A326 Waterside Improvements Scheme

Outline Business Case

February 2026

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Project Number:
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Revision	Description	Author	Date	Quality Check	Date	Independent Review	Date
V1 0	Version 1 0	GM	25/02/26	JS/TB	26/02/26	PG	27/02/26
V2 0	Version 2 0	GM	25/02/26	JS/TB	26/02/26	PG / JT / MO	27/05/26

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List of Abbreviations

CSF: Critical Success Factors

DfT: Department for Transport

FBC: Full Business Case

GHG: Greenhouse Gases

HCC: Hampshire County Council

LLM: Large Local Majors

MCAF: Multi Criteria Assessment Framework

MRN: Major Road Network

NFNP: New Forest National Park

NFNPPA: New Forest National Park Planning Authority

NRF: National Roads Fund

OAR: Options Assessment Report

OBC: Outline Business Case

SLEP: Solent Local Economic Partnership

SOC: Strategic Outline Case

SRN: Strategic Road Network

SRTM: Sub-regional Transport Model

STBs: Sub-National Transport Bodies

SUP: Shared Use Pathway

TCF: Transforming Cities Fund

TfSE: Transport for the South East

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1 Introduction and Background

1.1 Introduction

1.1.1 Stantec UK Ltd (Stantec) has been commissioned by Hampshire County Council (HCC) to develop an Outline Business Case (OBC) for improvements to the section of the A326 in the Waterside area of South Hampshire, between Totton and Marchwood.

1.2 Background

1.2.1 Plans for improvements to the A326 were first proposed in 2017 as part of the Waterside Transport Strategy. The pre-Strategic Outline Business Case proforma was submitted to the Department for Transport (DfT) in December 2019. Building on this report, the Strategic Outline Business Case (SOBC) was submitted to the DfT in July 2021.

1.2.2 On 18 January 2022, the DfT informed Sub-National Transport Bodies (STBs) that funding for all current schemes might not be available. The DfT requested STBs to review the schemes, considering cost increases, timely progression, and alignment with national, local, and STB objectives. Transport for the South East (TfSE) officers met with DfT officials to discuss the review and confirm that schemes should remain in the Major Road Network (MRN) and Large Local Majors (LLM) programme and meet both original and updated objectives, including decarbonisation.

1.2.3 The A326 Waterside Improvements Scheme in Hampshire was announced to have been approved to move to the Outline Business Case (OBC) stage in March 2022 and the DfT committed Capital Development Grant funding towards developing the OBC. TfSE welcomed this announcement, highlighting the benefits of unified regional support for transport priorities and addressing challenges faced by constituent authorities.

1.2.4 The OBC aligns with policy priorities from local to central government levels and follows the updated Transport Business Case guidance (November 2022), which incorporates outcomes from the Green Book Review of 2020 and aligns with the Green Book 2022. The DfT Full Business Case (FBC) report template provided in August 2022 has been used to ensure consistency in updates to the OBC and eventually the FBC. In addition, the OBC reflects the evolving policy landscape, including the Green Book Review 2025, which recommends a stronger emphasis on place making and less emphasis on the Benefit Cost Ratio (BCR). The OBC also considers the UK's Industrial Strategy 2025, which emphasises the Government's backing of transformative infrastructure projects and the desire to removing planning barriers.

1.2.5 A Planning Application for the scheme was submitted to the relevant Planning Authorities (Hampshire County Council and New Forest National Park Authority) in April 2026.

1.2.6 Funding for the scheme up to this point has been secured through the LLM Fund, a DfT initiative aiming to provide funding for large, transformative, local schemes deemed too large to be progressed within Local Growth Deals. The LLM funding is for schemes that intend to:

- Reduce congestion.
- Support economic growth and rebalancing.
- Support housing delivery.
- Support all road users.
- Support the Strategic Road Network.

1.3 Geographical Context

1.3.1 The Waterside area in southern Hampshire is located directly west of Southampton between Southampton Water and the New Forest National Park (NFNP), as shown in Figure 1-1.

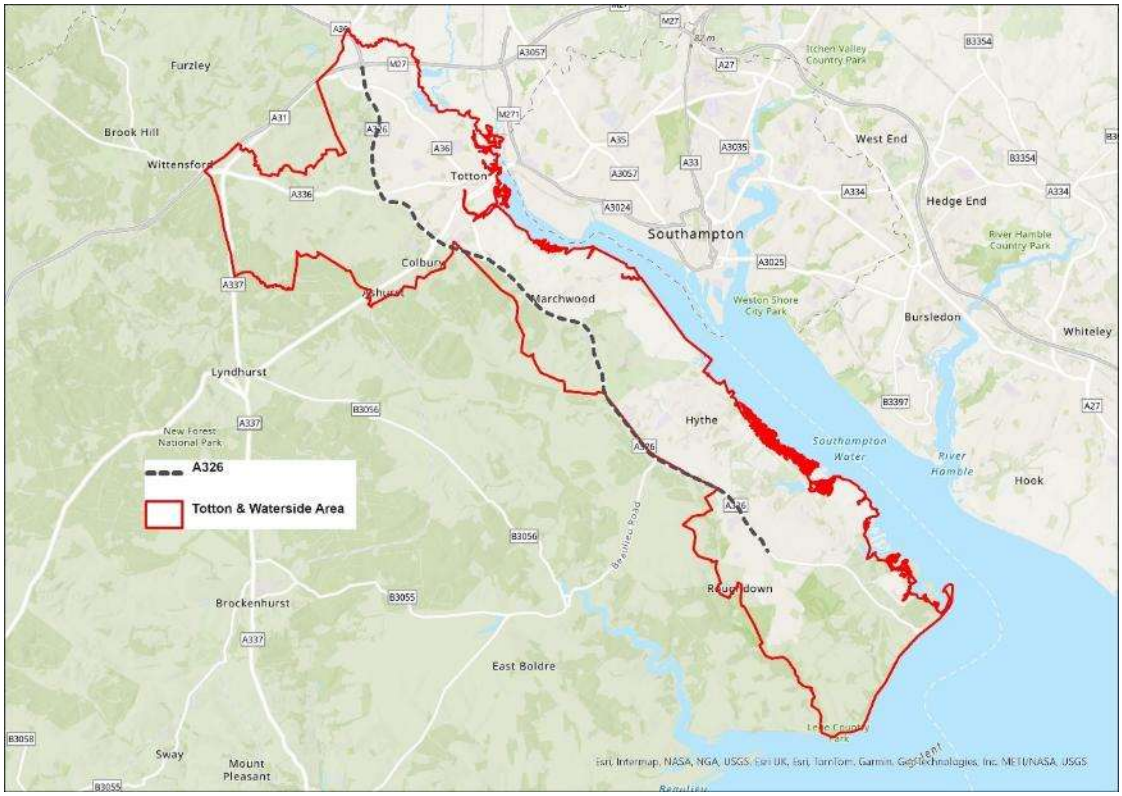


Figure 1-1: Waterside Area

1.3.2 The A326 is the main north-south route connecting the Waterside area to the Strategic Road Network (SRN) at M27 junction 2, bypassing Southampton. The area includes four towns: Totton, Marchwood, Hythe and Dibden, and Fawley, and hosts key employment sites like Marchwood Port and Fawley Refinery, which are undergoing significant investment.

1.3.3 Bounded by Southampton Water, the Solent, and the New Forest National Park (NFNP), the Waterside area attracts 13.5 million visitors annually. The M27 to the north links it to the wider SRN. This area is part of the Solent Local Enterprise Partnership (LEP), which includes the Isle of Wight, Portsmouth, Southampton, and the NFNP.

1.3.4 In December 2022, the Solent area was granted Freeport status, covering Southampton and Portsmouth ports and Southampton International Airport. Freeports aim to boost economic activity, investment, and jobs, aiding post-Covid recovery. The Solent Freeport is expected to attract significant investment and create thousands of jobs, benefiting coastal communities like the Waterside.

1.3.5 Travel in the peninsula follows a north-south pattern, with the A326 being the primary route, used by up to 30,000 vehicles daily.

1.3.6 Figure 1-2 below shows the location of the A326 in relation to the SRN and railway network.

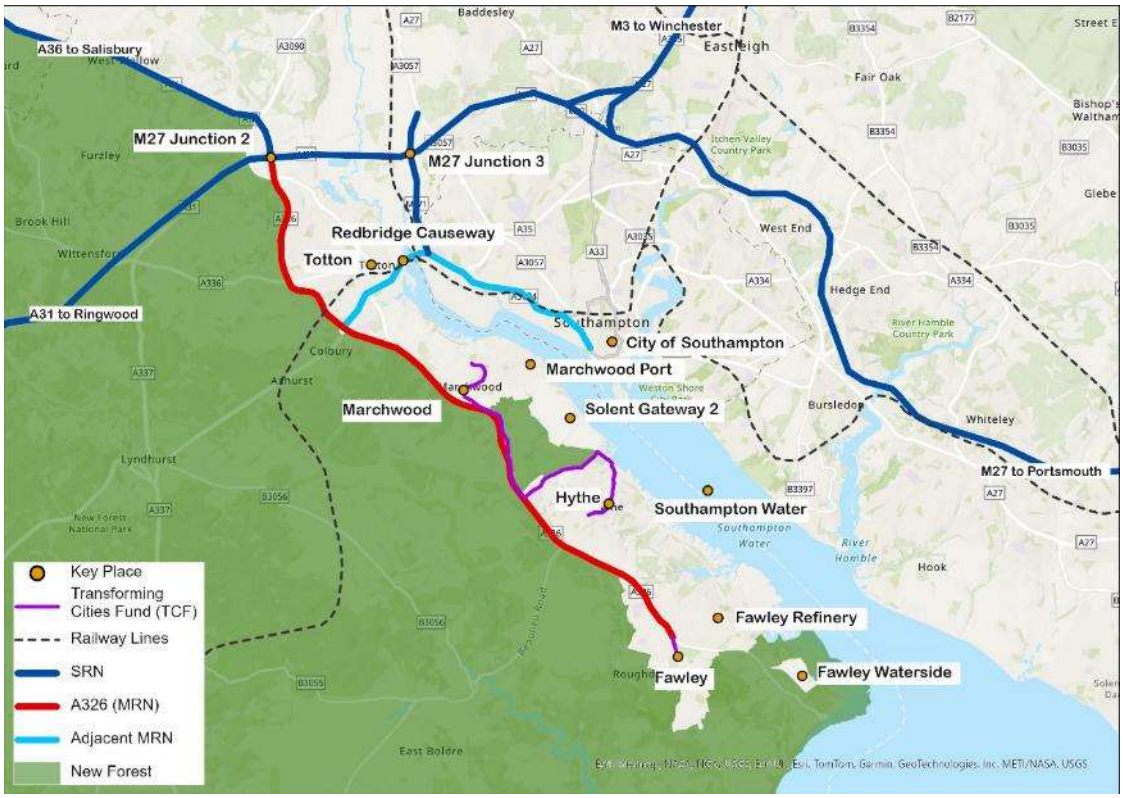


Figure 1-2: Geographical location of the A326 and surrounding transport network.

1.4 Scheme Overview

Proposed Options

1.4.1 In summer 2021 a public consultation was undertaken as part of a wider Waterside Transport Strategy consultation, which sought views on three potential improvement options for a northerly section of the A326, between the Michigan Way roundabout in West Totton and the Sizer Way junction at Applemore. These options mirrored those that were included in a Strategic Outline Business Case (SOBC) submission that was made to the DfT in July 2021.

1.4.2 The three options consulted in 2021, which were variations of the same base scheme, are presented in Table 1-1 with provisional costs that were included within the SOBC at the time. The Low-Cost Option and Preferred Option were taken forward following the consultation.

Table 1-1: 2021 proposed scheme options

Option 1	Scope	Detail	Provisional Cost
Low-Cost Option	Low	Junction improvements and localised road widening only.	£57 million
Preferred Option	Medium	As per Low-Cost Option but additionally involving a new dual carriageway to the west of Totton and some on-line widening to the south of Totton.	£76 million
Discounted Option	High	As per Preferred Option but additionally involving a new dual carriageway to the south of Totton up to the Applemore junction.	£123 million

1.4.3 The results of the public consultation demonstrated that the Discounted Option had the most support as first preference followed by Preferred Option and then the Low-Cost Option. In addition to the public consultation, views of other key stakeholders, the environmental impact, the wider economic benefits of the scheme in helping to facilitate key development sites on the Waterside, the potential scheme costs, and the associated ability to lever in third party funding were also considered.

1.4.4 Taking everything into account, the Preferred Option was taken forward to the next stage of design and development. Overall, it was considered to provide the best balance between increasing traffic capacity on the A326 to reduce congestion and help facilitate development, whilst improving air quality, limiting the cost and environmental impact of the scheme, and still offering the opportunity to improve pedestrian and cycle facilities and crossings. The preferred option was ratified for further development via a report to the Executive Lead Member for Economy, Transport and Environment (ELMETE) on 18 November 2021.

1.4.5 In February 2022 the County Council were informed by the DfT that the Preferred Option had been approved to progress to the next stage of development under the MRN and LLM programme and that a capital grant would be provided towards the cost of developing the OBC. The DfT also advised that approval of the SOBC and to the development funding is conditional on Hampshire CC including, as part of the OBC development work, a Low-Cost Option.

1.4.6 Therefore, in the OBC, the Preferred Option and Low-Cost Option are presented.

Preferred Option

1.4.7 The Preferred Option for which DfT's funding is sought is shown in Figure 1-3.

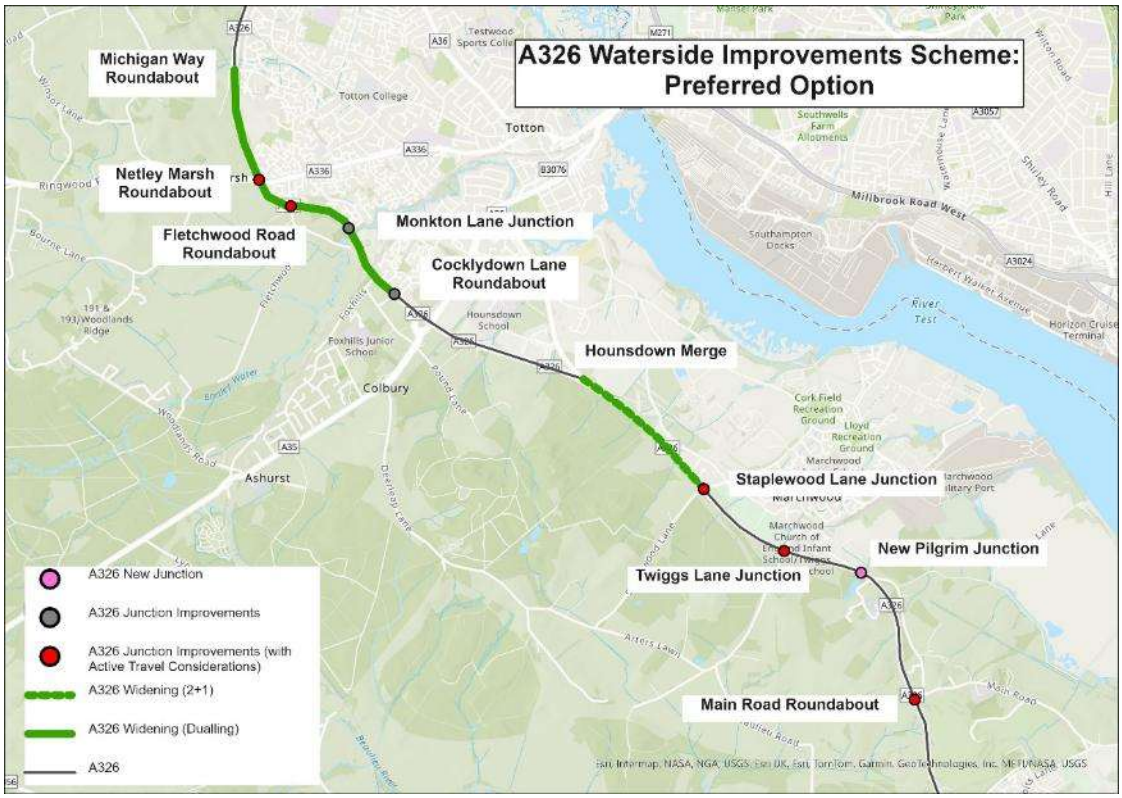


Figure 1-3: A326 Waterside Improvements Scheme – Preferred Option

1.4.8 The scope of the Preferred Option includes:

- Junction improvement works at eight junctions along the A326 corridor including new and larger roundabouts, upgraded signalling, and realigned entry and exit approaches to certain junctions.

- Upgrading 2.6 kilometres of the A326 from single carriageway to dual carriageway between Michigan Way and Cocklydown Lane junctions. Upgrading 1.5 kilometres of the A326 from single carriageway to a '2+1' layout with an additional southbound lane between Hounsdown Merge and Staplewood Lane Junction.

- Various active travel improvements at six junctions including new and upgraded puffin and toucan crossings, some junction links 'stopped up' and converted to green lanes.

1.4.9 The **Low-Cost Option** is schematically shown in Figure 1-4.

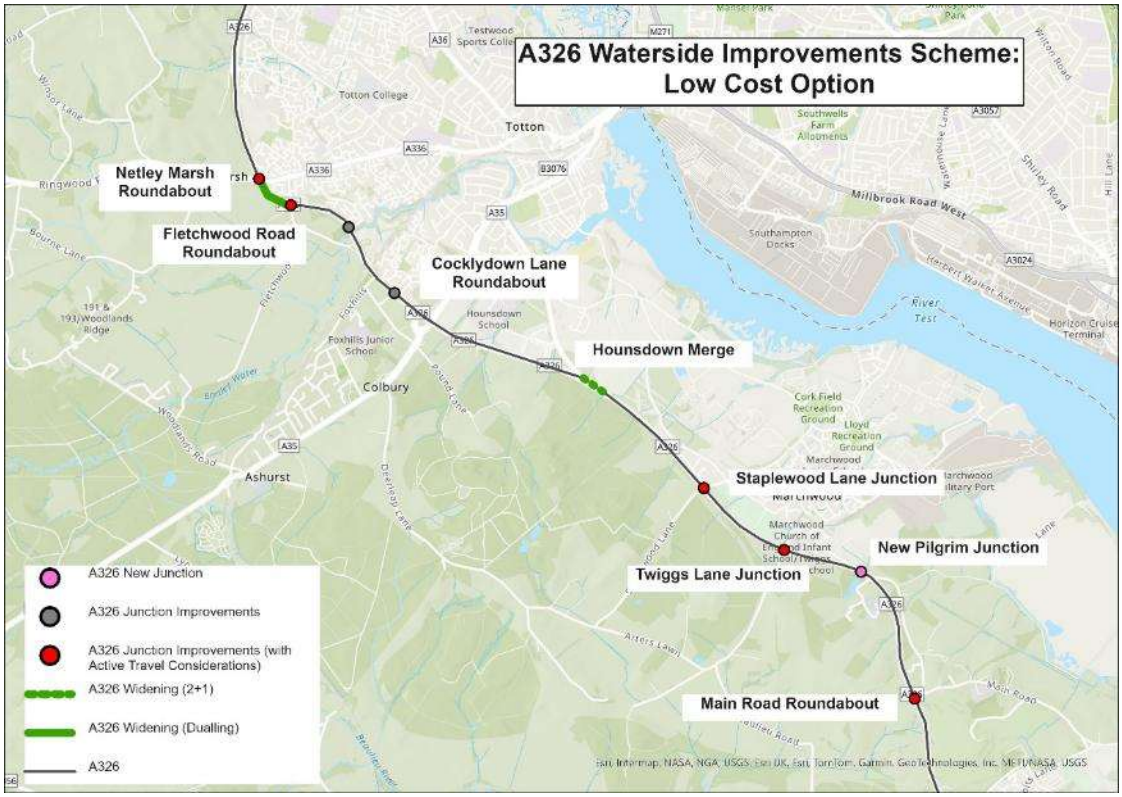


Figure 1-4: A326 Waterside Improvements Scheme – Low-Cost Option

1.4.10 The scope of the Low-Cost Option includes:

- Junction improvement works at eight junctions along the A326 corridor including new and larger roundabouts, upgraded signalling, and realigned entry and exit approaches to certain junctions.

- Upgrading 0.4 kilometres of the A326 from single carriageway to dual carriageway between Netley Marsh and Fletchwood roundabouts. Upgrading a short stretch of the A326 from single carriageway to a '2+1' layout with an additional southbound lane around the Hounsdown merge.

- Various active travel improvements at six junctions including and new and upgrade puffin and toucan crossings, some junction inks 'stopped up' and converted to green lanes.

Active Travel Considerations

1.4.11 The following improvements are proposed within the A326 Waterside.

1.4.12 Improvement Scheme to promote or improve existing active travel opportunities within the scheme extents.

Netley Marsh Junction

1.4.13 The existing uncontrolled crossings on Netley Marsh roundabout's eastern and southern arms are well used providing east/west movements across the A326. The existing crossing arrangements are a deterrent to active travel due to speed and level of traffic along the A326.

1.4.14 The scheme proposes to upgrade the roundabout to a signalised crossroads and upgrade the uncontrolled crossings on the southern and eastern arms to toucan crossings, to improve east/west corridor movements between Totton and the New Forest National Park. The toucan crossings will provide safe crossing points for active travel users at this point.

1.4.15 There are future opportunities for further improvements to existing non-motorised user (NMU) facilities either side of the junction through other funding pots. This could include upgrading to a shared footway/cycleway between "Goodies" fish and chip shop and the segregated crossings.

1.4.16 The existing bus stop layby on the eastbound arm of the A336 will be realigned to suit the new proposed signalised crossroads layout.

Fletchwood Road Roundabout

1.4.17 The existing uncontrolled crossing on Fletchwood Road roundabout western arm provides north/south active travel movements across the A326. The existing crossing arrangements are a deterrent to active travel due to speed and level of traffic along the A326.

1.4.18 The scheme proposes to upgrade the roundabout by making the circulatory wider and upgrade the existing uncontrolled crossing to a staggered puffin crossing across the proposed dual carriageway to improve north/south corridor movements between Totton and the New Forest National Park. Replacing the uncontrolled crossing point with puffin crossing points will improve safety for active travel users.

Staplewood Lane junction

1.4.19 There are currently no crossing facilities at this location. The scheme proposes to stop up Staplewood Lane west arm/junction with the A326 and a section of Staplewood Lane west and convert this to a "green lane". Alongside the stopping up of a section of Staplewood Lane west, the scheme proposes to implement a toucan crossing between Staplewood Lane west and Staplewood Lane east. This will improve east/west movements between Marchwood and the New Forest National Park. The introduction of the toucan crossing at this point provides a safe crossing point for active travel users.

Twiggs Lane junction.

1.4.20 There is currently an existing puffin crossing across the A326 south of the Twiggs Lane staggered junctions which is heavily utilised by both pedestrians and cyclists.

1.4.21 The scheme proposes to stop up Twiggs Lane north arm/junction with the A326 and a section of Twiggs Lane north and convert this to a "green lane". Alongside the stopping up of a section of Twiggs Lane north, the scheme proposes to replace and relocate the puffin crossing with a new toucan crossing to improve north/south corridor movements into the New Forest National Park.

Pilgrim Inn Roundabout

1.4.22 The intention is for cyclists to remain on Hythe Road/Main Road between Marchwood and Main Road roundabout.

1.4.23 The scheme proposes a new roundabout junction on the A326 between the Twiggs Lane junction and the Main Road Roundabout linking the A326 to a new roundabout on a diverted Hythe Road. Within the junction improvements, new cycle and walking facilities are created in the form of a toucan crossing between the two roundabouts, providing a segregated route through the junction between Hythe Road north and Hythe Road south.

Main Road Roundabout

1.4.24 The existing uncontrolled crossings on the Main Road Roundabouts southern and eastern arms provide north/south active travel movements across the A326.

1.4.25 The scheme proposes to upgrade the uncontrolled crossings on the southern and eastern arms to staggered toucan crossings, to improve north/south corridor movements into the New Forest National Park and better connect the wider Transforming Cities Fund cycle route from Marchwood to Dibben. The introduction of a toucan crossing at this point will improve safety for active travel users.

1.5 Objectives

1.5.1 The A326 scheme aims to reduce traffic congestion and increase vehicular capacity for future growth in the Waterside area. The road runs between the New Forest National Park and settlements near Southampton Water, necessitating environmentally sensitive development to reduce road severance. By adding capacity, the scheme should also decrease traffic on alternative routes through the National Park and residential areas.

1.5.2 The following strategic objectives have been identified for the scheme. These are listed below and are further detailed in Section 2.6 'SMART Spending Objectives':

- Enhance accessibility for all users of the transport network, including non-motorised users.
- Address congestion issues along the corridor.
- Facilitate economic development along the corridor.
- Minimise the impact on the New Forest.

1.6 Report Structure

1.6.1 The structure of this report follows the DfT's recommended five-case model for a transport business case:

- Section 2 – **The Strategic Dimension** sets out the rationale for the A326 Waterside Improvements Scheme, it sets out the strategic context, followed by the case for change and hence the need for investment along this key corridor, objectives for the scheme, the options considered and their associated benefits.
- Section 3 – **The Economic Dimension** identifies the key economic, environmental and social impacts of the scheme and presents its value for money.
- Section 4 – **The Financial Dimension** presents the evidence of the scheme's affordability during construction and ongoing operations, maintenance and renewals.

- Section 5 – **The Commercial Dimension** summarises the proposed approach to procurement and justifies the commercial and legal viability of the approach, and

- Section 6 – **The Management Dimension** demonstrates how HCC will successfully deliver the scheme, with suitable identification of risk management processes and project governance structure in place.

2 Strategic Dimension

2.1 Introduction

2.1.1 The purpose of the strategic dimension is to demonstrate the extent to which this investment proposal contributes to place-specific objectives, DfT's overall business strategy, wider government ambitions, and regional and local strategies. It aims to make the case for why change is necessary.

2.1.2 The approach has been to provide an evidence-based assessment, using balanced information to enable decision-makers to take informed decisions on the investment.

2.1.3 The section demonstrates this by clearly considering the two elements of the Strategic dimension, namely the Strategic Context and the Case for Change.

2.2 The Strategic Context

2.2.1 The Strategic Context sets out how the scheme intends to meet strategic priorities of the Waterside Peninsula, DfT and wider government. It sets out how the scheme aligns to other existing and planned policies such as economic recovery and productivity in light of the COVID-19 pandemic and Brexit, levelling up, decarbonisation, multi-modal sustainable travel, and network resilience.

2.2.2 In order to demonstrate how the scheme intends to meet strategic priorities of the area and wider government, a policy review has been undertaken that shows the priorities contained in policy documents. This enables a demonstration of alignment with strategic priorities from national to local policy and hence how the scheme will align with these priorities.

Policy Review – National

2.2.3 Table 2-1 provides a summary of notable National policy documents produced by UK Central Government, DfT and National Highways.

Table 2-1: Summary of Notable National policy documents.

Key Themes	Key Strategic Policies and their core objectives
• Smoother journeys • Stopping unfair enforcement • Easier parking • Cracking down on inconsiderate driving • Helping the transition to zero emission driving	**The Plan for Drivers, DfT, October 2023** The Plan for Drivers is the government's response to drivers' priorities. The Plan notes that cars are the most popular mode of transport in the UK and the car is the most frequently used mode of transport for commuting. The Plan therefore acknowledges the importance that people place on driving and the economic activity this creates. The Plan notes that some drivers feel that measures are being taken that mostly favour the interests of non-drivers. This includes but is not limited to measures such as '15-minute cities', aggressive anti-driver traffic management measures, inappropriate or blanket application of 20 mph speed limits, councils potentially profiting from traffic enforcement, and unjustified anti-driver measures predicated on environmental impacts of cars even as cleaner electric vehicle (EV) uptake is increasing. The Plan aims to redress this; by showing that alongside the measures the Government is taking to make walking and cycling more attractive and to support local buses and rail travel, the government is also on the side of drivers and working to make their lives easier. Plan announces 30 new steps the Government will take to help drivers. The 30 steps are divided into 5 key messages or themes: • Smoother journeys. This includes actions that will help rather than hinder traffic and thus enable smoother

Key Themes	Key Strategic Policies and their core objectives
	journeys for drivers. Example actions include providing bus lanes only when they are needed, making better use of bus lanes, fixing roads faster, harnessing the latest low carbon road technology, cutting-edge traffic flow management etc. • Stopping unfair enforcement. Drivers should get a fair deal alongside other road users. Rules should be fair, and enforcement proportionate, while discouraging dangerous and irresponsible driving. Example actions include reupdate on 20 mph zone guidance in England to enable right speed limits in right places, stop local authorities using so-called 15-minute cities to police people's lives, fair fines, take profit out of traffic enforcement etc. • Easier parking. Example actions include better parking technology, consult on guidance to make it easier to challenge unfair parking rules, digitise Traffic Regulation Orders (TROs) to make finding parking easier. • Cracking down on inconsiderate driving. Action examples include fairer insurance claims, tackle lane hogs and inconsiderate driving, quieter neighbourhoods by allowing local authorities to roll out cameras to target unacceptable vehicle modifications, enable cleaner roads by clamping down on roadside littering and extend trial on camera enforcement across the strategic road network (SRN), • Helping the transition to zero emission driving. Example actions include review grid connections process for EV charge points to speed up grid connections, faster charge point installation, greener schools with charge points, easier and safer on-street charging etc.
• Economic recovery • Levelling up • Decarbonisation	**National Infrastructure Strategy: Fairer, faster, greener, HMT 2020** The National Infrastructure Strategy (NIS) sets out plans to transform the UK infrastructure to level up the country, strengthen the Union and achieve net zero emissions by 2050. Thus, the NIS is based around the three key central government objectives of: • Economic recovery. The Strategy notes the hardship caused by the COVID-19 pandemic to individuals, families and businesses across the UK. It is considered that infrastructure investment will have a key role to play in the recovery of the economy both in the short term by maintaining jobs and creating the conditions for long term sustainable growth. • Levelling up and strengthening the Union. This includes bringing jobs, investment and prosperity to some of the most deprived communities across the four nations of the UK through the freeports programme. • Meeting the UK's net zero emissions target by 2050. Decarbonising transport in general and road transport in particular, is important for meeting the UK's net zero target by 2050 as well as cleaning up and improving air quality. The A326 is a vital economic road in the Waterside Area and links the Waterside area with rest of the UK. It will support economic recovery including playing its part to support the Solent Freeport which received final approval as a freeport in December 2022.
• Economic growth • Connected transport network • Safe, reliable and inclusive transport network • Decarbonisation	**DfT Outcome Delivery Plan: 2021 to 2022, published July 2021** The DfT Outcome Delivery Plan (ODP) sets out how the department would achieve on its priority outcomes over the identified year. The ODP was set against a backdrop of challenges posed by COVID-19 and for the DfT's to deliver on its commitments for transport amid important government ambitions and policies to level up across the

Key Themes	Key Strategic Policies and their core objectives
	UK, and build back better, fairer, greener and stronger from the pandemic. The ODP notes that transport will be vital to the country's recovery and the government's goals on levelling up and net zero. The three DfT priority outcomes were identified as: • Improve connectivity across the UK and grow the economy by enhancing the transport network, on time and on budget. By reducing congestion on the A326 and improving journey time reliability for businesses and the workforce the A326 scheme will assist towards this outcome. • Build confidence in the transport network as the country recovers from COVID-19 and improve transport users' experience, ensuring that the network is safe, reliable, and inclusive. The A326 scheme will increase the resilience of the A326 providing for a safe reliable and inclusive multi-modal corridor and reduce collision rates in the corridor. • Tackle climate change and improve air quality by decarbonising transport, reflecting DfT's contribution towards the government's cross-cutting net zero outcome led by the Department for Business, Energy and Industrial Strategy (BEIS). The Waterside Transport Strategy is a multi-modal strategy with sustainable transport solutions that will assist in decarbonising transport.
• Decarbonisation	**Decarbonising Transport, A better Greener Britain, DfT 2021** The Transport decarbonisation plan sets out the government's commitments and the actions needed to decarbonise the entire transport system in the UK. The plan includes the pathway to net zero transport in the UK, the wider benefits net zero transport can deliver and the principles that underpin the government/DfT's approach to delivering net zero transport. The plan, sets out the six DfT Strategic Priorities for transport decarbonisation, which are: • Accelerating modal shift to public and active transport • Decarbonising Road Transport/decarbonisation of road vehicles • Decarbonising how we get our goods • UK as a hub for green transport technology and innovation • Place-based solutions to emissions reduction • Reducing carbon in a global economy The A326 Waterside Improvement Scheme is part of the wider multi-modal Waterside Transport Strategy which includes public transport and active mode improvements.
• Levelling up the UK economy • Economic growth	**Levelling Up the United Kingdom, White Paper, 2 February 2022, Levelling Up Prospectus, 2021 & 2022** Levelling Up is the government's plan to give people the same opportunities in all parts of the UK. The Levelling Up agenda focuses on supporting investment in places where it can make the biggest difference to everyday life. The Levelling Up White Paper was published on 2 February 2022 and is underpinned by 12 ambitious missions over 10 years that will be tracked by an annual report that will monitor levelling up progress and government accountability. The plan will address regional disparities across the UK, reduce crime in worst affected areas, provide financial help for those who need it most, and transform the UK economy by generating higher paid, higher skilled jobs and new investment. The first round of the Levelling Up Fund (LUF) was announced at the 2020 Spending Review and focussed on capital investment in local infrastructure to support communities in realising the levelling up vision for same opportunities in all parts of the UK. In 2022 a second round of LUF funding followed and this continued the government's direct investment in communities across all parts of

Key Themes	Key Strategic Policies and their core objectives
	the UK. The LUF targeted transport projects that make a genuine difference to the local community, regeneration and town centre investment and cultural investment. Whilst the proposed scheme is not applying for funding from the Levelling Up Fund, it supports the wider ambitions of the UK Central Government by making a significant impact on the everyday lives of the Waterside community. The levelling up prospectus highlights projects that aim to cut congestion, improve air quality and support economic growth as well as improving the experience of transport users. The A326 Waterside Improvements Scheme aligns with all of the above aims.
• Decarbonisation • Levelling up	**National Bus Strategy for England, Bus Back Better, DfT 2021** The national bus strategy sets out the vision and opportunity to deliver better bus services for passengers across England, through ambitious and far-reaching reform of how services are planned and delivered. The strategy notes that the bus is key to two of the government strategic priorities, namely: • Net zero. The A326 Waterside Improvements Scheme is part of the wider multi-modal Waterside Transport Strategy which includes public transport and active mode improvements. • Levelling Up. There are pockets of deprivation within the Waterside area and the Waterside Transport Strategy including through improvements to public transport and active mode infrastructure will play its role in levelling up the Waterside area. Bus priority measures in the Waterside are being delivered as part of the committed Southampton Transforming Cities Fund schemes, which include a new northbound bus gate on the A326 at the Hounsdown merge and a new section of bus lane on the A326 southern approach to the A35 Rushington Roundabout. There are currently limited bus services that use or cross the A326 as it does not pass directly through urban areas and therefore bus services have access to greater patronage by routing through the residential areas of the Waterside that are adjacent to the A326. The A326 Waterside Improvements Scheme in addition to highway improvements also incorporates bus priority, pedestrian and cycle measures and hence will play its part in delivering multi-modal solutions in the Waterside area. This is consistent with DfT's thrust for LLM schemes to not only be highway focussed but also include muti-modal solutions that will provide a sustainable decarbonised transport system.
• Protect the environment • Health and wellbeing • Air quality	**A Green Future: Our 25 Year Plan to Improve the Environment, *2018*** In conjunction with the Industrial Strategy, 'A Green Future' policy document has been developed, which sets out the policies which will protect and enhance our environment over the next 25 years. Four key policies focus on: • Using and managing land sustainably including the National Forest which currently suffers from local rat-running when the A326 experiences issues, causing a negative impact on the Park's natural environment • Connecting people with the environment to improve health and wellbeing by improving access to the NFNP • Increase resource efficiency, and reducing pollution and waste by future proofing the A326 corridor to accommodate increases in traffic as a result of housing and development sites including Fawley Waterside, Port of Southampton and its expansion site and Marchwood Port, and

Key Themes	Key Strategic Policies and their core objectives
	• Protecting and improving the global environment by mitigating the potential environmental impacts on the NFNP wherever possible.
• Better cycling and walking infrastructure	**Gear Change: A bold vision for cycling and walking, *2020*** The bold vision set out in the Gear Change policy document for walking and cycling in England includes healthier, happier and greener communities, safer streets, convenient and accessible travel and ensuring that better cycling and walking infrastructure is at the heart of transport decision making. Theme 1 is focused around providing continuous and direct routes for cycling in towns and cities. The A326 Waterside Improvements Scheme's shared use pathway will complement the Southampton Transforming Cities Fund proposal and link two major towns in Waterside, Dibden and Marchwood. The policy document also highlights the need to provide physical separation between highways and cycle paths, which the proposed scheme also supports.
• Housing • Economic growth • Safety	**Road Investment Strategy 2, 2020 - 2025 (RIS2), *2020*** The Infrastructure Act 2015 requires the Government to set a road investment strategy for National Highways (NH), the board responsible for the Strategic Road Network (SRN) in England. RIS2 set out the government's vision for the Strategic Road Network (SRN) – a vision for an SRN that is fulfilling its purpose in 2050. RIS2 thus sets a long-term strategic vision for the SRN. It planned to make funding available for the RIS2 during the second Road Period (RP2) covering the financial years 2020/21 to 2024/25 and estimated at £27.5 billion, for network capacity, The key objectives are as follows: • Supporting housing, growth and productivity through exploiting new international trading opportunities such as the Solent Freeport proposal and to provide businesses with good connections. • Safety and maintenance by preventing collisions occurring and reducing their severity if they do. With several hotspots at junctions on the A326, the scheme will support this objective. • Network safety and multi-modal approach including travelling seamlessly between the SRN, MRN including the A326, A35 and A33 in the Solent region, and local highway network.
• Safety • Net Zero • Improved network performance • Connected highway network • Economic growth	**Planning ahead for the Strategic Road Network, Developing the third Road Investment Strategy (RIS3), DfT, December 2021** The current strategy RIS2 was due to expire on 31 March 2025 and RIS3 would commence thereafter. However, RIS3 has been delayed until deadline of the Spending Review. The Road Investment Strategy 3 (RIS3) was to cover the period from 1 April 2025 to 31 March 2030. RIS3 will build on the successes of the first two road periods, RIS1 (2015 to 2020) and RIS2 (2020 to 2025). Six objectives were provisionally identified for RIS3. The RIS3 objectives have wider benefits to the whole network, not just the SRN. The objectives align well to the objectives of the A326 scheme, particularly growing the economy and improving environmental outcomes. The objective are: • Improving Safety for all users, RIS3 investments should help drive further reductions on numbers of people killed or injured while using the SRN. • Improved environmental outcomes. It is recognised that the future of road travel is a decarbonised one. RIS3 will seek to understand the priorities people and businesses have for using the SRN and pursue these in tandem with the government's ambitious plans to decarbonise the transport

Key Themes	Key Strategic Policies and their core objectives
	system, as even with a higher share of journeys made by active travel or public transport in future, a net zero UK will still be travelling by road in 2050. RIS3 would need to respond to reduce the negative impacts that road use can have on people's health and wellbeing. • Network Performance. RIS3 will explore steps to be taken to make journeys smoother, safer while protecting the environment and seek to improve whole network performance rather than just the SRN in isolation • Growing the economy. The SRN will play a vital role in building a stronger economy, levelling up opportunity and productivity across the country by tackling congestion and enabling the efficient movement of goods and people. • Managing and planning the SRN for the future. RIS3 will respond to the Government's plans to decarbonise transport and deliver infrastructure investments better, faster and greener. • A technology-enabled network. RIS3 will have to help prepare for how the SRN will adapt and operate with the advent of new services and technologies and changing ways of living and working. RIS3 has the potential and opportunities to be proactive and flexible in securing the benefits of technological developments. NH has a vision for Digital Roads that will harness data, technology and connectivity to improve the way the SRN is designed, built, operated and used and enable safer journeys, faster delivery and enhanced customer experience for all.
• Sustainability • Social, economic and environmental sustainability • Housing building	**National Planning Policy Framework (Ministry of Housing, Communities & Local Government), December 2024** Published in December 2024, the National Planning Policy Framework sets the Government's planning policies for England and how they should be applied so that sustainable development can be delivered. The National Planning Policy Framework (NPPF) has three primary objectives. • Economic. Building a strong, responsive and competitive but ensuring enough land is available in the right locations, supporting growth, innovation and productivity and being coordinated with the provision of infrastructure. • Social. Supporting strong, vibrant and healthy communities, and ensuring there are a sufficient number of dwellings to meet the needs of present and future generations. This should be achieved by well-designed and safe places with access to services and open spaces. • Environmental. Protecting and improving the natural, built and historic environment. Effectively using land so that it improves biodiversity and not using too many natural resources, minimising pollution and waste and adapting to climate change. The NPPF focuses on the need to build homes which are economically, socially and environmentally sustainable and are built in the appropriate places. Building homes in the right place is particularly important in Waterside considering its close proximity to the NFNP. The land available to build on is limited to the eastern side of the Peninsula bound between the A326 and Solent Water. The A326 will become the main access route to the wider highway network. The heavy focus of promoting sustainable transport reinforces the importance of developing Active Travel improvements and bus priority measures for the A326 scheme.
• Economic growth • Jobs • Digital Connectivity	**The UK's Modern Industrial Strategy, June 2025** The industrial strategy published in June 2025 set outs the long-term plan of the UK government to boost productivity. They will achieve this by backing businesses to create well-paid jobs and

Key Themes	Key Strategic Policies and their core objectives
• Regional Growth • Net Zero	investing in infrastructure, industry and skillsets. The government is working with a variety of business leaders in the Solent Area to grow the area. The Solent Freeport is a significant part of the strategy. In the context of the A326 and Solent Freeport, the industrial strategy aims to: • Promote free and fair trade. • Strengthen economic security. • Drive innovation. • Enhance skills and increase access to talent. • Reduce regulatory burdens and speed innovation. • Remove planning barriers. The government will enable investment and growth in city regions • Proactively bringing forward investible sites across the UK, such as the Solent Freeport • Strengthen local business environments across the UK • Strengthen connections between and within city regions and clusters. The government is taking targeted action to transform the highest potential sectors. This initiative includes strengthening the resilience of the IS-8 (eight high growth priority sectors) by supporting foundational industries including ports. This clear signal of support for the Solent Freeport by the UK government as part of its wider strategy emphasises the importance of strong infrastructure like the A326, between the wider Southampton area and the SRN.

Policy Review – Sub-National

2.2.4 Table 2-2 reviews and summarises notable Sub-National policy documents produced by Transport for the South East (TfSE).

Table 2-2: Summary of notable Sub-National policy documents.

Key Themes	Key Strategic Policies and their core objectives
• Sustainable economic development • Reliable journeys • Active travel, health and wellbeing • Environmental goals • Air quality	**TfSE Transport Strategy, 2020** At the heart of the Transport Strategy is a Vision for sustainable development underpinned by Economic, Social and Environmental goals and Strategic Objectives. The vision statement within the Transport Strategy clearly articulates TfSE's aim to have a high-quality transport network that's reliable, safe and accessible. This will offer seamless door-to-door journeys and enable businesses to trade efficiently in the global marketplace. The Strategy reports strategic priorities to support the delivery of the vision statement of which the proposed scheme will support the following: • Better connectivity between economic hubs, international gateways and their markets will be supported by the scheme by facilitating economic development along the corridor including access to the Port of Southampton expansion site and Marchwood Port • More reliable journeys by addressing congestion along the A326 and by complementing other transport investment schemes in the area. • A more resilient transport network which protects and enhances our natural environment by increasing capacity and efficiency on the A326 corridor, reducing the use of the NFNP as a through route, particularly for commuter traffic. • A network that promotes active travel and active lifestyles to improve health and wellbeing. • Improved air quality supported by initiatives to reduce congestion. • A reduction in carbon emissions to net zero by 2050 at the latest, to minimise the contribution of transport and travel to climate change. It is important to note that the A326 is highlighted as a key international gateway and freight journey route in the Transport Strategy, whilst also recognising that the A326 requires improvements to support this key corridor. The Strategy notes that the South East is home to some of the largest international gateways in the UK and was designed to focus on multi-modal strategic corridors in the region. The A326 is identified as a key route within the South West Radial Corridors, one of the five areas identified in the Strategy. This underlies the importance of the A326 not only to the Waterside area, but to the South East region.
• Strategic connectivity • Reliable journeys • Inclusion • Decarbonisation • Sustainable growth • Housing delivery • Sustainable transport • Improved connectivity	**TfSE Draft Transport Strategy, 2024** The Transport Strategy has five key missions. • Improving strategic connectivity between our major urban areas and with international gateways, especially by public transport, which is crucial for economic growth. • Improving the resilience of the transport network, so that it offers reliable journeys and can respond to current and future risks to its operation. • Tackling the inclusion and integration challenges facing our communities, such as transport-related social exclusion and providing a joined-up transport network to enhance connectivity and improve people's lives.

Key Themes	Key Strategic Policies and their core objectives
	• Decarbonising our surface transport network, which is essential if we are to meet our climate change goals. • Achieving sustainable growth through planned housing and employment growth which has sustainable transport at its heart. Although the A326 is not explicitly mentioned, the scheme aligns well with the key missions, especially as the A326 is considered an international gateway.
• Decarbonisation • Levelling up • Sustainable economic growth • Integrated transport system • Improved connectivity to Global Gateways for freight and logistics sector	**TfSE Strategic Investment Plan - A Strategic Plan for the South East, March 2023** The Strategic Investment Plan (SIP) for South East England provides a framework for investment in strategic transport infrastructure, services, and regulatory interventions in the next 30 years. The plan presents 24 regional packages of investment opportunities across the key modes or infrastructure networks of rail, mass transit (e.g. buses, ferries), active travel (e.g. walking, wheeling, cycling horse-riding) and highways. Within each package are a collection of well-considered interventions that seek to address the key investment priorities for the South East including: • Decarbonisation and environment - Accelerate decarbonisation of the South East, enabling the UK to achieve net zero by 2050 or sooner, and delivering a transport network better able to protect and enhance our natural, built, and historic environments. • Adapting to a new normal - Enable the South East's economy and transport systems to adapt sustainably to changing travel patterns and new ways of working and living as we learn to live with Covid and from changing trading relationships between the UK and EU. • Levelling up left behind communities - Deliver a more affordable and accessible transport network for the South East that promotes social inclusion, improves health and wellbeing, and reduces barriers to employment, learning, social, leisure, physical and cultural activity for all communities. • Regeneration and growth - Attract investment to grow our economy, better compete in the global marketplace, and unlock regeneration and growth opportunities where this has been held back by inadequate infrastructure or poor integration between land use and transport planning. • World class urban transport systems - Deliver world class and seamlessly integrated, sustainable urban transport systems (rail, bus, tram, ferry, cycling, and walking) for the South East's largest conurbations, to enable residents, businesses, and visitors to travel easily and sustainably within and between built up areas. • Transforming east – west connectivity - Enhance our east – west corridors to same level as radial links to and from London to boost connectivity between our major economic hubs, the international gateways (ports, airports, and rail terminals) and their markets. • Resilient radial corridors - Deliver an increasingly reliable transport network that is smarter at managing transport demand, and more resilient to incidents, extreme weather, and the impacts of a changing climate. • Global gateways and freight - Enhance the capacity and contribution of the freight and logistics sector to the South East's economy through improved connectivity to Global

Key Themes	Key Strategic Policies and their core objectives
	Gateways and adapt to changing patterns of freight demand and trade. The A326 Waterside Improvements Scheme aligns with many of the above priorities and will play its part towards achieving these priorities.
• Sustainable economic growth • Integrated and connected transport network	**TfSE Economic Connectivity Review, 2018** TfSE's primary vision is to "grow the economy by facilitating the development of a reliable, high-quality, integrated transport system that makes the region more productive and competitive…". To support this vision, TfSE aims to: • Build on the advantages of the South East for Inward Investment by improving access to/from major housing and development sites along the A326 corridor. • Promote access to the global marketplace such as capitalizing on Waterside's prime location as a gateway to international trade through the Port of Southampton and Marchwood Port. • Enhance the role of the South East as a pivot for the wider UK transport system. • Develop a sustainable approach to connectivity within the region, helping to protect the NFNP and provide alternative routes to avoid the Southampton Air Quality Management Area.

Policy Review - Regional

2.2.5 Table 2-3 reviews and summarises notable regional policy documents produced by Hampshire County Council, Transport for South Hampshire, Solent Local Economic Partnership (SLEP).

Table 2-3: Summary of Regional Policy Documents.

Key Themes	Key Strategic Policies and their core objectives
• A carbon neutral resilient Hampshire • Respect and protect environment • Thriving and prosperous places • Economic growth • Happy, healthy and inclusive lives	**Hampshire County Council Local Transport Plan (LTP4), 2024-2050** The Local Transport Plan (LTP4) sets out and describes the county council's vision for 2050 regarding future transport and travel infrastructure in the county. It describes the key transport outcomes that the council is seeking to achieve, guiding principles for future transport investment and decision making, sets out transport policies across all aspects of transport planning, delivery and operation, presents the approach to delivering the Plan and supports the County Council's wider strategies plans and priorities. The Plan focuses on key challenges ahead and seeks to develop a transport system that: • Supports a vibrant economy. • Is safe and healthy to use. • Does not pollute our environment with poor air quality and noise. • Removes severance and disparities within our streets and communities. • Allows us to live healthier and more empowered lives. A summary of the LTP4 outcomes are: • Climate Change - Carbon neutrality by reducing transport related carbon emissions to net zero (neutrality) by 2050. • Improve network resilience to extreme weather, incidents and major disruptive events. • Environment - Improved air quality and less noise disturbance from transport. Environmental net gain through a transport

Key Themes	Key Strategic Policies and their core objectives
	network that protects and enhances the place's natural and historic environments. • Economy - A transport system that supports connected economies and successful places while ensuring that the UK including Hampshire and the local Waterside area in particular continue to prosper whilst reducing emissions. Support sustainable housing and employment growth and regeneration. • Society - A network that supports active travel and hence active lifestyles to improve people's health and wellbeing. A transport system that provides equality of opportunity – equitable access to services, opportunities and life chances and improved quality of life for all in Hampshire. The A326 Scheme is a vital economic route to the Waterside Area both for connectivity and as an asset for economic growth in the Solent. Aspects of the scheme support sustainable modes of travel using public transport and active modes. The active mode improvements will promote active lifestyles for pedestrians and cyclists. The scheme has the potential to level up pockets of deprivation in the Waterside area. LTP4 Policy SI1 (Strategic Infrastructure) recognises the A326 multi-modal improvements which include the A326 Waterside Improvements Scheme to support the Solent Freeport and hence International Gateways, so vital to the UK's economic prosperity and international trade.
• Net Zero • Resilient transport network • Active travel • Public transport • Electrification	**Hampshire County Council Climate Change Strategy 2020 - 2025** The Commission of Inquiry – Vision for Hampshire 2050 identified the changing climate as the most important driver for change in the County and hence there was a need to embed climate resilience and mitigation across key policies and sectors across Hampshire. It was recognised that meeting the legally binding target of net zero emissions target set by Government would require a Countywide response. Hampshire declared a Climate Emergency in June 2019, setting two challenging targets to be carbon neutral by 2050 and to build resilience to a two-degree rise in temperature. The Climate Change Strategy 2020 -2025 sets a pathway for the reduction in CO2 emissions which is needed for the County to be carbon neutral by 2050. The Climate Change Strategy document states that The Strategy is focussed on the key sectors that contribute to emissions and where resilience needs to be built. These sectors are the Strategic Priorities for the Council's approach. Within each sector, the strategy provides clarity what it will focus on both for Emissions reductions and Resilience. Transport is one of the key sectors and hence one of the Strategic Priorities for the Council's Climate Change strategy to reduce emissions while also providing resilience to the network. The Strategy states that the priority for Transport will be to work with partners to develop a more holistic approach for communities and places that ultimately: • reduces the need to travel • increases the uptake of walking, cycling (Active transport) • increases public transport • supporting and promoting the electrification agenda • It will also be critical to ensure that the transport network is resilient and plans for the current and future impacts of climate change.
• Sustainable housing development	**Partnership for South Hampshire (PfSH), 2021**

Key Themes	Key Strategic Policies and their core objectives
• Economic, social and environmental sustainability	PfSH is a partnership of twelve local authorities around the Solent that aim to improve the environmental, cultural and economic performance of the South Hampshire area, New Forest District Council (NFDC), New Forest National Park (NFNP) and Hampshire County Council (HCC), which is crucial to success in the Waterside Peninsula and the success of the Waterside scheme. The PfSH provides a mechanism for bringing together local authorities around the Solent for the purposes of facilitating sustainable regeneration and development in South Hampshire. The vison for the partnership is that the lives of people in South Hampshire are enhanced through a sustainable approach to housing development and related infrastructure, through a shared approach to tackling climate change and through a thriving cultural and creative offering. The Business Plan for PfSH, 2021 -2025 sets out the focus of the partnership in the next few years and has three main purposes: • to demonstrate the ambitious vision that PfSH has for South Hampshire and the steps being taken to deliver it • to demonstrate how PfSH will be working with its partners • to encourage investment in South Hampshire by the public and private sectors A key objective of the partnership that would be beneficial to the A326 scheme is to simplify relationships between partners and stakeholders by bringing together key organisations at a political and managerial level. Another key objective is to ensure sustainable development in South Hampshire including the need to facilitate a balanced approach to development, with economic, social and environmental sustainability at its heart. This is considered a responsible and appropriate way to plan for the future of South Hampshire with an inclusive and integrated spatial strategy delivering sustainable communities into the future, dependent on influencing, and informing, partner organisations such as the Solent LEP and Solent Transport.
• Sustainable economic growth • Decarbonisation • Health and wellbeing	**Solent 2050, An Economic Strategy for the Solent, Solent Local Enterprise Partnership, *April 2022*** The vision for the Solent in 2050 is “to be the globally leading maritime cluster and at the forefront of innovations to adapt to climate change, with towns and cities that are fantastic places to live, trade and with opportunities for all our communities to flourish”. Solent 2050 sets out a long-term strategy to harness the Solent’s distinctive strengths that can power the local economy to increase productivity and support communities to prosper in a fast-changing world. Underpinning this overall vision are seven strategic priorities around which the plan for future activities to transform the Solent is framed: • A world-leading marine and maritime economy, building on the Solent’s existing assets and global competitive advantages to strengthen the UK’s international trading relationships. • Pioneering approaches to climate change adaptation and decarbonisation, linked to our coastal setting, and establishing real expertise which other regions – nationally and globally – can learn from. • The UK’s capital of coastal renaissance, harnessing new technologies and approaches to revitalise and level up economic opportunity across all of our coastal communities. • A thriving visitor, creative and cultural economy, capitalising on the Solent’s superb natural beauty and rich maritime history. • Developing a world-class talent base, helping people at all stages of their career build the skills they need to respond to

Key Themes	Key Strategic Policies and their core objectives
	new technology and drive an innovative knowledge-based economy. • An outstanding business environment that encourages innovation, fosters collaboration and enables businesses of all sizes and sectors to thrive. • Health and wellbeing at the heart of economic success, through a focus on building strong, healthy and resilient communities that can prosper in a fast-changing world.

Policy Review - Local

2.2.6 Table 2-4 reviews and summarises notable local policy documents produced by New Forest District Council (NFDC), New Forest National Park Planning Authority (NFNPPA) and Solent Freeport.

Table 2-4: Summary of notable Local Policy Documents.

Key Themes	Key Strategic Policies and their core objectives
• Low carbon, resilient and fully integrated transport network • Carbon neutrality • Health and wellbeing • Sensitive environment and habitats of the New Forest • Active travel connectivity to NFNP • Support new development • Support the national economy • Reliant and efficient access for the Waterside growing industries	**Waterside Transport Strategy, 2022** The Waterside Transport Strategy (WTS) was developed by HCC and covers all the main modes of transport in the Waterside area of the New Forest. The strategy is thus multi-modal in its approach. The Strategy complements the emerging Hampshire Local Transport Plan 4 (LTP4) and policies, which seek to develop a carbon neutral (achieve neutrality by 2050) and resilient transport system designed around people, which supports health, wellbeing and quality of life for all, connects thriving places and respects Hampshire's unique environment. The Waterside Transport Strategy is a joint policy document that sets out short, medium and long-term priorities for travel and transport improvements along the Waterside Corridor. The Strategy will be accompanied by an Action Plan that will be regularly updated. The Strategy will seek to address the current and forecast transport needs and challenges of the Waterside area in the following context: • Local perspective – access to the National Park, local centres and services within the Waterside settlements • Sub-regional perspective – connectivity to Southampton city services and facilities for residents • Wider national perspective - role as part of a Freeport / international gateway /gateway to the north /location for strategic sites / National Park • The following provides a detailed list of the Transport Vision of the Waterside Transport Strategy: • To develop a fully integrated multi-modal Transport Strategy, which includes enhanced public transport, cycling and walking routes to improve connectivity between the Waterside and Totton communities, and provide better access to and from the Strategic Road Network. • To reduce the dependence on cars by enhancing choice and accessibility of public transport, cycling and walking routes. • To develop an effective multi-modal transport system that considers the sensitive environment and habitats of the New Forest, the unique geographical location and areas of poor air quality. • To enhance access to the National Park by ensuring the A326 does not present a barrier to movement by non-motorised users.

Key Themes	Key Strategic Policies and their core objectives
	• To support planned new developments in the Waterside area by enabling more people to leave their cars at home and use public transport, cycle or walk safely to their employment, education or leisure destinations, contributing to improved air quality in the area and helping to avoid the need to travel long distances by car. • To provide a high-quality cycling and walking corridor from Southampton and Totton to Lepe. • To enhance the public transport services between Waterside and Southampton via Totton, by reducing journey times and improving the quality-of-service provision. • To reduce congestion and delay on the A326 to enhance journey time reliability to key destinations and to provide network resilience, and reliable and efficient access for the critical national infrastructure based along the A326 Corridor. • To support the national economy by enhancing the efficiency of trade routes from the Port of Southampton to the manufacturing heartlands of the North. • To ensure reliant and efficient access for the growing industries based along the Waterside including Marchwood Military Port, Fawley Oil Refinery and Southampton Port.
• Economic growth	**A Vision for the Waterside, NFDC, NFNP, HCC - 2020** The Vision notes that the Waterside is the home to nationally significant infrastructure and industrial assets, which play a critical role in the UK economy. The area sits between Southampton Water and the New Forest National Park with the A326 being the main distributor road within the Waterside. The Vision aims to achieve economic growth in an innovative way that enhances this internationally important and sensitive nature conservation area creating a flagship area where people, the economy and the environment thrives. The Vision identifies a number of growth Opportunities: • Fawley Refinery (ExxonMobil) – the UK's largest refinery, representing 20% of UK capacity, with a major ongoing investment programme encompassing increased output of ultra-low sulphur diesel. • Fawley Waterside – the former Power Station and one of the largest brownfield development sites in the South of England, with plans to deliver a new sustainable community and centre of marine and maritime innovation. • Marchwood Military Port (Solent Gateway) – the UK's only combined military and commercial port, with plans to deliver significant commercial space utilising existing on-site rail infrastructure and deep-water dock capacity. • Port of Southampton expansion (ABP) – has proposals to develop a deep-water port providing extra capacity for the UK's leading export port. • New homes – offering development capacity for 5000 new homes. • In order to achieve the Growth Opportunity, the Vision requires: • Investment in the A326 to reduce congestion, improve journey time reliability and connectivity to the wider UK economy. • Investment that enhances choice and the accessibility of public transport, cycling and walking routes. • Investment in Environmental Infrastructure to support connectivity for people, places and nature.
• Economic growth • Levelling up	**Solent Freeport Full Business Case, 2022** Freeports are an important part of the UK's post-Covid economic recovery, and the Solent Freeport will unlock billions of pounds'

Key Themes	Key Strategic Policies and their core objectives
	worth of investment, create tens of thousands of new jobs and level up the Solent's important coastal communities. The outer boundary of the Solent Freeport reflects the well-recognised economic area of the Solent region, as well as including transport routes critical to the area's, and the country's, economic prosperity. The UK Freeport model as outlined by the UK Government has three objectives as follows: • establish Freeports as national hubs for global trade and investment across the UK • promote regeneration and job creation • create hotbeds for innovation The Solent Freeport proposals suggest that in addition to the permitted development at Fawley Waterside and Solent Gateway, could also see very significant levels of development at the ABP Solent Gateway 2 and Exxon Mobil Refinery. The A326 is a major Waterside area strategic route that is critical to the Solent Freeport. The A326 Waterside Improvements Scheme will provide increased capacity along the corridor where the A326 is currently only a single-carriageway and improve the efficiency at key junctions. It will play its role towards making the Solent Freeport achieve government objectives for the UK Freeport model and contribute to economic recovery.
• Maintaining the landscape, countryside and biodiversity • New homes • Healthy and growing economy	**NFDC Local Plan, 2016 – 2036** The New Forest District Council Local Plan covers the 20-year period between 2016 and 2036. A review was approved in February 2024. Changes are likely to be forthcoming in light on the NPPF housing targets, which for New Forest, has increased the requirement from 246 to 1501 dwellings per year. At the heart of the NFDC Local Plan is a step change in housing delivery whilst protecting the character, heritage and local distinctiveness of the towns and villages in the area. To support this ambition, the plan outlines ten strategic objectives, of which four are aligned with the proposed scheme: • Maintaining the landscape, countryside and biodiversity in the region and particularly in the National Park by creating a resilient highway network that is fit for purpose and reduces the volume of rat running through the NFNP. • To provide more homes for local people • To facilitate a healthy and growing economy that operates within environmental limits. Promotes tourism and supporting the NFNP as above. • Secure the provision of infrastructure to manage the impact of new developments on existing services and communities.
• Protect the NFNP • Promote appropriate housing	**NFNPA Local Plan, *2016 – 2036*** As a National Park, the New Forest also has its own Local Plan covering the same timeframe as the district council. As of February 2025, work has now begun on a review of the Local Plan. Despite the New Forest National Park only being granted National Park status in 2005, the Planning Authority has a clear vision to conserve and enhance the protected landscape of the New Forest. This vision is supported by nine strategic objectives, of which three are discussed below: • Promote appropriate housing to meet local needs including access to large housing developments in Totton, Marchwood and Fawley Waterside. • Encourage land management that sustains the special qualities of the National Park. The proposed scheme will ensure the A326 is fit for the future and has the ability to accommodate increases in traffic volumes to avoid rat running through the

Key Themes	Key Strategic Policies and their core objectives
	NFNP; and to reduce the impacts of traffic on the National Park, as above.
• Active Travel	**New Forest Waterside Local Cycling and Walking Infrastructure Plan (LCWIP), September 2025** In both Hampshire and the New Forest District, there are desires to invest in sustainable active travel mode infrastructure to facilitate more walking and cycling. LCWIPs are a new strategic approach to identifying cycling and walking, enabling a long-term approach to developing a network. The LCWIP is supported the emerging Hampshire Local Transport Plan 4 (LTP4) and its policies which • Provides a clear statement on HCC's aspiration to support walking and cycling in the short, medium and long term. • Provides a framework for support of local walking and cycling strategies. • Provides a means of prioritising HCC's funding to the walking and cycling investments with the best value. • Support HCC in realising funding opportunities for walking and cycling measures. The message of the LCWIP aligns well with the A326 Waterside Improvements Scheme which proposes active travel improvements. There are several proposed cycling routes in the document including through Marchwood and on the A326 Hythe bypass. These would complement the active travel improvements proposed under this scheme well.

Alignment of the scheme with key policy themes

2.2.7 Following the identification of key themes within the national, sub-national, regional, and local policy documents above, each theme is discussed in further detail in Table 2-5 below alongside how the proposed A326 Waterside Improvements Scheme aligns with these key themes. The key themes, which have been identified are:

- Economic growth
- Levelling up
- Net Zero & air quality
- Housing delivery
- Active travel
- Resilient connected transport network/ Safe and reliable journeys
- Protect the NFNP
- Smoother journeys

Table 2-5: Alignment of key policy themes with the proposed A326 Waterside Improvements Scheme.

Key Themes	A326 scheme policy alignment
Economic growth	It is accepted that a key driver of economic growth is a robust and resilient transport network. The A326 Waterside Improvements Scheme will support sustainable economic growth by improving the UK's access to key international markets through the regions port facilities whilst also supporting investment in

Key Themes	A326 scheme policy alignment
	SME's who rely on the A326 corridor for access to local, regional and national customers. The A326 is also the spine from which many employment and development sites including Fawley Waterside and Marchwood Port rely on for access to the wider transport network. With over 60,000 residents living in the Waterside Peninsula, and approximately 29,000 trips along the A326 corridor every day, in addition to the significant investment proposed for the Waterside Peninsula over the next 5 years, the importance of keeping the A326 operating to the best of its ability will be vital for the regional and national economy.
Levelling up	There are pockets of deprivation within the Waterside area and the A326 Scheme through improvements to public transport and active mode infrastructure will play its role in levelling up the Waterside area.
Net Zero & air quality	Congestion observed along the A326 worsens air pollution as it causes vehicles to function at sub-optimal speeds and accelerations, leading to incomplete combustion and additional emissions of Nox and CO as well as leading to unnecessary braking. The A326 Waterside Improvements Scheme is part of the wider multi-modal Waterside Transport Strategy, which includes public transport and active mode improvements. The A326 scheme aims to increase the highway capacity along the corridor where the A326 is currently only a single-carriageway and improve network efficiency (and thus reduce vehicle emissions at key junctions). The scheme also aims to encourage mode shift through provision of active travel network improvements. The Waterside Peninsula is home to Marchwood Port and Southampton Port, which are recognised international gateways to global markets and have an opportunity to support the UK's low carbon and green energy industry as part of its proposed £400m investment. The development will include a purpose built auto import and export facility for electric vehicles and storage space and transhipment operations to support the local manufacture of wind turbine blades.
Housing delivery	Housing developers seek to invest in areas that are supported by a robust and resilient transport network that has the ability to accommodate additional volumes of travel demand. There is potential for future housing development in the Fawley Waterside area. There are also ambitious nationally set targets for new housing going forward with 1,501 new homes required in the New Forest annually. The proposed A326 Waterside Improvements Scheme will align with this strategic theme by ensuring the Waterside Peninsula has a stable highway network, on which housing developments can depend upon.
Active travel	The proposed scheme aligns with this fundamental theme around our environment by upgrading the active travel infrastructure along the A326 corridor, in particular through the implementation of shared use pathways, which will link the northern and southern sections of the Southampton Transforming Cities Fund active mode scheme. This will encourage the community to use active travel for short journeys, reduce severance within the region and positively contribute to the 2020 Gear Change vision.
Resilient connected transport network/ Safe and reliable journeys	The A326 scheme will address congestion issues along the A326 corridor and surrounding local road network. This in turn will improve the journey time reliability for all road users. The A326 is the key north-south arterial route within the Waterside Peninsula and thus it is imperative that this road continues to support the communities and businesses who rely on it for access. The link between the A326 and the M27 junction 2 in the north will support access to the SRN and wider national highway network. The A326 also links to the A35 in the east towards Southampton and will support improved connectivity within the Solent region across the Redbridge Causeway.
Protect the NFNP	Upgrading the A326 aims to improve air quality, particularly in the New Forest National Park, by encouraging road users to use the A326 as their primary route in and out of the Peninsula. This aims to reduce the number of road users who

Key Themes	A326 scheme policy alignment
	frequently rat-run using local roads in the New Forest National Park when the A326 experiences network issues.
Smoother journeys	The A326 improvements through carriageway widening and/or dualling and through junction improvements, will help rather than hinder traffic flow and thus enable smoother journeys for drivers. While also providing bus priority and catering for non-motorised users, the scheme recognises that for some users, the car is the most practical and sometimes the only feasible mode, The A326 scheme will thus be vital to enabling smooth travel for such journeys.

The Place-Specific Strategy

2.2.8 The A326 Waterside Improvements Scheme is part of a wider Waterside Transport Strategy for the Waterside Area. Waterside Transport Study (Appendix A), assessed the existing and future transport needs of the Waterside area. This study showed a clear need for the improvements to road capacity along the A326.

2.2.9 The primary transport network in the Peninsula is dominated by the highway network formed of the A326, M27, A35 and A33, as shown previously in Figure 1-2. The public transport infrastructure is predominantly bus-orientated and does not offer a credible alternative to car use, as bus services tend to experience congestion in Totton and smaller surrounding towns and do not offer point-to-point connectivity to key destinations in the wider area (e.g. many areas of Southampton).

2.2.10 There are no passenger rail services within the region, with the closest railway station for public users being located in Totton town or Ashurst inside the NFNP. In 2021, Hampshire County Council submitted an SOC to the DfT's Restoring Your Railways Fund to reinstate passenger rail services on the Fawley line, which runs in a similar north-south direction to the A326 and is currently used for freight services only. In September 2024 it was announced that plans would not progress as the scheme did not demonstrate 'Value for Money'. Plans for the reopening of the line to passenger services were further progressed by Alliance Rail Ltd. However, they were rejected by the Office of Rail and Road (ORR) in May 2026 over concerns about network capacity. It is worth noting that even if passenger trains were reintroduced, this would not address all the issues faced by users of the A326 and accommodate all private car and freight travel demand growth.

2.2.11 It is considered that the combined impact of the proposed infrastructure improvements will reduce current congestion levels on the A326 and future-proof this major regional road to accommodate future forecast levels of road travel demand resulting from committed and planned development in the area. This will support local travel within the Waterside as well as facilitating the improved movement of goods and people on a regional level including the Solent and South Hampshire.

2.2.12 The scheme will potentially reduce traffic within Totton and also provide greater incentives to walk and cycle instead of using the car, removing severance (the A326 currently acts as a barrier between Totton and the New Forest). Therefore, the reduced traffic on the has the potential to support sustainable transport improvements in Totton town centre, with more reliable and faster public transport, improved connectivity and social inclusion and improved traffic flow on the town's road.

2.2.13 Additionally, the investment will help to support nationally significant infrastructure development including an expansion to port capacity by Associated British Ports (ABP) on the Port of Southampton Solent Gateway 2 at Dibden Bay, and the potential delivery of a significant number of new homes and employment across the Waterside area.

2.2.14 To support the growing need for investment in transport infrastructure in the Waterside Peninsula to alleviate the transport issues identified above, there are a number of additional schemes that have recently been delivered or being developed in the area, which the A326 Waterside Improvements Scheme will complement.

2.2.15 The Southampton City Region Transforming Cities Fund (TCF) programme recently delivered schemes which improved bus priority and active travel at several locations in the Waterside area. The key schemes are listed in more detail as follows:

- Bus priority schemes at three key locations in the Totton and Hounsdown area:
  - Various junctions on the key route corridors.
  - A326/A35 Rushington roundabout.
  - A326 Hounsdown merge.
- Two schemes to provide a continuous cycle route between the western end of the A35 Redbridge Causeway (just east of Totton) and Holbury (near the Fawley Refinery), connecting the various Waterside communities over a distance of circa 15km.
  - Connecting the Causeway to Eling via the A35
  - Connecting Eling to Holbury, running alongside or parallel to the A326 in several places.
- Provision of bus 'super stops' at several key locations in the Waterside area which will act as transport hubs, such as in Hythe and Totton town centres. Alongside this a programme of more minor improvements at numerous bus stops across Waterside was rolled out, including upgraded shelters and signing.

2.2.16 MRN funding was also secured for two schemes.

- In January 2021, HCC secured an additional £13m of MRN funding from the DfT to undertake the final phase of the repair works for the A35 Redbridge Causeway major maintenance scheme. This scheme restored the condition of the bridge back to its original design capacity and weight limit. Redbridge Causeway carries up to 60,000 vehicles a day and provides the only road connection between the Waterside and Southampton.
- Funding was also secured as part of the same MRN funding for the Redbridge Causeway Walk and Cycle improvements scheme. This scheme has provided much needed active travel infrastructure in the Waterside area. These comprised improvements to cycle facilities along the A35 in the Totton area between the A35/A326 Rushington roundabout and the A35 Redbridge Causeway, building upon improvements that have been provided by the Transforming Cities Fund. These have further improved cycle facilities at key pinch points in the network.

2.2.17 Together these schemes aim to encourage mode shift and reduce the number of people using their car to make journeys to/from and within the Totton and the Waterside area.

2.2.18 The aim of the A326 Waterside Improvements Scheme is to not only complement these transport schemes but to go further in addressing the corridor's congestion and capacity issues and also help meet other government priorities and objectives such as providing for a resilient travel network, aid economic development, level up the economy, tackle climate change while also catering for the needs of those travellers for which the car is the most practical and sometimes the only feasible mode. The A326 Waterside Improvements scheme will thus be vital to enabling smooth travel for such journeys. Capacity enhancements on the A326 will also alleviate and reduce rat-running through unsuitable roads in the New Forest by general traffic. This in itself will be a positive and much needed benefit of improving the A326 up and above any transport economic efficiency (TEE) impacts that may arise as a result of the scheme.

2.2.19 There are also other considerations unique to the New Forest that may arise from reduced rat-running on roads in the New Forest as a result of capacity enhancements on the A326, namely animals killed on roads in the New Forest National Park. Information published by the

New Forest National Park Authority (NFNPA), suggests that while the overall trend of animals killed annually since 1991 is downwards, and most years since 2007 have had fewer than 100 animals killed and injured, nevertheless, every animal killed is a great loss to its owners.[1]

2.2.20 The NFNPA report that in 2020 when traffic was reduced by Covid-19 restrictions, 50 animals were killed and a further 21 were injured. In 2021, 44 animals were killed and a further 15 were injured. 2022 saw 41 animals killed and a further 19 injured.

2.2.21 However, animal collisions rose to 95 in 2023, compared to 82 the year before. While the number of New Forest ponies that died due to collisions dropped, 27 compared to 34 in 2022, the number of cattle, pigs and sheep that died increased. The total number of animals killed and injured rose from 60 in 2022 to 63 in 2023.

2.2.22 Collisions fell to 94 in 2024, as did the total number of ponies killed, 22 compared to 27 the previous year. The total number of animals killed or injured on Forest roads also dropped to 52 – the lowest annual total recorded to date.

2.2.23 It is evident that any measure to reduce traffic on roads in the New Forest National Park, has the potential to contribute towards reducing the number of traffic – animal conflict collisions By reducing rat-running traffic, the A326 Waterside Improvements Scheme could potentially play its part towards reducing such collisions. These are potential benefits that otherwise not be captured directly by the quantified economic benefits or cost benefit analysis but nevertheless are of benefit to the community especially animal owners. The Strategic Dimension makes it possible to articulate these issues unique to the study area.

The Business Strategy

2.2.24 The purpose of the Business Strategy for the A326 Waterside Improvements Scheme is to demonstrate how the delivery of the scheme will contribute not only to the aims of Hampshire's Local Transport Plan but also to regional and national strategic goals and objectives as identified in key strategic documents adopted by the following groups:

- National: UK Central Government, the DfT and National Highways (NH).
- Sub-National: Transport for the South East (TfSE).
- Regional: Solent Local Economic Partnership, HCC and Partnership for South Hampshire.
- Local: New Forest District Council (NFDC) and the New Forest National Park Planning Authority (NFNPPA).

2.2.25 HCC has published a new Local Transport Plan (LTP4) and forms the primary transport policy for Hampshire County Council to 2050. Whilst this has shifted the policy emphasis towards creating a lower carbon and more sustainable transport system in line with wider Government Policy, it provides a basis for targeted improvements to the strategic road network in the County where there is a clear safety, economic or wider social case. This is due to the wider economic benefits these schemes can bring about and the way in which they can help to create road space in adjacent areas, which can in turn be used to improve sustainable transport provision and facilitate environmental improvements. The LTP4 recognises the need for a resilient road network and transport system that supports connected economies and successful places while ensuring that the UK including Hampshire and the local Waterside area in particular, continue to prosper whilst reducing emissions. The A326 scheme will support these aims through provision of a more resilient road network, supporting economic growth to the area and encouraging investment, such as at Solent Gateway 2.

2.2.26 The Council understands its role in providing local investment to improve the efficiency of the network whilst also recognising that larger scale capacity extensions on the network, such as

[1] https://www.newforestnpa.gov.uk/conservation/supporting-commoning/animal-accidents/

the A326 Waterside Improvements Scheme, will require the support of the central government.

2.2.27 A policy around Strategic Infrastructure in Hampshire is also expected to refer to support for freight access for the key International Gateways, including the Port of Southampton.

Business Strategy – Fit with Wider Strategies

2.2.28 The A326 Scheme particularly aligns with and will support the government's economic recovery objective by improving connectivity of the Waterside area and associated economic activity centres with the M27 and hence the rest of the UK. The Waterside area has pockets of deprivation, which will benefit from improved transport connectivity thus contributing towards the levelling up of the Solent's coastal communities.

2.2.29 As part of the wider Waterside Transport Strategy and through active mode pedestrian and cycle schemes included, the A326 scheme will contribute towards a resilient multimodal and integrated transport system for the Waterside area and play a role in reducing carbon emissions and not exacerbate climate change.

2.2.30 The national economic significance of the Waterside area served by the A326 cannot be overestimated, with the A326 providing the only major road link to the following key employment, commercial, development and environmental sites:

- Fawley Refinery and petrochemicals facility: The UK's largest integrated refinery and chemicals facility representing 20% of the UK's refining capacity, supplying fuel directly to key international airports including Heathrow and Gatwick.

- The Solent Gateway 2 at Dibden Bay, between Marchwood and Hythe, is owned by Associated British Ports (ABP) and is part of the Port of Southampton estate. Previous plans by ABP to build a £600 million container terminal on this site were rejected after a 13-month public enquiry in 2004. The site is now part of the Solent Freeport meaning any development on this site and in the wider port can be fast tracked (thanks to relaxed planning controls) meaning the port will become a national hub for global trade and investment in the UK. The expansion land covers 325 hectares and could facilitate growth in the capacity of the UK's leading export port, to better serve exports for the UK automotive sector, and thereby also enabling growth in the port's capacity for the growing cruise sector.

- ABP is preparing a DCO application for Solent Gateway 2 site. An initial Non-Statutory Consultation was held in September and October 2025, with the current timeline indicating that a DCO application will be submitted in 2027, with a decision from the Secretary of State expected in 2028.

- Marchwood Port / Solent Gateway: The UK's only combined military and commercial port (91 hectares), bearing significant importance as it continues to plan for substantial investment to increase its sea, rail and road connected logistics capacity. Marchwood Port, and the Port of Southampton, will continue to be a regional and national important gateway to international trade after Brexit in January 2021.

- The New Forest National Park: The A326 forms the eastern border of the NFNP which attracts over 13 million visitor per annum and is home to 35,260 local residents[2]. In 2015, there were 2,540 businesses in the National Park with the largest sectors being professional, scientific and technical service- based businesses. The NFNP Local Plan recognises the strong economic expansion planning in South Hampshire, Southern Wiltshire and South East Dorset and how the NFNP can contribute and benefit to the local and wider regional economy.

[2] New Forest National Park mid-2015 Populations Estimates, ONS

2.2.31 Further to the above, there is potential for a major re-development site on the site of the former Fawley Power Station which covers 121 hectares of land. Whilst a previous planning application for the site was withdrawn, the site is still allocated within the New Forest National Park Authority Local Plan and it is understood that a new planning application by a new development consortium is set to revive plans. The previous planning application comprised 1,500 new homes and 95,300m^2 of new commercial, civic and employment floor-space.

2.2.32 The importance of the A326 in general and the A326 Scheme in supporting sustainable economic growth in the Waterside area and the general Solent area including the Solent Freeport is recognised across sub-regional, regional and local bodies. The TfSE Transport Strategy identifies the A326 as a key route within the South West Radial Corridors identified in the Strategy. This underlies the importance of A326 not only to the Waterside area, but to the South East region.

2.2.33 The priority outcomes for the DfT strongly align with wider government priorities and ambitions. Specifically, this includes improving connectivity across the UK and growing the economy by enhancing the transport network. The A326 scheme specifically will support economic development in the Waterside area. As part of the multimodal Waterside Transport Strategy and in its own right, the A326 scheme will play its part in tackling climate change and improve air quality and decarbonise transport through encouraging a shift to active modes through provision of new safe crossing points, improving links between the urban areas to the east, with the New Forest National Park to the west..

2.3 Case for Change

2.3.1 This section sets out the case for change. It outlines the current situation and describes the rationale for the A326 Waterside Improvements Scheme. The section demonstrates why it is considered necessary to change the current situation or in the future and details how this intervention supports the overall business strategy as detailed earlier in 'The Business Strategy' section.

Existing Arrangements, and Current and Future Transport Challenges

2.3.2 The A326 is the key arterial road running through the Waterside area of New Forest District within southern Hampshire and frequently suffers from congestion, high journey time variability and environmental issues, particularly during peak periods due to high volumes of commuting in and out of the peninsula, as well as freight movements in and out of the Waterside area in order to access port facilities. This in turn often results in displacement of traffic from the A326 into the New Forest National Park (NFNP) and through the residential areas along the Waterside.

2.3.3 These issues are expected to increase in severity over time, due to forecast increases in demand for road travel along the corridor. Furthermore, several key employment and potential development sites are located in the area, including Fawley Refinery, Marchwood Port, the potential Fawley Waterside mixed-use development and the Port of Southampton Solent Gateway 2, all of which offer significant national benefits that will accrue to the rest of the country. These benefits include increasing port resilience post-Brexit, supporting the Solent Freeport and increasing the UK's car export capacity. Further deterioration in the performance of the corridor will not only have an impact on current and future road users but will also restrict future developments and investment in the region.

2.3.4 In 2017, the Waterside Transport Study collected and analysed data from across the Waterside Peninsula to form a detailed evidence base of the existing transport network including land use, travel patterns, transport infrastructure, traffic congestion hotspots, public transport, and the relevant policy background. The study also assessed the forecast future travel demand in the Waterside Peninsula by way of strategic transport modelling and this was used to evidence the forecast future issues for all travel modes.

2.3.5 Based on this study, five key transport issues in the Waterside corridor were identified:

- Junctions and links are over-utilised and will worsen in the future.

- Queueing and high journey time variability for buses and private vehicles.
- Multiple junctions on the A326 have a high number of collisions.
- Lack of continuous high-quality walking and cycling routes.
- Lack of resilience of the highway network, resulting in vehicles being displaced onto more minor and less appropriate trips during periods of congestion, such as traffic diverting through the New Forest National Park causing air quality issues.

2.3.6 Each of these key transport problems, their supporting evidence, and opportunities for the A326 corridor are explored in the following sections.

Junctions and links are over utilised and will worsen in the future

2.3.7 Latest traffic data on the A326 Marchwood Bypass, indicates that average daily traffic in 2025 is around 30,500 vehicles. The pressures of this significant volume of traffic on the current capacity of the corridor mean that many links and junctions are already at or are approaching the capacity at which they can effectively operate. In 2017, the Waterside Transport Study documented evidence to support this problem with particular emphasis on congestion and journey time delay. This was found to be most prevalent during the AM and PM peak periods, along the single carriageway sections of the routes and around select junctions.

2.3.8 The recent count data in corridor aligns with the flows from 2017.

2.3.9 Traffic count data was initially provided for February 2017. Additional data was provided for September 2023 at four sites along the A326. Comparisons indicate quite a biytt of variation when comparing 2017 with 2023, however some sites show that AM peak flows are higher in 2023. and 2023. Consequently, stress points remain in the AM peak, in particular.

2.3.10 HCC has access to DfT's Inrix journey time database. Analysis of this data for neutral weekdays Tuesday to Thursday in March 2025, has been used to produce congestion maps. These provide a comparison of peak hour speeds to free flow speeds. Free flow speeds are taken to be the speeds recorded between 1 AM and 5 AM when traffic volumes are small, and vehicles can travel without incurring congested conditions.

2.3.11 Figure 2-1 shows the congestion map in the AM peak hour while Figure 2-2 shows that in the PM peak hour. The congestion maps show locations on the network as follows:

2.3.12 Green: These show locations where vehicle speeds are within 80% or more of free flow speeds. These are locations where the Level of Service (LOS) can be considered to be good, and congestion is limited and not prevalent. Speeds are only up to 20% less than free flow speeds.

2.3.13 Amber: speeds at these locations range within 70% to within less than 80% of free flow speeds. Congestion effects at these locations are perceptible with speeds up to 30% less than is possible in free flow conditions.

2.3.14 Red: speeds at these locations range within 60% to within less than 70% of free flow speeds. Congestion effects at these locations are prevalent with speeds up to 40% less than is possible in free flow conditions.

2.3.15 Black: speeds at these locations are within less than 60% of free flow speeds. Congestion effects at these locations are prevalent with drivers experiencing a poor LOS, with speeds 40% or more less than free flow speeds.

2.3.16 It can be seen that there are locations of the A326 and other roads in the study area where speeds are low and congestion is prevalent as typified by the amber, red and black coloured

locations. This includes junctions or approaches to junctions, where congestion adversely impacts the level of service at the junctions. Congested conditions are likely to result in queuing and high journey time variability which makes planning for journeys difficult for both private car users, public transport bus operators and passengers.

2.3.17 Poor journey time reliability and queueing affects the performance of the local economy, with the cost of doing business increasing through traffic delays. Without intervention, this congestion could restrict the potential for future growth.

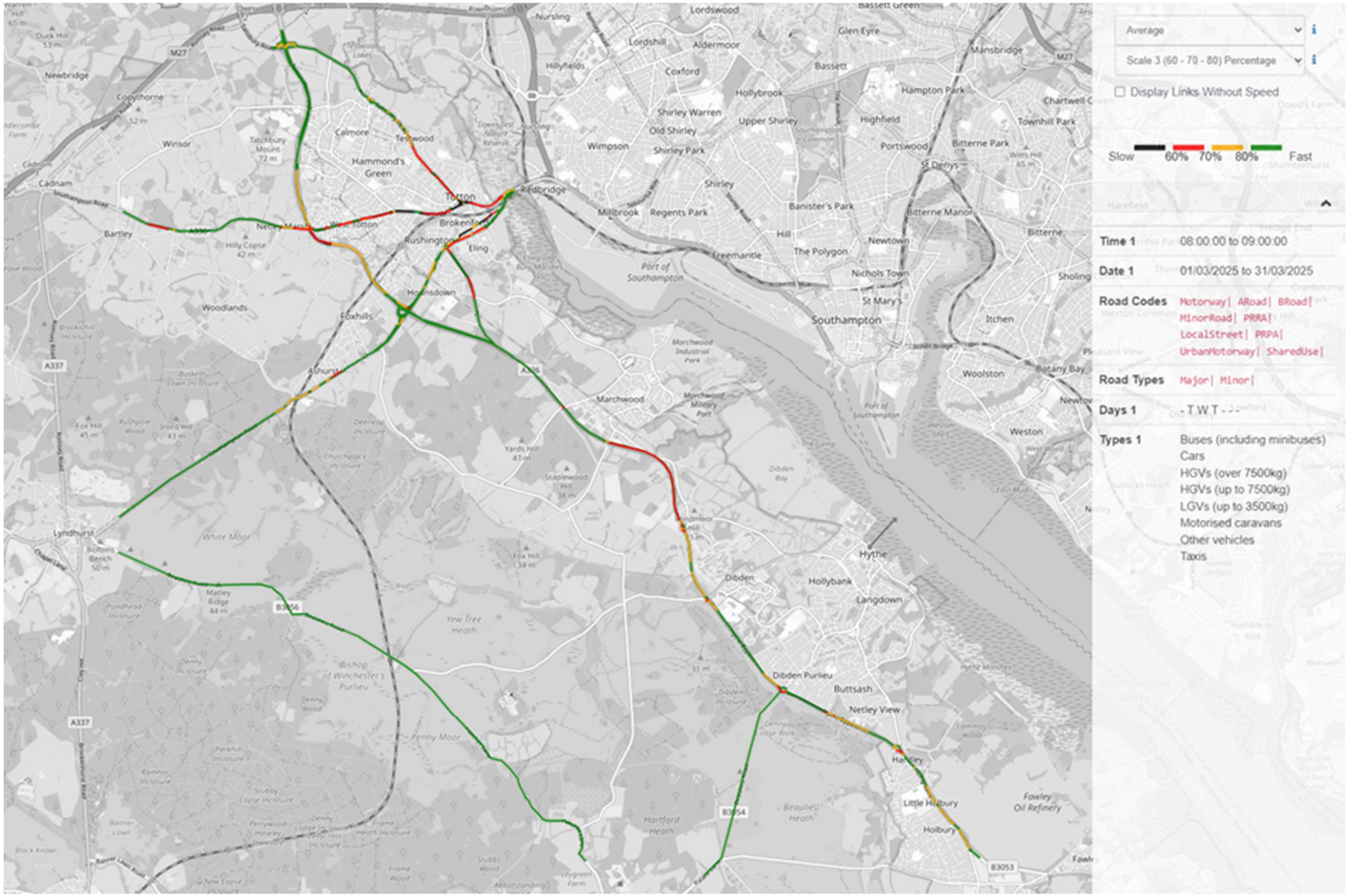


Figure 2-1: Congestion Mapping AM Peak - March 2025

Figure 2-2: Congestion Mapping PM Peak - March 2025

High numbers of collisions along the A326

2.3.18 Vehicle collision data was analysed across a five-year period covering 2019 – 2023, the latest data at the time. This period of data is also consistent with that used within the economic appraisal of collisions, reported within the Economic Dimension. This data provided insight into the number of collisions occurring at key links and junctions along the A326. Table 2-6 reports the number of collisions, classified by severity, that occurred within the time period at eleven junctions. The data shows that there are clusters of collisions occurring at the A326 / Spicers Hill / Totton Bypass Roundabout (Rushington Roundabout), Beaulieu Road Roundabout, Sizer Way Roundabout and the A326 / A336 Netley March Roundabout.

Table 2-6: Summary of collisions at key junctions along the A326 corridor (2019 - 2023).

Junction	Total Number of Collisions	Slight	Serious	Fatal
A326 / Salisbury Road Junction	7	6	1	0
A326 / Michigan Way Roundabout	5	3	2	0
A326 / A336 (Netley Marsh) Roundabout	5	4	1	0
A326 / Fletchwood Road Roundabout	4	4	0	0
A326 / Monkton Lane Junction	1	1	0	0
A326 / Cocklydown Lane Roundabout	3	1	2	0
A326 / Spicers Hill / Totton Bypass Roundabout	17	12	5	0
A326 / Jacob's Gutter Lane Signalised Staggered Crossroads	3	2	1	0
A326 / Staplewood Lane Junction	2	2	0	0
A326 / Twiggs Lane Staggered Crossroads	3	2	0	1
A326 / Main Road Roundabout	6	4	2	0
A326 / Sizer Way Roundabout	9	5	4	0
A326 / Beaulieu Road Roundabout	4	1	3	0
Total	69	47	21	1

Data source: Road Safety Data - data.gov.uk, 2023

2.3.19 In addition to the collisions reported in Table 2-6, Table 2-7 reports collisions on the links between all of the junctions along the A326 between 2019 and 2023[3].

[3] Source: Crash map

Table 2-7: Summary of collisions on links connecting to the A326 corridor (2019 - 2023).

Connecting Links to A326 Corridor	Total Number of Collisions	Slight	Serious	Fatal
Total	35	24	9	2

Data source: Road Safety Data - data.gov.uk, 2023

2.3.20 For the five-year period 2019 – 2023, the years 2020, 2021 and 2022 are technically years impacted by COVID-19, where traffic flows were lower. The data was therefore compared to the last five-year data 2015 – 2019 not affected by COVID-19. This was to understand the extent to which the analysed collisions for 2019 – 2023 differed to the pre-COVID-19 data.

2.3.21

2.3.22 Table 2-8 shows the 2015 – 2019 data. It can be seen that the 2019 – 2023 collision numbers are lower than the pre-COVID-19 data due to the lower traffic flows.

Table 2-8: Pre COVID-19 Summary of collisions at key junctions along the A326 corridor (2015 - 2019)

Junction	Total Number of Collisions	Slight	Serious	Fatal
A326 / Michigan Way Roundabout	6	3	3	-
A326 / Salisbury Rd Priority	2	2	0	-
A326 / A336 (Netley Marsh) Roundabout	9	7	2	-
A326 / Fletchwood Road Roundabout	2	2	0	-
A326 / Monkton Lane Junction	1	1	0	-
A326 / Cocklydown Lane Roundabout	0	0	0	-
A326 / Spicers Hill / Totton Bypass Roundabout	25	19	6	-
A326 / Jacob's Gutter Lane Signalised Staggered Crossroads	5	3	2	-
A326 / Staplewood Lane Junction	5	4	0	1
A326 / Twiggs Lane Staggered Crossroads	5	3	2	-
A326 / Main Road Roundabout	3	2	1	-
A326 / Sizer Way Roundabout	9	7	2	-
A326 / Beaulieu Road Roundabout	10	8	2	-
Total	82	61	20	1

Data source: Road Safety Data - data.gov.uk, 2019

2.3.23 An additional analysis was undertaken to capture bicycle collisions along the A326 corridor, across the same study area to the vehicle collision data above. This data was collected using STAT19 data and BikeData[4] which records the number of bicycle collisions. The data was

[4] Source: STATS19, Bike Data

analysed for bicycle collisions between 2019 and 2023 using the same severity rating as the vehicle collision data. The results of the analysis showed a total of 10 bicycle collisions occurring between 2019 and 2023, 4 of which were reported as 'slight' collisions and 6 as 'serious' with none classified as 'fatal'.

Lack of Continuous Walking and Cycling Routes

2.3.24 In 2017, the Waterside Transport Study conducted a number of surveys with the local community to understand their views on the transport network and current travel behaviours. Results from the surveys indicated that 30% of respondents said they already frequently travelled on foot and that 22% suggested that better cycling infrastructure would encourage them to switch to cycling.

2.3.25 There is a lack of alternative active mode travel options due to a lack of continuous high-quality cycling and walking routes along the peninsula, which further enhances the dependency on private vehicles. Currently there are poor walking and cycling links between the main urban areas of Marchwood, Hythe and Totton, which limits the mode share for these forms of transport.

2.3.26 There is a combination of on and off-road local cycle routes and shared use pathways within the Waterside Peninsula, including two NCN (National Cycling Network) routes. NCN Route 2 connects Hythe to Brockenhurst, Christchurch and Bournemouth while NCN Route 236 connects Lyndhurst with Southampton via Totton.

2.3.27 Existing cycling provision is mapped in Figure 2-3. It demonstrates that there is a varied and discontinuous level of cycling infrastructure in the peninsula; there are pockets of dedicated cycle paths in parts of urban areas such as Hythe but there are also large gaps in cycling provision, particularly in linking between the Waterside's towns. There are currently proposals included in the TCF scheme to build on the existing facilities northwest of Marchwood and to provide a continuous cycle facility for north-south trips, between Eling and Holbury. The A326 scheme along with the committed new infrastructure to be provided as part of the TCF scheme will help to address these issues.

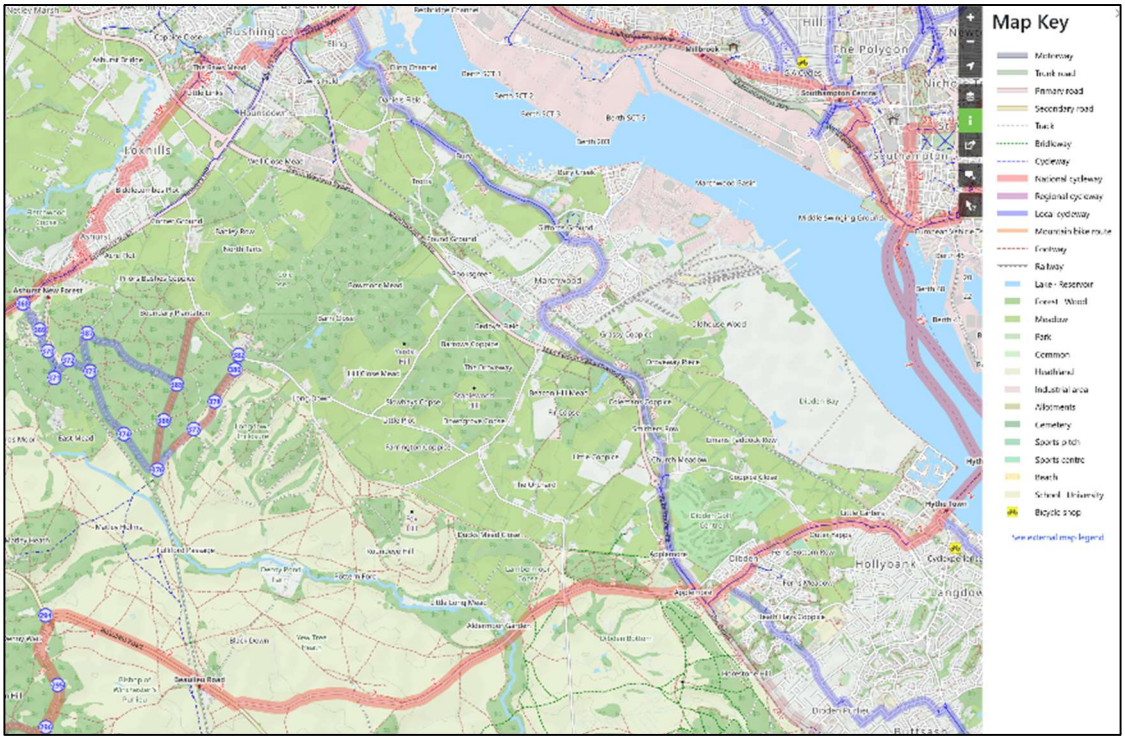


Figure 2-3: Existing cycling infrastructure in Waterside and Southampton

Lack of Resilience on the Highway Network Leading to Environmental Issues

2.3.28 Currently, if there is a road network performance issue on the A326, the lack of viable alternative routes can create serious problems, with traffic forced to divert to more minor routes, inappropriate for large volumes of traffic including heavy goods vehicles. This leads to additional carbon and air pollutant emissions as vehicles take a less direct route in and out of the Waterside Peninsula.

2.3.29 The New Forest National Park Local Plan 2016 – 2036 adopted in August 2019 has identified that there are high levels of commuter traffic crossing the National Park, particularly from the surrounding areas.

2.3.30 The increase in traffic within and around the National Park raises a number of significant issues. Traffic detracts from the tranquillity of the New Forest, and can conflict with other recreational users, especially on more minor roads and as previously indicated, there have been issues of collisions involving animals.

2.3.31 In addition, an Air Quality Management Area (AQMA) was declared in Lyndhurst, located in NFNP to the west of the A326[5]. Whilst the concentration of nitrogen dioxide continues to fall, New Forest District Council are continuing to monitor levels before it considers revoking the AQMA.

2.3.32 The capacity hotspots on key junctions and links on the A326 contribute to congestion and queueing, which subsequently results in high levels of carbon emissions and poor air quality. The A326 Waterside Improvements Scheme would likely further improve air quality and further reduce NO2 which is one of the key objectives of the scheme. This would be achieved by upgrading links and junctions along the A326 corridor (where stationary traffic has negative localised air quality and carbon emissions impacts) and by providing alternative routes for vehicles travelling into Southampton and other key destinations.

2.3.33 By upgrading links and junctions along the A326 corridor, this in turn will lead to reduced queuing (where stationary traffic has negative localised air quality and carbon emissions impacts) and will also provide alternative routes for vehicles travelling into Southampton and other key destinations.

Summary of Transport Issues

2.3.34 To summarise, there are a number of key transport problems affecting the Waterside corridor. These are set out below with the A326 improvement scheme aiming to resolve them:

- **Capacity at key junctions** - A number of junctions and links are currently deemed to be operating at capacity, and the situation is set to worsen in the future. Approximately 30,000 vehicles travel along the busiest sections of the A326 with the operational issues most prominent in the AM and PM peak periods.

- **Poor Network Performance** - Capacity constraints along the A326 result in delays as a result of queuing and high journey time variability. This has the potential to adversely affect bus and private vehicle commuter patterns. Poor journey time reliability and queueing also affect the performance of the local economy, with the cost of doing business increased through traffic delays. Without intervention, this congestion could restrict the potential for future growth.

- **High number of collisions** - Multiple junctions on the A326 have a high number of collisions with collisions also occurring on A326 links in between junctions. Collisions have persisted post pandemic. However, it was shown in the 2019 – 2023 collision data that the

[5] 2022 Air Quality Annual Status Report, June 2022

number of collisions is lower compared to the pre-COVID-19 data which suggests an improving situation.

- **Limited active mode options** – Whilst the TCF scheme has help address a lack of active mode options, there remains a limited number of alternative active mode travel options due to a lack of continuous high-quality cycling and walking routes along the peninsula, and particularly cross movements between Waterside and New Forest, which further enhances the dependency on private vehicles. This scheme along with the new infrastructure provided as part of the TCF scheme will help to address these issues.

- **Lack of resilience** - There is a lack of resilience of the highway network, resulting in vehicles being displaced onto secondary routes through residential areas and the NFNP at times when the A326 is congested.

- **Environmental issues** - There are a number of environmental issues caused by the poor performance of the A326. These environmental issues are primarily in the form of high volumes of traffic currently diverted onto secondary routes through the NFNP from the A326, but also air quality impacts caused by queuing traffic adjacent to residential areas and the sensitive environments within the NFNP.

Social, Economic and Demographic Features of the Local Area

2.3.35 The sections below consider the social, economic and demographic features of different people and places in the local area, and how they compare regionally or nationally to provide an understanding of the different groups that may be affected by the A326 improvement scheme.

Population

2.3.36 According to 'The New Forest Economic Profile 2022[6]' from an economic perspective the New Forest district can be broadly defined by five sub-areas: Core New Forest, New Forest Avon Valley, New Forest Coastal, New Forest Waterside and Totton. The boundary of the New Forest District and the boundaries of the subareas are graphically shown in Figure 2-4 below.

[6] https://www.newforest.gov.uk/media/2911/Economic-Profile-2022/pdf/FINAL_New_Forest_Economic_Profile_2022_6.pdf?m=1666862352457

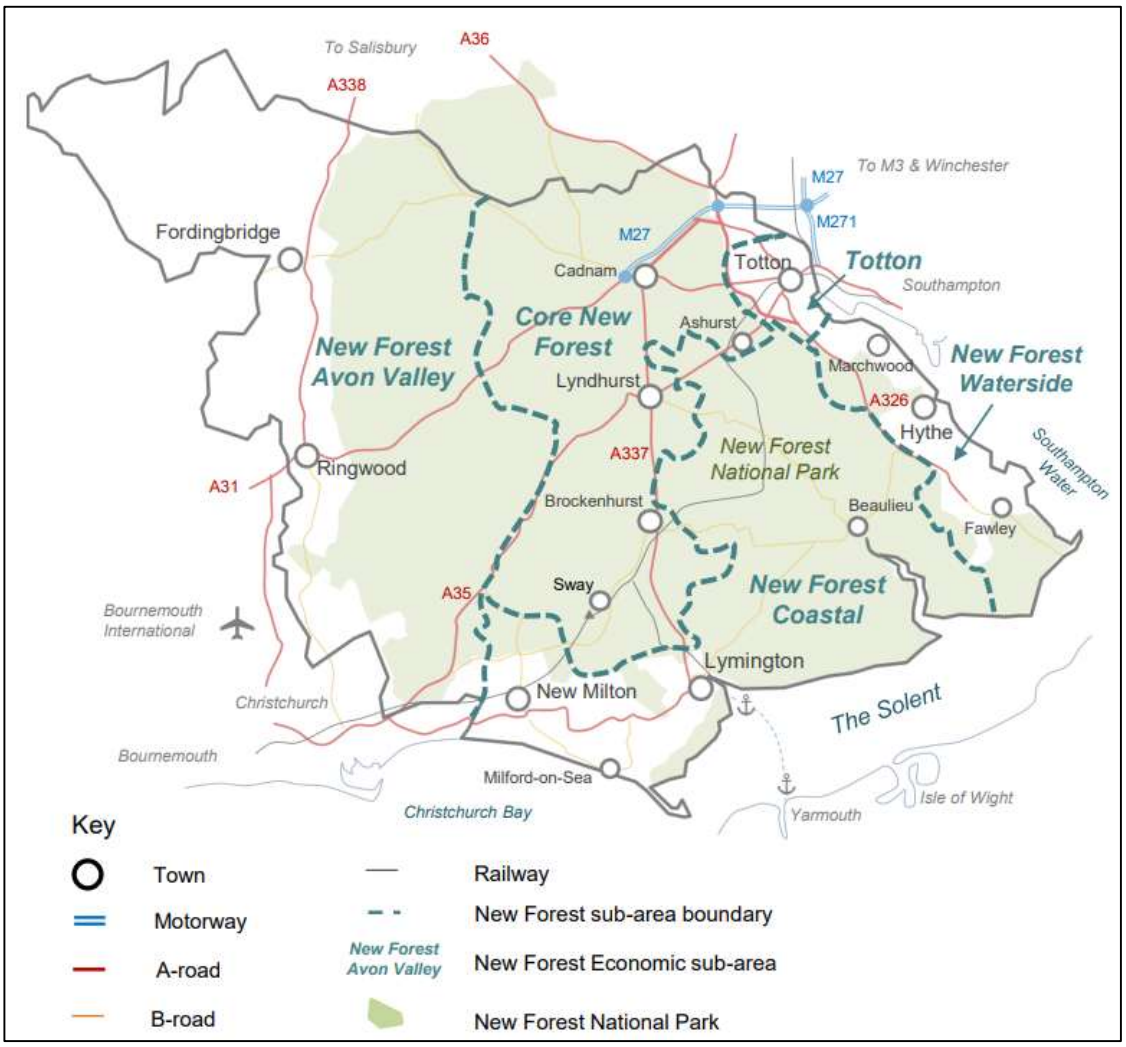


Figure 2-4: Population Distribution by Age in New Forest District.

Source: New Forest Economic Profile 2022

2.3.37 Totton and Waterside are the smallest of the sub-areas in the New Forest by geographic coverage but the largest in terms of population. The most significant settlement is Totton to the north with the smaller settlements of Marchwood, Hythe and Fawley also providing a range of services and facilities.

2.3.38 Nomis (2021 Census data), shows that the Totton & Waterside area (which includes the A326 corridor and covers the area to the east of the A326), have an estimated population of 74,253 people, accounting for 42% of New Forest District's overall population. This area has a population density and age structure which aligns closely with the wider New Forest District and Hampshire averages with 58% of the population identified as 16-64 years of age, 17% of the population as 0-15 and 24% of the population 65+ years of age. This is graphically presented in Figure 2-5 below.

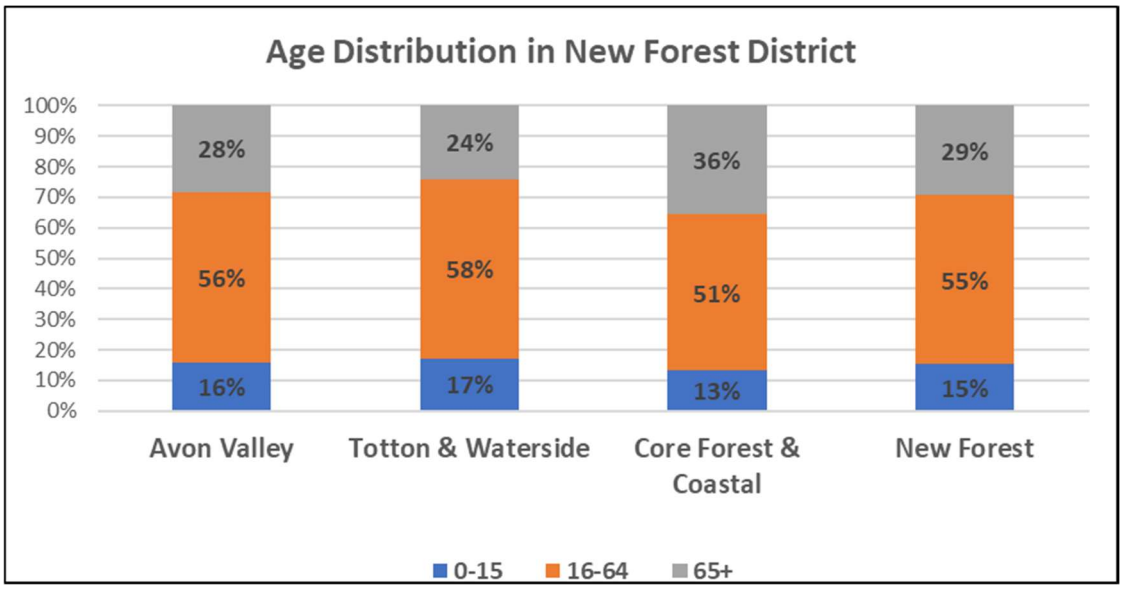


Figure 2-5: Population Distribution by Age in New Forest District.

Source: Nomis (Census 2021)

2.3.39 Whilst Nomis data indicates that the Hampshire County population is expected to grow by 3% between 2021 and 2029, in the New Forest, growth is expected to only be 1% over the same period; its working age population is expected to decrease as its elderly population begins to increase. As a result, the dependency ratio (elderly: working age) will rise. This will result in a changing economic picture, where commuting patterns and travel habits shift to reflect this dependency ratio.

2.3.40 However, the population projections presented in this section are not inclusive of the planned developments in the Waterside peninsula. Delivery of the planned developments in the adopted New Forest District Council Local Plan will ensure the population of the area increases; this would subsequently increase travel demand further and put additional pressure on the existing road network beyond levels already forecast.

Labour Market

2.3.41 The New Forest District has low levels of unemployment. Recent data shows the district had a relatively low unemployment rate of 3.5% in 2021. This is considerably lower than the UK national average (4.2%), and slightly higher than the Hampshire average (3.3%).

2.3.42 In the wider Solent region, the economy relies heavily on the maritime industry which contributes an estimated £5.5 billion GVA in 2015 and employing upwards of 120,000 people (19.8% of all jobs in the Solent LEP region). Other key employment sectors in the Solent LEP region include wholesale and retail trade (14.6% of total employment), education (10.1%) and human health and social work activities (12.7%).

Deprivation

2.3.43 The New Forest District generally has low levels of deprivation, as highlighted in Figure 2-6. Within Totton and Waterside there are three Lower Super Output Areas (LSOAs) with high levels of deprivation; the Heather Road area (Blackfield) is amongst the top 10% of deprived areas nationally, while the Hounsdown/Eling area and the Netley View Area (Buttsash) also suffer from deprivation, albeit at lower levels.

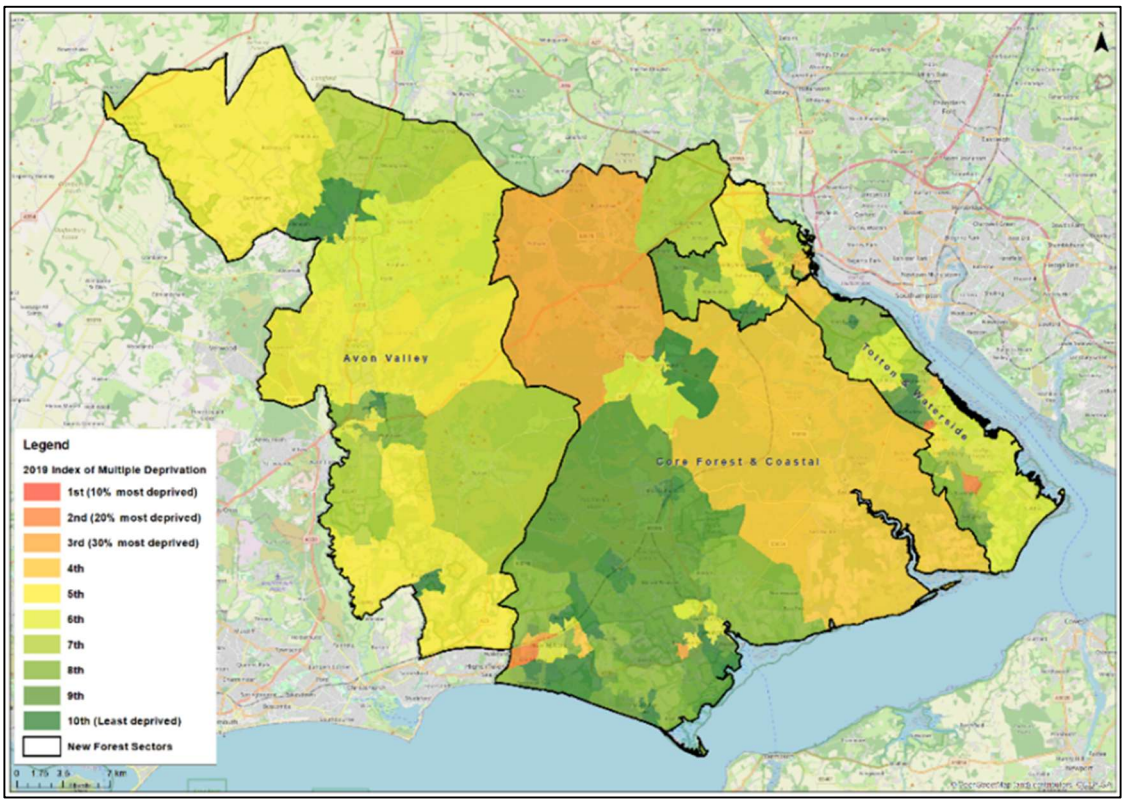


Figure 2-6: Indices of Multiple Deprivation in New Forest.

2.4 Business Need and Service Gaps

2.4.1 The A326 corridor and wider Waterside Peninsula bears significant regional and national importance and is recognised as an internationally important economic hub as a result of Marchwood Port, Fawley Refinery and Southampton Port, which are used as gateways for international trade.

2.4.2 Within the region, the A326 is the single arterial route connecting the area to the SRN and wider transport network providing access to and from the Peninsula for workers accessing port and developer sites, port goods traffic, and employees accessing employment sites in the locality, as well as residents accessing the SRN.

2.4.3 Significant investment in the A326 corridor is required to facilitate a combined investment in the area of over £3bn across several key housing, employment and industrial developments, all of which are collaborating under the 'Waterside Partnership'.

2.4.4 The A326 corridor capacity improvements are required to provide safe, efficient and reliable highway access for private car and HGV traffic associated with new development.

2.4.5 The key sites that form part of the Waterside Partnership[7] development are listed below, which together provide significant impetus for the proposed scheme.

- ABP Solent Gateway 2 at Dibden Bay – Port of Southampton Expansion (933). This development could help to bring forward significant economic investment in the region, create additional jobs and could be a critical part of helping grow the UK's global import and export market. The development has not yet been launched publicly, however its Freeport Status of reinforces the Government's commitment and recognition of the importance of the port regionally.

- Fawley Oil Refinery and Petrochemicals Facility Expansion (158, 159) – currently owned by ExxonMobil, this site produces 50 million litres of petrol/diesel/jet fuel/lubricants per day, directly supplying Birmingham, Heathrow, Gatwick and Bristol airports. The Refinery's major investment programme has a value of around £700m which will help secure around 2,000 jobs.

- Marchwood Port Expansion/Solent Gateway 1 (950) – formerly Marchwood Military Port, the site is being promoted by Solent Gateway Ltd and has now been partially implemented. The development will include expansion and increased commercialisation of port operations, with a focus on being a port-centric logistics hub with links to rail and road, with proposals of up to £400m investment on the site. This will take advantage of the existing rail infrastructure and the underutilised dock capacity. The site exceeds 200 acres, and the proposed development has the potential to create over 500 jobs.

- Additional Development Sites including large housing sites in Totton and Marchwood (912, 948, 914, 949) with a combined total of 1,900 new homes, as identified in the New Forest District Council's Local Plan which was adopted in July 2020.

2.4.6 All of the above schemes began their development lifecycle well in advance of the implementation of Brexit, and the start of the Covid-19 pandemic.

2.4.7 The need for additional port processing capacity, in order to address port capacity constraints elsewhere in the UK (for example at Dover) means that there is an increased need for the construction of the A326 improvements in order to facilitate additional port capacity on the Waterside at the Port of Southampton.

[7] The Waterside Partnership is a collaborative partnership between Solent LEP, Hampshire County Council, and a number of key local development stakeholders such as Fawley Waterside, Solent Gateway and Associated British Ports (ABP) whose purpose is to facilitate the further development of housing and economic growth opportunities along the A326 corridor.

Delivering new housing units for the New Forest District Council area

2.4.8 Delivering the improvements to the A326 corridor will help to future proof the highway network, supporting new housing developments in the New Forest District Council area. The District's Housing Strategy (2018) and Local Plan outline the action to allocate land for the provision of 10,500 new dwellings in the district between 2016 and 2036.

2.4.9 The New Forest National Park sets out strict guidelines when approving new developments inside the National Park including restricting the size of new homes, a lower site size threshold for new developments and creating a new policy on major developments within the National Park. The restrictions on new developments within the National Park coupled with the need for 10,500 new homes by 2036 means that many of these new homes will be built outside the National Park boundary. The Waterside Peninsula therefore presents an opportunity to support new housing units without compromising on the environmental landscape of the National Park.

Delivering employment opportunities for the wider region

2.4.10 The A326 Waterside Improvements Scheme provides opportunities for the local Waterside and wider Hampshire communities to have access to improved employment opportunities. The impact of reducing congestion on the A326, particularly during the AM and PM peak, will give commuters the confidence to travel further afield without the concerns of encountering congestion during their journey.

2.4.11 These employment opportunities could be to wider regional economic hubs including Southampton (8 miles), Portsmouth (30 miles), Salisbury (22 miles), Winchester (19 miles), and Bournemouth (29 miles), resulting in higher paid, higher skilled employment opportunities.

Supporting additional UK port capacity post-Brexit

2.4.12 The Port of Southampton plays a vital role in the local, regional and national economy, and is the UK's number one vehicle handling port, processing 900,000 vehicles per year. The port supports 45,600 jobs and contributes £2.5 billion to the national economy annually. The Port's contribution to the economy is not only centred around direct trade and employment but also supports businesses that indirectly rely on the Port for business. The Solent Freeport, which the Port of Southampton is a part, is a significant part of the 2025 Industrial Strategy which aims to drive economic sustainable growth and industrial decarbonisation.

2.4.13 There is added impetus for the expansion of port operations on the Waterside, including at the ABP Port of Southampton Solent Gateway 2. A DCO application is currently being prepared for the SLR, however full details are what the site entails is not yet known. With Freeport status, plans could be accelerated thanks to relaxed planning controls. If these sites are fully realised, the additional UK port capacity would increase significantly and could encourage other economic activity in the Waterside area. Business may seek to open in areas in close proximity, in turn creating more jobs. However, it is also recognised that the progression of these sites (particularly the SLR) will only be feasible with significant investment in the A326, which acts as the key link between these sites and the national network.

2.5 Impact of Not Changing

2.5.1 If the scheme was not taken forward for funding and the A326 continued to operate using its existing infrastructure, the impact of the 'do nothing' scenario would be that the A326 would continue to operate with severe congestion during peak periods, which is likely to get worse over time as travel demand increases. The corridor will continue to witness a number of vehicle and bicycle collisions as well as seeing a discontinuity between active travel infrastructure.

2.5.2 The lack of resilience on the corridor means that vehicles will increasingly use minor local roads through residential areas and the New Forest National Park as a 'rat-run' to avoid using

the A326 when it experiences issues. The impact of vehicles continuing to be displaced onto secondary routes through the New Forest is that traffic will continue to contribute to environmental issues including poor air quality.

2.5.3 In addition, new housing and employment sites in the Waterside Peninsula will exacerbate these existing issues and cause further disruption to the A326 corridor, as well as impacting on local commuters, businesses and wider regional freight journeys.

2.5.4 Thus, the A326 corridor needs to be future proofed to accommodate the increase in travel demand resulting from the housing and development sites, as well as helping to alleviate current transport issues.

2.5.5 Not delivering the scheme would result in worsening congestion, longer journey times and therefore lost economic output, poorer air quality and declining network resilience.

2.5.6 Predicted background traffic growth will further exacerbate these existing issues even if significant development sites do not come forward. The A326 is the only primary arterial road link serving the Waterside peninsula and there are limited alternatives for residents and employees to travel to and from locations along the peninsula.

2.5.7 Improvements to the A326 corridor are therefore essential to ensure that current congestion issues are addressed and to prepare the A326 for an increase in vehicle numbers in the future, which aligns with the key policy theme of providing safe, reliable and resilient transport network. This will help to future proof the scheme against any additional traffic above and beyond the current forecasts, as a result of additional employment sites and housing units. The proposed scheme will ensure that the Waterside peninsula has a reliable and efficient highway network to allow regionally and nationally significant proposed developments to proceed. Improved access and network resilience along the corridor will drive investment in the area and will facilitate delivery of critical growth sites.

2.5.8 The proposed port expansion at the Solent Gateway 2 will require efficient and reliable access to the M27 and SRN, which the A326 improvements will provide. Alternative routes to the M27 are either not as direct as the A326 or are heavily congested during peak periods and would not provide satisfactory capacity to cater for predicted traffic growth. Failing to link SLR / Marchwood Port via the A326 with the wider MRN and SRN network will also result in these schemes not aligning with the key policy themes outlined in Section 2.2.

2.5.9 Not delivering the port expansion would be contrary to the Government's maritime expansion ambitions as set out in Maritime 2050[8] and would jeopardise the growth of Southampton Port and limit economic growth in not just the local area but the whole of the region.

2.5.10 A large proportion of the housing sites that have been identified in the New Forest District Local Plan are situated along the Waterside corridor and not delivering the scheme would also affect delivery of these housing sites thereby restricting the delivery of the number of new homes currently identified in the Strategic Housing Land Availability Assessment (SHLAA).

2.5.11 In addition to alleviating local and regional congestion and supporting housing delivery, not delivering the scheme will continue to impact non-motorised users and continue to act as a major deterrent for active travel users, as there are currently very limited safe crossing opportunities across the A326. The A326 Waterside Improvements Scheme will provide a significant number of new, safe crossing opportunities in key locations, which will address the issues of severance and safety and help traffic re-distribution, including shifting vehicles away from some of the adjacent residential areas in the Waterside. This in turn will free up highway space, which can be used to make improvements for non-motorised users and facilitate environmental improvements.

2.5.12 Not progressing the scheme will also fail to capitalise on potential social impacts resulting from the scheme. The direct employment of full-time employees during construction, and its multiplier effects in the economy, will act as a boost to the local economy. In addition to proposed housing and employment developments, the inward investment the scheme is expected to create will act as a catalyst to further employment opportunities in the region.

[8] Maritime 2050: navigating the future

Without investment, the A326 will continue to suffer from congestion, causing road users to become increasingly frustrated with their journeys.

2.5.13 Finally, not taking the scheme forward will be detrimental to the New Forest National Park and its preservation. Commuters will continue to use minor roads in the National Park as rat-runs when the A326 suffers from network issues and congestion and with the expected increase in vehicles as a result of planned housing and employment areas, this issue will be further exacerbated in the future. This in turn will also impact the attractiveness of the area, including the New Forest National Park for tourism, which is vital to the economy of the area,

2.5.14 It is likely that the scheme not progressing would affect the attractiveness of the area to the developments that have been identified in this business case. This is because a significant proportion of the employment sites identified include logistics activities (e.g. port development) which includes freight movements which needs reliable road access in order to operate. Similarly, not developing the scheme would reduce the attractiveness of housing units built in the local area, as access to key employment sites in Southampton (and locations on the wider SRN) would become unreliable.

2.5.15 The development of the identified sites will generate significant employment both during the construction and operational phases (c.2,800 jobs[9]) which will help the wider regional economy to recover in the aftermath of Covid-19.

2.5.16 In the aftermath of Brexit, a number of capacity constraints have been identified in the UK port system (primarily at Dover). As a result, it is likely that alternative options for moving freight between the UK and the continent will be needed. This could potentially lead to additional traffic along the A326 as a result in the growth of port traffic in the local area.

2.5.17 There are also a number of social value benefits which will not be realised should the scheme not go ahead. The likely social value benefits of the scheme include:

- Natural: environmental protection and resilience.
- Society: stakeholder satisfaction.
- Economic: promoting sustainable economic growth.
- Human: improving the wellbeing of local residents.

[9] Contains sensitive information, A326 Waterside Improvements Scheme Strategic Case | 1.0 |

2.6 The Investment Proposal

2.6.1 This section confirms the objectives that the A326 Waterside Improvements Scheme aims to achieve. The objectives are Specific, Measurable, Achievable, Relevant and Time-constrained (SMART). A thread of strategic alignment with government, DfT, regional and local priorities is confirmed and summarised.

SMART Spending Objectives

Objectives – A326 and Major Road Network/Large Local Majors and Measures for Success

2.6.2 To address the current and future problems identified in the previous sections, the objectives that the scheme will help deliver have been split into two groups, as set out below:

- A326 Corridor-Specific Objectives – these objectives are specific to addressing the local and regional problems in the A326 corridor.
- MRN and LLM Strategic Objectives – these objectives have been set out by DfT as key strategic objectives which the scheme should aim to achieve.

2.6.3 This process ensures the logic of implementing the scheme is measurable both at a local, regional and strategic level, and that the benefits can be captured and communicated appropriately in the OBC. The local corridor-specific objectives also align closely with DfT's objectives and achieving them will help deliver the strategic MRN and LLM policy vision.

A326 Corridor Specific Objectives

2.6.4 The following corridor-specific objectives have been identified:

Objective 1: Enhance accessibility for all users of the transport network, including non-motorised users

- Address severance and the barriers to walking and cycling posed by the A326.
- Support the increase in cycling and walking trips along the A326 and parallel routes.

Objective 2: Address congestion issues along the corridor

- Address congestion issues on the A326 and surrounding local road network.
- Improve localised air quality issues and contribute positively to addressing issues causing the climate emergency.
- Increase resilience on the network thereby reducing the incidence of rat-running through the New Forest National Park and also to provide further national port resilience in order to mitigate the impacts of port disruption caused by Brexit.

Objective 3: Facilitate economic development along the corridor

- Facilitate, and improve access to/from, housing and development sites including Fawley Waterside, the Port of Southampton expansion site, the Fawley Refinery and Marchwood Port.

Objective 4: Minimise the impact on the New Forest

- Improve access to the New Forest National Park.

- Reduce the use of National Park roads as a through route by providing additional capacity on the main (A326) road in the area.

- Mitigate potential environmental impacts on the New Forest as much as possible, whilst also supporting the tourism and leisure economy in the National Park.

Major Road Network Strategic Objectives

2.6.5 Following the creation of the MRN in 2017, the UK Central Government set out five strategic objectives for investing in the MRN, as shown below. The A326 forms part of the MRN network as one of the UK's busiest and most economically important local authority 'A' road, connecting Waterside to the SRN at M27 junction 2.

Objective A: Reduce congestion: alleviating local and regional congestion, reducing traffic jams and bottlenecks

- Increase capacity to reduce congestion and crowding.

- Make journeys more comfortable and reliable.

Objective B: Supporting economic growth and rebalancing: supporting delivery of the Industrial Strategy

- By improving the capacity, reliability, safety and connectivity of the network, road investment facilitates journeys for people and businesses and improve economic performance.

- This objective is further reinforced by the 2025 Industrial Strategy which identifies infrastructure investment, particularly in the MRN, as essential for facilitating the above.

Objective C: Supporting housing delivery: unlocking land for new housing developments

- Create new links between communities and workplaces to deepen local labour markets, connect housing developments to the network, provide new routes on city and commuter networks.

- Contribute to creating places that promote wellbeing through the management of congestion or provision for public transport.

Objective D: Support all road users

- Recognising the need for all users.

- Proposals to improve the MRN should consider the needs of both motorised and non-motorised users including cyclists, pedestrians, disabled people and public transport users to be considered and benefits for them delivered as part of the solutions proposed.

Objective E: Support the strategic road network: resilient road network

- Users need to pass seamlessly between the MRN and the SRN.
- Proposals should seek to improve flows between the SRN and the MRN.

2.6.6 Table 2-9 and Table 2-10 below demonstrate how the four objectives of the proposed A326 Waterside Improvements Scheme aligns with the objectives of the MRN network and will help to deliver solutions to the issues and challenges highlighted in Section 3.5.

Table 2-9: Summary of A326 Objectives and alignment with Major Road Network/Large Local Majors Objectives

A326 Objective	Alignment with MRN Objective	Utilisation of the A326	Queuing / Journey time Variability	Collisions	Walking and Cycling	Resilience
1: Enhance accessibility for all users of the transport network, including non- motorised users.	D	✓			✓	✓
2: Address congestion along the corridor.	A and B	✓	✓	✓	✓	✓
3: Facilitate economic development along the corridor.	B and E	✓	✓			✓
4: Minimise the impact on the New Forest	A and C	✓				✓

Table 2-10: Summary of A326 Objectives and alignment with Major Road Network/Large Local Majors Objectives

A326 Objective	Alignment with MRN Objective	New housing	Employment Opportunities	Port Capacity	Sustainable Travel
1: Enhance accessibility for all users of the transport network, including non-motorised users.	D		✓		✓
2: Address congestion along the corridor.	A and B	✓	✓	✓	
3: Facilitate economic development along the corridor.	B and E	✓	✓	✓	

A326 Objective	Alignment with MRN Objective	New housing	Employment Opportunities	Port Capacity	Sustainable Travel
4: Minimise the impact on the New Forest	A and C				✓

2.6.7 Table 2-11 further demonstrates that in addition to meeting the MRN/LLM overarching objectives, the A326 scheme also meets regional and local priorities as well as other wider considerations beyond the original MRN objectives. Active Travel are being increasingly promoted within the MRN schemes including the A326 scheme. This also considers the wider objectives of government transport investment including decarbonisation.

Table 2-11: Alignment of A326 Scheme with Major Road Network objectives and other Wider priorities/Considerations.

Priority or other policy consideration	A326 Alignment (Yes/No)
MRN Objectives	Yes
TfSE Priorities	Yes
Local Objectives	Yes
Active Travel Provision	Yes
Carbon Impacts/Decarbonisation	Yes
Deliverability	Yes

2.7 Critical Success Factors

2.7.1 In addition to the strategic objectives outlined in Section 3.6, a set of Critical Success Factors (CSFs) have been developed to reflect the criteria that will also need to be met if successful delivery of interventions along the A326 corridor are to be realised. The CSFs are considered to be essential, not desirable and these have been carried over and maintained from the SOBC.

2.7.2 The CSFs have been designed to complement the strategic objectives of the scheme and MRN/LLM objectives outlined by the central government. Hampshire County Council determined the CSFs in collaboration with technical experts and align with the checklist of factors listed in the DfT's EAST guidance that's appropriate for this stage of the business case development.

2.7.3 The CSFs for the A326 Waterside Improvements Scheme are set out in Table 2-12 below.

Table 2-12: Critical Success Factors

Critical Success Factors	Aligned Corridor Objectives
Policy Fit	• Alignment with MRN and LLM objectives, wider Government/DfT, Regional and Local priorities
Contribution to Economic Growth	• Facilitate, and improve access to/from, housing, port development and other development

Critical Success Factors	Aligned Corridor Objectives
	• Support the implementation of other transport schemes
Contribution to Improved Transport Network	• Address congestion on the A326 and surrounding local road network • Increase resilience to effects of Brexit • Support the increase, and/or reduce severance and the barriers to, in cycling and walking trips along the A326 • Provide additional capacity on the main A326 road
Contribution to Quality of Life	• Address carbon emissions • Improving access to the New Forest National Park
Scheme Deliverability	• Costs • Engineering Constraints and mitigation or environmental impacts on the New Forest National Park
Stakeholder Support	• Public Acceptability

2.7.4 These CSFs are used to appraise the interventions proposed in the Options Assessment Report (attached as Appendix B) as part of the Multi Criteria Assessment Framework (MCAF) included within that report.

2.7.5 The combination of strategic objectives and CSFs provides the framework for overall strategic performance assessment of options.

Measures for Success

2.7.6 To monitor the success of the A326 Waterside Improvements Scheme, Table 2-13 below outlines how the project outputs, which contribute towards achieving the four strategic objectives, will provide a range of benefits to the Waterside Peninsula. These benefits will be measured through several indicators for success, summarised in the table below.

Table 2-13: Measures of Success

Project Outputs	Benefits	Measure of Success	When	A326 Objective
Increase in junction capacity at eight junctions along the A326 corridor.	Reduced queueing and congestion at key junctions. Improved access to, reduction in routing through, and reduced environmental impacts to the New Forest National Park. Reduced carbon emissions and improved air quality at junctions.	Reduction in the observed queuing time at junctions. An estimate of 25% reduction has been set. Improve journey times between key junctions on the A326.	Compare 1 year before to 1 year / 5 years after scheme opening.	2, 3
Widen 2.6 kilometres of the A326 from a single carriageway to a dual carriageway. Widen 1.5 kilometres of the A326 from single carriageway to a '2+1' layout with additional southbound lane.	Reduced queueing and congestion on key links. Improved access to, reduction in routing through, and reduced environmental impacts to the New Forest National Park.	Increased Annual Average Daily Traffic (AADT) flow on the A326. Reduced traffic flow through the National Park during peak periods.	Compare 1 year before to 1 year / 5 years after scheme opening.	2, 3, 4

Project Outputs	Benefits	Measure of Success	When	A326 Objective
New roundabouts and signalling improvements to improve the efficiency of traffic flows through key junctions.	Reduced queueing and congestion at key junctions. Improved access to planned and potential development.	Increased junction throughput for vehicles.	Compare 1 year before to 1 year / 5 years after scheme opening.	2
New roundabouts and signalling improvements to reduce the number of collisions and create safe crossing opportunities for active travel users on the A326.	Reduction in number and severity of collisions for both road users, walkers and cyclists.	Reduction in the number of recorded collisions / injuries. Reduction in severity of collisions / injuries. Measured increase in active travel users in the region*	Compare 1 year before to 1 year / 5 years after scheme opening.	1
Modal filters for Staplewood Lane and Twigg Lane junctions creating quieter, safer streets for pedestrians and cyclists.	Creates quieter, safer streets for pedestrian and cyclists Addresses congestion by removing junction turnings	Measured increase in active travel users in the region*	Compare 1 year before to 1 year / 5 years after scheme opening in addition to after the opening of the Transforming Cities Fund scheme.	1, 2

* Whilst Hampshire County Council can record an increase in the overall active travel users, it is not possible to solely attribute any increase to the A326 Waterside Improvements Scheme but instead as a combination of other transport schemes area including the TCF scheme.

2.8 Strategic Benefits

2.8.1 As suggested in Table 2-13, both the **Preferred Option** and **Low-Cost Option** provide the following strategic benefits:

- Reduced queueing and congestion at key junctions.
- Improved access to, reduction in routing through, and reduced environmental impacts to the New Forest National Park.
- Reduced carbon emissions and improved air quality at junctions.
- Improved access to planned and potential development.
- Reduction in number and severity of collisions for road users, pedestrians and cyclists.
- Creates quieter, safer streets for pedestrians and cyclists
- Addresses congestion and road safety by removing turning movements at some junctions

2.8.2 The scheme will deliver wider benefits which are additional to the transport user benefits. Wider economic impacts are economic impacts which are additional to transport user benefits. They arise because market failures in secondary markets (non-transport markets), such as the labour and land markets, mean that the full welfare impact of a transport investment may not be reflected in the transport market.

2.8.3 To maintain a proportionate approach, employment and productivity impacts have been assessed qualitatively. The scheme is adjacent to a Functional Urban Region (with a large and dense population) in Southampton and can therefore be expected to provide some productivity benefits.

2.8.4 Both the **Preferred Option** and **Low-Cost Option** are expected to result in agglomeration and employment effects between the Waterside area and employment centres in Southampton, Portsmouth and to the north (e.g. Eastleigh). They will also improve access to new employment opportunities associated with development at Fawley Waterside, Dibden Bay and Marchwood Port.

Impact of the scheme on economic growth

2.8.5 The scheme will have economic impacts, as a result of the reduction in congestion in the local area, and consequent improvement in journey time reliability. These benefits fall into the following categories

- Local economic impacts.
- Gross Value Added (GVA).
- Jobs from construction.
- Productivity uplift.
- Labour market impacts.

2.8.6 The scheme offers significant journey time savings with the transport modelling indicating time saving in the morning and evening peak hours of between 1 minute and 2 and a half minutes along the A326. Therefore, reducing the time to travel between key areas of employment across the Waterside and the wider Southampton City Region. As a result, this increases the amount of labour available to firms and means that workers have access to a wider range of jobs. This better matching of workers to jobs leads to productivity gains, as well as potential increases in labour market activity (reduction in unemployment).

2.8.7 It is likely that the scheme will have direct and indirect GVA impacts, through supply chain activity as a result of the construction activities. These impacts can be compounded through multiplier impacts.

2.8.8 It is also likely that the scheme will increase employment through direct employment on the construction site, as well as increases in employment in the supply chain.

2.8.9 The proposal also supports a number of longer-term developments (e.g. Solent Gateway 2). These have the same impacts in terms of construction and supply chain impacts but also have longer term economic impacts through the creation of jobs at these sites. Further detail of these economic impacts can be found in the Economic case.

2.9 Theory of Change

Logic Map

2.9.1 The logic map presented in Figure 2-7 is a systematic and visual way of presenting the 'theory of change' and contains the following components:

- **Strategic Objectives:** identifies how the corridor objectives align with wider UK Government Objectives for the MRN National Roads Fund programme.
- **Corridor Objectives**: identifies how achieving the benefits and outcomes will help to deliver the corridor objectives

- **Problems Identified**: a high-level summary identifying the persisting issues and challenges that need to be addressed.
- **Inputs**: includes the level of investment and overview of the programme.
- **Outputs**: includes the interventions expected to arise as a result from the inputs.
- **Outcomes and Wider Impacts**: includes short-term, medium-term outcomes, as well as the longer-term wider impacts that will arise as a result of the proposed interventions.

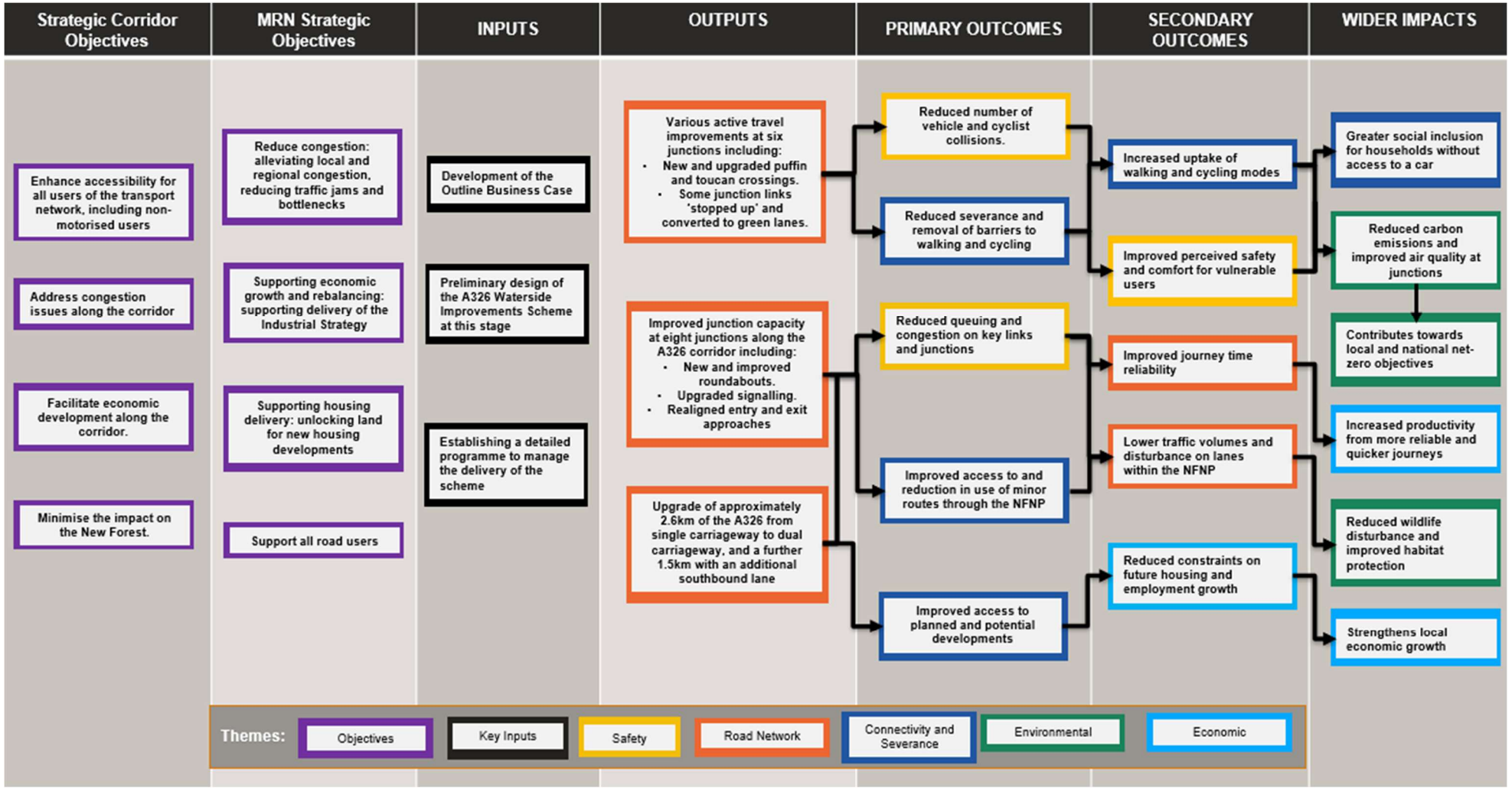


Figure 2-7: A326 Waterside Improvements Scheme Logic Map

2.10 Key Stakeholder Views and Requirements

Identification of Stakeholders

2.10.1 Table 2-14 identifies the key stakeholders with an interest in the A326 Waterside Improvements Scheme, including government authorities and agencies, environmental agencies, landowners and members of the public. Each stakeholder has been assigned a role which corresponds to the level of influence over the scheme.

Table 2-14: Identification of Key Stakeholders.

Stakeholder	Role & Contribution to the scheme	Influence
Hampshire County Council	Strategic highway authority, responsible for the management of local highway network and promoter of the scheme.	High – scheme promoter
Hampshire County Council	Highways authority responsible for producing planning application for the scheme	High
Hampshire County Council	Planning Authority who will have to approve the application	High
Southampton City Council	Adjacent Local Authority. Infrastructure changes on the A326 will have an impact on their local road network. There are also potential interdependencies between this scheme and future port operations on both sides of Southampton Water	Medium
Department for Transport (DfT)	Responsible for the approval of OBC to continue Business Case development and ultimately release National Road Fund funding for the scheme.	High
National Highways	Responsible for maintaining and developing the SRN. The A326 connects with the SRN at M27 J2, and for this reason HE will need to continue to be engaged as the scheme develops.	Medium
Members of Parliament	Local MPs whom HCC aim to gain political support from.	Medium
Transport for South East	Sub-national transport body who are required to be kept informed of progress.	Medium
Solent Freeport	Government backed initiative aimed at boosting investment, innovation and job creation. Potential match funding provider to support the scheme and the scheme enables their sites to develop.	High
New Forest District Council	Statutory Consultee for the Planning Application. The scheme is within the New Forest District boundary, so the Council are a key stakeholder. They will also play a vital role helping HCC understand the local community ahead of the public engagement and consultation.	High
Environment Agency and Natural England	Approval of works required due to the sensitive location.	High
Waterside Partnership	The Waterside Partnership is a collaborative group of key private sector stakeholders with interests in progressing various developments along the corridor who are regularly consulted with by HCC, and their suggestions will be valued highly by HCC.	Medium

Stakeholder	Role & Contribution to the scheme	Influence
New Forest National Park Planning Authority	Planning Authority who will have to approve the application. Responsible for the maintenance and operations of the park, which is located adjacent to the scheme. Scheme requires their planning approval.	High
Landowners	Various parcels of land are required to implement the scheme. Landowners are affected by it and have been consulted with.	Medium
Bus Operating Companies	Local Bus operators are being kept informed of progress to evaluate how the proposed interventions impact their services.	Low
Utility Companies	Potential impact on utilities located within the proposed works; agreement will be required to relocate any utilities during construction. Utility companies are being consulted on the scheme.	Low
Parish Councils/Local residents, businesses and interest / user groups	Main beneficiaries of the scheme, however they will also be negatively impacted by disruption during the works. Are being kept informed of progress.	Medium
Associated British Ports (ABP): Port of Southampton / Solent Gateway	Large developer nearby the scheme who will be impacted by the level of interventions. Are being kept informed of progress. Their forthcoming Solent Gateway 2 DCO is closely linked to the scheme and they are a potential match funding underwriter.	High
Fawley Refinery / Exxon Mobil	Major employment site to the south of the scheme	Low
Fawley Waterside Limited	Major development site to the south of the scheme	Low
Barker Mills Estates	Key local landowners; some of their land will be required to implement the scheme and for BNG purposes.	Medium

2.10.2 Throughout the development of the Business Case, HCC will continue to strengthen their relationships with these key stakeholders and manage the range of priorities identified. HCC have received letters of support from the ABP, the Solent Freeport and Southampton City Council. The letters are located in Appendix C .

Stakeholder Engagement

2.10.3 Throughout the development of the A326 Waterside Improvements Scheme, HCC have engaged with a range of key stakeholders (Table 2-15

2.10.4 Engagement has taken place at all key stages of development so far including:

- Development of Waterside Transport Study.
- The pre-SOBC stage.
- The SOBC stage.
- The post-SOBC / pre-OBC stage.

2.10.5 Table 2-15) on which the corridor impacts to help understand the challenges facing the A326 corridor and to drive the development of the proposed scheme.

2.10.6 Engagement has taken place at all key stages of development so far including:

- Development of Waterside Transport Study.
- The pre-SOBC stage.
- The SOBC stage.
- The post-SOBC / pre-OBC stage.

Table 2-15: Summary of key stakeholder engagement to date.

Engagement Activity & Date	Stakeholders engaged	Key Outcomes
Waterside Transport Study telephone surveys *2017*	500 local residents	Understanding of current travel behaviours and reasons for mode of travel choice.
Meetings to discuss the interface between M27 Junction 2 improvements and the A326 *2020/21*	National Highways (formerly Highways England)	Sharing of transport modelling and trip forecasting information to ensure both National Highways and HCC are aligned.
Meetings about the Waterside Passenger Rail Scheme	Network Rail, DfT	A full awareness of all the issues associated with this scheme. given that ultimately it would be delivered by Network Rail and majority funded by DfT. However, this scheme is not currently progressing
Waterside stakeholder group meetings *November 2019 and January 2021*	Local Members, NFDC, NFNPA, SCC, ABP, Solent LEP, Exxon Mobil, TfSE, Solent Gateway, Barker Mill Estates, Solent LEP	Presentation to key stakeholders setting out current progress on Waterside Transport Strategy and proposed schemes including the A326 improvements
Briefings in advance of Waterside Strategy public consultation *June 2021*	Separate briefings for the key stakeholder group (NFDC, NFNP, ABP, ExxonMobil, Fawley Waterside, Solent Gateway, Barker Mill Estates), and for Local Members/Cllrs	An awareness of the material that will be presented at consultation, including the Strategy and schemes, including the A326 improvements.
Public Engagement *July/August 2021*	Almost 1000 respondents including public and stakeholders	Broad support for the proposals. Highlighted need for reduced severance and the special qualities of NFNP protected.
Public Engagement *June/July 2023*	505 respondents from 985 attendees at four in-person engagement and 7 attendees at two online Q&A sessions.	Elements of the scheme redesigned following public feedback
Pre-Application Meetings with Planning Authorities *Summer 2021 to Autumn 2025*	New Forest National Park Authority, Hampshire County Council, New Forest District Council	Informal discussions from 2021 to 2024 with key officers and then three formal meetings during 2025 to ensure that any comments can be taken on board as part of the planning application submission.

Engagement Activity & Date	Stakeholders engaged	Key Outcomes
Pre-application Discussions with other key Statutory Planning Application Consultees *Summer 2023 to Autumn 2025*	Network Rail, Environment Agency, Natural England	Informal meetings to understand the views and design constraints of these key stakeholders, in order to inform the scheme design and associated mitigation measures.
Informal Landowner discussions *November / December 2025*	Individual face to face and online meetings with 11 different landowners discussing elements of the scheme affecting their land.	Landowner awareness of the scheme, in a number of cases buy in to the scheme, and in some instances some amendments to red line boundary to accommodate landowner needs.
BNG Provider engagement *Autumn / Winter 2025*	Internal discussions with relevant HCC teams over the principle of use of HCC land for BNG culminating in a recommendation in the Decision Day report of 4 December 2025. Separate discussion with the Trustees of the Barker Mill Estate / Longdown over the use of their land for BNG	Agreement in principle for use of land for BNG; basis for formulating the BNG strategy.
Pre Planning Submission Engagement Activities *January / February 2026*	Meetings with the following: County Councillors / Waterside Councillors Other Councillors and their officers Leader meetings Parish Councils meetings Other Stakeholder: Waterside Partnership, ABP, Barker Mills, Verderers, Exxon Mobil	Awareness of the forthcoming submission

2.10.7 The 2023 Public Engagement Report is provided within Appendix D . The outcomes of this public engagement led to the following changes to the scheme:

- Concerns about congestion and safety close to Marchwood Infant School led to the creation of a new junction near Pilgrim Inn, allowing the closure of Twiggs Lane and improve the environment around the school.
- Retaining the right turn from A326 south into Staplewood Lane in the Low-Cost option due to traffic concerns in the village, and because it is an access route to the household recycling centre.
- Revised design of Fletchwood and Cocklydown roundabouts due to concerns about dual carriageway entry making other movements difficult.
- The proposed cycle path directly alongside the A326 no longer included with improved facilities provided on Hythe Road instead, following feedback from regular cyclists.
- Ongoing investigations for further walking/cycling improvements and traffic management measures to encourage use of A326 thanks to high levels of support for complimentary measures.
- Reduction of speed limit to 50mph on the northern section to improve safety and assist traffic flow.

- Investigation into further opportunities for walking and cycling improvements beyond the south section and away from the A326.

- Reduction in scheme footprint on the northern section (such as reducing the width of traffic lanes and verges for example) to reduce the area of land taken due to concerns about the impact on the environment and encroachment of environmentally sensitive land.

2.11 Option Development Process

Option Identification and Sifting

2.11.1 This section discusses the development of options for the A326 Waterside Improvements scheme through the progression of the business case process from SOBC to OBC. It draws upon the work completed in the Options Assessment Report (OAR) attached as Appendix B and the Waterside Transport Study attached as Appendix A. These documents, in particular the OAR, present the full methodology of options identification and sifting and should be referred to when reading this section, which provides a high-level overview of the option selection process through the development of the SOBC and this OBC.

2.11.2 The assessment determined the best option(s) to be the focus of further appraisal with the aim of successfully delivering the A326 corridor's objectives and recognising the delivery constraints. This appraisal is well-aligned with the methodology set out in the DfT's Early Assessment and Sifting Tool (EAST).

2.11.3 An overview of the optioneering process is presented in Figure 2-8 and explored in further detail in the following sections.

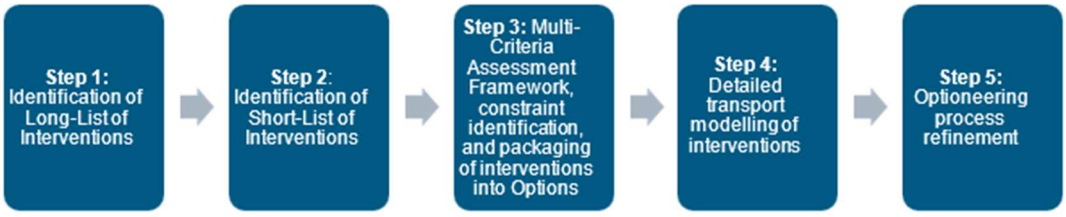


Figure 2-8: Overview of Optioneering Process

Step 1: Identification of Long-List of Interventions

2.11.4 In 2017, following the evidence base presented in the Waterside Transport Study, HCC identified 31 potential interventions that could be implemented to improve transport in Waterside. At this stage the interventions were broadly sorted into the following categories, some of which are or have been delivered by other projects for example the Southampton TCF schemes (now complete), which are picking up Buses and some Active travel measures.

Figure 2-9: Waterside Transport Study Intervention Categories.

Step 2: Identification of Short-List of Interventions

2.11.5 The next step after the identification of a long list of interventions was to exclude those which are no longer within the study area or within the remit for the A326 Waterside Improvements Scheme. In total 18 interventions were excluded at this stage for the following reasons:

- Junction improvements on the more southerly section of the A326 are being provided in connection to the Fawley Waterside development. Funding has been provided by the

SLEP in a joint submission by HCC and Fawley Waterside (Ltd) to provide junction improvements as part of access arrangements; and

- Bus, walking and cycling improvements along this section were provided as part of the Southampton TCF programme. This scheme seeks to increase the attractiveness of active travel in Waterside and encourage increased use for these modes from the local community.

2.11.6 Alternative options to improve the provision of the Hythe Ferry and railway services were also considered as options to reduce the dependency on private vehicles in the Waterside Peninsula which would, in turn, lead to reduced congestion on the A326. The Hythe Ferry, which operated until 2024, carried approximately 350,000 passengers per year[10] however the ferry service did not seem to be a viable option for many Waterside residents due to cost and lack of a desired point to point service.[11] The Fawley branch line links Fawley Refinery to the national rail network at Totton however this service is currently for goods and freight services only. A feasibility study into the reinstatement of a passenger service on the Fawley line was subject to a separate funding application as part of the DfT's 'Restoring Your Railways' funding and HCC, in February 2021, submitted a SOBC to the DfT to support this ambition. The Restoring Your Railways Fund was subsequently scrapped by the Labour Government. Further work on the reopening of the line to passenger services by Alliance Rail Ltd, was rejected by the Office of Rail and Road (ORR) in May 2026 over concerns about network capacity.

2.11.7 Whilst HCC are eager to promote the use of the Hythe Ferry and Fawley railway service as sustainable modes of travel, investment in the infrastructure and services to support this will not be sufficient to free up sufficient highway capacity to enable all the planned and potential development sites in the Waterside area to come forward. Thus, the need for a highway focused scheme remains critical to addressing all the transport issues on the A326 corridor and helping the significant economic growth that is possible in the area to be realised, particularly in light of the recently announced provisional Freeport status for the Solent area of which the Waterside is part.

2.11.8 The remaining thirteen interventions were taken forward for further analysis in Step 3.

Step 3: Multi-Criteria Assessment Framework, constraint identification, and packaging interventions

2.11.9 The remaining thirteen interventions as listed in the OAR, were assessed against the strategic objectives and CSFs (Section 2.). The assessment aligned with the checklist of factors listed in DfT's EAST Guidance. The assessment aligned with those factors which are the most relevant to the A326 Waterside Improvements Scheme including policy fit, contribution to economic growth and improved transport network, contribution to quality of life, scheme deliverability and stakeholder support. As part of the development of the OAR, a Multi-Criteria Assessment Framework (MCAF) was produced to appraise the remaining thirteen interventions against the corridor objectives, and against the project's Critical Success Factors (CSFs). At this stage of Business Case development all of the criteria have the same weighting. The individual scores of each CSF were then totalled to give the intervention an overall score which can be used to determine high- or low-performing interventions and used as basis for further refinement going forward. The full MCAF is reported in the OAR.

Packaging Interventions

2.11.10 Following the rating of each intervention against the CSFs in the MCAF, the thirteen interventions were sorted into three distinct geographical areas: East of Totton, South of

[10] Southern Daily Echo (2011) *Hythe Ferry sees surge in passenger numbers.* Available online: http://www.dailyecho.co.uk/news/9056540.Ferry__firm_stages_fightback/ [Accessed 25/08/2020]

[11] Waterside Transport Study, 2022, Waterside Transport Strategy and Action Plan

Totton and West of Totton. The justification for packaging the interventions into three areas is set out below:

- East of Totton – the schemes in this area are generally smaller scale junction improvements aimed at easing relatively localised congestion. This section of the A326 provides a connection to/from Southampton, but is not on the route to/from the SRN that is being prioritised by this scheme, which is the route to/from M27 Junction 2, hence the interventions on this section are smaller in scale;

- South of Totton – these schemes are also aimed at tackling congestion, although some of the more ambitious elements come with significant environmental constraints; and

- West of Totton – the schemes in this section tackle the most congested part of the Waterside Corridor and are challenging to deliver with some involving new or widened structures and have been packaged together for this reason.

2.11.11 The thirteen interventions were then packaged into three options to be appraised in further detail as part of the SOBC. These three options, in addition to the "Do Minimum" scenario, represent incremental scenarios of transport improvements. The rationale for setting out these incremental options is summarised below:

- Different levels of affordability – as it cannot be guaranteed that funding will be available to deliver the full set of interventions and level of ambition across the Waterside corridor, numerous options provide different levels of affordability; and

- Testing of options to determine optimal Value for Money – the OAR and business case for the A326 Waterside Improvements Scheme looks to provide DfT with Value for Money with the scheme's implementation, and so numerous options allow the process to test which combinations of interventions deliver the greatest benefits for the costs incurred.

Alignment of Shortlisted Options with Strategic Objectives

2.11.12 Each of the three appraised options as they were at the time of development of the SOBC were aligned against the scheme objectives using the MCAF framework. More information on the approach to scoring each of the options can be found in the OAR. This exercise was completed prior to the selection of the final two options being appraised in this OBC report.

2.11.13 Subsequent to the assessment within the SOBC, the Low-Cost Option and Preferred Option above have been subject to further design reviews, which have led to the final two options appraised as part of the OBC and detailed in Section 2.4.

2.12 Risks

2.12.1 The main risks to the project are set out in Section 6.10 of the Management Dimension. A summary of some of the key ones is provided below:

- The Local Match funding package not being agreed in time, meaning the OBC cannot be approved.

- The risk of HCC needing to write Capital spend on scheme development work back to Revenue if the scheme does not proceed for whatever reason.

- The risk of cost increases post any OBC-approval and HCC not being willing to underwrite these from its own funding.

- The potential lack of key stakeholder and/or public support for the scheme.

- The existence of highway Departures from Standards that still need approval.

- The potential refusal of the Planning Application, due to impacts on the National Park and/or Ancient Woodland.

2.12.2 These key risks, and other risks identified for the scheme are discussed in further detail in the Management case alongside proposed mitigation measures.

2.13 Constraints

Land Constraints

2.13.1 To deliver the junction improvements and link widening along the A326 corridor, HCC would be required to purchase third party land. The third-party land would be mainly concentrated in the following areas:

- In the vicinity of the Netley Marsh, Fletchwood Road, Monkton Lane, Cocklydown Lane, Staplewood Lane, Twiggs Lane, Pilgrim Inn and Main Road junctions to deliver junction improvements.

- Between the Michigan Way and Cocklydown Lane junctions to deliver a new dual carriageway.

- Between the Hounsdown Merge and Staplewood Lane junction to deliver an additional southbound lane.

2.13.2 In addition, the following are key constraints on any improvements within the study area:

- The Southern Section of the Proposed Scheme would intersect with or be in close proximity to ancient woodland at south of the Hounsdown merge, north and south of the Staplewood Lane junction and south of the Pilgrim Inn junction. Veteran trees impacted by the scheme will also need to be considered in design.

- The Proposed Scheme is located on the eastern boundary of the NFNP. The Northern Section of the Proposed Scheme intersects with the NFNP west of the Michigan Way roundabout, west of the Netley Marsh roundabout, south of the Fletchwood Road roundabout, west of the Monkton Lane junction and the Ashurst Bridge Road bridge and the new railway bridge, and south of the Cocklydown Lane roundabout. The Southern Section intersects with the NFNP at the Staplewood Lane junction, south of the Twiggs Lane junction, east of the Pilgrim Inn junction, and the Main Road roundabout is wholly located within the NFNP.

2.13.3 The provision of dual carriageway between Fletchwood Road and Cocklydown Lane would require a total of four new structures including two new bridge decks to support a new northbound dual carriageway.

Environmental Constraints

2.13.4 As a result of extensive feasibility study work, primarily the Waterside Transport Study and TCF schemes, HCC have a detailed understanding of the environmental constraints associated with the A326 corridor. Between 2020 and 2025 a number of detailed habitat and species surveys have been undertaken to inform the ecological baseline and highlight ecological constraints which have informed the preliminary design to where possible avoid or minimise impacts to sensitive ecological receptors. The early identification of environmental constraints and collaboration between environmental disciplines and design teams has allowed HCC to design the preliminary scheme to minimise environmental impacts where possible. NFNPA officers have been engaged regularly throughout the design process, to try and ensure that the scheme fits within the constraints of the NFNP and try to minimise the potential for the NFNPA to raise an objection during the planning application process.

2.13.5 As a result of the A326 forming the eastern boundary the NFNP, the impact of the scheme on the long-term conservation of the park is considered a priority. The NFNP contains the

following environmental protection designations; Sites of Specific Scientific Interest (SSSI), RAMSAR sites, Special Areas of Conservation (SAC) and Special Protection Areas (SPA). Outside the historic New Forest Perambulation, the A326 lies on the National Park's eastern boundary, as established in 2005.

2.13.6 Adjoined by "enclosed" farmland to the north and a mix of woodland and farmland to the south, a number of Listed Buildings, a Conservation Area, a locally listed Park & Garden and a Scheduled Ancient Monument also lie within 1km of the scheme. This is a landscape with time-depth, formed over millennia, crucial as back-up farmland to support traditional commoning on the open forest.

2.13.7 These elements, together with the nationally designated habitats (Ancient Woodlands, SSSIs, RAMSAR sites, SAC, SPA), create a high value landscape requiring a sensitively designed highway scheme.

2.13.8 Hampshire County Council have kept the NFNPA closely informed during the development of the proposed scheme and how it will impact the National Park. The NFNPA have expressed their general support for the scheme which aims to increase the capacity of the A326 to discourage vehicles, particular commuters, using the local roads in the National Park as a short-cut when the A326 experiences congestion or severe delays. Pre-application discussions are taking place between Hampshire County Council and NFNPA as part of the forthcoming planning submission.

2.13.9 It should also be noted that the proposed scheme has an interface with the following environmental designations:

- The New Forest (SAC/SPA/Ramsar/SSSI) – 506m South of the scheme
- Fletchwood Meadows (SSSI) – 540m South West of the scheme.
- Dibden Bay (SSSI) – 918m East of the scheme.
- Eling and Bury Marshes (SSSI) – 576m North East of the scheme.
- Solent Maritime (SAC) – 655m North East of the scheme.
- Solent & Southampton Water (RAMSAR & SPA) – 570m North East of the scheme.
- Solent and Dorset Coast SPA – 855m East of the scheme.
- The Proposed Scheme is located within the Lower Larches Meadow Site of Importance for Nature Conservation (SINC), A326 Totton Western Bypass SINC, A326 Marchwood Bypass, Marchwood 3 (part) SINC, Reeds and Barrows Orchard Copse SINC, Hammer's and Rudes Copse SINC, and Nutcher's Copse Field SINC. The Proposed Scheme is adjacent to Lower Larches SINC, Kites Copse SINC, Warwick's Copse SINC, Warwick's Copse Meadow SINC, Staplewood Lane Copse SINC and East Veugles Copse SINC.
- Multiple Road Verges of Ecological Importance (RVEI) are located within the scheme footprint.
- Three Noise Important Areas (NIAs) and the proximity of sensitive receptors mean this is a key consideration.
- Tatchbury Mount hillfort Scheduled Monument (NHLE 1019193) is located to 520m north of the Scheme Boundary.
- The northern section of the scheme is located in a Minerals Safeguarding area.

- Main River Bartley Water runs across the scheme location in the north, which results in several sections being located within Flood Zone 2 and 3 (south of Monkton Lane).

- Nationally designated, Historic designations - listed buildings, including Manor Farm and Twiggs Lane Primary School, Netley Marsh Conservation Area, the SAM at Tatchbury Mount

- Locally designated historic sites - the historic park/garden at Marchwood Priory.

2.13.10 Ancient woodland locations are present along the scheme, and they are particularly close to the scheme boundary in the southern section of the scheme. Where the Scheme Boundary encroaches on ancient woodland, impact and mitigation has been discussed with Natural England during pre-application.

2.13.11 A map of the SSSIs and SPA/RAMSAR are shown in Figure 2-10 below, with the Solent Maritime SAC shown separately in Figure 2-11.Figure 2-10 A map of designated heritage assets and the zone of theoretical visibility is shown in Figure 2-12. The locations Flood Zone 2 and 3 is shown separately in Figure 2-13.

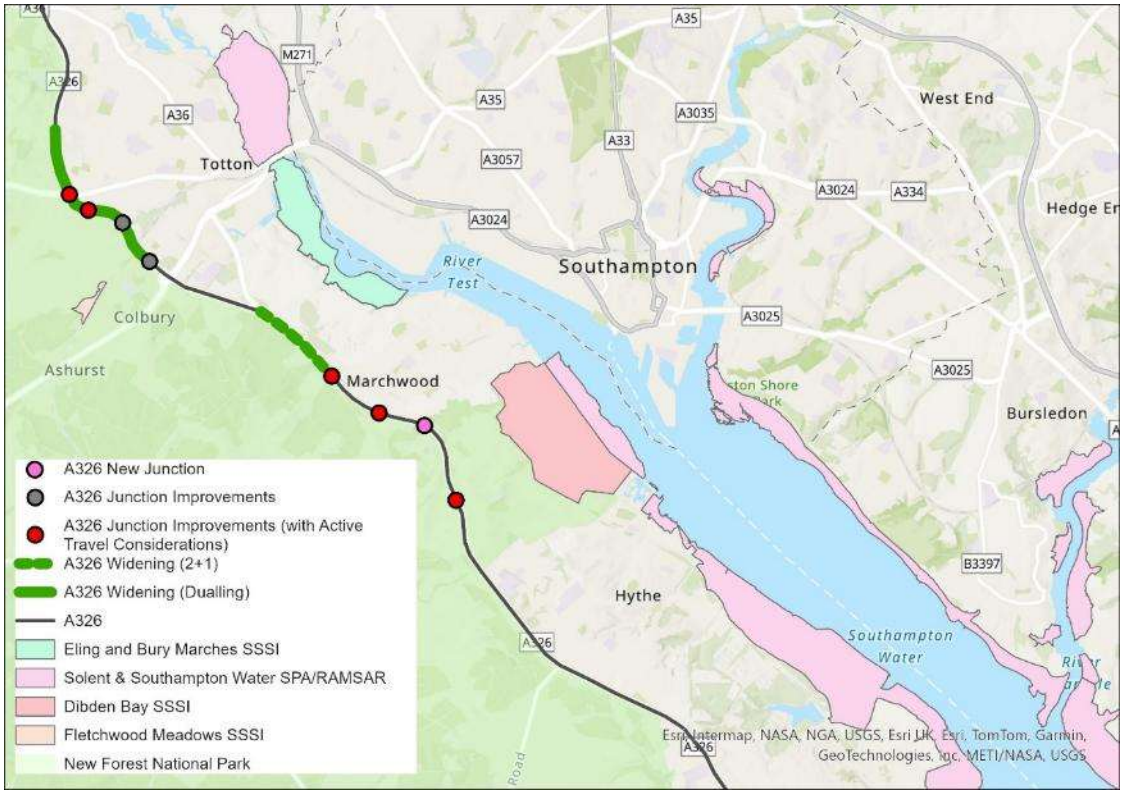


Figure 2-10: Environmental Constraints in the Waterside Peninsula (SSSI/SPA/RAMSAR).

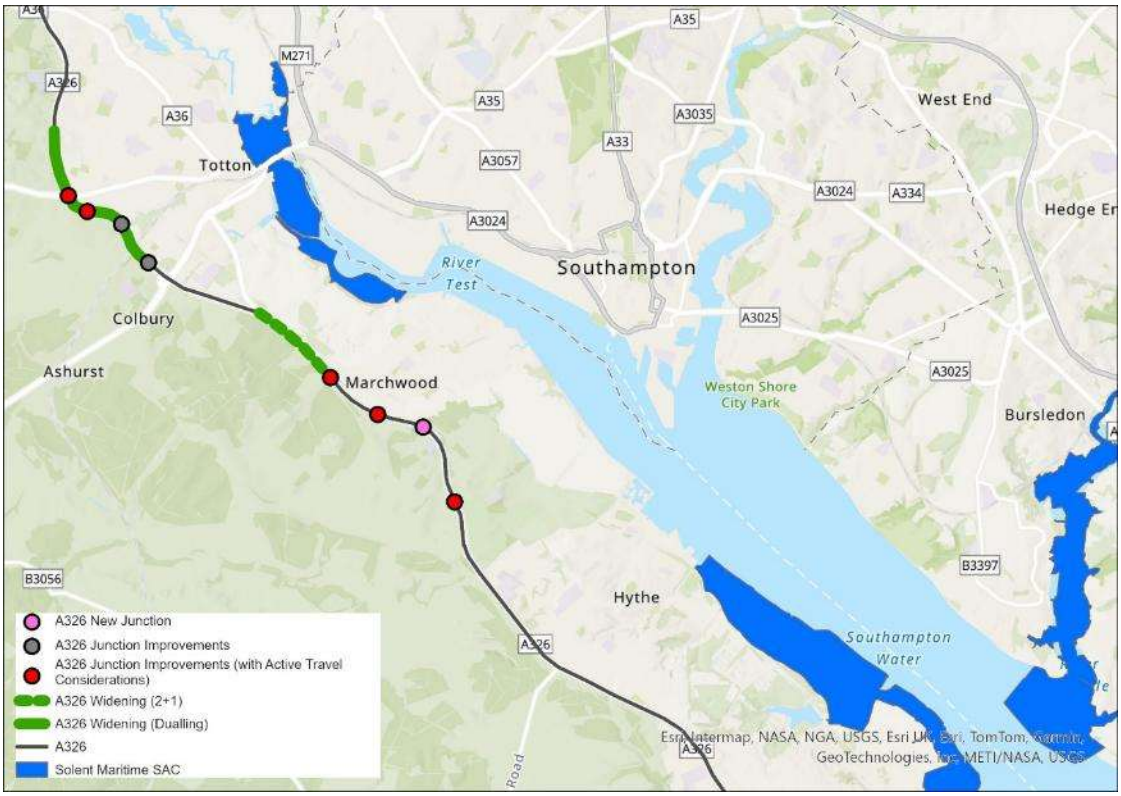


Figure 2-11: Environmental Constraints in the Waterside Peninsula (SAC).

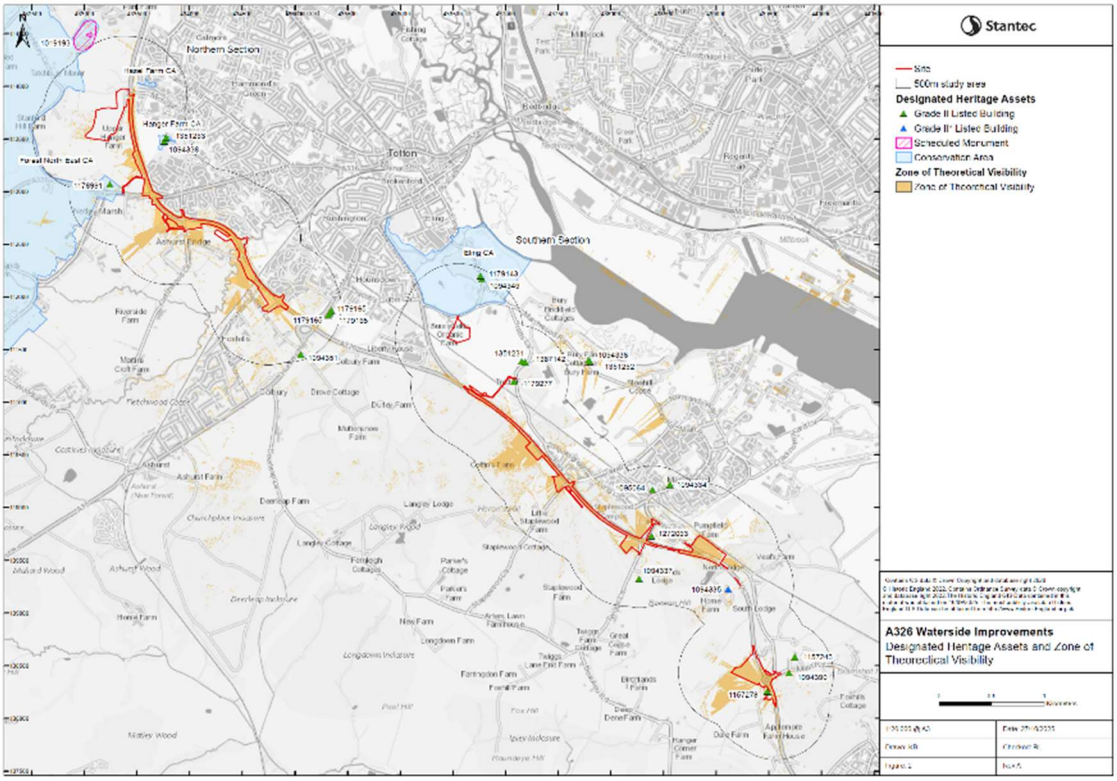


Figure 2-12: Designated Heritage Assets and Zone of Theoretical Visibility

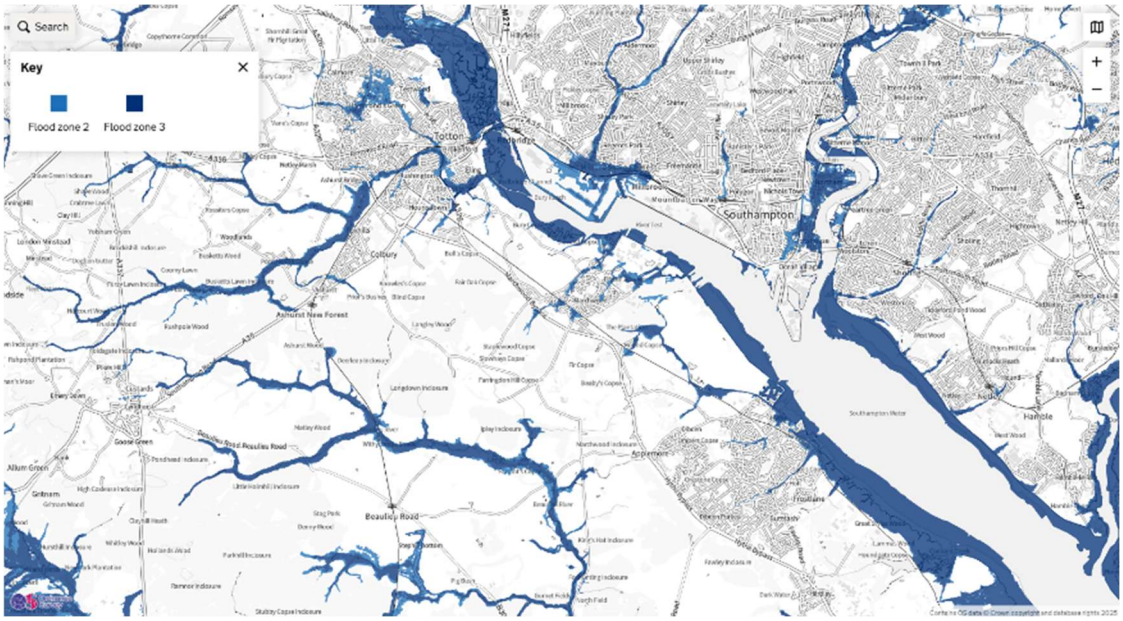


Figure 2-13: Flood Zone Map in the Waterside Peninsula (Source: https://flood-map-for-planning.service.gov.uk/)

2.13.12 HCC have continued to pay due regard to each environmental consent identified in the table above at an appropriate level during the development of the scheme design and Outline Business Case. An Environmental Statement has been developed for the planning submission to assess the likely significant environmental effects of the Proposed Scheme.

2.13.13 All statutory orders and consents required for the A326 Waterside Improvements Scheme will be confirmed before a Full Business Case is submitted to the DfT. Further details on the programme for the proposed scheme can be found in the Management case.

Construction conflicts with another nearby scheme

2.13.14 There are a number of potential major developments occurring in the Waterside Peninsula in the coming years. There is a possibility that the construction of the proposed A326 Waterside Improvements Scheme could be impacted by construction activities of a different scheme, for example higher volumes of traffic on the A326 could be caused as a different scheme closes a nearby road during construction.

2.13.15 Hampshire County Council (HCC) will engage with scheme developers and associated contractors to minimise the impact of construction activities on road users and carefully manage construction activities for any schemes should they run concurrently to the A326 Waterside Improvements Scheme. HCC has a statutory function to manage all roadworks on the local highway network that it operates via its Streetworks team. The HCC scheme development client for the A326 together with the contractor once appointed will work closely with the HCC Streetworks team as the A326 improvements are developed further during detailed design, to ensure that the scheme can be delivered with minimum disruption to road users.

2.13.16 The scheme's business case has been developed following guidance taking account of the 2020 Green Book Review and in line with the Green Book, 2022. The scheme is being assessed following prevailing DfT TAG guidance primarily against the Case for Change as set out in Section 2.3. The scheme will also help to facilitate development as stated in Section 2.4.

2.14 Inter-dependencies

2.14.1 The A326 Waterside Improvements Scheme is independent of other transport schemes in the Waterside peninsula, providing the opportunity for the outputs and benefits of the scheme to be realised without depending on other transport schemes.

2.14.2 The only two potential inter-dependencies identified at this stage are:

- ABP's Solent Gateway 2 DCO application. The non-statutory consultation in autumn 2025 showed access being taken from a location at or near the proposed Pilgrim Inn junction. Should Solent Gateway 2 DCO be submitted, there would be an interdependency in this location.

- Devolution and Local Government Reorganisation. This includes the replacement of two-tier systems (such as county and district councils) with unitary authorities. Devolution involves transferring powers and funding from national to local government. With the 2025 English Devolution and Community Empowerment Bill, this could affect who has the authority to make decisions about this scheme and where the funding comes from. Local Government Reorganisation would lead to a different authority to Hampshire County Council delivering the scheme should it be approved.

2.15 Summary of Strategic Dimension

2.15.1 There is a strong Strategic Case for the A326 Waterside Improvements Scheme, driven primarily by existing congestion levels on the A326 corridor at key links and junctions, which is set to be further exacerbated by upcoming housing and employment developments in the Waterside peninsula. The logic for the Strategic Case story from the identification of challenges and opportunities to desired outcomes is documented in the Logic Map in Figure 2-7.

2.15.2 There are multiple major residential, employment and commercial sites in the Waterside peninsula which rely on the A326 for access to and from both the peninsula, the City of Southampton, and the wider SRN. These sites include the Fawley Refinery and Petrochemical Works, the potential Fawley Waterside mixed-use development, the Port of Southampton Solent Gateway 2 and Marchwood Port / Solent Gateway. Whilst many of these are already major sites, they are also undergoing significant development in the coming years, the combined impact of which will increase the volume of traffic on the A326. The anticipated growth, alongside the organic growth in vehicles will only worsen the current congestion issues. In addition to these major development sites, there has been additional transport interventions in the Waterside region including Southampton TCF schemes and the A35 Redbridge Causeway major maintenance.

2.15.3 This Strategic Dimension identified the scheme's challenges and opportunities and presented a robust evidence base to support these challenges and opportunities as well as strong policy alignment. These were identified as:

- Junctions and links are over-utilised and will worsen in the future.

- Queueing and high journey time variability.

- Multiple junctions on the A326 have a high number of collisions.

- Lack of continuous high-quality walking and cycling routes; and

- Lack of resilience of the highway network, resulting in vehicles being displaced onto more minor and less appropriate roads during periods of congestion, such as traffic diverting through the New Forest National Park and residential areas along the Waterside causing air quality issues.

2.15.4 The proposed improvements to upgrade key junctions and widen the A326 carriageway will address these challenges, create opportunities and prepare the corridor for any further economic growth in the future.

2.15.5 Without these improvements, the A326 will continue to suffer from congestion and poor journey time reliability which could result in lost economic output, poorer air quality and declining network resilience. With many links and junctions on the A326 already at or approaching capacity, the corridor will continue to be impacted by congestion.

2.15.6 The Strategic Objectives have been defined to directly address the challenges and opportunities whilst also aligning with the wider MRN Strategic Objectives set out by the UK Government as well as local, regional, and national policies. The scheme objectives are:

- Enhance accessibility for all users of the transport network, including non-motorised users.
- Address congestion along the corridor.
- Facilitate economic development along the corridor.
- Minimise the impact on the New Forest.

2.15.7 The Strategic Case sets out the scheme's constraints which range from environmental considerations due to the scheme's proximity to the NFNP, and land acquisition required to successfully deliver the proposed interventions.

2.15.8 Finally, Figure 2-8 provided a high-level summary of the option identification and sifting, from the longlist identified in the Waterside Transport Study, the option sifting in the OAR and packaging of interventions which has ultimately resulted in the Preferred Option and Low-Cost Option. Both options offer different levels of affordability, Value for Money, and ability to address the challenges and opportunities.

- The Low-Cost Option includes junction improvements and localised link widening to provide benefits to motorists, pedestrians, and cyclists by implementing the basic level of multi-modal improvements suitable for addressing all of the corridor's issues.
- The Preferred Option builds upon the Low-Cost Option improvements by introducing an increased length of dual carriageway in the West of Totton section, offering a larger set of benefits than Low-Cost Option.

3 Economic Dimension

3.1 Introduction

3.1.1 The Economic Dimension identifies and appraises all scheme impacts to determine its overall Value for Money (VfM). It takes account of the costs of developing, building, operating, and maintaining the scheme, and a full range of its impacts. The assessment of impacts is not limited to the monetised measured economy, and include welfare, economic and environmental benefits as well as distributional impacts. The Economic Dimension considers the extent to which the scheme's benefits outweigh its costs.

3.1.2 This section covers:

- Options appraised
- Overview of methodology and assumptions
- Scheme costs
- Scheme impacts (user, safety, active mode, wider, environmental, place-based, spending objectives and distributional)
- Switching value analysis
- Sensitivity testing
- Value for money statement

3.2 Options Appraised

3.2.1 The scheme option development process and the appraisal of options was summarised in Section 2.11. Within this OBC, the Preferred Option and Low-Cost Option have been appraised using the economic appraisal tools and methods set out within the Appraisal Specification Report (ASR). These are described further below in this Economic Dimension, with more detail provided within the Economic Appraisal Report (EAR) in Appendix E .

3.3 Overview of Methodology and Assumptions of Traffic Modelling

3.3.1 The economic appraisal presented in this OBC was informed by analysis of the Sub-Regional Transport Model (SRTM). The development of the model and forecasting assumptions used in this version of model are documented in the A326 Outline Business Case – SRTM Strategic Modelling Report (see Appendix F).

3.3.2 SRTM is a suite of linked models comprising the following components:

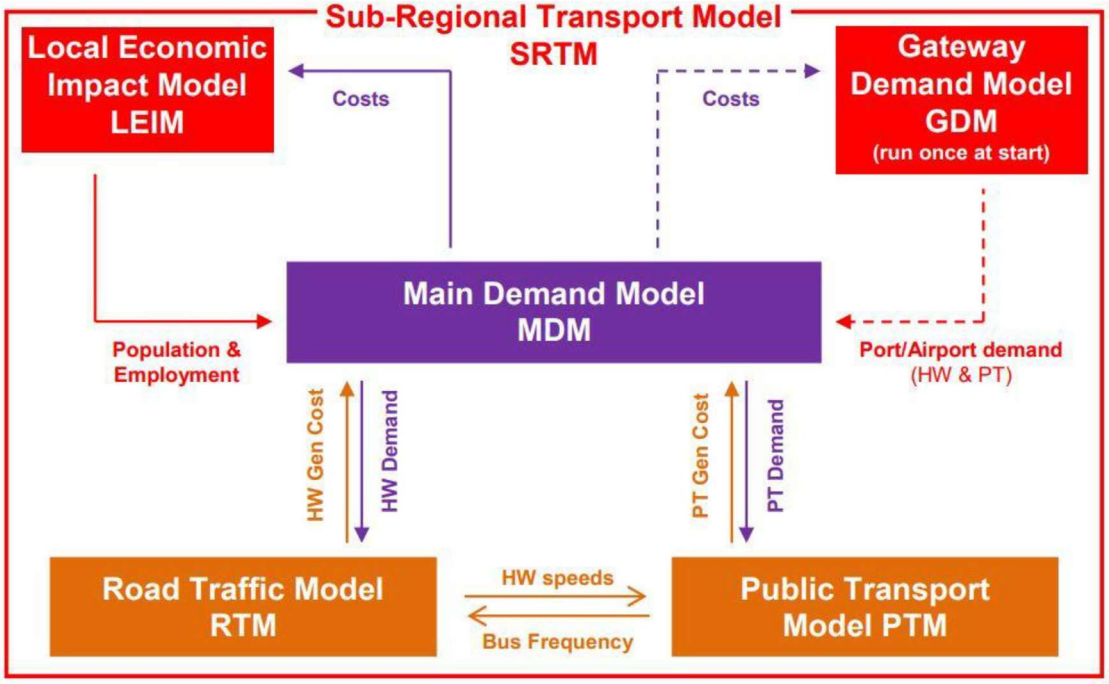


Figure 3-1: SRTM Structure (Source: SRTM User Guide)

3.3.3 The A326 OBC study utilises four SRTM scenarios:

- The SRTM 2019 Base Model – the standard SRTM base model
- The Core Do Minimum Scenario Model – base model + confirmed developments and highway schemes
- The A326 OBC Preferred Option Model – core model with full intervention package
- The A326 OBC Low-Cost Option Model – core model with reduced intervention package

3.3.4 The SRTM Strategic Model used in this economical appraisal was developed with a base year of 2019 and provides transport impact predictions for the following forecast years:

- 2031: closest SRTM year to the expected year of scheme opening
- 2041: to model scheme 10 years after opening

3.3.5 Following a review undertaken by HCC as part of the Uncertainty Log scoping exercise, several Reference Case developments in the New Forest were removed from the Core Scenario as the status of the sites were deemed 'Reasonably foreseeably'. In accordance with TAG Unit M4 (2.2.4), only committed or 'near certain' schemes should be included in the Core Scenario.

3.3.6 There are no additional developments included in the Core Scenario that do not form part of the standard SRTM Reference Case[12].

3.3.7 The A326 Core Scenario is formed from the SRTM Reference Case, which includes the following committed highway schemes in the Waterside Region. In addition to the highway

[12] This is a standard forecast model produced as part of the SRTM modelling suite. This is updated at the time of the undertaking the scheme assessment for the A326 with additional committed schemes that are not included in the Reference Case model to produce the Core Do Minimum Scenario Model.

schemes in the Reference Case, The Association of British Ports (ABP) Solent Gateway 2 Access Road and New Forest Speed Reduction scheme are also included in the Core Scenario. There is no change to the public transport assumptions between the Reference Case Scenario and the Core Scenario.

3.3.8 In accordance with guidance three weekday periods are modelled in the SRTM:

- AM peak: busiest hour between 07:00 and 10:00, (defined as 40.5% of the three hours for Highway and 40% for Public Transport).
- Interpeak: average of 10:00 to 16:00 (i.e. 16.7% of the six hours for both modes).
- PM peak: busiest hour between 16:00 and 19:00, (defined as 36.8% of the three hours for Highway and 40% for Public Transport).

3.3.9 The model represents three vehicle types:

- Cars
- Light Goods Vehicles (LGV)
- Heavy Goods Vehicles (HGV)

3.3.10 The car element is broken down to represent three travel purposes:

- Employer's Business
- Commute
- Other

3.3.11 The results for the Main Demand Model are provided in Section 3 of the SRTM Strategic Modelling Report (Appendix F . The Road Traffic Model (RTM) are provided in Section 4 with the Journey Time and Analysis provided in Section 5 of the same report.

3.4 Overview of Methodology and Assumptions of Economic Appraisal

3.4.1 The Economic Appraisal was carried out using standard procedures and economic parameters as defined by Department for Transport (DfT) Transport Analysis Guidance (TAG) Unit A1. The full list of impacts covered presented in Table 3-1 below, consistent with the methodology proposed in the Appraisal Specification Report (Appendix G).

Table 3-1: Impacts Considered at OBC Stage

Impacts	Methodology	Quantified
Scheme costs	Calculation of Present Value of Costs (PVC) using updated investment cost estimates, funding contribution and spend profile as well as updated whole life cost forecasts in line with TAG A1-2.	✓
Transport Economic Efficiency (TEE) – Travel Times and Vehicle Operating Costs (VOC)	Undertaken using the latest version of Transport User Benefits Analysis (TUBA) V1.10.1 in accordance with TAG Unit A1.3. consistent with data book v2.01 (May 2025)	✓
TEE – Travel Times and VOC (during construction and maintenance activities)	TUBA assessment assessing traffic management arrangement impact during construction against the Do Minimum. Qualitative assessment of impacts during maintenance.	✓

Impacts	Methodology	Quantified
Journey Time Reliability	Assessed using python process that applies the formula in TAG Unit A1-3 on reliability for urban roads.	✓
Collisions	Cost and Benefit to Accidents – Light Touch (COBA-LT) (V2.9) analysis undertaken to capture the collision impacts of the scheme in accordance with TAG Unit A4-1.	✓
Greenhouse Gases	Undertaken in accordance with Section 3 of the Design Manual for Roads and Bridges (DMRB) LA114. For operational road user greenhouse gases emissions, study area is consistent with the affected road network defined in traffic model.	✓
Noise	UK 'Calculation of Road Traffic Noise' (1988) methodology, with modifications as per the latest revision to DMRB LA 111 'Noise and Vibration' (Revision 2)	✓
Air Quality	Undertaken in accordance with DMRB LA105. A detailed quantitative assessment using the Atmospheric Dispersion Modelling System for Roads (ADMS-Roads) dispersion model.	✓
Indirect Taxes	Undertaken using the latest version of Transport User Benefits Analysis (TUBA) V1.10.1 in accordance with TAG Unit A1.3. consistent with data book v2.01 (May 2025)	✓
Active Impacts	Makes use of DfT's Active Mode Appraisal Tool (AMAT) to assess impact of Mode Shift, Health and Journey Quality.	✓
Wider Impacts – Competition between Imperfect Markets	Uplift of the business user benefits identified in TUBA, as recommended in TAG Unit A2-2.	✓
Wider Impacts – Agglomeration	Assessment using the Wider Impacts in Transport Appraisal software (WITA) (V2.4).	✓
Wider Impacts – Labour Supply	Not assessed.	×
Land Value Uplift (LVU)	LVU is applied for both housing and commercial developments where there is an expected change in land use, consistent with TAG Unit A2.2 guidance on land-use impacts.	✓
Gross Value Added (GVA) Approach	Where there is no change in land use, impacts have been assessed in terms of changes in economic activity (GVA effects) as per TAG	✓
Environmental Impacts	Landscape, Townscape, Historic Environment, Biodiversity, Water Environment impacts of scheme assessed in line with TAG unit A3.	×
Social Impacts	Security, Severance and Journey Quality (Highway only) have been assessed in line with TAG unit A4-1.	×
Distributional Impacts	Distributional impacts (DIs) assessed in accordance with TAG Unit A4-2 for the following impacts: User benefits, Noise, Air quality, Collisions, Security and Severance.	✓
Place Based Analysis	Considered Level 1 and Level 2 impacts geographically to demonstrate place-based impacts of scheme.	✓

✓ = Quantified × = Not Quantified

3.4.2 Economic appraisal parameters, such as values of time and vehicle operating costs, were taken from the DfT's TAG data book (V1.24). This is consistent with the parameters used in the modelling for values of time and vehicle operating costs.

3.5 Scheme Costs

3.5.1 The cost of the proposed scheme has been estimated at 2025 prices, as set out in the Financial Dimension of the OBC. It includes all costs associated with scheme preparation and construction, including land costs.

3.5.2 In line with TAG Unit A1-2 guidance, risk allowances should reflect the level of uncertainty associated with project costs at the relevant stage of development. While TAG unit A-2 provides indicative optimism bias uplifts for different project stages, these are intended as benchmarks rather than prescriptive values. For the scheme, a 36% risk allowance has been applied in the economic appraisal rather than the Stage 2 (OBC) Optimism Bias allowance for road schemes of 23%. The applied allowance reflects the risks captured in the project risk register and the current early stage of design and the potential for scope changes. Applying a higher risk allowance provides a more robust and conservative estimate of scheme costs, reducing the likelihood of underestimating risk in the appraisal.

3.5.3 Costs have been estimated under two broad headings:

- Investment costs (scheme preparation and construction)
- Maintenance and renewal costs

3.5.4 The costs have been calculated in line with TAG A1.2 Scheme Costs (May 2025), which uses the following methodology:

- Estimation of a base cost estimate
- Incorporation of a real cost increases
- Application of optimism bias-cost adjustment
- Rebase cost to Department base year (2023)
- Discount cost to Department base year (2023)
- Convert costs to market prices

3.5.5 The breakdown of costs presented above, align with breakdown required for the DfT Cost Pro-forma.

3.5.6 Funding for the scheme has not yet been fully confirmed. Approximately 85% of the scheme costs will be provided by the DfT under the Local Roads Major Schemes programme. The remaining 15% is expected to be secured through a Local Match contribution but at the time of OBC submission, the local match funding source(s) have not yet been agreed.

3.5.7 Table 3-2 3-2 summarises the Scheme Present Value Cost (PVC) which comprises the construction and operating and maintenance costs presented above.

Table 3-2: Present Value of Costs (£, discounted to 2023 market prices)

Category	Preferred Option	Low-Cost Option
Capital	£159,779	£97,254

Operating and Maintenance Costs	£2,897	£1,763*
Total	£162,675	£99,017
Private developer contribution	£0	£0
Total	£162,675	£99,017

*Calculated based on the proportions between capital costs

3.5.8 There are no developer contributions noted above as all funds are expected to come from the public sector.

3.6 Level 1 impacts

3.6.1 This section presents a summary of the scheme economic appraisal approach and results. More details are provided in the Economic Appraisal Report (Appendix E)

Transport Economic Efficiency

3.6.2 As described in Section 3.3, the model forecast years are 2031 and 2041, which were based on the anticipated opening year of the scheme and availability of models. It is now anticipated that the opening year will be 2032 or 2033, however, the closest model year to this is 2031. The TUBA inputs for the assessment include a standard TUBA Scheme file. The parameters used within the scheme file are presented in Table 3-3.

Table 3-3: TUBA Input Parameters

Parameter	Value
TUBA Version	1.10.01
Economic Parameters	TAG data book version 1.25 (May 2025)
First Year	2031
Horizon Year	2091 (i.e. 60-year appraisal period)
Modelled Years	2031 and 2041
Current Year	2025
Time Slices	Three time slices (AM, IP, PM)
Opening Year	2031
Unit of account	Factor cost
User Classes	Car, PT, Active
Value of Time method	Method 1 – continuous function, based on distance
Annualisation Factors	759 (AM) 1,518 (IP) 759 (PM)

3.6.3 To focus the appraisal on the relevant area surrounding the A326 and reduce the impact of model 'noise', a filtering process was applied to the TUBA outputs, using TUBA's sector system functionality. A map of the sectors used for this scheme is presented in Figure 3-2.

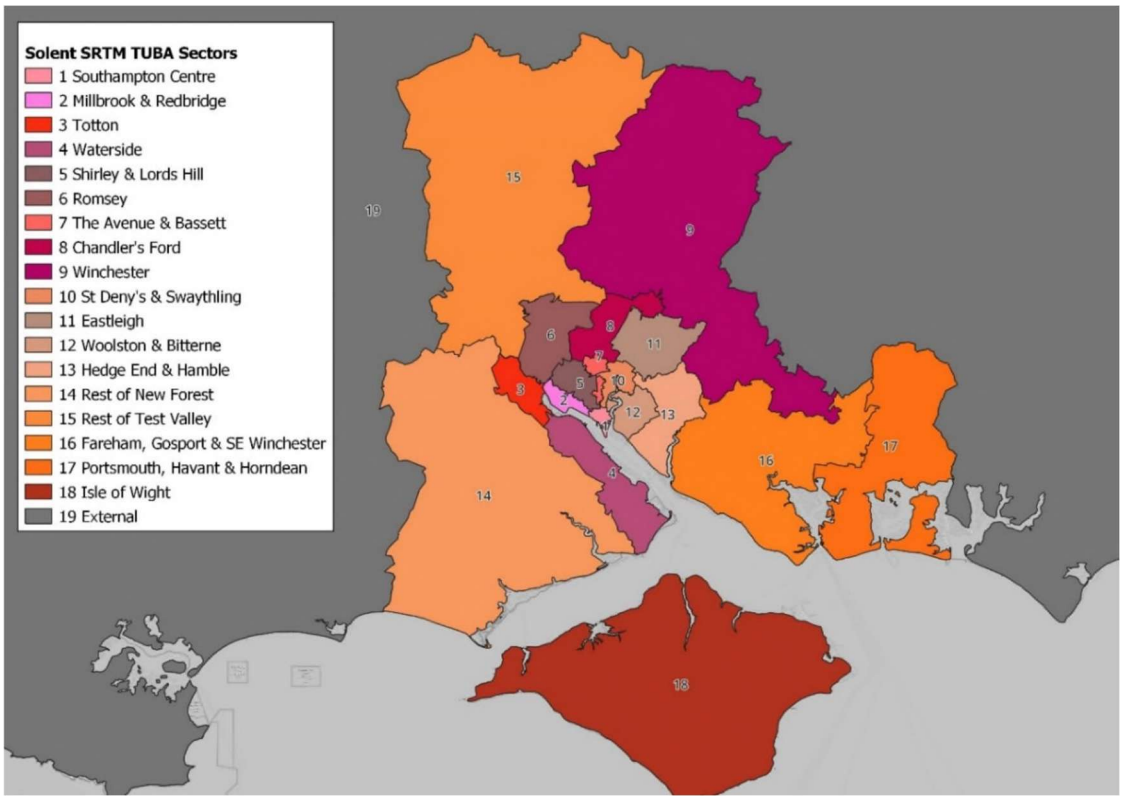


Figure 3-2: TUBA Sector System

3.6.4 The Sectors filtered out of appraisal, have been agreed with HCC and are summarised in the matrix provided in Table 3-4. Within the matrix, cells highlighted in green with a value of 1 are included in the summarised economic outputs, while white cells (with a value of 0) are filtered out.

Sector Aggregation Number 0 – excluded 1 – included	Sector Number	Southampton Centre	1 Millbrook & Redbridge	1 Totton	1 Waterside	2 Shirley & Lords Hill	2 Romsey	3 The Avenue & Bassett	3 Chandler's Ford	3 Winchester	4 St Denys & Swaythling	4 Eastleigh	5 Woolston & Bitterne	5 Hedge End & Hamble	Rest of New Forest	Rest of Test Valley	Fareham, Gosport & SE	Portsmouth, Havant &	Isle of Wight	Rest of World
Sector Number		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Southampton Centre	1	1	1	1	1	1	1	1	1	0	1	0	0	0	1	1	0	0	0	0
1 Millbrook & Redbridge	2	1	1	1	1	1	1	1	1	0	1	0	0	0	1	1	0	0	0	0
1 Totton	3	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1 Waterside	4	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
2 Shirley & Lords Hill	5	1	1	1	1	1	1	1	1	0	1	0	0	0	1	1	0	0	0	0
2 Romsey	6	1	1	1	1	1	1	1	1	0		0	0	0	1	1	0	0	0	0
3 The Avenue & Bassett	7	1	1	1	1	1	1	0	0	0	0	0	0	0	1	0	0	0	0	0
3 Chandler's Ford	8	1	1	1	1	1	1	0	0	0	0	0	0	0	1	0	0	0	0	0
3 Winchester	9	0	0	1	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
4 St Denys & Swaythling	10	1	1	1	1	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0
4 Eastleigh	11	0	0	1	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
5 Woolston & Bitterne	12	0	0	1	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
5 Hedge End & Hamble	13	0	0	1	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
Rest of New Forest	14	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0
Rest of Test Valley	15	1	1	1	1	1	1	0	0	0	0	0	0	0	1	0	0	0	0	0
Fareham, Gosport & SE Winchester	16	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Portsmouth, Havant & Horndean	17	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Isle of Wight	18	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rest of World	19	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 3-4: TUBA Sector System Filtering

3.6.5 Table 3-5 summarises the results for the TUBA analysis for the Preferred Option and Low-Cost Option.

Table 3-5: Total User Benefits (£M, discounted to 2023, in 2023 prices)

Category	Preferred Option	Low-Cost Option
Journey Times	120.875	58.827
Vehicle Operating Costs	3.644	1.656
Indirect Tax	-3.370	-3.563

3.6.6 The lower level of benefits is primarily due to the more limited scope of the Low-Cost Option, which excludes some upgrades such as dualling. This overall results in less traffic being attracted to use the A326, thereby reducing impacts on delay.

3.6.7 The following subheadings describes the methodology used to assess Level 1 user benefits. Table 3-5 presents the total user benefits and indirect taxation revenues for the 60-year appraisal period.

3.6.8 The greatest benefit relates to travel time savings, amounting to £120.9m for the Preferred Option. An overall VOC benefit of £3.6m and a -£3.4m indirect tax impact is forecast.

Impacts During Construction and Maintenance

3.6.9 Traffic modelling was undertaken to assess the Construction Traffic Management (CTM) impacts. Impact analysis of the CTM operations were assessed using the SRTM based off the 2031 Core Scenario and the same annualization factors were used in TUBA for the construction runs. The TUBA run was adjusted to extract the dis-benefits for 2029 to 2032 which is the construction period.

3.6.10 As outlined in the Appraisal Specification Report, to reduce model run-time and costs, the construction scenarios were tested in a cordoned version of the model with fixed demand assumptions. Impacts in the off-peak (overnight) period were not modelled to be consistent with the overall modelling and appraisal approach which focusses on weekday (AM Peak, Inter-peak, PM peak) periods.

3.6.11 A set of probable construction scenarios were developed based on outline construction, phasing and Traffic Management Plans. However, detailed information regarding these will not be available until Full Business Case (FBC) stage. The scenario considered:

- 40mph speed limit from Michigan Way to Cocklydown Lane junctions and the approach to these. The Hounsdown merge to Main Road and approaches also reduced to 40mph.
- Signals between Merge and Staplewood Lane – 100m length one way working at a time. This assumed a 30 second intergreen to allow for cycles to cover the distance. Total signal cycle time of 240 seconds.

3.6.12 The scheme is expected to include a series of capacity improvements at junctions and widening of sections of the A326. Consequently, impacts to users during maintenance are expected to be reduced compared to the Do Minimum since the additional highway capacity will enable maintenance works to be undertaken with less disruption. Overall, taking account of the actual frequency and duration of future maintenance works these benefits are likely to be small in monetary terms and consequently no formal appraisal has been undertaken.

3.6.13 The present value of disbenefits associated with the CTM is displayed in Table 3-6.

3.6.14 Temporary traffic management arrangements are predicted to increase journey times and congestion within the modelled area. This indicates increases in queues and delays associated with the CTM.

Table 3-6: Construction Impacts (£M, discounted to 2023, in 2023 prices)

Category	Preferred Option	Low-Cost Option*
Journey Times	-59.269	-36.076
Vehicle Operating Costs	-3.636	-2.213
Indirect Tax	3.123	1.901
Greenhouse Gases	-2.553	-1.554
Total	-62.335	-37.942

*Calculated based on the proportions between capital costs reported in Table 3-2.

Active Mode Impacts

3.6.15 The economic appraisal of active mode impacts focuses on the benefits for active mode users associated with the pedestrian and cycling infrastructure. The DfT's Active Mode Appraisal Toolkit (AMAT) has been used for the appraisal, and this quantifies three types of impacts as a result of the proposed pedestrian and cycling improvements for the A326 Waterside Improvements:

- Modal shift: the resulting shift away from private car and public transport usage and towards active travel modes is likely to induce positive impacts on the local road network.
- Health benefits: an increase in the number of people walking and cycling will lead to associated health benefits.
- Journey quality: the associated benefits to new and existing cyclists and pedestrians resulting in infrastructure improvements that lead to improved safety and/or environmental conditions.

3.6.16 These three key indicators, along with how the A326 Waterside Improvement scheme is expected to impact each of these, are outlined in Table 3-7.

Table 3-7: AMAT Key Indicators

AMAT Benefit Indicator	Impact areas assessed	Active Mode users appraised	Explanation
Mode Shift	Congestion benefit Infrastructure maintenance Collision Local air quality Noise Greenhouse Gases	Pedestrians and Cyclists	Improvements to active travel infrastructure such as new signalised crossings will encourage more people to shift their mode of travel towards walking and cycling and away from unsustainable modes of transport (e.g. the private car).

AMAT Benefit Indicator	Impact areas assessed	Active Mode users appraised	Explanation
Health	Reduced risk of premature death Absenteeism	Pedestrians and Cyclists	The improved pedestrian and cycling infrastructure part of the A326 Waterside improvement is likely to increase the number of cyclists and pedestrians, which will contribute to improved health benefits for these users.
Journey Quality	Journey ambience	Pedestrians and Cyclists	The pedestrian improvements of introducing pavement evenness, signage and street lighting will contribute to improved journey quality using active travel methods.

3.6.17 The tool monetised costs and benefits for the following impacts:

- Congestion benefit
- Infrastructure
- Collisions
- Local Air Quality
- Noise
- Greenhouse Gases (GHGs)
- Reduced risk of premature death
- Absenteeism
- Journey Ambience
- Indirect Taxation

3.6.18 The active mode appraisal has been conducted over a 20-year appraisal period, in line with TAG Unit A5-1. The benefits have been discounted and reported in present values using the schedule of discount rates provided in the TAG data book. Again, in line with TAG, the values have included real growth in line with forecast GDP/capita.

3.6.19 AMAT is unable to incorporate the specific impacts of the various pedestrian and cycling improvements such as the stopping up of Staplewood Lane. These factors have been accounted for through the appropriate walking and cycling infrastructure interventions in the Active Travel Fund 4 Uplift Tool. This tool uses the infrastructure types to estimate the demand and cycling trip uplifts, which are then incorporated into AMAT. Further details of the Active Mode Appraisal method are provided within the Economic Appraisal Report in Appendix E .

3.6.20 The outputs from AMAT are presented in Table 3-8 below. This shows the monetised costs and benefits (in 2023 prices and values) for a wide range of factors, which contribute to producing the active mode Present Value of Benefits (PVB) and Present Value of Costs (PVC).

3.6.21 The PVB has been calculated through the sum of the congestion benefit, collisions, local air quality, noise, greenhouse gases, reduced risk of premature death, absenteeism, journey ambience, and indirect taxation, minus the private sector contributions as per TAG unit A1-1. The PVC has been calculated by subtracting the infrastructure maintenance impacts calculated from AMAT.

Table 3-8: Outputs from AMAT in 2023 PV - Value (£000s) 20-year period

Category	Fletchwood	Main Road	Netley Marsh	Pilgrim Inn	Staplewood Lane	Twiggs Lane	Total
Congestion Benefit	27.57	42.02	54.81	14.78	30.25	4.04	173.47
Infrastructure Maintenance	0.15	0.22	0.29	0.08	0.16	0.02	0.92
Collision	3.14	4.78	6.23	1.68	3.44	0.46	19.73
Local air quality	0.15	0.23	0.30	0.08	0.17	0.02	0.96
Noise	0.20	0.31	0.40	0.11	0.22	0.03	1.27
Greenhouse gases	2.27	3.47	4.52	1.22	2.49	0.33	14.31
Reduced risk of premature death	372.25	562.43	738.65	196.03	403.73	54.85	2327.94
Absenteeism	107.60	161.96	213.34	56.21	116.11	15.90	671.12
Journey ambience	5.02	4.54	12.34	9.13	0.72	6.97	38.71
Indirect taxation	0.43	0.65	0.85	0.23	0.47	0.06	2.68
Private sector contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Category	**Fletchwood**	**Main Road**	**Netley Marsh**	**Pilgrim Inn**	**Staplewood Lane**	**Twiggs Lane**	**Total**
Active Mode PVB	518.62	780.38	1031.45	279.46	557.60	82.65	3250.18
Active Mode PVC	-0.15	-0.22	-0.29	-0.08	-0.16	-0.02	-0.92

3.6.22 Table 3-8 shows that all the six schemes combined provide an active mode PVB of £3.25m. Of the six proposed active travel schemes, Netley Marsh provides the largest Active Mode PVB of just over £1m. This is likely due to the extensive cycle and pedestrian infrastructure being provided. The most significant component is the improved health benefit for users, forming 92% of the benefits, compared to mode shift and journey quality which makes up 7% and 1% of AMAT benefits, respectively.

Collision Appraisal

3.6.23 The impact of the Scheme on collisions over a 60-year period was assessed using DfT COBALT[13] software. Table 3-9 presents the input parameters used for the COBALT assessment.

Table 3-9: COBALT Input Parameters

Parameter	Value
Assessment Mode	Separate Links; Separate Junctions; Combined Links and Junctions
Version	COBALT v2.9
Parameters	TAG Databook v2.01 May 2025
Base Year	2019
Years 1, 2 and 3	2027,2031, 2041
First Year	2027
Horizon Year	2090
Current Year	2023
Observed Collision Data	2019 - 2023

3.6.24 Observed collision data for a 5-year period (2019-2023) was obtained by analysing the STATS19 (Road Safety Data) collision data published from the DfT. For links with no observed collision data, default collision rates were applied with the assumption that over a longer period some collisions will occur, rather than absolute zero.

3.6.25 For junctions, observed collision data was used to generate bespoke collision rates in accordance with TAG A4.1 (Section 2). The junction analysis has been undertaken, including crash modification factors with the assumption that improved junctions have increased safety conditions.

3.6.26 The Crash Modification Factors (CMFs)[3] have been derived from published empirical studies and guidance sources including DfT (TAG Unit A4.1).

3.6.27 These factors represent the expected proportional reduction in personal injury collision frequency resulting from a change in junction layout or the introduction of specific safety features.

3.6.28 For this appraisal, the baseline collision frequencies were normalised by traffic exposure using the SRTM traffic volumes. The resulting CMFs reflect the ratio between observed collision frequencies at the existing junction type and those reported in the literature for the proposed junction type safety factor of **~0.2** adjusted for collision rates.

3.6.29 The results from COBALT are presented in Table 3-10 and Table 3-11.

[13] COBALT (Cost and Benefit to Accidents – Light Touch) https://tagsoftware.co.uk/COBALT

[3] Crash Modification Factor

Table 3-10: Collision Impacts – Do Minimum and Do Something

COBA-LT Area	Number of Collisions	Casualties - Fatal	Casualties - Serious	Casualties – Slight
Links Only DM	4,946	83	820	5,647
Junctions Only DM	1,132	5	76	1,533
Total DM	**6,078**	**88**	**897**	**7,180**
Links Only DS	4,964	84	824	5,672
Junctions Only DS	732	3	46	1,001
Total	**5,696**	**86**	**871**	**6,673**

Table 3-11: Collision Impacts – Collisions and Casualties Saved

COBA-LT Area	Reduction in Number of Collisions	Casualties Reduction - Fatal	Casualties Reduction - Serious	Casualties Reduction - Slight	Present Value of Benefits*
Links Only	-18	-1	-4	-25	-2,597
Junctions Only	399	2	30	532	23,101
Total	**381.4**	**1.1**	**26.2**	**506.8**	**20503.9**

3.6.30 The collision assessment indicated a marginal reduction of 6% in collisions with a corresponding benefit of £20,503,900 **(**discounted to 2023 prices and values) over the appraisal period.

Noise Assessment

3.6.31 Traffic noise calculations have been carried out using traffic flow, average speed and %HGV figures provided by Systra for the Preferred Option and Low-Cost Option scenarios. The study area was selected using calculations from CRTN 1988 and methodology from DMRB LA111 2020.

3.6.32 Dwellings within the study area were identified using building locations from OS Mastermap and building use classifications from OS AddressBase datasets. A LIDAR DTM available from DEFRA was used to provide topographical information and elevations for roads and buildings. $L_{Aeq,16h}$ daytime façade sound levels at dwellings within the study area were calculated using the acoustic modelling software SoundPlan. Existing barriers along the Ashurst railway bridge were included in the model.

3.6.33 Barriers were included in the Preferred Option assessment. They are proposed to reduce significant impacts at dwellings adjacent to locations where the carriageway will be altered (as defined in DMRB LA111). The Low-Cost Option assessment includes only the retained existing barrier at Ashurst railway bridge.

Local Air Quality

3.6.34 The Appraisal has been carried out in accordance with the requirements of Department for Transport (DfT) Transport Analysis Guidance (TAG) Unit A3 Environmental Impact Appraisal and National Highway's Design Manual for Roads and Bridges (DMRB) LA 105 – Air Quality The TAG assessment was undertaken in accordance with guidance given in TAG Unit A3 Section 3 and Air Quality Valuation Workbook, using traffic data for the opening and design years.

3.6.35 The 2031 and 2041 DM and DS traffic data for the road links comprising the ARN were entered into the latest version of National Highway's DMRB Air Quality Model Spreadsheet[14] issued by National Highways to calculate the total regional NOx and PM10 emissions (kg/yr). It should be noted that DEFRA released a new EFT (V13) in March 2025, however the DMRB AQ Model Spreadsheet applied has not been updated to reflect the changes in the latest EFT.

3.6.36 The changes in pollutant emissions as a result of the Scheme were calculated in the opening year (2031) and the future forecast (2041) year and entered into the DfT's TAG Air Quality Valuation Workbook (May 2025)[15] in order to calculate the air quality damage cost of the Scheme for both the Preferred Option and Low-Cost Option.

3.6.37 A key factor in the valuation of Air Quality impacts relates to the 'Area' which is derived from population density to monetise the health effect of changes to concentrations of air pollutants. For the purposes of this appraisal both 'Rural' and the 'Urban Medium' have been assessed due to the ARN encompasses both area types. Using the Rural category ensures damage costs reflect the actual exposure risk and receptor density for the scheme. Applying Urban Medium would overstate the air quality disbenefits due to inflated population weighting and receptor proximity.

Greenhouse Gases

3.6.38 The Greenhouse Gases monetary environmental impacts appraisal was undertaken in accordance with TAG Unit A3.

3.6.39 DfT's Vehicle Emissions Carbon Tool (VECAT) was used to assess the operational impact of the Scheme on Greenhouse Gas emissions. Outputs of vehicle speed and flow were derived from the 2031 and 2041 SRTM and used in the Greenhouse Gases calculations for the economic appraisal.

3.6.40 Embodied Carbon has been considered throughout the preliminary design process and has influenced the proposed design being submitted for planning permission. The calculations have been and will continue to be undertaken in National Highways Carbon Tool, which will allow comparison of the results with other highway schemes. The Carbon Tool is spreadsheet-based and provides space to input material and non-material construction information. The Tool uses a range of pre-programmed carbon factors to calculate an itemised and overall emissions total.

3.6.41 The estimated embodied carbon required to construct and maintain the Preferred Option is 43,500 tCO_2e, this includes the materials required to construct the works, complete the required maintenance activities during the scheme's design life and allows for employee transport, material deliveries to site, as well as material production and manufacturing. An estimate has not been calculated for the Low-Cost Option.

3.6.42 Total schemes emissions were calculated using the 'without Scheme' and 'with Scheme' scenarios to quantify the difference and impact of the Scheme. This indicated an increase in end user emissions in each model forecast year with an additional 118 tCO2e (0.7%) over the

[14] National Highways (2024). '*Draft DMRB Air Quality Model Spreadsheet*'. V9, EFT12.

[15] Department for Transport (2025). '*TAG Workbook Air Quality Valuation*'. May 2025.

60-year appraisal period for the simulated network extent. With the inclusion of the embodied carbon from scheme construction of 43,500 tCO2e the total increase in emissions would be 61,521 tCO2e.

3.6.43 The present value of environmental disbenefits is displayed in

3.6.44 Table 3-12.

Table 3-12: Environmental Impacts – (£M, discounted to 2023, in 2023 prices)

Category	Preferred Option	Low-Cost Option
Noise	-0.71	-0.81
Local Air Quality	-0.21	-0.09
Greenhouse Gases	-2.79	-2.52

3.7 Initial BCR

3.7.1 The BCR is calculated by dividing the PVB by the PVC.

3.7.2 According to TAG, Value for Money categories are defined as follows:

- Very Poor - if BCR is less than or equal to 0
- Poor VfM - if BCR is below 1.0
- Low VfM - if the BCR is between 1.0 and 1.5
- Medium VfM - if the BCR is between 1.5 and 2
- High VfM - if the BCR is between 2.0 and 4.0
- Very High VfM - if the BCR is greater than or equal to 4.0

3.7.3 Based on the Analysis of Monetised Costs and Benefits (AMCB), the initial BCR of the **Preferred Option** and **Low-Cost Option** is 0.78 and 0.68 respectively. This places the scheme in Poor Value for Money category when including just the Level 1 initial BCR impacts.

Table 3-13: AMCB Table (£k, discounted to 2023, in 2023 prices) (Preferred Option)

Noise	-707	*(12)*
Local Air Quality	-214	*(13)*
Greenhouse Gases	-2,787	*(14)*
Journey Quality	39	*(15)*
Physical Activity	3,250	*(16)*
Collisions	20,504	*(17)*
Economic Efficiency: Consumer Users (Commuting)	34,305	*(1a)*
Economic Efficiency: Consumer Users (Other)	28,014	*(1b)*
Economic Efficiency: Business Users and Providers	47,862	*(5)*
Wider Public Finances (Indirect Taxation Revenues)	-3,370	*-(11) - sign changed from PA table, as PA table represents costs, not benefits*
Present Value of Benefits (see notes) (PVB)	126,896	*(PVB) = (12) + (13) + (14) + (15) + (16) + (17) + (1a) + (1b) + (5) - (11)*
Broad Transport Budget	162,675	*(10)*
Present Value of Costs (see notes) (PVC)	162,675	*(PVC) = (10)*
OVERALL IMPACTS		
Net Present Value (NPV)	-35,779	NPV=PVB-PVC
Benefit to Cost Ratio (BCR)	0.780	BCR=PVB/PVC

Note: This table includes costs and benefits which are regularly or occasionally presented in monetised form in transport appraisals, together with some where monetisation is in prospect. There may also be other significant costs and benefits, some of which cannot be presented in monetised form. Where this is the case, the analysis presented above does NOT provide a good measure of value for money and should not be used as the sole basis for decisions.

Table 3-14: AMCB Table (£, discounted to 2023, in 2023 prices) (Low-Cost Option)

Noise	-806	*(12)*
Local Air Quality	-93	*(13)*
Greenhouse Gases	-2,518	*(14)*
Journey Quality	39	*(15)*
Physical Activity	3,250	*(16)*
Collisions	20,504	*(17)*
Economic Efficiency: Consumer Users (Commuting)	16,426	*(1a)*
Economic Efficiency: Consumer Users (Other)	13,513	*(1b)*
Economic Efficiency: Business Users and Providers	20,948	*(5)*
Wider Public Finances (Indirect Taxation Revenues)	-3,563	*-(11) - sign changed from PA table, as PA table represents costs, not benefits*
Present Value of Benefits (see notes) (PVB)	70,259	*(PVB) = (12) + (13) + (14) + (15) + (16) + (17) + (1a) + (1b) + (5) - (11)*
Broad Transport Budget	99,067	*(10)*
Present Value of Costs (see notes) (PVC)	99,067	*(PVC) = (10)*
OVERALL IMPACTS		
Net Present Value (NPV)	-28,808	NPV=PVB-PVC
Benefit to Cost Ratio (BCR)	0.709	BCR=PVB/PVC

Note: This table includes costs and benefits which are regularly or occasionally presented in monetised form in transport appraisals, together with some where monetisation is in prospect. There may also be other significant costs and benefits, some of which cannot be presented in monetised form. Where this is the case, the analysis presented above does NOT provide a good measure of value for money and should not be used as the sole basis for decisions.

3.8 Place Based Analysis

3.8.1 The sector-to-sector benefits are presented in Table 3-15. These include user benefits (highway and public transport), tax benefits, and operator revenue benefits, but exclude the impact of Greenhouse Gases.

3.8.2 The higher benefits are for journeys beginning or ending in the intervention areas, specifically within the Waterside and Totton sectors. Additionally, the anticipated reassignment of traffic from New Forest roads onto the A326 is anticipated to enhance the benefits for trips to and from this sector. Benefits are also visible in sectors further away from the A326 such as Southampton and Romsey.

3.8.3 Journeys along the A326 between Waterside and Totten see the greatest benefits when travelling southbound, while northbound trips between Totten and Waterside experience disbenefits. This is due to the heavy traffic flows through Pilgrim Inn Roundabout, where priority is given to southbound traffic and northbound vehicles are expected to yield, leading to increased delays for northbound journeys.

3.8.4 The spatial breakdown of the user benefits is shown in Table 3-15 (Preferred Option) and Table 3-16 (Low-Cost Option). Most benefits are in movements to / from Totton and Waterside. More detailed in analysis is provided in the Economic Appraisal Report (EAR) in Appendix E .

Table 3-15: Total User Benefits by Sector (£k, discounted to 2023, in 2023 prices) (Preferred Option)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	Total
1	-£65	£40	£15	£7,903	£435	-£105	-£122	-£27	£0	-£404	£0	£0	£0	£474	-£36	£0	£0	£0	£0	£8,108
2	-£514	-£56	£30	£3,222	-£265	-£82	-£83	-£39	£0	-£149	£0	£0	£0	£144	-£38	£0	£0	£0	£0	£2,169
3	£1,097	£1,242	£3,641	£26,530	£1,630	£1,118	£193	£304	£454	£278	£624	£243	£268	£5,335	£209	£301	£221	£12	£634	£44,334
4	£2,349	£960	-£2,715	-£1,612	£951	£2,515	£228	£192	£573	£164	£224	£204	-£95	-£23	£282	£482	£819	£10	£1,325	£6,833
5	-£509	£240	£274	£5,584	£861	-£244	-£215	£15	£0	-£589	£0	£0	£0	£373	-£161	£0	£0	£0	£0	£5,627
6	-£491	-£98	£424	£5,904	-£72	-£174	-£19	-£184	£0	£0	£0	£0	£0	£619	-£104	£0	£0	£0	£0	£5,805
7	£76	£62	-£16	£682	£41	-£151	£0	£0	£0	£0	£0	£0	£0	£48	£0	£0	£0	£0	£0	£741
8	£589	£316	£97	£2,053	£620	£404	£0	£0	£0	£0	£0	£0	£0	£74	**£0**	£0	£0	£0	£0	£4,153
9	£0	£0	£450	£3,806	-	£0	£0	£0	£0	£0	£0	£0	£0	£360	£0	£0	£0	£0	£0	£4,615
10	-£223	£104	-£33	£966	-£242	£0	£0	£0	£0	£0	£0	£0	£0	£63	£0	£0	£0	£0	£0	£635
11	£0	£0	£231	£4,361	£0	£0	£0	£0	£0	£0	£0	£0	£0	£191	£0	£0	£0	£0	£0	£4,783
12	£0	£0	£36	£1,177	£0	£0	£0	£0	£0	£0	£0	£0	£0	£101	£0	£0	£0	£0	£0	£1,314
13	£0	£0	-£195	£1,475	£0	£0	£0	£0	£0	£0	£0	£0	£0	£132	£0	£0	£0	£0	£0	£1,412
14	£1,449	£572	£1,310	£3,031	£738	£792	£91	£340	£807	£227	£700	£320	£797	£1,315	£194	£0	£0	£0	£3,166	£15,847
15	-£34	£16	£378	£2,401	£130	£102	£0	£0	£0	£0	£0	£0	£0	£315	£0	£0	£0	£0	£0	£3,307
16	£0	£0	£277	£2,829	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£3,106
17	£0	£0	£464	£2,869	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£3,332
18	£0	£0	£33	-£3	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£30
19	£0	£0	£1,059	£6,530	£0	£0	£0	£0	£0	£0	£0	£0	£0	£5,733	£0	£0	£0	£0	£0	£13,322
Total	£3,724	£3,397	£5,759	£79,706	£4,827	£4,175	£72	£601	£1,834	-£473	£1,548	£766	£971	£15,253	£345	£783	£1,040	£22	£5,125	£129,475

Table 3-16: Total User Benefits by Sector (£M, discounted to 2023, in 2023 prices) (Low-Cost Option)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	Total
1	-£919	-£108	-£266	£3,473	-£475	-£170	-£166	-£242	£0	-£328	£0	£0	£0	£546	-£76	£0	£0	£0	£0	£1,269
2	-£258	-£11	-£56	£1,367	-£242	-£49	-£37	-£11	£0	-£103	£0	£0	£0	£76	-£25	£0	£0	£0	£0	£652
3	£941	£950	£3,405	£17,849	£1,216	£734	£151	£232	£313	£187	£340	£200	£226	£5,836	£168	£314	£189	£20	£457	£33,729
4	£771	£337	-£4,032	-£1,404	£136	£560	£80	£22	£3	£11	-£190	£27	-£224	-£236	-£135	£97	£285	-£12	-£170	-£4,074
5	-£78	£424	£264	£2,457	£956	£308	-£41	£112	£0	-£346	£0	£0	£0	£317	£64	£0	£0	£0	£0	£4,437
6	-£121	£69	£504	£3,082	£54	-£66	£35	-£90	£0	£0	£0	£0	£0	£530	-£57	£0	£0	£0	£0	£3,941
7	£36	£65	-£22	£254	£738	£104	£0	£0	£0	£0	£0	£0	£0	£48	£0	£0	£0	£0	£0	£1,223
8	£502	£244	-£67	£1,175	£859	£318	£0	£0	£0	£0	£0	£0	£0	£11	£0	£0	£0	£0	£0	£3,042
9	£0	£0	£222	£2,482	£0	£0	£0	£0	£0	£0	£0	£0	£0	£217	£0	£0	£0	£0	£0	£2,921
10	-£238	£115	-£121	£404	£1,221	£0	£0	£0	£0	£0	£0	£0	£0	-£1	£0	£0	£0	£0	£0	£1,380
11	£0	£0	-£351	£2,631	£0	£0	£0	£0	£0	£0	£0	£0	£0	-£18	£0	£0	£0	£0	£0	£2,262
12	£0	£0	-£12	£493	£0	£0	£0	£0	£0	£0	£0	£0	£0	£34	£0	£0	£0	£0	£0	£515
13	£0	£0	-£290	£692	£0	£0	£0	£0	£0	£0	£0	£0	£0	£10	£0	£0	£0	£0	£0	£413
14	£302	£89	-£1,319	£1,400	£75	-£128	£13	£31	£39	£28	-£60	£53	£61	£239	-£92	£0	£0	£0	-£2,444	-£1,713
15	£91	£84	£718	£1,729	£199	£112	£0	£0	£0	£0	£0	£0	£0	£318	£0	£0	£0	£0	£0	£3,251
16	£0	£0	-£85	£1,670	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£1,585
17	£0	£0	£226	£1,764	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£1,990
18	£0	£0	-£19	-£50	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	-£69
19	£0	£0	£469	£3,363	£0	£0	£0	£0	£0	£0	£0	£0	£0	£5,083	£0	£0	£0	£0	£0	£8,914
Total	£1,029	£2,258	-£833	£44,830	£4,738	£1,722	£36	£54	£355	-£551	£91	£281	£64	£13,011	-£154	£411	£474	£8	-£2,157	£65,667

3.9 Level 2 impacts

3.9.1 Level 2 analysis has only been completed for the Preferred Option.

Journey Time Reliability

3.9.2 Journey time reliability benefits have been assessed in accordance with TAG Unit A1.3 (Section 6.3) guidance. The reliability impacts of the scheme were estimated for the SOBC using a Python process that applies the formula in TAG Unit A1-3 on reliability for urban roads. This provides an estimate of the change in the level of journey time variability depending on the change in average journey time between origin-destination pairs and the monetary value of this.

3.9.3 The process in the script involved data preparation, sector mapping, filtering, and value of time reliability calculations. Traffic demand, time and distance skims from the SRTM model for both the DM and DS scenarios for the forecast years 2031 and 2041 across the three different time periods (AM, IP, PM) and user classes.

3.9.4 The data were merged to form a comprehensive OD-level dataset. Each zone was mapped to a TUBA sector, and a sector-level filter matrix was applied to retain only valid OD pairs based on the appraisal scope within the study area. In addition, OD movements with an average distance of less than 1 kilometre were excluded to remove short trips with minimal impact on reliability.

3.9.5 Values of Time (VoT) were assigned to each user class, based on figures extracted from the TUBA Economics File (Method 3), and converted to pence per second. The Value of Reliability (VoR) was then computed using the reliability ratio derived from TAG guidance.

3.9.6 For each time period, the change in the standard deviation of journey time was calculated using the formula in TAG A1.3. This captured how variability in journey times was reduced (or increased) due to the scheme. The resulting change in reliability was monetised using average demand and the VoR. These benefits were annualised using standard DfT factors and converted into pounds.

3.9.7 The benefits for 2031 and 2041 were linearly interpolated across a 60-year appraisal period with discounting applied based in line with TAG unit A1-1 to DfT's Base Year of 2023. The scheme is estimated to deliver a total discounted journey time reliability benefit of approximately £1.5 million over a 60-year appraisal period, expressed in 2023 prices and values.

Wider Economic Impacts

3.9.8 This Section describes the approach and assumptions used to estimate wider economic impacts based on the economic narrative in Economic Appraisal Report. This includes the quantification of the Level 2 impacts included in the adjusted BCR.

3.9.9 Agglomeration benefits were limited to movements from with an approximation of non-highway travel costs based on available datasets including transport model data, Census Travel to Work, and the National Travel Survey data.

3.9.10 TAG Unit 2-1 sets out the methodology for estimating Wider Economic Impacts (WEIs) to be considered in addition to the Level 1 economic benefits. The WEIs are categorised into three themes with corresponding TAG units providing guidance on the analytical methods with two levels of analysis as presented in Table 3-17.

Table 3-17: Estimation of Wider Economic Impacts

	Induced Investment Impacts	Employment Effects	Productivity Impacts
TAG Unit	A2.2	A2.3	A2.4
Level 2	Output Change in Imperfectly Competitive Markets	Labour Supply Impacts	Agglomeration – Static Clustering
Dependent Development (Level 3)	Land-use Change and Dependent Development	Move to More/Less Productive Jobs	Agglomeration – Dynamic Clustering

3.9.11 The Level 2 wider economic impacts were quantified for Preferred Option and Low-Cost Option only using the relevant TAG methods and application of the DfT Wider Impacts in Transport Appraisal (WITA) software (version 2.4).

3.9.12 Level 3 wider economic impacts were not quantified at this stage, as it was not considered proportionate to carry out a detailed assessment and related land-use and economic modelling.

Output change in imperfectly competitive markets (Level 2)

3.9.13 The benefits in terms of increased output in imperfectly competitive markets were estimated reflecting the additional margin firms make on each unit of output they produce. TAG unit 2-2 suggests a simplified approach to estimating the benefits related to changes in imperfectly competitive markets, using a proportion of the calculated (Level 1) business user and reliability benefits. The DfT TAG Unit A2.2, section 4.3 provides an uplift parameter of 13.4% which are included in the Level 2 benefits noting that reliability benefits were not quantified, so this only includes business user benefits.

3.9.14 An estimate of the impact of increased output in imperfectly competitive markets was derived directly from the estimated business user benefits (as per TAG Unit A2.2) and was estimated to be £7.5 million (NPV, 2023 prices and values).

Productivity impacts - static clustering

3.9.15 Static clustering impacts were quantified, where land-use is fixed, and only changes in travel costs alter the effective density of the clusters. A proportionate approach was taken in quantifying the agglomeration benefits based on consideration of the underlying transport model features and available data.

3.9.16 The estimation of the productivity impacts was based on model data for highway and public transport modes from which weighted average costs were calculated in WITA using demand and skim matrices. Active travel costs (for walk and cycle trips) were estimated using Census Travel to Work and National Travel Survey data to approximate average trip characteristics within the New Forest.

3.9.17 Overall, the quantified productivity benefits were in the order of ~20% of total TEE user benefits, which is in line with the range (10-30%) indicated in TAG.

3.9.18 Table 3-18 presents the productivity impacts (Level 2) which will be included in the adjusted BCR. This indicates the greatest agglomeration benefit is to the Producer Services sector, reflecting the profile of businesses in the Waterside area.

Table 3-18: Productivity (Static Clustering) Impacts – (£M, discounted to 2023, in 2023 prices)

Category	Excluding Freight
Agglomeration – Manufacturing	1.02
Agglomeration – Construction	2.25
Agglomeration - Consumer Services	5.79
Agglomeration - Producer Services	10.89
Total	19.95

Labour supply impacts

3.9.19 The economic narrative describes how the Scheme may widen the potential employee market for employers located in Waterside area with a reduction in travel times. However, these impacts are expected to be modest and were not quantified at this stage.

3.10 Adjusted BCR

3.10.1 For the Preferred Option, the BCR adjusted to include the quantified Level 2 benefits (Output Change in Imperfect Markets, Agglomeration and Journey Time Reliability) is 0.96, with a PVB of £156 million and a NPV of -£7 million, returning Poor Value for Money. Table 3-19 shows a summary of benefits included in the adjusted BCR.

Table 3-19: Adjusted BCR Summary (Monetary values in £M, discounted to 2023, in 2023 prices)

Benefit Level	Benefit Type	Value (Preferred Option)	Value (Low-Cost Option)
Initial benefits (Level 1)	PVB	126.896	70.259
	PVC	162.675	99.067
	NPV	-35.779	-28.808
	BCR	**0.780**	**0.709**
Adjusted benefits (Level 1 and Level 2)	Output Change in Imperfect Markets	7.50	[redacted]
	Agglomeration	19.95	
	Journey Time Reliability	1.48	
	PVB	155.826	
	NPV	-6.850	
	BCR	**0.958**	

3.11 Level 3 Monetised Impacts

3.11.1 Level 3 analysis has only been completed for the Preferred Option.

3.11.2 Using the HM Treasury Green Book, the Ministry for Housing, Communities and Local Government (MHCLG) Appraisal Guide and the Department for Transport (DfT) Transport Analysis Guidance (TAG), analysis has been undertaken by Hampshire County Council's Economic team in order to estimate the following wider economic impacts:

- Land Value Uplift (LVU), using the Green Book-preferred approach for developments involving land-use change.
- Gross Value Added (GVA)-based appraisal for commercial developments not involving land-use change

3.11.3 A core catchment area has been identified, which is broadly the Waterside area of the New Forest from Totton in the north to Fawley and Blackfield in the south. For major economic development impacts TAG A2.2 requires evidence of dependency on the transport intervention - clear articulation of 'dependent', 'facilitated', and 'accelerated' development. Estimated economic benefits along the A326 corridor (the catchment zone) are based on developments assessed to be facilitated by the A326 scheme, given that the sites rely on the A326 for their primary means of vehicle access. Other development sites in the catchment area have been excluded from the analysis.

3.11.4 In addition to the Core catchment area, potential benefits associated with two additional major development sites have also been calculated as follows:

- Option A – Development at the stalled Fawley Waterside site, located on the site of the former Fawley power station. This is an allocated site in the New Forest District Local Plan that had an application for a large housing and commercial development with a resolution to grant permission. However, the application was withdrawn by the developer in 2024 citing viability concerns and is now expected to come back as a Commercial only development.

- Option B – Development at the Solent Gateway 2 site, being promoted by ABP. A DCO for this site is expected to be submitted in 2027 for port-centric land uses and the expansion of Southampton port onto the Waterside, in order to free up land for cruise-related port activities in Southampton.

Land Value Uplift (LVU)

3.11.5 LVU is applied for both housing and commercial developments where there is an expected change in land use, consistent with TAG Unit A2.2 guidance on land-use impacts. Different net development area factors have been applied depending on the anticipated change in land use.

3.11.6 For most of the sites in the catchment area the deadweight and displacement are likely to be low given the area and site characteristics. Nevertheless, site specific estimates are based on conservative assumptions. Total additionality also depends on the planning status (allocation, permission or prior approval) with additionality ranging from 0.45 to 0.55.

GVA Approach (Commercial developments)

3.11.7 In the case of several commercial developments there is no change in land use. In those instances, the Department for Transport's guidance recognises that land value uplift does not represent a meaningful impact, since the underlying land classification and its baseline value remain unchanged. In these situations, impacts have been assessed in terms of changes in economic activity (GVA effects) as per TAG.

3.11.8 More details of the Level 3 assessment data sources and catchment area (Appendix H) that have been used in the appraisal process and the methodology that has been used are provided in the Technical note and associated workbook that are provided at Appendix I.

3.11.9 Table 3-20 below shows that the Core Catchment area is expected to generate circa £125 million of benefits, primarily resulting from Land Value Uplift (LVU) but also with some additional benefits from commercial sites resulting from Gross Value Added (GVA). Table 3-21 shows that the analysis that has been undertaken for the two additional major development sites in the Waterside area estimates an additional circa £32 million of monetised benefits derived from LVU. In total there are estimated to be around £157m of monetised benefits associated with the A326 scheme helping to facilitate development sites in the Waterside, which rely on the A326 for their primary means of vehicle access.

Table 3-20: Core Catchment Area Level 3 monetised benefits

Catchment Area	Present Value of Net Additional Economic Benefits, 2023/24 prices
Housing-based Estimate – LVU	£98,827,454
Commercial-based estimate - LVU	£7,500,695
Commercial-based estimate - GVA	£18,856,236
Total – Catchment Area	£125,184,384

Table 3-21: Additional Sites Level 3 monetised benefits

Additional Sites	Present Value of Net Additional Economic Benefits, 2023/24 prices
Option A Fawley Waterside - LVU	£1,794,348
Option B Solent Gateway 2 - LVU	£30,603,489
Total – Additional Sites	£32,397,837
Total – Catchment Area + Additional Sites	£157,582,222

3.12 Level 3 Non-Monetised Impacts

3.12.1 Level 3 analysis has only been completed for the Preferred Option.

Environmental Impacts

3.12.2 The assessment of non-monetised environmental impacts follows the guidance in TAG Unit A3. It applies the qualitative environmental capital approach[16].

- Step 1: Considers potential impacts and impacted area.
- Step 2: Identifies the key environmental resources which have the potential to be impacted by the scheme and their features.

[16] The environmental capital approach was developed by the statutory environmental bodies Natural England (formerly the Countryside Agency and English Nature), English Heritage and the Environment Agency in co-operation with DfT

- Step 3: Defines the scale, significance and value of each resource.
- Step 4: Estimates the magnitude of impact and provides and assessment score for each feature.
- Step 5: Derives an overall assessment using a seven-point scale (which ranges from large adverse to large beneficial).

3.12.3 This approach is used for each environmental topic, with specific considerations taken into account for each in line with TAG. Table 3-22 provides a summary of the assessment scoring.

Table 3-22: Non-Monetised Impact Summary – Environment

Non-Monetised Impact – Environment	Qualitative Assessment Score
Landscape	Slight Adverse
Townscape	None*
Historic Environment	Slight Adverse
Biodiversity	Slight Adverse
Water Environment	Slight Adverse

*No Townscape Effects, effects reported in Landscape

Social Impacts

3.12.4 The assessment of non-monetised social impacts has been undertaken in accordance with TAG Unit 4-1, building on the assessment undertaken for the SOBC. Table 3-23 provides a summary of the assessment scoring.

Table 3-23: Non-Monetised Impact Summary – Social

Non-Monetised Impact – Environment	Qualitative Assessment Score
Security	Slight Beneficial
Severance	Slight Beneficial
Journey Quality	Slight Beneficial

3.13 Distributional Impacts

3.13.1 DI (Distributional Impact) appraisal is concerned with the variance of transport intervention impacts across different social groups. Both beneficial and /or adverse DIs of transport interventions need to be considered, along with the identification of social groups likely to be affected. Distributional impacts will be assessed for the following eight indicators:

- User benefits
- Noise
- Air quality
- Collisions
- Security
- Severance
- Accessibility
- Affordability

3.13.2 Distributional impacts (DIs) have been assessed in accordance with TAG Unit A4-2, building on the assessment undertaken for the SOBC. The DI assessment for the SOBC comprised Steps 1 and 2 of the appraisal process set out in TAG Unit A4-2. Security, accessibility, and affordability were screened out of the appraisal, but this has been reviewed at Stage 3 to take account of any changes to the scope of the scheme and potential impacts for these indicators.

3.13.3 Table 3-24 summarises the results of the distributional impacts appraisal.

Table 3-24: Distribution Impacts Summary

Distributional Impact	Key Impacts - Qualitative Assessments	Overall Assessments
User Benefits	All quintiles fall within ±5 percentage points of their population proportion, which corresponds to a "Moderate Beneficial" grading for all groups. This indicates that the scheme delivers user benefits evenly across all income groups, with no evidence of disproportionate benefit concentration.	Moderate Beneficial
User Affordability	The results show that the scheme delivers an overall net benefit of approximately £1.37 million, with all quintiles experiencing reductions in user charges overall. When comparing the distribution of impacts to population shares, the assessment indicates Moderate Beneficial impacts for Quintiles 1, 3 and 4, a Large Beneficial impact for Quintile 2, and a Slight Beneficial impact for Quintile 5.	Slight Beneficial
Noise	No formal assessment undertaken, but impact expected to be minimal at most. This is based on low monetised Level 1 disbenefits, and that none of the wards next to planned route are in the top 20% most deprived.	Neutral
Air Quality	No formal assessment undertaken, but impact expected to be minimal at most. This is based on low monetised Level 1 disbenefits, and that none of the wards next to planned route are in the top 20% most deprived.	Neutral
Collisions	450 casualties over 5 years ⇒ COBALT required	COBALT to Quantify – section
Severance	The scheme is likely to have a Slight Beneficial severance impact to the population. New crossing infrastructure put in place because of the scheme will have a positive impact on severance	Slight Beneficial
Security	Boundary/entries unchanged; no formal surveillance; signalised crossings improve informal surveillance; minor gains in lighting/landscaping; no emergency phones.	Slight Beneficial

3.14 Indicative BCR

3.14.1 The Indicative BCR includes the quantified Level 3 benefits (Land Value Uplift and GVA Approach). For the Preferred Option, this has been calculated to be 0.96, with a PVB of £313 million and a NPV of £151 million. Table 3-25 shows a summary of benefits included in the Indicative BCR.

Table 3-25: Indicative BCR Summary (Monetary values in £M, discounted to 2023, in 2023 prices)

Benefit Level	Benefit Type	Value (Preferred Option)	Value (Low-Cost Option)
Initial benefits (Level 1)	PVB	126.896	70.259
	PVC	162.675	99.067
	NPV	-35.779	-28.808
	BCR	**0.780**	**0.709**
Adjusted benefits (Level 1 and Level 2)	Output Change in Imperfect Markets	7.50	
	Agglomeration	19.95	
	Journey Time Reliability	1.48	
	PVB	155.826	
	NPV	-6.850	
	BCR	**0.958**	
Indicative benefits (Level 1, Level 2 and Level 3)	GVA Approach	18.86	
	Land Value Uplift (LVU)	106.33	
	Additional LVU Sites	32.40	
	PVB	313.408	
	NPV	150.732	
	BCR	**1.927**	

3.15 Spending Objective Analysis Statement

3.15.1 This Spending Objective Analysis statement assess the scheme options in terms of relative absolute performance against spending objectives. The analysis complements the overall social welfare assessment for a scheme, as reflected in the Value for Money rating.

3.15.2 There are four strategic objectives that have been identified for the scheme. These are summarised in Section 1.5 of the Strategic Dimension and further detailed in Section 2.6.

3.15.3 The UK Government has set out five strategic objectives for investing in the wider Major Road Network (MRN), created in 2017. These are summarised below detailed in Section 2.6 of the Strategic Dimension.

- Objective A: Reduce congestion: alleviating local and regional congestion, reducing traffic jams and bottlenecks
- Objective B: Supporting economic growth and rebalancing: supporting delivery of the Industrial Strategy
- Objective C: Supporting housing delivery: unlocking land for new housing developments
- Objective D: Support all road users

- Objective E: Support the strategic road network: resilient road network

3.15.4 Table 3-26 presents the performance of these objectives for the two options, which are described in Section 2.6 of the Strategic Dimension.

Table 3-26: Spending Objective Analysis Matrix

A326 Corridor Objectives	Alignment with DfT MRN Objectives	Measures for Success	Summary of overall benefits	Low-Cost Option	Preferred Option
Objective 1: Enhance accessibility for all users of the transport network, including non-motorised users	D	Improve journey times between key junctions on the A326. Reduction in the number of recorded collisions / injuries. Reduction in severity of collisions / injuries. Measured increase in active travel users in the region.	Encourages use of active travel to travel between places, resulting in healthier lifestyles. More reliable and safer journeys for existing users. Addresses the lack of active mode options as detailed in Section 3.3 of the Strategic Dimension.	1st Active travel improvements to five junctions on the A326.	1st Active travel improvements to five junctions on the A326.
Objective 2: Address congestion issues along the corridor	A and B	Reduced queueing and congestion on key links.	Reduced congestion results in more reliable journeys reduces alternative routing, improves air quality. Addresses poor network performance as detailed in Section 3.3 of the Strategic Dimension.	2nd Localised road widening would slightly increase capacity on the A326 and slightly reduce congestion.	1st Online road widening and dualling would increase capacity on the A326 and reduce congestion.
Objective 3: Facilitate economic development along the corridor	B and E	Improved access to planned and potential development Creation of new jobs and homes	More reliable and safe journeys by a number of modes may encourage businesses to move to the corridor. Would further reduce unemployment, which is already low as detailed in Section 3.3.42 in the Strategic Dimension.	2nd Localised road widening would slightly increase capacity on the A326 which may encourage economic development.	1st Localised road widening would increase capacity on the A326 which may encourage economic development.

A326 Corridor Objectives	Alignment with DfT MRN Objectives	Measures for Success	Summary of overall benefits	Low-Cost Option	Preferred Option
Objective 4: Minimise the impact on the New Forest	A and C	Increased Annual Average Daily Traffic (AADT) flow on the A326. Reduced traffic flow through the National Park during peak periods.	Improved access to, reduction in routing through, and reduced environmental impacts to the New Forest National Park. Addresses environmental issues as detailed in Section 3.3 of the Strategic Dimension.	2nd Localised road widening would slightly increase capacity and slightly reduce congestion on the A326 would slightly reduce routing through New Forest National Forest.	1st Localised road widening would increase capacity and reduce congestion on the A326 would reduce routing through New Forest National Forest.

3.15.5 The Low-Cost Option ranks second in the spending objective assessment. The scheme which consists of junction improvements, active travel improvements and localised road widening would increase capacity less than the Preferred Option. Therefore, the benefits of decongestion and reduced alternative routing would not be realised as much as in the Preferred Option.

3.15.6 The Preferred Option ranks first in the spending objective assessment. The scheme consists of junction improvements, active travel improvements, and a new dual carriageway closer to Totton, with localised road widening to the south of Totton. The longer length dual carriageway in the Preferred Option compared to the Low-Cost Option, which has only a very short section between Netley Marsh and Fletchwood Road roundabouts, unlocks additional capacity, and thus congestion and alternative routing may be reduced to a greater extent.

3.15.7 The Preferred Option is considered to provide the best balance between increasing traffic capacity and facilitating development whilst limiting the cost and environmental impact of scheme. It also scored the highest in the MCAF provided in the Options Assessment Report in Appendix B.

Key Uncertainties

3.15.8 The following uncertainties around the spending objective analysis are noted:

- National level uncertainties relating to economic conditions, social and technological change.
- Estimated housing and population growth in the vicinity of the appraised scheme.
- Transport and non-transport investment in the local area.
- Uncertainties around the scope or timing of the scheme.
- Appraisal and modelling uncertainties.

3.16 DfT Appraisal tables

3.16.1 The Appraisal Summary Table (AST) presents in all the evidence from the economic appraisal a single table. It records all the impacts which have been assessed and described above – economic, fiscal, and environmental impacts – assessed using monetised, quantitative or qualitative information as appropriate. The AST for the scheme, in line with TAG requirements, is included in Appendix JAppendix G .

3.16.2 In addition to the AST, the following appraisal tables have been provided for the scheme in Appendix I for the Preferred Option and Low-Cost Option:

- TEE Table
- Public Accounts Table
- Analysis of Monetised Cost and Benefits (AMCB)
- Environmental impact workbooks
- Social impact workbooks
- Distributional impact workbooks

3.17 Sensitivity and Risk

3.17.1 To understand how sensitive the appraisal described above is to a range of alternative parameters, a number of sensitivity tests have been performed.

3.17.2 The following sensitivity tests, aligned to the Common Analytical Scenario (CAS) from TAG Unit M4 Forecasting and Uncertainty[17] were assessed as part of Stage 4.

3.17.3 Most of the Common Analytical Scenarios display trends that are broadly similar to the Core Scenario. Therefore, it was agreed with HCC that the sensitivity tests could be adequately performed using only the Core Scenario and two additional CAS, with the two scenarios being:

- **High Economy:** this assumes higher than expected growth in drivers such as population, employment and economic activity. In consequence, this scenario has higher traffic demand than the Core Scenario.

- **Behavioural Change:** Behavioural Change scenario reflects shifts in work and travel patterns, accelerated by the COVID-19 pandemic. The scenario assumes a reduction in overall trips (from factors such as increased remote working and online shopping), as well as a greater proportion of users choosing non-car-based modes of transport. Consequently, this scenario has less car ownership and reduced traffic growth in car trips, compared to the Core Scenario

3.17.4 More detailed information pertaining to each scenario is provided in the Economic Appraisal Report in Appendix E .

3.17.5 All level 2 impacts are based on the Core Scenario and have not been estimated for the sensitivity tests.

High Economy Scenario

3.17.6 A summary of the economic outputs for the Preferred Option and Low-Cost Option under the High Economy scenario is presented in Table 3-27.

Table 3-27: High Economy Economic Output (£M, discounted to 2023, in 2023 prices)

Benefit Level	Benefit Type	Value (Preferred Option)	Value (Low-Cost Option)
Initial benefits (Level 1)	PVB	70.751	78.130
	PVC	162.675	97.754
	NPV	-91.924	-19.624
	BCR	**0.435**	**0.799**
Adjusted benefits (Level 1 and Level 2)	Output Change in Imperfect Markets	4.40	[redacted]
	Agglomeration	19.95	
	Journey Time Reliability	1.48	
	PVB	96.579	
	NPV	-66.097	

[17] https://www.gov.uk/government/publications/tag-unit-a4-1-social-impact-appraisal

Benefit Level	Benefit Type	Value (Preferred Option)	Value (Low-Cost Option)
	BCR	**0.594**	[redacted]
Indicative benefits (Level 1, Level 2 and Level 3)	GVA Approach	18.86	
	Land Value Uplift (LVU)	106.33	
	Additional LVU Sites	32.40	
	PVB	254.161	
	NPV	91.486	
	BCR	**1.562**	

3.17.7 Over the 60-year appraisal period, the Preferred Option under the High Economy scenario is projected to achieve £71 million in benefits (44% decrease compared with standard core demand), resulting in a BCR of 0.44. When considering adjusted benefits, £97 million is achieved in benefits resulting in an adjusted BCR of 0.59. When considering Level 3 benefits, £254 million is achieved in benefits resulted in an indicative BCR of 1.56.

3.17.8 The Low-Cost Option under the High Economy scenario is expected to yield £78 million in benefits (11% increase compared with standard demand), resulting in a BCR of 0.80.

User Benefits

3.17.9 Table 3-28 presents the total user benefits and indirect taxation revenues for the 60-year appraisal period under the High Economy scenario.

Table 3-28: High Economy Total User Benefits (£k, discounted to 2023, in 2023 prices)

Economic Measure	Preferred Option + High Growth	Low-Cost Option + High Growth
Journey Times	67,014	67,014
Vehicle Operating Costs	1,285	1,285
Indirect Tax	3,122	3,262
Total	71,421	71,561

Behavioural Change Scenario

3.17.10 A summary of the economic outputs for the Preferred Option and Low-Cost Option under the Behavioural Change scenario is presented in Table 3-29.

Table 3-29: Behavioural Change Economic Output (£M, discounted to 2023, in 2023 prices)

Benefit Level	Benefit Type	Value (Preferred Option)	Value (Low-Cost Option)
Initial benefits (Level 1)	PVB	131.309	78.130
	PVC	162.675	97.754
	NPV	-31.366	-19.624
	BCR	**0.807**	**0.799**
Adjusted benefits (Level 1 and Level 2)	Output Change in Imperfect Markets	7.75	
	Agglomeration	19.95	
	Journey Time Reliability	1.48	
	PVB	160.485	
	NPV	-2.190	
	BCR	**0.987**	
Indicative benefits (Level 1, Level 2 and Level 3)	GVA Approach	18.86	
	Land Value Uplift (LVU)	106.33	
	Additional LVU Sites	32.40	
	PVB	318.067	
	NPV	155.392	
	BCR	**1.955**	

3.17.11 Over the 60-year appraisal period, the Preferred Option under the Behaviour Change scenario is projected to achieve £131 million in benefits (3.5% increase compared with standard core demand), resulting in a BCR of 0.81. When considering adjusted benefits, £160 million is achieved in benefits resulted in an adjusted BCR of 0.99. When considering Level 3 benefits, £318 million is achieved in benefits resulted in an indicative BCR of 1.96.

3.17.12 The Low-Cost Option under the Behaviour Change scenario is expected to yield £78 million in benefits (11% increase compared with standard demand), resulting in a BCR of 0.80.

User Benefits

3.17.13 Table 3-30 presents the total user benefits and indirect taxation revenues for the 60-year appraisal period under the High Economy scenario.

Table 3-30: High Economy Total User Benefits (£k, discounted to 2023, in 2023 prices)

Economic Measure	Preferred Option + Behaviour Change	Low-Cost Option + Behaviour Change
Journey Times	124,837	67,014
Vehicle Operating Costs	1,285	1,285
Indirect Tax	3,122	3,262
Total	129,244	71,561

3.18 Switching Value Analysis

3.18.1 Switching value analysis has been undertaken to determine how a change in costs or benefits would alter the Value for Money category.

3.18.2 The initial and adjusted BCRs for the Preferred Option are 0.78 and 0.96, respectively. This gives the project a Poor for Money categorisation, according to the DfT's Value for Money Framework. Table 3-31 below shows the results of the switching value analysis that has been undertaken which determines the change in the level of benefits and costs needed for the scheme to achieve a Low (BCR greater than 1) Value for Money.

Table 3-31: Benefits and costs switching value analysis – Poor to Low VfM

Benefit Level	Factor	Poor to Low Value for Money
Level 1	Benefits	Benefits would need to increase by £36m or 28%
	Costs	Costs would need to decrease by £36m or 22%
Level 2	Benefits	Benefits would need to increase by £7m or 4%
	Costs	Costs would need to decrease by £7m or 4%

3.18.3 The switching value analysis presented in Table 3-31 shows that the scheme would need significant changes in benefits and costs at Level 1 for it to move to low value for money result, however only a small number of additional benefits at Level 2 to achieve the same.

3.19 Value for Money Statement

3.19.1 This report documents the details of the approach adopted for estimation of economic benefits arising from the Scheme and summarises the results of the assessments. The report also provides the value for money assessment for the Scheme in relation to impacts on public accounts and user benefits. To align with the OBC only the Preferred Option and Low-Cost Option are the only options considered in presented in the appraisal.

3.19.2 The Economic Appraisal was carried out using standard procedures and economic parameters as defined by TAG Unit A1. All benefits and costs were calculated in monetary terms over a 60-year appraisal period and expressed as present values (PV) in 2023 prices, discounted to 2023.

3.19.3 The scheme costs were presented, which were provided by HCC. This included construction costs and operating and maintenance costs, which were rebased to 2023 market prices with a total Present Value Cost (PVC) of £162.7m.

3.19.4 The methodology used to assess Level 1 user benefits has been discussed, with the following results:

- The transport economic analysis indicated that the Scheme is predicted to generate user benefits in the order of £124.5m.
- The greatest benefit related to travel time savings, amounting to £120.9m.
- Traffic modelling was undertaken to assess Construction Traffic Management (CTM) impacts. This indicated a predicted increase in journey times and congestion during the construction period with a corresponding disbenefit of -£62.3m.
- The impact of the Scheme on collisions was assessed using DfT COBALT software. This indicated an overall reduction in collisions with a corresponding benefit of £20.5m over the appraisal period.
- Environmental impacts appraisal relating to Noise, Air Quality, and Greenhouse Gases was undertaken in accordance TAG Unit A3. This indicated minor impacts for Noise (-£0.71m), minor impacts for Local Air Quality (-£0.21m) and minor impacts for Greenhouse Gases (-£2.79m).
- The scheme provides an active mode PVB of £3.25m. Of the six proposed active travel locations, Netley Marsh provides the largest Active Mode PVB of just over £1m. This is likely due to the extensive cycle and pedestrian infrastructure being provided.

3.19.5 For the Preferred Option, the total Present Value of Benefits (PVB) (Level 1) is predicted to be £126.9m. The Scheme is predicted to deliver a Net Present Value (NPV) of -£35.8m resulting in an Initial BCR of 0.78.

3.19.6 For the Low-Cost Option, the total Present Value of Benefits (PVB) (Level 1) is predicted to be £70.3m. The Scheme is predicted to deliver a Net Present Value (NPV) of -£28.8m resulting in an Initial BCR of 0.71.

3.19.7 The Level 2 benefits were appraised, providing:

- A monetised assessment of journey time reliability was undertaken,
- Wider economic impacts were estimated:
  - An estimate of the impact of increased output in imperfectly competitive markets was derived from estimated business user benefits and was estimated to be **£7.5m.** This was included in level 2 benefits.
  - Agglomeration impacts

3.19.8 In the Preferred Option, inclusion of (Level 2) impacts increased the PVB from £126.9m to £155.8m. The adjusted NPV was -£6.9m resulting in an adjusted BCR of 0.96.

3.19.9 Monetised Level 3 benefits were appraised, providing a monetised assessment of the wider economic impacts of the A326 scheme resulting in:

- Circa £125m of benefits derived from Land Valie Uplift (LVU) and Gross Value Added (GVA) associated with helping to facilitate development sites in the assessed Core catchment area of the scheme.
- An additional £32m of benefits from LVU associated with helping to unlock two other major development sites in the Waterside.

3.19.10 In the Preferred Option, inclusion of monetised Level 3 impacts increased the PVB from £155.8m to £313.4m. The adjusted NPV was £150.7m resulting in an adjusted BCR of 1.93.

3.19.11 The Level 3 (non-monetised) benefits were also appraised:

- Most environmental impacts are assessed as slight adverse. Impacts on landscape, water environment and historic environment are assessed as slight adverse; these are considered to be 'precautionary assessments' which do not fully account for potential mitigation at this stage. There are no impacts related to townscape.

- Social Impacts are all assessed as sight beneficial. Formal signal-controlled crossings for pedestrians will improve security and severance impacts. In terms of highway, journey time reliability will improve and collisions, congestion and delays will be reduced.

- Distributional Impacts are mostly assessed as neutral or slight beneficial. This covers categories such as Noise, Air Quality, Collisions, Severance, Security and User Affordability. User Benefits impacts are moderately beneficial, indicating the scheme delivers user benefits relatively evenly across all income groups.

3.19.12 The sensitivity tests undertaken included testing High Growth and Behavioural Change scenarios. A switch value analysis was also undertaken which examines the extent that benefits and costs must change for the scheme to shift from the Poor Value for Money calculated in the Adjusted BCR, to the next category, which would be a Low Value for Money result.

- In the Preferred Option with High Growth the total Present Value of Benefits (PVB) (Level 1) is predicted to be £70.8m. The Scheme is predicted to deliver a Net Present Value (NPV) of -£91.9m resulting in a decreased BCR from 0.78 to 0.44. With Level 2 benefits included, the adjusted BCR decreases from 0.96 to 0.59. With Level 3 monetised benefits included, the indicative BCR decreases from 1.93 to 1.56.
- In the Low-Cost Option with High Growth the total Present Value of Benefits (PVB) (Level 1) is predicted to be £78.1m. The Scheme is predicted to deliver a Net Present Value (NPV) of -£19.6m resulting in an increased BCR from 0.68 to 0.80.
- In the Preferred Option with Behavioural Change the total Present Value of Benefits (PVB) (Level 1) is predicted to be £131.3m. The Scheme is predicted to deliver a Net Present Value (NPV) of -£31.4m resulting in an increased BCR from 0.78 to 0.81. With Level 2 benefits included, the adjusted BCR increases from 0.96 to 0.99. With Level 3 monetised benefits included, the indicative BCR increases from 1.93 to 1.96.
- In the Low-Cost Option with Behavioural Change the total Present Value of Benefits (PVB) (Level 1) is predicted to be £78.1m. The Scheme is predicted to deliver a Net Present Value (NPV) of -£19.6m resulting in an increased BCR from 0.68 to 0.80.
- At level 2, benefits would need to increase by 4% and costs would have to decrease by 4% for a change in the Value for Money to Low to occur.

3.19.13 When including Level 1, Level 2 and monetised Level 3 benefits, the preferred option of the scheme returns an Indicative BCR of 1.93. The total Present Value of Benefits (PVB) is £313.4m, £125m is made up of Land-Value Uplift benefits. Under the Behavioural Change sensitivity test, the Indicative BCR is strengthened to 1.96. Non-monetised benefits at Level 3 return slight to moderate beneficial social and distributional impacts, and some slight adverse environmental impacts. The overall impact of these non-monetised benefits is positive which should push the scheme BCR above 2 and return High Value for Money.

4 Financial Dimension

4.1 Introduction

4.1.1 This section sets out the financial case for the proposed A326 Waterside Improvements scheme to demonstrate its affordability.

4.1.2 This section describes:

- How much the proposed scheme is expected to cost, and how this has been calculated.
- Risks that could affect the cost of the scheme.
- How the scheme will be paid for and by whom.
- The anticipated profile of expenditure over time (whole life costs).

4.1.3 This section deals with costs and accounting issues. The question of value for money is dealt with separately in the Economic Dimension (Section 3).

4.2 Scheme Costs

4.2.1 The cost of scheme preparation, construction and maintenance has been prepared by Hampshire County Council Quantity Surveyors working alongside design technical specialists.

4.2.2 The estimates are based on a two-stage design and build contract, where the designer for the detailed design stage is appointed by the main works contractor. More details of this are provided in the Commercial Dimension (Section 5). The full schedule of construction costs for the Preferred Option and the Low-Cost Option are provided in Appendix K.

4.2.3 The estimated capital cost of the scheme, at out-turn prices excluding non-recoverable VAT, is £196 million for the Preferred Option and £119 million for the Low-Cost Option. These costs include Operating and Maintenance costs up to 2090. The costs were originally estimated in 2025 Q2 prices.

4.2.4 A formal Quantified Risk Assessment (QRA) has not been undertaken at this OBC stage. This is consistent with HM Treasury Green Book guidance, which recognises that detailed risk quantification is more appropriate at Full Business Case stage when project scope, design, and delivery mechanisms are more fully defined.

4.2.5 Table 4-1 outlines the summary of costs of each element of the scheme for the Preferred Option and Low-Cost Option with and without risk (and excluding operating and maintenance costs).

Table 4-1: Summary of Costs for the Scheme

Scheme Element	Preferred Option	Low-Cost Option
Preparation (Design & Professional fee costs)	£23,474,199	£13,966,677
Construction	£107,838,631	£66,128,691
Land	£1,142,642	£594,682
Supervision	£5,422,500	£3,194,729
Total Cost (excluding risk)	£137,877,971	£83,884,779
Risk (36%)	£49,132,070	£29,838,520
Total Cost @2025: Q3 prices	£187,010,040	£113,723,299

4.2.6 In lieu of a QRA, a risk allowance of 36% has been applied to the base cost estimates. This allowance considered the level of maturity of each of the key elements of the design (i.e. structures, highways, drainage, etc.) and assigned an appropriate level of risk. Some items where there was less uncertainty in the design had an allowance of less than 36% for risk and for some items where there was a higher degree of uncertainty a higher percentage was allowed, but overall, the allowance represents circa 36% of the baseline total estimated costs. A comprehensive QRA will be undertaken as part of the Full Business Case to refine the risk allowance and ensure robust cost planning.

4.2.7 The cost for the Preferred Option assumes a 3.5-year (42 month) construction duration and the allowance for inflation and price fluctuation assumes a 2029 start date with the rates increased to the mid-point of February 2031. Inflationary rates have taken from BCIS General Building Cost Index (Green Book rate) but excludes statutory undertaker diversion/protection costs. This cannot be accurately determined at this stage; however, significant utility diversion and protection works are allowed for and ahead of obtaining clarification on costs from utility/asset owners, a cost of circa £20m has been included in the estimate.

4.2.8 Table 4-2 and Table 4-3 show the build-up and profile of the cost estimate for Preferred Option and Low-Cost Option respectively. The risk allowance (Optimism Bias) has been spread proportionately across the elements for Preparation, Construction, Land, and Supervision. The costs and profiles also include the anticipated operating and maintenance costs up to 2090, with more details provided in Section 4.3 below.

Table 4-2: Preferred Option Scheme Cost Estimate (with optimism bias of 36%) in Thousands

Scheme Element	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	To 2090	Total (£,000s)
Preparation (Design & Professional fee costs)	£398	£6,577	£17,106	£2,840	£1,761	£1,761	£1,396	£0	**£31,839**
Construction	£0	£0	£3,249	£48,718	£34,938	£31,358	£28,004	£0	**£146,266**
Land	£0	£344	£1,033	£172	£0	£0	£0	£0	**£1,550**
Operating & Maintenance	£0	£0	£0	£0	£0	£0	£0	£9,066	**£9,066**
Supervision	£0	£0	£156	£1,878	£1,878	£1,878	£1,565	£0	**£7,355**
Total	**£398**	**£6,922**	**£21,544**	**£53,607**	**£38,577**	**£34,997**	**£30,965**	**£9,066**	**£196,076**

Table 4-3: Low-Cost Option Scheme Cost Estimate (with optimism bias of 36%) – in Thousands

Scheme Element	2026	2027	2028	2029	2030	2031	2032	To 2090	Total (£,000s)
Preparation (Design & Professional fee costs)	£385	£3,828	£10,208	£1,652	£1,025	£1,025	£812	£0	**£18,935**
Construction	£0	£0	£1,987	£29,844	£21,417	£19,227	£17,176	£0	**£89,651**
Land	£0	£179	£537	£90	£0	£0	£0	£0	**£806**
Operating & Maintenance	£0	£0	£0	£0	£0	£0	£0	£5,686	**£5,686**
Supervision	£0	£0	£92	£1,106	£1,106	£1,106	£922	£0	**£4,331**
Total	**£385**	**£4,007**	**£12,825**	**£32,692**	**£23,547**	**£21,358**	**£18,909**	**£5,686**	**£119,409**

Assumptions

4.2.9 The following key assumptions have been made for the scheme cost estimates. Full details of all the assumptions are available in the reports from the Quantity Surveyor that are provided in Appendix L.

- Based on programme of 3.5 years plus advance works of tree clearance and utility diversions.
- Assumed one online location of working, with occasional second minimal online working.
- No allowance for contaminated materials.
- No allowance for processing of topsoil and can reuse 100% of site won topsoil.
- Some allowance has been made for cut/fill, so change in level is allowed for, but detailed 3D design required to refine earthworks quantities.
- Allowance for 300mm capping throughout, no additional allowance for poor ground conditions
- No allowance for construction phase changes, suitable allowance must be included in risk allocation.
- Price fluctuation rates increased to the mid-point of works, which is scheduled to be February 2031 and is priced at £15,411,767.

4.2.10 For the Low-Cost Option, the above assumptions are also true, but the following have also been assumed:

- Allowance has been made for some diversions within HCC's fees, but this is purely based on past schemes and not based on known utilities and required diversions specifically for this scheme.
- QS assumed ITS costs based on sample costings for typical layouts.
- Price fluctuation rates increased to the mid-point of works, which is scheduled to be February 2030 and is priced at £7,718,740.

4.3 Whole Life Costs

4.3.1 The scheme will give rise to additional revenue liabilities for capital renewals and maintenance, when compared to a future scenario in which the scheme does not exist. All maintenance obligations will fall under the remit of HCC and, as such, will be fulfilled as part of the maintenance regime operated by the council. The following allowances will need to be made by the Council towards maintaining the highway improvements and new areas of carriageway etc. to be delivered as part of the scheme.

4.3.2 For a designed road such as this HCC typically performs a maintenance regime based on the following lifecycle (after it was constructed or recently resurfaced). These are approximate and idealistic and do not always represent the frequency of treatment that actually happens, so are therefore considered to represent a robust allowance of the likely future costs.

- Small isolated spot patch repairs between 10-15 years
- <5% patch and surface dress after 15 years
- Small maintenance patching between 20-25 years

- 10% patch and surface dress after 25 years
- Maintenance patching 10-15% between 30-45 years
- Resurface again after 45 years

4.3.3 HCC have assumed that maintenance activities take place every 10 years.

4.3.4 For the Preferred Option, it has been assessed that approximately £9.07 million (at current 2025 price base) will be required for the total operating and maintenance costs (over 60 years). This assumes £1.5m for maintenance every 10 years during this period.

4.3.5 For the Low-Cost Option, it has been assessed that approximately £5.69 million (at current 2025 price base) will be required for the total operating and maintenance costs (over 60 years). This assumes £0.9m for maintenance every 10 years during this period.

4.4 Budgets / Funding Cover

4.4.1 Funding for the scheme has not yet been fully confirmed, beyond the 85% contribution that would be provided from the DfT (via the Major Road Network Funding) following an OBC approval. The remaining 15% will come from Local match funding, but at the time of OBC submission, the local match funding source(s) have not been agreed.

4.4.2 This OBC is submitted now to maintain momentum and remain aligned with the national delivery expectations of the LLM programme, and Hampshire County Council is confident that an agreed local match funding package will be in place by the time it is required for scheme delivery. There is however currently no firm match funding agreement for the remaining 15% of scheme costs in place. The local government landscape will change substantially over the next two years with the scheme delivery expected to be within the remit of the proposed South West Hampshire Unitary authority. In addition, the new Hampshire and Solent Mayoral County Combined Authority (HSMCCA) will be in place with the Mayor well-placed to consider match funding for this scheme given its strategic importance to the region.

4.4.3 It is expected that the identified local contributions would cover any potential minor increase in scheme costs on top of those identified above, or that if the cost increase is significant the scheme will be de-scoped in order to be delivered within the available budget. It is acknowledged that if this situation arises and the scheme needs to be de-scoped, the business case for the scheme is likely to need to be re-submitted to the DfT and re-approved.

4.4.4 For the Preferred Option, based on a £187 million scheme (excluding operating and maintenance costs), the DfT would be responsible for circa £159 million of scheme funding and the Local Match funding package would be responsible for circa £28 million of scheme funding.

4.4.5 For the Low-Cost Option, based on a £113.5 million scheme, the DfT would be responsible for circa £96.5 million of scheme funding and the Local Match funding package would be responsible for circa £17 million of scheme funding.

4.5 Accounting Cash flow Statement

4.5.1 The preferred option is expected to have the following implications on public accounts:

- Central government / DfT funding of £161.5m or £96.9m (85%) is sought to deliver the scheme, with majority of the funds being spent during the financial years 2026 to 2032.
- A local contribution of £28.5m or £17.1m (15%) of the scheme implementation costs is required, with the local match funding source(s) not agreed at the time of submission of this OBC.

- The operating, maintenance and capital renewal costs for the scheme are expected to cost £9.1m or £5.5m in 2025 prices, the funding for which will be sourced from the County Council's annual maintenance budget

5 Commercial Dimension

5.1 Overview of Commercial Approach

5.1.1 Hampshire County Council (HCC) reviewed the contract and procurement options available for the delivery of all phases of the A326 Waterside improvement scheme. In September 2024, a report was presented to the Highways, Engineering and Transport (HET) branch board, including evaluated options, and the recommendations for procurement and establishing the contract. This process was in line with the governance of the HCC's Universal Services directorate. The preliminary design for the A326 scheme has been completed by a consultant, Stantec, procured from HCC's own consultancy framework, Place, Connectivity and Infrastructure (PCI) Framework.

5.1.2 Following the preliminary design, a full cost estimate was developed for the construction of the scheme by HCC's quantity surveying team. The cost estimate of the project was then used to inform the contract strategy and procurement approach. The resulting cost estimate will also be used to validate tenders submitted for the construction phase and can be used for any of the procurement routes considered.

5.1.3 The only approaches considered were those tried and tested and are commonly used within the UK for schemes of similar size, value and complexity to this scheme. Two distinct phases were considered: delivering the design phase and delivering the construction phase.

5.2 Output-based specification

5.2.1 This section of the Commercial Case considers what skills and services are required to deliver the A326 Scheme. The development and assessment of the scheme utilise staff resources from several sources, including the local authority and consultants employed by the Framework contractor.

5.2.2 Table 5-1 sets out a summary of the project output specification for the A326 Waterside Improvements Scheme.

Table 5-1: Output Specification

Preparation Workstream	Output
Project management	Providing effective cross-organisation project management to enable successful delivery
Modelling and appraisal	Completion of deliverables for a TAG compliant Full Business Case
Detailed design (highways and structures)	Completion of highway and structures detailed design deliverables
Planning advice	Provision of advice to secure planning permission and discharge planning conditions
Legal advice	Provision of specialist legal support for the planning, CPO, SRO, TRO and other legal powers required to deliver the scheme
Environmental advice	Completion of evidence base for Environmental Assessment as well as liaison with statutory environmental bodies
Land / Property / Agricultural Agent	Provision of support for land negotiation, referencing and assembly
Communications	Provision of support for stakeholder management and in connection with planning and legal processes
Contract and commercial management	Support for procurement of construction and operation of scheme
Construction Workstream	**Output**
Advance / enabling works	Construction of enabling works completed in accordance with the proposed programme
Utility diversion works	Works to divert utilities to allow for the construction of the main works
Main works	Construction to deliver main highway and structures works. Works completed in accordance with the proposed programme

5.3 Procurement and Contract Strategy - Procuring The Design Phase

Design Phase Procurement Model Options Assessment

5.3.1 In delivering the design phase, three main options have been considered, as shown in Table 5-2.

Table 5-2: Procuring The Design Phase – Options Summary

	Advantages	Disadvantages
Option D1: Procuring multiple consultants for all design and design associated activities.	**Greater Client control**: HCC has maximum control of outputs, using their well-established Frameworks **Specialist expertise**: being able to select the best available suppliers for each specific task area. **Flexibility**: Easier to replace or adjust individual suppliers if required. **Cost control**: Suppliers appointed through a competitive process	**Complex Management**: Significant coordination required between multiple contracts **Misalignment**: Increased potential for communication gaps or conflicting deliverables **Programme**: More time spent on procurement and integration of suppliers **Liability**: Assigning overall liability becomes complex
Option D2: Procure a single consultant to undertake all design and associated professional services (inc. surveys, investigations etc.)	**Simple management:** Appointing one consultant to deliver the design phase and they manage their supply chain **Cost and programme control:** Consultant leads on ensuring the overall budget and programme requirements are met **Cost control:** Consultant appointed through a competitive process	**Misalignment**: Increased potential for communication gaps or missing information between the design and delivery (construction) phase **Reduced project integration**: The as HCC procures the Consultant and Contractor (works), they are responsible for ensuring collaboration between the two **Ownership of liabilities**: High-risk between consultants and their supply chain, and between HCC, Consultant and Contractor
Option D3: Procure the designer via the contractor under a design and build contract	**Simple management**: Appointing one contractor to deliver both the design and construction phases means that supply chain management is simpler. Increased project integration: Increases collaboration, construction focused design (buildability) and innovation potential. **Programme**, cost and efficiency management: Encourages an 'open-book' environment, with a single-interest approach to achieving the project cost and programme requirements. Allows for greater potential for sequencing improvements which reduce programme and cost impacts.	**Potential for higher Client costs**: As one party is liable for the design and construction, HCC will pay a premium for this. However, this is likely to be offset by wider project efficiency savings. Misalignment of organisational aims: As the Contractor is responsible for appointing the designer and wider supply chain, it may be harder for HCC to ensure overarching environmental and social value objectives are achieved. This will require a clear set of principles to be identified during the initial procurement stage. **Shared risk**: Although there are many benefits to shared risk approaches (as identified in the advantages column), this increases HCC's exposure to risk and

	Advantages	Disadvantages
	Procurement and liability: HCC only engages in one procurement process and there is only one party liable for the overall design and construction	potentially the overall cost in comparison to 'traditional' procurement approaches.

Design Phase Procurement Option Selection

5.3.2 Following the assessment in Table 5-2, HCC has selected **Option D3** for the design phase. The main reasons for this are:

- It provides a simple management approach, with one supplier responsible for the design and construction of the project
- It encourages greater project integration, which will encourage higher efficiency and innovation levels to ensure the project is delivered within the time and budget aims.

5.4 Procurement and Contract Strategy - Procuring The Construction Phase

Construction Phase Tendering Model Options Assessment

5.4.1 In delivering the construction phase, three main options have been considered, as shown in Table 5-3.

Table 5-3: Procuring The Construction Phase – Options Summary

	Advantages	Disadvantages
Option C1: Single stage 'Traditional' procurement approach of HCC / consultant developing the detailed design, specification and site information and a Contractor being procured for the construction (design – bid – build).	**Certainty before construction**: HCC will have a well-defined package with known risks. **Cost certainty**: Having a clearly defined scope prior to construction makes it easier to estimate the cost and provides cost certainty. **Client control**: Provides HCC with greater control over the design and risk management. **Well established**: It's an approach long used in the construction industry and a bidding model the supply chain is experienced in. **Competitive tendering**: Having a well-defined scope means that it gives the market the opportunity to competitively price the tender.	**Longer programme**: Taking a sequential approach to the delivery reduces the opportunity for programme efficiencies **No collaboration**: With no contractor input into design, there will be limited scope for them to be able to incorporate innovation and efficiencies into the design. **Reduced flexibility**: Changes during construction increase programme and cost, limiting innovation, efficiency and flexibility **Adversarial approach**: Assigning most of the construction cost risk to the contractor often results in adversarial relationships, undoing any savings from the competitive tendering process. It also makes any cost, and programme impacts difficult to predict and estimate.
Option C2: Single or two-stage contracting with HCC / consultant developing	**Certainty before construction**: HCC will have a well-defined package with known risks.	**Longer programme**: This still takes a sequential approach to the delivery reduces the opportunity for programme efficiencies

	Advantages	Disadvantages
the detailed design, specification and site information with a contractor providing Early Contractor Involvement (ECI) throughout the design phase. The contractor may or may not be the same one who delivers the build stage (design – bid – ECI – bid – build).	**Cost certainty**: Having a clearly defined scope prior to construction makes it easier to estimate the cost and provides cost certainty. **Client control**: Provides HCC with greater control over the design and risk management. **Competitive tendering**: Having a well-defined scope means that it gives the market the opportunity to competitively price the tender. **Added value in design phase**: As buildability input from a contractor has been procured, the design is likely to be more robust and reduce risks during construction.	**Reduced collaboration**: Although there is some contractor input (not necessarily the one who will be appointed to construct), they have limited control over design. HCC would also have work to ensure effective collaboration between the parties. **Ownership of liabilities**: High-risk between consultants and their supply chain, and between HCC, Consultant and Contractor **Inefficient procurement**: If ECI is procured but a single stage procurement used for the build phase (separate ECI), then it creates multiple procurement stages, increasing fees. This is removed if a two-stage contract is used.
Option C3: Two-stage design and build contract, where the designer for the detailed design stage is appointed by the works Contractor. (design – build)	See 'Option D3' shown in Design Phase Procurement Option Selection Following the assessment in Table 5-2, HCC has selected **Option D3** for the design phase. The main reasons for this are: ▪ It provides a simple management approach, with one supplier responsible for the design and construction of the project It encourages greater project integration, which will encourage higher efficiency and innovation levels to ensure the project is delivered within the time and budget aims. .	

Construction phase tendering model selection

5.4.2 Following the assessment in Table 5-3, HCC has selected Option C3 for the construction phase. The main reasons for this are:

- It provides a simple management approach, with one supplier responsible for the design and construction of the project, aligning with the approach outlined in design procurement option D3 in Table 5-2.
- It encourages greater project integration, which will encourage higher efficiency and innovation levels to ensure the project is delivered within the time and budget aims.

5.5 Sourcing Options (Routes To Market)

5.5.1 This section will explore the route to appointing a contractor to deliver the A326 LLM project, following the procurement options outlined in sections 5.3 and 5.4.

Route To Market Options Assessment

5.5.2 In reviewing the route to market, three main options have been considered, as shown in Table 5-4.

Table 5-4: Routes To Market – Options Assessment

Route to market	Description
Option R1: Open market tender (restricted procedure)	This route enables HCC to offer the tender to all contractors in the market for this type of scheme. The contractors would need to go through an initial selection stage based on qualifications and experience, followed by a second stage where shortlisted contractors submit detailed tenders. **Advantages**: Would mean that the procurement process could be tailored to the specific needs of the project and include contractors not on Framework agreements. **Disadvantages**: Involves a long and complex procurement process, which will increase internal fee charges. May increase chances of formal challenges to the procurement.
Option R2: External framework or contract	For this route HCC would use an established framework not administered by HCC, frameworks such as the Crown Commercial Services (CCS) or Pagabo. **Advantages**: Provide established routes to procuring suppliers who have already gone through a pre-qualification, price and quality assessment (saving time). **Disadvantages**: Would require paying a framework fee and suppliers would have limited long-term buy in with regards to HCC projects. May lead to contractors with limited experience of mobilising within the region or without established local supply chains.
Option R3: HCC Framework or contract	For this route HCC would use one of its own sector leading frameworks (Gen5 Framework). This Framework agreement and its predecessors (Gen3 and Gen 4) have been used by local authorities for large civil engineering and highway projects across the south of England since 2008. **Advantages**: Provides an established route to procuring suppliers who have already gone through a pre-qualification, price and quality assessment (saving time). **Disadvantages**: Would require paying a framework management fee.

Route To Market Option Selection

5.5.3 Following the assessment in Table 5-4, HCC has selected Option R3 for procuring the two-stage design and build contract. The main reasons for this are:

- HCC's Gen5 Framework is an established civil engineering and highways construction Framework, with suppliers capable of delivering a large design and build project such as the A326 LLM project. Other comparable projects delivered through Gen5 have included:

- M27 J10 Improvements (design and build) - project value: £100m
- Botley Bypass (ECI and build) – project value: £35m
- A382 Major Road Network (ECI and build) - project value: £34m

- The Framework is run by an experienced team and has been developed in accordance with the principles of Constructing The Gold Standard[18] and the Construction Playbook[19].
- The Gen5 Framework has been established to meet HCC's long term aims and objectives, with suppliers who are invested in the success of HCC projects and the Framework.

5.6 Contract Strategy (Payment Mechanisms and Form Of Contract)

Form Of Contract

5.6.1 The form of contract to be adopted for the A326 scheme is the New Engineering Contract Fourth Eddition (NEC4) Engineering and Construction Contract (ECC). This standard form of contract was developed by the Institution of Civil Engineers (ICE) and is recommended by the UK government for civil engineering and transportation projects such as the A326 scheme.

5.6.2 In addition, HCC is an active silver member of the NEC User Group and has over 15 NEC accredited Gold Standard NEC Project Managers. Therefore, the prudent choice is using the contracts for which HCC staff have the most training and experience.

Payment Mechanisms (NEC4 Main Options)

5.6.3 The payment mechanism is determined by which one of the six NEC4 ECC main options (A-F) is selected. These main options are shown in Table 5-5.

Table 5-5: Payment Mechanism Options using an NEC4 ECC

NEC4 ECC Main Option	Description
Option A: Priced contract with Activity Schedule	The *Contractor* produces an activity schedule at tender stage, which contains prices against each activity. These are combined to produce the total of the prices.
Option B: Priced contract with Bill of Quantities	The *Client* produces a bill of quantities prior to tender, and as part of the tender process the *Contractor* provides rates against each item, which is multiplied by the quantity (specified by the Client). The totals of these produce the 'total of the prices'.
Option C: Target contract with Activity Schedule	The pricing principle is similar to Option A (with an activity schedule). However, the total of the prices forms the target, and the *Contractor* receives or pays a share of the under or overspend. This Main option can be used for design and build approaches using secondary option X22.
Option D: Target contract with Bill of Quantities	The pricing principle is similar to Option B (with an activity schedule). However, the total of the prices forms the target, and the *Contractor* receives or pays a share of the under or overspend.

[18] Constructing the Gold Standard

[19] The Construction Playbook – September 2022

NEC4 ECC Main Option	Description
Option E: Cost reimbursable contract	There is no pricing schedule or bill, and typically no clearly defined scope. The *Contractor* is paid their actual costs, plus their fee (cost plus). This Main option can be used for design and build approaches using secondary option X22.
Option F: Management contract	The *Contractor* manages subcontractors on behalf of the *Client*. The *Contractor* is paid the actual costs of the work plus their fee.

Payment Mechanisms Option Selection

5.6.4 The payment mechanism HCC has selected is NEC4 Main Option C (Target contract with Activity Schedule). The main reasons for this are:

- This is one of only two options under the NEC4 ECC which can utilise secondary option X22 (Early Contractor Involvement), which is used to create two distinctive stages in the contract with break options between stage one (design) and stage two (build). Option E was not considered due to its lack of structured cost management.
- As it is a target contract, this shares the project risks between the Client and Contractor, encouraging greater collaboration and incentivisation.
- As the Contractor for this option is paid the defined cost (i.e. actual cost) of delivering the work, in provides a transparent open book approach.

Further Considerations (NEC4 ECC Secondary Options)

5.6.5 In addition to the Main Option C, it's also likely that the contract will utilise some of the standard NEC4 ECC secondary options. These secondary options are optional clauses (the X, Y and Z options) which can be selected to tailor an NEC4 contract to project-specific needs, covering aspects such as pricing mechanisms, risk allocation, legal compliance and procedural requirements beyond the core conditions of contract.

5.6.6 Some of the secondary options that are likely to be utilised on the A326 scheme are shown in Table 5-6.

Table 5-6: Summary of NEC4 ECC Secondary Options to be utilised

Secondary Option	Description of use
X1: Price adjustment for inflation	As this is a multi-year project, this approach will be utilised by applying real-world inflation to payments, reducing the likelihood of excessive risk allowances being applied to the target cost.
X2: Changes to the law	Makes any change in applicable law after the Contract Date a compensation event, so the *Contractor* isn't exposed to unforeseeable legal-change risk.
X5: Sectional Completion	This may be incorporated to allow the works to be split into defined sections with its own Completion Date, allowing the defects and any delay damage mechanisms to be managed around the phases of the works programme.
X6 Bonus for early completion and/or X7: Delay damages	The approaches provide an incentive for the Contractor too accurately phase and programme the works to drive efficiencies, ensuring the programme requirements are met.

Secondary Option	Description of use
Option X15: The *Contractor's* design	This option will be utilised to compliment the design and build approach outlined in Sections 5.3 and 5.4. This ensures the contract also contained design related liabilities, insurances and intellectual property clauses.
X22: Early *Contractor* involvement	This secondary option creates a 'two-stage' mechanism, allowing the contractor to deliver the detailed design phase (stage one) and then proceed to the works phase (stage two) following agreement between the *Client* (HCC) and *Contractor*. If agreement cannot be reached, then the works phase can be procured separately.

5.7 Commercial and Risk Management

Risk Allocation and Management Summary

5.7.1 In the delivery of this project, Hampshire County Council will need to work closely with their contractor, relevant third parties and stakeholders to reduce the commercial risks (not inc. health and safety risks). This approach is promoted with the NEC4 ECC by the early warning mechanisms and promoting collaborative working.

5.7.2 Table 5-7 below provides a summary of some of the procurement, design, project management and construction risks, and who will own these risks.

Table 5-7: Summary of Commercial Risks Throughout Project Delivery

Project stage	Risk area	Description	Owner
Procurement	Specification	That the contract documents and specification are robust, unambiguous and sufficiently well-developed prior to tender	Client (HCC)
	Compliance	That the procurement process is compliant and free from formal challenges	Client (HCC)
	Cost and programme	That the contract pack (including the specification) are produced on time and budget	Client (HCC)
	Supply chain	That the supply chain utilised (designers, subcontractors etc.) is competent, efficient and provides cost certainty	Contractor
Design	Cost and programme	That the design is produced on time and on budget.	Client (HCC) and Contractor
	Risk and liability	That the design is of sufficient quality (produced with required skill and care) and fit for purpose	Contractor (and their appointed consultant)
Project Management	Change control	That the change control (compensation event) process is effectively managed	Client (HCC)
	Project risk	That the early warning mechanisms in NEC4 are effectively used and in accordance with the contract	Client (HCC) and Contractor
	Budget	An accurate spend profile is developed and spend is accurately forecast and managed throughout the project	Client (HCC)
Construction	Cost	The cost of the design and works are accurately priced, and the works are delivered within the NEC4 Option C target	Contractor
	Unknown risks	Unknown risks such as utilities and ground conditions are effectively reduced as much as is practicable through collaborative working (with statutory undertakers) and through effective surveys / site investigation.	Client (HCC)
	Programme	That the works are delivered in accordance with the programme, meeting key dates and sectional completion requirements	Contractor

Project stage	Risk area	Description	Owner
	Quality	That the works are delivered to the required quality standards to ensure the highway asset is of high quality and does not pose a long-term maintenance liability.	Client (HCC)
	Quality	That the works delivered are in accordance with the specification	Contractor

Design Liability

5.7.3 The design liability for the design will be owned by the contractor, as the approach to be adopted will be a design and build approach. This will be covered using the NEC4 ECC secondary option X15 plus any other conditions (Z clauses) HCC requires.

5.7.4 The contractor appointed will need to ensure they have back-to-back terms in place with any consultant(s) they appoint to deliver the detailed design for the works.

5.7.5 If HCC choses to use it's in house design resources (Hampshire Engineering Services – HES) for any part(s) of the works, then it will take on design liability for those sections.

Construction Risks

5.7.6 The main project risks throughout the construction stage will consist of:

- **Statutory undertakers plant (utilities)** – there will need to be utility diversions required as part of the works and it is likely that unknown utilities will be uncovered.
- **Ground conditions and earthworks** – as there are significant earthworks required for the delivery of this project, there will be risks with regards to the existing ground conditions, the performance of site-won materials and with regards to constructing the earthworks during adverse weather conditions.
- **Third parties / stakeholders** – the works require close and effective working with other infrastructure clients (such as Network Rail) and coordination with the local highway network management team, which may not sit within the same organisation delivering the works after Local Government Reorganisation (LGR) in 2028.
- **Reputation** – as the works will be delivered in a traffic sensitive area close to the New Forest, there are risks to traffic delays (particularly in the summer and school holidays) if there is not well-planned traffic management in place, effective communication and adherence to the works programme.

Contract Management

5.7.7 To ensure the contract is managed effectively, with a high-performing and collaborative project team, the following roles will need to be undertaken:

- NEC4 Project Manager (appointed by HCC – the client)
- NEC4 Supervisor (appointed by HCC)
- Client cost management (quantity surveyors appointed by HCC)
- Contractor cost management (appointed by the contractor)

- Contracts manager (appointed by the contractor)
- Handover to asset managers (appointed and managed by HCC)

5.7.8 With regards to the resources appointed by HCC, these may be resourced by their extensive in-house resources from HES, agency resources through their Gen5 Technical Resources Framework (TRF) or other external consultants. Resourcing of the project will be decided based on suitability (i.e. individuals with the required skills and knowledge) and availability.

5.8 Pre-tender market engagement

Market Engagement To Date

5.8.1 As of December 2025, there has been no formal market engagement around the procurement of the A326 scheme design and works. It has been published as a possible future project to the contractors on Lot 4 of the Gen5 framework (Gen5-4), with limited details on the works or commercial aspects.

Market Analysis

5.8.2 Many of the large Tier 1 (National) contractors have this scheme on their 'watch list', many of whom HCC currently have relationship with. Over the past couple of years, the number of major highway schemes being funded by the government has greatly reduced. Opinion across the whole industry is unanimous in agreeing that this position is unlikely to change in the next few years. This situation makes the A326 scheme all the more attractive to the market.

5.8.3 Due to this decline in highway schemes within the UK, contractors are having to diversify, focusing their time and resources on sectors where there is more funding; particularly the water and energy sectors. This creates the potential risk that some of those contractors who would have bid for a scheme such as this in the past may find when the tender is issued their staff are fully utilised on work within new sectors or as a business, they no longer have the appetite for highways work. This situation is not likely to create a no bid result, however, it may reduce the number of bids.

5.8.4 Whilst this scheme is complex, there is the capability within the market to deliver a scheme of this complexity. All of the Tier 1 contractors who would be interested in bidding for this scheme have the necessary skills, experience and third-party relationships to undertake all that would be necessary for this scheme.

Market Engagement and Publication

5.8.5 As the work will be delivered using the Gen5 framework, there are no formal requirements to publish a Prior Information Notice (PIN), as this was done as part of the Framework tender process.

5.8.6 However, a project information pack (an example of which is shown in Figure 5-1) will be issued to the Gen5 contractors providing information on the tender programme, details on the project and any information which is suitable to be released pre-tender. This process will be overseen by the Gen5 framework management team and HCC's strategic procurement team (this will be the procurement team for the new authority who procures the work post-LGR).

Figure 5-1: Example of a Project Information Pack (previously issued to contractors through the Gen5 framework)

5.9 Tender Process

Pre-Qualification

5.9.1 As this work is being procured through the Gen5 framework, there is no pre-qualification stage as this was done as part of the Framework tender in 2024. Therefore, all the contractors on Lot 4 of the Framework have already proved they have sufficient capability and experience to deliver projects such as the A326 LLM. The current Gen5-4 contractors are:

- BAM Nuttall Limited
- Galliford Try Construction Limited
- John Graham Construction Limited (t/a Graham)
- VolkerFitzpatrick Limited

Price / Quality Ratio

5.9.2 For two-stage design and build approaches, the works stage is difficult for tenders to price with certainty, due to the design not existing at a developed enough stage.

5.9.3 Therefore, with approaches outlined in this section, the tender assessment would be largely quality based (i.e. more than 80% of the tender assessment weighting) as shown in Figure 5-2.

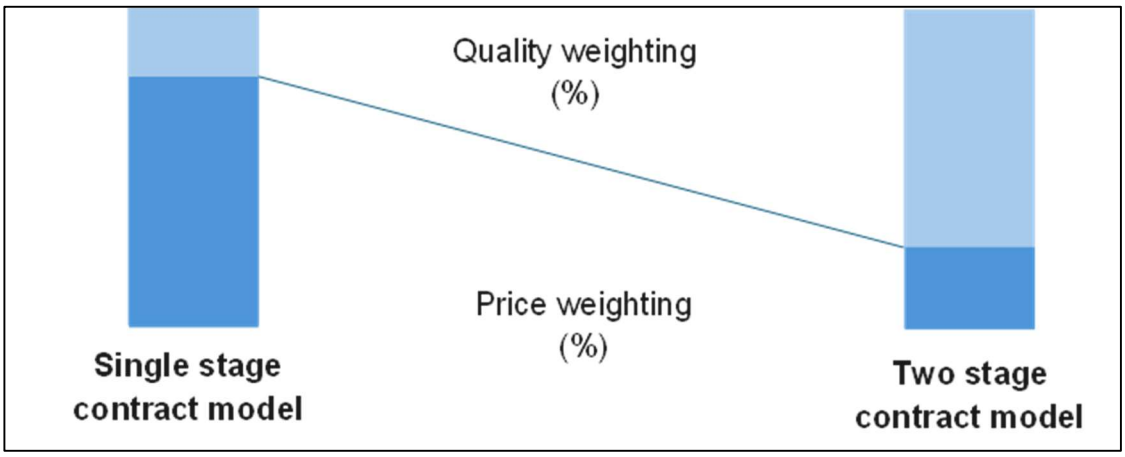


Figure 5-2: Summary of Likely Price / Quality Ratio

Price and Quality Assessment

5.9.4 The tender will consist of both price and quality assessments.

5.9.5 Pricing elements at tender stage are likely to include the detailed design work, enabling works which are developed enough to be priced and rates for people, plant and equipment. These will go into setting the budget within NEC4 ECC secondary option X22.

5.9.6 Quality assessments are likely to assess the value each contractor, and their team can add to the design stages, overcoming project specific challenges, understanding of environmental issues, establishing joint client / contractor culture and the best approach to providing local social value benefits. This may be assessed through a variety of means, including written submissions and dialogue / negotiation approaches.

5.9.7 In recent years, HCC has run procurements using price assessment models which utilise linear price scoring and price per quality point approaches, as an alternative to 'traditional' relative price scoring systems (i.e. cheapest / best tender score wins). As part of the development of the tender assessment model, use of these approaches will be investigated to ensure the most suitable contractor is appointed to deliver the design and build stages.

Tender Assessment and Standstill

5.9.8 The tender assessment for price and quality will be carried out separately, with the assessment teams for price and quality not knowing how each bidder has performed in the other field. The tender assessment team for price will consist of the HES quantity surveying team, whereas the quality assessment team will consist of members of the wider A326 LLM project team. For similar schemes in the past, resources from relevant infrastructure clients and consultants have also been included, and this would be considered for this project, if required.

5.9.9 As this project would be procured through a Framework Agreement, there is no obligation to undertake a standstill period. However, due to the high value of the contract and likely complexity of the tender process, Hampshire County Council may choose to run a voluntary standstill period of approximately 30 days.

5.10 Recommendations

Recommended Commercial Approach

5.10.1 Figure 5-3 shows a summary of the proposed procurement route for the A326 scheme.

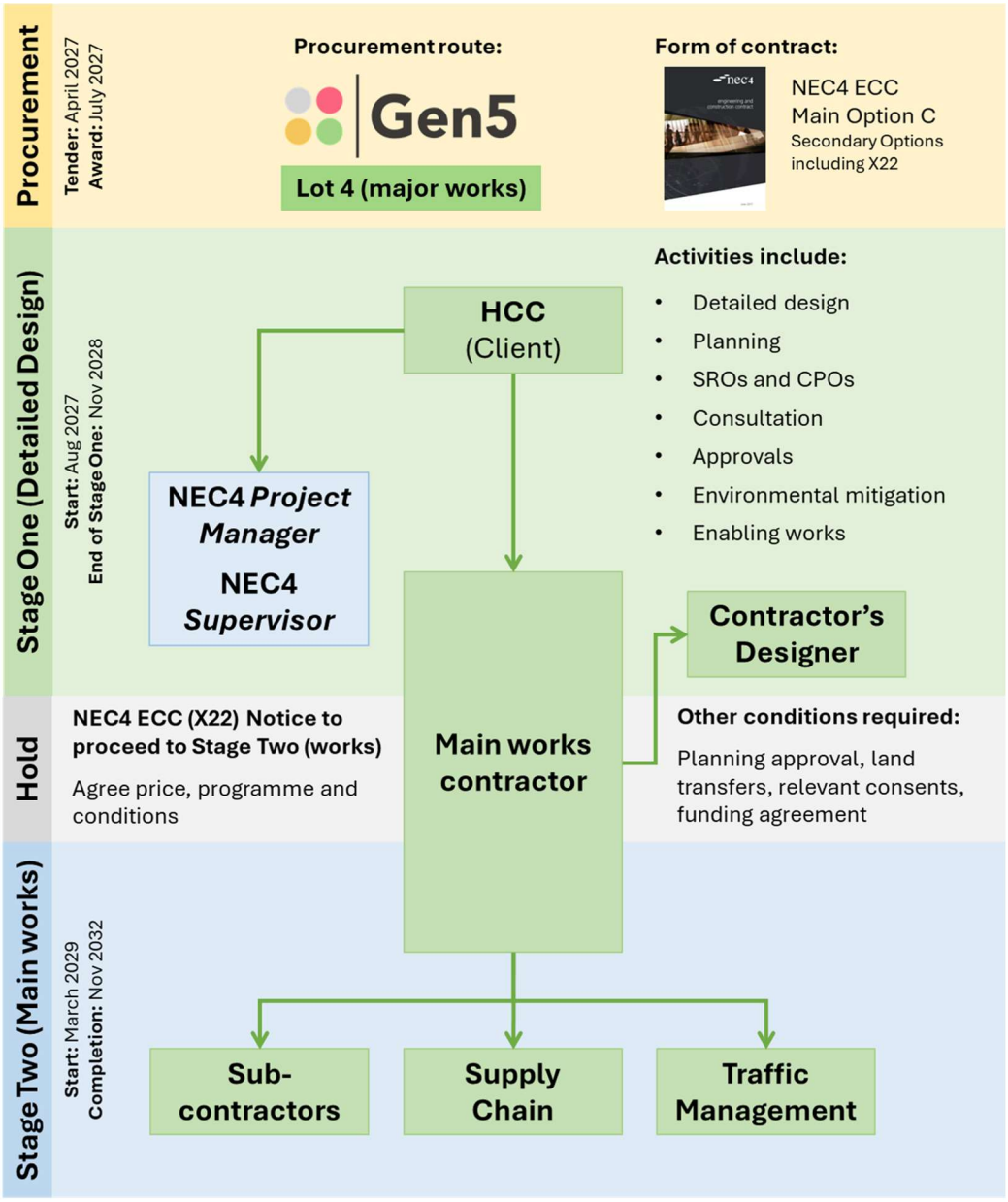


Figure 5-3: Summary of Proposed Commercial Approach for the A326 LLM

5.10.2 The recommended commercial approach is**:**

- **Procurement Route to Market**: That the works are procured using Hampshire County Council's Gen5 Framework (Lot 4 – Major works).
- **Contract**: NEC4 Engineering and Construction Contract (ECC), utilising Main Option C (Target contract with activity schedule) and secondary options including X22 (Early Contractor Involvement).
- **Detailed Design**: Detailed design is undertaken by the main contractor or a consultant which they appoint (contractor holds design liability to the client, HCC) during Stage One of the contract (using NEC4 ECC secondary option X22).
- **Enabling Works**: Undertaken by main contractor and/or their supply chain in Stage One of the contract.
- **Construction**: Following completion of detailed design (inc. planning, land acquisition, funding etc.) and agreement of cost and programme, the client (HCC) issues a notice to proceed to Stage Two under the contract.

6 Management Dimension

6.1 Introduction & Objectives

6.1.1 The Management Dimension sets out the key aspects relating to the management and delivery of the A326 Waterside Improvements Scheme, outlining the approach to scheme delivery, and setting out the proposed governance and management arrangements in place to successfully develop and deliver the scheme. It demonstrates that Hampshire County Council has the ability to deliver the project on time and to budget.

6.1.2 This section builds upon the information provided in the SOBC submitted to the DfT and is structured around the DfT's Transport Business Case guidance for the Management Dimension, the overall aim of which is to assess whether a proposal is deliverable. This includes testing the proposals:

- Planning;
- Governance structure;
- Risk management;
- Communications and stakeholder management; and
- Benefits realisation and assurance.

6.2 Evidence of Similar Projects

6.2.1 Hampshire County Council has an experienced, highly skilled client and project management team who have a strong track record of delivering major transport infrastructure projects of a similar scale and cost. The A326 Waterside Improvements Scheme will draw upon the expertise in the Council, as well as utilising lessons learnt from previous projects and drawing in expertise from our supply chain.

6.2.2 The projects listed in Table 6-1 below focus on broadly comparable highway infrastructure improvement projects that have been successfully delivered within the region and therefore demonstrate the Council's ability to deliver the A326 Scheme.

6.2.3 Whilst none of the projects listed are comparable in terms of the overall scheme value, they have all been complex projects that have experienced many of the same challenges and issues that are expected on the A326 scheme, including the following:

- Needing a Planning Application (Stubbington Bypass, Whitehill & Bordon);
- Needing a Compulsory Purchase Order and Side Roads Order (Stubbington Bypass);
- Provision of new bridges / structures (Stubbington Bypass, M27 Junction 9);
- Improvements to existing roads that provide critical links to key homes and businesses (Stubbington Bypass, Brighton Hill, M27 Junction 9);
- New controlled crossings and active travel facilities (TCF schemes, M27 J9, Brighton Hill).

6.2.4 In addition to those listed below, the County Council is also in the process of delivering the following two major highway improvement projects, with main works construction well underway at the time of OBC submission:

- M27 Junction 10 (associated with Welborne Garden Village), to provide a new 'all-moves' motorway junction with new slip roads and roundabouts, which has a value of circa £100m in total. Main works have now commenced and over Christmas 2025 a new underpass was slid under the M27 motorway during a 7-day closure of the motorway. The project is expected to complete in early to mid-2027.

- The Botley Bypass, a £48m scheme providing a new Bypass for Botley including online widening to Woodhouse Lane, two new junctions, and a new bridge over the River Hamble. Commenced in Spring 2025 and due to complete in late summer 2027.

Table 6-1: Examples of previous transport projects delivered by Hampshire County Council

Scheme Name	Value	Key Outputs Delivered	Delivered on time and budget.
Whitehill and Bordon Relief Road 2016-2019	£27.4m	A 2.6-mile-long two-way single carriageway road including four roundabouts and two signalised junctions, and separate provision for pedestrians and cyclists to replace the former A325 from the north side of Bordon to the southern side of Whitehill. The Relief Road supports the planned regeneration of Whitehill and Bordon to provide a free-flowing alternative to the A325 and relieve local traffic congestion. The road removes community severance caused by heavy traffic flows on the former A325 corridor and provides access to new housing and business developments, which are now under construction with reduced disruption to the local community.	Phase 1 was completed to budget as scheduled in time for the coordinated opening of new show homes on adjacent developments. Phase 2 was completed on time and within budget despite the collapse of the original contractor, Carillion.
Stubbington Bypass 2019-2022	£42m	The bypass contained the following key elements: 1) The provision of new 3.5km long and 7.3m wide single carriageway Bypass with a 50mph speed limit. 2) New junctions at either end of the Bypass and at Peak Lane. 3) Junction improvement works at Titchfield Gyratory, the Titchfield Road / Bridge St junction, the Peel Common roundabout, the St Margarets roundabout, and the two roundabouts in central Stubbington. 4) Highway widening and link improvement works along Titchfield Road north of the Bypass and Gosport Road east of the Bypass. 5) A new 2.5m wide shared use path for pedestrians and cyclists alongside the Bypass and Titchfield Road (north of the Bypass). 6) Uncontrolled crossing facilities at all locations where the Bypass crosses a PRoW. 7) Improved controlled crossing facilities for pedestrians and cyclists at all new or improved signal junctions associated with the scheme.	No. The initial estimate was £34.5m, while the final cost was £44.2m. The main works duration was estimated at 24 months, but the actual duration was 28 months to road opening and 33 months to end of contract. However, this scheme commenced shortly before the start of the Covid-19 Pandemic in March 2020 and as such was subject to significant programme delay as well an increased cost due to construction price increases.

Scheme Name	Value	Key Outputs Delivered	Delivered on time and budget.
M27 Junction 9 and Parkway South Roundabout 2021-2023	£24.45m	Increased capacity at both junctions through the introduction of additional traffic lanes on the approaches including the motorway slip roads; new traffic signals and a larger junction at Parkway South; and a new shared use path and crossings for people walking and cycling.	Yes, but additional budget was allocated during works due to unforeseen costs.
A30 Brighton Hill Roundabout, Basingstoke 2022-2023	£20.75m	Traffic capacity improvements through the introduction of new lanes on the roundabout approaches and circulatory carriageway, new traffic lights on all approaches; and new controlled crossing facilities and sections of shared use path for people walking and cycling.	Delivered on time and under budget at £19.96m
A27 Delme Roundabout (TCF), 2023-2024	£10.0m	The scheme will increase bus service reliability and reduce public transport journey times through the introduction of a designated westbound bus lane onto priority signals to enter the Delme Roundabout prior to traffic being released. Improvements to seven crossing points are proposed and footway widening to introduce a shared use path between St Catherines Way and Downend Road. Cycle improvements along the westbound carriageway by means of a segregated, dual direction cycle lane adjacent to the bus lane to provide a safer route.	Yes delivered on time and under budget at £9.13m
Gosport Bus Interchange (TCF) 2023-2024	£6.8m	Redevelopment of the Interchange through the construction of a new replacement bus station on land adjacent to Falkland Gardens at Mumby Road, Gosport together with a replacement taxi rank and ancillary facilities including short stay car parking and pick-up/ set down facilities on land at the existing Gosport bus station and adjacent to The Esplanade. In addition, the scheme includes the provision of a northbound link across High Street, Gosport between North and South Cross Street to facilitate improved public transport access to the new bus station and the town centre.	Yes delivered on time and under budget at £6.53m

6.3 Project Governance, Organisational Structure and Roles

6.3.1 This section outlines the project governance and delivery arrangements required to deliver the A326 Scheme. The governance structure shown in Figure 6-1 below reflects the typical governance structure for HCC major highway projects and will be used for the A326 Waterside Improvements Scheme. Due to the size and potential cost of the scheme it has its own Project Board and sitting about, as shown below. The governance structure will continue to be refined as the project progresses to OBC stage, including names and experience of key members of the team.

6.3.2 The governance structure (or a very similar one) has been used successfully to deliver major highway projects in Hampshire and provides a clear reporting structure and lines of accountability that joins up and governs the various elements of the scheme's development. The structure has been designed to ensure visibility of key issues at the appropriate level of seniority and that decisions are made at the appropriate level of seniority based on their significance.

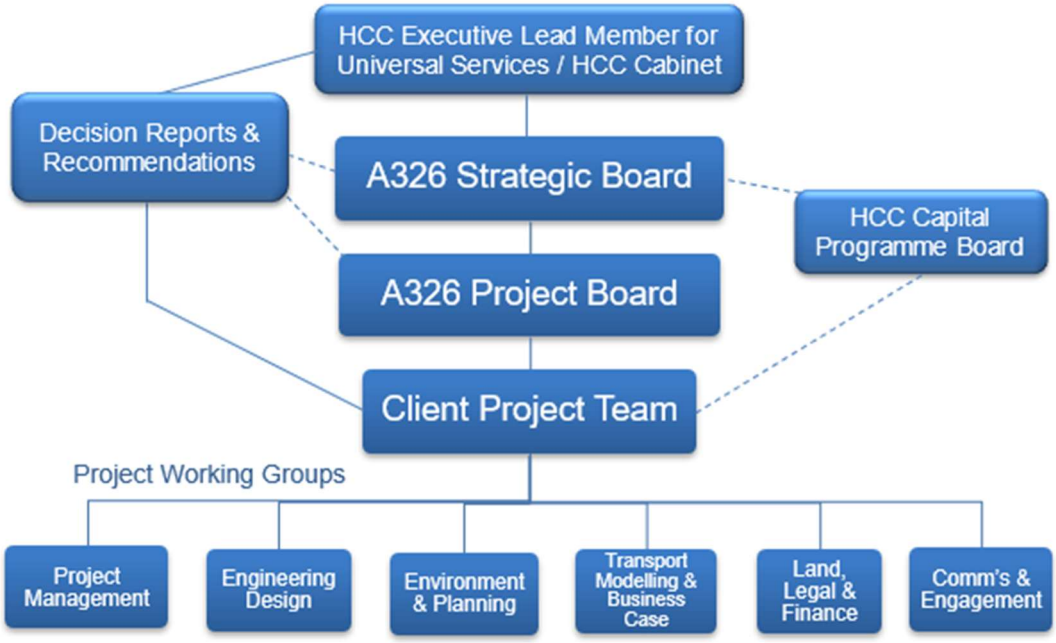


Figure 6-1: Governance Structure for the A326 Scheme

6.3.3 The key functions identified in the organogram, their expected roles, responsibilities, accountabilities and how they are resourced are discussed over the following pages.

Executive Member / Cabinet

6.3.4 The Executive Lead Member for Universal Services (ELMUS) will make the final decisions to progress the scheme through the various stages of development and implementation. Given the cost of the scheme, a report to the County Council's Cabinet may also be required for the final decision point to deliver the scheme. The ELMUS will provide approval to various matters including to:

- Progress with the different stages of design,
- Consult with stakeholders and the public,
- Confirm the funding arrangements,
- Commence any required land assembly; and,
- Implement the final scheme by way of a Project Appraisal report.

6.3.5 The decisions are taken at Decision Days and as part of this process a Decision Day report is prepared providing the ELMUS with a recommendation (or a series of recommendations) for the decision along with reasoning behind the recommendations. The Decision Day report is authored by the Client project team but is reviewed by senior staff from across the County Council, including the Director of Universal Services and senior legal and finance colleagues,

several of whom sit on the A326 Strategic Board which provides the next level of Governance as detailed below.

A326 Strategic Board

6.3.6 This Board has overall responsibility for taking strategic decisions relating to the development and delivery of the project. Each meeting (held every 4-6 weeks) includes a review of the Strategic Risk Register; updates on Budget, Finance and Programme; a review of any matters relating to key stakeholders; a review of any items escalated up from the A326 Project Board; and consideration of any Decisions required.

6.3.7 The current membership of the Strategic Board is shown in Table 6-2, and the roles and responsibilities are also shown, although these are likely to evolve slightly as the scheme moves from the development stage into the detailed design and implementation stage:

Table 6-2: A326 Strategic Board Members

Name	Project Role	Position
Natalie Wigman	Sponsor (Development)	Assistant Director – Place Focused Policy & Transformation
Patrick Blogg	Sponsor (Delivery)	Director of Universal Services
[redacted]	Senior Responsible Officer (SRO)	Head of Integrated Transport
[redacted]	Programme / Governance / Stakeholder Manager (PGM)	Strategic Transport Manager
[redacted]	Project Manager (PM)	Transport Team Leader
[redacted]	Finance Oversight (FO)	Senior Finance Business Partner
Tim Lawton	Oversight of Future SRO (Delivery)	Assistant Director – Highways, Engineering & Transport
[redacted]	Future SRO (Delivery)	Head of Implementation

6.3.8 The responsibility for different tasks is shown in Table 6-3, which as above is likely to change during the next stage of detailed design and delivery, with an implementation team client undertaking some of the roles currently undertaken by the Project Manager:

Table 6-3: Responsibility for Different Tasks

Role	Responsible	Who
Appoint SRO	S	Natalie
Approve Budget	S	Natalie
Authorise Programme	S	Natalie
Set project strategy	S	Natalie
Project leadership / VISION	S	Natalie
Deliver vision and business case	SRO	[redacted]
Financial Case Assurance	FO	[redacted]

Role	Responsible	Who
Get spend approval from sponsor	PGM	[redacted]
Lead program	PGM	[redacted]
Manage strategic risks	PGM	[redacted]
Manage key stakeholders	PGM	[redacted]
Manage stakeholder comms	PGM	[redacted]
Define and manage governance controls	PGM	[redacted]
Plan programme and manage against it	PGM	[redacted]
Coordinate project interdependencies	PGM	[redacted]
Develop risk assessment and manage	PM	[redacted]
Daily Project Management	PM	[redacted]
Manage resources	PM	[redacted]
Develop Business Case and planning application	PM	[redacted]
Manage main project documentation	PM	[redacted]

6.3.9 The purpose and role of the Strategic Board is as follows, taken from the Terms of Reference for the Board:

6.3.10 The role of the Strategic Project Board is to bring strategic direction to the project and to bring challenge to the key elements including resources, governance and risk management issues. The Strategic Project Board will overarch the Project Team and provide a strategic project view.

- Take strategic decisions related to the development and delivery of the A326 project.
- To manage the liaison with key stakeholders and agree the stakeholder management plan.
- To receive reports and own and manage the critical management documentation, project plans and strategic risks.
- Receive escalated items for discussion from the project Board and project team.
- Consider bidding tactics.
- Ratify and agree submission of planning application and business case.
- To approve any changes in scope or finances that are outside of the agreed budget.

Capital Programme Board

6.3.11 This Board does not hold any decision-making powers in relation to the A326 scheme, but as the scheme is a Capital project and is therefore in the County Council's Capital Programme, it is a requirement that scheme progress and any key issues are reported to this Board. The Board is chaired by Tim Lawton who sits on the A326 Strategic Project Board and is attended by other senior officers in both the Transport Planning and Implementation teams.

A326 Project Board

6.3.12 The A326 Board sits directly below the Strategic Project Board in the Governance structure, and any key strategic issues are escalated upwards from this Board for a decision at the Strategic Board. The majority of Board Members sit within the Universal Services (US) Directorate. The function and membership of this Board will evolve over time, but so far, the Board has overseen the development of the scheme following SOBC approval up until planning consent and OBC approval.

6.3.13 The Board will be responsible for providing critical review of all scheme development matters including the engineering design, environmental impact assessment, and outline business case production. It will address issues raised by the Project Team and make decisions as required. The Project Board Purpose / Terms of Reference is as follows:

- To provide clear direction for the development and delivery of the project, in accordance with the terms of funding and approving bodies.
- To Provide challenge, oversight and co-ordination for the project finance, programme and risks, and ensure the project continues to align with the objectives.
- To act as a conduit between the project and the wider County Council.
- To receive update reports from the project team, review of project dashboard, key risks/issues and updates from working groups.
- To resolve escalated issues, make decisions if appropriate and/or make recommendations / escalations to the Strategic Project Board as required.
- Each Board member is expected to take responsibility for their specialist discipline and receive actions.

6.3.14 The Board is made up of senior officers from the Transport Planning, Implementation and Engineering teams and has senior representation from across the wider Universal Services Department. Table 6-4 shows the main members of the Board currently:

Table 6-4: A326 Project Board

Name	Position
[redacted]	Head of Implementation, Universal Services (US) – Chair
[redacted]	Head of Integrated Transport, US – Sponsor
[redacted]	Strategic Transport Manager, US – A326 Client Programme Manager
[redacted]	Transport Planning Team Leader, US – A326 Client Lead
[redacted]	Group Engineer, Hampshire Engineering Services (HES), US – Client Technical Design Lead
[redacted]	Implementation Team Leader, US – Future Client Lead
[redacted]	Head of Waste & Environmental Services, US
[redacted]	Head of HES, US
[redacted]	Chief Engineer – Contracts & Procurement, HES, US
[redacted]	Head of Highways – Asset Management, US

Name	Position
[redacted]	Chief Engineer – Transport Engineering Design, HES, US
[redacted]	Project Legal Advisor, Corporate Services
[redacted]	Major Schemes Programme Manager, Capital & Governance Support

Client Project Team

6.3.15 The Client project team are responsible for managing all aspects of the scheme development and delivery, reporting directly to the A326 Project Board and upwards to the Strategic Project Board. The following people are part of the Client project team, alongside a brief summary of the different roles and responsibilities:

Client Programme Manager

6.3.16 [redacted] is a Strategic Transport Manager in the Integrated Transport (Transport Planning) team at the County Council. [redacted] has 30 years' experience in transport planning and client management across the public and private sectors.

6.3.17 [redacted] is responsible for co-ordinating all the workstreams, teams and consultants working on the project and making sure that the key deliverables, e.g. the OBC document and the Planning Application submission are delivered on time and to budget. [redacted] is also responsible for managing the key risks and for managing key stakeholders.

Client Project Manager (Development)

6.3.18 [redacted] is a Transport Team Leader in the Integrated Transport team at Hampshire County Council. [redacted] has 19 years' experience in transport planning and client management across the public and private sectors and has worked on several successful major transport schemes including the Stubbington Bypass, the Botley Bypass, M27 Junction 10 and the M27 Junction 9 and Parkway South Roundabout improvements.

6.3.19 [redacted] is responsible for the day-to-day project management of the three main workstreams – Business Case, Design, and Environment, including tracking project spend against budget and ensuring tasks are completed in a timely manner. This includes liaising with both internal and external parties and making sure the project is being progressed to as high a standard and as efficiently as possible.

Future Client Project Manager (Implementation)

6.3.20 Once the OBC is approved and the scheme moves into detailed design and implementation phase, a new Implementation Client Project Manager will be appointed, to take over from [redacted] and work with [redacted] to deliver the scheme. The new project manager will be suitably qualified in all the key aspects of overseeing the implementation of a major highways improvement scheme.

Client Technical Design Lead

6.3.21 [redacted] is a Group Engineer in Hampshire Engineering Services with over 30 years' experience of working on major highways projects for the County Council. [redacted] is responsible for providing input and review of all aspects of the engineering design for the scheme.

Client Project Director

6.3.22 [redacted] is the Head of Integrated Transport at HCC and has in excess of 20 years' experience in transport planning, major scheme conceptualisation, development and delivery. [redacted] is a senior member of the transport leadership team at HCC

Senior Responsible Officer

6.3.23 The Senior Responsible Officer (SRO) for the project is currently Natalie Wigman, Assistant Director for Place Focused Policy & Transformation within Universal Services. The Integrated Transport (transport planning) team sits within Natalie's remit. During the detailed design and implementation phase of the scheme, the SRO is likely to shift to Tim Lawton, who is the Assistant Director for Highways and Transport.

6.3.24 **Project Working Groups**

6.3.25 Working Groups have been created to deliver on specific aspects of the scheme delivery and contain several specialisms that report back to the Client manager who will provide an update on the Group's progress to the Client Project Team. The County Council set up a multi-disciplinary project team to progress the following key tasks amongst others, a summary of which is provided below:

- Design;
- Traffic modelling and forecasting, option appraisal, and cost benefit appraisal;
- Business case;
- Environment and Planning;
- Land and Legal; and
- Communications / Consultation.

6.3.26 The Project Team for the OBC stage combined internal HCC staff, framework consultants Stantec and transport modellers Systra and is made up of the leads from each of the different working groups (see further below). The working groups will continue to be responsible for developing the scheme as the project progresses through to the Full Business Case stage. The Client Project team has a close relationship with the working group leads to ensure the scheme continues to progress and attempt to resolve issues as they arise. The following are the key project working group leads and a summary of their responsibilities:

Design – Stantec (with HCC Technical Review)

6.3.27 The design lead is responsible for undertaking each stage of design of the preferred option, from feasibility to preliminary design. As part of this work, they will advise on design standards and constraints and liaise with other members of the project team to provide design solutions for each element of the scheme. This will involve co-ordinating inputs from a range of design specialists, including structures, drainage, geotechnics, and street lighting. There will also be close liaison with HCC technical review teams to ensure the designs ultimately can be delivered and adopted by the County Council.

Transport Modelling – Systra (strategic) and Stantec (local)

6.3.28 Systra are responsible for undertaking strategic level transport modelling of the proposed interventions as well as TUBA analysis of cost and benefits associated with the proposals, working in close liaison with the project manager and the Business Case team.

6.3.29 Stantec are responsible for the more local transport modelling including VISSIM microsimulation and individual junction models that will inform the design and ensure that the scheme can accommodate the forecast levels of traffic flow on the network. This will be an iterative process with the local modelling informing the strategic modelling to ensure the most efficient operation of the proposed scheme.

Business Case - Stantec

6.3.30 The business case lead is responsible for preparing each stage of the business case and liaising with the project team to ensure all inputs required for each stage are completed to the required detail. There will be close liaison with the transport modelling teams.

Environment and Planning – HCC and Stantec

6.3.31 The environment and planning lead will be responsible for identifying environmental constraints, co-ordinating the assessment of the environmental impact of the scheme and suggesting appropriate mitigation that will be needed. They will draw on inputs from a number of specialists for each of the environmental topic areas. In addition, they will lead on co-ordinating inputs for the Environmental Statement to planning application that will be required for the scheme to progress.

Land and Legal - HCC

6.3.32 The legal lead will be responsible for providing advice on any legal processes required to deliver the scheme including, but not limited to, Compulsory Purchase Orders and Side Roads Orders.

6.3.33 The land lead will be responsible for co-ordinating the liaison with any third parties whose land is required in order to deliver the scheme, and any associated mitigation or accommodation works and overseeing the land purchase process as required.

Finance - HCC

6.3.34 The Finance lead will oversee the financial aspects of the project, to ensure that sufficient budget is available for all aspects of the scheme from development to delivery and ensuring that value is obtained for the public money spent.

Communications and Engagement - HCC

6.3.35 The communications and engagement lead will be responsible for advising on press releases, public information and engagement, and any communications with key stakeholders that will be required as the project progresses.

6.4 Project Scope, Dependencies & Constraints

6.4.1 Set out deliverables and decisions that are provided/received from other projects and any constraints: this may include drop-dead delivery dates, resources and circumstances.

6.4.2 Take information from Critical Path and Dependencies on the programme.

6.4.3 Key date is now the stipulated requirement from DfT review to have construction commenced by March 2029 – what are main dependencies in order to hit this date, highlight these.

6.5 Project Reporting

6.5.1 As set out in Section 6.3 above there is a clear hierarchy and reporting structure for the scheme, with the Client Project team reporting upwards to two separate Boards and the Strategic Project Board linking upwards to the County Council's Executive Member for

Universal Services (EMUS) – the most senior decision maker. Progress on the scheme will be reported from the Project Team and through each Board as necessary. The Project Team will be responsible for ensuring the spend to date and key dates are updated so that any issues with budget or timescales can be addressed by the relevant board. Each board will have delegated powers to address certain issues raised depending on the level of risk and involvement required.

6.5.2 Given the scale and cost of the proposals, the ELMUS will be required to make key decisions and approve progression to the next stages of the project, and these decisions will be made at the regular Decision Day meetings. As part of this the Project Team will prepare a Decision Day report which will include a series of recommendations for the decision (or decisions) and evidence to support the recommendations. This includes details on progress of the scheme, funding available, spend to date, consultation results (if needed) and any other pertinent information to the required decision.

6.5.3 For most HCC schemes, the main way of reporting progress on the scheme at key stages is via the County Council's Gateway process (more details are provided in Section 6.6 below). This is the decision-making process by which schemes are given approval to progress to the next stages of design, but as noted above all key decisions for the A326 scheme will be made by the ELMUS. The Gateway Approval Group will still have a role on this scheme, which will be to provide scrutiny and approval to technical matters related primarily to the design, and to ensure that it is being designed in accordance with all relevant standards and best practice.

6.6 Assurance

6.6.1 Project assurance is co-ordinated by a combination of the Hampshire County Council (HCC) Universal Services Capital Programme Management Team (CPMT) and the two Boards outlined in Section 6.3, as the scheme sits (or will ultimately sit) within HCC's Transport Capital Programme. Issues of a more technical nature will be reported and scrutinised by the Project Board and the Gateway Review Group, while issues of a more strategic nature will be reported and scrutinised via the Strategic Project Board and the ELMUS Decision Report process.

6.6.2 **Executive Member Decision Report**

6.6.3 The ELMUS decision reporting process described in previous sections provides a high degree of scrutiny of the scheme from senior officers across all departments in the County Council (including Finance, Legal, Estates and Communications), as well as scrutiny from the County Council's elected Members. The reports are first scrutinised by the Director of Universal Services, as well as the assistant directors for Highways and Integrated Transport, and departmental leads for finance and legal matters. The reports are then presented to and considered by the EMUS, before being revised as appropriate and then subsequently approved at the EMUS Decision Days.

6.6.4 This will ensure that all the key strategic risks and issues associated with the scheme are scrutinised and understood, including things like funding/finance, deliverability, communications and engagement, Legal processes and other key risks. It is expected that Decision Reports will be taken to the Executive Member at the following key milestones:

6.6.5 Decision to accept Government funding, commence detailed design and commence the making of necessary Orders (subject to OBC and Planning approval).

6.6.6 Decision to go out to market on a tender package for construction (subject to approval to necessary Legal Orders). This is the Project Appraisal (see section 6.6.13 below)

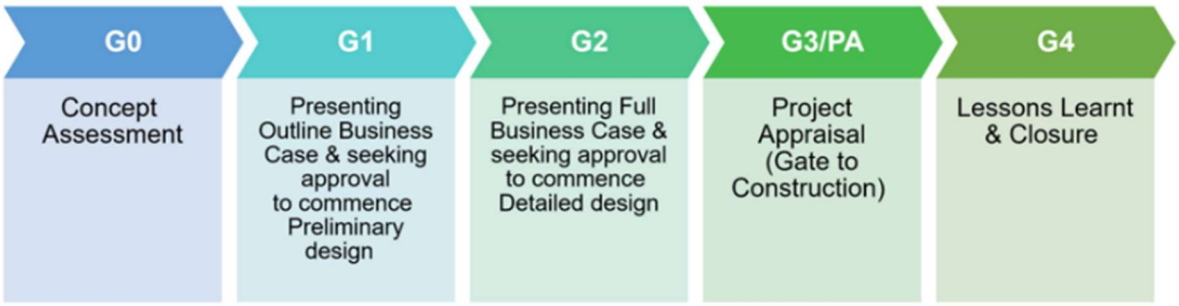
6.6.7 Decision to submit the FBC, based on a final agreed tender price (subject to final tender price being within available budget).

Gateway Process

6.6.8 There will be Gateway meetings with the Gateway Review Group (GRG) at key scheme milestones, providing an audit trail to demonstrate suitable scrutiny, compliance, and visibility. The main Gateway Reviews are completed at the end of Feasibility Design, the end of Preliminary Design, and the end of Detailed design prior to the start of main works, and are included in the detailed programme found in Appendix M.

6.6.9 The Gateway project management process has been designed to ensure that only schemes that have been developed to comply with design standards, that have considered a range of options, have been fully costed, meet wider policy objectives, and have had appropriate consultation undertaken which shows that the scheme is supported, can be progressed to implementation. It is consistent with the stages of scheme development and appraisal set out within DfT TAG guidance.

6.6.10 The Gateway process has five main stages which are shown in the graphic below and summarised below in relation to a typical scheme, details are only provided where the A326 has not already passed this gateway):



Gateway 0 (G0) - Concept Assessment

6.6.11 Following approval of the G0 the scheme can progress to the option appraisal stage and then feasibility design once a preferred option has been identified, as well as the preparation of the SOBC. The A326 scheme passed G0 review in late 2019 and was added to the scheme development programme. This followed on from preparation of the pre-SOBC and subsequent prioritisation of the scheme by TfSE for submission to the DfT.

Gateway 1 (G1) - Approval to undertake preliminary design for a preferred scheme.

6.6.12 The A326 scheme passed this gateway in autumn 2023, following completion of public consultation on the preferred scheme.

Gateway 2 (G2) - Approval to undertake detailed design

6.6.13 Typically commences once delivery funding is secured. If Planning Permission is necessary, this will be required prior to progression of G2 elements. Once G2 approval is obtained, the detailed design work is then carried out. Progression of the detailed design is typically with an expectation that the scheme will be progressed to delivery. A completed G2 is required for all capital improvement projects.

6.6.14 In order to progress from G2 to G3, the Gateway Review Group will assess the information set out within the G2 to ensure that:

- The project is fully defined, in line with strategic objectives, and that all interdependencies have been identified.

- Time, cost and quality tolerances have been updated.
- Costs and financial savings/ efficiencies are fully worked out.
- Benefits are well defined, with measurable targets and mechanisms for benefit monitoring and realisation.
- Risks and issues are understood, with mechanisms for mitigation in place.
- Stakeholders have been identified and a communications plan developed.
- A realistic and detailed project plan has been developed.
- Customers have been consulted and/or engaged where appropriate; and
- Governance and assurance arrangements are in place.

Gateway 3 (G3) – Project Appraisal (Gate to Construction)

6.6.15 Detailed design review. This provides the last opportunity for some, e.g. Asset Management, to comment on the project before it is approved and tendered. G3 seeks approval to procure and spend and enter into necessary contractual arrangements to implement the proposed improvements. Therefore, the scheme must be at a stage where there is full and final detailed design available in order to secure G3 approval. If not, it will be rejected. In all cases projects would have had G2 approval and detailed design work undertaken to inform the Project Appraisal (G3).

6.6.16 The Project Appraisal (G3) allows the Director of Universal Services and the Executive Member to consider the scheme and to formally approve its delivery onto the network. Once approval has been given, contracts can then be entered into to deliver the scheme.

6.6.17 As part of the preparation of a Project Appraisal, an Equalities Impact Assessment (EqIA) is produced for all schemes. This documents who the scheme will impact on, and what the impact of the scheme on groups with protected characteristics is expected to be. As part of this the accessibility impacts of the scheme are considered. Within the EqIA, the overall impact of the scheme on each protected characteristic group is first categorised as neutral, low, medium or high, then for each that have an impact other than “neutral” a description is given of the expected impact – and whether it is positive or negative. Where a scheme could result in a ‘high’ or ‘medium’ negative impact, then the mitigating measures that would be taken to reduce this are documented in the EqIA. The groups with protected characteristics assessed are age, disability, sexual orientation, race, religion and belief, gender reassignment, gender, marriage and civil partnership, pregnancy and maternity. In addition, the impact of the scheme on levels of poverty and on rurality are also assessed in the same way. Through this EqIA process, we can show how accessibility considerations have been taken into account in the development and design of the scheme.

Gateway 4 (G4) – Post scheme implementation review/ monitoring

6.6.18 The purpose of this Gateway is to review the outputs and outcomes delivered by the project and prescribed performance measures for example if the project delivered on time and within budget, whether the outcomes and outputs set out in previous stages have been achieved, any lessons learnt - following completion of the main works.

6.6.19 In between the gateway reviews, project assurance processes will be closely linked with the groups outlined in the Project Governance structure in Section 1.3 ensuring that at as the scheme continues to progress, there are personnel with the relevant skills and experience to critically assess, improve and the approve prior to commencing to the next stage. This

process will be implemented throughout the entire governance structure, with ultimate accountability held with the EMUS.

External Assurance

6.6.20 In summer 2024 HCC commissioned Local Partnerships (LP) to undertake a Gateway 0-1 review of the A326 scheme, by way of external assurance of the project's strategic overview and business justification.

6.6.21 The LP team undertook a series of interviews with key members of the project team, as well as key external stakeholders and elected representatives. The full review report is provided at Appendix N, while a summary of the key issues identified and the County Council's response is provided in the following section.

Delivery Confidence Assessment

6.6.22 The review team found that while successful delivery of the scheme may be possible, there are a number of key risks which the Council will need to manage and mitigate in order to achieve this. These risks include financial risks arising from the Council's position on financing the scheme; commercial risks arising from the requirement of third parties to underwrite the scheme; planning risks arising from the proximity of the scheme to the National Park; and political and community risks arising from uncertain support for the scheme from stakeholders and the wider community. These are in addition to the usual risks to be found for a scheme of this size (the largest highways scheme the Council will ever have delivered), such as capacity risks and cost pressures.

6.6.23 It was suggested that in isolation, any one of these risks may be manageable, but collectively, they represent a challenging risk profile for the scheme. Successful delivery of the scheme remains possible, and there are reasons for optimism, including the national significance of the scheme, broad support for the principles of the scheme, and internal delivery side capacity through Hampshire Engineering Services. It was the review team's belief that in a number of areas, urgent action is required in order to assess whether successful delivery on the agreed parameters will be achievable. The following recommendations were made and prioritised in terms of their importance:

Key Recommendations

- The Council should review whether, with full regard to the risks involved, and the adoption of new policies (such as LTP4) this is a scheme which it still wants to take forward. CRITICAL
- The Council should understand and articulate its red lines of acceptable risk for managing each of the key risks involved in the scheme. CRITICAL
- The Council should increase resources within the client function to progress a scheme of this scale and ensure that appropriate resources and skills are in place for a scheme of this complexity. CRITICAL
- The Council should progress detailed commercial negotiations – particularly with the Freeport - as a matter of urgency. CRITICAL
- The Council should carry out a stakeholder mapping exercise to identify, analyse and map key players who influence the project's success. ESSENTIAL
- The Council should develop a resourced stakeholder management plan following the mapping exercise, to ensure key stakeholders are supportive or are at least not opposed to the scheme. ESSENTIAL

- The Council should develop a focused, resourced, communications strategy for the scheme in its different stages of life. This should include a partnership approach to key messages and dates, briefings, press notices etc. ESSENTIAL

- The Council should further embed the governance arrangements and ways of working, to give a better chance of success by bringing key internal stakeholders together. ESSENTIAL

- The Council should promote the scheme to Government and appropriate agencies such as Homes England and the Infrastructure and Projects Authority. RECOMMENDED

HCC Response

6.6.24 In regard to the issues identified as 'Critical', HCC has since confirmed by way of an ELMUS Decision Report in December 2025 that the A326 is still a scheme that it wants to take forward, subject to a suitable local match funding package being agreed and based on none of the County Council's general funding being required to deliver the scheme. This links to HCC's key risk red lines, that primarily relate to the funding and finance of the scheme, which have now been fully articulated and have resulted in a strategy being formulated to manage the risk of scheme cost-escalation post an OBC-approval. In regard to the third critical issue, a new A326 programme manager was appointed on the Client side in early 2025, to assist the client project manager and with particular emphasis on managing key stakeholders (Essential issue five). In regard to the fourth critical issue, commercial negotiations were undertaken during 2025 and have progressed to the point that the local match funding package has now been agreed in principle, as set out in the Financial Dimension.

6.6.25 In regard to the 'Essential' issues five and six, detailed stakeholder mapping has now been completed and has fed into the A326 Key Stakeholder Forum that was created in early 2025 – see Section 6.9 below. Various meetings and briefings have also taken place during 2025/26. In regard to issue eight, the Strategic Project Board was created in June 2024, to ensure that officers from across different Directorates within HCC were fully joined up and in particular the officers that will be responsible for the detailed design and delivery phase of the scheme. The Communications strategy (issue seven) will be fully formulated once the scheme has received Planning and OBC approval, but an interim version has been created and is outlined in Section 6.9.

6.6.26 In regard to the final 'Recommended' issue, several meetings have taken place with the DfT to more fully understand their views and requirements associated with the scheme, and this has included a meeting with the Solent Freeport, ABP and the DfT to explore the interaction between port development sites on the Waterside and the A326 improvements.

6.6.27 Should the scheme be given OBC approval, HCC commits to undertaking a further external assurance review during the detailed design phase of the project, before this phase is completed and approval to implement the scheme is sought. This will ensure that any issues identified as part of the external assurance review can be addressed accordingly.

Waterside Steering Group

6.6.28 The Waterside Steering Group, whilst sitting outside the HCC Governance structure, has been set up to promote, take responsibility for, and oversee the delivery of the development aspirations for the Waterside area. The Group seeks to draw together the development plans and align these with the investment and operational plans of infrastructure and transport providers. It includes both officers and elected members. The board consists of key stakeholders including the Developers Consortium; Public Sector Stakeholders and Interested parties; Regional Bodies; and Infrastructure Development leads and includes the following:

- Hampshire County Council

- Associated British Ports
- New Forest District Council
- New Forest National Park Authority
- Solent Freeport
- Exxon Mobil (Fawley Refinery)
- Fawley Waterside site developers
- Barker Mills Estates (major landowner on the Waterside)
- Southampton City Council
- Southampton University Representative

6.6.29 The interface between officers involved in the A326 Scheme and this wider Strategic Group will allow key stakeholders who have an interest in the area to have a role in the development of the scheme. HCC attendance on the steering group is typically at Assistant Director level, or the Head of Integrated Transport, and updates on A326 project progress as well as any key risks or issues are provided by those attending. When the A326 Planning Application is submitted the group will have a key role in terms of managing wider public communications on the project and its interaction with the other development proposals for the Waterside, for example ABP's plans for Solent Gateway 1 and 2.

The Town and County Planning Process

6.6.30 The Planning Application for the scheme was submitted on 10 April 2026. The application includes an Environmental Statement, Transport Assessment, Planning Statement, scheme designs and other information in order for regulatory bodies to be able to comment and make a decision on the scheme. In this instance the Planning Application will be submitted to Hampshire County Council (as a Reg. 3 application) and New Forest National Park Authority, for the areas where the scheme is likely to encroach into the National Park boundary. A joint planning working group has been formed as part of the pre-application discussions to ensure a fully joined up approach by the two planning authorities.

Assurance Plan

6.6.31 Table 6-5 provides a list of timescales for the key assurance milestones, for example: the expected dates for the Decision Day Reports, the Gateway reviews and Project Appraisal, as well as the anticipated date for the next Local Partnerships external Assurance review.

Table 6-5: Assurance Plan Key Dates

Assurance Item	Expected Date
HCC Executive Member Decision Report providing approval to submit the OBC and Planning Application	March 2026
HCC Gateway 2 Review	September 2026
Executive Member Decision Report providing authority to accept DfT funding, commence detailed design and begin the land assembly (and CPO/SRO) process	March 2027

Assurance Item	Expected Date
Local Partnerships External Assurance Review	Winter 2027/28
Project Appraisal (HCC Executive Member Decision Report) to proceed to construct the scheme (Gateway 3)	Autumn/Winter 2028
HCC Gateway 4 Review	During 2033

6.7 Project Implementation

6.7.1 Table 6-6 provides an overview of all the main workstreams and their associated deliverables and work packages that will be required in order to complete the detailed design and implementation of the A326 scheme, following OBC approval.

Table 6-6: Overview of All Main Workstreams

Workstream	Deliverables	Work Packages
Project Management / Governance	Project Delivery Plan Delivery Programme Progress Reporting	Project Assurance Programme review Change Management Financial Review Resource Management Information Management
Health and Safety	Designer Risk Assessment	Safety alerts Risk monitoring Risk assessment (project activities) GG104 assessments
Design	Detailed design package Design Strategy Record	Construction Design Management (CDM) Surveys, e.g. Ground investigations, drainage Highways geometric Design Operational Traffic modelling Road Safety Audits & Designers response Geotechnical Design Drainage design Pavement design Lighting design Signals design Structural design Signing & lining design Active modes design
Cost Estimation	Scheme cost estimate	Bill of Quantities Whole life costs Uncertainty estimating QCRA
Risk Management	Risk Management Plan Risk Register	Risk Workshops Risk analysis / assessment
Economics & Business Case	Full Business Case	Traffic modelling Economic appraisal and assessment

Workstream	Deliverables	Work Packages
		Funding strategy Business Case preparation External assurance review
Environment & Planning	Biodiversity Net Gain (BNG) Strategy Further Environmental Impact Assessment Discharge of Planning conditions Pre-scheme monitoring & data collection	Noise Air Quality Landscape Biodiversity Cultural Heritage Water & Flood risk Materials / waste Geology & soils Climate change / carbon
Land & Legal	Land Acquisition Compulsory Purchase Order Side Roads Order BNG Legals / Land	Land meetings & negotiations Land dedications Drafting and making of Orders Statement of Case / Statement of Reasons Legal agreements to secure BNG
Stakeholder management & Comm's	Communications Plan Stakeholder Management Plan	Stakeholder analysis Stakeholder / public engagement Scheme webpage updates Regular Comm's updates / press releases / newsletters
Procurement	ITT Package Identification of preferred contractor	Soft market testing Contract documents Tender assessment
Construction – planning	Construction Management Plan	Construction phasing plan Traffic management plan Contract management team mobilisation Construction Environmental Management Plan
Construction - delivery	Advanced Works Main construction works	Contract management Site supervision

Project Closure

6.7.2 Once main works construction has been completed and any snagging activities have been undertaken, approval will be granted for the project to formally close. This is an opportunity to review the work completed and reflect on the project's overall performance. As part of the closure process, the following will be considered the following:

- Has the project delivered the outcomes that were originally expected?
- Are all the final deliverables complete and are they accepted by all parties?
- Were timescales, costs and quality targets achieved?
- What lessons have been learned that could improve future projects?
- How will the ongoing benefits be monitored and managed to ensure they are realised?

- How will the project transition into 'business as usual'?
- Are there any outstanding post-project actions that need to be completed, including any administrative and financial closure?
- Is a formal post-project review required at a later date?
- Provide details of the ongoing Benefits Realisation and Performance assessment, including Monitoring and Evaluation activities.

6.7.3 For a scheme of the scale and complexity of the A326 improvements, the G4 is likely to involve a formal review process led by the Delivery Client Manager but involving inputs from a number of different parties from across the project team, including external contractors and suppliers.

6.7.4 HCC's Good Governance guidance dictates that for schemes valued over £500k that outturn more than 10% above the last approved budget, a post-completion report will be required. However given the size of the A326 scheme, a detailed post completion report will be produced anyway covering all of the above items in detail.

6.7.5 During the detailed design stage, more thought will be given to what criteria will need to be considered at Project Closure stage, and this will include defining the key deliverables and acceptance criteria for the project, and the operational handover process including where key project data and documents will be stored.

6.8 Project Plan

6.8.1 The current Programme for the delivery of the Scheme from the submission of the OBC and Planning Application to the scheme opening is provided in Table 6-7 below. Main works construction is currently estimated to start in March 2029 and be completed towards the end of 2032. The dates will continue to be reviewed during the detailed design and FBC stage, during which engagement with the preferred contractor will allow for confirmation of a robust programme for scheme delivery.

6.8.2 The Programme has been derived using Hampshire Engineering Services experience gained on similar projects, with inputs provided by technical advisors and aims to present a realistic programme for the remaining scheme development and delivery. The Programme requires certain activities to be completed 'at risk' by HCC between the anticipated date of OBC approval and the anticipated date of Planning Approval, to ensure that once Planning approval is received the Orders can be published and the tender process to appoint a Contractor commenced without any significant delay. The detailed project Programme can be found in Appendix M.

Table 6-7: Key milestones for the A326 Waterside Improvements Scheme.

Milestone	Completion Date
Submission of Planning Application	April 2026
Submission of OBC	May 2026
DfT approval of OBC	November 2026
Determination of Planning Decision	April 2027
Publication of scheme Orders	May 2027
Appointment of Design & Build Contractor	July 2027

Milestone	Completion Date
Completion of Public Inquiry (if required)	April 2028
Completion of Detailed Design	November 2028
Confirmation of all statutory Orders and consents	October 2028
Full Business Case submitted to DfT	October 2028
DfT approval of FBC	January 2029
Issue Approval to Proceed to Contractor	January 2029
Start of Main Works Construction	March 2029
Scheme practical completion / open to public	November 2032

Critical Path & Dependencies

6.8.3 The scheme is a standalone scheme and is not dependent on any other schemes for design, costing or delivery. The scheme is dependent on several activities being completed in a timely manner in order to progress and ensure the project is delivered on time. Working in chronological order from the assumed approval of the OBC, the significant activities on the critical path are listed in Table 6-8 including their dependencies. As noted above, tender document preparation and preparation of the Orders will need to be completed 'at risk' in the period between an OBC approval and a Planning Approval.

Table 6-8: Critical Path & Dependencies

Activities on Critical Path	Dependency
OBC Approval	Assumes a six-month period following OBC submission for review in May 2026
Planning Permission granted	Assumes a 12-month determination period following submission in April 2026, with no significant Planning Inquiry delay
Publication of scheme Orders	Requires Planning permission and OBC approval to be in place and Authority to proceed to be provided by HCC's Executive Member prior to this date.
Appointment of Design & Build Contractor	Requires work on tender document preparation to be completed and issued in March/April 2027, so needs preparation to be undertaken at risk prior to Planning approval.
CPO and other Orders confirmed	Any required Public Inquiry is completed by July 2028, then assumes a three-month period to confirm the Orders.
Submission of FBC	Requires detailed design and associated cost estimate to be completed, and Orders confirmed by early October 2028
Issue approval to proceed to Contractor	Required DfT approval of FBC by January 2029, i.e. within three months of submission of FBC in October 2028
Start of Construction	Assumes approval to proceed with Main Works issued to contractor in January 2029.

Phasing of construction works to avoid disruption on the A326

6.8.4 The proposed works on the A326 will be phased during construction to minimise disruption to road users. Construction phase programming work has been undertaken drawing on inputs from the experience on projects that have recently been delivered by HCC on the Waterside and major projects in the wider area. The work has also been informed by the requirements stipulated by the HCC Streetworks Network Management team, who are responsible for maintaining the efficient operation of the highway network and set the restrictions in terms of the type and duration or roadworks that are allowed on the network. In the case of a main arterial route such as the A326, where there are very limited suitable alternative routes available to vehicles, there are stringent requirements placed on when and where roadworks can be carried out.

6.8.5 The resulting construction phase programme has a total duration of 3.5 years, and the scheme has been broken down into a total of eight sections for construction; three on the northern section and five on the southern section (see Figure 6-2 below). It's important to note that the construction phasing plan could change to some extent once a works contractor has been appointed, if for example they identify a more time efficient and/or cost-effective way of undertaking the work. A programme has been developed that included the following key considerations:

- Not all sections will be worked on concurrently; there will be a number of "smaller" construction sites (not one large one) running for different durations.
- A lot of the work can be carried out "off line" without restricting traffic on the A326, such as earthworks or dualling in the northern section.
- Haul roads will be installed in the northern section on the alignment of the future dualled carriageway to minimise disruption on the existing carriageway. Once new carriageway is complete, traffic will be switched over.
- A permanent (for the duration of the works) reduction of the speed limit on the A326 to 40mph for the whole of the scheme extent.
- No more than one work site with active Traffic Management (TM) every 5km (or every 2km if a relaxation can be agreed).
- There will be no active traffic management during school holidays.
- Traffic management will be adapted / suspended during events.

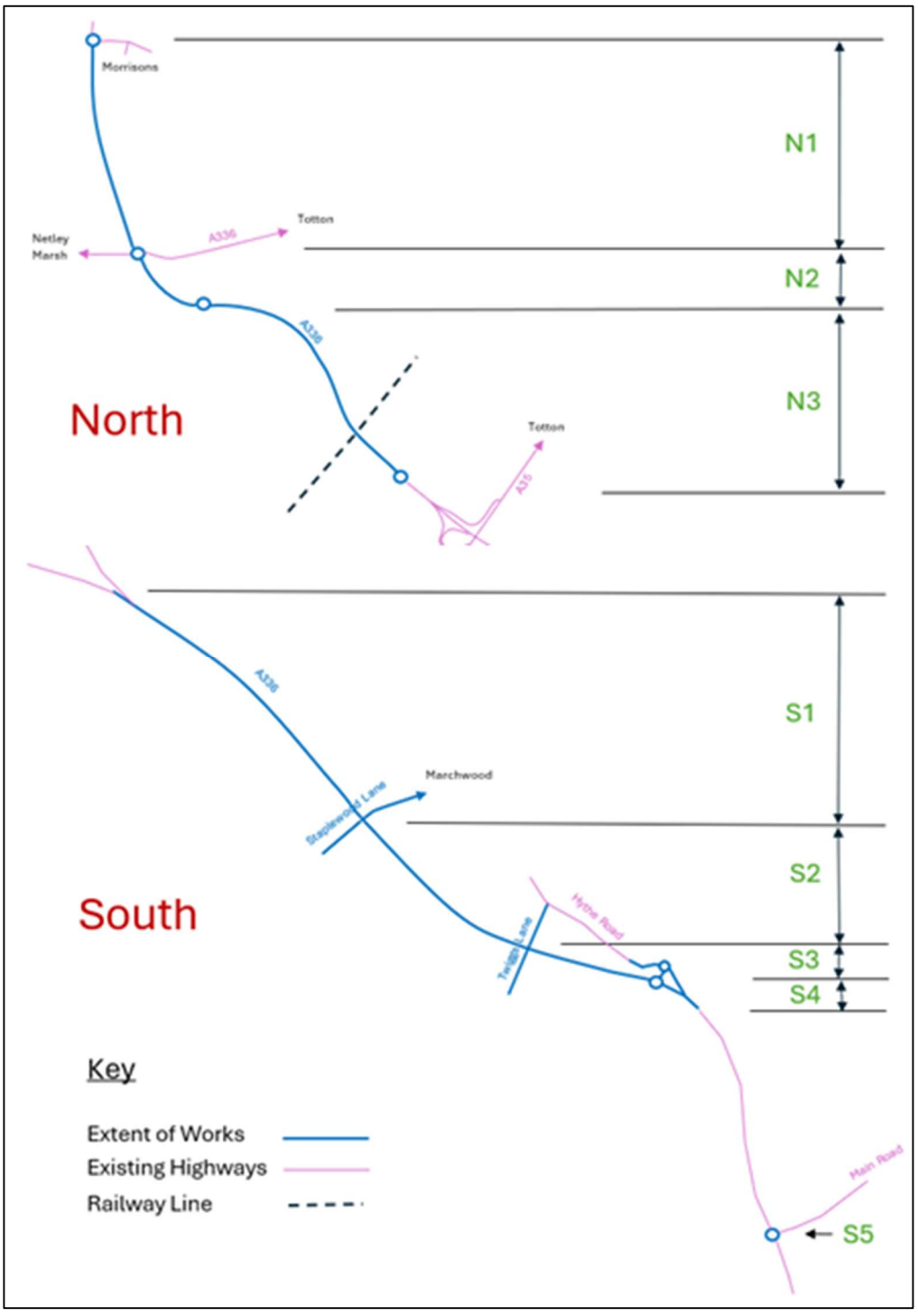


Figure 6-2: Construction Phasing Plan

6.9 Stakeholder Engagement & Communications

6.9.1 This section sets out the communications strategy and plans that accounts for all stakeholders, aligning with those outlined in the strategic dimension.

Communications Strategy and Stakeholder Management Plan

6.9.2 The purpose of the Communications Strategy and Stakeholder Management Plan is to identify who the projects key stakeholders are, why it's important to engage with them and their level

of influence on the scheme and our approach to engagement. The Communications and Engagement Working Group will lead on these aspects throughout the scheme's lifecycle.

6.9.3 Thus far there have been two public engagement exercises – one on the scheme options and then one the preferred scheme; the scheme has been reported via a Waterside key stakeholder groups already in existence (the Waterside Steering Group – see below); and a scheme specific key stakeholder group has been setup by HCC (the A326 Key Stakeholder Forum – see below). The intention is that progress on the scheme will continue to be reported via these two stakeholder groups, and that following the period of statutory public consultation on the Planning Application submission during 2026, there will be further public engagement during the detailed design phase of the scheme in 2027/28.

Communications Plan

6.9.4 A proactive, insight led communications and engagement approach will be integral to the successful delivery of this major transport scheme. Although the project is currently at the OBC stage, the County Council recognises the importance of establishing clear, consistent, and timely communication with all audiences. Building on the work already undertaken to date - including the regularly updated project website, early engagement activities, and briefings provided to authorities and key stakeholders ahead of the OBC and planning submissions - the next phases would significantly extend and adapt this approach to ensure that stakeholders understand the strategic need for the scheme, the benefits it will deliver, and the planned approach to managing impacts during construction.

6.9.5 A comprehensive stakeholder engagement plan has been developed and will be further refined to ensure it maps all relevant stakeholders, including local communities, businesses, elected members, transport partners and statutory bodies (see also Stakeholder Mapping below). Early engagement ahead of construction will focus on building awareness of the scheme's objectives and outlining the anticipated timeline. As the project progresses, this plan will be refreshed to ensure communications remain relevant, inclusive and responsive to emerging issues and opportunities, while continuing to build on the foundations already established.

6.9.6 A multimedia communications strategy will be produced to support all phases of the scheme. This will include clear, accessible information delivered through a blend of channels such as web, social media, email updates, traditional media, public events and direct community engagement. Particular emphasis will be placed on the construction phase, where dedicated communications activity will be essential to explain temporary impacts, manage expectations, and maintain positive relationships with those most affected. Messaging will focus on both short term disruption management and long term benefits for local communities and the wider transport network.

6.9.7 HCC has a strong track record of providing effective communications for complex, high profile schemes. Most recently, the Council delivered a successful communication and engagement programme for the M27 Junction 10 improvement scheme, which required the closure of the M27 for 11 days. This experience demonstrates the Council's capability to deliver robust, insight driven communications that support project objectives, mitigate risks and maintain public confidence.

6.9.8 As part of the pre-submission engagement, a number of briefings have been provided with key stakeholders as per Table 6-9 below.

Table 6-9: Pre-OBC and Planning Submission Briefings

Date	Stakeholders
6th February 2026	Online meeting with Exxon Mobil
9th February 2026	Online meeting with HCC Councillors and Julian Lewis MP

Date	Stakeholders
24th February 2026	Online meeting with Marchwood Parish Council
25th February 2026	Online meeting with New Forest National Park Authority
25th February 2026	Online meeting with Solent Freeport and ABP
27th February 2026	Online meeting with Trustees of the Barker Mills Estate
3rd March 2026	Online meeting with Totton Town Council
10th March 2026	Face to face meeting with New Forst District Council
10th March 2026	Face to face meeting with the New Forest Verderers
16 March 2026	Online meeting with Hythe and Dibden Parish Council

Public Engagement Summary

SOBC Stage

6.9.9 In summer 2021 the three options that were identified as part of the SOBC optioneering process were subject to public consultation as part of an open feedback exercise to gather residents and stakeholders views on the Waterside Transport Strategy between 28 June to 28 August 2021. Given the Covid-19 restrictions at the time, there were five online events for stakeholders and members of the public; and a Response Form (available online and in alternative formats) with accompanying Information Packs.

6.9.10 The consultation was promoted through a communications strategy, including social media advertising, press releases and posters in the local area. In total, 941 responses were submitted via the consultation Response Form, either online or on paper. Of those who specified, 851 responses were from individuals, 7 were from democratically elected representatives and 15 were from groups, organisations or businesses. In addition:

- written submissions were made by 13 groups or organisations and eight members of the public;
- three Councillors made written comments by email;
- 191 social media comments were received on Facebook from 118 individuals.

6.9.11 Of the people who responded to the survey, 71% (667 people) completed the questions related to the A326 improvements. The questions included views on agreement with the proposed the scheme objectives and priorities for the design, as well as views on the different improvement options proposed.

6.9.12 Most respondents supported the objectives of the A326 improvements – particularly to address congestion on the A326 (75% supported this objective), enhancing accessibility for all users of the transport network (67%), and aiming for a net environmental gain (64%).

6.9.13 In line with support for the objectives, there was broad support for the three priorities put forward for the A326 scheme: three quarters agreed with the priority to improve pedestrian and cycle facilities and crossings (75%); two thirds agreed with improving capacity at junctions (64%), while 62% agreed with increasing road capacity.

6.9.14 Most respondents agreed with the priority of increasing road capacity, but a third (34%) disagreed with this priority. There were a number of reasons for this, including concerns about over-reliance on cars and whether adding capacity would help to address this, and wanting to prioritise movement across the A326 instead as it is currently seen as something of a barrier.

Linked to this, when asked whether they would prioritise increasing vehicle capacity on the A326 or making it easier for pedestrians, cyclists and equestrians to cross the A326, views were mixed: 47% would prioritise increasing vehicle capacity, while 53% would prioritise crossing facilities for non-motorised traffic.

6.9.15 Respondents were asked to rank the three proposed options in order of preference and almost half of respondents (48%) made Option 3 (High scope) their first preference, while Option 2 (middle scope) received the most combined first (22%) and second (68%) preferences. Option 1 (low scope) was most likely to be respondents' third preference. When applying a weighting to the ratings to take into account all preferences, option 2 scored slightly higher than Option 3 with option 1 in last place.

6.9.16 After a consideration of the 2021 engagement results, a review of the detailed assessments contained in the SOBC, and an analysis of the risks and opportunities for all three schemes, the Middle scope option (Option 2) was confirmed as the County Council's preferred option, by way of a Decision by the HCC Executive Lead Member for Economy, Transport and Environment on 18 November 2021. Following the approval of the SOBC by the DfT in March 2022, the Option 2 scheme was taken forward to Feasibility Design and became the currently Proposed Scheme.

6.9.17 Overall, this option was considered to provide the best balance between increasing traffic capacity on the A326 to reduce congestion and help facilitate development, whilst improving air quality, limiting the cost and environmental impact of the scheme, and still offering the opportunity to improve pedestrian and cycle facilities and crossings. This option was also considered to sit well with the overall direction of the Transport Strategy for the Waterside, in seeking to provide balanced improvements across a range of transport modes, protecting the special qualities of the New Forest National Park, reducing severance caused by the A326, and not prioritising an increase in traffic capacity at all costs.

OBC Stage

6.9.18 In summer 2023 the preferred scheme design that had been refined following the selection of the preferred option in 2021 was subject to another public consultation exercise.

6.9.19 To inform the engagement an information pack was produced which outlined the scheme proposals, and this was published online, along with a 'fly-by' video showing what the scheme might look like once completed. The engagement included an open feedback form, which was available (online and in other formats) to anyone to complete, from Monday 5 June to Sunday 16 July.

6.9.20 Four live exhibition events took place on 5,15 and 23 June and 11 July 2023, offering members of the public and stakeholders an opportunity to find out more about the scheme and ask questions of County Council officers. The approximate number of attendees for each of the venues were:

- Totton (Hanger Farm Arts Centre) - 400;
- Marchwood (Village Hall) - 300;
- Hythe (St Anne's Neighbourhood Centre) - 200; and
- Fawley (Jubilee Hall) - 85.

6.9.21 Two online question and answer sessions were also held on 23 June and 6 July, providing an opportunity for those that couldn't attend the in-person events to hear about the scheme and ask questions. Only seven people logged on to these sessions.

6.9.22 In total, 505 online and paper surveys were completed, 19 emails were received, 13 from individuals and six from organisations. Five comments were made on Instagram, and 173 comments were made on Facebook.

6.9.23 Respondents were asked to rank the proposed design priorities and improving traffic flow was ranked as the most important priority, while improving crossings for people walking, cycling and horse riding was voted the second most important priority. The least important priority for respondents was improving biodiversity through comprehensive environmental mitigation and enhancement works.

6.9.24 Although deemed the most important priority, more than half of respondents (54%) disagreed that the scheme would deliver an improvement in traffic flow. Just over half (51%) agreed that the scheme would deliver improved crossings for people who walk or cycling, which was voted the second most important priority.

6.9.25 Respondents were asked to express their support for specific elements of the design and overall, there was more support than opposition for each of the design elements. Around half of the respondents agreed with each proposal. The proposal with the greatest opposition was the narrowing of the western side of the A326, between Fletchwood Lane and Cocklydown Lane, with 31% of respondents opposing this.

6.9.26 Almost two thirds of the respondents felt concerned about the potential environmental impact of the scheme (44% very concerned and 19% fairly concerned). 17% of respondents were not at all concerned about the Proposed Scheme's environmental impact.

6.9.27 Over 35% of respondents disagreed with the approach to environmental mitigation and biodiversity for the Proposed Scheme, with 47% strongly disagreeing that the Proposed Scheme had been designed to reduce environmental impact.

6.9.28 The most common comments included not wanting trees or vegetation to be removed, in addition to protecting wildlife, concerns about noise and air pollution and wanting to see investment in alternatives to journeys by private car.

6.9.29 Following the 2023 engagement the scheme moved on to the Preliminary design stage and at the start of this it was decided to make several changes to further refine the design, following feedback from the public and key stakeholders during the engagement. These changes are summarised in Table 6-10 below.

Table 6-10: Summary of Scheme Changes post 2023 engagement

Proposal	You said	We did
Choice of major improvements at either Staplewood Lane junction or Twiggs Lane junction.	Concern about congestion and safety near to Marchwood Infant School and impact on tree screening to properties on Park Lane near to Staplewood Lane junction	Created a new junction south of the Pilgrim Inn, instead of major improvements at either Staplewood Lane or Twiggs Lane. This will enable the closure of Twiggs Lane on the Marchwood side of the A326 and improve the environment around Marchwood Infants School. It also allows the trees currently screening houses on Park Lane from the A326 to be retained. This change also allows the crossing at Twiggs Lane to be retained and moved nearer to the junction so there is less deviation from the desire line.

Proposal	You said	We did
No right turn from A326 south into Staplewood Lane.	Lots of people turn right here to access the household recycling centre, and prohibiting the right turn will divert more traffic through Marchwood village.	Re-design of the "low impact" option, with the aim of keeping the right turn from A326 south into Staplewood Lane.
Dual carriageway approaching Fletchwood and Cocklydown roundabouts.	Concern two lanes of traffic would make entering the roundabouts from Fletchwood Road and Cocklydown Road difficult.	Revised the design of these two roundabouts to create a bigger central island to force traffic on the A326 approaches to slow down, making it easier for traffic to join from the side roads.
Option to have a section of cycle path directly alongside A326 between Marchwood and Dibden.	Regular cyclists told us they preferred an improved on-road route along the parallel section of Hythe Road instead of a route directly alongside the A326.	The proposed cycle path directly alongside the A326 will not be included, instead cycling facilities will be improved along Hythe Road. A modal filter or other suitable measures for Hythe Road will be brought forward to improve the cycling and walking environment (the new junction South of the Pilgrim Inn will reduce the number of vehicles needing to use Hythe Road).
Complimentary measures such as walking/cycling improvements and traffic management measures to encourage traffic to use the A326.	High levels of support for complimentary measures and suggestions that options to include them at additional locations should be considered.	Ongoing investigation of further opportunities for these types of measures, including on the A336 and on other roads parallel to the A326 within the National Park and Waterside.

Stakeholder Mapping

6.9.30 An exercise was undertaken at SOBC stage to identify the key project stakeholders and then map their interest and characteristics, and this has been reviewed and updated several times during the stage of OBC development. The identified stakeholders were initially placed into one of the four categories detailed in Table 6-11 below.

Table 6-11: Stakeholder Categories.

Stakeholder Category	Stakeholder Characteristics
Beneficiary	Stakeholders who will receive some direct or indirect benefit from the scheme.
Affected	Stakeholder who will be affected by the scheme during construction and/or operation
Interest	Stakeholders who have some interest in the scheme, although not directly affected by the scheme.
Funding	Stakeholders who are involved in the funding of the construction or operation of the scheme.

6.9.31 Each identified stakeholder will be engaged in a different way depending on their involvement and interest in the scheme according to the categories defined below, and their level of influence in the decision-making process. These are broadly defined as:

Keep Satisfied: those stakeholders who should be kept involved throughout the design and implementation of the scheme, defined as stakeholders who have a high level of influence, but a lower level of interest.

Manage Closely: Stakeholders who are affected by the scheme who should be regularly consulted at key stages of project development. Defined as stakeholders with a high degree of both influence and interest.

Monitor: Stakeholders with a general interest in the scheme who should be kept informed of progress in a targeted and succinct way. Defined as those with a lower level of interest and influence.

Keep Informed: Stakeholders who need to be kept informed of the project and ensure they feel involved and understood. Defined as those who have a high level of interest but a lower level of influence.

6.9.32 The Key stakeholders that have been identified are outlined in Table 6-12 below.

Table 6-12: A326 Waterside Improvements Scheme Stakeholders.

Stakeholder	Description	Category
DfT	Keep Satisfied	Funding
Solent Freeport	Manage Closely	Funding
Associated British Ports (ABP): Port of Southampton	Manage Closely	Funding / Beneficiary
HCC Leader & Portfolio Holder	Manage Closely	Funding / Beneficiary
HCC wider teams	Manage Closely	Beneficiary
Transport for South East	Keep Satisfied	Beneficiary
New Forest District Council	Manage Closely	Beneficiary
Highways England	Monitor	Affected
Network Rail	Monitor	Affected
Environment Agency	Monitor	Affected
New Forest National Park	Manage Closely	Affected
Other Private Landowners	Keep Satisfied	Affected
Bus Operating Companies	Monitor	Affected
Utility Companies	Monitor	Affected
Emergency Services	Monitor	Affected
Local residents, businesses and interest / user groups	Keep Informed	Affected
Travelling Public	Keep Informed	Affected
Barker Mills Estates	Keep Satisfied	Affected / Interest
Fawley Refinery / Exxon Mobil	Keep Satisfied	Affected / Interest
Local HCC Members	Manage Closely	Affected / Interest

Stakeholder	Description	Category
Members of Parliament	Keep Informed	Interest
Affected Local Parish Councils	Keep Satisfied	Interest
New Forest Verderers	Keep Informed	Interest
Other Government departments	Monitor	Interest
Local Action / Interest groups	Keep Informed	Interest
Fawley Waterside Site	Keep Informed	Interest

A326 Key Stakeholder Forum

6.9.33 Following a recommendation from the Local Partnerships Assurance review (see Section 6.6) a key stakeholder forum was setup by HCC in late 2024, in order to help guide the discussions over local match funding for the scheme and ensure that there was a good level of buy-in and visibility of the scheme details by the key affected stakeholders. The Forum met several times during 2025 and ultimately this enabled agreement to be reached over the principles of the local match funding package for the scheme. The Terms of Reference for this group are as follows, and the membership of the group is shown in Table 6-13:

- For all members to be informed and involved in the development of the business case for the LLM Scheme.
- For all members to provide the local leadership needed to secure the best outcomes for the Waterside and its people, business and environment, including if it is the case, not progressing with a scheme as currently envisaged.
- Whilst respecting each organisations purposes and objectives, to seek to identify consensus on a way forward and present “one voice” to central Government.
- In furtherance of the above to use our collective resources to secure the outcome we agree we need.
- To align our collective strategic programmes and plans to complement each other and add greater value by doing so.
- To ensure that whilst we have visibility of each other’s plans and proposals, that each organisations respective purposes and objectives are recognised, respected, and not compromised by being involved in this strategic planning forum.
- Should the scheme business case and planning be approved, to assist the promoting authority in identifying match funding and managing risk associated with delivery.

Table 6-13: Membership of the A326 Key Stakeholder Forum

Key Stakeholder	Detail
HCC	Leader of HCC Directors of H2050 / US Assistant Director H2050 Senior Responsible Owner Client Project and Programme Managers Senior Finance Business Partner H2050 & Corporate Services

Key Stakeholder	Detail
New Forest District Council	Leader Chief Executive Strategic Director of Place, Operations and Sustainability
National Park	Chairman Chief Executive Executive Director: Strategy & Planning
Solent Freeport	Chief Executive Programme Director Assistant Director of Finance
ABP	Port Director Group Head of Projects Sustainable Development Manager

Waterside Steering Group

6.9.34 For details of the role and members of the Waterside Steering Group, please see paragraphs 6.6.28 and 6.6.29. This group will play a key role in ensuring all the key stakeholders in the wider Waterside area are fully up to speed on the status and timescales of the A326 scheme. It will also be helpful in ensuring that communications are as joined up as possible regarding the impacts and status of the scheme in relation to the various development proposals for the Waterside.

Letters of Support

6.9.35 Letters of support to the OBC have been provided by the Solent Freeport, Associated British Ports (ABP) and Southampton City Council (SCC), these are attached as Appendix C.

6.10 Risk and Issues Management

6.10.1 A six-step risk management strategy has been created for the A326 Waterside Improvements Scheme. The strategy covers risk identification, evaluation, control, mitigation and monitoring throughout the scheme lifecycle in accordance with the Achieving Excellence in Construction (AEC) guidelines. This process is outlined in Figure 6-3 below.

Figure 6-3: Risk Management Process

6.10.2 Identifying risks and recognising their potential impact is critical to the success of a project to avoid the likelihood, and resulting impact, of unplanned events. Understanding these risks and putting in place a robust risk management strategy will ultimately provide a greater change of delivering the project on time, to budget and to the planned levels of quality.

6.10.3 At this stage of the A326 Scheme, several risk workshops have now been undertaken to identify the known risks from development of the scheme from design through to construction. Risks have also been identified and discussed as part of project working group meetings throughout the duration of the scheme design and OBC development. As the scheme progresses, the risk register will continue to be monitored and updated as different risks are identified, planned and mitigated.

6.10.4 Attendees of the risk workshops have included members of the wider project team including both HCC staff and external consultants and included technical specialists from design, environment, transport planning, land and legal. A detailed Risk Assessment has been produced to fully understand the risks, their potential impact on the scheme and any required mitigation measures, however at OBC stage this has not yet been fully quantified in the form of a Quantified Risk Assessment (QRA). To reflect this, a higher than standard Optimism Bias (OB) allowance of 36% has been added to the scheme cost estimate, as set out in Section 4.2 of the Financial Dimension.

6.10.5 The risks identified to date have been categorised into four broad categories as follows:

- Strategic (S): Key overarching risks to the scheme including funding, political and planning.
- Technical (T): Primarily design related risks.
- Environmental (E): Anything associated with environmental impact or mitigation.
- Construction (C): Impacts that will primarily be experienced during detailed design and construction.

6.10.6 All risks have been evaluated to define a probability of occurrence and potential level of impact should they occur. A five-point scoring system has been used to define both parameters, which brought together combine to generate an overall Risk Level (score). The scores are mapped in the matrix in Figure 6-4:

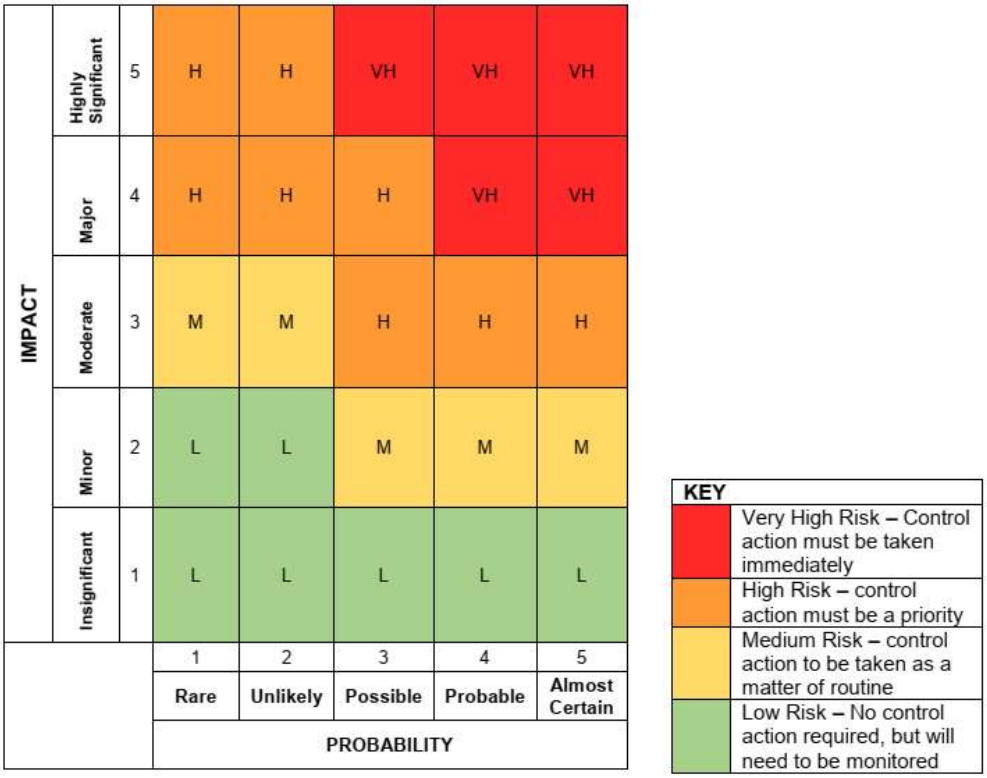


Figure 6-4: 5-point Risk Matrix.

6.10.7 The most significant risks to the overall scheme, their identified Risk Level (combination of impact and probability), and identified mitigation measures are outlined in Table 6-14 below.

Table 6-14: Significant Risks

Risk	Risk Level	Mitigation	Category
Local Match funding package is not agreed in principle before OBC submission, meaning the document cannot be approved due to lack of S151 officer sign-off	VH	Further meetings have taken place with funding bodies (Freeport / ABP), and finance officers continuing the dialogue.	S
Risk of writing Capital spend back to revenue	H	Scheme is scalable such that there will be elements of the scheme that can be delivered to ensure some spend could be capitalised using alternative funding	S
Risk of lack of stakeholder / Cllr / Public support for scheme, particularly during delivery stage. Potential reduction of support because of LGR	H	Briefings were held with key stakeholders such as the District and Parish Councils, ABP and others prior to submission of OBC and Planning	S
Design Team has identified highway departures and exemptions that need to be reviewed	H	Meeting to be held with HCC Highways Chief Engineer to review whether departures and exemptions have a high or low likelihood of being approved	T
HCC unable to continue promoting the scheme if a suitable	H	Robust scheme costs developed with significant OB (36%) and	S

Risk	Risk Level	Mitigation	Category
mechanism to underwrite risk of financial cost increases during delivery cannot be found.		contingency on some items (20%). Reduce-Manage-Avoid Strategy being developed.	
Planning Application is refused. Recent legislation changes around National Parks and Ancient Woodland impact have increased likelihood of refusal and chance of referral to SoS.	H	Design out as much as possible the impact on Ancient Woodland. Engage with Natural England and planning authority. We could submit two options for planning approval with one being the lower cost lower environmental impact scheme	S
Finance – Insufficient funding for period between OBC and Planning submissions, and determinations.	M	DfT have previously indicated additional funding would likely be available during determination period, if required, but this was prior to the MRN/LLM review.	S
Forecast duration of construction works period is long and results in high costs that affect VfM and a long period of road works on the network that is politically unacceptable	M	Liaison with HCC Traffic Manager and HES held to develop a robust programme for OBC submission.	S
Potential costs of BNG Strategy. Need a clear direction as to whether to use HCC land and what the revenue implications are, or whether an upfront capital payment to third party is preferred to discharge obligations up front	M	Ongoing dialogue with HCC colleagues across various departments. External discussions with key potential BNG providers have also taken place and being continued.	S
The preliminary design has identified a greater extent of acoustic fencing than was previously indicated ahead of fixing the red line and landscape design	M	There are clashes with other features such as drainage, VRS and landscape works. Acoustic fencing to be further developed during detailed design.	T
Planning conditions identifying mitigation that we cannot afford. Delay to scheme or in worst case scheme cannot proceed. Or resubmission with modifications to scheme, with impact on cost and time.	M	Risk reduced due to pre-application work and briefings with key stakeholders for agreement in principle. Meetings held with key landowners and scheme boundary has been updated to avoid issues.	E
Impacts to Ancient Woodland on southern section and planning acceptability of our justification for the works encroaching within the 15m statutory AW buffer	H	A lot of impacts have been designed out, but scheme remains in very close proximity. Could result in additional work or having to de-scope the scheme within areas within the 15m AW buffer	E
Major utilities within proposed work - Risk to programme (Potential delay)	M	Ongoing engagement with SGN to display methodology. Has been agreed that an Asset Protection Agreement (APA) is produced between HCC and SGN.	T
Previously agreed access routes, diversion routes, etc may become	M	Pre-planning buildability exercise has been undertaken to provide an	C

Risk	Risk Level	Mitigation	Category
not useable due to the condition of the road, or major objection by residents or businesses. Due to volume of traffic, or other reasons.		indication of how works will be built, and the impact of TM will have on network. Contractor Design phase to look at options to reduce impact to third parties. Action to be linked with communication plan to engage third parties.	
Changes to road space availability from initial discussion to final approval. Impacts of proposed lane rental charges	M	Streetworks team were consulted on the proposed method and timescales to build the scheme pre-planning. Some relaxations were agreed in principle. Streetworks team being kept up to date on emerging programme. Lane rental charges included in costs.	C
Access, management and utilities of several third parties impacted by the scheme. Access needs to be maintained during construction. Private Utilities may need to be diverted to accommodate the scheme	M	Through Estates liaison to finalise any accommodation works, obtain private utility records in order that diversion or protection works form part of the accommodation works package.	C

6.11 Lessons Management

6.11.1 The following section sets out a strategy for how lessons will be learnt throughout the A326 scheme development and delivery and how they will be captured and shared with other teams, for use on future projects.

Introduction & Purpose

6.11.2 The purpose of undertaking lessons management is so that key lessons and knowledge can be captured, analysed, and applied throughout the lifecycle of the A326 Waterside Scheme. This will help to improve decision-making, reduce risks on the project, and enhance future project delivery.

6.11.3 Having a Lessons Management plan will also help to ensure transparency and accountability across stakeholders, including not just the County Council but also contractors and suppliers that are involved in the project.

6.11.4 The overall aim is to support future transport infrastructure projects through knowledge transfer and institutional learning.

Governance and Responsibilities

6.11.5 Table 6-15 below sets out how responsibility for Lessons Management is being applied on the A326 scheme, with reference to the roles set out in Section 6.3.

Table 6-15: Roles and Responsibilities for Lessons Management

Role	Responsibility
Senior Responsible Owner (SRO)	Ensures lessons inform strategic decisions

Role	Responsibility
Client Programme Manager	Accountable for capturing and submitting lessons and appointing Lessons Lead
Lessons Lead / PM	Maintains repository and reporting
Workstream Leads	Capture lessons within their areas and feed up to Lessons Lead

Integration across lifecycle

6.11.6 Lessons have been / will be captured during the following stages of project development, including lessons related to key topics relevant to each stage:

- Option Assessment and Feasibility Design: Strategic alignment, stakeholder engagement, funding challenges.
- Preliminary Design and OBC Development: Environmental constraints, public consultation feedback.
- Planning Application and Business Case Approvals: Regulatory hurdles, risk mitigation strategies.
- Detailed Design and Delivery: Contractor performance, traffic management, community impact.
- Close-Out: Final evaluation, cost variance analysis, sustainability outcomes.

Methods of Capture

6.11.7 The following are the main ways in which lessons will be captured:

- Engagement Feedback: Including insights from the two public consultations that have been undertaken to date (e.g. summer 2021 and summer 2023), and the Statutory period of consultation related to the Planning Application submission in 2026.
- Gateway Review meetings: Phase-end project reviews with internal stakeholders.
- Risk Workshops: Project team meetings where risks are discussed and any lessons that can be learnt from how risks have impacted the project will be reviewed.
- Document Review: Planning applications, feasibility studies, and decision reports.
- Contractor Workshops: Meetings with the contractor during the detailed design and delivery stages to specifically discuss lessons that can be learnt.

Lessons Log Structure

6.11.8 Lessons will be recorded in central log that will be maintained by the Lessons Lead on the project team. This will be regularly updated following completion of the main project stages described above. The key information on lessons that will be captured in the log is as follows:

- Project Phase | Workstream / Category | Description | Root Cause | Impact | Action Required | Owner.

Dissemination and Application

6.11.9 Lessons will be shared via internal meetings and reports, stakeholder briefings, and governance meetings. Key insights will be embedded into future phases of the A326 scheme and other transport projects being delivered by the County Council. A digital Lessons Log will be maintained and linked to project management tools.

Monitoring and Review

6.11.10 Continuous improvement will be monitored as part of Project team meetings, Project Boards and ultimately as part of the Gateway 4 Project Review meeting on completion of the scheme.

6.12 Benefits Management and Evaluation

6.12.1 At FBC stage a Benefits Realisation Plan (BRP) will be developed for the Scheme. This will ensure the benefits identified in the strategic and economic dimensions of the OBC are delivered and measured, as well as providing accountability and governance for benefits tracking. The plan will include the following steps:

Step 1: Benefits identification

6.12.2 This section will align the benefits with strategic goals and objectives from the OBC. These will be split between two types of benefits as follows:

- Quantitative (e.g. Travel time savings, cost reductions, revenue increases)
- Qualitative (e.g. Improved accessibility, safety, customer satisfaction)

6.12.3 At this point the County Council will also clarify any benefits/impacts outside the project's control.

Step 2: Governance and Ownership

6.12.4 Clear ownership and timelines for each benefit will be identified. Key roles include:

- Project Sponsor: Accountable for overall benefits delivery.
- Benefits Owner(s): Responsible for specific benefits.
- Project Manager: Tracks progress and reports.
- Monitoring Team: Collects and validates data

6.12.5 We will also map benefits against project milestones to include dependencies and assumptions, including a consideration of the varying timescale over which benefits will be realised:

- Short-term: Immediate transport improvements.
- Medium-term: Economic impacts post-implementation.
- Long-term: Wider societal benefits

Step 3: Measurement Framework

6.12.6 We will define the framework that will be used to measure the benefits. This will include an assessment of the benefits using different evaluation types:

- Process Evaluation - Assess delivery efficiency, stakeholder engagement, and governance

- Impact Evaluation - Measure changes in traffic, safety, accessibility, and economic activity.
- Economic Evaluation - Validate cost-benefit assumptions from the Outline Business Case.

6.12.7 The BRP and the Monitoring & Evaluation (M&E) Plan are closely linked, because the requirements defined in the BRP set the foundation for what needs to be measured and evaluated later. The M&E plan will include the following elements:

- Define baseline (pre-project conditions).
- Specify KPIs and data sources - will align with a logic map and proposed outcomes and impacts.
- Measurement frequency (e.g., quarterly, annually). It's likely that baseline data will be collected: pre-construction (e.g. 2027–2029); year 1 post-opening with an initial benefits report (2033); year 3 post-opening with a long-term impact report (2035); and with any ad hoc reviews required, e.g. following major milestones or changes.
- Tools and systems for data collection.

Step 4: Change Control

6.12.8 This will define the process for updating benefits if the scope or wider context of the scheme changes. Approval mechanism for changes will be developed as part of the governance process for the scheme.

Step 5: Risk Management

6.12.9 Effective risk management is essential to ensure successful delivery of the benefits. Risks will be identified for each benefit identified. Each risk will be assessed for likelihood and impact, and mitigation strategies in line with the risk management approach proposed in the Section 6.10 of the Management Dimension.

Step 6: Reporting

6.12.10 The preceding steps will enable evidence-based reporting to enable lessons learned to feed into future projects. These will be outlined in further detail in the M&E plan that will accompany the FBC.

6.13 Carbon Management

6.13.1 A separate Carbon Management Plan (CMP) document has been produced, and this has been provided at Appendix O. The CMP outlines HCC's approach to a whole-life carbon assessment and reduction strategy aligned with PAS 2080, in accordance with the latest best practices for infrastructure decarbonisation. The A326 CMP reflects this by:

- Quantifying embodied carbon in materials and construction processes.
- Assessing operational carbon from future traffic flows.
- Including end-of-life considerations for infrastructure assets.
- Aligning with DfT's Transport Decarbonisation Plan and guidance on carbon reduction in infrastructure projects.
- Supporting the OBC by demonstrating how carbon impacts are being considered and mitigated, which is a requirement for funding approval under the LLM programme.

6.13.2 A summary of the key points from the CMP is provided below:

- Several measures aimed at reducing both operational and construction carbon have been embedded into the design of the scheme.
- The estimated carbon required to construct the preferred option is 31,135 tCO_2e. This includes the materials required to construct the works, employee transport, material deliveries to site, fuel use, water use and waste vehicle trips and processing.
- The operational carbon assessment based on Greenhouse Gas Emissions indicates that the A326 Scheme is expected to result in an additional 18,000 tCO_2e (0.4%) over the 60-year appraisal period for the simulated road network extent, when comparing the with and without scheme scenarios.
- The carbon emissions associated with maintenance, repair and replacement for the operation of the Scheme is estimated to be 524 tCO_2e, based on the National Highways Carbon Tool methodology.
- Various measures and strategies have been identified to try and further reduce carbon as part of the detailed design and construction.

6.14 Data & Information Security

6.14.1 All project information is stored on the County Council's Sharepoint pages, on a dedicated project site, where access to the site and the various folders stored within it can be managed and controlled to certain individuals or groups of users.

6.14.2 Hampshire County Council IT holds the ISO/IEC 27001 certification, for the quality of systems and processes the County Council has in place to keep information safe, secure and available. Hampshire IT have held the ISO27001 Certification since 2008. The latest re-certification runs until 2028.

6.14.3 The ISO/IEC 27001 certification includes the whole HCC IT Community, their activities and the systems and information held by IT regardless of location. We have created an information security management system (ISMS). This is used to create, maintain and enforce our information security policies in a systematic and consistent manner.