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Annex K

Value for money of A358 option

The benefit/cost ratio (BCR) is 2.80. However the assessment of VfM requires consideration of both the BCR and the non-monetised impacts of the scheme. The Appraisal Summary Table (AST) identifies a number of beneficial, neutral and adverse non-monetised impacts. These include:

- Beneficial impacts on noise, townscape, journey ambience, security, severance, other government policies and reliability.
- Neutral impacts on water environment, physical fitness, wider economic impacts, transport interchange, and land-use policy.
- Adverse impacts on local air quality, greenhouse gases, landscape, heritage of historic resources and biodiversity.

None of the impacts identified within the AST is described as being 'large'. The scale of the impacts of the scheme is limited because the majority of the option involves on-line widening. Furthermore the scheme does not adversely affect any nationally designated sites. Despite this, the AST recognises that mitigation measures will still be necessary to ensure that some potentially more severe impacts are not realised. The most significant impact identified on the AST is to biodiversity; described as 'moderate'. The moderate assessment is predicated on the option's cumulative impact on a few protected species together with its impact on species rich hedgerows.

The value of the adverse impacts on landscape, heritage of historic resources, biodiversity and greenhouse gases is likely to more than outweigh the value of the other non-monetised impacts identified as beneficial in the AST. However, despite the potentially large negative magnitude of the non-monetised impacts overall, they are judged to be not quite large enough to justify moving to a medium VfM classification, i.e. they are estimated at being valued as less than 80% of the scheme's costs.

This option is therefore **high** value for money.

Value for money of A303 option

The benefit/cost ratio (BCR) is 2.35. However the assessment of VfM requires consideration of both the BCR and the non-monetised impacts of the scheme.

The Appraisal Summary Table identifies a number of beneficial, neutral and adverse non-monetised impacts. These include:

- Beneficial impacts on noise, local air quality, journey ambience, security, severance, other government policies and reliability.

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- Neutral impacts on townscape, physical fitness, wider economic impacts, transport interchange, and land-use policy.
- Adverse impacts on greenhouse gases, heritage of historic resources, and the water environment. The impacts on landscape and biodiversity are described as being 'very large adverse' (see below)

There are some particularly significant adverse non-monetised impacts associated with this option. In particular the impacts on landscape and biodiversity are described as 'very large adverse'. This rating is used as a means for identifying exceptionally severe adverse impacts.

Approximately 18km of the 24km A303/A30 proposed route lies within the Blackdown Hills Area of Outstanding Natural Beauty (AONB). The Blackdown Hills have been designated an Environmentally Sensitive Area by DEFRA. The use of the very large adverse assessment to describe the landscape impact in the AST suggests that the option would have a severe detrimental impact on the prominent features of the AONB.

The proposed A303/A30 route is also expected to affect two Sites of Special Scientific Interest (SSSIs); Long Lye SSSI and Long Lye Meadow SSSI. The use of the 'very large adverse' assessment to describe the impact on biodiversity is justified not only on the basis of the option's impact on the SSSI (direct and indirect) but also on the basis of other considerable cumulative effects (including extensive severance of valuable hedgerow resources and major effects on protected species).

On balance the non-monetised impacts identified in the AST are likely to be severely negative. This is because the value of the environmental impacts described as 'very large adverse' is likely to be extremely high given the location of the scheme and the severity of the impact on these areas of such significant national importance.

Our advice reflects the available evidence. It is not possible to estimate a precise value for the landscape and biodiversity impacts this scheme.

The vfm categorisation depends on what is judged to be the likely cost of the impacts on landscape, biodiversity, heritage and the water environment and hence the net cost of the non-monetised impacts. Few of the non-monetised impacts are assessed as beneficial, and none is classified as large. There are a number of large or moderate adverse impacts.

The effect of the non-monetised impacts is therefore to reduce the vfm of this scheme below that implied by the BCR. The scheme's vfm depends on the value placed, implicitly or explicitly, on the non-monetised impacts as a whole.

If the net cost of all the non-monetised impacts (including landscape) were valued at £160-260m, the scheme would be **low vfm**. If the net cost were valued at more than £260m, the scheme would be **poor vfm**.

The evidence currently available on the economic valuation of extensive agricultural land might suggest a value of around £600,000 per hectare: this is based on a literature review of the available research and estimates of values - it is not in any

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sense a "final number", just the best available, in our judgement, at present. If (say) 50 hectares were impacted upon per km of road that is offline to account for the scheme's 'footprint' on the land, this suggests that the 21.2km of offline widening might have a maximum total landscape cost of over £600m. However, although the amount of land assumed may be an over-estimate, it is likely that the valuation of AONB landscape, if it existed, would far exceed that used as the average for extensive agricultural land. This implies a very significant landscape cost. The biodiversity cost is also likely to be large. The beneficial effects are likely to have a lower value in total than the adverse effects.

Given these potential magnitudes of these negative impacts, our best advice would be that this scheme seems to offer **either low or poor value for money**.

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Copies to: To be added