

Programme Management Group

11 July 2019

Business Case for approval – Basingstoke South West Corridor for Growth – Brighton Hill Roundabout Item 6c

Programme Management Group members are asked to:

AGREE the recommendation to the Board that a grant of £13,000,000 LGF funding is approved for the Brighton Hill Roundabout, noting the proposal that £4,814,000 is estimated to be spent in 2021/22.

1 Background

- 1.1 The enhancement of Brighton Hill Roundabout is a further investment in critical infrastructure within Basingstoke which opens up land for development with easier access to the town and commercial centre and land for housing where 2,000 homes are planned. The LEP identified Basingstoke as a Growth Town in our early Strategic Economic Plan and since then have been working alongside Hampshire County Council and Basingstoke and Deane Borough Council (BDBC) on their ambitious plans for growth of this key town in Enterprise M3.
- 1.2 BDBC have set out their plans for growth within their 2050 Vision statement. <https://www.basingstoke.gov.uk/horizon2050> The vision for the economy is that Basingstoke “will be a place where residents can learn, work and build a successful career in a range of jobs across all sectors. New or regenerated business areas will provide high-quality accommodation for new and small businesses to grow and larger businesses to relocate here. Support services will strengthen innovation and the borough’s reputation for high tech industry will be expanded” In order to achieve this it needs to equip itself with the tools to meet the housing needs of a growing and changing population. 72% of residents in the borough embrace the idea of future growth, provided that it is well thought out and managed and that existing residents feel the benefit through improved local infrastructure. Over 18,000 new homes are planned across Basingstoke and Deane in the period up to 2038. Their plans include building out the enterprise zone at Basing View, the development of a £300m leisure centre and new retail park, the continued growth around Manydown of 3,520 houses in the first phase with potential for additional housing and a countryside park.
- 1.3 The Basingstoke Local Plan also highlights the growth potential of the town and how LEP funding is an integral part of this. The examination of the Local Plan was keen to explore the links with and role of the LEP and the Examiner’s report specifically references the LEP and funding opportunities being considered to address infrastructure issues associated with sites to the south west of the town. The consideration of the Planning Application for the Hounsme Fields development also references the importance of securing of funding for infrastructure improvements on the A30, including Brighton Hill Roundabout, to help bring the development forward.
- 1.4 Numerous transport studies have highlighted the need to enhance the surrounding infrastructure particularly along the key South Western Corridor for Growth as shown in Appendix 1 as well as the complimentary Northern and North-East Corridors, all of which have seen significant investment by the LEP. Enterprise M3 have worked with council partners on a phased approach with investment in the North Corridor first with dualling of the A340, and has recently completed work on the north-eastern corridor at Binfields and Crockford Roundabouts and work shortly to take place at Thornhill Way, followed by support to the South West at

Winchester Road and to be completed this year at Thornycroft. The last part of this planned approach is the investment at Brighton Hill. We have invested to date £19.2m in infrastructure to support Basingstoke's development and this further scheme will cost £13m bringing our investment to £32.2m in this key town within our area.

- 1.5 Looking forward the link to junction 7 will be important for future development. The LEP has also been working with Hampshire County Council to develop a Mass Rapid Transit scheme linking the south west of Basingstoke to the north east, connecting all major development sites. A draft proposal was submitted to the Department for Transport Large Local Major funding and although unsuccessful at that stage is continuing to be developed with a view to securing a future funding source.
- 1.6 The scheme builds on a series of improvement schemes on the Basingstoke South West Corridor to Growth that have been supported by the LEP, as part of an holistic approach to this area. It comprises of complete signalisation of the roundabout and increase in capacity, to accommodate future increases in travel demand along the A30 as well as including infrastructure to support walking and cycling for local journeys. It will reduce delays at peak times and improve journey time reliability along the A30, and access to Basingstoke, which would also facilitate new commercial and residential development.

Business Case Process

- 1.7 The LEP has established a process whereby promoters of schemes that have been provisionally allocated Local Growth Fund (LGF) should submit completed full business cases to the PMG for further consideration. For business cases where the funding sought is greater than £3m, PMG makes a recommendation to the LEP Board whether to approve funding for a scheme. Hampshire County Council is seeking a grant of £13m to the Basingstoke South West Corridor for Growth – Brighton Hill Roundabout. The total cost of the scheme is £20.7m, with the remaining £7.7m being secured through local contributions.
- 1.8 A full business case was submitted in May 2019 for consideration by the LEP. In line with the PMG's Terms of Reference, the business case has been subject to independent scrutiny carried out by AECOM and reviewed by LEP Officers. Full details of this process are set out in Section 3 below, but overall AECOM considered the business case to be very strong and comprehensive and identified no major issues and hence were strongly supportive of funding being allocated to the scheme to enable it to proceed.

2 Brighton Hill Roundabout – Proposal

- 2.1 The scheme consists of a highway junction improvement on the strategically important A30 South West Corridor. The corridor is located to the west of Basingstoke and provides strategic access between the M3 Junction 7 and the Ringway, Basingstoke's orbital inner ring road which provides access to the town's retail and commercial centre. The A30 South West Corridor is a focus for future growth, with over 2,000 homes planned or under construction. The scheme builds upon and will complement previous phases of LEP transport investment in the Corridor and elsewhere in Basingstoke.
- 2.2 Brighton Hill Roundabout currently experiences congestion causing journey time delays and extensive queues during peak periods, particularly on the roundabout's approach arms. The congestion issue will worsen as significant planned development growth in the area is delivered. The planned growth includes strategic housing sites directly on the A30 South West Corridor, which will deliver over 2,000 homes, as well as up to 3,520 homes at Manydown, further redevelopment in the town centre and Basing View and redevelopment of the Leisure Park.
- 2.3 The scheme comprises of complete signalisation of the roundabout and widening of the circulatory carriageway and flare approaches. In order to optimise the operation of the junction, the Western Way approach to the junction would be closed, with traffic diverting on a new link road at land currently occupied by Basingstoke Football Club. These improvements

will provide additional traffic capacity to accommodate future increases in travel demand along the A30 Corridor.

- 2.4 The scheme also includes infrastructure to support walking and cycling for local journeys. This includes at grade traffic signal-controlled crossings with fully accessible links, to supplement the existing subways, which will be retained. Improved cycle links will also be provided through the junction.
- 2.5 The main objectives of the scheme are to:
- Reduce delays and improve peak journeys
 - Improve journey time reliability
 - Accommodate forecast traffic growth
 - Improve access to employment centres
 - Ease congestion /improve traffic flow to reduce delays for buses and other traffic
 - Promote sustainable modes of travel
- 2.6 The nature of the scheme is such that it is an enabler to facilitate growth and new developments as well as support existing developments. The scheme anticipates the following benefits:
- **Jobs:** It is estimated that 255 temporary construction jobs will be created directly from the scheme. It is also anticipated that the scheme will support the retention of existing jobs at current employment areas such as the as Basing View employment area, the retail core of the town centre, centred on Festival Place and The Malls, and to the west the Leisure Park
 - **Housing:** Support housing growth of approximately 5,500 dwellings to the west of Basingstoke which was within the Local Plan.
 - **GVA:** It is estimated that an additional GVA of £7.55m associated with scheme construction would be generated
- 2.7 Without the LEP investment in additional capacity at Brighton Hill Roundabout, transport modelling forecasts suggest that congestion and delay will significantly increase from 1.05 mins to 2.65 mins in the morning peak and 0.7 mins to 2.8 mins in the evening peak. Due to the strategic importance of the junction to the effective functioning of Basingstoke's highway network, this will have a detrimental impact on its ability to support planned growth in housing and jobs, and the attractiveness of the wider Basingstoke area as a place to invest. Additionally, adverse impacts could be felt by local communities as a result of increased rat running on less suitable roads; impacts include air quality, noise and road safety issues.
- 2.8 This scheme will significantly improve traffic management and capacity, reduce delays at peak periods and improve journey time reliability along the A30 route and subsequent access to Basingstoke town centre. In doing so, the scheme will facilitate new commercial and residential development, including at Manydown and Basing View. These improvements are also integral to maintaining levels of connectivity between Basingstoke and the wider strategic network (e.g. M3 Junction 7).
- 2.9 The scheme therefore supports Enterprise M3 LEP's strategy for growth, including safeguarding the area's economic vibrancy and facilitating high value activities by improving physical infrastructure networks for business prosperity and competitiveness.
- 2.10 Sections 1 and 2 have provided a flavour of the benefits of the scheme and the implications on growth of it not being delivered.

3 Brighton Hill Roundabout – Scrutiny

- 3.1 AECOM reviewed the business case and considered that Hampshire County Council had put together a good and well-supported full business case and there were no critical or amber issues identified. They consider there is no reason based on their analysis why the scheme cannot be supported. AECOM did however make the following minor observations:

- **Sensitivity analysis:** In assessing the benefits and value for money, WebTAG, the assessment methodology recommended by Government suggests the scheme should be appraised against low and high growth scenarios. In the low growth scenario the Benefit Cost Ratio (BCR) is 3.8 and in the high growth it is 5.1, both of which are considered excellent. However, in the high growth scenario, only a modelling test has been undertaken making it not possible to sense check or benchmark the BCR range against other schemes. For the low growth scenario a sensitivity test was carried out using a methodology that is not WebTAG compliant. However, given the low growth demand still indicates that the scheme will still offer good value for money, this is not a significant issue. Both are very good figures so this issue is not considered to be an impediment to the scheme going forward, as even with low growth the scheme offers good Value for Money
- **Local Contributions:** AECOM have raised an issue that all the matched funding will not be in place from day 1 of the scheme. They are comfortable that HCC have plans to secure funding in the latter stages of the scheme and HCC have said they are willing to commit to underwrite this so that the LEP funding requirement does not increase and delivery of the scheme won't be delayed. Local contributions consist of a combination of Hampshire County Council Local Transport Funding and S106 contributions. To date, £1.1m from Local Transport Funding together with £2.820m of S106 contributions have been secured. The remaining £3.73m is anticipated to be secured from proposed housing developments on the A30 Corridor and west of Basingstoke. Hampshire County Council have indicated that the local contributions would be used at the end of the delivery period to allow for sufficient time for the funding to be secured. Should funding not be secured at this stage, Hampshire County Council would need alternative ways of providing the funding in advance of the S106 contributions being received.

4 Funding

- 4.1 The total cost of the proposed scheme included in the Business Case was estimated to be £20.7m. Hampshire County Council requested a grant of £13m which would contribute towards the design and delivery of the scheme, with the remaining £7.7m being secured through a combination of Hampshire County Council Local Transport Funding and S106 contributions.
- 4.2 The funding package was at a relatively early stage and since submission of the business case Hampshire County Council have carried out further detailed work on the overall costs of the scheme, such that they have recently informed the LEP that they consider the following cost profile to be the most realistic based on the best information currently available. There could be potential for value engineering vertical alignment and surfacing costs and further dialogue with utilities to reduce diversion costs, however the outcome is not certain at this stage.

£m	2019-20	2020-21	2021-22	>2022-23	Total
EM3 LEP Funding Sought	2,481,000	5,705,000	4,814,000	0	13,000,000
Local Contributions	86,000	46,000	616,000	6,952,000	7,700,000
Total	2,567,000	5,751,000	5,430,000	6,952,000	20,700,000

- 4.3 This reassessment has resulted in the conclusion that it is unlikely that the entire £13m LEP LGF allocation in 2020/21, with £4,814,000 currently estimated as not being able to be spent until 2021/22. It is helpful that Hampshire County Council have flagged up this potential issue at an early stage as this allows the LEP to plan its finances more effectively. However, it does present an issue as Government requires all LGF funding to be fully spent by March 2021.
- 4.4 As PMG Members are aware, Enterprise M3 has supported a number of projects on a loan basis (both from the Local Growth Fund and Growing Enterprise Fund). As we approach the

end of the LGF funding profile, this approach gives us some flexibility on how we manage our programme after March 2021. Our approach is to utilise all of our LGF allocation (£219m in total) by March 2021. However, we expect to have loan repayments of £5m in 2021/22 which could be utilised to support this project after this date.

- 4.5 **Notwithstanding the above there is also a need for** Hampshire County Council to demonstrate when all match funding contributions have been secured, as to date only just over half have been. In addition, Hampshire County Council have also indicated that in view of the above funding uncertainty they will meet both any shortfall in developer contributions and any further cost increases associated with the delivery of the scheme in full and ensure that funding does not cause the scheme to be delayed.
- 4.6 Enterprise M3 LEP funding is critical to delivery of the scheme. Without financial support from EM3 LEP the improvements to Brighton Hill Roundabout would not be possible as the available local funding currently available (£7.7 million) leaves a significant shortfall. Local contributions and developer contributions alone could not support the cost of delivery of the scheme. This means that delivery of the scheme would be dependent upon securing funds from an alternative source, such as a competitive bid to central government. However, there are currently no suitable funding opportunities of this nature and this would place significant ongoing uncertainty around delivery of the scheme – at a minimum this would cause significant delay but could also result in delivery stalling entirely. This in turn would impact on the delivery of housing and growth in Basingstoke. Without this critical infrastructure it is likely the Basingstoke's growth aspirations could not be met in full.

5 Conclusion and Recommendations

- 5.1 The business case is very strong demonstrating good economic benefits and aligns well with our strategic aims. There are minor amendments that Hampshire County Council can make to the business case around the sensitivity analysis, but the key issues relate to funding in terms of securing local contributions and the likelihood that all the LGF allocation cannot be spent by March 2021.
- 5.2 Due to the number of projects that we have delivered as loans in previous years of the programme, we do have some flexibility to fund this project beyond 31 March 2021 and to still meet the Government's requirements that all LGF is spent by this date. The use of loan repayments in 2021/22 will assist us in achieving this and see the project start on site as soon as possible. This paper recommends proceeding on this basis and we will continue to keep PMG and Board Directors closely informed on the progress of this project and on the profile of our loan repayments on a regular basis.

Criteria	Assessment	Comments
Strategic Fit	Excellent	The scheme is located in a major growth town and the project meets many of the priorities contained in the SEP and emerging Local Industrial Strategy in relation to towns, housing, employment and connectivity. It also facilitates business growth, innovation and enterprise and improves skills and access to employment.
Low Carbon	Good	The introduction of at grade toucan crossing facilities for pedestrians and cyclists will encourage active travel modes at the roundabout and across the wider corridor. The existing subways will also be retained at the roundabout. The incorporation of these design features at Brighton Hill provide and promote an alternative to the private vehicle for local journeys, which will result in reduction of carbon emissions.

		The earthworks cut/fill volumes have been balanced to reduce import and export of materials and associated transportation cost.
Impact of the Scheme	Excellent	The scheme will look to support over 2500 temporary jobs and support the retention of existing jobs at currently employment areas. It will also support 5,500 new houses to the west of Basingstoke and generate GVA of up to £7.55m.
Percentage of Match Funding	Acceptable	Match funding represents 37% of the total cost of the scheme which is somewhat above schemes of a similar nature which do not generate direct income.
Past Performance of Scheme Promoter	Excellent	Hampshire County Council have extensive experience of delivering schemes of this nature. As well as within Basingstoke itself, recent examples included Whitehill & Bordon Relief Road.

5.3 Programme Management Group members are asked to **AGREE** that it recommends to the Board that the LEP allocate £13m and enter into a funding agreement with Hampshire County Council to deliver Brighton Hill Roundabout.

Kevin Travers
Enterprise M3 Head of Transport
1 July 2019

Appendix 1 – Location Plan for Brighton Hill Roundabout (showing other LEP funded schemes and other developments)

