

Cabinet

Dorset County Council



Date of Meeting	2 May 2018
Officer	Matthew Piles, Service Director – Economy, Natural and Built Environment
Subject of Report	Dorset's Growth Deal: Transport Scheme Funding Update
Executive Summary	<p>On 22nd October 2014 Cabinet approved the Dorset Growth Deal programme for transport scheme funding to deliver jobs and homes along the A338 and B3073 corridor. This included Dorset County Council (DCC) £2m corporate funds for the improvement of Hurn roundabout as part of the local contribution to the programme. Cabinet also agreed to contribute £500,000 corporate funds, to forward fund £1.1M towards Blackwater junction improvements and £850,000 towards A338 widening subject to repayment over time from developer contributions.</p> <p>The original Growth Deal 1 programme included improvements to the A338 and junctions along the B3073 corridor, but this did not include Parley Cross. The improvement of Parley Cross and Blackwater junctions are DCC's top priorities for funding in this area. Improvements here will play an important part in the efficient operation of the corridor, economic growth and housing delivery.</p> <p>The Cabinet is asked to agree to move corporate funds between schemes within the programme and recommit to previously agreed corporate contributions and forward funding.</p>
Impact Assessment:	Equalities Impact Assessment: N/A at this moment all schemes are designed to accommodate all users.
	Use of Evidence: Local Plan consultation, transport scheme consultation, B3073 corridor transport modelling and assessment

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	<p>Budget: There will be no additional funds required from DCC as a result of these proposals. DCC must maintain the financial contribution it committed to the BIG programme as this was a condition of the funding award through the Growth Deal. DCC will have to enter into a legal agreement with the developer of the site to the east of Parley Cross to ensure full repayment is made as the development progresses. Agreement will have to be reached between the two new authorities so that the new Bournemouth, Christchurch & Poole Council reimburse the new Dorset Council for Blackwater and the A338 widening.</p>
	<p>Risk Assessment: Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: MEDIUM Residual Risk: MEDIUM There is a reputational risk if DCC do not follow through with the commitments previously made to the LEP and the BIG programme. There is an operational risk of not completing works along the entire B3073 corridor as schemes already constructed will be less effective.</p>
	<p>Other Implications: Delivery of housing and jobs. Delivery of walking and cycling links to enable active, healthy travel.</p>
<p>Recommendation</p>	<p>That Cabinet agrees to:</p> <ol style="list-style-type: none"> 1. Deliver an enhanced, reduced cost improvement scheme to the existing Hurn roundabout that avoids the needs for third party land. 2. Switch corporate funds from the delivery of the Hurn roundabout improvement to delivery of a Parley Cross eastern link road and Parley Cross junction. 3. Reaffirm commitment to corporate funds and to forward fund developer contributions for the improvement of Blackwater junction and A338 widening, subject to being repaid via agreement between the two new authorities.
<p>Reasons for Recommendation</p>	<p>Funds will be used more effectively to improve more junctions along the B3073 corridor to give a wider network benefit to residents and businesses in the area. Delivery of cost effective transport infrastructure including road, cycle and walking links along this corridor will meet the corporate aims to encourage economic growth through the provision of housing and jobs, and enable safe, accessible, healthier communities. To ensure current commitments are kept and future Dorset funding bids are supported by the LEP.</p>
<p>Appendices</p>	<p>Appendix 1 - Funding Programme</p>

Background Papers	Cabinet Oct 2014 Dorset's Growth Deal: Transport Scheme Funding
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1. Background

- 1.1 Cabinet approved the Dorset Growth Deal 1 programme in October 2014. This programme has been branded the Bournemouth International Growth (BIG) programme and comprises £35.7M from the government's Local Growth Fund (managed by the Dorset LEP), £6.35M developer contributions (of which DCC is forward funding £1.95M to be returned over time) and £3.64M from DCC corporate funds. Government required that a significant element of local funding be provided as demonstration of local commitment.
- 1.2 The Growth Deal funding to deliver the BIG programme must be spent by March 2021. DCC officers have been working closely with the DLEP and partners to design and deliver the transport schemes within the Growth Deal programme in the most cost effective manner possible. The BIG Programme Steering Group (PSG) decides the allocation of funds to schemes within the programme and DCC as highway authority design and deliver the schemes.
- 1.3 Five transport schemes were included in the Growth Deal 1 BIG programme in Christchurch to deliver growth and jobs at Aviation Business Park and the airport – A338 major maintenance (East Dorset and Christchurch), B3073 Chapel Gate (Christchurch), Hurn roundabout (Christchurch), Blackwater east and west junction (Christchurch), A338 widening from Blackwater – Cooper Dean (Christchurch and Bournemouth).
- 1.4 In May 2016 the A338 major maintenance scheme was successfully completed under budget and within advertised timescales. The B3073 Chapel Gate roundabout has also been enhanced to balance traffic flows, reduced congestion and improved facilities for pedestrians/cyclists commuting to/from work at Aviation Business Park. This scheme was completed in mid-December 2017 significantly under the original budget and within advertised timescales. Savings made from these two schemes will be redistributed within the programme.

2. Hurn roundabout and Parley Cross

- 2.1 The current BIG programme includes £2.4M (£2M from DCC and £400,000 developer contributions already received) for the improvement of Hurn roundabout as part of DCC's local contribution to the Dorset Growth Deal programme. Planning permission has been secured for a new, enlarged, offline roundabout to the east of the current roundabout position. Negotiations with the owner of the land required to build this scheme have not progressed well and it is now clear that significant additional delay and cost would be incurred to deliver this scheme.
- 2.2 An enhancement to the current Hurn roundabout has now been designed and can be delivered within highway land. This smaller scheme will still be beneficial to the

network and costs will be significantly reduced. This would enable the DCC contribution to be used more effectively at Parley Cross (East Dorset). Parley Cross is a higher DCC priority for improvement to reduce existing congestion and accommodate future development related trips. Transport modelling and assessment work has shown that delivery of proposed west and east link roads either side of Parley Cross will reduce congestion in this area and enable a public realm enhancement to take place at Parley Cross. PSG agree that improvements to this junction and link roads delivery should be brought into the BIG programme using existing funds if possible.

- 2.3 At Cabinet on 7th June 2017 members approved the virement of the £150,000 County Council contribution from the Chapel Gate Roundabout scheme to Parley Cross junction improvement schemes. This was achieved through savings made to the Chapel Gate scheme.
- 2.4 The Local Plan allocates land for development to the east and west of Parley Cross. The developer of the site to the east of Parley Cross is required to pay the full cost of the eastern link road through the site and is currently proposing to deliver the road in the first phase of the development. However, the Local Plan does not require the road to be delivered until 50% of the residential development or the retail superstore are completed which will be several years away. PSG members agree that the road should be funded and delivered up front to accelerate congestion reduction and delivery of jobs and housing. If DCC agree to fund and deliver the road up front, the authority will enter into a legal agreement with the developer to ensure developer contributions are repaid to DCC as agreed development triggers are reached. The timing of the repayments will depend on build out rates. Central government support this type of intervention as demonstrated by its recent commitment and award of Housing Infrastructure Funding (HIF) for the West Parley western link road. This funding could be put at risk if Parley Cross and the eastern link road are not delivered.
- 2.5 Ongoing discussions are being held with the LEP and other partners on the delivery of the BIG programme. It is proposed that DCC and the LEP switch their funding so that the Growth Deal funds the enhanced Hurn roundabout scheme and DCC uses its contribution to the programme to fund the Parley Cross eastern link road. The proposed enhancement to the existing Hurn roundabout is estimated to cost £930,000 and is programmed for delivery in June - September 2018. The Parley Cross eastern link road is estimated to cost £2M. Both scheme costs may change through the design and construction process. Parley Cross junction and public realm improvements could be funded through the developer contributions repaid to DCC from the eastern link road.

3. Blackwater junction and A338 widening

- 3.1 The Blackwater East junction improvement is currently being constructed and is due for completion in May 2018. The Blackwater West junction is planned for delivery from September 2018 to July 2019. The entire junction is estimated to cost £9.1M with £500,000 of this coming from DCC corporate funds, £400,000 from developer contributions received and £1.1M of DCC forward funding to be repaid by developer contributions over time.
- 3.2 The A338 widening scheme (Blackwater – Cooper Dean junctions) is programmed for delivery September 2018 – June 2019. It requires £850,000 forward funding from DCC in advance of the receipt of S106 obligations from the airport terminal development and other development. However, these funds are unlikely to be received before 2030 as the payment of £700,000 from the airport will only be made

once annual passenger numbers have reached 3 million and the contribution is not indexed against inflation. The shortfall of £150,000 should be collected through other S106 / CIL payments.

- 3.3 This forward funding was agreed by Cabinet in October 2014 and the repayment risk accepted. Blackwater junction and the A338 widening schemes are in Christchurch so an agreement is required between the 2 new authorities to ensure these funds are repaid from developer contributions from development at Aviation Business Park and the airport. The forward funding and later recovery via developer contributions is something which should be included in the financial services or assets part of the disaggregation work, as it is in effect a debt at the point of transfer.

4. Conclusion

- 4.1 Officers will continue to deliver schemes in the most cost effective way possible and to work with the LEP to reallocate scheme savings across the BIG programme to make best use of available funds.
- 4.2 The Cabinet is asked to approve a flexible approach to the use of corporate capital funds for Hurn roundabout, Parley Cross and the eastern link road. Funds from Hurn roundabout should be transferred to the Parley Cross improvement package. The first priority is early funding and delivery of the eastern link road which could be provided as a loan to the developer. However, if the developer delivers this infrastructure up front, then corporate funds could be used for Parley Cross junction improvements. Cabinet's continuing commitment to the up front funding of Blackwater junction and the A338 widening is also requested. Repayment from developer contributions will be subject to agreement between the new authorities.
- 4.3 Commitment to fund these schemes will help ensure delivery of the DCC and LEP shared desired outcomes of new jobs, homes and reduced traffic congestion for the SE Dorset area.

Matthew Piles

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March 2018

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Appendix 1 Funding Programme

Scheme	Delivery Timescale	Local Growth Fund	Housing Infrastructure Fund	Developer contributions (expected)	BBC	DCC	Cost Estimate	Final Total
A338 Maintenance	Complete	£18.3M				£2.2M	£22M	£20.5M
Chapel Gate roundabout	Complete	£1.55M				£0.17M	£3.3M	£1.72M
Hurn roundabout	June – Sep 2018	£0.75M				£0.18M	£0.93M	
Blackwater East and West junctions	East due for completion May 2018 West Sep 2018 -July 2019	£7.1M		£0.4M SEDTCs received (£1.1M)		£0.5M corporate <u>£1.1M</u> Forward funding to be repaid by Aviation Park s106	£9.1M	
A338 Widening	Sep 2018 – June 2019	£1.9M		(£0.85M)	£0.85M	<u>£0.85M</u> Forward funding to be repaid by Airport s106 £700k & other S106 £150k	£3.6M	
Parley eastern link road	2019 - 2020			(£2M)		<u>£2M</u> Corporate funds from Hurn to be repaid by Parley east site s106	£2M	
Parley western link road	2019 - 2020		£2.25M	(£2.25M)			£4.5M	
Parley Cross junction	2020/21			£0.4M Airport s106 received		£0.6M To come from Parley East loan repayments	£1M	
Longham mini roundabouts	2019/20	£1.8M		£0.2M Holmwood S106 received			£2M	
TOTALS		£31.55M	£2.25M	£6.35M of which, £1M received and £5.35M expected	£0.85M	£7.59M of which, £3.64M corporate funds to be spent and £3.95M to be repaid		