built is close to some of the most deprived area in Shropshire and between 2010 and 2019 the relative deprivation increased in the area. This indicates that the proposed investments and the associated developments are likely to have strong alignment with the governments Levelling Up agenda which was not part of the consideration on the 2015 business case.

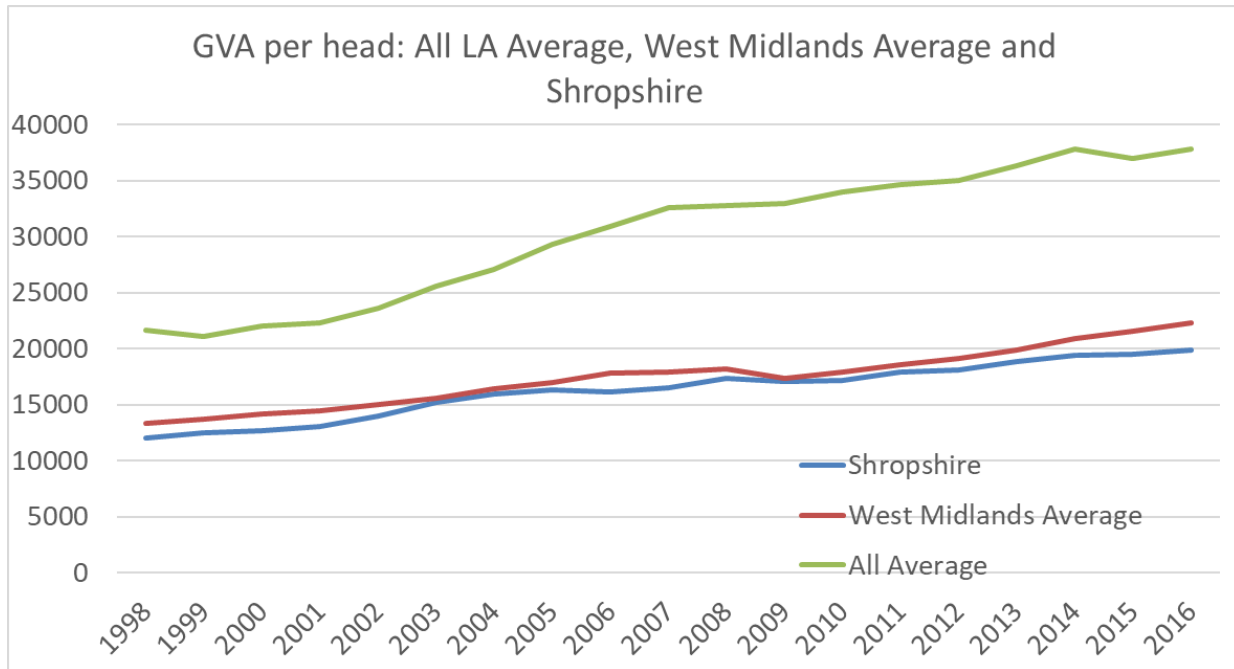
CDRC Harmonised 2019 IMD



English 2010 IMD fitted.



Analysis of ONS GVA per head data is presented below and shows that Shropshire continued to underperform the West Midlands average and the UK Local Authority average. Moving past August 2015, when the previous OBC was completed, the gap was widening further. This supports an increasingly strong case for levelling up.



The strategic objectives and measures of success from the 2015 OBC were reviewed, and it is considered unlikely that changes to the macro or microeconomic environment would lead to impacts on these schemes capacity to deliver on these. Put another way, if the case was made for them to be delivered in 2015, this still stands, and the evidence we have reviewed supports this.

Objectives from OBC 2015	Measures of Success from OBC 2015
To deliver the Core Strategy housing targets	Net additional dwellings in Shrewsbury, especially the full SUE West allocation of 750 units
To open up employment land, creating jobs and supporting economic growth and competitiveness	Net additional floor space for employment in Shrewsbury
To improve resilience in the local road network	Increased economic output in Shropshire through increased containment and reduced out-commuting
To reduce accidents	Reduced congestion and more reliable journey times
To allow the form and function of Welshpool Road to be altered in favour of more sustainable modes of transport –	Reduced accidents
To facilitate improvement of the existing local centre	An increase in the number of pedestrians and pedal cyclists along Welshpool Road –
To enable delivery of a North West Relief Road (NWRR) in the longer term	

Cycling provision design closely aligns with the LTN 1/20 standards introduced in July 2020. These stipulate a preference for off-road cycle segregation which is included in the existing design.

1.2 Economic Case

The 2015 Base Traffic Model was used as part of the OBC in order to establish traffic movements and impacts on the network as a result of the build out of the Shrewsbury Sustainable Urban Extension West (SUE). The SUE comprises of employment and housing allocations within the current Local Plan, and the quantum of these informed the rationale behind the OLR OBC, based on the inability of Welshpool Road to offer the capacity needed to facilitate development in Planning terms.

The original model produced traffic forecasts up to 2023 and beyond, across the whole of Shrewsbury (up to and beyond the exiting A5/A49 outer ring roads), both with and without the provision of the OLR and the wider NWRR alignment. The original OLR OBC stated that, without the provision of the OLR, the SUE was not deliverable. As such, the contracted outputs within the LEP funding agreement were not achievable. Only with the OLR could the outputs and planned growth take place.

Post Covid, there has been a need to re-establish accurate information on the current and future traffic movement patterns within the Welshpool Road area (local highway network) ,and more widely across the town.

This has been undertaken through extensive traffic monitoring and surveys at a “neutral” time of year (in relation to school holiday periods and comparable time periods at which the base model observations were undertaken), earlier in 2023. The observed traffic activity, journey times and queue lengths have been captured and the original predictions based on the 2015 OBC model for the 2023 year compared.

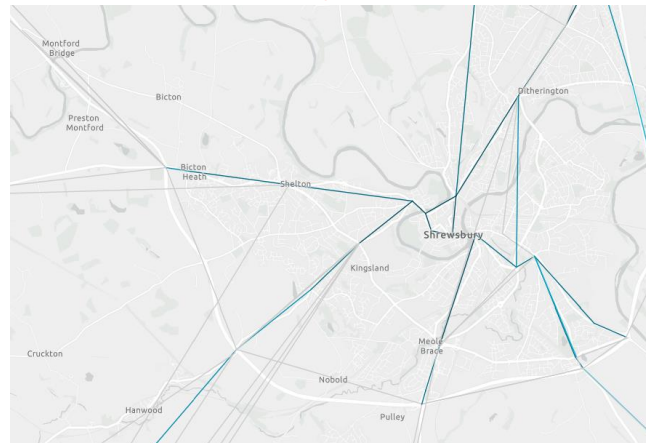
It has now been established that post Covid, 2023 traffic levels and movements are within 3-5% of those predictions made within the OBC. Following validation on this methodology from DfT, it can be confirmed that the OLR OBC predictions are still wholly valid and as such, the case for the construction of the OLR on traffic demand requirements remains. Future year scenarios based on the 2027 year of opening and the future traffic demand based on accepted national growth factors for the future life of the OLR are therefore also now validated and continue to fully support the OLR business case.

A review of the speed and delay data for the local Strategic Road Network and A roads for data from 2018 to 2022 also indicated traffic levels are holding steady. As the OLR business case is based on the need for additional capacity to support the delivery of the planned developments, changes in existing road capacity supply are less likely to impact the case for the OLR than changes to the future demand as a result of the developments.

SRN Speed and Delay



Local A road Speed and Delay



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The financial case review (below) outlines the potential impact of inflation which is likely to have increased costs by over 1/3. Benefits are not expected to have grown by this amount. The TAG Databook indicates that values of time (for appraisal) grew around 3% between 2015 and 2023. Different benefits will have changed value by different amounts, and it is likely that applying a 3% change to all benefits is conservative.

Using 2010 present value (PV) figures directly from the 2015 OBC and inflating them provides an estimate at the impact on the BCR. The table below shows that a deterioration of over 1 could be expected but the BCR remains above 3. This indicates that the project may have deteriorated from the DfT's 'Very High' value for money category to now being 'High'. This indicates the project is still likely to offer high value for money.

Possible impact of inflation on the BCR

(2010 PV)	Present Values 2015	Inflation Adjustment	Estimated PV 2023
Final PVB	£20.9m	3.2%	£21.5m
Initial PVC	£4.8m	38.5%	£6.6m
BCR	4.4	N/A	3.3

Further economic analysis has been undertaken since 2015 which focuses on Land Value Uplift (LVU) and the GVA impact. This analysis is presented in the appended note 'Oxon Link Road: Business Case Refresh'. The LVU assessment alone identified a potential £44m (2010 PV) in benefits which is more than double the roughly £20m that was identified in 2015. This area of appraisal has developed significantly over the past 8 years, and it is not unusual to see this kind of increase. LVU is a 'Level 3' wider economic impact and not usually included in the BCR, but it should be considered when making an overall assessment of value for money and in this case reinforces the high value for money.

A switching value analysis has been done on the original BCRs and is presented in the table below. This indicates that very significant increases in costs, or decreases in benefits, would be needed to move the BCR to a level that would indicate medium or low value for money. This provides confidence that the economic case project is resilient to significant changes in these areas.

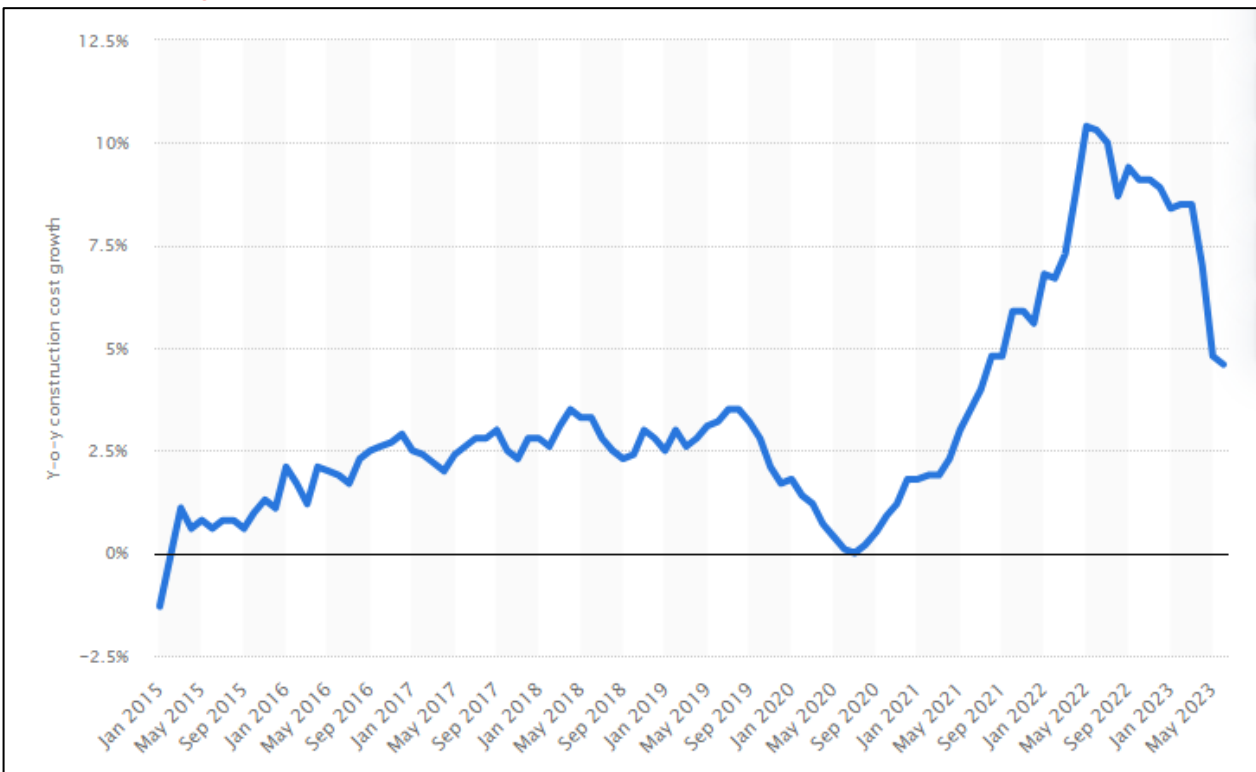
Factor	Appraisal Methodology (BCR drop below 4)	Appraisal Methodology (BCR drop below 2)	Appraisal Methodology (BCR drop below 1)
Benefits	Benefits would need to decrease by £11.3m or 54.2%	Benefits would need to decrease by £13.7m or 65.7%	Benefits would need to decrease by £16.1m or 77.1%
Costs	Costs would need to increase by £5.7m or 118.5%	Costs would need to increase by £9.1m or 191.3%	Costs would need to increase by £16.1m or 337%

1.3 Financial Case

The out-turn price was originally estimated as £12.93m in 2015 prices. ONS inflation data for new build infrastructure has averaged 4.1% between August 2015 and September 2023. This implies a 38.5% increase in costs over the period which could mean a more realistic cost estimate is now £17.91m.

Of critical importance is the developer’s contribution which was proposed as assumed as £8m in the 2015 OBC. If costs have increased by around £5m the financial requirements from the Local Growth Fund and from Shropshire Council will need to adjust and a match contribution of around £11m would provide the same proportional contribution from Shropshire Council. Following the recent DfT statements around 100% funding for the associated wider NWRR alignment, this is fully achievable by the Council within its existing internal allocations against match funding requirements for the OLR / NWRR overall.

Construction Cost growth 2015 to 2023

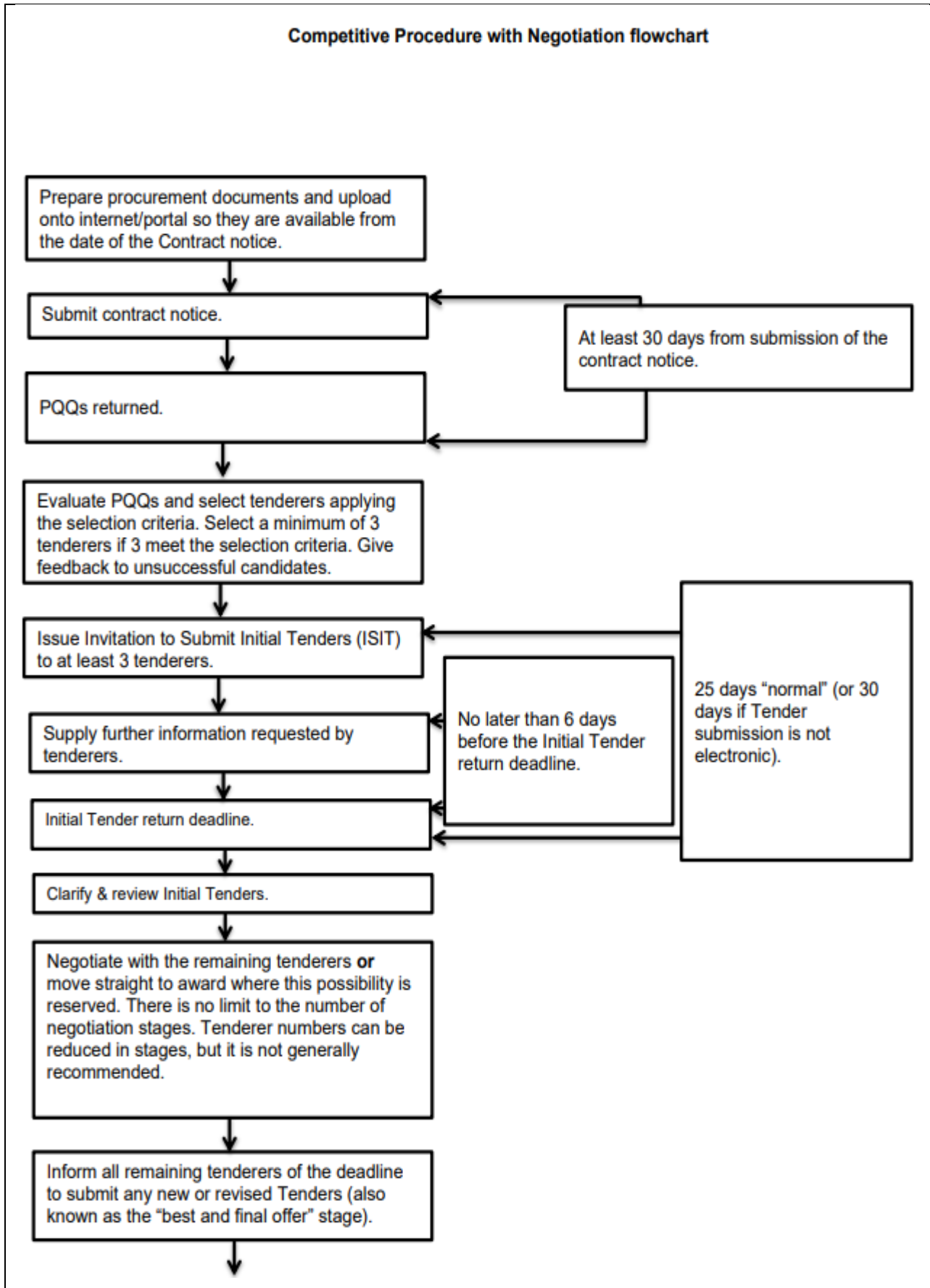


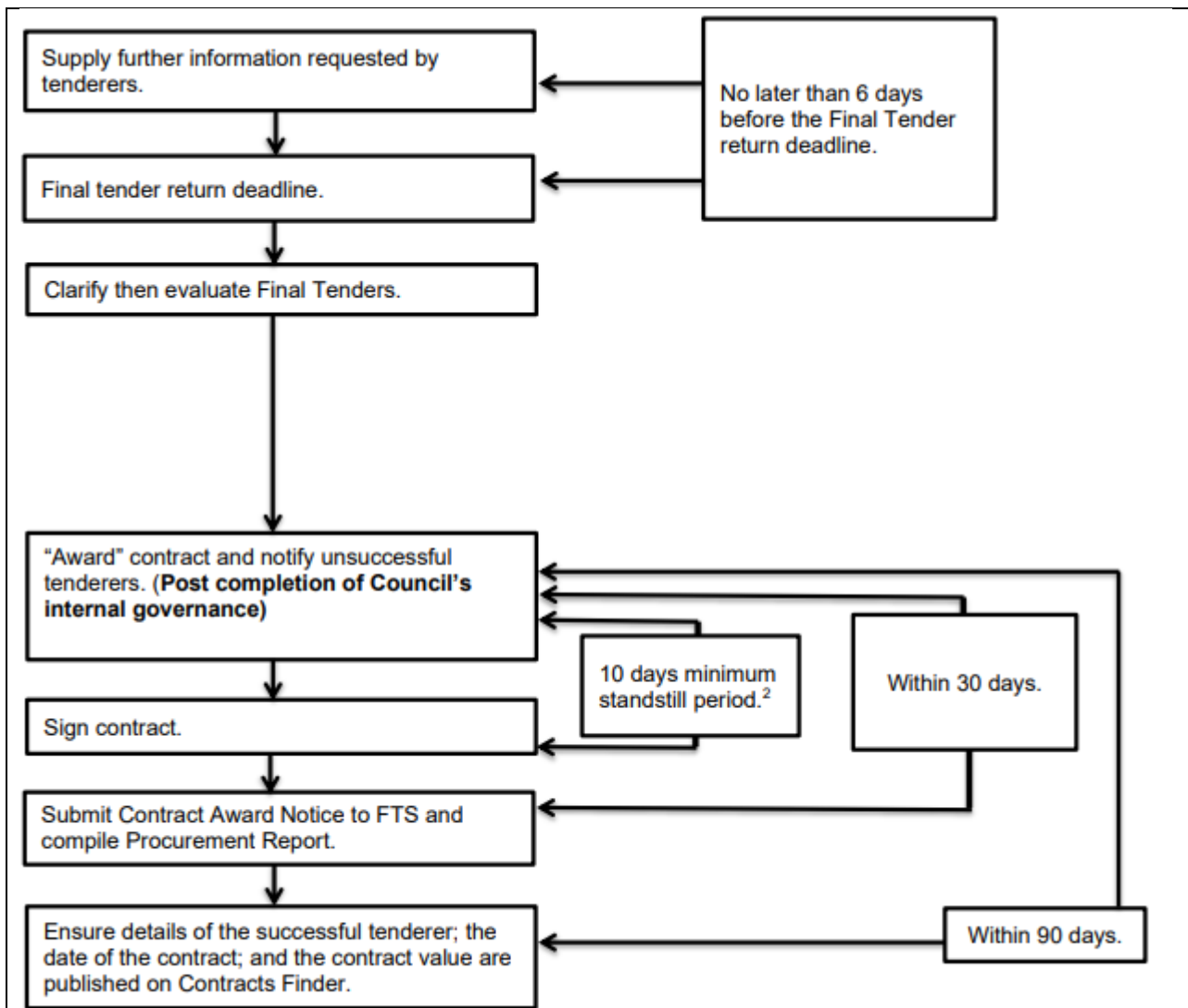
1.4 Commercial Case

The OBC describes the process by which the Marches LEP will provide £4.2m of funding. Any changes in future LEP Growth Deal programme management within the Marches area, and the associated risks, responsibilities and monitoring arrangements, will also need to be acknowledged in due course.

The OBC Commercial Case also put forward an externally procured contractor under an NEC3 contract as a preferred delivery route. This has now been superseded by NEC4 as the preferred and most current contractual format. The route to market remains the same, with full open market tender now underway. This will ensure that the final build costs are robust and market tested, acknowledging the recent and current market inflation circumstances, and the current supply chain availability around the key specialisms that the OLR will require (structures drainage and landscaping / reinstatement etc).

The chosen procurement approach is Competitive Procedure with Negotiation (flowchart as shown below). The activities within this are shown in the flowchart below. It is expected that the Prior Information Notice (PIN) will be issued in December 2023, with the process duration expected to be 10 months, leading to Preferred Bidder and contract award December 2024. Mobilisation on the Main Works contract would then be expected Feb / March 2025.





1.5 Management Case

The OBC Management Case provides a sensible approach to programme and team, but these dates and individuals are now being updated given the passage of time. A further review of project dependencies and risk will be conducted at the point of construction contract award.

It is expected that the current Project Team (Client-side Project Manager and Commercial Manager, supported through the BECC 23 contract by relevant WSP specialist teams), will be augmented as necessary with Contract Management specialisms to undertake the oversight of the Main Works phase. Work is now underway to set out the required skills, competencies, and professional qualifications against which this team will be recruited. It remains to be decided

whether this resource will be sourced through WSP under BECC23, or via direct Council appointments to fixed term posts against the project.

The project management and governance structure is currently being reviewed through Shropshire Council Audit in order to ensure that it remains fit for purpose and meets the corporate governance requirements of a project of this size and cost throughout the construction phase. The existing structure contains the following governance arrangements;

Executive Steering Group – Monthly (Chaired by Executive Director of Place)
 Project Steering Group - Monthly (chaired by project Executive Manager)
 Finance Review Group – weekly (chaired by project Executive Manager)
 Client Liaison Meetings – weekly (WSP Leads and project Executive Manager)

Engagement with Portfolio Holders and Council Leaders is coordinated through the Executive Steering Group with wider internal and external stakeholder and partner engagement coordinated through the Project Steering Group as required.

1.6 Forward programme

• Preliminary Design	Completed
• Planning Application	Completed
• Detailed Design (Highway and Structures)	Ongoing
• Planning Determination (subject to 106 and Conditions)	Completed
• Procurement of Main Works Contractor (start)	Dec 2023
• Discharge of Pre Commencement Planning Conditions (start)	Jan 2024
• Main Works Contractor Appointment	Dec 2024
• Discharge of Pre Commencement Planning Conditions (ends)	Dec 2024
• Start of Main Works	March 2025
• Scheme open for use	March 2027

1.7 Key Risks

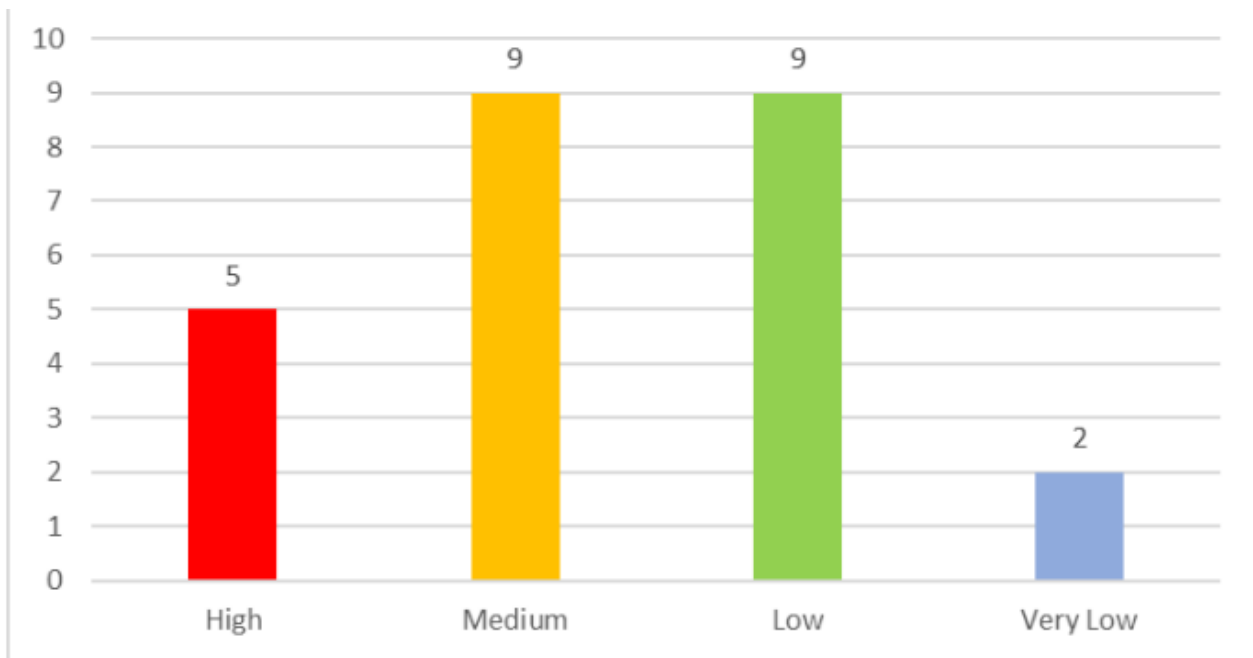
Following the successful planning determination on Oct 31st 2023, a risk workshop was held on the 16th November to review all risks within the OLR risk register with responsible owners attending. A further risk review workshop will take place in February 2024 and continue on a quarterly basis thereafter.

Direction of Travel

The table below illustrates the current direction of travel. As part of the risk review workshop some risks were closed (as detailed under 'Key Changes').

Date	V Low	Low	Med	High	Total	Direction of Travel
Jan 2022	8	8	16	6	38	
Nov 2023	2	9	9	5	25	↓

OLR Risks Nov 2023



Key Changes

As part of the review, a significant number of risks were closed as detailed below and further risks had risk scoring altered, also as detailed below.

Closed Risks:

- Inability to conduct surveys due to landowner refusal.
 - o Rationale: Powers did not have to be used.

- Shropshire Council delays in decision making.
 - o Rationale: Risk closed as a result of planning determination.

- Any identified risks to Hencott Pool Ramsar site and missing evidence for Habitat Regulations Assessment.
 - o Rationale: Risk closed as a result of planning determination.
- Severance of Communities and lack of connectivity.
 - o Rationale: Risk closed as a result of planning determination.
- Inadequate delivery of meaningful open space provision and green connectivity between existing developments commenced prior to OLR
 - o Rationale: Risk closed as a result of planning determination.
- Lack of engagement with Natural England is a risk to the HRA.
 - o Rationale: Risk closed as a result of planning determination.
- Planning decision delayed due to lack of information in ES.
 - o Rationale: Risk closed as a result of planning determination.
- Insufficient land.
 - o Rationale: Land requirements fully established.
- Severn Trent Water fragile and highly sensitive raw water pipes.
 - o Rationale: Received all required information ahead of determination.
- Failure to determine submitted application due to volume of objections and requests for further information.
 - o Rationale: Risk closed as a result of planning determination.
- Planning committee members resolve to refuse the OLR application.
 - o Rationale: Risk closed as a result of planning determination.
- Submission of ES supplementary information post planning application.
 - o Rationale: Risk closed as full ES received ahead of planning determination.

Amended Risk Scores:

- Public protesters at start of construction. Risk score likelihood increased from a 2 x 2 (low risk) to a 5 x 2 (medium risk) as a result of protests regarding trees.
- Climate Change - carbon impact. Risk is receding so reduce score from 4 x 4 (high risk) to 2 x 3 (low risk) – risk is being actively managed.

Risk Redefined:

- Project resourcing and single points of failure. Redefined to 'Project resourcing and single points of failure as we move into construction phase as there will be a required skills gap'.

APPENDIX 1: WIDER ECONOMIC BENEFITS

2.0 Benefits Associated with Dependent Development

The Oxon Road Link (OLR) is an integral component of the Shrewsbury West Sustainable Urban Extension, “SUE (West)”, as well as Shrewsbury’s plans for economic growth. As a result of this, any additional benefits associated with the SUE (West) are to an extent dependant on the construction of the OLR. Failure to consider the wider strategic importance of the OLR will underestimate its true economic value and will produce an underestimation of the scheme’s overall economic benefits within a cost-benefit analysis.

The benefits with respect to dependent development cover the following:

- The increase in land value due to the transitioning of land from agricultural classification to residential and employment use; and
- The creation of employment opportunities and the subsequent increase in Gross Value Added (GVA) within the local economy.

These types of benefits are not captured within a traditional transport appraisal of a new road scheme (and not included within either the Initial or Adjusted Benefit Cost Ratios, BCRs), but are nevertheless important to include within the overall Economic Case for the scheme as they capture wider, more transformative impacts that are highly unlikely to come forward in the absence of the scheme.

Guidance in the form of DfT Transport Appraisal Guidance (TAG) and DLUHC’s recently updated appraisal guidance allow for these types of impacts as it is recognised that certain schemes will unlock additional housing, jobs and consequently, additional GVA. In TAG, for example, although these types of benefits are not included in the reported BCRs, by using a method known as “switching values”, the final Value for Money (VfM) category of the scheme can be adjusted by including these types of wider economic impacts.

To provide some context about the scheme and the developments impacts, the proposed SUE (West) development is illustrated in Figure 1.

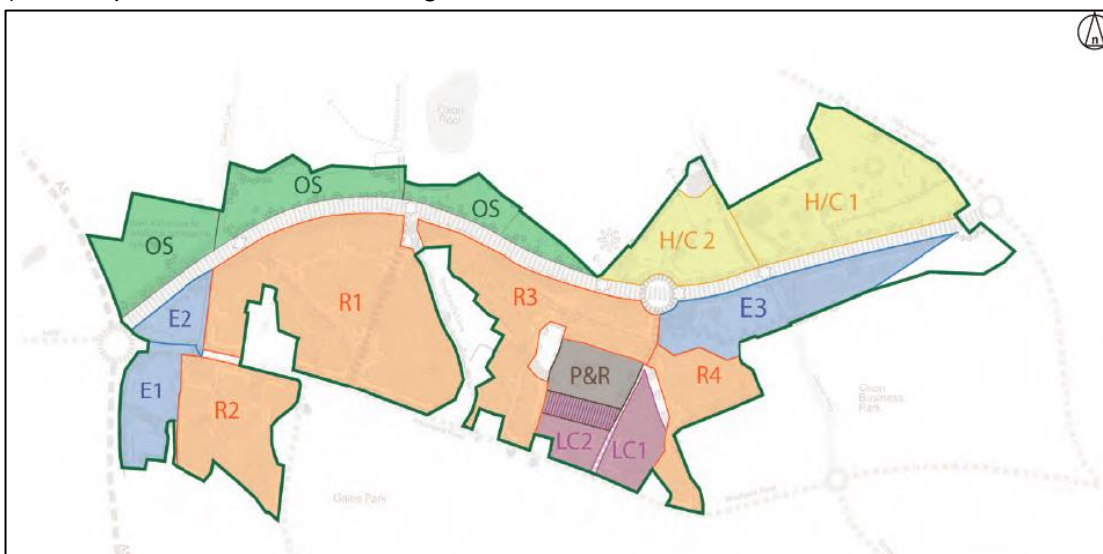


Figure 1 SUE West Phasing Plan (Source: SUE Masterplan 2014)

The SUE (West) will comprise major additions to both housing and employment in the Shrewsbury area. As detailed in the 2014 LEP Economic Strategy, the SUE (West) is estimated to deliver:

- 23.87 hectares of residential development (approximately 750 houses); and
- 6.6 hectares of employment land and 9.97 hectares of healthcare / business campus (supporting approximately 2,885 jobs).

As illustrated, the SUE (West) provides extensive economic benefits to the local area and without provision of the OLR, these are highly unlikely to be realised. The dependent development housing and additionality-based benefits are likely to be substantial and will illustrate the importance the OLR brings to the local economy.

Although the OLR is a fundamental component of the SUE (West), there is some uncertainty as to the degree the economic impacts of the SUE (West) can be directly attributed to the provision of the OLR. To provide the most reliable estimates of the extent of these benefits, the following sections describe the approach taken. This is based on DLUHC's appraisal guide¹ that was updated in March 2023.

2.1 Dependent Development

The key objective when assessing the economic benefits of the OLR is to attribute the proportion of the SUE (West) scheme that is dependent on provision of the OLR. Based on DLUHC's use of additionality, the level of dependency can range from allocating all economic benefits associated with SUE (West) to the OLR to allocating none.

The latter outcome (i.e., no dependency) is not considered to be realistic due to the extent of the contribution from the SUE (West) developers to the cost of the OLR. In total, almost 62% of the OLR is being funded by SUE (West) developers and this demonstrates its significance as well as displaying a high degree of dependence.

To evaluate the likely level of dependency, the concept of additionality outlined in the DLUHC appraisal guide has been adopted. In the context of this project, additionality is the real increase in value created through the SUE (West) that would not have occurred in the absence of the scheme. The general framework for additionality is:

$$\text{Impact of intervention} - \text{Impact of reference case} = \text{Net additional Impact}$$

This process involves estimation of a counterfactual of economic benefits that will be generated in the absence of the OLR. The difference between the counterfactual and the planned expansion is the proportion of the SUE (West) that is dependent on the OLR. Once the level of additionality has been estimated, the proportion of land value uplift and GVA increases generated due to the OLR is assigned.

Based on DLUHC's appraisal guide, a reference case (deadweight) covering the level of housing and employment provision that will come forward in the absence of the OLR is estimated. As part of this evaluation of wider economic impact, three options are considered:

- **Option 1:** due to the strategic importance of the OLR, if it is not built, the SUE (West) development will not go ahead and none of the economic benefits relating to housing

¹ DLUHC appraisal guide (Published March 2023)

and employment will be realised. In this case, deadweight refers to the level of housing/employment opportunities that occur in the local area independent of the OLR.

- **Option 2:** without provision of the OLR, a proportion of the SUE (West) will still come forward. Although there remains uncertainty about this, Option 2 can be based on the planned phasing of the SUE (West) development, as outlined in the 2014 Masterplan. Shropshire Council considers that up to 400 houses and 3.15 hectares of employment land could be permitted and subsequently completed before provision of the OLR. This provides a theoretical scenario for provision of the SUE (West) and therefore the extent of economic benefits dependent on the OLR.
- **Option 3:** without the OLR, the full SUE (West) will be brought forward. This suggests the economic benefits associated with the SUE (West) are not dependent on the OLR.

Option 3 is highly unlikely as the road network as it stands does not provide a safe, realistic option to facilitate the growth in demand generated by the SUE (West). Moreover, the existing road network does not properly facilitate the needs of pedestrians and cyclists. This means that without the OLR, the SUE (West) is unlikely to come forward to its fullest planned extent. Option 2 is also unlikely as the current traffic characteristics on the existing road network are such that even a relatively small amount of the planned SUE (West) is unlikely to come forward in the absence of the OLR.

The OLR and the SUE (West) are therefore inter-dependent. To date, there is no evidence or indication that the SUE (West) would be financially or commercially viable to any extent without provision of the OLR. This is due to the limitations of the existing road network as well as the sustainability objectives within the local area. On this basis, Option 1 is the most realistic as there is a clear linkage between provision of the OLR and the SUE (West) coming forward.

To estimate the deadweight proportion for Option 1, ONS data from 2009 to 2021 is utilised. This covers the total number of jobs as well as completed residential housing units built per year and provides a reliable estimation for the number of houses and employment opportunities generated annually in the Shrewsbury area. The data is used for the estimation of the level of deadweight and then forms part of the additionality calculations. Table 1 outlines the data and deadweight proportion. These calculations are then used when calculating the value uplifts and GVA estimates (both of which are used to calculate the economic benefits associated with the OLR).

	Employment	Housing
Average Increase per year 2009-2021	667	307
SUE (West) increase	2,885	750
Deadweight proportion	23%	41%
Additionality percentage	77%	59%

Table 1 Deadweight calculations. Employment and housing data provided by ONS; SUE (West) data provided by SUE (West) Masterplan.

Due to the assumption that the full economic benefit of the SUE (West) is dependent on the OLR, the additionality variable only considers the estimated deadweight proportion. As shown in the table, 77% of the employment benefits and 59% of the housing economic benefits are attributed to the OLR.

2.2 Land Value Uplift

Land value uplift (LVU) is obtained from the increase in land value above its previous use. The SUE (West) will reclassify 30.47 hectares of land from agricultural to residential use and employment purposes. This will generate significant increases in value. The following land values have been used from the 2019 DLUHC land value estimates (the most recent data available from the official Government website):

Land Use Category	Land Value per hectare 2019 prices
Agricultural land	£22,000
Residential land	£1,500,000
Employment land	£500,000

Based on the additionality calculations shown in Table 1, the land value uplift shown in the table below represents the value gains dependent on provision of the OLR.

	Housing	Employment
Residential land (ha)	23.87	16.57
Agricultural Land Value, £	22,000	22,000
Residential land value, £	1,500,000	500,000
Additionality	59%	77%
Future Land Value, £	21,167,223	6,370,499
Current Land Value, £	525,140	364,540
LVU, £	20,642,083	6,005,959
LVU per Hectare, £	864,770	362,459

Table 2 Land Value Uplift, WSP calculations, 2019 prices.

As demonstrated in Table 2, the OLR produces a combined land value uplift of over £26.6 million within the local area. These values are assumed to be net of the non-transport infrastructure costs associated with the development. The values presented in Table 2 are shown in 2019 prices. As the SUE (West) is due for completion in 2026, further adjustments are

required as economic benefits will not be realised until this year. A land value growth rate of 3% has been assumed as has an inflation rate of 2% and a discount rate of 3.5%. The latter follows the guidance in the Green Book appraisal guide, 2022. These adjustments result in a combined land value uplift of over £44 million. This clearly shows how the OLR provides substantial economic benefits relative to the developer's contributions towards the OLR.

2.3 Increase in GVA

As reported in the LEP Economic Strategy, the SUE (West) will support 2,885 jobs, all of which are critical to the Shrewsbury area and wider economy. Using the additionality adjustment of 76.8%, 2,218 jobs are estimated to be dependent on provision of the OLR. Each job will contribute to the Shropshire economy through increases in Gross Value Added (GVA). The ONS produces localised GVA estimates for each local authority and using data for 2021, the average GVA per job in Shropshire is £42,303.

Based on the additionality calculations, the annual increase in GVA will be £93,848,810.

Assessed over a 30-year assessment period from 2026 to 2055 inclusive, the OLR will generate additional GVA of £774,576,490. This is based on the 2% inflation rate and 3.5% discount rate.

This is a substantial boost to the local economy relative to the cost associated with the OLR.

To conclude, the OLR will generate a clear economic benefit to the local area and importantly, will also generate a significant contribution to the local area's targets for economic activity as laid out in the 2019 LEP Strategic Economic Plan.

2.4 Other benefits of the scheme

As well as the quantified and monetised impacts associated with the OLR, there are other non-quantifiable impacts that are important and must be taken into consideration in the Economic Case. Although it is not feasible to monetise these impacts, they should nevertheless be considered as part of the overall VfM framework (and thus appraised in qualitative terms). These impacts include:

- Enhanced active travel impacts: i.e., increased levels of cycling and walking.
- Placemaking benefits along Welshpool Road; and
- Enhanced road safety across the existing road network.

Active Travel

The OLR will be bounded on both sides by public open space and will include a shared footway and cycleway on its southern side. The OLR will promote active travel through the provision of a

dedicated safe route for pedestrians and cyclists and by increasing road capacity on Welshpool Road. While the local area already has some cycle routes, Welshpool Road is not cycle-friendly due to high levels of traffic and limited road space. Consequently, Welshpool Road acts as a deterrent to active travel and cycling in particular. The OLR will reduce this deterrent by providing a dedicated cycling route and by making Welshpool Road a more attractive cycle destination (due to the reduced traffic levels).

Active travel produces two key benefits, health and environmental impacts. An increase in active travel generates improvements to physical and mental health which is a significant contribution to wellbeing and quality of life. In the long run, this may generate marginal productivity increases and a reduction in dependency on the NHS. Secondly, the OLR incentivises the transition towards sustainable travel options, reducing greenhouse gas emissions (GHG) and accelerating the region towards its net-zero targets.

The OLR's overall impact on active travel will be dependent on the future take-up by residents. Although it is not possible at this stage to quantify the extent of health improvements and GHG reductions, the transition from private cars to active travel is heavily dependent on the provision of good, safe infrastructure. The OLR will therefore play a critical role in this transition due to its strategic location connecting key amenities and its positive impact on the wider road network.

Road Safety

The Welshpool Road is an important part of the road network as it links the A5 to Shrewsbury town centre and connects users to both the Oxon Business Park and the Shrewsbury Park and Ride site. Due to its strategic importance, Welshpool Road is nearing full capacity, creating congestion and safety issues for its users and local residents. As demand for residential and commercial developments continues to rise, traffic on key parts of the existing road network (such as Welshpool Road) is likely to surpass levels which are safe for users. Expanding the road network is vital for decreasing congestion and the high traffic levels that are adversely impacting on road safety. The OLR provides an alternative route from the A5 to Shrewsbury town centre and will significantly reduce traffic on the Welshpool Road. This will ease congestion and reduce travel times across the road network.

The impact on the wider economy will also be significant due to the productivity benefits associated with faster travel times. Businesses will benefit from reduced travel times through improved access to suppliers and customers, which increases productivity by lowering costs and widening the market businesses can serve. The local workforce will benefit owing to reduced commuting times with the outcome being that workers will be able to access employment opportunities, including higher value opportunities. Businesses will also have access to a much wider pool of labour within shorter journey times.

Moreover, the impact of improved safety creates social value through a reduction in the number of accidents which are frequent on the existing road network. Without the provision of the OLR, the risk to users of the Welshpool Road will increase with the risk of injuries and potentially deaths rising. In addition to the negative impact this creates on social welfare, it will increase demand on various public services.

Placemaking

As illustrated earlier, the OLR expands the road network and will divert traffic away from Welshpool Road. Reducing traffic on the Welshpool Road will help to repurpose its current use. Without the OLR, the Welshpool Road acts as a busy A road, linking the A5 to Shrewsbury town centre. With the provision of the OLR, Welshpool Road can transition back to its intended use as an access point to several residential properties and community facilities, including a parish church and supermarket. This will create a safer and far more attractive place for its residents. It will also increase efficiency for users of the community facilities through reduced traffic. This is likely to create a small land-value uplift which is not accounted for in section 2.2.

Report Author: Matt Johnson - Shropshire Council, Nov 23.