



Agenda Item 9

Report to the Solent Local Transport Body

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Subject: Solent Local Transport Body Priority Schemes and Department for Transport Submission

Purpose of the Report

This report summarises the prioritisation process undertaken to identify the key transport investments for delivery within an indicative funding envelope, and recommends a prioritised list for submission to the Department for Transport (DfT). This report also seeks the approval of the Board to invite scheme promoters to develop a Transport Business Case.

Recommendations

- (a) That the top three ranked schemes (The Hard Interchange, Southampton Station Quarter, and A27 Corridor Improvements) form the *Priority Development Pool* for the Local Transport Body and are invited to each develop a Transport Business Case.
- (b) That the Board approves the *Solent Local Transport Body Transport Investment Priorities* document (and prioritised list contained within it), attached as Appendix 1, for submission to the Department for Transport.
- (c) That the Board notes the current uncertainty over the future distribution of local major transport scheme funding.

Introduction

1. The Board will recall from the inaugural Solent Local Transport Body (LTB) Board meeting, that the DfT requires each LTB to submit to them a prioritised list of transport schemes within a funding envelope of £28.8 million covering the 2015-19 period, by the end of July. Linked to this, DfT, through its guidance to LTBs, requires that a rigorous process is employed to provide assurance that value for money will be achieved, and that strategic and not parochial decisions are made.
2. The Board will also recall that DfT has asked LTBs to plan for one third above and one third below the £28.8 million figure (£38.4 million and £19.2 million, respectively) and that the local preference is to submit a prioritised list over-and-above the £28.8 million envelope, summing to circa £50 million, reflective of the potential for additional funding over the 2015-19 period, fuelled by the stated desire of the coalition government to fund infrastructure projects that support economic growth.
3. This report summarises the applications received, the prioritisation methodology, output of that process and seeks approval to invite the top performing schemes to develop a Transport Business Case (a requirement of DfT guidance).
4. In addition, this report also proposes that the submission to DfT is used as an opportunity to signal our intent to promote transport investment priorities beyond the scope of indicative LTB budgets and that are of wider geographic and economic significance.
5. Finally, this report briefly comments on the future of local major transport scheme funding in the light of the recent 2013 Spending Review (which was announced on 27 June 2013) and the implications this may have for scheme programming and future decision-making. Indeed, at the time of writing, guidance on Growth Strategies and specific funding allocations for the period from 2015-16 are outstanding, and as a consequence of that guidance and confirmation of funding levels the approach to the prioritisation of transport schemes may change. An update will be provided at the Board meeting.

Application Process

6. Applications were invited from full (voting) members of the LTB over the period Monday 13 May 2013 to Wednesday 12 June 2013. Applications from third parties could also be submitted, so long as they were sponsored by a full member of the LTB.

7. At the same time, expressions of interest (Eoi) for schemes that may come forward in any future funding round were also invited. This was to provide the Board with an awareness of potential future schemes when making decisions on this initial funding round.
8. The application forms and application guidance were appended to the agenda item 5 report of the first LTB Board meeting (7 June 2013).

Assessment Methodology

9. The LTB employed independent technical assistance for the assessment of applications to ensure objectivity and consistency. Assessment was based on the content of the submitted application forms and on discussions at face-to-face meetings with scheme proposers. Attempts were made to normalise applications (in particular, relating to costs) to provide a consistent basis of assessment.
10. The application form was arranged into five main sections – one for each of the Business Case sections (Strategic, Economic, Financial, Management and Commercial), with each section scored between 1-10, using a multi-criteria analysis. The upper, middle and lower score descriptors of the multi-criteria-analysis are provided in the assessment matrix in Appendix A of Appendix 1. The “10” score descriptor provided the ‘target’ for applications.
11. The Strategic and Economic cases each carried a double-weighting to recognise their relative importance over the other three ‘cases’ and so that scheme performance in these areas would drive scoring. The Economic Case was scored in two sections (each carrying equal weight). One section scored transport benefits, with the other scoring wider economic benefits (including levels of associated new or safeguarded employment and new development). The relative weight to be used in assessment is shown at the foot of the multi-criteria-analysis matrix in Appendix A of Appendix 1.

Applications for Funding

12. Nine applications for funding were received in round one. These are summarised below. Costs are presented in 2013 prices.

A27 Corridor Improvement, Fareham

- Scheme located in central Fareham, at the northern area of the Gosport peninsula.
- A27 Station Roundabout and A27 Gudge Heath Lane Interchange, junction and carriageway improvements: Station Roundabout: re-configured with multi-modal improvements; Gudge Heath Lane: improved to provide two lanes straight ahead, right turn lanes and a cycle-way; interconnecting carriageway improved.
- Proposals viewed as integral to develop the Solent Enterprise Zone and unlock development around the Station.

LTB Contribution: £4.96 million

Total Project Cost: £6.61 million

Asda Roundabout, Havant

- Dunsbury Hill Farm is a strategic employment site located between Havant and Waterlooville; currently constrained by Asda Roundabout.
- Scheme involves the creation of a signalised, elongated roundabout at Purbrook Way/Hulbert Road junction.
- Also includes associated safety improvements to the adjacent Purbrook Way/Park House Farm Road priority T-Junction.
- Will improve east west links.
- Scheme's outputs dependent on delivery of Dunsbury Hill Farm Link Road proposals.

LTB Contribution: £3.97 million

Total Project Cost: £5.30 million

The Hard Interchange, Portsmouth

- The Hard lies between the Portsmouth Historic Dockyard and Gunwharf Quays.
- The scheme is based upon proposals set out in The Hard SPD which involves replacing the existing bus interchange and improving the public realm, way-finding and cycle parking facilities.
- The scheme will create certainty and accelerate the redevelopment of some under-utilised assets in the area.

LTB Contribution: £4.83 million

Total Project Cost: £6.83 million

Portsmouth City Centre Transport Scheme

- A package of highway improvements, including reconfiguration of the highway network south of the M275, a pedestrianisation scheme and delivery of a new bus interchange on Station Street.
- Also includes provision of new cycle parking and enhanced pedestrian and cycle crossings.
- Investment is considered as critical to bring forward proposals for the Northern Quarter development scheme.

LTB Contribution: £6.00 million

Total Project Cost: £22.36 million

Dunsbury Hill Farm Link Road, Havant

- Dunsbury Hill Farm, a major employment site in Havant, is greenfield land between Waterlooville and Leigh Park.
- The scheme involves the provision of a transport package, including a link road from the B2150 Hulbert Road, to unlock the development of the site.

LTB Contribution: £3.58 million

Total Project Cost: £8.64 million

Tipner – Horsea Island Bridge Link

- Tipner and Horsea Island/Port Solent area has been identified as one of six economic growth hubs key to the Solent City Deal.
- Scheme proposes a bridge link to connect Tipner and Horsea Island, which is seen as critical to unlocking development potential of the area.

LTB Contribution: £5.00 million

Total Project Cost: £54.20 million

Portsmouth Bus Rapid Transit and Highway Network Improvements Package

- A package of highway improvement measures and enhancement of bus stops on proposed BRT routes within Portsmouth.
- Measures to enable the introduction of a number of new BRT routes across transport corridors within the South East Hampshire sub-region, providing access to/from Portsmouth and Southsea.

LTB Contribution: £10.44 million

Total Project Cost: £14.44 million

Southampton City Streets, Station Quarter

- City Streets is a package of high value interventions to address the transport constraints on economic growth in Southampton city centre.
- The bid comprises three 'locations' within the City Streets programme: Station Quarter North, Station Quarter South/Civic Centre Place and Albion Place.
- Four potential investment scenarios considered: Station Quarter North, Station Quarter South, Integrated Station Quarter and Albion Place.

LTB Contribution: £8.16 million

Total Project Cost: £21.47 million

Cycling to Prosperity, Southampton

- Construction of a new cycle highway linking three University campuses with residential halls, the City Centre and Central Station.
- The link provides a north-south spine route for cycle commuting into the city and completes the Itchen Bridge section of the Eastern Cycle Route.
- The cycling scheme is part of a 10 year strategy published in April 2013, designed to increase cycling from 3% to 18% in Southampton.

LTB Contribution: £3.16 million

Total Project Cost: £5.98 million

13. In addition, four expressions of interest for potential submission in any future bidding round were received:
- (a) Western Access to Gosport;
 - (b) Maximising potential of the M27/A27 Corridor;
 - (c) Continuation of Local Sustainable Transport Funding (LSTF) Measures post 2015;
 - (d) Improving cross-Solent transport links.

Prioritisation Outputs

14. The overall ranking of schemes following assessment of the applications is shown in table 1.

Table 1: Ranking of schemes following assessment

Rank	Scheme Name	LTB Outturn*	Accumulated LTB Outturn Cost	Total Project Cost	Accumulated Total Project Cost
1	The Hard Interchange, Portsmouth	£5.33m	£5.33m	£7.53m	£7.53m
2	Southampton Station Quarter	£9.00m	£14.33m	£23.86m	£31.39m
3	A27 Corridor Improvements	£5.52m	£19.85m	£7.31m	£38.7m
4	Portsmouth City Centre Transport Scheme	£6.75m	£26.60m	£25.37m	£64.07m
5	Portsmouth Bus Rapid Transit and Highway Network Improvements Package	£11.71m	£38.31m	£16.32m	£80.39m
6	Cycling to Prosperity, Southampton	£3.55m	£41.86m	£6.49m	£86.88m
7	Asda Roundabout, Havant	£4.34m	£46.20m	£5.77m	£92.65m
8	Dunsbury Hill Farm Link Road	£3.92m	£50.12m	£9.49m	£102.14m
9	Albion Place, Southampton	£2.00m	£52.12m	£10.00m	£112.14m
10	Tipner-Horsea Island Bridge Link	£6.08m	£58.20m	£65.88m	£178.02m

*LTB outturn costs include provision for inflation relative to the expected project start date.

15. It was apparent through the assessment that three top three ranked schemes scored significantly higher than all others. DfT has confirmed that the 2015-16 allocation must be spent in year, and any funding unspent will be lost. The three top performing schemes are able to begin spend in 2015-16. It is recommended that the top three ranked schemes (The Hard Interchange, Southampton Station Quarter, and A27 Corridor Improvements) form the *Priority Development Pool* for the LTB and are invited to each develop a Transport Business Case.

16. It was intended that schemes assigned a status of *Priority Development Pool* would have a strong degree of certainty that they would be funded by the LTB, subject to the satisfactory and timely submission of a full Business Case that demonstrates high value for money, deliverability, and affordability. However, as a consequence of changes that government have made to how major transport scheme funding will be distributed (namely through a Single Local Growth Fund managed by LEPs, as opposed directly to LTBs), and as guidance of that process remains outstanding (at the time of writing this report), the LTB is unable to provide such assurance to scheme proposers at this stage.
17. The submission of a Business Case (in accordance with DfT WebTAG¹ guidance) is a requirement of the DfT guidance for devolving funding. As Business Cases are to be developed at the cost and risk of the promoting body, the lack of commitment to funding brought about by the changes government have made may mean that proposers are less willing to commit finite resource to this process at this stage. This may impact on the ability of schemes to be ready for a 2015-16 start.
18. As stated in paragraph 2, above, DfT has requested that LTBs not only plan for the indicative funding envelope (£28.8 million), but also for scenarios of one third above and one third below (£38.4 million and £19.2 million, respectively), and that locally, there is a preference to submit to DfT a wider list (summing to circa £50 million). These scenarios are presented in the table 2 below and it is recommended that this forms the prioritised list for submission to DfT.

¹ DfT's web-based transport appraisal guidance

Table 2: Scalable Priority Package

Rank	Scheme Name	LTB Outturn*	Accumulated LTB Outturn Cost	Total Project Cost	Accumulated Total Project Cost	Priority Development Pool	Circa £28.8m Pool	Circa £38.4 Pool	Circa £50m Pool
1	The Hard Interchange, Portsmouth	£5.33m	£5.33m	£7.53m	£7.53m				
2	Southampton Station Quarter	£9.00m	£14.33m	£23.86m	£31.39m				
3	A27 Corridor Improvements	£5.52m	£19.85m	£7.31m	£38.70m				
5	Portsmouth BRT and Highway Improvements Package	£11.71m	£31.56m	£16.32m	£55.02m				
6	Cycling to Prosperity, Southampton	£3.55m	£35.11m	£6.49m	£61.51m				
4	Portsmouth City Centre Transport Scheme	£6.75m	£41.86m	£25.37m	£86.88m				
7	Asda Roundabout, Havant	£4.34m	£46.20m	£5.77m	£92.65m				
Total			£46.20m		£92.65m				

19. The overall package could directly and indirectly support between 21,000 and 24,000 new jobs, 56,000 new homes, 760,000m² of new employment floor-space, and levers in £46.5 million of local contributions (50%).
20. It is important to note that our priorities reflect both the specific focus for this fund and where we are now. As new opportunities present themselves and as transport solutions are developed, our priorities may change. The LEP Growth Strategy will also inform priorities. Indeed, the attached list has been developed from applications received for an initial round one invitation. Scheme proposers will also continue to seek funding from alternative sources, as they become available, whilst some schemes are the subject of Regional Growth Fund applications. These factors may result in a change to our prioritised list over time.

Stakeholder Comments

21. Applications were uploaded to the Solent LTB website, and Associate Members were emailed to invite their comments. This was supported by a press release. Just three responses were received. All three responses supported the Cycling to Prosperity proposal, whilst two responses supported city centre focussed interventions.

Submission to DfT

22. Appendix 1 recommends to the Board the Solent LTB Transport Investment Priorities document for submission to the DfT. The document provides a summary of:
 - (a) the governance of the Solent LTB;
 - (b) the approach we have taken to assessment;
 - (c) the applications received in round 1;
 - (d) our prioritised list; and
 - (e) a potential inter-LTB transport project beyond the scope of indicative LTB budgets and that is of wider geographic and economic significance, which we would like to progress with partners

Further Considerations

23. Subsequent to the release of guidance and indicative funding levels for Local Transport Bodies, it has been confirmed that local major transport scheme funding would form part of the Single Local Growth Fund (SLGF). Both the level of funding available to each Local Enterprise Partnership (LEP) area and the guidance on the development of Growth Strategies (which will inform devolved funding levels) have not yet been published. Both may have implications on decision-making.

Conclusion

24. This report has presented the Board with the output of scheme prioritisation and the resultant prioritised list for submission to the DfT. The assessment process has been objective, independent, and rigorous and has taken a strategic, rather than parochial view.

25. The recommended prioritised list represents where we are now. The DfT will not assess the submitted list, but will instead use it to inform a view of the expected value for money realised from the funding pot. The Solent LTB is free to amend its priorities at any time and, following clarity on the level of and use of devolved major transport funding, and following consideration of additional schemes, it is expected that the prioritised list may change.

Section 100 D - Local Government Act 1972 - background papers

The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report.

NB the list excludes:

1. Published works.
2. Documents which disclose exempt or confidential information as defined in the Act.

TITLE

LOCATION

None.