

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Environment and Transport
Date:	15 January 2019
Title:	M27 Junction 10
Report From:	Director of Economy, Transport and Environment

Contact name: Heather Walmsley

Tel: 01962 846089

Email: heather.walmsley@hants.gov.uk

1. Recommendations

- 1.1. That the Executive Member for Environment and Transport notes the significant progress on the M27 Junction 10 Improvement Scheme (“the Scheme”), as well as the updated risk assessment set out in the supporting report;
- 1.2. That authority is delegated to the Director of Economy, Transport and Environment to develop, and in due course submit a business case for the Scheme to the Department for Transport, in consultation with the Executive Member for Environment and Transport and, in respect of financial aspects of the project and business case, the Director of Corporate Resources.
- 1.3. That authority is delegated to the Director of Economy, Transport and Environment to pursue all potential external and partner funding and bidding opportunities to secure funding towards the Scheme development and delivery;
- 1.4. That the Executive Member for Environment and Transport endorses the action taken to commence initial, advanced works for the Scheme in December 2018, which was required to meet constraints associated with licensing for protected species;
- 1.5. That authority be delegated to the Director of Economy, Transport and Environment and the Head of Legal Services to progress, enter into, and secure all appropriate licences, agreements, consents, rights, permissions and easements necessary to enable the advanced and main works to be undertaken on land owned by third parties, including Section 6 agreements to work on land owned by Highways England and licences to work on Buckland Estate land;
- 1.6. That authority be delegated to the Director of Economy, Transport, and Environment and the Head of Legal Services to progress and make all Orders (including Side Road Orders) necessary to progress the Scheme towards

delivery to ensure that the Orders can be advertised as soon as possible to enable timescales for sequential tasks to be achieved;

- 1.7. That authority is delegated to the Director of Economy, Transport and Environment, in consultation with the Executive Member for Environment and Transport, to suspend development activity on the Scheme once current funds are exhausted and in the event that further funding is not received, or that other significant programme issues arise as set out in the supporting report.

2. Executive Summary

- 2.1. The M27 Junction 10 (the Scheme) is a high profile, high cost scheme with significant challenges and risks. The County Council was identified by the Rt Honourable Chris Grayling, MP, Secretary of State for Transport, as best placed to be the promoter for the Scheme, to ensure both the M27 Junction 10 and the Smart Motorways Project can be delivered in the most efficient way. The Scheme comprises critical infrastructure required to provide access to the proposed Welborne development and is the largest single highway infrastructure project that the County Council, with its strong track record of delivery, has been asked to lead. The Smart Motorway Project will upgrade the M27 between Junction 4 and 11 by turning the hard shoulder into a permanent fourth running lane.
- 2.2. This report will outline the challenges and risks associated with the Scheme following the provision of a summary of the background and wider context. The Scheme interfaces directly with the M27 Smart Motorways Project, as well as wider development at Welborne Garden Village in North Fareham, both of which compound the risks. Further work is necessary to enable the risks to be more fully evaluated. Should these be found to be too great, a potential break point will be identified before the Scheme is progressed to delivery, following which a future decision will be required as to whether the County Council should continue to be Scheme Promoter. There are a number of time critical tasks to be undertaken if the option to progress the Scheme to delivery is to be kept open, and these are also set out in the report.

3. Background

- 3.1. Welborne Garden Village is a regionally important development site being promoted by Fareham Borough Council through their adopted Welborne Plan (2014). The development will comprise 6000 new homes and around 1,000,000 square feet of employment space, which will create around 5735 new jobs. The site includes a village centre, supporting neighbourhood centres, a new secondary school and three new primary schools. The site is being holistically planned to create a new community with its own sense of identity, in accordance with the government's defined garden village principals. The site forms a significant part of Fareham Borough Council's housing strategy, which seeks to ensure that there will be sufficient new homes to meet the demand for the next 20-25 years.

- 3.2. Welborne is located to the north of the M27 and adjacent to the A32 around the existing M27 Junction 10 at North Fareham. The M27 Junction 10 currently has restricted access only, allowing partial movements for westbound off and eastbound on movements. It is envisaged that approximately 1000 homes could be built prior to the upgrade of Junction 10 to an all moves junction. A fundamental part of the vision for Welborne is that it will have high levels of self-containment facilitated by carefully designed on-site provision for walking, cycling and bus services. However, there is an essential requirement that Junction 10 be upgraded to an all moves junction to cater for the predicted new traffic movements which will be generated by the site above the 1000 dwellings. An all moves connection to the M27 will help to ensure that the site will be well connected to the wider south coast strategic transport network to help attract business and investment into the site. The all-moves junction will also provide an enhancement for local residents who are currently travelling via a congested local road network with unreliable journey times. Many local residents currently use either the A27 to access the M27 Junction 9 to head west, or alternatively use Junction 10 to initially head east to then U-turn at Junction 11 to head west. This counter-intuitive movement creates unnecessary turning movements on the A32 onto the eastbound on-slip, with associated safety implications and unnecessary turning movements at the congested M27 Junction 11. An all moves Junction 10 would remove the need for these unnecessary movements as well as provide for predicted additional trips.
- 3.3. Within the evolving context of proposals for Welborne, and the associated increases in transport demand, there has been a significant amount of traffic modelling and design work undertaken over the last ten years or so to consider the need and options for upgrading M27 Junction 10 to an all moves junction. Given the existing constrained local network, there is limited ability to progress the development without an improvement to the motorway junction. Improvement options have considered new links to the M27 Junction 11, traffic signal and roundabout solutions based around the existing A32 partial moves junction, and options relocating some movements to the west of the A32.
- 3.4. Welborne is being promoted by Fareham Borough Council through their Welborne Plan, adopted in 2015. The Welborne Plan confirmed the need for an all moves Junction 10 and identified a preferred scheme in a supporting statement, which was signed by Highways England, the County Council, and Fareham Borough Council. See Figure 1A in the Appendix. The development is being led by Buckland Development Ltd (BDL). BDL submitted an Outline Planning Application for the Welborne site in March 2017, which included as a Detailed Application key elements of the off-site highways works, including, a layout for the M27 Junction 10, which was based upon an evolved version of the preferred scheme identified in the Welborne Plan. See Figure 1B in the Appendix.
- 3.5. Since the submission of the Planning Application by BDL in 2017, a number of factors have influenced the further scheme development. In December

2017, the Secretary of State for Transport advised that Hampshire County Council were best placed to become Scheme Promoter for M27 Junction 10, working with Highways England to bring the Scheme forward to support the development as a critical part of the infrastructure needed to access the Welborne site. This approach was supported by key stakeholders at the initial M27 Junction 10 Steering Group meeting in early 2018, which included representatives from: Department for Transport (DfT); Ministry for Housing, Communities and Local Government (MHCLG) ; Department for Business, Energy and Industrial Strategy (BEIS), Cities and Local Growth, Homes England; Highways England (HE) ; Solent LEP; and Buckland Development LTD (BDL). It was recognised that the County Council has a strong track record of delivery, and was best placed to progress the Scheme. In January 2018, the Scheme was passed from BDL to the County Council as the new Scheme Promoter, further to the agreement to a number of conditions seeking to reduce the risks to the County Council as follows:

- That a single governance structure for the Scheme be established, to be led by the County Council;
- That the various funding sources be streamlined into a single pot, to be controlled by the County Council;
- That there should be a single approach to scrutiny and business case development across all funding sources;
- That there would be a two-part agreement to scheme progression, involving an initial commitment to progress the Scheme development up to the delivery stage, followed by a subsequent agreement to progress the Scheme to delivery after a full review of costs, risks, and deliverability, and once all the funding is in place.

Inherent in the above was an expectation that there will be no financial outlay by or risk to the County Council on this Scheme.

3.6. In accordance with the Cabinet Decision on 11 December 2017, and since January 2018, the County Council have been working hard to progress the Scheme design to the next level, working in conjunction with both Highways England and BDL to ensure that design interfaces between the SMP and the wider Welborne development are taken into account. Several adjustments have been required to the previously identified 'preferred scheme layout' and the revised layout as submitted by BDL in their 2017 Planning Application. Adjustments have been required to take into account new and emerging issues including:

- the M27 Smart Motorways Project (SMP) and proposals for hard shoulder running along the M27, which were not material at the time of the BDL submission;

- the need to update all of the traffic modelling in light of the SMP and also due to the fact that the traffic modelling previously submitted was based upon traffic data older than five years;
- the need to address the initial comments on the design departures and relaxations from both Highways England and Hampshire County Council, as part of their statutory development planning function;
- the need to adjust the Scheme to avoid a listed building and protect its setting;
- the need to avoid costly diversions associated with statutory undertakings and associated plant; and
- the need to reflect updated design standards.

Whilst the resulting Scheme is based upon the same principles as the previously preferred scheme, there are a number of differences in light of the above. See Figure 2 in the Appendix.

4. Scheme Description

4.1. The updated preferred scheme includes the following key elements:

- A new 23m wide underpass underneath the M27 located to the west of the existing junction with the A32 and approximately 150m east of the existing Kneller Court Way access underpass. The underpass will connect with the eastbound off-slip and west-bound on and off slips, catering for north and south traffic movements via two-lanes north-bound and two lanes south-bound. A pedestrian cycle-way would be provided alongside the two southbound lanes. A 51m inscribed circular diameter (ICD) tear-drop roundabout will be provided at the southern end of the underpass, and the underpass road will continue north for approximately 350m to connect with a proposed new 67m ICD roundabout in the Site;
- A new eastbound off-slip, diverging from the motorway just east of Funtley Road bridge heading east towards the Site and to a point just north of the proposed new underpass, terminating at a new traffic signal controlled junction. The new east-bound off slip is a single lane diverge / two lane slip road;
- A new westbound on-slip, commencing south of the M27 at a point diverging from the roundabout south of the underpass to a merge with the M27 just east of the Funtley Road over bridge. The new west-bound on-slip will be a single lane slip road and merge onto the M27;
- An alteration to the existing westbound off-slip, which retains the existing slip road diverge just west of the existing A32 underpass, involving the removal of the existing 270 degree loop, and replacement with a straight slip road south off the M27. The new slip road will connect the proposed

new tear drop roundabout at the southern end of the new underpass via a new set of traffic signals, allowing for pedestrian / cycle crossing movements. The westbound off-slip is a single lane diverge from the M27 mainline, widening to two lanes at the traffic signals;

- A retained but modified eastbound on-slip to improve safety and help address issues associated with changing design standards;
- A new dual carriageway link road will head north from the proposed underpass and will continue for approximately 350m to connect with a proposed 67m ICD roundabout heading into the development site. There will be a 3.0m wide shared use provision for a pedestrian / cycle-way along the eastern side;
- A new dual carriageway east-west link road running through the development north of and parallel with the M27, connecting the new roundabout mentioned above to a new roundabout on the A32 to the east and a new roundabout serving the proposed employment land to the south and District centre to the north. Two pedestrian / cycle 'Toucan' crossing points will be provided along the east-west link, and there will be provision for a shared use pedestrian / cycle-way along both sides; and
- Improvements to the A32 as part of the Scheme include the provision of dedicated BRT bus lanes. Heading north, the bus lane will diverge from the A32 just north of the existing M27 underpass, and will head into the employment land west of the A32 to connect into the mid-way roundabout on the new east-west link road. Heading south on the A32, a new bus lane will be provided from a point just south of the diverge point of the east-bound on slip from the A32. Pedestrian and cycle provision will be retained/ improved.

5. Scheme Development

- 5.1. A significant amount of work has been undertaken since the County Council took over the role of Scheme Promoter to progress the Scheme design to a point that it can be 'fixed' for planning and approval purposes. The County Council has been working closely with Highways England, together with their appointed contractors for the Smart Motorways Project (SMP), Bam Nuttall Joint Venture (bmJV), in order to understand the impacts and interfaces between the two schemes, and to ensure there is a viable way forward to progress both schemes concurrently. There has also been close working with BDL to ensure that there is a seamless interface between the wider Welborne development and the proposed Scheme within a combined application. A summary is provided below of the key issues and interfaces associated with the above.
- 5.2. In relation to the interface of the Scheme with the SMP, there are a number of potential delivery options which will influence how the Scheme can be developed, including:

- options whereby SMP and the Scheme progress concurrently, which will mean there is a potential delay or prolongation to the completion of SMP beyond March 2021; and
- options whereby SMP progresses without Junction 10, and Junction 10 follows on either directly afterwards or following a pause, which could mean there are potential abortive works or that funding for Junction 10 is lost;

5.3. There are significant overarching cost and time differentials relating to the different options which impact how the respective schemes are designed and developed. Further work is being undertaken to evaluate the options and associated risks. Highways England, bmJV, and the County Council are working together to produce an Impact Assessment for DfT, which will provide clarification on these matters and enable a decision by DfT early next year regarding whether the two schemes can be progressed concurrently. If the two schemes can be delivered concurrently, this should enable the minimum combined construction time, although there will inevitably be some delay to the completion date of the SMP and associated cost increases due to prolongation of the SMP contract. On the other hand, there should be some potential for cost savings associated with shared traffic management and optimisation of contractual matters, and abortive SMP works should be avoided with associated reputational issues.

5.4. If Junction 10 follows on from the completion of the SMP, there are likely to be reputational issues for both Highways England and the County Council, when the recently completed SMP works need to be 'replaced' by the Junction 10 works. New funding sources for Junction 10 would also be required as secured funding for the Scheme is time limited and needs to be spent by March 2021. The SMP main works along the section of the M27 adjacent to Junction 10 are currently envisaged to commence in May 2019, with a previously estimated start date of July 2018, and they will take 12 months to complete. The construction of the underpass will also take 12 months to complete. The commencement of the Junction 10 works at any time beyond May 2019 will incur prolongation costs in the region of £2.5m per month. The next level of design and development for the Scheme will be dictated by the approach to delivery following an assessment of the above options.

5.5. In relation to the interface of the Scheme with the proposed Welborne Garden Village, BDL require Junction 10 to be improved to facilitate access to the development site. The designs need to be seamless at locations on the A32 north and south of the Scheme and as part of the on-site network. Close working with BDL is underway to ensure the interfaces between the Scheme align with on and off-site highway works being progressed by the developer. Matters such as drainage, lighting, landscape planting, and ecological mitigation are all being developed holistically. Whilst working with the developer to seek to progress a coherent Junction 10 design, it is important to note that the Department will also have responsibility as Highway Authority to

approve the submitted highway works as part of the statutory development planning function. In this context, it is particularly important to recognise different roles and responsibilities within the overall process.

- 5.6. Alongside the progression of the design outlined above, a significant amount of work has been undertaken to inform the business case and scrutiny process defined by DfT. Traffic modelling and appraisal work has been scoped with DfT, and a draft Strategic Case has been produced and shared with key stakeholders. The business case process presents its own challenges. Even when a business case has been completed and scrutinised, Full Approval (which releases the funding) cannot be given by DfT until the Scheme has Planning Permission in Full (including a signed S106 agreement) and all necessary Orders are in place.

6. Planning Permission

- 6.1. Planning Permission is required for the Scheme as part of the wider Welborne development. In March 2017, BDL submitted an Outline Planning Application to Fareham Borough Council as determining Planning Authority, which contained a detailed part of the application covering the M27 Junction 10. A number of comments were received from statutory consultees, which required additional work. In December 2018, BDL submitted an 'update addendum' to their previously submitted Outline Planning Application. The update included the refined, preferred design for Junction 10, as developed by the County Council, as a detailed part of the submission, alongside the update for the wider outline application.
- 6.2. As part of the statutory consultation process, for the Planning Application, the Junction 10 design has to be submitted to both Highways England and Hampshire County Council Technical Approval teams as statutory consultees for approval. The Technical Approval teams need to firstly approve the strategic and local traffic modelling work to confirm the Scheme provides the appropriate level of mitigation, following which a design review is undertaken to ensure that the proposed mitigation meets the required standards, and that any relaxations are acceptable. A review of road safety audits forms a key part of the process. There are significant risks associated with the technical approvals in relation to both the traffic modelling and necessary design standard relaxations, which the Scheme Promoter has been working hard to address.
- 6.3. Until recently, it was understood that the determination of the Planning Application by Fareham Borough Council would take place in February 2019, and if the application was supported it would take the form of a resolution to grant planning permission subject to the signing of a suitable Section 106 Agreement. Fareham Borough Council are now advising that the determining committee will be in April 2019. A two month delay will have a significant impact upon the already challenging delivery programme detailed below.

6.4. The key risks associated with the planning process include:

- The potential that for a variety of reasons approval may not be issued in the anticipated timescales, which will add more delay to the programme;
- The application of pre-commencement conditions to both the wider site and the junction works generically, which would enhance the risk of time delays to the commencement of the junction works as they could potentially be delayed by unresolved matters on the wider site, hence these two elements need to be disaggregated;
- That whilst the anticipated Fareham Planning Committee date is now in April 2019, any Decision will be limited to a resolution to grant Planning Permission subject to the agreement of the S106 agreement, which could take several months further to agree. The S106 signing, forms part of the Junction 10 critical path prior to the commencement of main works. Delays to the Planning Permission and signing of the S106 will have an impact on sequential tasks, including the ability to advertise necessary Orders, and the ability to secure the Full Approval from DfT, which is required to release the funding for the Scheme. The likelihood of potential delays, as well as their duration, are impossible to estimate at this stage, as they are based upon unknowns. However, signing of the S106 much beyond April is likely to be a significant obstacle to the Scheme Promoter in delivering the Scheme in timescales necessary to fit with the SMP programme.

6.5. As part of the Environmental Appraisal for the site, the presence of protected species including dormice has been identified. To ensure that appropriate licences can be secured in the necessary timescale to allow mitigating clearance, habitat creation, and associated planting to ensure dormice can be relocated, it was necessary to submit an initial, advanced Planning Application in October 2018 for advanced enabling works. (Planning Permission is required before a dormouse license can be issued). The application was determined by Fareham Borough Council in December 2018, which allowed clearance works to commence in the seasonally constrained winter period, subject to appropriate agreements to work on third party land. To enable these works to progress, and thereby retain the option of progressing the Scheme in parallel with the SMP, it was necessary to seek approval via a delegated decision to procure the works, secure a Section 6 Agreement with Highways England to work on their land, and progress a licence to work on third party land with the developer. There is no financial risk to the County Council regarding any of these initial enabling works or licences, hence in this instance the approach taken was considered appropriate. Not to have progressed this advanced application would have had a show-stopping impact upon the Scheme given that it would have incurred a 12 month delay on the start date for the main works.

6.6. A number of Orders will be required for the Scheme, which could include Side Road, stopping up, closure, temporary closure and diversionary orders for

highways and Rights of Way. The timescale for progressing the Orders is lengthy and dependent upon statutory procedures which could be protracted, and will have a direct programme impact. To ensure that the Orders can be implemented at the earliest opportunity, time consuming preparatory work is already underway. The timing of sequential processes compound potential delays to the overall programme and timescales for delivery.

6.7. The land required for the Scheme is within the control of the developer, Highways England and Fareham Borough Council.

7. Scheme Delivery

7.1. Following the completion of additional tasks identified above, a full assessment of the associated costs, risks, and deliverability at an appropriate break point, will enable an informed decision regarding whether the County Council should continue to be the Scheme Promoter and progress the Scheme to the procurement and delivery stage. A future decision will be required based upon the above assessment.

7.2. Due to extremely challenging timescales dictated by the Highways England SMP programme, some form of early contractor involvement will be required to help with scheme development, and to help identify the preferred approach to delivery (particularly in relation to the proposed new underpass and associated traffic management works) in advance of a decision to progress to that stage. Early contractor involvement is very important to help provide an understanding of the optimum approach to design, informed by the likely approach to delivery.

7.3. A number of potential procurement and delivery options are currently being considered to help inform the approach to any appropriate early contractor involvement and delivery beyond, including:

- The delivery of all elements of the Scheme by the County Council; and
- The delivery of the parts of the Scheme which will either ultimately be Highways England asset / network, or else will interface directly with the Highways England network / asset (namely the underpass and ends of the on and off slips) by HE, with the remaining elements of the works on the developer land / County Council network to be delivered by the County Council.

7.4 A full evaluation of the risks associated with each approach is being undertaken to help inform the preferred way forward, and the findings will be reported to a future Decision Day.

7.5 Subject to a future decision that the County Council continues to be Scheme Promoter for the delivery stage, it is considered likely that as minimum the County Council could undertake the procurement and delivery of the elements of the Scheme on the County Council network either through the existing works framework, or (due to the high scheme value) potentially through OJEU

processes. Given that Highways England may be best placed to deliver some or all of the works on their network, a decision will be required by DfT early in 2019 regarding whether the two schemes can be progressed concurrently; and if so, then Highways England are likely to be best placed to deliver the works on their network. However, if Junction 10 is to follow after the SMP contract has finished then other options for delivery will need to be considered.

7.6 Different procurement options are being extensively investigated to understand the potential risks to the County Council, and to determine any associated time and efficiency savings versus any possible prolongation costs which would be passed on to the Scheme by Highways England / bmJV. Some initial discussions will be required in the form of early contractor involvement to aid the design, and to provide the clarity necessary to inform the preferred approach. However the Junction 10 elements of the Scheme are procured, further detailed consideration of procurement options is required to help identify a preferred approach in advance of a future decision on the preferred way forward.

7.7 The delivery programme for Junction 10 needs to be fully informed by the delivery programme for the SMP works adjacent to the Scheme, and associated traffic management slots booked on the M27 if the two schemes are to run concurrently. It is understood that the traffic management works to facilitate the main SMP works are already programmed to start in mid 2019 and will continue for twelve months. It will take approximately twelve months to deliver the underpass section of the Junction 10 works. The cost of necessary traffic management on the M27 during the Junction 10 works is likely to be substantial, hence there is a clear need to seek to use the same programme window as the SMP works, to avoid increasing the Scheme cost. Sharing the traffic management costs is likely to provide a cost saving, but conversely any extension or prolongation to the twelve month SMP 'slot' is likely to add a significant cost increase. The Impact Assessment mentioned earlier in this report, which is being produced by Highways England and Hampshire County Council, will define the costs of combining the two schemes and will be a key report presented to DfT to help inform the way forward.

7.8 The delivery timescales for Junction 10, including the start date for main works, will be dependent upon resolution of the issues outlined above.

8. Finance

8.1. Scheme Costs

An initial cost estimate for the previously submitted preferred scheme was in the region of £65million. However, the progression of the design and a review of initial estimates suggest that the costs are highly likely to increase significantly beyond the initial estimates of £65million. Progression of the design to the next level, value engineering, and a greater understanding of scheme risks will enable a more accurate figure to be produced. The

overarching cost to both the SMP and Junction 10 schemes need to be considered holistically to enable DfT and other stakeholders to consider the combined impacts upon the public purse to help determine the optimum way forward.

If a future decision is made that the County Council should progress the Scheme to the delivery stage and continue to be Scheme Promoter (based upon a full understanding of risks, costs and deliverability), a proposal to add the full value of the Scheme to the Capital Programme will need to be brought forward by early 2019/20.

8.2. Development Funding

In January 2018, £1.5 million was secured from the DfT retained funding (defined in para 8.3 below) as an advance towards the Scheme development. Accordingly, an initial phase of the Scheme was entered in the capital programme at £1.5 million to enable design work to progress. Due to the original £1.5million being funded through external sources, in accordance with Hampshire County Council Financial Regulations, the Director of Economy, Transport, and Environment approved the early stages of this Scheme's entry into the Capital Programme. This funding has now been largely spent and will be running out in January 2019. Additional funding is being sourced from third parties to enable development work to continue and the DfT has recently confirmed an additional £150,000 of grant funding for this purpose. Without further additional external funding being secured to progress the Scheme development, the role of the County Council as Scheme Promoter will need to be reviewed and work will stop.

A separate report on Capital Programme Monitoring (to the Executive Member for Environment and Transport Decision Day in January 2019) will propose that the value is increased by a further £2.5m, which will reflect the additional funding needed to develop the Scheme to Full Business Case and enable further development of the Scheme up to the point where further funding is required. While the additional £2.5m will also be externally funded, due to the very high works value of the Scheme, approval is being sought separately for the increase in value.

8.3. Delivery Funding

The following funding has been allocated towards the Scheme delivery, totalling £64million:

- £14.9million¹ funding from the Local Growth Fund, which is 'retained' by DfT towards this Scheme;
- £14.15million from the Local Growth Fund allocated by the SLEP;

¹ Of which £1.65m has now been allocated and will be spent by the end of January on Scheme Development.

- £10million from Homes England's Housing and Infrastructure Fund (HIF) as Marginal Viability Funding (MVF); and
- £25million from third-party / S106 developer contributions.

8.4. Given the likely increase in scheme costs, there is currently a funding gap and additional funding sources and opportunities to bid for funding will need to be identified as soon as possible. Without full funding, it would be unacceptable for the County Council to proceed to delivery, as this would involve significant financial risk. An increased contribution from developers would be expected and there is an expectation that this should be reflected in the ongoing BDL and Fareham Borough Council viability work.

8.5. It is important to note that it is a condition that Local Growth Funding and HIF funding all needs to be spent by March 2021, hence unless the Scheme can progress concurrently with the SMP, £39.05million of currently identified funding will be at risk. If the Scheme start date is delayed beyond March 2021, the funding gap will increase for various reasons, including the loss of savings made through a concurrent approach to delivery and general inflation, and this is likely to place a further burden on the public purse.

The County Council will not proceed to delivery if there are undue financial or other risks. The Steering Group will provide a forum for the escalation of this matter to each partner. The County Council's consideration of such an eventuality would be made through the normal decision making process.

9. Future direction

9.1 The Scheme is extremely challenging on all levels, and the interface with both SMP and the Welborne development add their own layers of complexity. The challenge is compounded by the high scheme cost, likely funding gap, and anticipated delivery timescales, if delivering in parallel with SMP, which require a significant proportion of the funding to be spent by March 2021. In light of both the complexity and scale of the Scheme, and its unique contribution of motorway and non-motorway elements, the governance arrangements for the detailed progression of the Scheme are likely to be more complex than a typical large transport capital programme Scheme.

9.2 There are a multitude of considerations and statutory procedures which need to be taken into account to inform the need for a potential breakpoint at which time a decision can be taken regarding whether the County Council should progress the Scheme to procurement and delivery stages.

9.3 Key milestones in the immediate future (subject to appropriate funding being available to progress) are as follows;

- DfT Impact Assessment and decision point in February 2019 regarding whether the Scheme can progress in parallel with the SMP;

- Full assessment of scheme costs and risks to inform extent of funding gap and potential for underwriting by third parties, in early 2019;
- Fareham Borough Council Planning Decision and signing of the S106 Agreement from early 2019 onwards; and
- Statutory procedures associated with Orders and Licenses etc.

9.4 While there is no financial outlay for the County Council, and financial risks are low, it is considered appropriate to continue to develop the Scheme at this stage, taking future decisions following appropriate milestone points.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

The improvement to the junction will have benefits for all transport users and will include enhancements for bus, cycle, pedestrians as well as the car. The specific proposals in this document are procedural, and will not have an impact on people with protected characteristics.

2. Impact on Crime and Disorder:

2.1. Low impact.

3. Climate Change:

(a) How does what is being proposed impact on our carbon footprint / energy consumption?

There will be additional car trips around Junction 10 associated with the development of 6000 new homes. Without the new junction there would be a significant impact upon the already congested local transport network and associated increase in the carbon footprint.

- (b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The improvements will help keep traffic moving now and in the future thereby reducing the emissions associated with traffic congestion.