

Enterprise M3 Local Transport Body

Thursday 25 June 2015

1430 -1630

Runnymede Borough Council, Addlestone, KT15 2AH

AGENDA

1. **Introductions & Welcome**
Councillor John Furey – Surrey County Council – Chair Enterprise M3 Local Transport Body
2. **Apologies for Absence**
3. **Disclosure of Members' Interests**
4. **Minutes of Last Meeting and Matters Arising**
5. **Major Scheme Business Case for approval**
 - **Whitehill Bordon Relief Road and A325 Integration Works**
6. **Major Scheme Update for decision**
 - **Guildford Gyratory and Sustainable Transport Package**
7. **Update on Previously Approved Schemes**
8. **Programme for development and production of future Scheme Business Cases**
9. **Future Role of the LTB**
10. **Any Other Business**

Enterprise M3 Local Transport Body held on the 6th March 2015 at 13.30am**Corcord Room, Rushmoor Borough Council, Farnborough, GU14 7JU****Present**

Local Transport Body (LTB) Board: Cllr John Furey (Chairman, Surrey CC), Cllr Seán Woodward, (Hampshire CC), Geoff French (Enterprise M3 LTB)

LTB Secretariat and LTA/LEP Officer representatives: Mike D'Alton (Chairman Transport Action Group), Steve Howard (Surrey CC) Lyndon Mendes (Surrey CC), Lucie Monie (Surrey CC), Mark Pearson (Surrey CC), Kathy Slack (Enterprise M3 LEP), Kevin Travers (Enterprise M3 LEP), Keith Willcox (Hampshire CC)

Apologies

Stuart Jarvis (Hampshire CC), Trevor Pugh (Surrey CC), Jason Russell (Surrey CC)

LTB Stakeholders – See Annex 1.

Introductions & Welcome

CLLR JOHN FUREY (LTB Chairman) opened the meeting and welcomed all those present.

Disclosure of Members' Interests

CLLR JOHN FUREY (LTB Chairman) asked for any disclosures of interest and none were made.

Minutes of Last Meeting and Matters Arising

The minutes of the meeting of the Enterprise M3 Local Transport Body held on 17th November 2014 were agreed as an accurate record.

KATHY SLACK (Enterprise M3 LEP) referred to the principle agreed at the meeting, that schemes should demonstrate a stronger relationship with economic growth. She advised that consultants have recently been appointed to review all of LEPs business case documentation and a key element of the commission was to suggest how this issue can be addressed. However, notwithstanding this, scheme promoters have been requested to address wider economic growth positively within the existing business case documentation they are using.

CLLR JOHN FUREY (LTB Chairman) referred to the issue of cost increases that had been highlighted at the meeting. He noted that he was aware of an instance, in another area, where the cost of a scheme was £2m greater than programmed and the LEP was being asked to pick up the shortfall, which if they were to do so, would clearly impact on other aspects of the programme. He emphasised the need to include accurate contingency planning within scheme

business cases. Business cases may have been developed in good faith, but with the extent of inflation and construction cost increases not fully appreciated.

KATHY SLACK (Enterprise M3 LEP) responded that the due diligence process will consider the robustness of contingencies in particular and that whilst the LEP will consider such issues flexibility across the whole programme, this shouldn't be taken to mean that all cost increases will automatically be funded, though the LEP will commit to consider them all carefully.

MAUREEN PULLEN (Department for Transport) noted that the optimism bias for a scheme should reduce the closer the scheme comes to delivery.

Major Scheme Business Cases for approval – A30/A331 Meadows Gyratory, Camberley

KEVIN TRAVERS (EM3 LTB Lead Officer) introduced the paper detailing the full business case submitted for the A30/A331 Meadows Gyratory, Camberley. STEVE HOWARD and LYNDON MENDES (Surrey CC) gave a presentation of the businesses case for the scheme to be considered by the LTB. They outlined the issues and challenges faced in the area and the opportunities the scheme offered. Details of the proposal were summarised and the transport and wider economic benefits, which the schemes would deliver, explained. KEVIN TRAVERS (EM3 LTB Lead Officer) outlined the due diligence that had been carried out by independent transport consultants AECOM and summarised the key points arising from their scrutiny of the scheme.

CLLR JOHN FUREY (LTB Chairman) emphasised that the financial case of the proposal had paid close attention to the levels of optimism bias and contingency. So although the cost was close to the £5m level for a major scheme, he was confident that the figures were robust and were unlikely to increase.

MAUREEN PULLEN (Department for Transport) indicated that the £5m 'cut off' is only a guide and the DfT expected appraisal to be proportionate, Therefore they would not necessarily require a full WebTag appraisal to be carried out, just because a scheme cost slipped slightly over the £5m threshold.

MAUREEN PULLEN (Department for Transport) queried the exceptionally high BCR for the scheme.

LYNDON MENDES (Surrey CC) explained that whilst he accepted that the BCR was high, this reflected the significant time savings which the modelling predicted. He was very confident that the methodology used was robust, but even if there were slight variations there would still be an extremely positive BCR figure for the scheme.

MAUREEN PULLEN (Department for Transport) welcomed the wider evidence that had been used in the business case, which could also be used in the appraisal of other schemes in the area to help demonstrate growth.

STEVE HOWARD (Surrey CC) noted that it was always difficult to isolate the individual impact of a particular intervention and by looking at the wider economic impact of proposals across the area; it was easier to be able to demonstrate a positive effect on economic growth. Using the modelling tools available, scheme promoters can go so far, but clear communication of these benefits and feedback from local business for example, helps to strengthen the case.

The **RECOMMENDATION** that the LTB formally recommend to the Programme Management Group that expenditure be approved for the A30/A331 Meadows Gyrotory, Camberley (£3.675m) **WAS AGREED** subject to the business case being revised to address the issues highlighted through the scrutiny process.

Major Scheme Business Cases for noting – Victoria Arch, Woking

KEVIN TRAVERS (EM3 LTB Lead Officer) introduced the paper explaining the status of the business case for this scheme. A full business case has been submitted by Woking Borough Council, but following the initial round of scrutiny and discussions between the LEP and the Borough Council it has been agreed that the scheme was better suited for consideration as a wider regeneration proposal, rather than a pure transport scheme. This means that the scheme should be submitted directly to the Programme Management Group for consideration, whilst still ensuring that the transport aspects are still subject to the appropriate due diligence.

KEVIN TRAVERS (EM3 LTB Lead Officer) added that since the paper was drafted a meeting between himself, Kathy Slack and Ray Morgan, Chief Executive, Woking Borough Council had been arranged to discuss the scheme in more detail. The work carried out to date suggests that the evidence to demonstrate the economic benefits of the proposal is available, but needs to be teased out and presented more clearly. The £7.5m funding sought is a significant sum, so strong links to growth need to be demonstrated.

MIKE D'ALTON (Chairman Transport Action Group) indicated that he would like to see the revised business case referred back to the Transport Action Group, so that they can consider both the engineering aspects of possible options as well as links to the wider economy. It is important that TAG can challenge the proposed solution and be able to demonstrate that it is the best way to solve the problem.

CLLR JOHN FUREY (LTB Chairman) sought agreement that whilst it was appropriate that the revised business case be reported directly to PMG, it was nevertheless important that the LTB continued to be kept up to date on the scope of the scheme as it was progressed.

Programme for development and production of Scheme Business Cases

KEVIN TRAVERS (EM3 LTB Lead Officer) introduced the paper outlining the latest programme of business case submission to the LTB for 2015 and 2016. This includes 6 schemes for which funding had been previously announced, together with a further 3 schemes that had secured funding through the Growth Deal 2 announcement.

KATHY SLACK (Enterprise M3 LEP) emphasised the flexibility the LEP has to take schemes forward and how this might change depending on circumstances. The LEP has established a Programme Management Office whose role is to oversee the delivery of the whole future programme and to work with scheme promoters to bring forward the pipeline of future proposals.

CLLR SEÁN WOODWARD (Hampshire CC) suggested that we need to firm up on the timeline for those schemes that are to be 'confirmed' as soon as possible.

KATHY SLACK (Enterprise M3 LEP) assured him that this is currently happening to ensure that schemes coming forward meet their proposed spending profiles, or that if there are any changes to the timeline, proposed by scheme promoters, then these are considered fully by the PMO, whilst being mindful of any possible impact on the overall programme.

KEVIN TRAVERS (EM3 LTB Lead Officer) highlighted a request from Hampshire CCI that the programme and scope of the Farnborough Northern Corridor to Growth be reviewed. This was partly because additional Growth Deal 2 funding has been secured for the scheme, enabling it to be taken forward as a single proposal rather than in phases. Furthermore Rushmoor Borough Council has recently launched a consultation on a proposed Civic Quarter in Farnborough, which may present an opportunity to revise the existing transport proposals to deliver a better overall scheme that provides a greater contribution and stronger links to economic growth. Hampshire CC will bring a proposal to the LEP once discussions with Rushmoor BC are concluded.

LYNDON MENDES (Surrey CC) also advised that Surrey CC are reviewing the timeline and scope of the Guildford Sustainable Transport Package and Guildford Gyrotory and will be shortly be submitting a revised proposal to the LEP for consideration.

Update on the Enterprise M3 LEP Strategic Economic Plan and funding for other transport projects

KEVIN TRAVERS (EM3 LTB Lead Officer) introduced the paper detailing the additional funding secured through Growth Deal 2 for transport schemes and how those schemes will now be brought forward, together with the process for the developing the pipeline of unfunded proposals.

CLLR JOHN FUREY (LTB Chairman) highlighted the need for the LEP to be flexible in its approach to match funding and in particular to consider the use of loans. Despite the best intentions it is not always possible for the highway authority to access all of the developers' contributions promised by district councils.

PETER SIMS (Runnymede BC) questioned why the bid for Staines Bridge widening had been unsuccessful and how the scheme could now be taken forward.

KATHY SLACK (Enterprise M3 LEP) explained that whilst it was generally agreed that there was a problem in this area with access across the Thames, there was not yet a consensus on how it should be addressed. Therefore, it had been considered premature to push for funding of this scheme too much at this stage. The LEP would discuss options with Surrey CC and Spelthorne BC and Peter Sims was assured that Runnymede BC would be fully involved in these discussions.

LTB Governance and Terms of Reference

KATHY SLACK (Enterprise M3 LEP) introduced the paper explaining the changing role of the LTB and how this was shaped by recent changes to the wider Governance of the LEP, which has led to revised Terms of Reference for the LTB were proposed.

CLLR JOHN FUREY (LTB Chairman) was concerned that there were too many steps in the business case approval process, with schemes being considered by TAG, the LTB, PMG before being finally signed off by the LEP Board.

KATHY SLACK (Enterprise M3 LEP) explained that each group contributed to the process and had a distinct role to play. In particular the PMG needs to consider all proposals so that it can take an overview of the whole LEP delivery programme and decide which packages to support. However, the detailed debate about transport schemes should take place at the LTB, as this was the place, together with TAG, where the technical expertise was available.

GEOFF FRENCH (Enterprise M3 LEP) added that the LTB also played an important role in demonstrating wider political accountability of the scheme identification and prioritisation process.

CLLR JOHN FUREY (LTB Chairman) considered that the LTB also needed to be much more involved in the decision making and scheme identification process of strategic infrastructure providers, the Highways Agency and Network Rail. He expressed his disappointment that no representatives of either organisation were in attendance at the LTB meeting, despite having been invited. He also considered that we need to work closely with neighbouring LEPs on cross boundary and regional schemes.

(Post meeting note: Jamie Rockhill of Network Rail subsequently apologised for his non-attendance which was due to sickness. In relation to the Victoria Arch proposal he confirmed that the potential for combining these with the railway works in the area is being investigated between Network Rail and Woking Borough Council with a view to agreeing a way forward.)

KEVIN TRAVERS (EM3 LTB Lead Officer) advised that in relation to cross-LEP activity, transport officers of the Greater Thames Valley (GTV) LEPs have regular meetings and have been carrying out a piece of work analysing the strengths and weaknesses of regional travel in the GTV area. It reveals that radial links, into and out of London, are much stronger than orbital links, between other centres in the South East. He offered to provide a report on progress of this piece of work to the next meeting of the LTB.

Mark PEARSON (Surrey County Council) commented on the detail of the proposed Terms of Reference. He queried why there was a requirement for liaison with neighbouring LEPs to take place “at least every two years” and felt that it should be more regular. It was agreed that this wording was superfluous and the need to liaise regularly was sufficient. The reference to this would be amended in the final version.

The **RECOMMENDATION** that the draft Terms of Reference, with the removal of the reference to “at least every two years” as explained above, be adopted by the LTB and included as an appendix to the LEPs Assurance Framework. **WAS AGREED.**

The **RECOMMENDATION** that the Terms of Reference are reviewed and updated on an annual basis **WAS AGREED.**

Any Other Business

MAUREEN PULLEN (Department for Transport) advised that the Highways Agency will become Highways England on 1st April. However, they will continue business as usual including developing schemes included in the 5-year programme of the Roads Investment Strategy.

Date of Next Meeting

The next meeting will be held on Thursday 25th June 2015 14.30 – 16.30 at Runnymede Borough Council Offices, Addlestone.

Annex 1

Stakeholders Present

Name	Organisation
Alison Young	Basingstoke & Deane Borough Council
Maureen Pullen	Department for Transport
Graham Ellis	Hampshire Business Alliance
Mark Baulch	Hampshire Chamber of Commerce
Peter Sims	Runnymede Borough Council
Jim Pettitt	Rushmoor Borough Council
Richard Kempton	South West Trains
Mark Turner	Stagecoach
Chris Kirk	Surrey Heath Borough Council
Tony Ewer	Yorktown and Watchmoor Business Association

Stakeholder Apologies

Name	Organisation
Mark Lambert	Basingstoke & Deane Borough Council
Julia Potter	East Hampshire District Council
Ian Frost	Heathrow Airport Limited
Jaime Rockhill	Network Rail
David Stannard	New Forest District Council
Phil Dominey	South West Trains
John Brookes	Spelthorne Borough Council
Jenny Rickard	Surrey Heath Borough Council
Annie Tomlinson	Test Valley Borough Council
Jeni Jackson	Woking Borough Council

ENTERPRISE M3 LOCAL TRANSPORT BODY**Report**

Action:	Local Transport Body Members are asked to, AGREE the recommendations made in this paper
Date:	25 June 2015
Title:	Major Scheme Business Case for approval – Whitehill Bordon Relief Road and A325 Integration Works
Reference:	Item 5
Report From:	Enterprise M3 Local Enterprise Partnership

Contact name: Kevin Travers

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1 Executive Summary

- 1.1 This report considers the next full business case submitted to the LTB, for Whitehill Bordon Relief Road and A325 Integration Works. It summarises the scheme and outlines the independent scrutiny that has been carried out by consultants appointed by the LEP.
- 1.2 The report also considers a request for the allocation of an additional £1.5m Local Growth Funding to the scheme from £16 to £17.5m. It is recommended that in principle this request be approved, but that Hampshire County Council fully investigates all alternative funding options for consideration by the Programme Management Group.
- 1.3 The Transport Action Group has considered the business case and scrutiny and concluded that the scheme is strong in terms of the wider economic and regeneration benefits. The revised financial case has also been assessed and found to be robust. Overall it is believed that this is a strong scheme that will contribute to the LEPs economic objectives.
- 1.4 It is also noted that without the second phase of the Relief Road and A325 Integration works the whole regeneration package for Whitehill Bordon may be

stalled and consequently associated job and housing numbers unable to be delivered.

2 Background

- 2.1 The LTB has established a process whereby promoters of schemes that have been provisionally allocated LGF should submit completed full business cases to the LTB for further consideration. So far five business cases have been considered by the LTB at meetings in November 2014 and March 2015 for schemes to be delivered in 2015/16. Four of these were recommended to Programme Management Group and LEP Board and subsequently approved funding for their delivery.
- 2.2 The next business case, for a large project (costing greater than £5m) has now been submitted by Hampshire County Council for the Whitehill Bordon Relief Road and A325 Integration Works improvements. In line with the agreed LTB Terms of Reference, the business case has been subject to independent scrutiny and reviewed by the Transport Action Group, who have referred the scheme for consideration by the LTB.

3 Independent Scrutiny

- 3.1 One of the fundamental principles adopted by the LTB is that there is a clear distinction and adequate separation between scheme promoters and decision-makers. This is achieved through:
 - A rigorous and objective scheme identification process;
 - A consistent, open and transparent prioritisation process;
 - Opportunity for challenge through open forum;
 - Independent value for money statement following scrutiny of business case and WebTAG assessment;
 - Review of decision-making by the Chair of the Transport Action Group.
- 3.2 Independent scrutiny of the business case for each scheme is therefore an integral part of the process. The LEP has again commissioned transport consultants AECOM to carry out the independent assessment and the Transport Action Group (TAG) have considered the results. The consultants were required to review the business case, so that the TAG and LTB could be confident that a robust process had been followed, that the scheme can be delivered as programmed and that it will achieve the outcomes expected.
- 3.3 In line with the priorities of the LEP and the feedback from the initial round of business case scrutiny, the review concentrated on demonstrating the linkages of the schemes to economic growth, employment and housing delivery.
- 3.4 In addition, in view of issues related to possible cost increases across a number of schemes that have already been subject to scrutiny, the consultants were also asked to pay particular attention to the financial case and to ensure that the projected costs were as robust as possible at this stage in the schemes development.

4 Whitehill Bordon Relief Road and A325 Integration Works - Proposal

- 4.1 This project will deliver critical transport infrastructure needed to unlock and accelerate the town's development and regeneration to deliver significant new housing (approx. 3,350 dwellings) as well as large scale commercial and retail development (approx. 63,000m²) that will support up to 5,500 new jobs. The scheme forms a core component of the Whitehill and Bordon Transport Delivery Strategy to support the regeneration of former MoD land, a once in a lifetime opportunity for this area.
- 4.2 A new western Relief Road for Whitehill & Bordon (consisting of two phases) will be constructed, complemented by a series of complimentary measures to the existing A325. The scheme will address congestion and reliability issues on the strategic network, enable strategic growth, facilitate a buoyant town centre and promote community integration. By providing access to the planned development, the scheme will unlock the economic regeneration of the town and create the conditions for future economic growth and investment.
- 4.3 The Relief Road (approx. 5 km long) will route from the north of Bordon, through the MoD Garrison area along an abandoned railway corridor, reconnecting with the A325 to the south of Whitehill. This will be complemented by A325 Integration Works consisting of traffic management and urban realm measures along the existing A325 through Whitehill and Bordon. These measure will lock in the benefits of reduced traffic flows on the A325 and serve to better integrate the existing parts of the town to the east of the A325 with the new development (including new town centre) to the west.
- 4.4 The full business case for this scheme is appended as Annex 1 to this report and Hampshire County Council and the LEP will give a presentation of the proposal and key findings of the scrutiny at the LTB meeting.

5 Whitehill Bordon Relief Road and A325 Integration Works - Scrutiny

- 5.1 AECOM has reviewed the business case and raised comments and questions with the scheme promoter and Hampshire County Council have responded to these (Annex 2) and revised the draft business case to reflect changes agreed through this process.
- 5.2 Overall AECOM have concluded that the scheme puts forward a very strong case on the wider economic benefits and justification for the scheme. It is well written and links well to the LEP and Master Plan objectives. The case isn't particularly strong in terms of the direct transport economic benefits, with a Benefit Cost Ratio of 1.1, but this is to be expected given the regeneration focus of the scheme.
- 5.3 The key issue highlighted in the assessment of the Strategic Case is the extent to which the economic benefits of Phase 2 of the Relief Road and the A325 Integration Works, should be assessed in isolation. The approach of presenting the two phases of the link road together in the business case was discussed and agreed with the LEP in advance as it offers the most representative picture and greatest transparency in presenting a complex case. Notwithstanding this further assessment has clearly demonstrates that Phase 2 offers proportionally greater benefits than Phase 1 in isolation. Phase 2 accounts for just less than three

quarters of the total package cost and it is estimate that this releases over 80% of the houses and jobs, together with the vast majority of the town centre and community/ education benefits.

- 5.4 The economic assessment indicates a low BCR, of 1.1 which although not strong is positive but suggests there is limited justification for the scheme based on its transport benefits alone. However the justification rests far more on its role in unlocking development and enabling the regeneration of Whitehill & Bordon, as well as delivering significant economic and social benefits. In addition a BCR for just Phase 2 of the Relief Road and A325 Integration Works would be higher than the 1.11 for the whole scheme.
- 5.5 In view of cost issues that have become apparent with other schemes after they have been subject to independent scrutiny, AECOM were asked to play particular attention to the financial case for the scheme and the robustness of the cost estimates. The financial case submitted by Hampshire County Council was based on the tenders for the Phase 1 works and are therefore considered to be robust, they also include quantified risk allowances and contingency sums. The review of the financial case was ongoing when this report was drafted, so a verbal update on this aspect will be provided at the LTB meeting.

6 Scheme Cost Increases

- 6.1 The LEP works closely with scheme promoters to agree best estimates for scheme costs at the time project bids are submitted. It is acknowledged that as these cost estimates are made at an early stage in a schemes development, that changes may occur. Whilst a contingency and optimism bias is built into these initial estimates, there can on occasions be unprecedented issues identified as a scheme is developed, which means these are not sufficient to cover the full cost of the scheme. Therefore at the March meeting of the Programme Management Group a process was agreed as to how the LEP would consider scheme cost increases. This will be dealt with on a case-by-case basis, with the aim always being to maximise the economic outcomes that can be achieved through the Local Growth Fund money available.
- 6.2 Since the development of the Expression of Interest for the Whitehill Borden proposals, the total cost of the scheme (including Phase 1 of the Relief Road) has increased to £29.8m, which is £6.8m above the original cost estimate of £23m.
- 6.3 The Expression of Interest was submitted based on the best information available at that stage. The costs underpinning the EoI were developed by external engineering consultants and were robust for that stage of scheme development. The reasons for the cost increase since that stage are highlighted in the Business Case; the principal reasons being:
- Scheme development and refinement
 - Responding to additional requirements arising from the planning process
 - Exceptional construction industry inflation
 - Unforeseen items arising from development of former military land

- 6.4 While some of this was foreseeable to an extent and a standard contingency was included in the costings., the extent of cost arising has been significantly greater than could reasonably have been (and indeed was) anticipated. Development of former military land has, in particular, contributed very significantly to the cost increase. This arises from a number of factors including unmapped services, withheld classified information and previously unidentified land contamination.
- 6.5 Exceptional construction industry inflation was not foreseeable (or rather not quantifiable) at the time that the Expression of Interest was developed and submitted. Although a standard allowance was incorporated for inflation, industry inflation has consistently risen at a significantly higher rate than RPI. Indeed some measures of industry inflation have risen at a rate nearly two and half times faster than RPI (particularly since mid-2014). This is in part due to the amount of work being put to the construction industry by Highways England which has, at least in the short term, distorted the market; similar increases are being experienced with other schemes.
- 6.6 In order to mitigate the above impacts value engineering has been applied to ensure that the level of cost increase has been kept to the minimum level.
- 6.7 Cost increases for Phase 1 of the Relief Road of £3m have been met in full by the funder (the Homes and Communities Agency). The costs for Phase 2 of the Relief Road have increased from an estimated £13.5 million at the Expression of Interest stage to £19m.
- 6.8 There are three broad options for the LEP to consider in responding to these cost increases:
- Do nothing
 - Develop an Alternative funding package
 - Switch funding from elsewhere in the Local Growth Deal

Do Nothing

- 6.9 If additional funding is not secured then the scheme is not deliverable utilising the original budget. Given the fundamental importance of the Relief Road to the development Master Plan and the delivery of development this would, in effect, undermine the whole regeneration project. Development at any significant scale would not be achievable in the absence of adequate transport infrastructure.
- 6.10 Although the Phase 1 scheme is well advanced, there is some doubt as to whether even those elements of the scheme not directly dependant on Phase 2 of the Relief Road (principally Louisburg) would be able to proceed, as the marketability of the sites and any units built thereon would be severely undermined by the resultant lack of new local facilities and jobs in the wider area. In essence, the town may not achieve the critical mass required to make the existing sites marketable in isolation.

Alternative Funding Package

- 6.11 The scheme promoter has suggested the following alternative funding package to meet the increased costs of the scheme:

- an additional £2m of local match funding secured from developer contributions.
- the business case includes a proposal to reduce the scope of the A325 Integration Works by £2m (from £6m to £4m) and seeks a 'switch' of this funding between scheme elements to meet part of the shortfall.
- The remaining shortfall is £1.5m, which is the additional sum sought from Local Growth Deal funding.

6.12 The Programme Management Group will formally consider this request at its July meeting, but as the cost increase has been identified as part of the full business case proposal, it is felt appropriate that the LTB also considers this issue, within the context of their assessment of the overall business case for scheme.

6.13 The shortfall of £1.5m could potentially be sought from other funding sources. As highlighted above, an additional £2m of local developers contributions has been identified. The potential for seeking additional developer contributions could also be considered. However, the business case highlights that a viability assessment shows the need for public sector funding of the relief road. In these circumstances it is not considered realistic to anticipate the availability of any further developer contributions.

6.14 The potential for local match funding from Hampshire County Council and East Hampshire District Council also needs to be considered and the local authorities need to consider this option further in advance of the Programme Management Group. The County Council will be underwriting the additional developers contributions until they become payable.

6.15 Hampshire County Council has allocated £2m from their reserves to the scheme and contributed toward the provision of a new secondary school as part of the development package. It has also foregone much of the value of land it owns to facilitate the proposals. There is no additional source of funding readily identifiable, that would allow the scheme to progress at this point in time. For the County Council to identify more funding would require them to go through internal processes and approvals that would introduce delays and prejudice the acceleration of the project, which is the stated aim of the LEP.

6.16 Borrowing of the additional sum could also be considered but this has been rejected by the scheme promoter again because of the timescales involved and because there is no identified mechanism to repay the loan.

Switch funding from elsewhere in the Local Growth Deal

6.17 As there is no spare funding within the Growth Deal, the most realistic option available to the LEP to provide additional funding for this scheme would seem to be to switch funding from other projects. This would have the effect of delaying the implementation of those projects, therefore the most attractive option would be to switch funding from projects that are already substantially delayed. As highlighted in Item 7 there are a number of projects that were due to commence delivery in 2015/16, but which are now likely to be delayed to 2016/17 or beyond. However, as there is no additional funding within the Growth Deal, such a switch would mean that the full programme would not be deliverable, but would allow the LEP to demonstrate a commitment to delivery in 2015/16, for when the additional funding is

sought. These are matters for the Programme Management Group to consider, within the context of the overall LGF budget.

7 Funding Profile

7.1 As well as seeking additional funding from the Local Growth Fund, Hampshire County Council is also requesting that the profile of the funding allocated to the project be revised. The funding profile is set out in the table below and reflects an accelerated delivery, compared to the Expression of Interest. This is due to the anticipated pace of delivery of the development sites, particularly an earlier start on site for Bordon Garrison than previously expected. In terms of the wider regeneration, an earlier delivery is clearly desirable, since it will in turn bring forward the economic benefits of the investment.

£m	2015-16	2016-17	2017-18	2018-19	Total
EM3 LEP Funding Sought	1.5	9.0	7.0		17.5
HCC Contribution	0.5	1.5			2.0
Third Party Contribution (HCA)	5	1.5			6.5
Third Party Contribution (Developers)		0.3	3.0	0.5	3.8
Total	7.0	12.3	10.0	0.5	29.8

8 Conclusion

8.1 The business case submitted is considered to be strong in terms of the wider economic and regeneration benefits. The revised financial case has also been assessed and found to be robust. Whilst the independent scrutiny has identified some issues, the Transport Action Group conclusion is that this is a strong scheme that will contribute to the LEPs economic objectives. It is also believed that without the Relief Road and A325 Integration works the whole regeneration package for Whitehill Bordon will be at best reduced and significantly delayed, and at worst not be able to proceed at all within its present form.

9 Recommendations

9.1 To formally recommend to the Programme Management Group that expenditure from the Local Growth Fund be approved for the Whitehill Bordon Relief Road and A325 Integration Works, subject to the issues highlighted through the independent scrutiny being adequately addressed.

9.2 Furthermore it is recommended that the Programme Management Group look favourably on the allocation of an additional £1.5m to the scheme from the Local Growth Fund, as the most effective option for delivery of the scheme.

Rpt/ref/KT/6/06/15

ENTERPRISE M3 LOCAL TRANSPORT BODY**Report**

Action:	Local Transport Body Members are asked to, AGREE the recommendations made in this paper
Date:	25 June 2015
Title:	Major Scheme Update for decision – Guildford Gyrotory and Sustainable Transport Package
Reference:	Item 6
Report From:	Enterprise M3 Local Enterprise Partnership

Contact name: Kevin Travers

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1 Executive Summary

- 1.1 This report considers proposed changes to the Guildford Gyrotory and Guildford Sustainable Transport Package that have secured funding through the Local Growth Deal. It recommends that that the two schemes be merged into a single Guildford Town Centre Transport Infrastructure Package that supports the emerging Guildford Town Centre Master Plan. It also recommends that Surrey County Council is invited to submit a revised package of proposals, demonstrating how they will contribute to the economic growth of a new vision for Guildford.
- 1.2 Guildford Borough Council will be bringing forward a Draft Master plan for consultation later this year. The Master plan will then be evidence base that will inform the next iteration of the Draft Local Plan for Guildford borough. Elements of the original two proposals will remain and the focus will remain on the gyrotory and sustainable transport. However these further developments have highlighted where some changes are needed. The emerging Master plan has the potential to impact upon these schemes and it is therefore appropriate that the scope of the elements of each of the schemes be reviewed. It will be necessary that any revised package is able to be flexible and consistent with whatever regeneration proposals are agreed following the adoption of a new Local Plan. Background

- 1.3 The Local Growth Fund announcement in July 2014 included an award of funding of £2.85m towards a total scheme cost of £3.8m for the Guildford Gyratory and a further £3.7m towards a Guildford Sustainable Transport Package, costing £4.95m. The Gyratory proposal was initially considered by the LTB in July 2013 and included in the list of major schemes submitted to DfT seeking funding. The Sustainable Transport Package was included in the LEPs Strategic Economic Plan submitted to Government in April 2014.

2 Initial Scheme Proposals and Guildford Town Centre Master Plan

- 2.1 The Expressions of Interest submitted to the LTB and LEP contained a broad outline of each of the proposals, but didn't include detail of specific schemes. The Guildford Gyratory proposal was based on the results of a public consultation carried out in May 2013, and sought to make Bridge Street more attractive and safer for pedestrians, improve urban traffic control and provide improved facilities for cyclists and public transport users. The Sustainable Transport Package was primarily focused on enhancing public transport corridors into the town.
- 2.2 Following the award of funding, a package of schemes has been investigated by Surrey County Council at pre-feasibility or feasibility level to determine the detail for these two projects. However, the context of schemes has changed owing to the development of a Guildford Town Centre Master Plan.
- 2.3 Guildford Borough Council is in the process of developing the Master plan for consultation later this year. Whilst this is at an early stage, with a public consultation due to take place later in the year, it is important that the package of improvements delivered utilising the LEP funding is not spent on schemes that may not be needed in the near future.
- 2.4 The Guildford Gyratory and Sustainable Transport Package therefore need to be considered within this context, to ensure they can dovetail with the Master Plan as it comes forward. A balance needs to be struck between ensuring abortive schemes are not introduced whilst at the same time bringing forward infrastructure that is needed to support the economic growth of Guildford as soon as possible. It is suggested that a flexible, phased approach towards delivery is followed so that the emerging objectives of the Master Plan can be met through a complementary package of infrastructure projects.

3 Suggested Way Forward

- 3.1 Surrey County Council has carried out pre-feasibility work that has identified a series of schemes that they consider to be beneficial to economic growth and that can be delivered to complement any regeneration proposals that emerge from the Town Centre Master plan. It will be very important that it can be clearly demonstrated that any schemes brought forward will be beneficial whatever town centre proposals are delivered and the LEP will need to be able to assess them within this context. The LEP will only agree to take schemes forward, prior to the Master plan being finalised, where they clearly act as a catalyst for the vision.
- 3.2 To ensure that the best possible business case is submitted it is proposed that the Guildford Gyratory and Sustainable Transport Package are merged into a single

scheme and that feasibility work is carried out on a new Guildford Town Centre Transport Infrastructure Package to enable a common approach to modelling and the assessment of benefits taken forward with a single business case submission by January 2016, so that funding can be spent as allocated across 2016/17 and 2017/18.

- 3.3 One consequence of merging the schemes into a single package would be that the combined cost would be over £5m. This should require the scheme be assessed using the 'large' scheme methodology. However, given the sustainable and regenerative nature of the proposals, any scheme is likely to struggle in terms of achieving the transport economic benefits required. Therefore it may be appropriate to use the more qualitative approach contained in the 'small' business case methodology. It is proposed that the LEP work with Surrey County Council to agree how the business case methodology might be revised to accommodate this type of scheme, whilst still meeting the requirements in terms of overall scheme scrutiny and assessment.

4 Developing Scheme Proposals

- 4.1 As indicated above Surrey County Council has already carried out some work, which has identified a number of potential schemes that could be included in the package. Work to date has identified strong connections between Guildford railway station and the town centre, along the A25 corridor to the north of the town centre and to Guildford College and beyond.
- 4.2 A full package of projects will be brought forward, totalling £8.75m. The most significant element of a revised package is the replacement of Walnut Bridge. This route allows for an alternative, improved and safer access for pedestrians and cyclists from the station to the town centre.
- 4.3 Other schemes under consideration include the introduction of a right turn from Onslow Street southbound into Bedford Road and the signalisation of Millbrook Road junction, both of which would reduce the number of vehicles circling the gyratory to access car parks. The pre-feasibility work has also identified a series of quality walking and cycling improvements within the town centre.

5 Recommendation

- 5.1 To formally recommend to the Programme Management Group that the Guildford Gyratory and Guildford Sustainable Transport Package be merged into a single Guildford Town Centre Transport Infrastructure Package, with a LEP contribution of £5.5m towards a total package cost of £8.75m. In addition that Surrey County Council is invited to submit a revised package based on that outlined in Section 4 of the Report that could be consistent with any emerging Master plan for the town centre. The LEP will also work with Surrey County Council to agree the appropriate business case documentation to be used for the revised proposal.

ENTERPRISE M3 LOCAL TRANSPORT BODY**Report**

Action:	Local Transport Body Members are asked to, NOTE the contents of this paper
Date:	25 June 2015
Title:	Update on Previously Approved Schemes
Reference:	Item 7
Report From:	Enterprise M3 Local Enterprise Partnership

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1. Scheme Updates

- 1.1. This item provides a brief update on the progress of schemes which have already been approved by the LTB and are now being progressed and delivered by scheme promoters. The report highlights any issues related to costs or timescales or changes to the scope of a scheme since it was approved.
- 1.2. The design of the Basingstoke North Corridor (A340) scheme is well advanced and due to be completed at the end of the month. This would allow a contract to be awarded next month, with construction on site later in the summer. It has been agreed by the Programme Management Office that the contract for this project is combined with the first phase of the Basingstoke North East corridor, which involves improvements to the Ringway and Popley Junctions. Combining contracts in this way should reduce the overall tender price and maximise value for money. The costs associated with the tender award will also be combined and letting a single contract makes sense administratively and for ongoing scheme reporting.
- 1.3. For the remainder of the Basingstoke North Eastern Corridor to Growth, Hampshire County Council is considering a new, accelerated, combined and enhanced delivery programme for the A33 Corridor Improvements between the Binfields and Taylors Farm Roundabouts. It is anticipated that there will be an additional draw of £3m on the Local Growth Fund, which is primarily due to an increase tender costs and unprecedented costs associated with the diversion of services. However, the revised

programme would offer the opportunity to accelerate the delivery of the Crockford Roundabout scheme, which is particularly sought by local businesses to improve access to and egress from the Chineham Business Park. This will be subject to a formal request to Programme Management Group in July.

- 1.4. Surrey County Council has commenced the procurement of both the Runnymede Roundabout and A331/A30 Meadows Gyratory schemes, following the confirmation of funding by the LEP Board. They have recently advised that the costs and timetable for the Runnymede scheme will need to be revised, once they have greater clarity from the procurement exercise. Similarly it has been highlighted that the Meadows Gyratory may be delayed due to procurement issues. The LEP is awaiting further information as to the extent of these issues and any cost increases will need to be considered by the Programme Management Group in line with our agreed processes.”
- 1.5. Finally with respect to Victoria Arch, Woking which was deferred at the previous LTB, the LEP has been advised that the scheme will be delayed until the proposed Woking Flyover is delivered by Network Rail, at which point they will be able to replace the bridge and provide a widened one. We remains keen to support infrastructure in Woking that is able to contribute to economic growth, though clearly will need to be satisfied that it represents value for money. Woking Borough Council are preparing a revised business case that will combine the Victoria Arch proposal with the multi-modal Interchange, scheduled to commence delivery in 2016/17.

Rpt/ref/KT/7/06/15

ENTERPRISE M3 LOCAL TRANSPORT BODY**Report**

Action:	Local Transport Body Members are asked to, NOTE the contents of this paper
Date:	25 June 2015
Title:	Programme for development and production of future scheme business cases
Reference:	Item 8
Report From:	Enterprise M3 Local Enterprise Partnership

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1. Proposed Programme of Business Case Development

- 1.1. This report briefly outlines the future programme of business case development. In order to be able to meet the timescale to deliver the expected programme of capital schemes in 2016/17 and beyond, scheme promoters are continuing to develop business cases for schemes that have been provisionally approved funding through the Local Growth Fund.
- 1.2. The programme continues to be developed at risk because of the long lead in time needed to prepare schemes of this nature. The table below summarises the current forecasts from scheme promoters as to which business cases are likely to be submitted ahead of each LTB meeting. The programme is likely to be revised and developed as the design of each scheme is progressed.

LTB Meeting Date	Major Scheme Business Cases to be tabled	Planned Start of Works	Lead Promoting Local Transport Authority	Estimated package value
November 2015	Basingstoke SW Corridor to Growth (Winchester Road and Thornycroft roundabout improvements)	Nov-16	HCC	£11.6m
	Victoria Arch, Woking	TBC	WBC	£7.45m
	Woking Station Multi-Modal Transport Interchange	TBC	WBC	£7.7m
February 2016	Farnborough Northern Corridor to Growth	Nov-16	HCC	£8m
	Guildford Sustainable Transport Package ¹	Summer-16	SCC	£4.9m
	Guildford Gyratory ¹	Summer-16	SCC	£3.8m
tbc	Basingstoke SW Corridor to Growth (Brighton Hill roundabout)	2018/19	HCC	£5m
	Camberley Town Centre Highways Improvements	2016/17	SCC	£5m
N/A	Clay Lane Link Road ²	Jan-16	GBC	£1.4m

- 1 These schemes will be combined into a single Guildford Town Centre Major Transport Infrastructure Programme, subject to approval by PMG at their July meeting.
- 2 as the Clay Lane Link Road is less than £3m a full business case will not be required for this scheme and it will be considered by the Programme Management Group. Appropriate business case documentation is being developed.

Rpt/ref/KT/8/06/15