

Fareham and Gosport Intermediate Infrastructure Programme

BUSINESS CASE

Report by **BBP Regeneration**
For **Solent LEP** and **Portsmouth City Council**

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Executive Summary

This business case is prepared on behalf of Hampshire County Council and Buckland Development and BST Warehouses Ltd who are the joint promoters of the new community at Welborne, with the participation of Fareham and Gosport Borough Councils and the Highways Agency, and in conjunction with Solent Local Enterprise Partnership. The business case reflects the requirements of the LEP Assurance Framework.

The business case was prepared in early 2015 and the data used in the analysis relates mainly to pre-tender costs for infrastructure projects and, in relation to Welborne, is consistent with information submitted to the Examination in Public of the Welborne Plan undertaken in September 2014 and which has been published in submissions to that inquiry. As with all major investment projects, cost data and delivery schedules are kept under continuous review and are subject to revision as the detail of the infrastructure works that comprise the Fareham-Gosport investment programme are refined.

The Highways Agency became Highways England on 1 April 2015, but since this business case was prepared prior to that transition, references in the text to the Highways Agency have generally been retained.

The £394 million programme of transport and enabling infrastructure investment is based on a number of interdependent projects required to improve access to major development sites at Welborne and the Solent Enterprise Zone and support regeneration and economic growth across Fareham and Gosport, particularly in the Gosport Peninsula area that suffers from high levels of deprivation.

The Solent LEP has been awarded a total of £50.375 million through Local Growth Deal 1 and Local Growth Deal 2, towards an Intermediate Programme of infrastructure works and this business case considers the value for money of this investment in order to satisfy the requirements of the LEP Assurance Framework.

The Intermediate Infrastructure Programme comprises three project packages:

- **Welborne**
 - Welborne enabling infrastructure
 - Welborne local highway mitigation
 - M27 Junction 10 - All moves junction (Contract 1)
 - M27 Junction 10 - Associated works (Contract 2)
 - Welborne strategic on-site infrastructure
- **Solent Enterprise Zone**
 - Solent EZ West enabling infrastructure
 - Solent EZ Waterfront enabling infrastructure
- **Improved access to Gosport and Fareham**
 - B3385 Newgate Lane northern section (Palmerston Drive to Tanners Lane)
 - A27 - Station Roundabout and Gudge Heath Lane
 - A27 - St Margarets roundabout
 - A27 - St Margaret's Roundabout to Titchfield Gyratory
 - A27 - St Margaret's Roundabout to Segensworth Roundabout
 - Peel Common roundabout (B3385/B3334)
 - B3385 Newgate Lane South

In addition to the Intermediate Programme outlined above, the Full Programme includes a new bypass for Stubbington, with associated on-line improvements and traffic management.

The business case is based on HM Treasury Green Book Guidance and the Five Case model. The methodology seeks to capture the production benefits of net additional commercial floorspace and the consumption benefits from new build housing enabled and accelerated by the implementation of the programme. It complements WebTAG based appraisals which are being prepared for individual transport projects within the programme.

The **Strategic Case** demonstrates that enabling flagship sites for housing and employment is critical for the delivery of the Solent LEP Strategic Economic Plan, which prioritises projects that enable housing and employment growth as well as activities that enhance transport connectivity across the sub-region.

Access to the Gosport Peninsula is a challenging issue and improvements are seen as essential to help enhance the economic viability and vitality of the area and attract much needed new investment and growth. The issue of poor accessibility is becoming increasingly significant in relation to the need to encourage development at key strategic sites including the Solent Enterprise Zone and Welborne.

Welborne is a major new sustainable community, located to the north of the M27 motorway at Fareham. Once completed the scheme will provide approximately 6,000 dwellings and 84,000 sq m of commercial floorspace to accommodate around 3,000 jobs, with additional employment generated by community facilities. The principle of the development was established in the Council's Core Strategy, which was adopted in August 2011.

The **Solent Enterprise Zone** at Daedalus, South Hampshire, has a central role in driving local growth and employment both on the Gosport peninsula and across the wider LEP area. The first phase of the Solent Enterprise Zone development is underway and further phases are now being planned with an estimated creation of 3,700 jobs and 200 homes by 2026.

Fareham and Gosport Intermediate Infrastructure Programme will support a total of 8,700 new homes, 330,000 sq m of commercial floorspace over the period 2015/16 to 2039/40. It is expected that the programme will:

- Support the Solent LEP objectives relating to inward investment, infrastructure, growth and priority sectors
- Support key objectives of growth, regeneration and infrastructure provision in Fareham and Gosport's Local Plans
- Support the Highways Agency's Route Based Strategies, Hampshire's Local Transport Plan, Transport for South Hampshire Local Plans
- Help to address serious levels of social and economic deprivation and a deteriorating competitive position in Gosport
- Support growth of jobs and homes at Welborne, the Solent Enterprise Zone and a range of other allocated development sites
- Reduce levels of out commuting from the Gosport peninsular and relieve congestion on north south and east west routes across the network.

The overall programme **objectives** are to:

- Implement a programme of infrastructure investment to support the delivery 8,700 new homes and the creation of 10,600 new jobs by 2040 including:
 - Enabling the development of 6,000 new homes and 84,000 sq m of commercial floorspace by 2040; and
 - Accelerating the delivery of 1,600 new homes and 216,000 sq m of commercial floorspace by 2040.

- Generate agglomeration benefits through improved connectivity, leading to higher job density and GVA, and reduced levels of multiple deprivation compared with other parts of south Hampshire
- Mitigate the negative impacts of development on existing residents and businesses, particularly in terms of journey times and pressure upon social infrastructure

The **Economic Case** considers the relative costs, benefits and value for money of various options that have been considered in developing the Intermediate Programme.

The gross outputs delivered by the Intermediate Infrastructure Programme include 8,668 new homes and 328,920 sq m of commercial floorspace accommodating 10,631 FTE jobs from 2015/16 to 2039/40.

The overall cost of Intermediate Infrastructure Programme is £364 million, of which public sector discretionary investment comprises £154 million (NPV £122 million). The economic and social benefits have been valued at £648 million (NPV £433 million). This generates a Benefit Cost Ratio (BCR) of 3.6 which is considered to be a 'High' level of BCR i.e. representing good value for money.

The Intermediate Programme has been assessed as **effective** in meeting the strategic objectives. It has also been assessed as **cost effective** when measured against cost per unit benchmarks for new homes and net additional FTE jobs.

The Local Growth Deal funding provides leverage against private investment at a ratio of 1:3.95 and a total discretionary public to private ratio of 1:1.52. The Programme achieves positive distributional benefits targeting deprived communities.

In addition, the Full Infrastructure Programme provides a 'High' BCR of 3.8 indicating that there is positive investment case to be made for Stubbington Bypass if funding can be secured.

The **Commercial Case** is based on levels of demand and rates of development anticipated through local planning and evidence based documents. Local authority officers and local property agents have been consulted over the impacts of the programme in enabling or accelerating rates of development.

Aside from Welborne and the Solent Enterprise Zone, of the 19 other major development projects across Fareham and Gosport from 2015/16 to 2039/40, there are six that we expect will be impacted by the programme at various stages in the development pipeline, each with their own delivery arrangements.

The Intermediate Programme consists of a number of transport projects which will be delivered by Hampshire County Council using their standard procurement procedures. The Junction 10 works will be led by the Highway Agency and the responsibility for delivering the infrastructure serving Welborne will rest with the landowners.

The **Financial Case** demonstrates that the Intermediate Infrastructure Programme will be funded by contributions from the private sector of £199.0 million, local authority funding of £93.8 million, and from other public sources (including the HCA) of £20.7 million. This funding will match the Local Growth Deal award to the Solent LEP of £50.375 million. The full programme would require an additional £28.0 million towards the cost of Stubbington Bypass.

The **Management Case** describes the details of delivery arrangements and the partnership arrangements involving the Solent LEP, the Highways Agency, Hampshire County Council and the promoters of the new community at Welborne.

Solent LEP as the principal public sector funder is subject to the LEP Assurance Framework which means that all funding is conditional on a business case, a funding agreement which includes milestones and arrangements for monitoring progress. A bi-monthly Implementation Plan is prepared to form the basis of monitoring.

This is a large and complex phased programme, which will require skilled and focussed programme management. Key issues currently faced include:

- **Funding:** securing the developer contributions for the J10 improvements and other enabling infrastructure for the Welborne development through Solent LEP funding, private developer funding and S106 agreements
- **Planning:** the next milestone in relation to the Welborne development is the outcome of the EIP held in September into the Welborne Plan which, taking account of modifications, is unlikely to be finalised before Spring 2015
- **Development Consent Order:** Counsel's Opinion has been sought on the need for this and advice has been taken from the Department for Transport and the Highways Agency. There is no requirement for a DCO in relation to the proposed development package.
- **Co-ordination:** delivery of projects is in linked components: Highways Agency for Contracts 1 and 2 for Junction 10 and highways improvements associated with M27 Junction 10; Hampshire Highways in relation to A27/B3385 projects; Welborne promoters for local road investment

1. Introduction

- 1.1 The Solent LEP has been awarded funding through Local Growth Deal rounds 1 and 2 (LGD1 and LGD2) for an Intermediate Programme of transportation and other enabling works to enable access to strategic sites at Welborne and the Solent Enterprise Zone. The works form part of a strategic approach towards realising growth in jobs and homes in Fareham and Gosport and regeneration through improving access to the Gosport peninsula an area which suffers from high levels of deprivation. The award through LGD1 was for £34.6m and through LGD2 £15.775m, a combined total of £50.375m.
- 1.2 The Solent LEP is committed to taking a comprehensive and joined-up approach to the improvement of the Fareham-Gosport area. A strategic programme of infrastructure and enabling works has been designed based on a number of interlinked projects to support growth and regeneration.
- 1.3 The Full Infrastructure Programme forms £394 million of infrastructure projects aimed at enhancing transport connectivity across the sub-region and supporting enabling works to help facilitate housing growth and the delivery of employment floor space and jobs.
- 1.4 The Intermediate Infrastructure Programme includes three key packages, each comprising several component projects:
- **Welborne package**
 - Welborne enabling infrastructure
 - Welborne local highway mitigation
 - M27 Junction 10 - All moves junction (Contract 1)
 - M27 Junction 10 - Associated works (Contract 2)
 - Welborne other strategic infrastructure
 - **Solent Enterprise Zone package**
 - Solent EZ West enabling infrastructure
 - Solent EZ Waterfront enabling infrastructure
 - **Improved access to Gosport and Fareham package**
 - B3385 Newgate Lane northern section (Palmerston Drive to Tanners Lane)
 - A27 - Station Roundabout and Gudge Heath Lane
 - A27 - St Margarets roundabout
 - A27 - St Margaret's Roundabout to Titchfield Gyratory
 - A27 - St Margaret's Roundabout to Segensworth Roundabout
 - Peel Common roundabout (B3385/B3334)
 - B3385 Newgate Lane South
- 1.5 In addition to the Intermediate Programme outlined above, the Full Programme includes a new bypass for Stubbington, alongside associated on-line improvements and traffic management.
- 1.6 Due to the scale of investment and the timing of new development, inevitably this is a phased programme. Some elements have already been delivered or are on-site (e.g. Bus Rapid Transit scheme and Newgate Lane North). The remainder of the Intermediate Programme, which will include funding through LGD1 and LGD2, forms the next phase package of projects. To complete the Full Programme will require additional funding notably for Stubbington Bypass. Further funding may also be necessary to fully realise the vision for Welborne, to be determined through ongoing negotiation and legal agreement as part of the planning process, as the scheme and phasing progresses, cost estimates are revised and values change.

- 1.7 In commissioning this business case Solent LEP wanted to have regard to the wider vision of growth and regeneration and the infrastructure required to support it. This reflects that performance measurements of individual projects within the overall programme might not on their own meet the required value for money thresholds whereas the programme considered in its entirety may do so.
- 1.8 The business case therefore considers the full programme and the Intermediate Packages being funded through LGD1 and LGD2 both separately and together. It has been prepared in line with the recommendations of HM Treasury Green Book, the 3R's Guidance and Green Book Supplementary Guidance – the Five Case Model. It has also been prepared to satisfy the requirements of the governance and decision making protocols set out in the LEP Assurance Framework, December 2014.
- 1.9 The approach is based on capturing the productive benefits arising from the delivery of new build housing and industrial and commercial floorspace enabled through the implementation of the programme. It complements Transport Business Cases based on WebTAG modelling that have already been prepared for the early transport infrastructure projects, with further appraisals underway for the rest of the transport projects in the programme. This approach enables investment decisions to be made in the context of the wider programme.
- 1.10 The rest of this Business Case is structured as follows:
- Section 2 - Methodology
 - Section 3 – The Programme
 - Section 4 – The Strategic Case
 - Section 5 – The Economic Case
 - Section 6 – The Commercial Case
 - Section 7 – The Financial Case
 - Section 8 – The Management Case

2. Methodology

- 2.1 The recently issued LEP Assurance Framework (December 2014) seeks to ensure that there is robust local decision making and value for money processes in place. The Framework sets out a methodology for assessing overall value for money based upon the principles enshrined in the Five Case Model including consideration of a range of options which enable the strategic objectives to be met. It also requires that all funding decisions are based on “impartial advice” and that there is a clear separation between the scheme promoter and those advising the LEP decision makers.
- 2.2 The Five Case Model for appraising public sector investment has been developed to provide a clear framework for thinking about spending proposals and a structured process for appraising, developing and planning to deliver best public value. It is recognised as best practice and is the Treasury’s standard methodology.
- 2.3 The guidance recognises that major policies and programmes often comprise of multiple projects for their delivery and require a strategic outline business case. In these situations the initial assessment of the costs and benefits may be at a high level; however, the delivery of new policies and programmes usually requires the formation of sub-programmes and projects before firm spending commitments can be finalised and approved. We consider that this is the approach which should be applied to the Fareham and Gosport Strategic Infrastructure Programme.
- 2.4 The five cases are:
- **The Strategic Case** – which demonstrates that the spending proposal has SMART¹ objectives, provides business synergy and strategic fit and is predicated upon a robust and evidence based case for change.
 - **The Economic Case** – demonstrates that the spending proposal optimises public value. This is done by identifying and appraising a range of realistic and achievable options and comparing these with a reference case or do nothing option. A Cost Benefit Analysis is conducted in accordance with Green Book guidance quantifying in monetary terms as many of the costs and benefits (adjusted for additionality factors) from a total public sector perspective as possible for shortlisted options. The “preferred option” is then subjected to sensitivity analysis in order to test its robustness.
 - **The Commercial Case** - demonstrates that the “preferred option” will result in a viable procurement and well structured “deal”.
 - **The Financial Case** - demonstrates that the “preferred option” will result in a fundable and affordable “deal”.
 - **The Management Case** - demonstrates that the “preferred option” is capable of being delivered successfully, in accordance with recognised best practice.
- 2.5 For many years the focus of appraisals of transport investments was on the measurement of direct time savings to users and the associated cost savings. Any impact on economic development and regeneration was not considered as part of the investment decision. More recently WebTAG² transport appraisal guidance reflects emerging interest in agglomeration economies and the specific role that significant transport improvements can play in improving productivity has come to the fore. Nevertheless capturing regeneration impacts is a relatively less developed area of transport analysis.
- 2.6 The approach adopted in this paper is to provide an overarching business case for the programme as a whole. The method applied seeks to capture the productive benefits of transport projects

¹ SMART; Specific Measurable Achievable Realistic Targeted

² Department for transport: Transport analysis guidance: WebTAG

alongside enabling infrastructure arising from the delivery of new build housing and industrial and commercial floorspace enabled by the programme. This is the approach adopted by the Homes and Communities Agency (HCA) and agreed with DCLG for the preparation of business cases. Where infrastructure projects have a strong transport dimension, Transport Business Cases based on WebTAG modelling provide further detail. These have already been prepared for the early transport infrastructure projects, with further appraisals underway for the remainder of the transport projects in the programme. By adopting this approach it may be possible to justify supporting individual projects which when appraised on a standalone basis using WebTAG do not meet the required value for money thresholds, but form an integral part of an overall programme which does provide value for money.

3. The Programme

- 3.1 This section starts with a description of the growth and regeneration opportunities that the strategic infrastructure programme is designed to unlock. A description is then provided of the overarching infrastructure programme and each of the individual projects. These have been divided between projects which are completed and committed, projects which are to be funded through Local Growth Deal and future phases of the programme.

Growth opportunities

- 3.2 Enabling flagship sites for housing and employment is critical for the delivery of the Solent LEP Strategic Economic Plan, which prioritises projects that enable housing and employment growth as well as activities that enhance transport connectivity across the sub-region. Access to the Gosport Peninsula is a challenging issue and improvements are seen as essential to help enhance the economic viability and vitality of the area and attract much needed new investment and growth. The issue of poor accessibility is becoming increasingly significant in relation to the need to encourage development at key strategic sites including the Solent Enterprise Zone and Welborne.
- 3.3 **Welborne** is a major new development, located to the North of M27 motorway at Fareham. Once completed the scheme will provide up to 6,000 new dwellings and 84,000 sq m of commercial floorspace accommodating around 3,000 jobs, with additional employment generated by community facilities. The principle of the development was established in the Council's Core Strategy, which was adopted in August 2011, and the first housing starts are expected in 2016/17 with the employment development commencing in 2018.
- 3.4 However, evidence submitted to the Welborne Plan Examination in Public demonstrated that the current estimate of infrastructure investment required to fully realise the vision for Welborne cannot be met entirely from the proceeds of the development alone at current values.

Figure 3.1 – Aerial view of Welborne site boundary



Source: Fareham BC (2014) Welborne Plan

- 3.5 The **Solent Enterprise Zone** at Daedalus, South Hampshire, has a central role in driving local growth and employment both on the Gosport peninsula and across the wider LEP area. The recently completed £12 million employer-led Centre for Manufacturing and Engineering Skills Training (CEMAST) and £5m Innovation Centre provide a platform to develop the long-term advanced technology skills for the priority sectors in Advanced engineering, Aerospace, Marine and Defence. The first phase of the Solent Enterprise Zone development is underway and further phases are now being planned with around 200 new homes and estimated job creation of 3,700 over the longer term.

Figure 3.2 – Aerial view of Solent Enterprise Zone



Source: Solent EZ

- 3.6 The wider opportunities for growth are described in the Gosport and Fareham Local Plans and the supporting evidence base (Employment Land Reviews and Strategic Housing Land Availability Assessments). Figure 3.3 below provides a summary of all new development projects, the quantum of floor space and mix of uses planned over the period 2015/16 to 2039/40 that may be impacted by the programme and their contribution to the housing and/or employment growth in the region. In Section 5 we discuss the degree to which each of these area is impacted by the programme.

Figure 3.3 – Major developments over the period 2015/16 to 2039/40

Development Projects	Housing (units)	B1a (sq m)	B1c/B2 (sq m)	B2/B8 (sq m)	Aviation (sq m)	A1/A3 (sq m)
Bayntum Drive, Daedalus	101					
Brockhurst Gate (Land at Former Frater House site), Fareham Road		2,500	2,500			
Coldeast Hospital (Lots 1, 2, and sheltered)	198					
Fareham College, Fareham	110					
Fareham Town Centre (small sites)	240					
Gosport Town Centre (small sites)	186					
Gosport Waterfront	700	13,000	20,000			6,500

Development Projects	Housing (units)	B1a (sq m)	B1c/B2 (sq m)	B2/B8 (sq m)	Aviation (sq m)	A1/A3 (sq m)
Haslar Peninsula Regeneration Area	286	2,000	2,000			
Kites Croft			3,675			
Land at Aerodrome Road			1,100			
Land at Grange Road, south of Huhtamaki		2,800	5,600			
Little Park Farm, Park Gate			11,200			
Midpoint 27, Cartwright Drive			3,000			
Peters Road, Locks Heath (incl. NW section)	249					
Priddy's Hard Heritage Area	100	700	700			
Rowner Regeneration Area	193					-
Royal Clarence Yard	105					
Solent 2		23,500				
Solent Enterprise Zone - East		4,742		12,208	17,548	
Solent Enterprise Zone - Waterfront and Daedalus Park	200			70,000		2,500
Solent Enterprise Zone - West and airfield		5,428		13,810	15,712	
The Walled Garden, Cams Hall		2,000				
Welborne	6,000	24,000	33,257	40,000		5,800
Welborne (Demolitions)			-18,860			
Total	8,668	80,670	64,172	136,018	33,260	14,800

Source: Fareham BC and Gosport BC

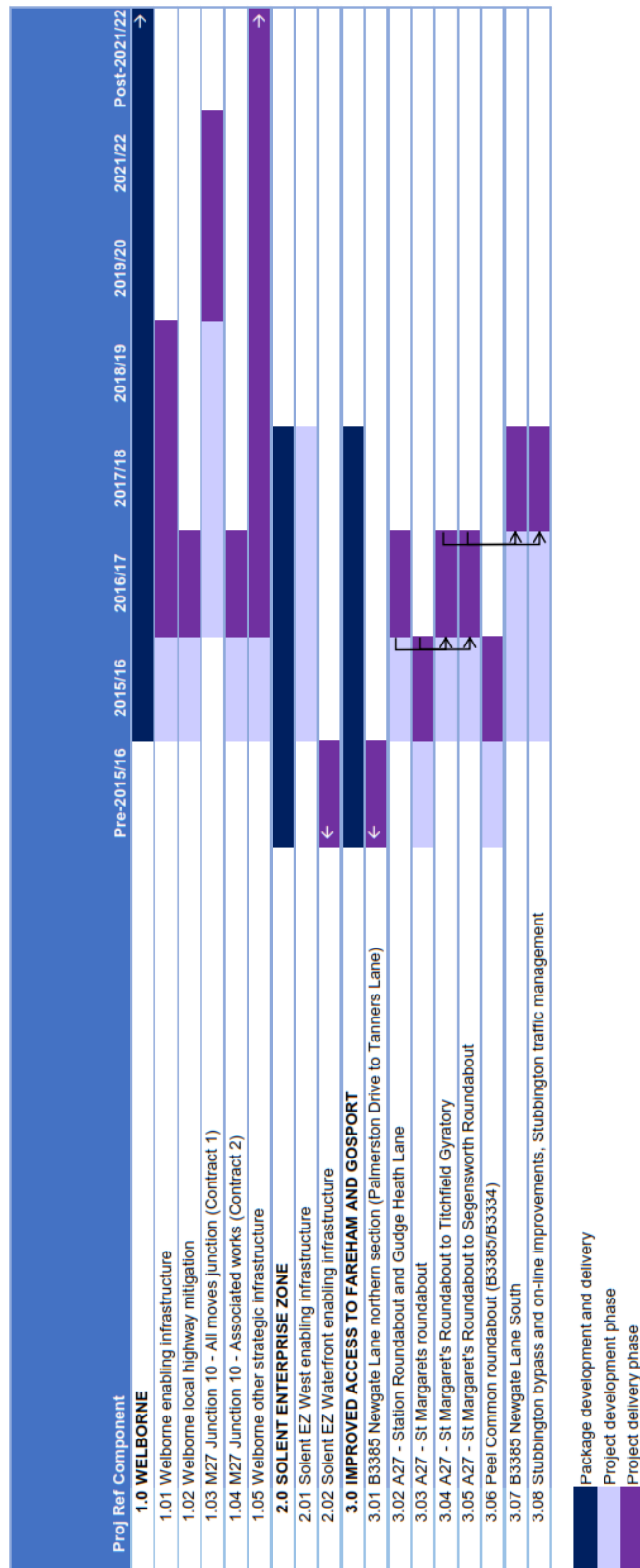
- 3.7 In total 8,700 new homes and 330,000 sq m of commercial floorspace are planned over the period 2015/16 to 2039/40.

Supporting transport and enabling infrastructure

- 3.8 Congested road networks dominate the transport network in both Gosport and Fareham town centres and the wider peninsula where there is very little scope for improvements due to geographical and built up area constraints. Poor accessibility currently discourages investment and employment growth and also causes retention difficulties for existing employment leading to businesses moving out of the area. Improvements to transport infrastructure are seen as essential to the economic viability and vitality of the area and to help attract much needed new investment and growth. The issue of poor accessibility is becoming increasingly significant in relation to the need to encourage development at key strategic sites including the Solent Enterprise Zone and Welborne.
- 3.9 The plans for improving strategic accessibility for the peninsula consist of a package of integrally linked transport interventions, which can be delivered incrementally, as funding opportunities arise, in order to help achieve the common objective, of removing the transport barriers to growth on the Gosport Peninsula.

- 3.10 The first phase of the successful Bus Rapid Transit Eclipse dedicated busway between Fareham and Gosport was completed in April 2012, and planning consent for an extension to Rowner Road was secured last year. This takes advantage of a disused railway corridor to provide a viable alternative to the car.
- 3.11 Solent LEP's Strategic Economic Plan includes proposals to unlock a programme of infrastructure investment in Fareham and Gosport that will enable the development at Welborne and access improvements that will support growth at the Solent Enterprise Zone at Daedalus, the Gosport Waterfront and more widely support growth and regeneration across the Gosport peninsular.
- 3.12 The Intermediate Programme includes three key packages, each comprising several component projects (see Figures 3.4 and 3.5):
- **Welborne package**
 - Welborne enabling infrastructure
 - Welborne local highway mitigation
 - M27 Junction 10 - All moves junction (Contract 1)
 - M27 Junction 10 - Associated works (Contract 2)
 - Welborne other strategic infrastructure
 - **Solent Enterprise Zone package**
 - Solent EZ West enabling infrastructure
 - Solent EZ Waterfront enabling infrastructure
 - **Improved access to Gosport and Fareham package**
 - B3385 Newgate Lane northern section (Palmerston Drive to Tanners Lane)
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 - A27 - St Margaret's Roundabout to Titchfield Gyratory
 - A27 - St Margaret's Roundabout to Segensworth Roundabout
 - Peel Common roundabout (B3385/B3334)
 - B3385 Newgate Lane South
- 3.13 In addition to the Intermediate Programme outlined above, the Full Programme includes a new bypass for Stubbington, alongside associated on-line improvements and traffic management.
- 3.14 This Programme has been designed to complement the Highways Agency M27 Junctions 3 to 12 Managed Motorways proposals – measures to keep longer distance traffic moving and reduce congestion hotspots around junctions.
- 3.15 Figure 3.4 provides an indicative, high-level delivery programme for the Full Infrastructure Programme (a larger version is available at Appendix E).

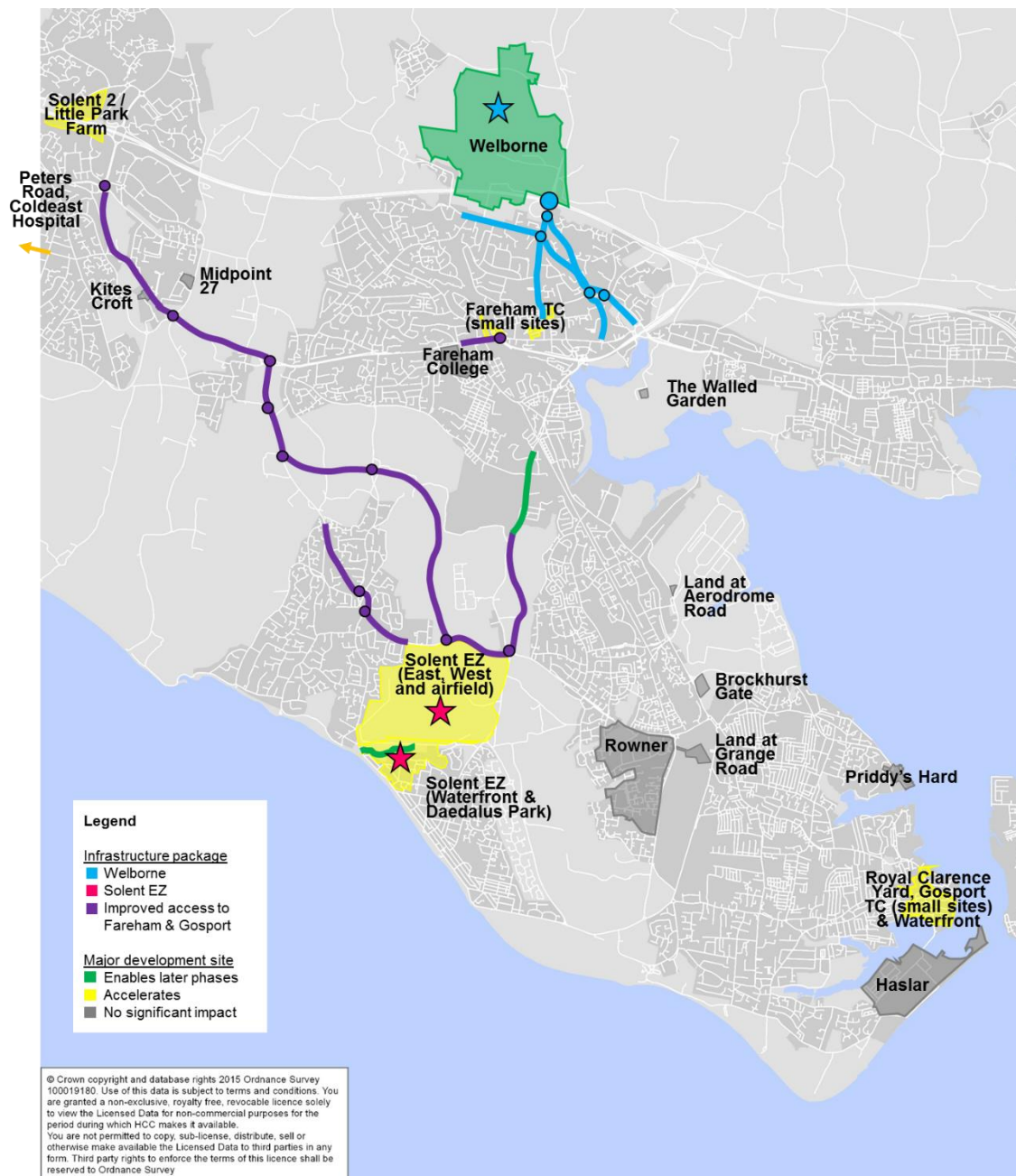
Figure 3.4 – Gantt chart for Full Infrastructure Programme



Source: Hampshire County Council and Welborne Promoter Consortium

3.16 Figure 3.5 provides a visual representation of the relationship between the infrastructure packages and major development sites. Further details are provided in Section 5 and Appendix D.

Figure 3.5 – Relationship between infrastructure packages and major development sites



Source: © Crown Copyright and database rights 2015 Ordnance Survey 100019180.

Local Growth Deal

- 3.17 The Solent LEP has been awarded £124.8 million through Local Growth Deal Round 1 and subsequently a further £27.1 million through Round 2 towards delivering its Strategic Economic Plan. Of this amount a total of £50.375 million has been awarded to the Fareham and Gosport Strategic Infrastructure Programme made up of £34.6 million in Round 1 and £15.775 million in Round 2. Note, the Round 1 allocation includes an allowance of £14.9 million towards the upgrade to Junction 10 of the M27.

3.18 Figure 3.6 below shows a breakdown of the project components making up the Full Programme, alongside estimates of the total cost of each project (regardless of funding sources). This includes projects:

- that have been delivered
- that are committed and for which funding has been awarded
- to be funded through Local Growth Deal (Rounds 1 & 2)
- future phases for which funding has yet to be secured (Stubbington Bypass)

Figure 3.6 – Project components and packages within the Full Programme

Proj Ref	Project component	Funding status	Total cost (£m)	Project description
1.0 WELBORNE PACKAGE				
1.01	Welborne enabling infrastructure	LGD phase	11.500	Infrastructure necessary to directly enable development at Welborne: Outline / detailed planning application (£900k); pre-construction geo-tech survey (£100k); electricity substation (£3m), and; undergrounding power lines (£7.5m)
1.02	Welborne local highway mitigation	LGD phase	3.075	Link improvements on the local road network to improve capacity (A32 Wickham Road / Wallington Way/North Hill roundabout to Delme roundabout, with BRT priority to be provided where possible / needed). Link improvements on the local road network to manage / mitigate traffic (A334 Fareham Rd / Winchester Rd, Wickham; Kiln Road / Old Turnpike / Park Lane; High Street: Improvements for BRT including at Fareham Bus Station)
1.03	M27 Junction 10 - All moves junction (Contract 1)	LGD phase	35.000	Highways Agency network elements of the upgrade to Junction 10 of the M27 to an all moves junction. These elements facilitate westbound movement (Highways Agency network).
1.04	M27 Junction 10 - Associated works (Contract 2)	LGD phase	6.650	Elements of the upgrade to Junction 10 of the M27 to an all moves junction that are outside of the Highways Agency network. These elements facilitate eastbound movement (Highways Agency network). Creates site access enabling commencement of development at new community of Welborne.
1.05	Welborne other strategic infrastructure	LGD phase	246.944	Environmental (£17.9m); Social (£62.38m); Transport (£3.16m); Utility (£73.49).
2.0 SOLENT ENTERPRISE ZONE PACKAGE				
2.01	Solent EZ West and airfield enabling infrastructure	Committed	13.263	On-site infrastructure, construction of industrial unit, construction of modular hangar, and disposal costs at Solent Enterprise West; disposal costs at Solent Enterprise Zone - East; Section 106 obligations; associated management and finance costs to enable the development of the site.
2.02	Solent EZ Waterfront enabling infrastructure	Delivered	7.090	Waterfront access road and associated utility services to enable the development of the site

Proj Ref	Project component	Funding status	Total cost (£m)	Project description
3.0 IMPROVED ACCESS TO FAREHAM AND GOSPORT PACKAGE				
3.01	B3385 Newgate Lane northern section (Palmerston Drive to Tanners Lane)	Delivered	6.900	Increasing capacity and the operational effectiveness of junctions on this critical north-south access route between Fareham and the Gosport Peninsula, improving accessibility to the Solent Enterprise Zone.
3.02	A27 - Station Roundabout and Gudge Heath Lane	Committed	6.611	Increasing capacity at this congested junction and approach. Re-configured roundabout with multi-modal improvements; road improvements to provide two lanes straight ahead, right turn lanes and a cycle-way; inter-connecting carriageway improved.
3.03	A27 - St Margaret's roundabout	LGD phase	4.600	Improvements to St Margaret's Roundabout, a junction on the A27 that contributes to peak time congestion. All arms except St Margaret's Lane signalised; capacity increases on both of the A27 approaches from 2 to 3 lanes; capacity increases on the circulating carriageway to 3 lanes; Increasing the exit to Cartwright Drive from 1 to 2 lanes with a downstream merge to 1 lane; a 3.5m wide traffic free shared use footway/cycleway and a pedestrian Toucan Crossing; improvement to the two farm access points leading directly from the westbound A27 approach and northbound Cartwright drive exit.
3.04	A27 - St Margaret's Roundabout to Titchfield Gyatory	LGD phase	5.650	Assisting east-west connectivity with the M27 and strategic road network. Dualling single carriageway sections; a new footway/cycleway up to 3 metres on the northern verge of the A27 from St Margaret's Roundabout to Mill Lane; relocation of the bus stop closer to the controlled pedestrian crossing.
3.05	A27 - St Margaret's Roundabout to Segensworth Roundabout	LGD phase	4.700	Assisting east-west connectivity with the M27 and strategic road network. Dualling single carriageway sections; adding a 70m third approach lane to the westbound A27 Southampton Road arm; providing a new 350m east-west shared use footway/cycleway on the northern side of the A27 and immediately to the east of Titchfield Park Road.
3.06	Peel Common roundabout (B3385/B3334)	LGD phase	3.250	Upgrading Peel Common roundabout to a signal-controlled roundabout, providing additional lane capacity and enhanced pedestrian / cyclist provision, improving accessibility to the Solent Enterprise Zone
3.07	B3385 Newgate Lane South	LGD phase	9.000	Alongside Newgate lane North and Peel Common roundabout projects, improving access from Gosport Peninsula and the Solent Enterprise Zone to the M27 Junction 11 and the east. New eastern alignment for the B3385 Newgate Lane southern section from Tanners Lane to Peel Common Roundabout; additional modifications to Peel Common Roundabout to accommodate the new route alignment.

Proj Ref	Project component	Funding status	Total cost (£m)	Project description
3.08	Stubbington bypass and on-line improvements, Stubbington traffic management	Future phase	29.725	Providing a direct link to the Enterprise Zone from the M27 Junction 9 as well as providing an alternative access to the Gosport peninsula, bypassing the congested route through Stubbington Village. Reduce severance and improve accessibility for pedestrians and cyclists in order to improve the local economy of the village Provision of a new single carriageway bypass with connecting junctions and new traffic signal junction to manage traffic. Improvements in Stubbington village include: Titchfield Road/Gosport Road roundabouts with Mays Lane and Stubbington Lane to be replaced with new traffic signals, plus new traffic management measures on Titchfield Road/Gosport Road.
TOTAL			393.958	

4. The Strategic Case

- 4.1 This section describes the Strategic Case – which assesses whether the spending proposal is predicated upon a robust and evidence based case for change has a strategic fit and SMART objectives.

Socio-economic context

- 4.2 The Gosport peninsula and the neighbouring Fareham Borough are located on the south coast of England and form part of the South Hampshire conurbation, characterised by its linear, coastal environment. Both Gosport Borough and Fareham Borough are built up urban areas, with the population of approximately 82,600 and 111,600, respectively (Census, 2011). The peninsula has a complex geography which, whilst giving the area its unique character, provides both opportunities and challenges with regard to the economy and the local transport network.
- 4.3 The following key economic challenges for Gosport and Fareham area were identified in the 'Place Profile - An Economic, Social and Environmental Summary Profile' (Local Futures, 2012).
- Relative to other boroughs, the absolute size of the economy as a share of Great Britain's total GVA and employment base in Gosport is well below the national median, with an economic scale score of 31.03. By comparison, Fareham's economy is around the national median with an economic scale score of 77.55; Hampshire & the Isle of Wight score 162.38.
 - GVA per head was below national averages (£18,650 in Gosport and £20,331 in Fareham, compared to £20,433 across Hampshire CC and Isle of Wight and £20,685 nationally³).
 - At £402 the median gross weekly earnings in Gosport are below the national median, with the area ranking in the bottom 40% of authorities nationally. Fareham ranks in the middle 20% of authorities nationally. By comparison, the figure is £438 in Hampshire and the Isle of Wight and £418 nationally.
 - Between December 2005 and December 2010, the employment rate in Gosport decreased by 13.94%. This placed Gosport in the bottom 20% of authorities nationally (-5.54%). Between 2009 and 2010, the total number of employees in Fareham increased by 0.72%. This reflected relatively strong level of economic growth placing Fareham in the top 40% of authorities nationally.
- 4.4 To further illustrate the above data, the UK Competitiveness Index (2010 and 2013) shows Fareham has improved its 2013 ranking by 99 places, scoring the best performance in the LEP area. However, Gosport, fell 94 places in the same Rankings.
- 4.5 The decline in traditional industries as well as the budget reductions in public sector spending has led to a significant loss of local jobs, particularly in Gosport largely due to the weakening of the Ministry of Defence sector and over dependency on public sector employment in the Borough. In 2010 there was a total of 26,000 jobs based in Gosport including employee jobs, self-employed and HM Forces, which is a significant reduction in the number of jobs in the local economy from 33,000 jobs based in Gosport in 2000 (ONS 2010). The figure below shows that the decline in jobs was most acute in Gosport in comparison to other parts of the Solent LEP area.

³ Hampshire CC (2012) Place Profile: Fareham/Gosport

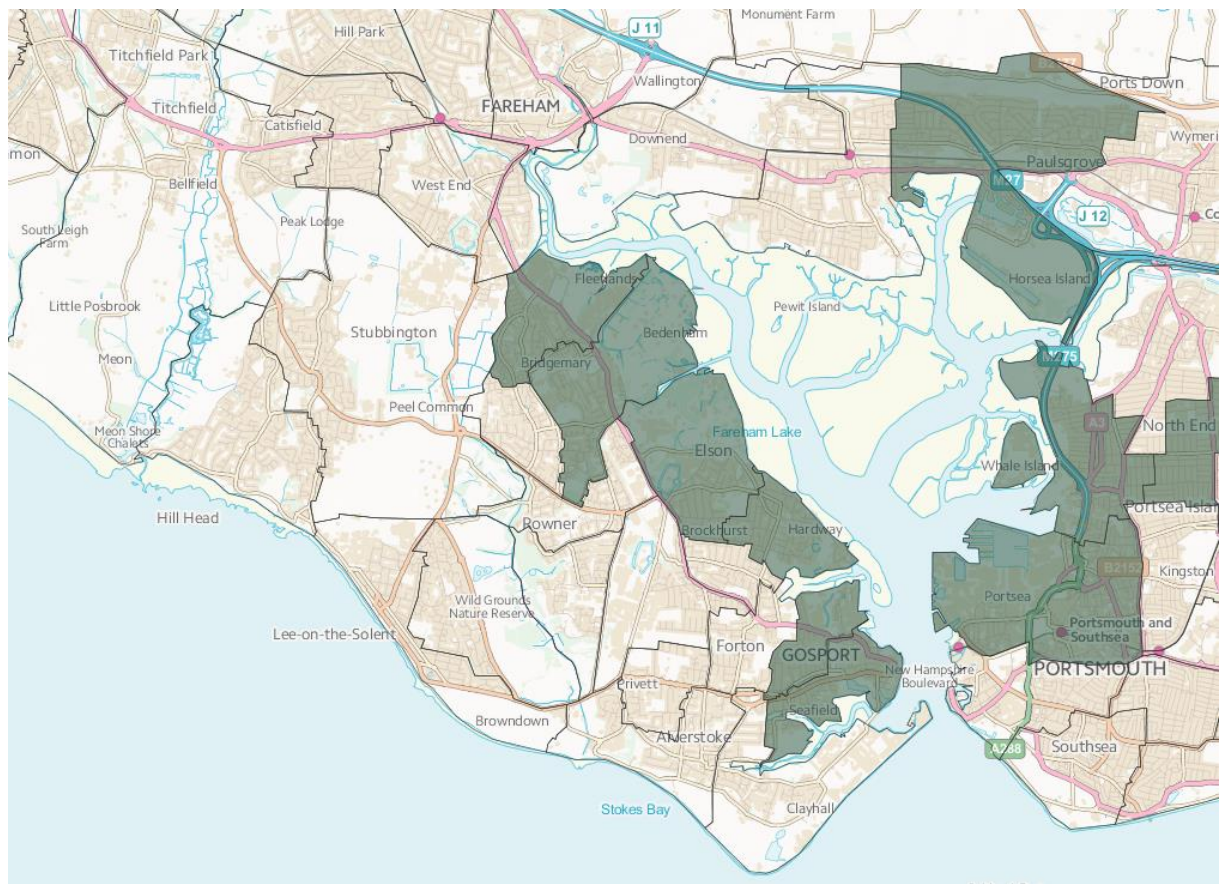
Figure 4.1 – Change in jobs in local economies, 2000-2010

Total jobs	Fareham	Gosport	Eastleigh	Havant	Portsmouth	Southampton	Hampshire
2000	53,000	33,000	64,000	47,000	120,000	123,000	641,000
2010	56,000	26,000	65,000	49,000	122,000	121,000	660,000
Absolute change	3,000	-7,000	1,000	2,000	2,000	- 2,000	19,000
% change	5.7%	-21.2%	1.6%	4.3%	1.7%	-1.6%	3.0%

Source: ONS (2010) [Cited by Nomis]

- 4.6 The Welborne Plan, prepared by Fareham Borough Council, sets out the Borough’s aspiration for the new community within the framework of a number of strategic policy documents. These include Fareham’s Core Strategy adopted by the Council in 2011 that sets out the Borough’s overall development strategy to 2026. The Welborne Plan was examined in a public planning inquiry in September 2014. The new community is an important component of the South Hampshire Strategy which was endorsed by the local authorities making up the Partnership for Urban South Hampshire (PUSH) in October 2012 and which provides a framework in which cross-boundary issues can be agreed. The Strategy has identified a requirement for 56,000 homes by 2026. A South Hampshire Strategic Housing Market Assessment published in January 2014 seeks to provide evidence about the objectively assessed housing needs of the wider housing market of South Hampshire and identifies a need for a minimum of 4,000 new houses per annum in the PUSH area. There is a commitment from PUSH to review and update the South Hampshire Strategy to 2036 to take account of up to date evidence.
- 4.7 Welborne is a critical component in meeting South Hampshire’s housing needs. The development is proposed to provide 6,000 new homes and within this total, there will be significant provision for family (3 bed plus) and executive homes, both of which are in short supply in the area. This is encapsulated in the vision for the new community as set out in the Welborne Plan prepared by Fareham Borough Council which states that: “Welborne will create a diverse and well integrated new community. It will encourage self-containment with a significant proportion of its inhabitants’ life needs being accessible within a main centre and smaller neighbourhood centres. It will contain a mix of dwelling types which meet the needs of the increasing numbers of single person household, families and the needs of an aging population. There will be a range of accessible new jobs created which contribute towards meeting the employment needs of this diverse community.”
- 4.8 The vision statement goes on to highlight:
- an integrated movement system will encourage walking and cycling and provide excellent public transport;
 - a distinctive character in terms of layout and design;
 - an integrated green network, and;
 - Welborne will incorporate sustainable drainage, aim to meet its own renewable energy needs and deal sustainably with waste.
- 4.9 The European Commission has approved parts of Gosport, Portsmouth and the Isle of Wight for inclusion in the 2014-20 Assisted Areas Map based on economic need and economic opportunity. This status makes local businesses eligible to bid for additional funding and tax breaks to create jobs, invest in new premises or machinery and grow. Programmes in England that offer such regional aid include the Regional Growth Fund and the Advanced Manufacturing Supply Chain Initiative.

Figure 4.2 – Assisted area status within Fareham and Gosport boroughs

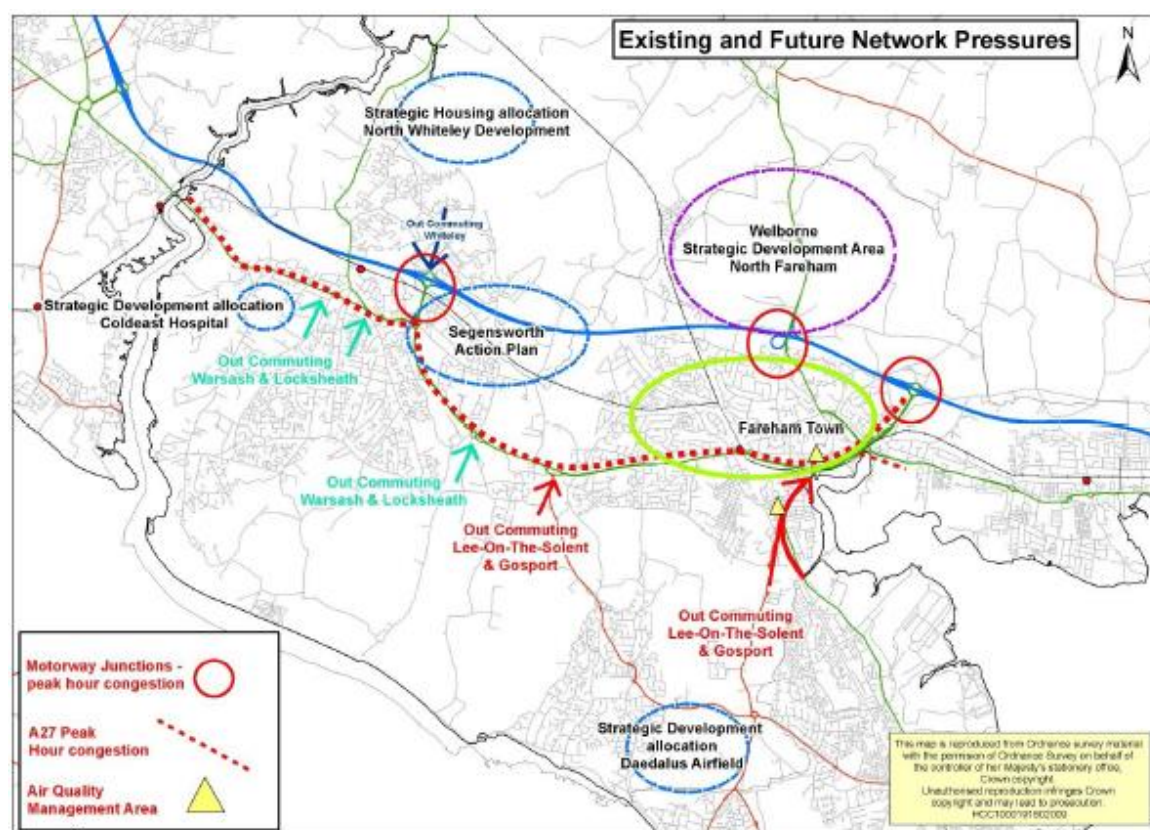


Source: Contains Ordnance Survey data © Crown copyright and database right 2013

Transportation issues

- 4.10 This deteriorating competitive position and weakened economic activity indicates an underperforming economy, with high levels of deprivation linked to the decline of defence-related employment linked to the Portsmouth Naval Dockyard and high levels of public sector job losses, particularly in Gosport. The reduction in jobs on the peninsula has resulted in significant levels of out-commuting from Gosport, which compounds peak hour traffic problems in the central Fareham area through which the majority of peninsula traffic passes.
- 4.11 Figure 4.3 below highlights the existing and future network pressures.

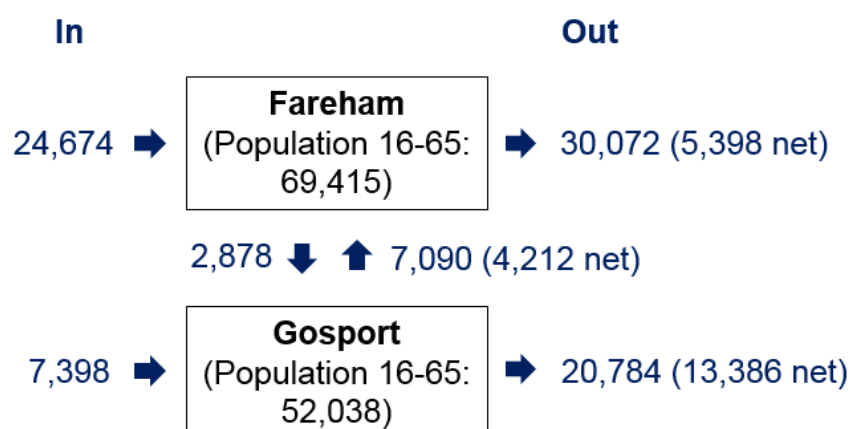
Figure 4.3 – Existing and future network pressures



Source: HCC (2013) Fareham and Gosport Strategic Transport Infrastructure Plan

- 4.12 This plan focuses upon improving strategic accessibility for the peninsula and sets out a package of integrally linked transport interventions, which can be delivered incrementally, as funding opportunities arise, in order to help achieve the common objective, of removing the transport barriers to growth on the Gosport Peninsula. A phased delivery programme is proposed.
- 4.13 Figure 4.4 illustrates the extent of commuting between Fareham, Gosport and beyond, with over 50,000 workers commuting out of the two boroughs (over 70% remaining within the Solent LEP area), and over 30,000 commuting in.
- 4.14 The most pronounced commuting patterns occur between Gosport and Fareham, Gosport/Fareham and Portsmouth, and Fareham and Southampton. Commuting patterns between the Gosport Peninsula and the Boroughs of Eastleigh, Havant and Winchester are also notable and affect the local transport network.

Figure 4.4 – Commuting patterns in Fareham and Gosport



Source: ONS

- 4.15 These complex commuting patterns increase traffic flows on the main south to north access routes off the peninsula namely the A32 and the B3385 Newgate Lane for traffic wishing to head east and the B3334 Titchfield Lane and Peak Lane / Mays Lane (through Stubbington) for traffic wishing to head west⁴. The north to south access roads all interface with the A27, which serves as a critical east to west artery for both local and strategic traffic heading towards the M27 junctions 9 and 11 for longer distance east to west movements artery for both local and strategic traffic heading towards the M27 junctions 9 and 11 for longer distance east to west movements.
- 4.16 Shorter distance movements are characteristic along the A27, which also suffers with peak hour congestion and has limited scope for capacity improvement. In particular, the A27 has a combination of single and dual sections of carriageway, capacity is significantly reduced where the route narrows and at numerous junctions, which causes congestion, delays and slow moving journeys for commuters. Peak hour blockages and congestion points impact heavily upon the effectiveness of the route as a viable alternative to the motorway.
- 4.17 The M27 acts as a key artery connecting the two major urban centres in the area - Portsmouth with Southampton, yet operates near or at capacity at certain sections at peak times due to the roles it performs as a local distributor road in this highly urbanised area, the close proximity of junctions, as well as its wider strategic role (particularly for the time sensitive and growing Port-related traffic). Congestion on the M27 has been identified by businesses as a key constraint on their competitiveness and productivity, and businesses in Portsmouth have reported difficulties in recruiting skilled labour from the western part of the Solent area as a direct result of poor connectivity. The Ports have also identified congestion on the M27 and M3 as key constraints on their operations. Portsmouth Commercial Port is the third busiest Ro-Ro passenger port in the UK, with 1.88m passengers per annum. The adjacent Naval dockyard will see significant change over the next few years with the arrival of two QE Class aircraft carriers, their crews and the myriad private sector supply chain requirements. Excellent and reliable motorway access will be essential to support the access demands required for the servicing of these ships.
- 4.18 The need to improve access to Fareham and Gosport Peninsula is a key priority for Hampshire County Council and the Solent LEP. Improvements are seen as essential to help enhance the economic viability and vitality of the area and to help attract much needed new investment and growth. The issue of poor accessibility is becoming increasingly significant in relation to the need to encourage development at key strategic sites including Welborne and the Solent Enterprise

⁴ HCC (2013) Fareham and Gosport Strategic Transport Infrastructure Plan

Zone, both of which are likely to deliver the biggest opportunities in employment and housing growth in the area.

- 4.19 With these two growth hubs emerging at Welborne and the Enterprise Zone, there will be extra pressure exerted on the poor transport links to the Gosport peninsula and the strategic road network, including significant congestion at the M27 Junctions 9 and 11 and a lack of all moves interchange at Junction 10. Thus, the role of transport is critical in Fareham and Gosport to support the Solent LEP priorities for new housing and economic growth, unlock strategic sites, improve access to both emerging and existing business and commercial centres in order to assist employment retention, growth and regeneration.

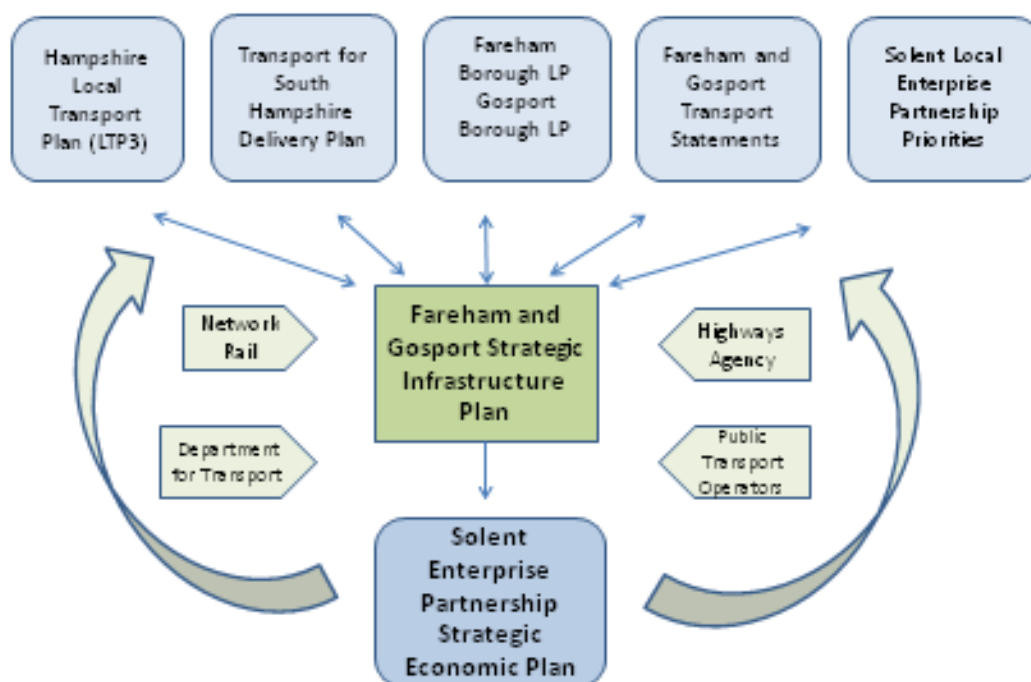
Enabling infrastructure requirements

- 4.20 Whilst further funding to enable development at the Solent Enterprise Zone has recently been committed, evidence submitted to the Welborne Plan EiP demonstrated that the current estimate of £303 million of infrastructure investment required to fully realise the vision for Welborne cannot be met entirely from the proceeds of the development alone at current values.
- 4.21 In the immediate term, public funding is being sought through the Intermediate Infrastructure Programme to enable the first phases of delivery: outline / detailed planning application (£900k); pre-construction geo-tech survey (£100k); a new electricity substation required to overcome the current capacity constraints of around 500 dwellings (£3m), and; undergrounding power lines to enable the delivery of later phases (£7.5m).
- 4.22 In parallel, private sector contributions of £27.2 million from the Welborne promoter consortium will provide initial pump-priming to help bring forward necessary works to Junction 10 of the M27, and provide an access road to allow construction to commence.
- 4.23 Over the longer term, our analysis assumes that £199.0 million of infrastructure costs will be met by private contributions, funded from the proceeds of development. We also assume that a further £75.0 million of infrastructure costs will be met by contributions from Fareham BC and other public sources of funding yet to be secured.
- 4.24 It is hoped that the regeneration effects from planned infrastructure and major development projects across Fareham and Gosport over the delivery period for Welborne will contribute to improving viability. However, the exact funding mix will therefore be determined through ongoing negotiation and legal agreement as part of the planning process, as the scheme and phasing progresses, cost estimates are revised and values change. In this regard, future bids for funding to the Solent LEP or funding programmes backed by central government are not precluded in the longer term.

Strategic Fit

- 4.25 The diagram below illustrates how the Fareham and Gosport Strategic Infrastructure Programme features as a key priority within the Solent LEPs Strategic Economic Plan, is supported by a range of policies, and it also shows the key agencies which have informed its preparation.

Figure 4.5 – Strategic Fit



Source: HCC (2013) Fareham and Gosport Strategic Transport Infrastructure Plan

Solent LEP Strategic Economic Plan

- 4.26 Despite the local challenges described above, there is significant potential for economic growth and regeneration in Fareham and Gosport – the area is identified as a strategic priority growth area in the Solent LEP Strategic Economic Plan and is home to key planned employment and housing sites, including the Solent Enterprise Zone at Daedalus, which are fundamental to the wider growth strategy for the South Hampshire conurbation and the delivery of housing and jobs.
- 4.27 The Solent LEP has set the following strategic objectives: to support enterprise; have a strong focus upon infrastructure including transport; establishing inward investment; skills for growth; and developing strategic sectors. The proposed improvements support these objectives by investing in transport infrastructure, which is central to the growth strategy for the Fareham and Gosport area set out in the Solent LEP’s Strategic Economic Plan, and a key enabler in terms of meeting the LEP’s specified jobs / GVA growth targets. The schemes will contribute to the early delivery of the Solent LEP growth agenda by addressing a key barrier on the transport network which is required to connect people to businesses and facilitate sustainable economic growth in the area. By providing confidence through reliable journey times, private sector investment in central urban and surrounding areas will be encouraged.
- 4.28 The programme will help to cater for forecast growth in demand associated with the planned housing and employment development, including at the Solent Enterprise Zone and at Welborne as key components of the LEPs objective to create a growth hub. New jobs and opportunities at the Solent EZ (3,700 new jobs) and the new CEMAST centre will help reverse trends and counter decline of defence-related employment linked to the Portsmouth Naval Dockyard and high levels of public sector job losses.
- 4.29 Improved access to new CEMAST centre at the Solent Enterprise Zone will help ensure that local residents are equipped to take up the advanced manufacturing and technology related jobs that will be created, secure the transition of young people to employment and redress the balance of

inappropriate skills for jobs in the area, creating employment opportunities for the deprived areas in Gosport. The schemes will also provide a strong positive impact on the transport growth associated with the housing and employment development at Welborne, thus ensuring reliable connections throughout the borough.

- 4.30 The proposed developments will also help underpin growth in the area creating business gateways (including marine and advanced manufacturing, etc.) at both local and national levels and will help develop new local supply chains.

Transport Strategies and Plans

- 4.31 The programme contributes to fulfilling the objectives and priorities of Hampshire County Council's Local Transport Plan (2011 – 2031). It is further specifically identified as a necessary infrastructure improvement within evidence based sub-regional transport plans including the Transport for South Hampshire Transport Delivery Plan and the Fareham and Gosport Strategic Transport Infrastructure Plan (HCC, 2013).
- 4.32 Hampshire's Third **Local Transport Plan** 2011-2031 (LTP3) sets out objectives, focused around a vision for: "A resilient, cost effective, fully-integrated sub-regional transport network, enabling economic growth whilst protecting and enhancing health, quality of life and environment". The LTP3 promotes the concept of Reduce, Manage and Invest, which is also supported within national and sub-regional policies. The LTP recognises the most severe congestion on the motorway network, in particular the M27 and M3 in South Hampshire. On the rest of the network, the most congested section is on routes to and from the Gosport peninsula. The Gosport Local Plan Policy LP21 reflects this principle, and in common with LTP3, aims to reduce the need to travel, maximise the use of existing transport infrastructure and deliver targeted improvements.
- 4.33 Twelve out of the 14 LTP3 Policies are achieved through implementation of the programme, such as ensuring the timely delivery of transport infrastructure to support housing, employment growth and regeneration opportunities as well improved accessibility within and beyond the sub-region; the widening of travel choice to offer people reasonable alternatives to the private car for everyday journeys; management of the existing transport network to ensure journey time reliability and economic competitiveness; stimulate regeneration and growth to enable better management of traffic and journey time consistency.
- 4.34 To provide a local supplement to LTP3 Hampshire County Council has produced the Gosport Borough Transport Statement 2012 (The Statement). This document makes reference to the array of transport documents and policies relevant to Gosport and includes a schedule of schemes, which is reviewed annually, to meet the needs of Gosport. The Statement informs the policies of the Local Plan. It introduces revised priorities for HCC including:
- Promote economic growth by maintaining a safe and efficient highway network, reducing casualties and tackling congestion on the transport network;
 - Improve access to jobs, facilities and services by all types of transport;
 - Facilitate and enable new development to come forward;
 - Reduce emissions and minimise the impacts of transport on the environment.
- 4.35 The **Highways Agency** has developed Route Based Strategies, and the M27 through Fareham forms part of the 'Solent Ports to Midlands' Route Strategy, underlying its importance as part of a national strategic network. The role of the M27 in relation to improving access to the cities is also being considered as part of the City Deals. Strategically, the operational effectiveness of the route is essential to the performance of the southern Hampshire economy. The two Route Based Strategies relating to the Solent area are the Solent (A3 and M3) Route Strategy and the Solent to Midlands Route Strategy.

- 4.36 There is a clear need to more effectively manage the traffic flows along the M27 corridor, to maximise the economic benefits of this critical asset particularly in peak periods, to seek to address not only current problems, but also those related to general traffic growth and new trips on the network generated by planned strategic development adjacent to the route over forthcoming years. Current flows on the M27 are up to 100,000 two way vehicles over a 12 hour period. By 2026 general growth and planned development will compound existing problems both on the motorway and adjacent east to west routes particularly through Fareham and interventions are required now to help prevent disadvantages to the sub-regional economy.
- 4.37 The **Transport for South Hampshire (TfSH) Transport Delivery Plan (2012-2026)** provides a clear statement of the transport scheme priorities to be progressed by TfSH and its member authorities and provides a robust starting point from which to take forward scheme development and funding bid preparation. It also provides partners with a clear view of TfSH scheme priorities. The TDP is a strategic delivery plan and as such includes improvements to the A27 Corridor. The TDP represents the TfSH position at early 2013 on forecast growth.
- 4.38 The TDP contains 5 key objectives, 4 of which are met by the programme, namely: enable higher levels of economic growth by improving local employment opportunities; improve sustainable access linking people to jobs and key facilities; reduce emissions by reducing the need to travel by car; and reduce unemployment in areas of high deprivation through improved sustainable access to employment centres. The TDP evidences the statement that there is a need for transport intervention to support sustainable economic growth and states that in the absence of transport intervention, transport will act as a constraint on sustainable economic growth. Bus Rapid Transit proposals; interchange improvements to Fareham station; and the A27 Corridor capacity improvements and widening between Fareham station and Segensworth Roundabout are included along with strategic cases to justify the delivery of each prior to 2026. Overall there is a high degree of fit between the scheme and the TDP.
- 4.39 The 'Strategic Access to Gosport Study (2010-2026) (StAG Report) produced by Hampshire County Council identifies transport measures to improve strategic access to the Gosport Peninsula and has informed Solent Transport's, 'Transport Delivery Plan 2012-2026', the Hampshire County Council's Local Transport Plan (LTP3) and the Gosport Borough Local Plan.
- 4.40 The **Fareham and Gosport – Strategic Transport Infrastructure Plan** (approved by Hampshire County Council in October 2013) updates and expands upon the StAG Report, specifically in relation to access to Fareham and Gosport. It identifies where transport interventions are and will be required as a consequence of growth and changing travel patterns, and reflects the national policy shift towards economic growth. The plan reviews previous transport policies and proposals to reflect the emerging priorities of the Solent LEP and the changes in government funding mechanisms.
- 4.41 The proposed package is consistent with, and supports, strategic development objectives of the **Fareham Borough Council (FBC) and Gosport Borough Council (GBC) Local Plans** – in particular through providing enhancements to the transport infrastructure necessary to support delivery of planned housing and jobs. The programme supports Policy CS5 (Transport Strategy and Infrastructure) in the FBC Local Plan Part1: Core Strategy. It also supports the delivery of Policy CS12 which relates to new development at Daedalus airfield.
- 4.42 In relation to the Gosport Borough Local Plan (2011-2029) the implementation of improvements to Newgate Lane would support policies relating to delivery of new housing and employment at strategic sites, including Policy LP5 (Daedalus) and Policy LP21 (Improving Transport Infrastructure).
- 4.43 The **Solent Enterprise Zone at Daedalus, Implementation Plan, 2011-2013** describes Solent LEP's vision for the former Daedalus airfield site, aiming to create a new regional cluster for advanced manufacturing and technology focused on the marine, aviation and aerospace sectors.

The site will create up to 3,700 additional jobs over the long term. The primary motivation for the Enterprise Zone, which is one of 24 statutorily designated in England and strongly supported by Government, is to provide a catalyst for the regeneration of Gosport, as the least economically viable area in South Hampshire and, address its low job density and high levels of out-commuting.

- 4.44 **The Welborne Submission Plan 2014** has been prepared to support the sustainable residential and commercial development North of Fareham. Welborne is set to create high levels of self-containment through the delivery of 6,000 homes and accommodation for 3,000 jobs, plus additional employment generated by community facilities over the project lifetime. The provision of sustainable transport modes is key to facilitate physical and functional connections between Welborne and surrounding settlements. The route for the Bus Rapid Transit (BRT) and the improvements to the A32 and junction 10 of the M27 are the principal component of the access strategy to and from the development.

Summary of the Strategic Case

- 4.45 The Fareham and Gosport Strategic Infrastructure Programme will provide a programme of fully integrated transport interventions which will:
- Support the Solent LEP objectives relating to inward investment, infrastructure, growth and priority sectors
 - Support key objectives of growth, regeneration and infrastructure provision in Fareham and Gosport's Local Plans
 - Support the Highways Agency's Route Based Strategies, Hampshire's Local Transport Plan, Transport for South Hampshire Local Plans
 - Help to address serious levels of social and economic deprivation and a deteriorating competitive position in Gosport
 - Support the delivery of homes and jobs growth at Welborne by creating a sustainable new community
 - Supporting the Solent Enterprise Zone and a range of other allocated development sites
 - Reduce levels of out commuting from the Gosport peninsular and relieve congestion on north south and east west routes across the network.

SMART programme objectives

- 4.46 The overall programme objectives are to:
- Implement a programme of infrastructure investment to support the delivery 8,700 new homes and the creation of 10,600 new jobs by 2040 including:
 - Enabling the development of 6,000 new homes and 84,000 sq m of commercial floorspace by 2040; and
 - Accelerating the delivery of 1,600 new homes and 216,000 sq m of commercial floorspace by 2040.
 - Generate agglomeration benefits through improved connectivity, leading to higher job density and GVA, and reduced levels of multiple deprivation compared with other parts of south Hampshire
 - Mitigate the negative impacts of development on existing residents and businesses, particularly in terms of journey times and pressure upon social infrastructure

5. The Economic Case

5.1 This section identifies and assesses a range of realistic and achievable options for meeting the objectives outlined in the Strategic Case. In doing so, it demonstrates that the preferred option delivers the best public value.

Methodology

5.2 The methodology below reflects the principles set out in the LEP Assurance Framework (drawing upon HMT’s Green Book guidance):

- Articulate the programme ‘**vision**’, **SMART objectives and the breakdown of individual projects** with details of costs and funding sources (see Section 4)
- Establish the **logic chain** from inputs and activities through to outputs, impacts and outcomes
- Discuss the **range of options considered** (long listing) and assess a short list of options available to meet the programme objectives to be compared alongside the reference case.
- Define a **Reference Case**, assuming minimum intervention.
- Schedule the **development trajectories** for development areas which are enabled and accelerated through the programme. This is based on information/data which is already in the public arena, supplemented by consultations with Fareham/Gosport council officers. In addition a property market perspective has been obtained through consultations with local property agents.
- Quantitatively **model the benefits** (homes and jobs) allowing for build-up and persistence based on best practise guidance.
- Apply **additionality factors**; estimating deadweight, then allowing for leakage, displacement and substitution, and multiplier effects (where appropriate) in order to translate gross outputs and benefits into net additional equivalents.
- A valuation of the net benefits can then be considered alongside the public expenditure incurred to create them and expressed as a **Benefit Cost Ratio**.
- Reference is then made to **benchmarks** for cost per net additional FTE job and net additional dwellings
- Recommend a **Preferred Option** based on the findings from the above.

Logic chain

5.3 Figure 5.1 provides the ‘logic pathway’ by which the inputs and activities of the Intermediate Programme lead to outputs, impacts and outcomes.

Figure 5.1 – Logic model for the infrastructure programme

Inputs	Outputs	Impacts
<ul style="list-style-type: none"> • Public and private sector investment 	<ul style="list-style-type: none"> • Increased land and property values • Delivery of major development projects • Job creation • Housing delivery • GVA growth 	<ul style="list-style-type: none"> • Improved accessibility (residents to amenities, businesses to consumers, employees to jobs, etc.) • Strengthening of existing sectoral

	<ul style="list-style-type: none"> • Safeguarded jobs • Journey time / cost savings, increased reliability • Increased consumer spending • Increased inward investment • Improved amenities • Reduced mortality and absenteeism resulting from modal shift • Environmental benefits • Increased tax revenues 	specialisms and clustering
Activities		Outcomes
<ul style="list-style-type: none"> • Procurement and delivery of strategic infrastructure • Enabling and accelerating delivery of new build housing • Enabling and accelerating delivery of industrial and commercial property 		<ul style="list-style-type: none"> • Economic growth • Reduced deprivation • Improved quality of life

Source: BBP (2015) Fareham and Gosport Intermediate Infrastructure Programme - Business Case

Longlisted options

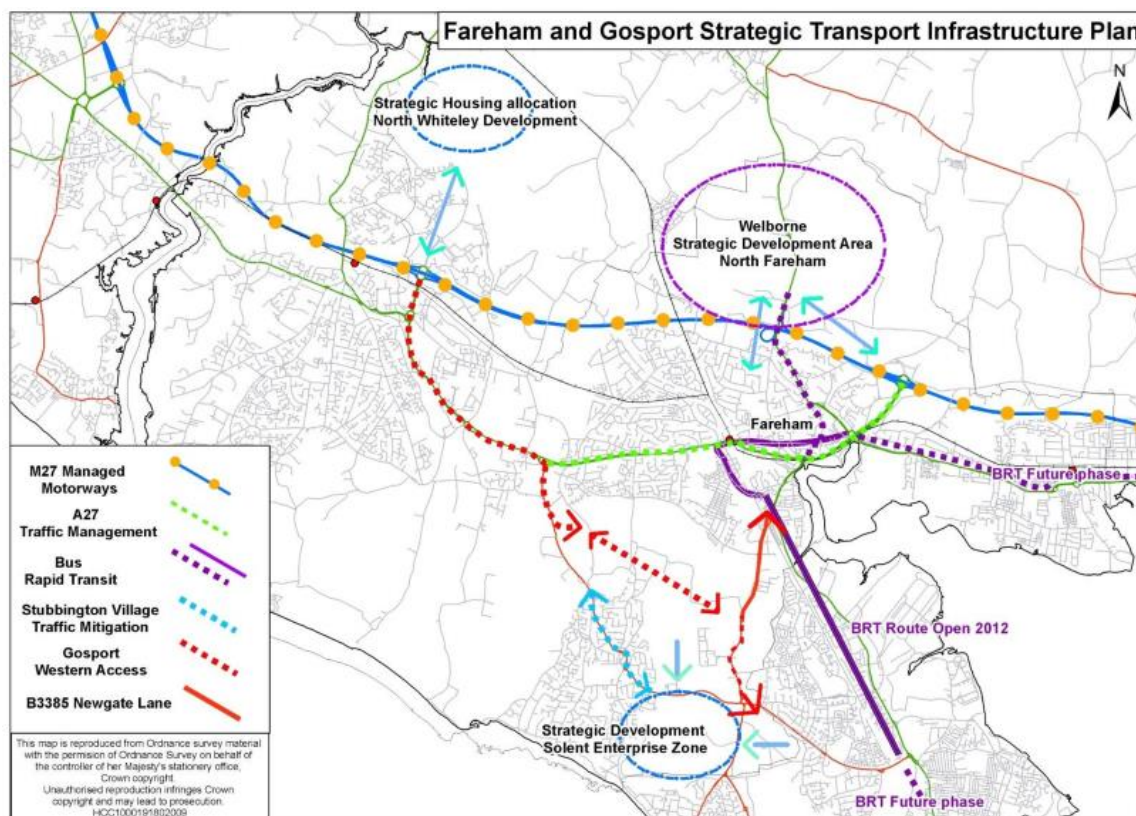
- 5.4 Many options have been explored in developing Intermediate Programme, its packages and component projects. The following sections discuss the process undertaken, the range of options considered, and resulting shortlist of options that have been appraised in the Economic Case.
- 5.5 **Welborne:** The development and examination of the Welborne Plan has involved exploring a number of options, taking into account:
- The vision, objectives and principles for the development
 - Site and setting
 - Constraints and capacities
 - Consultation responses
- 5.6 This work is summarised in the document *Sustainability Appraisal for the New Community North of Fareham Plan: Options Assessment*, published in April 2013. A selection of the scenarios that were consulted upon are provided below:
- With and without link road to M27 Junction 11
 - With and without 'all moves' junction at M27 Junction 10
 - Focusing traffic on M27 Junction 10 via the existing A32
 - Restricting development to west of the A32
 - Different sizes of settlement ranging from 5,900 to 7,250 homes and 65,300 to 87,700 sq m of employment space
- 5.7 **Solent Enterprise Zone:** In forming its Delivery Plan, SEEDA, which owned much of the site prior to the HCA, appraised a range of development options with partners before a masterplan was adopted. This formed the basis for an outline planning consent granted in 2012. The Solent LEP submitted a bid for Enterprise Zone status in 2011, and plans for delivering the Enterprise Zone were subsequently put in place, having considered a variety of alternative levels of investment and delivery structures.
- 5.8 Improved **access to Fareham and Gosport:** Hampshire County Council's Strategic Transport Infrastructure Plan approved by Hampshire County Council in October 2013 outlines strategic

transport interventions that are likely to be required to support housing and economic growth over the next 10 to 20 years. The Plan takes account of:

- Strategic transport issues and challenges
- Relevant policies, plans and studies
- Existing scheme proposals

5.9 This work resulted in a Delivery Plan including indicative cost estimates and programme. Figure 5.2 illustrates the long term vision, including five Bus Rapid Transit schemes and a new bypass at Stubbington.

Figure 5.2 – Fareham and Gosport Strategic Transport Infrastructure Plan



Source: Hampshire CC (2013) Strategic Transport Infrastructure Plan

5.10 Further work carried out by the County Council has resulted in the prioritisation of certain schemes for initial funding bids, with the remainder of the programme to be delivered as later phases.

Shortlisted options

5.11 Reflecting the range of issues and options described above and in consultation with the Solent LEP and Hampshire County Council officers, the strategic options have been selected based upon stand-alone packages which are realistic and achievable. These are compared with the reference case. In addition, although not formally treated as an option since it is not fully funded, an assessment has been made of the full programme.

5.12 The shortlisted options are summarised as follows, with assumed delivery trajectories provided at Appendix D:

Reference Case

- 5.13 This option sees the Welborne promoter consortium able to deliver 500 units and 1,000 sq m of B1c/B2 floorspace, before electricity supply becomes constrained as estimated by the utilities provider.
- 5.14 The projects relating to Solent Enterprise Zone and Improved Access to Gosport that have already secured funding commitments are delivered.
- 5.15 The other major development projects across Fareham and Gosport are assumed to be delivered at the delivery trajectories currently expected by their respective Councils.

Shortlisted Option 1: Welborne infrastructure only

- 5.16 This option sees the delivery of all required infrastructure to realise the vision for Welborne, as well as local highway mitigation works to mitigate the negative impacts from growth. This assumption is subject to the caveats set out in the Financial Case.
- 5.17 The projects relating to Solent Enterprise Zone and Improved Access to Gosport that have already secured funding commitments are assumed to be delivered.
- 5.18 The other major development projects across Fareham and Gosport are assumed to be delivered at the delivery trajectories currently expected by their respective Councils.

Shortlisted Option 2: Improved access to Fareham and Gosport infrastructure only

- 5.19 As in the Reference Case, this option sees the Welborne promoter consortium able to deliver 500 units and 1,000 sq m of B1c/B2 floorspace, before electricity supply becomes constrained as estimated by the utilities provider.
- 5.20 The projects relating to Solent Enterprise Zone and Improved Access to Fareham and Gosport that have already secured funding commitments are assumed to be delivered.
- 5.21 The remainder of the Improved Access to Fareham and Gosport transport infrastructure package is assumed to be delivered, apart from Stubbington Bypass project, which has yet to secure funding.
- 5.22 The following major development projects are assumed to experience 'minor acceleration', with delivery rates increased by 20% compared to currently expected trajectories from 2018/19 onwards:
- Peters Road, Locks Heath (incl. NW section)
 - Fareham Town Centre (small sites)
 - Gosport Waterfront
 - Little Park Farm, Park Gate
 - Solent 2
 - Solent Enterprise Zone - Daedalus West and airfield
 - Gosport Town Centre (small sites)
- 5.23 The other major development projects across Fareham and Gosport are assumed to be delivered at the delivery trajectories currently expected by their respective Councils.

Shortlisted Option 3: Intermediate Infrastructure Package

- 5.24 This option sees the delivery of all required infrastructure to realise the vision for Welborne, as well as local highway mitigation works to mitigate the negative impacts from growth.
- 5.25 The projects relating to Solent Enterprise Zone and Improved Access to Fareham and Gosport that have already secured funding commitments are assumed to be delivered.

- 5.26 The remainder of the Improved Access to Fareham and Gosport transport infrastructure package is assumed to be delivered, apart from Stubbington Bypass project, which has yet to secure funding.
- 5.27 The Fareham Town Centre (small sites) major development project is assumed to experience 'significant acceleration' (see Cost Benefit Analysis Assumptions below).
- 5.28 The following major development projects are assumed to experience 'minor acceleration' (see Cost Benefit Analysis Assumptions below):
- Peters Road, Locks Heath (incl. NW section)
 - Gosport Waterfront
 - Little Park Farm, Park Gate
 - Solent 2
 - Solent Enterprise Zone - Daedalus West and airfield
 - Gosport Town Centre (small sites)
- 5.29 The other major development projects across Fareham and Gosport are assumed to be delivered at the delivery trajectories currently expected by their respective Councils.

Full Infrastructure Programme

- 5.30 In addition to the Intermediate Programme outlined in Option 3 above, the Full Programme includes a new bypass for Stubbington, alongside associated on-line improvements and traffic management.
- 5.31 This has not been formally considered as an option, funding has not yet been secured for the additional projects. Nevertheless, it remains the ambition of the Solent LEP and its partners to deliver the full programme and hence the costs and values have been assessed to consider whether the full programme represents value for money.
- 5.32 The following major development projects are assumed to experience 'significant acceleration' (see Cost Benefit Analysis Assumptions below):
- Fareham Town Centre (small sites)
 - Gosport Town Centre (small sites)
 - Gosport Waterfront
 - Solent Enterprise Zone - Daedalus East
 - Solent Enterprise Zone - Waterfront and Daedalus Park
 - Solent Enterprise Zone - Daedalus West and airfield
- 5.33 The following major development projects are assumed to experience 'minor acceleration' (see Cost Benefit Analysis Assumptions below):
- Peters Road, Locks Heath (incl. NW section)
 - Little Park Farm, Park Gate
 - Solent 2
- 5.34 The other major development projects across Fareham and Gosport are assumed to be delivered at the delivery trajectories currently expected by their respective Councils.

Comparison of Shortlisted Options

- 5.35 Figure 5.3 provides a comparison of the gross outputs arising from each of the Shortlisted Options outlined above. The assumed development trajectories for each option are provided at Appendix C.

Figure 5.3 - Gross outputs arising from Shortlisted Options

	Reference Case	Option 1: Welborne infrastructure only	Option 2: Improved access to Fareham and Gosport infrastructure only	Option 3: Intermediate Infrastructure Package	Full Infrastructure Programme
Homes	3,168	8,668	3,168	8,668	8,668
B-class floorspace (sq m)	245,723	328,920	245,723	328,920	328,920
Jobs	7,746	10,631	7,746	10,631	10,631
GVA (£bn)	0.958	1.271	0.958	1.444	1.617
Betterment (£bn)	0.102	0.280	0.102	0.280	0.280

Source: BBP Regeneration analysis

Cost Benefit Analysis assumptions

Costs and benefits arising from delivery of new build housing

- 5.36 DCLG's 2010 paper *Valuing the Benefits of Regeneration* recognises two key methods for valuing the private and societal costs and benefits arising from delivery of new build housing:
- Betterment arising from permission for residential uses, as a starting point for valuing private consumption benefits
 - GVA arising from increased labour supply, as a starting point for valuing societal production benefits
- 5.37 In terms of valuing betterment, we have drawn upon the best available data from the Valuation Office Agency, as shown in the calculations in Figure 5.4.

Figure 5.4 – Valuing the consumption benefits arising from new build housing

	Agricultural to residential	Industrial to residential
Original value (£ / ha)	15,932	1,145,000
Residential value (£ / ha)	1,700,000	1,700,000
Value uplift (£ / ha)	1,684,068	555,000
Assumed average dwellings per hectare	30	30
Uplift per dwelling (£)	56,136	18,500
Weighting based on major development schemes in Fareham and Gosport	70%	30%

Weighted uplift per dwelling (£)	44,845
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Sources: Agricultural value: VOA Property Market Report 2011 - Average of South East, Kent and South West, Devon. Industrial value: VOA Property market Report 2011 - South East, Southampton. Residential value: VOA Property market Report 2011 - South East, Southampton

- 5.38 We have also tested the sensitivity of accounting for the disbenefit from losing the amenity provided by greenfield land (see *Sensitivities*).
- 5.39 In terms of production benefits, we have been careful not to double count job creation as a result of an increase in labour supply from new housing, which we have considered separately (See *Costs and benefits arising from delivery of new industrial and commercial floorspace*).

Costs and benefits arising from delivery of industrial and commercial floorspace

- 5.40 DCLG's 2010 paper *Valuing the Benefits of Regeneration* recognises that whilst the delivery of industrial and commercial floorspace supported by the public sector which has a monetary market value attached, the floorspace is not an end in itself, but a way of generating 'downstream' economic benefits. There are two key methods for valuing the societal costs and benefits arising from delivery of industrial and commercial floorspace:
- Betterment arising from permission for industrial and commercial uses, as a starting point for valuing societal production benefits
 - GVA arising from employment creation, as a starting point for valuing societal production benefits
- 5.41 The above methods both value the same production benefits, and one must be chosen. The paper points to the latter as providing a more 'complete' capture of economic benefits, and this is the valuation approach that we have taken.
- 5.42 To arrive at a number of jobs arising from the delivery of industrial and commercial floorspace, we have assumed employment densities based upon the HCA's 2010 employment density guidance. This has required us to apply relevant assumptions to convert the Gross External Area assumptions gathered from local authority officers and the Local Plan evidence base into the relevant measure of floorspace used by the HCA (e.g. Net or Gross Internal Area).
- 5.43 In terms of valuing the GVA generated by each job, we were required to make assumptions drawing upon the best available data from a number of sources, as shown in Figure 5.5.

Figure 5.5 – Key data informing GVA assumptions

Geography	Population aged 16-64	Job density (jobs per working age resident)	GVA per head (£)	GVA per job (£)	Median gross weekly earnings by place of work (£)
Hampshire CC and Isle of Wight (NUTS2 region)	1,237,257	0.82	20,433	43,085	n/a
Fareham borough	69,415	0.79 (96% of Hampshire average)	20,331 (100% of Hampshire average)	n/a	432

Gosport borough	52,035	0.45 (55% of Hampshire average)	18,650 (91% of Hampshire average)	n/a	402
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Sources: Population: Eurostat (2012) Population on 1 January; Job density: Nomis (2012) Job density; GVA per head: Hampshire CC (2012) Place Profile: Fareham / Gosport; GVA per job: ONS (2014) Sub regional productivity - Smoothed GVA per filled job 2002-2012. Median gross weekly earnings: ONS (2014) Median gross weekly earnings by place of work.

- 5.44 Based on the above data, we have assumed GVA of £33,684 (79% of Hampshire CC and Isle of Wight average) per new job arising from the delivery of industrial and commercial property across major development projects in Fareham and Gosport from 2018/19 to 2039/40 (assuming no additional benefit from the period 2015/16 to 2017/18 whilst infrastructure projects are still being delivered). We have then accounted for agglomeration effects arising from certain Shortlisted Options (see *Agglomeration effects* below).
- 5.45 We have not attempted to capture the benefits from delivering the floorspace itself (i.e. construction jobs).

Duration, build-up and persistence of benefits

- 5.46 Given that this Business Case includes investment to support the Welborne new community, we have considered costs and benefits arising until the vision of the Welborne Plan is anticipated to be fully realised, in 2039/40.
- 5.47 A discount factor of 3.5% has been applied to all costs and benefits to account for time additionality. This reflects the 'test discount rate' specified by Her Majesty's Treasury in *The Green Book: Appraisal and Evaluation in Central Government (2011)*.
- 5.48 We have drawn upon the following sources to inform our assumptions about the persistence of benefits:

Job creation arising from delivery of industrial and commercial property:

- **HCA (2014) Additionality Guide, Fourth Edition:** Draws upon BIS (2009) Impact Evaluation Framework Plus (IEF+), whereby benefits arising from revenue investment (e.g. enterprise level support or skills and workforce development) tends towards three years' persistence, and benefits arising from capital investment (such as bringing land back into use or public realm improvements) tends towards 10 years' persistence
- **DCLG (2010) Valuing the benefits of Regeneration:** Central estimate is based upon 10 years' persistence, with a conservative estimate of five years. Assumed that benefits build up over the first three years.

Delivery of new build housing:

- **DCLG (2010) Valuing the benefits of Regeneration:** The future stream of private benefits is already capitalised in the property value, and the recommended source of evidence on external impacts already expresses the different amenity values in perpetuity. This benefit cannot therefore be claimed on a recurring basis.

- 5.49 In light of the above, we have assumed three years' persistence for job creation arising from delivery of industrial and commercial property (effectively making a pessimistic allowance of four years for build-up), and a one-off benefit for betterment arising from the delivery of new build housing.

Acceleration effects

5.50 Based on the delivery timeframe and proximity to infrastructure projects, as well as market intelligence from local property professionals, we have made assumptions about which of the major development projects across Fareham and Gosport from 2015/16 to 2039/2040 will benefit from accelerated delivery as a result of infrastructure investment (See Figure 5.6, with assumed delivery trajectories are provided at Appendix D).

Figure 5.6 – Assumed impact of Shortlisted Options on major development projects across Fareham and Gosport 2015/16-2039/40

Project	Option 1 - Welborne package only	Option 2 - Improved access to Fareham and Gosport package only	Option 3 - Intermediate programme	Full programme
Bayntum Drive, Daedalus	Insignificant	Insignificant (delivery by 2016/17)	Insignificant (delivery by 2016/17)	Insignificant (delivery by 2016/17)
Brockhurst Gate (Land at Former Frater House site), Fareham Road	Insignificant	Insignificant (delivery by 2017/18)	Insignificant (delivery by 2017/18)	Insignificant (delivery by 2017/18)
Coldeast Hospital (Lots 1, 2 and sheltered)	Insignificant	Insignificant (delivery by 2018/19)	Insignificant (delivery by 2018/19)	Insignificant (delivery by 2018/19)
Fareham College, Fareham	Insignificant	Insignificant (delivery by 2018/19)	Insignificant (delivery by 2018/19)	Insignificant (delivery by 2018/19)
Fareham Town Centre (small sites)	Insignificant	Minor acceleration	Significant acceleration	Significant acceleration
Gosport Town Centre (small sites)	Insignificant	Minor acceleration	Minor acceleration	Significant acceleration
Gosport Waterfront	Insignificant	Minor acceleration	Minor acceleration	Significant acceleration
Haslar Peninsula Regeneration Area	Insignificant	Insignificant	Insignificant	Insignificant
Kites Croft	Insignificant	Insignificant (delivery by 2015/16)	Insignificant (delivery by 2015/16)	Insignificant (delivery by 2015/16)
Land at Aerodrome Road	Insignificant	Insignificant (delivery by 2017/18)	Insignificant (delivery by 2017/18)	Insignificant (delivery by 2017/18)
Land at Grange Road, south of Huhtamaki	Insignificant	Insignificant (delivery by 2016/17)	Insignificant (delivery by 2016/17)	Insignificant (delivery by 2016/17)
Little Park Farm, Park Gate	Insignificant	Minor acceleration	Minor acceleration	Minor acceleration
Midpoint 27, Cartwright Drive	Insignificant	Insignificant (delivery by 2016/17)	Insignificant (delivery by 2016/17)	Insignificant (delivery by 2016/17)

Peters Road, Locks Heath (incl. NW section)	Insignificant	Minor acceleration	Minor acceleration	Minor acceleration
Priddy's Hard Heritage Area	Insignificant	Insignificant	Insignificant	Insignificant
Rowner Regeneration Area	Insignificant	Insignificant (delivery by 2017/18)	Insignificant (delivery by 2017/18)	Insignificant (delivery by 2017/18)
Royal Clarence Yard	Insignificant	Insignificant (delivery by 2016/17)	Insignificant (delivery by 2016/17)	Insignificant (delivery by 2016/17)
Solent 2	Insignificant	Minor acceleration	Minor acceleration	Minor acceleration
Solent Enterprise Zone - East	Insignificant	Insignificant	Insignificant	Significant acceleration
Solent Enterprise Zone - West and airfield	Insignificant	Minor acceleration	Minor acceleration	Significant acceleration
Solent Enterprise Zone – Waterfront and Daedalus Park	Insignificant	Insignificant	Insignificant	Significant acceleration
The Walled Garden, Cams Hall	Insignificant	Insignificant (delivery by 2015/16)	Insignificant (delivery by 2015/16)	Insignificant (delivery by 2015/16)
Welborne	Enables later phases	Constrained	Enables later phases	Enables later phases

Source: Fareham and Gosport Borough Councils; Hampshire County Council; market intelligence from local property professionals

5.51 The categorisation above has been applied from 2018/19 onwards, due to the phasing of infrastructure delivery, using the following assumptions:

- **Minor acceleration:**
 - **All relevant schemes:** Delivery rates increased by 20% compared to currently expected trajectories.
- **Significant acceleration:**
 - **Solent Enterprise Zone – East:** Delivery rates increased by 20% compared to currently expected trajectories.
 - **Solent Enterprise Zone - West and airfield:** Delivery rates increased by 60% compared to currently expected trajectories.
 - **Solent Enterprise Zone – Waterfront and Daedalus Park:** Delivery rates increased by 50% compared to currently expected trajectories.
 - **Other relevant schemes:** Delivery beginning two years earlier and 20% faster compared to currently expected trajectories.

Agglomeration effects

5.52 BIS's 2009 Occasional Paper *Research to Improve the Assessment of Additionality* outlines three main sources of agglomeration benefits:

- **Input externalities** – co-location of companies and their input suppliers;
- **Labour market externalities** - geographic concentration of workers with relevant, specialised skills;

- **Knowledge externalities** - better sharing and exchange of relevant knowledge between companies in close proximity.

- 5.53 The paper recommends that “it would seem sensible to proceed with caution and avoid any mechanical application of yet further multipliers to the calculation of net additionality at the local level.” However, it notes that for large scale projects that involve sufficient investment to alter the industrial composition of an area, an allowance for agglomeration effects may be appropriate⁵.
- 5.54 In the case of Gosport in particular, we have already provided commentary on the extremely low job density relative to Fareham / Hampshire and Isle of Wight, as a result of long term decline in employment (exacerbated by the retraction of local military facilities) and a poor track record of inward investment. One of the objectives of the Intermediate Infrastructure Programme is to reduce these high levels of out-commuting, mirroring the visions of Welborne and the Solent Enterprise Zone.
- 5.55 In the case of the Enterprise Zone, its vision also seeks to strengthen the existing sectoral specialisms and clustering, focusing on Advanced Manufacturing specialising in the marine, aerospace and aviation sectors and offers many benefits to businesses, with the retention and expansion of related jobs here.
- 5.56 The UK is a world leader in the marine and maritime sector and the Solent’s coastal location means that it is at the heart of the sector, accounting for 20.5% of Solent’s GVA, provides 40,000 jobs, supports more than 3,000 businesses and is growing by five per cent per annum. Seven of the top 10 global aerospace companies have a presence in the Solent region in south Hampshire including EADS, Boeing, Lockheed Martin, Airbus Industries, and Finmeccanica. Defence features strongly in the south of Hampshire where Portsmouth Naval Base is home to almost two thirds of the Royal Navy’s surface ships accounting for 17,200 jobs at peak times.
- 5.57 In light of the above, we anticipate agglomeration benefits arising from the increased connectivity from some of the Shortlisted Options, resulting in convergence of GVA per job towards the Hampshire and Isle of Wight average. These assumptions are detailed in Figure 5.7 below.

Figure 5.7 – Assumed GVA per job for each of the Shortlisted Options

	Assumed GVA per job from 2018/19 to 2039/40 (£)	% of Hampshire and Isle of Wight average
Reference case	33,864	78.6%
Option 1 - Welborne package only	33,864	78.6%
Option 2 – Improved access to Fareham and Gosport package only	38,475	89.3%
Option 3 – Intermediate Programme	38,475	89.3%
Full Programme	43,085	100.0%

Source: BBP Regeneration analysis of ONS data for 2012 (2014)

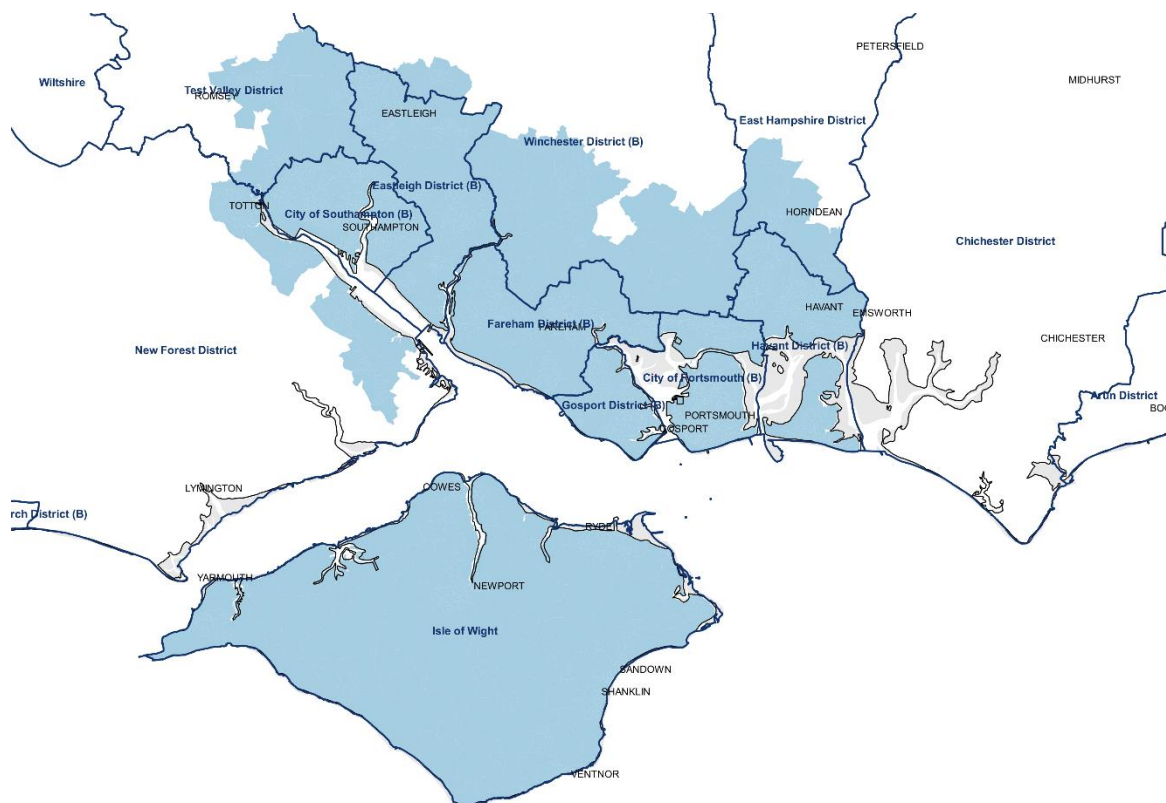
Additionality

⁵ HCA (2014) Additionality Guide, Fourth Edition

5.58 HMT's Green Book guidance requires that additionality be taken into account in appraising public sector investment, by accounting for leakage, deadweight, displacement and substitution. In assessing leakage, displacement and substitution, it is necessary to identify the spatial area (or group) affected by the intervention, taking account of product, labour, and in some cases, capital markets.

5.59 In 2010, 39 Local Enterprise Partnerships (LEPs) were set up, with geographical boundaries based upon both local authority areas and Functional Economic Market Areas (which take into account labour markets, housing markets, supply chains in industry and commerce, service markets for consumers, administrative areas and transport networks)⁶. Whilst around 10% of Local Authorities span multiple LEP areas, the boroughs of Fareham and Gosport are both wholly and centrally located within the Solent LEP area (see Figure 5.8).

Figure 5.8 – Solent LEP area



Source: Contains Ordnance Survey data © Crown copyright and database right 2015

5.60 Whilst the objectives set out in the Strategic Case relate specifically to Fareham and Gosport, this Business Case relates to funding from the Solent LEP, for infrastructure projects within two local authorities that are wholly and centrally located within the Solent LEP area, we have assumed the Solent LEP area as the spatial area for considering additionality.

5.61 We have therefore made the following assumptions relating to additionality:

- **Optimism bias:**
 - Assumed 20% for all benefits. This is at the lower end of the range for non-standard civil engineering projects (6-66%), reflecting the mixture of investment between standard and non-standard civil engineering projects, as well as in standard

⁶ BIS (2010) Functional Economic Market Areas: An economic note

buildings⁷. We have also carried out sensitivity analysis accounting for a greater optimism bias of 30% for all benefits (see *Sensitivities* below). Please note that we have not adjusted the optimism bias already accounted for in cost estimates for transport infrastructure.

- **Leakage:**
 - Assumed 10% for benefits arising from delivery of industrial and commercial property. This is based upon the HCA's ready reckoner for 'low' leakage, due to commuting patterns and geographical situation within the LEP area⁸.
 - Assumed no leakage for benefits arising from delivery of new build housing, as there is no specific target beneficiary. This is in line with HCA guidance⁹.
- **Displacement and substitution:**
 - Assumed 25% for B-class floorspace. This is in line with the HCA's ready reckoner for 'low' displacement, reflecting expectation that space will be occupied by growth from new or existing local businesses within the target sectors¹⁰.
 - Assumed 70% for A1/A3 floorspace. This is just below the HCA's ready reckoner for 'high' displacement, representing a conservative estimate considering the proportion of floorspace being delivered at district centres and the geographical situation within the LEP area¹¹.
 - Assumed for 10% for housing. Whilst housing delivery assumptions have been based on the Local Plan evidence base where possible to reflect need and demand, we have made a modest allowance for minor development projects that may be displaced or delayed by competition from major development projects.
- **Multiplier effects:**
 - Assumed multiplier of 1.44 for office space. This is in line with the HCA's ready reckoner for regional multiplier effects from office activity.¹²
 - Assumed multiplier of 1.35 for B1c\B2\B8 and aviation-related floorspace. This is lower than the HCA's ready reckoner for regional multiplier effects from industrial and logistics activity, to reflect the activity with extra-regional supply chains (e.g. marine and aviation).
 - Assumed multiplier of 1.38 for A1 / A3 floorspace. Again, this is based on the HCA's ready reckoner for regional multiplier effects from retail activity.¹³
 - Assumed no multiplier effects on benefits arising from housing.
- **Deadweight:**
 - We have deducted all benefits arising from the Reference Case from the benefits arising from each of the Shortlisted Options appraisals, to account for deadweight.

⁷ HMT (2011) Green Book Supplementary Guidance

⁸ HCA (2014) Additionality Guide, Fourth Edition

⁹ HCA (2014) Additionality Guide, Fourth Edition

¹⁰ HCA (2014) Additionality Guide, Fourth Edition

¹¹ HCA (2014) Additionality Guide, Fourth Edition

¹² HCA (2014) Additionality Guide, Fourth Edition

¹³ HCA (2014) Additionality Guide, Fourth Edition

Value for Money

- 5.62 To be prudent, all discretionary public sector costs are included in the CBA, alongside their associated benefits. This enables assessment of entire public sector value for money and reflects the mutual dependence of the investment commitments across various agencies. As is convention, historic and committed costs are not included in the CBA.

Financial leverage

- 5.63 Figure 5.9 indicates the amount of funding that the Local Growth Deal's contribution towards the Intermediate Programme will leverage from other sources. These assumptions are subject to the caveats set out in the Financial Case.

Figure 5.9 – Financial leverage ratios

Ratio	Leverage ratio (£m)	Leverage ratio
Discretionary public : Private	131.3 : 199.1	1:1.52
LGD : Private	50.4 : 199.1	1:3.95
LGD : Other discretionary public	50.4 : 80.9	1:1.61

Source: BBP Regeneration analysis

- 5.64 The figure shows that the LGD1 and LGD2 funding will leverage a greater amount of other public sector discretionary funding (i.e. match funding at a ratio greater than 1:1). This demonstrates that there are other public sector stakeholders involved in delivery that have an interest in delivering the Intermediate Infrastructure Programme on time, budget and quality, at acceptable levels of risk.
- 5.65 When comparing LGD1 and LGD2 funding against private investment, there is leverage at a ratio of almost 1:4 – that is to say, for every pound of LGD1 and LGD2 spending, an additional £3.95 will be spent by the private sector. This does not include private sector investment in delivering the major development projects themselves, which will leverage even more significant private sector investment.

Benefit Cost Ratios resulting from economic modelling

- 5.66 Figure 5.10 below summarises the BCRs resulting from the economic modelling for each option. As is convention, neither growth nor inflation have been applied to the costs and benefits.

Figure 5.10 – Benefit Cost Ratios resulting from economic options appraisal

Option	PVC (£)	PVB (£)	BCR
Option 1 – Welborne infrastructure only	95.9	301.8	3.1 – High
Option 2 – Improved access to Fareham and Gosport only	25.9	15.0	0.6 – Low
Option 3 – Intermediate Programme	121.8	433.3	3.6 – High
Full Programme	149.6	563.1	3.8 – High

Source: BBP Regeneration analysis

5.67 The modelling shows that the Full Programme offers the highest BCR (3.8 – ‘High’), followed by the Intermediate Programme (3.6 – ‘High’). Options 1 also achieves a ‘High’ BCR of 3.1, whilst Option 2 only achieves a ‘Poor’ BCR of 0.6.

Sensitivities

5.68 Based on the methodology that we have followed in modelling the costs and benefits of the Shortlisted Options, there are a number of factors that may not transpire exactly as assumed over the period 2015/16-2039/40. It is therefore prudent to consider the sensitivity of such changes upon BCRs.

5.69 We have prioritised the testing of two such changes of assumption:

- **Optimism bias** – We have increased the assumed discount factor for optimism bias on benefits from 20% to 30%, to test the sensitivity of an increase in costs outweighing an increase in benefits, or a decrease in benefits outweighing a decrease in costs. Please note that we have not adjusted the optimism bias already accounted for in cost estimates for transport infrastructure.
- **Benefits arising from delivery of new build housing** – We have made a deduction of 15% from the assumed land value uplift for greenfield land, to account for the loss of amenity due to development.

5.70 Figure 5.11 summarises the impact of the above sensitivity analysis (both at the same time) on BCRs.

Figure 5.11 – Benefit Cost Ratios resulting from economic modelling, with sensitivities applied

Option	BCR with sensitivities applied
Option 1 – Welborne infrastructure only	2.6 – High
Option 2 – Improved access to Fareham and Gosport only	0.5 – Low
Option 3 – Intermediate Programme	3.0 – High
Full Programme	3.2 – High

Source: *BBP Regeneration analysis*

5.71 The BCRs resulting from the economic modelling with sensitivities applied shows an acceptable level of sensitivity; the order of the options remains the same, and each option retains its original BCR value for money band.

Cost-effectiveness

5.72 As the Shortlisted Options generate more than one type of output (homes and jobs), we have attributed the total public sector discretionary spending to each type of output. The ratio has been based on the relevant floorspace area (commercial floorspace versus an assumed average of 90 sq m per dwelling).

5.73 We have then assessed the amount of public sector discretionary spending per additional output, and compared this to a benchmark.

Figure 5.12 – Public sector discretionary spending per output

Option	Public sector discretionary spending attributed to additional new build housing (£)	Public sector discretionary spending per additional dwelling (£)	Public sector discretionary spending attributed to additional jobs (£)	Public sector discretionary spending per additional job (£)
Benchmark	n/a	77,427	n/a	32,312
Option 1 – Welborne infrastructure only	71,032,491	4,514	24,827,821	8,603
Option 2 – Improved access to Fareham and Gosport only	No additional dwellings enabled (acceleration only)	No additional dwellings enabled (acceleration only)	No additional jobs enabled (acceleration only)	No additional jobs enabled (acceleration only)
Option 3 – Intermediate Programme	90,234,344	5,734	31,539,400	10,928
Full Programme	110,869,540	7,046	38,751,972	13,428

Source: DCLG (2010) *Valuing the Benefits of Regeneration; BBP Regeneration analysis*

- 5.74 Figure 5.12 above shows that the amount of public sector discretionary spending per additional dwelling and job is far lower than the benchmark across all Shortlisted Options. This is due to financial leverage (see *Financial leverage* above) and the logic chain of infrastructure investment enabling development (see *Logic chain* above).

Transport Business Cases (including WebTAG appraisal)

- 5.75 Transport Business Cases have been prepared by Hampshire County Council for each of the early transport projects in the Intermediate Programme, incorporating independent WebTAG modelling and appraisal by Systra. Further Transport Business Cases will be prepared for the Full Programme before later phases proceed. Their findings are outlined below.

St Margaret’s Roundabout and A27 Dualling

- 5.76 This scheme involves reconfiguration of the roundabout to include signalisation and additional lane capacity. The costs, benefits and Benefit Cost Ratios resulting from the economic modelling are summarised below.

Figure 5.13 – Benefit Cost Ratios arising from economic modelling for St Margaret’s Roundabout and A27 Dualling

Scheme	PVC (£m)	PVB (£m)	BCR
St Margaret’s roundabout improvements (DS1a)	4.06	0.35	0.09 – Poor
St Margaret’s Roundabout and A27 Dualling combined (DS1b)	13.0	7.1	0.55 - Poor

Source: Hampshire County Council (2015) *Transport Business Cases; DfT (n.d.) Value for Money Assessments*

5.77 In addition, there are a variety of benefits that are not accounted for in the economic modelling above, as summarised in Figure 5.14.

Figure 5.14 – Non-monetised benefits and disbenefits arising from Peel Common roundabout and Newgate Lane South alignment

Non-monetised impact	St Margaret's roundabout improvements (DS1a)	St Margaret's Roundabout and A27 Dualling combined (DS1b)
Reliability	Slight Beneficial	Large Beneficial
Regeneration	Slight Beneficial	Slight Beneficial
Wider impacts	Moderately beneficial	Moderately beneficial
Noise	Neutral	Neutral
Air quality	Slight Adverse	Slight Adverse
Landscape	Neutral	Neutral
Townscape	Neutral	Neutral
Historic environment	Neutral	Neutral
Biodiversity	Neutral	Neutral
Water environment	Neutral	Neutral
Severance	Slight Beneficial	Slight Beneficial
Personal security	Slight Beneficial	Slight Beneficial
Physical activity	Slight Beneficial	Slight Beneficial
Accessibility	Slight beneficial	Slight beneficial
Journey quality	Slight Beneficial	Slight Beneficial
Affordability	Neutral	Neutral
Option values	Neutral	Neutral

Source: Hampshire County Council (2015) Transport Business Cases

Peel Common roundabout and Newgate Lane South

5.78 This scheme involves: upgrading Peel Common roundabout to a signal-controlled roundabout, providing additional lane capacity and enhanced pedestrian / cyclist provision; a new eastern alignment for the B3385 Newgate Lane southern section from Tanners Lane to Peel Common Roundabout, and; additional modifications to Peel Common Roundabout to accommodate the new route alignment.

5.79 The costs, benefits and Benefit Cost Ratios resulting from the economic modelling are summarised below.

Figure 5.15 – Benefit Cost Ratios arising from economic modelling for Peel Common roundabout and Newgate Lane South alignment

Scheme	PVC (£m)	PVB (£m)	BCR
Peel Common roundabout only (DS2a)	2.8	14.8	5.28 – Very high
Peel Common roundabout and Newgate Lane South alignment plus further modifications to Peel Common roundabout (DS2b)	10.6	20.0	1.88 – Medium

Source: Hampshire County Council (2015) Transport Business Cases; DfT (n.d.) Value for Money Assessments

5.80 Again, there are a variety of benefits that are not accounted for in the economic modelling above, as summarised in Figure 5.16, and the true benefits from these schemes will only be realised once later phases are implemented.

Figure 5.16 – Non-monetised benefits and disbenefits arising from Peel Common roundabout and Newgate Lane South alignment

Non-monetised impact	DS1 (Peel Common 15/16)	DS2 (DS1 + NGLS)
Reliability	Moderate Beneficial	Moderate Beneficial
Regeneration	Moderate Beneficial	Moderate Beneficial
Wider Impacts	Moderate Beneficial	Moderate Beneficial
Noise	Slight Adverse	Slight Adverse
Air Quality	Slight Adverse	Slight Adverse
Landscape	Neutral	Moderate Adverse
Townscape	Neutral	Neutral
Historic Environment	Neutral	Neutral
Biodiversity	Neutral	Slight Adverse
Water Environment	Neutral	Neutral
Severance	Slight Beneficial	Slight Beneficial
Personal Security	Neutral	Slight Adverse
Physical Activity	Neutral	Neutral
Accessibility	Neutral	Neutral
Journey Quality	Slight Beneficial	Slight Beneficial
Affordability	Neutral	Neutral
Option Values	Neutral	Neutral

Source: Hampshire County Council (2015) Transport Business Cases

Interdependencies and phasing with other infrastructure and major development projects

- 5.81 The delivery of the St Margaret’s Roundabout and A27 Dualling projects add value to improvements already committed at Station roundabout and Gudge Heath Lane, by removing further blockages along the same corridor between Fareham town centre and the M27 heading west.
- 5.82 The delivery of the Peel Common roundabout and Newgate Lane South projects add value to improvements being delivered at Newgate Lane North, further assisting traffic heading from the peninsula eastwards towards the M27 at Junction 11.
- 5.83 Together, the A27 and Newgate Lane projects improve both north-south access on and off the peninsula and east–west connectivity. The A27 effectively acts as a bottleneck for all routes accessing the peninsula and, as such, improving this important parallel route to the M27 is a critical precursor to the subsequent west-facing package elements, namely Stubbington Bypass and its associated schemes. In addition, this will significantly accelerate the delivery of the vision for the Solent Enterprise Zone.
- 5.84 In light of these interdependencies and phasing, the projects must be considered as an early phase within a much broader, inter-dependent infrastructure programme. That is to say, the true benefits from these schemes will only be realised once later phases are implemented, as considered by this broader Business Case.

Effectiveness

- 5.85 Figure 5.17 below assesses the effectiveness of the Shortlisted Options in meeting the SMART objectives outlined in the Strategic Case.

Figure 5.17 - Effectiveness of Shortlisted Options in meeting SMART objectives

	Reference Case	Option 1: Welborne infrastructure only	Option 2: Improved access to Fareham and Gosport infrastructure only	Option 3: Intermediate Infrastructure Package	Full Infrastructure Programme
Implement a programme of infrastructure investment, support the delivery 9,000 new homes, the creation of 13,000 new jobs and £1.752bn of GVA by 2040.	x	✓	✓	✓	✓
Generate agglomeration benefits through improved connectivity, leading to higher job density and GVA, and reduced levels of multiple deprivation compared with other parts of south Hampshire.	x	x	x	(✓)	✓
Mitigate the negative impacts of development on existing residents and businesses, particularly in terms of journey times and pressure upon social infrastructure.	x	✓	(✓)	✓	✓
Assessment (out of 4.0)	0.0	2.0	1.5	3.5	4.0

Source: BBP Regeneration analysis

- 5.86 The assessment shows that the Full Programme and Intermediate Programme achieve the highest degree of effectiveness in terms of meeting the SMART objectives (4.0 and 3.5 out of 4.0, respectively). Options 1 and 2 do not meet all of the SMART objectives. The Reference Case would not meet any of the SMART objectives.

Strategic Added Value

- 5.87 The Intermediate Infrastructure Programme is an excellent example of partnership working between the Solent LEP, the private sector and local authorities and other agencies (including the Homes and Communities Agency and the Highways Agency) in tackling challenging issues and working to achieve a shared strategic objective.
- 5.88 The Strategic Added Value achieved through co-ordination and influencing can be expected to increase confidence and investment in addition to outcomes directly delivered through funded activities.
- 5.89 Figure 5.18 provides a selection of examples illustrating how the Intermediate Infrastructure Programme and the major development projects that it supports may contribute in safeguarding existing jobs from being lost due to lack of company profitability.

Figure 5.18 – Case studies of safeguarded jobs

- **North Sails** is a world leader in marine technology. Over 80% of the products manufactured in Gosport will be exported; up from the current 50%. NS products are innovative and in high demand, the company feeds into the growing superyacht market. NS is developing a centre of excellence to exploit these new opportunities in the superyacht market. NS would expect this new operation, at the very minimum, to grow by 10% per annum. This growth will enable NS to recruit additional workers and purchase more from its UK suppliers.

Hampshire County Council intervened in 2014 to enable North Sails Ltd (NS) to see off competition from a rival location in Spain and win £11m of investment from its parent company to treble the size of its UK operation establishing it as a Global Centre of Excellence for Sail Making.

- **Vector Aerospace's** Helicopter Services - UK facility in Fleetlands, Gosport provides world-class deep maintenance, repair and overhaul for a range of civil and military helicopters including the Boeing Chinook, AgustaWestland Lynx / Sea King and Sikorsky S-76. Vector Aerospace's Engine Services - UK facility in Fleetlands, Gosport provides world-class OEM-authorized maintenance, repair and overhaul for a range of civil and military engines. Formerly the UK MoD's Defence Aviation Repair Agency (DARA) prior to its acquisition by Vector Aerospace in 2008, the Fleetlands facility offers unmatched capabilities for helicopter and engine support.
- **Vector** is to receive a Regional Growth Fund award from the UK Government. The award, totalling £2 million over two years, will reinforce the significant investment that Vector is making in the transformation of its Gosport business. A long established key supplier to the UK Ministry of Defence, Vector is now enhancing its capabilities and services, targeting new customers around the world.
- **Universal Tools** are a precision engineering company with two current premises in Fareham who will be the first company to locate onto the new Daedalus East development at the Solent Enterprise Zone. Universal Tools have been awarded financial assistance through the Solent LEP to help to secure their new purpose-built premises in order to be able to expand on the Solent EZ and create additional jobs. This will mean the retention of 57 jobs and the creation of 40 new jobs, a total of 97 jobs by 2019/20.

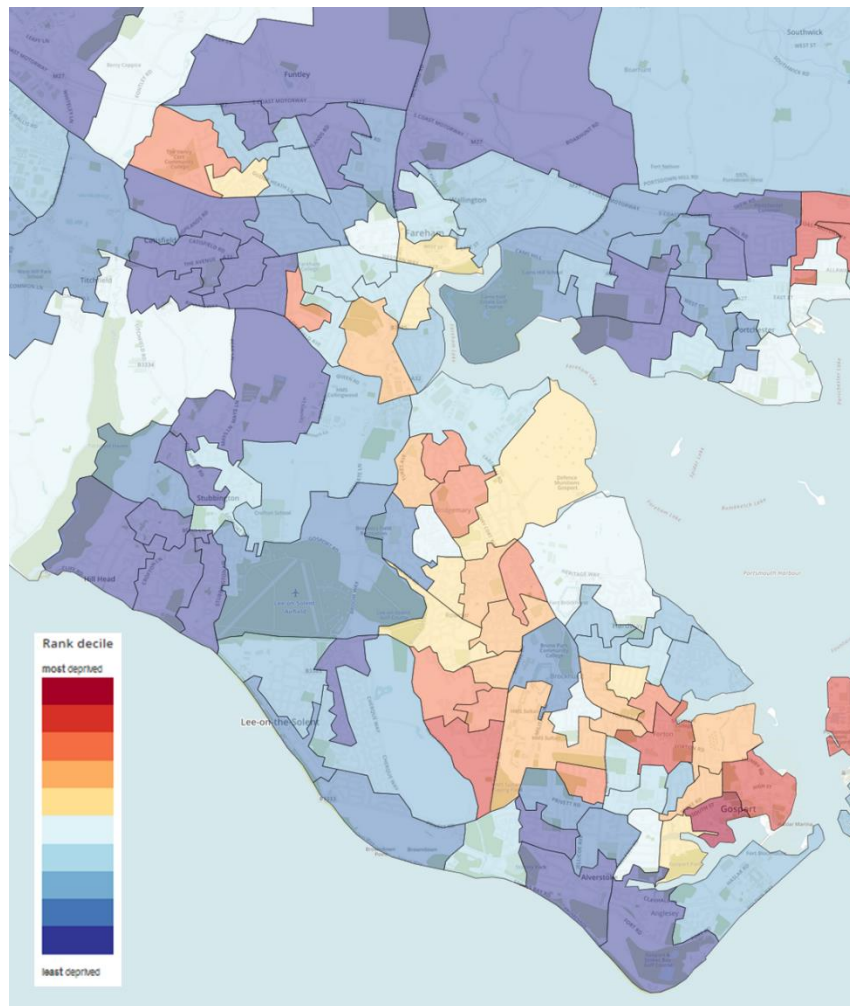
Universal Tools are one of the first few in the UK to be approved to AS9100 as precision engineers. They provide CNC turning, milling and grinding. They have a strong base of skilled personnel who are all ex toolmakers.

Distributional impacts

- 5.90 The Green Book (HMT, 2011) requires appraisers to identify how the costs and benefits of public sector investment accrue to different groups in society.
- 5.91 Physical infrastructure projects often deliver greater benefits to those located in closest geographical proximity, particularly in terms of betterment. However, both Fareham and Gosport currently experience high levels of in- and out-commuting, exacerbating congestion on the two main north-south access routes, both interfacing with the A27, which in turn acts as a barrier to traffic exiting the Gosport and Hamble peninsulas. This has depressed land and property values, constrained inward investment, which will both have contributed to slowing the delivery of development schemes and regeneration projects.
- 5.92 Figure 5.19 shows that the borough of Gosport, in particular, has some of the most deprived Lower Super Output Areas (LSOAs) in the country as calculated by the Index of Multiple Deprivation

(which takes into account income; employment; health and disability; education; skills and training; barriers to housing and services; crime, and; living environment).

Figure 5.19 – Index of Multiple Deprivation 2010



Source: *OpenDataCommunities*, © Mapbox © OpenStreetMap

- 5.93 The Intermediate Infrastructure Programme improves access to and from the most deprived parts of the Gosport Peninsula, providing journey time and cost savings to residents, increasing the accessibility of amenities, employment opportunities, and skills and training facilities such as at CEMAST and Fareham College.
- 5.94 Decreasing the extensive out-commuting from the borough will increase the retention of consumer spending, encouraging inward investment for the delivery of further new homes and jobs. This, in turn, provides opportunities for increased employment and higher incomes, creating economic growth and improving socioeconomic outcomes.

Summary of Economic Case

- 5.95 The Preferred Option is Option 3, the Intermediate Infrastructure Package, which:
 - Delivers the highest level of gross outputs
 - Is the most effective in meeting the programme objectives
 - Provides value for money, presenting a 'High' BCR of 3.6

- Is cost effective when assessed on the basis of public sector discretionary spending per net additional FTE job and additional new dwelling
- Provides leverage for the Local Growth Deal funding measured against private investment at a ratio of 1:3.95 and a total discretionary public to private ratio of 1:1.52
- Achieves positive distributional benefits targeting deprived communities

5.96 The Full Programme provides a 'High' BCR of 3.8, indicating that there is a positive investment case to be made for Stubbington Bypass when funding is available.

6. The Commercial Case

- 6.1 The Commercial Case considers the commercial viability of the Programme including the level of demand and the procurement strategy that will be used.

Demand

- 6.2 An adequate level of demand is crucial for the delivery of the claimed outputs within the time period. Historically, there has been insufficient demand in Gosport, where low values are impacting viability, which creates the case for necessary public sector intervention.
- 6.3 In order to derive realistic levels of demand and deliverable supply trajectories, we have used policy and evidence base, formulated as per national planning policy. Forecasts for demand and growth have been drawn from the following local planning and evidence based documents, which have either been adopted or are currently in Examination in Public:
- Gosport Borough Local Plan 2011-2029 (publication version)
 - Fareham Local Development Framework – Core Strategy (adopted August 2011)
 - Fareham Local Plan Part 2: Developing Sites and Policies (submission version)
 - Fareham Local Plan Part 3: The Welborne Plan (submission version)
 - Gosport Borough Council: Employment Land Review (December 2012)
 - Gosport Local Plan: Strategic Housing Land Availability Assessment (2014)
 - Fareham Borough Council: Strategic Housing Land Availability Assessment (Update January 2014)
- 6.4 Figure 6.1 below outlines the current status, scale, anticipated delivery timescale and key delivery risks for each major development project in Fareham and Gosport 2015/16-2039/40.

Figure 6.1 – Status and delivery risks for development projects in Fareham and Gosport 2015/16-2039/40

Project	Delivery timescale (Reference Case)	Site area (ha)	Status (Local Plan allocation, planning permission granted, on-site)	Delivery risks (land assembly, engineering constraints, planning risk, viability, procurement, construction risk, etc.)
Bayntum Drive, Daedalus	2015/16-2016/17	4.9	On-site	Scheme being delivered by Barratt Homes
Brockhurst Gate (Land at Former Frater House site), Fareham Road	2016/17-2017/18	1.4	Local Plan allocation	Allocated in Local Plan, but no planning permission to date. Any scheme may include retail.
Coldeast Hospital (Lots 1, 2 and sheltered)	2013/14-2018/19	58.5	On-site	Benefits from outline consent for whole site, detailed consent for majority of site
Fareham College, Fareham	2016/17-2018/19	2.9	Outline planning permission	Due for allocation in Local Plan

Project	Delivery timescale (Reference Case)	Site area (ha)	Status (Local Plan allocation, planning permission granted, on-site)	Delivery risks (land assembly, engineering constraints, planning risk, viability, procurement, construction risk, etc.)
Fareham Town Centre (small sites)	2021/22-2025/26	6.1	Due for Local Plan allocation	Will soon be allocated in Local Plan as four separate sites (Market Quay, Civic Area, Fareham Station West and Maytree Road, no planning permission. Multiple ownerships including FBC and HCC
Gosport Town Centre (small sites)	2011/12-2028/29	n/a	Local Plan allocation	Expectation from small sites. 28 units permitted to date, 14 built
Gosport Waterfront	2016/17-2028/29	10.0	Outline planning permission	
Kites Croft	2015/16	1.0	Outline planning permission	Detailed planning application currently under consideration (applicant is Aviva Life and Pensions)
Land at Aerodrome Road	2017/18	0.3	Local Plan allocation	Allocated in Local Plan, but no planning permission to date
Land at Grange Road, south of Huhtamaki	2016/17	3.0	Local Plan allocation	Allocated in Local Plan, but no planning permission to date
Little Park Farm, Park Gate	2016/17-2020/21	5.3	Local Plan allocation	Allocated in Local Plan, but no planning permission to date
Midpoint 27, Cartwright Drive	2015/16-2016/17	1.8	Detailed planning permission granted	Final phase of wider detailed planning consent
Peters Road, Locks Heath (incl. NW section)	2013/14-2020/21	7.6	On-site	Benefits from outline consent for whole site, detailed consent for majority of site
Priddy's Hard Heritage Area	2017/18-2018/19	9.9	Local Plan allocation	
Rowner Regeneration Area	2012/13-2017/18	13.0	On-site	HCA/First Wessex/Taywood JV in place.
Royal Clarence Yard	2008/09-2016/17	1.7	On-site	394 dwellings permitted in 2005, with 105 dwellings remaining
Solent 2	2016/17-2025/26	5.9	Outline planning permission	Access spur enabling access to M27 Junction 9 has already been delivered
Solent Enterprise Zone - Daedalus East	2012/13-2024/25	40.5	On-site	HCA ownership, with delivery plan in place.
Solent Enterprise Zone - Daedalus West and airfield	2014/15-2026/27	15.0	Outline planning permission	Currently in HCA ownership. Revised masterplan anticipated summer 2015.
Solent Enterprise Zone - Waterfront and Daedalus Park	2015/16-2022/23	20.1	Outline planning permission	HCA ownership. Revised masterplan anticipated summer 2015.

Project	Delivery timescale (Reference Case)	Site area (ha)	Status (Local Plan allocation, planning permission granted, on-site)	Delivery risks (land assembly, engineering constraints, planning risk, viability, procurement, construction risk, etc.)
The Walled Garden, Cams Hall	2015/16	1.7	Detailed planning permission granted	Benefits from planning permission; due for allocation in Local Plan
Welborne	2016/17-2018/19	371.1	Local Plan allocation	Largely greenfield site, with vast majority owned by two parties working together as a development consortium. Welborne Local Plan undergoing EiP, after which planning application will be submitted. Delivery partner(s) yet to be procured. Some third party land assembly.

- 6.5 The housing trajectory for Welborne, has been developed using a wide range of evidence sources, including the site capacity work undertaken through the concept masterplanning, as well as the Welborne Build-out Rates Study¹⁴ and viability assessment¹⁵. Ultimately though, the vision for Welborne will only be fully realised if it is viable to deliver. Whilst Fareham BC has expressed confidence in the assumptions being made, it acknowledges the high upfront infrastructure costs required, and the challenge posed by the lack of certainty about the medium and long-term local housing market. However, it is hoped that the regeneration effects from planned infrastructure and major development projects across Fareham and Gosport over the delivery period for Welborne will contribute to improving viability.
- 6.6 At Daedalus, the HCA is currently actively marketing three parts of the Daedalus site – Daedalus East, Daedalus Park and the Waterfront. Interest in Daedalus East is reported to be strong. Daedalus Park is also reported to be receiving strong levels of interest and having been sold to a speculative developer who is expected to deliver marine related developments. The Waterfront OJEU disposal process is underway.
- 6.7 FBC and DCLG jointly commissioned a market demand analysis, specifically looking at the current demand and future demand for the Daedalus West development. This concluded that Daedalus has a unique number of selling points and the projected uptake rates for the site are appropriate.

Sourcing options and procurement

- 6.8 Hampshire County Council will lead on the **transport packages**. They will use the Regional Highways Framework to procure the works. Framework Contractors performance is monitored, quarterly, using key performance indicators. The KPI scoring is used as an incentive enhancement mechanism for Tender Assessments. Depending on a contractors performance their Tender Assessment Value used for the purpose of Tender Analysis can vary by plus or minus 10%. This mechanism provides an incentive for the Framework Contractors to maintain a high quality of work and standard of service whilst working for HCC.
- 6.9 It is likely that contracts for the larger projects, particularly Stubbington Bypass will be let under NEC 3 Engineering Construction Contract where some of the risks identified in the Quantified Risk

¹⁴ Welborne Build-out Rates Study (GVA, November 2013)

¹⁵ Welborne Stage 2 Viability Test Executive Summary (GVA, January 2014).

Analysis will then be mitigated by transferring the risks to the Main Contractor to manage. The preferred procurement route is likely to split the work necessary for the project into numerous separate contracts relating to both the on and off road sections of the scheme which could include as below:

- Advanced Works - Necessary to undertake tree felling and early ecological mitigation.
- Main Works - Contracts are likely to be undertaken separately for the different scheme components and for on and off road scheme sections and will be procured under the terms and conditions of the NEC 3 Engineering and Construction Contract (June 2005 (with amendments June 2006 and September 2011))

6.10 The public sector partners will utilise their respective procurement frameworks for the procurement of all goods and services required to deliver the **Enterprise Zone**. The project will be delivered in close cooperation with several public and private sector partners. To date the HCA has taken a lead role due to its status as landowner, although this will be changing as part of the HCA's interests is disposed of, to Fareham Borough Council who will then become the lead agency for delivery of the part of the Enterprise Zone that is within their borough.

6.11 The infrastructure requirements at **Welborne** are substantial. In general it is expected that the promoter consortium will have lead responsibility for delivering the supporting infrastructure. This will be through a range of agreements (e.g. S278, S38 and S104 Agreements) using contractors approved by the respective adopting authorities. Agreement with the Highways Agency will be necessary in terms of the delivery arrangements for the M27 Junction 10 works.

Infrastructure projects

6.12 Figure 6.2 below outlines the current status, anticipated delivery timescale and key delivery risks for each major infrastructure project in Fareham and Gosport 2015/16-2039/40.

Figure 6.2 – Status and delivery risks for discretionary components of the programme

Project	Timescale	Delivery partners	Status	Key delivery risks
Welborne				
Welborne enabling infrastructure	2015/16 - 2018/19	Welborne promoter consortium, utilities providers	Infrastructure Delivery Plan developed and submitted to Examination in Public; planning application to follow	High level engineering constraints identified
Welborne local highway mitigation	2015/16 - 2016/17	Welborne promoter consortium, Hampshire CC	Feasibility design complete. Detailed design to be included in Developers TA to be submitted alongside Planning Application	HCC will liaise with Welborne promoter consortium to manage delivery risks
M27 Junction 10 - All moves junction (Contract 1)	2016/17 - 2021/22	Highways Agency	Preliminary design	Ongoing site investigations to inform tunnelling and utilities

				diversions. Handover to HA pending.
M27 Junction 10 - Associated works (Contract 2)	2015/16 - 2016/17	Welborne promoter consortium, Hampshire CC	Detailed design	Ongoing site investigations to inform utilities diversions
Welborne strategic on-site infrastructure	2015/16 - 2025/26	Welborne promoter consortium, utilities providers, Hampshire CC for social and green infrastructure	Infrastructure Delivery Plan developed and submitted to Examination in Public; planning application to follow	High level engineering constraints already identified
Improved access to Fareham and Gosport				
A27 - St Margarets roundabout	2015/16	Hampshire CC	Advanced Works Contract document preparation	Utilities diversions required
A27 - St Margaret's Roundabout to Titchfield Gyrotory	2016/17	Hampshire CC	Preliminary design	Utilities not yet assessed
A27 - St Margaret's Roundabout to Segensworth Roundabout	2016/17	Hampshire CC	Preliminary Design	Utilities not yet assessed
Peel Common roundabout (B3385/B3334)	2015/16	Hampshire CC	Detailed design	
B3385 Newgate Lane South	2017/18	Hampshire CC	Preliminary Design	Land and planning permission to be secured

7. The Financial Case

7.1 The Financial Case examines whether the Preferred Option will result in a fundable and affordable 'deal'.

7.2 Figure 7.1 below sets out the source of funds for the full programme. This includes the projects which have been completed and are committed, those which are subject to the current rounds of Local Growth Deal funding. It also highlights the future phases of the programme for which additional funding will be required.

Figure 7.1 – Funding mix

Proj Ref	Component	Funding status	Total cost	Local authority (£m)	Private sector (£m)	LGD (£m)	Other (RGF / GPF / HCA; £m)	Future phase (£m)
1.0 WELBORNE								
1.01	Welborne enabling infrastructure	LGD phase	11.500		3.750	7.750		
1.02	Welborne local highway mitigation	LGD phase	3.075			3.075		
1.03	M27 Junction 10 - All moves junction (Contract 1)	LGD phase	35.000		20.100	14.900		
1.04	M27 Junction 10 - Associated works (Contract 2)	LGD phase	6.650		3.325	3.325		
1.05	Welborne other strategic infrastructure	LGD phase	246.944	75.048	171.896			
2.0 SOLENT ENTERPRISE ZONE								
2.01	Solent EZ West enabling infrastructure	Committed	13.263	9.013			4.250	
2.02	Solent EZ Waterfront enabling infrastructure	Committed	7.090				7.090	
3.0 IMPROVED ACCESS TO FAREHAM AND GOSPORT								
3.01	B3385 Newgate Lane northern section (Palmerston Drive to Tanners Lane)	Delivered	6.900	2.458			4.442	
3.02	A27 - Station Roundabout and Gudge Heath Lane	Committed	6.611	1.653			4.958	
3.03	A27 - St Margarets roundabout	LGD phase	4.600	1.600		3.000		
3.04	A27 - St Margaret's Roundabout to Titchfield Gyrotory	LGD phase	5.650	1.750		3.900		

Proj Ref	Component	Funding status	Total cost	Local authority (£m)	Private sector (£m)	LGD (£m)	Other (RGF / GPF / HCA; £m)	Future phase (£m)
3.05	A27 - St Margaret's Roundabout to Segensworth Roundabout	LGD phase	4.700	1.275		3.425		
3.06	Peel Common roundabout (B3385/B3334)	LGD phase	3.250	1.250		2.000		
3.07	B3385 Newgate Lane South	LGD phase	9.000			9.000		
3.08	Stubbington Bypass and on-line improvements, Stubbington traffic management	Future phase	29.725	1.225				27.725

TOTALS			393.958	95.772	199.071	50.375	20.740	27.725
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Source: Hampshire CC / Solent LEP (2015)

- 7.3 The overall cost of the Full Programme is estimated to be £394 million, including strategic infrastructure required to support the delivery of Welborne, based upon a variety of cost estimates:
- Designs and cost estimates commissioned / prepared by Hampshire County Council's Highways Team
 - Designs and cost estimates commissioned / prepared by the HCA, as the landowner of much of the Solent Enterprise Zone, and its lead promoter and delivery body
 - Infrastructure Delivery Plan Stage 1 prepared by AECOM in support of the Welborne Plan Examination in Public
- 7.4 Out of this total, £33.9 million has been completed or is committed, £50.375 million is being funded through the current rounds of Local Growth Deal funding and £30.0 million forms future phases for which funding will need to be secured.
- 7.5 In terms of the Intermediate Infrastructure Programme (i.e. excluding projects relating to Stubbington Bypass), the private sector will be contributing £199.0 million, local authorities £93.8 million, and other sources (including the HCA) £20.7 million. This funding will match the Local Growth Deal award to the Solent LEP of £50.375 million.
- 7.6 These assumptions are subject to caveats, particularly in relation to the delivery of **Welborne**. The balance between the costs of development (including infrastructure provision) and the value that can be created from a large, complex development project with a long build-out period is not possible to accurately determine in advance. However, evidence submitted to the Welborne Plan EiP demonstrated that the Infrastructure Delivery Plan Stage 1 estimate of £303 million for infrastructure investment required to fully realise the vision for Welborne cannot be met entirely from the proceeds of the development alone at current values.
- 7.7 In the immediate term, public funding is being sought through the Intermediate Infrastructure Programme to enable the first phases of delivery: outline / detailed planning application (£900k); pre-construction geo-tech survey (£100k); a new electricity substation required to overcome the current capacity constraints of around 500 dwellings (£3m), and; undergrounding power lines to enable the delivery of later phases (£7.5m).
- 7.8 In parallel, private sector contributions of £27.2 million from the Welborne promoter consortium will provide initial pump-priming to help bring forward necessary works to Junction 10 of the M27, and provide an access road to allow construction to commence.

- 7.9 Over the longer term, our analysis assumes that £199.0 million of infrastructure costs will be met by private contributions, funded from the proceeds of development. We also assume that a further £75.0 million of infrastructure costs will be met by contributions from Fareham BC and other public sources of funding yet to be secured. Such public funding will primarily be directed towards delivering community infrastructure, whilst the promoter consortium will primarily focus on delivering on-site strategic infrastructure requirements.
- 7.10 The housing trajectory for Welborne, has been developed using a wide range of evidence sources, including the site capacity work undertaken through the concept masterplanning, as well as the Welborne Build-out Rates Study¹⁶ and viability assessment¹⁷. Ultimately though, the vision for Welborne will only be fully realised if it is viable to deliver. Extensive high-level viability evidence has been undertaken during the preparation of the Welborne Plan and this has involved engagement with the site promoters and other key interested parties at various stages. Whilst Fareham BC has expressed confidence in the assumptions being made, it acknowledges the high upfront infrastructure costs required, and the uncertainty that is inherent in complex, long-term projects.
- 7.11 It is hoped that the regeneration effects from planned infrastructure and major development projects across Fareham and Gosport over the delivery period for Welborne will contribute to improving viability. However, the exact funding mix will therefore be determined through ongoing negotiation and legal agreement as part of the planning process, as the scheme and phasing progresses, cost estimates are revised and values change. In this regard, future bids for funding to the Solent LEP or funding programmes backed by central government are not precluded in the longer term.
- 7.12 The estimates of costs for **Improved access to Fareham and Gosport package** are commensurate with Q3 2014/15 prices.
- 7.13 Figures 6.1 and 6.2 above summarise the status, anticipated delivery timescales and key delivery risks for both the infrastructure and major development projects associated with the programme.
- 7.14 Allowances for risk have been made in all cost estimates, including adjustments to account for optimism bias, reflecting the stage in the design process and also the nature of the projects. As the programme progresses a Quantified Risk Assessment will be undertaken in order to further evaluate and reduce unknown risks and as detailed under the Management Case of this document.
- 7.15 Details of financial leverage ratios are covered under the *Financial leverage* heading in the Economic Case.

¹⁶ Welborne Build-out Rates Study (GVA, November 2013)

¹⁷ Welborne Stage 2 Viability Test Executive Summary (GVA, January 2014).

8. The Management Case

- 8.1 The Management Case – considers whether the “preferred option” is capable of being delivered successfully, in accordance with recognised best practice and that there are appropriate processes in place to support effective delivery.

Governance

Governance structure

- 8.2 The Fareham-Gosport programme brings together partners from Solent LEP, the Highways Agency, Hampshire County Council and the promoters of the new community at Welborne to bring together a package of projects that together provide significant benefits in relation to the delivery of Welborne, promotion of the Solent Enterprise Zone and regeneration of an ex-military base at Daedalus, and access to the Gosport peninsula.
- 8.3 Solent LEP as the principal public sector funder of the Fareham-Gosport package is subject to the LEP Assurance Framework which means that all funding is conditional on a business case, a funding agreement which includes milestones and arrangements for monitoring progress. A bi-monthly Implementation Plan is prepared to form the basis of monitoring, extracts from which are attached below. Funding decisions are ultimately the responsibility of the Board of Solent LEP Ltd supported by its Funding, Finance and Performance Management Group and the Land and Infrastructure Panel, and funding agreements are made through the Accountable Body, Portsmouth City Council. The current main LEP-led forum for coordinating the programme is a Fareham-Gosport Infrastructure Group that includes all the key partners, including Fareham Borough Council as the planning authority for Welborne.
- 8.4 The M27 Junction 10 improvements will be led by the Highways Agency. The other transportation projects will be delivered by Hampshire County Council. This will be through a Gateway Review Process (GRP) to ensure each stage is critically assessed, by personnel with the relevant skills and experience, prior to commencing the next stage. Hampshire County Council, as Highway Authority are committed to maintain roads on the adopted highway network, excluding those falling under the remit of the Highways Agency.
- 8.5 The Hampshire County Council Executive Member, Economy, Transport, Environment has overriding accountability for the transport projects which are overseen by the Strategic Transport Group. Beneath this design team working groups and project working groups will report to the Major Schemes Project Board (Solent LEP Area).
- 8.6 A Memorandum of Understanding for Welborne has been agreed which brings together all delivery partners linked to the Welborne scheme. As part of the Welborne Plan Examination, Statements of Common Ground were prepared between the Developers, the Highways Agency, Hampshire County Council and Fareham Borough Council to set out a number of key principles for how the new community will be delivered. The framework for managing implementation of Welborne is illustrated in the table below extracted from the draft Implementation Plan.

Figure 8.1 – Governance Structure

Conditions	Target Completion Date	Lead HMG / LEP
Accountability and Assurance Framework		
1. Welborne Delivery Group to meet every 6 weeks	Next meeting Feb 2015	Project partners (chair HCA)
2. Welborne Strategy Group established, to meet quarterly	Met Nov 14, next meeting tbc Mar 2015	Project partners
Communications		
1. Consultation on EIP modifications/planning applications statutorily required	Welborne Plan consultation issued – close 9 March	FBC and developers
2. Standing Conference to undertake stakeholder consultation	Pre-app consultation tbc	FBC/developers
Monitoring and Evaluation		
1. Bi-monthly monitoring of Implementation Plan	Ongoing	Solent LEP
2. Submission of Business Plan	20 February	Project partners

Source: Hampshire County Council and Solent LEP (2015) Implementation Plan

Programme and Project Management

- 8.7 A detailed **Project Plan** will be prepared for each project. This document outlines the works, resources and timescales required for the design, implementation and construction phases of each project. The project plan will describe key milestones and start/finish dates for each task. The key work streams for executing the works are provided in the Project Plan.
- 8.8 A Senior Responsible Officer will then be allocated for each project. Currently these are proposed as follows:
- Welborne enabling / other strategic infrastructure – Promoters: Buckland Development and BST Warehouses Ltd
 - M27 Junction 10 - Scheme Promoter: Highways Agency; Project Manager: Highways Agency
 - Local road network improvements – Client: HCC
 - Gosport Rd, Titchfield Rd and A27 – Client: HCC
 - Newgate Lane southern section – Client: HCC
 - Peel Common roundabout – Client: HCC
- 8.9 Delivery Milestones for both the Welborne and transport components of the programme are set out in Figure 8.2 below. The dates will ultimately be fixed through the planning application process. An indicative, high-level delivery programme is provided at Appendix E.

Figure 8.2 – Delivery Milestones

Action / Milestones:	Target Completion Date	Lead HMG / LEP
1. PLANNING MILESTONES		
Homes		
<ul style="list-style-type: none"> Construction – homes 		DEV
Phase 1	2016/17 – 2020/21	
Phase 2	2021/22 – 2025/26	
Phase 3, 4 and 5	2026 - 2036	
Employment		
<ul style="list-style-type: none"> Construction – employment 		DEV
Phase 1	2016/17 – 2018/19	
Phase 2	2018/19 – 2024/25	
Phase 3	2024/25 – 2031/36	
District and Local Centre		
<ul style="list-style-type: none"> Construction – District centre 	2016/17 – 2022/23	
<ul style="list-style-type: none"> Construction – Village centre 	2016/17 –	DEV
<ul style="list-style-type: none"> Construction – Community Hub 	2024/25	
Education		
<ul style="list-style-type: none"> Primary Schools x 3 	2019-2030	DEV / HCC
<ul style="list-style-type: none"> Secondary School 	2026	DEV / HCC
Green Infrastructure		
<ul style="list-style-type: none"> Green infrastructure 	2016/17 on -going	
2. HIGHWAY MILESTONES		
Welborne Local Highway Mitigation		Developers / HCC
<ul style="list-style-type: none"> Complete design 	Spring 2015	
<ul style="list-style-type: none"> Secure planning approval 	Autumn 2015	
<ul style="list-style-type: none"> Contract award for all schemes 	Autumn 2015	
<ul style="list-style-type: none"> Construction works starts on site 	Spring 2016	
<ul style="list-style-type: none"> Construction works complete on site 	Autumn 2017	
Welborne on site highway network		Developers
<ul style="list-style-type: none"> Phase 1 works design 	tbc	
<ul style="list-style-type: none"> Secure planning approval 	tbc	
<ul style="list-style-type: none"> Phase 1 contract award 	tbc	
<ul style="list-style-type: none"> Phase 1 construction starts on site 	tbc	
<ul style="list-style-type: none"> Phase 1 Construction completed 	tbc	
<ul style="list-style-type: none"> Phase 2 contracts 	tbc	
M27 Junction 10 (Contract 1)		Highways England
<i>All dates current at February 2015 but indicative</i>		
<ul style="list-style-type: none"> Secure planning approval 	Autumn 2015	
<ul style="list-style-type: none"> Complete site investigation and detailed design 	2017/18	
<ul style="list-style-type: none"> HA Procurement and Enabling 	2018/19	
<ul style="list-style-type: none"> Construction starts on site 	2019/20	
<ul style="list-style-type: none"> Construction complete on site 	2021/22	
M27 Junction 10 (Contract 2)		Highways England
<i>All dates current at February 2015 but indicative</i>		
<ul style="list-style-type: none"> Secure planning approval 	Autumn 2015	
<ul style="list-style-type: none"> Contract award for all schemes 	Summer 2016	
<ul style="list-style-type: none"> Construction works starts on site 	Autumn 2016	
<ul style="list-style-type: none"> Construction works complete on site 	Autumn 2017	

A27 St Margaret's Roundabout		HCC
• Project Appraisal Decision Day – Advance Works	04/11/14	
• Project Appraisal Decision Day – Main Works	21.4.15	
• Advance Works Contract	26/01/15	
• Executive Member for Policy and Resources and Leader of the Council (approval required to transfer land from Hampshire Farms to Highway)	5.6.15	
• Construction works complete	March 2016	
B3385/B3334 Peel Common Roundabout		HCC
• Project Appraisal Decision Day – Advance Works	4/11/14	
• Project Appraisal Decision Day – Main Works	20/1/15	
• Advance Works Contract	12/2/15	
• Construction Start on Site	11/5/15	
• Construction Works Complete	March 2016	
A27 St Margaret's Roundabout to Titchfield Gyratory and A27 St Margaret's roundabout to Segensworth roundabout		HCC
• Project Appraisal	10/15	
• Advance Works Contract	2/16	
• Construction starts on site	1/4/16	
• Construction works complete	March 2017	
Newgate Lane South		
• Planning Application - submission	April / May 15	
• Planning Application - determination	October / November 15	
• Completion of detailed design		
• Land Acquisition		
• Project Appraisal		
• Construction starts	April 2017	

Source: Hampshire County Council and Solent LEP (2015) Implementation Plan

Delivery and Capacity

- 8.10 The ability of Hampshire County Council to deliver effectively on time and to budget on wider schemes linked to improving access on the Gosport peninsula is evidenced by the recently completed Bus Rapid Transit major scheme costed at £25m and successfully opened in April 2012, less than 3.5 years after inception.
- 8.11 The Welborne development is being brought forward by the landowners supported by a range of professional advisors and working closely with Fareham Borough Council, Hampshire County Council, the Solent LEP, the Highways Agency and other key stakeholders.

Consents

- 8.12 The full range of statutory consents will be required for each project in the programme. Notably, planning applications will be required and submitted for: Welborne (the outline application is currently timetabled for late Spring 2015); Newgate Lane southern section (Spring 2015) and Stubbington Bypass (in due course). In addition to its role as a key stakeholder, Fareham BC has been engaged in shaping the infrastructure programme in its role as Local Planning Authority.

Stakeholder management and engagement

Welborne

- 8.13 The progression of this strategic site towards delivery is being currently being led by a range of partners including the developers, and Fareham Borough Council as Local Planning Authority, the HCA and Solent LEP. In terms of the provision of new highway infrastructure the two key interests are those of the Highways Agency who are responsible for the M27 and works to the strategic road network and HCC as Highway Authority responsible for the local road network. The site promoters (developers) are also fundamentally key as they will inevitably be funding and delivering the site and local access. All parties are working collaboratively to bring forward Welborne as soon as possible.
- 8.14 Welborne has been subject to detailed consultation. A Standing Conference has been established with an independent chair to engage local communities and there has been detailed consultation on the Welborne Plan that was subject to Examination in Public before a planning inspector in September 2014. All planning applications, including those relating to the local road network, will be subject to further engagement with the local communities in keeping with statutory planning requirements.

Fareham and Gosport

- 8.15 Potential new business, existing business owners, land owners and members of the public are the key stakeholders for the new and improved transport infrastructure for Fareham and Gosport.
- 8.16 A public consultation was undertaken in June/ July 2014 to consider principally proposals for the Stubbington bypass which identified substantial support for the measures proposed. Based upon approximately 490 respondents the following is material:
- 75% of those consulted supported the provision of a Stubbington Bypass;
 - 81% supported the Option B alignment for Newgate Lane southern section and 88% supported capacity improvements for the A27.




Risk and risk management

- 8.17 This is a large and complex phased programme, which will require skilled and focussed programme management. Key issues currently faced include:
- **Funding:** securing the developer contributions for the J10 improvements and other enabling infrastructure for the Welborne development through Solent LEP funding, private developer funding and S106 agreements
 - **Planning:** the next milestone in relation to the Welborne development is the outcome of the EIP held in September into the Welborne Plan which, taking account of modifications, is unlikely to be finalised before Spring 2015
 - **Development Consent Order:** Counsel's Opinion has been sought on the need for this and advice has been taken from the Department for Transport and the Highways Agency. There is no requirement for a DCO in relation to the proposed development package.
 - **Co-ordination:** delivery of projects is in linked components: Highways Agency for contracts 1 and 2 for junction 10 and highways improvements associated with M27 Junction 10; Hampshire County Council in relation to A27/B3385 projects; Welborne promoters for local road investment

8.18 A Risk Register is provided in Figure 8.3, which will continue to be updated and managed throughout the implementation period.

Figure 8.3 – Risk Register

Risk	Mitigating Actions	Contact Responsible	Review Date	RAG Rating for Risk
Welborne Local Mitigation		Dev / HCC		
Unknown public utility diversions			These issues are considered at regular progress meetings and allowed for in programme.	Green
Delays to removal of on street parking on A32 could delay implementation	Liaise with FBC/HCC to ensure appropriate action is taken		These issues are considered at regular progress meetings and allowed for in programme.	Yellow
Welborne on site network		Dev		
Unknown statutory undertaker conflicts with design	Redesign of local highways during phased detail designs		These issues are considered at regular progress meetings and allowed for in programme.	Green
Problems with SUDS design due to potential lack of appropriate space	Consider integrating with general drainage for the site to provide integrated SUDS for the scheme		Monitor regularly along with SUDS development for Masterplanning work	Yellow
Interfaces between design teams causes conflicts with proposed cross boundary designs	Produce a single overarching design for the scheme covering all interfaces tied to masterplanning proposals		Monitor during masterplanning development	Green
Delays in submitting planning application / reductions in planned delivery	Ongoing support and joint working with site promoters		These issues are considered at regular progress meetings and allowed for in programme	Green
M27 Jct 10 (Contract 1)		Highws England		
Timescales for delivery: slippage in planning application or application not approved	Highways England now leading for Contracts 1 and 2, pending handover of design and commissioning. Work with parties to programme the projects		Review during project meetings	Yellow
Site investigations identify worse than expected ground	Collect early GI information to inform the planning designs		These issues are considered at regular progress meetings and	Yellow

<p>conditions, esp for the tunnelling works GI proposals are not realised due to level difficulties Utilities conflict with designs causing delays to design completion and programme Delay in contracts due to delay in securing the required post planning powers, TRO's PROW diversions, etc. Construction inflation and further design increases cost of the scheme, and results in lack of contractor engagement</p>	<p>Ensure designs allow required space and clearance area Develop utility designs and eliminate conflicts</p> <p>Define PROW diversions early in programme and consult stakeholders</p> <p>Define costing approach to allow for inflations review risks using QRA approach</p>	<p>allowed for in programme. When design for planning is complete Monitor during progress meetings</p> <p>Review during planning stage</p> <p>Review throughout tender and business case stages</p>	
M27 Jct 10 (Contract 2)		Dev / HCC/H E	
<p>Slippage in planning application or application not approved Major Utilities conflict with designs causing delays to design completion and programme Delay in acquiring third party land. Delay in contracts due to delay in securing the required post planning powers, TRO's PROW diversions, etc.</p>	<p>Work with parties to programme the projects</p> <p>Develop utility designs and eliminate conflicts, secure geophysical surveys</p> <p>Engage with Landowners during stakeholder engagement events Define PROW diversions early in programme and consult stakeholders</p>	<p>Monitor during progress meetings</p> <p>Monitor during progress meetings</p> <p>Monitor during progress meetings Review during planning stage</p>	
St Margaret's roundabout		HCC	
<p>Land required from Hampshire County Farms. Statutory Undertakers – 33 KV Oil filled power line</p>	<p>Liaise with HCC's Tenant Farmer and agree acceptable compensation. Obtain approval from Policy and Resources Decision Day to transfer the use of the land. Carry out trial holes to locate main. Consider re-designing works to reduce risk of diverting service may require protection.</p>	<p>These issues are considered at regular progress meetings and allowed for in programme.</p> <p>These issues are considered at regular progress meetings and allowed for in programme.</p>	

Statutory Undertakers – Other	Carry out notices in advance of the works. Liaise with stats companies and pre-plan works. If possible undertake some works in advance of main contract.	These issues are considered at regular progress meetings and allowed for in programme.	Green
Ecological Constraints	Carry out ecological and environmental surveys to establish mitigation requirements. Carry out advance works contract in Jan/Feb 15 during dormouse hibernation and outside bird nesting season.	21 October 14	
B3385/B3334 Peel Common roundabout		HCC	
Statutory Undertakers.	Carry out notices in advance of the works. Liaise with stats companies and pre-plan works. If possible undertake some works in advance of main contract.	These issues are considered at regular progress meetings	Green
Ecological Constraints	Carry out ecological and environmental surveys to establish mitigation requirements. Carry out advance clearance of vegetation Jan/Feb 15 outside bird nesting season.	These issues are considered at regular progress meetings	
Unforeseen Ground Conditions	Carry out ground investigation to establish ground conditions and locations of services	These issues are considered at regular progress meetings	
A27 St Margaret's Roundabout to Titchfield Gyatory and A27 St Margaret's roundabout to Segensworth roundabout		HCC	
Statutory Undertakers.	Carry out notices in advance of the works. Liaise with stats companies and pre-plan works. If possible undertake some works in advance of main contract.	These issues are considered at regular progress meetings	Yellow
Overhead power lines	Contractor to provide method statement to allow for safe working.	These issues are considered at regular progress meetings	Green
Land required from FBC	Liaison with FBC to agree terms	These issues are considered at regular progress meetings	Green

Safe operational effectiveness of SRN and access to property during works.

Design effective traffic management strategy.

These issues are considered at regular progress meetings



Source: Hampshire County Council and Solent LEP (2015) Implementation Plan

Monitoring and evaluation

- 8.19 Project monitoring will be undertaken by the various partners to meet their own requirements, with methodologies approved by Solent LEP for each funding agreement.
- 8.20 In the case of **Hampshire CC**, a Monitoring and Evaluation Plan will be drawn up to assess the performance of the programme against its SMART objectives.
- 8.21 The plan will need to reflect the **Solent LEP's** wider approach towards monitoring the delivery of its Strategic Economic Plan, as well as satisfying the requirements of the LEP Assurance Framework.
- 8.22 The **Department for Transport** will require a Monitoring and Evaluation Plan for M27 Junction 10 Contract 1, in accordance with their published guidance.
- 8.23 In relation to the other **Welborne schemes**, the success of these would be inherently linked with the progression of the Welborne development and would need to be evaluated as part of the Welborne package and through Economic Development metrics.
- 8.24 In relation to the **Fareham and Gosport package**, Hampshire County Council, as part of normal practice, would monitor each scheme before and after construction (typically 12 months after construction or other appropriate timescale) typically against journey time, speed, accident and traffic count data to gauge the success of each scheme. However, as each part of the package will be followed directly by the next part, the network will continue to be in a state of flux throughout the progression of all of the works and successes are likely to only be fully realised when all package components are delivered. It is therefore not intended to produce a 'Monitoring and Evaluation Plan' for each scheme independently.

Appendix A - Funding mix

Appendix B - Spend profiles

Appendix C - Cost Benefit Analysis: Costs

Appendix D - Cost Benefit Analysis: Delivery trajectories, benefits and BCRs

Appendix E - Gantt chart for Full Infrastructure Programme
