**SCHEME NAME** | Tipner Interchange  
---|---  
**LEAD LOCAL AUTHORITY** | Portsmouth City Council  
**OTHER PARTNER LAS (IF ANY)** | None

## STRATEGIC CASE

### Problems and Objectives

**Problem**  
Tipner (a 22 hectare site straddling both sides of the M275 at the entrance to Portsea Island) is the largest area of land in Portsmouth available for regeneration. It is a brownfield site and home to a scrap yard, a variety of run down and disused industrial buildings, waste land and an aging greyhound stadium. Many of the buildings and facilities are in a poor condition so that the overall appearance is one of dereliction. Existing transport access to the site is inadequate to allow the development to take place, both in terms of construction and access once built. The three-lane M275 forms the western access to Portsmouth from the M27 but there is no access from it into the Tipner site. Without improvements to the transport infrastructure only limited development is possible.

**Objectives/Investment aims**  
Primary objectives are clear and focused:  
- to “kick start” the comprehensive regeneration of Tipner;  
- to improve vehicular access to the site by providing it with access to M275 motorway and connecting bus lane for Park and Ride; and  
- to reduce existing congestion on the local road network and strategic routes into Portsmouth city centre to facilitate regeneration and cater for increased traffic generated by that regeneration.

### Options Appraisal

In 2006 the LA, Mott MacDonald and Tipner Regeneration Company (TRC) identified 10 options for a possible new junction at Tipner. Three were selected for further assessment. This work was further developed through stakeholder engagement as part of the preparation for the PE MSBC (Dec 2009). Eight scheme solutions (deriving from the three options) were developed and assessed, at a high level, against NATA criteria.

The selection process appears to be robust.

As preparation for this BAFB, the promoter has re-examined the scope of the scheme and has assessed three options:

- Option A – Full scheme, minus northern slip roads*  
- Option B – Full scheme, minus southern slip roads*  
- Option C – Full scheme, minus park and ride

*suggested by DfT in Inception Meeting

### Scope

**Scope of previously proposed scheme (June 2010)**  
New grade-separated motorway junction on the M275 formed by introducing four slip roads linking the M275 to a new roundabout near Tipner Lane, allowing exit and entry from and to the motorway in all directions; additional southbound bus lane on M275 from the new interchange to the end of the motorway; bus priority across the roundabout where the bus lane ends; and 663 space Park and Ride site to encourage mode shift and offset the impacts of a new motorway junction.

**Descoping**  
No change in scope.

**Impact on objectives?**  
n/a

### Impact on growth and developments

**GDP benefits**  
£1.53 benefit for each £ of public money spent. This reflects time and reliability improvements for business as well as developer contributions (offsetting some of the benefits).
The Tipner site has been allocated for development for many years and is identified as such in the adopted City Plan. It is a difficult site to regenerate – previous attempts have failed because of the poor vehicular access. The only existing means of access is through two or three narrow residential streets. A new junction on the M275 is therefore deemed essential to kick start the regeneration.

No of new dwellings claimed facilitated by scheme

2,250 new houses are dependent on the scheme (based on Portsmouth Draft Core Strategy, April 2011). This takes into account the Council’s revised housing targets in the light of the abolition of the Regional Spatial Strategy.

No of Jobs claimed facilitated by scheme

25,000m² of employment space providing 1,500 new jobs.

BIS comments

Some impact on growth. The impact of the scheme will be long term as it will provide the infrastructure needed to access this site providing jobs and homes to an area of deprivation. Improved bus links to the centre of Portsmouth will provide sustainability for the future of this site.

What is the status of the planning/development

The site has been statutorily allocated in the Development Plan for Portsmouth for many years. LA and TRC have submitted planning applications for initial phases of development.

**Stakeholder views**

**LEP views**

Letter of support from LEP: "[scheme is] vital for Portsmouth’s future success". Makes no mention of the Portsmouth Northern Road Bridge bid. Letters also send from developers, private investors, retailers and several individual businesses.

**Statutory Bodies**

SEBs have been extensively involved in consultations since the 1990s. Most recent was in 2009. Further consultation will be undertaken as preparation for the planning application for the Park and Ride element in late 2011.

No objections have been raised.

**Previous Correspondence to DfT**

No correspondence.

**External Campaigns**

No evidence of external campaigns. A number of residents in the immediate vicinity of the scheme object on the grounds of disruption caused by construction and the effects of long term change to the area.

**Consultation**

A comprehensive consultation strategy has been ongoing since 2006 and continues to be actively pursued.

**Consultation responses Oct 2011**

No comments received.

**Neighbouring authorities**

Portsmouth is a unitary authority. No evidence of views of neighbouring authorities.

**Carbon**

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<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Traded Sector</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-traded sector</td>
<td>-</td>
<td>-21tCO2eq</td>
<td>-3,604 tCO2eq</td>
<td>-6,273 tCO2eq</td>
</tr>
</tbody>
</table>

Total Carbon impact over 60 year appraisal period: -89,000 tCO2eq

**STRATEGIC CASE: SUMMARY**

A new grade-separated junction on the M275, with associated bus priority measures and a Park and Ride site, are deemed essential to kick start the regeneration of the 22 ha site at Tipner – the largest area of land in Portsmouth available for regeneration. 2,250 new houses are dependent on the scheme and 1,500 new jobs will be facilitated by it. It is a difficult site to develop and previous attempts have failed due to poor transport access on narrow residential streets. No comments have been received opposing the scheme. A number of residents in the immediate vicinity of the scheme have objected to the Council about the disruption that would be caused by the scheme’s construction and the effects of long term change to the area.
### Economic Case

**Scheme Name**: Tipner  
**Date**: 18/11/11

#### Economic Summary

<table>
<thead>
<tr>
<th>Economic Summary</th>
<th>Core</th>
<th>Adjusted</th>
<th>Value for Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>PV Benefits (£m)</td>
<td>102.5</td>
<td>145.1</td>
<td></td>
</tr>
<tr>
<td>PV Costs (£m)</td>
<td>46.1</td>
<td>46.1</td>
<td></td>
</tr>
<tr>
<td>BCR</td>
<td>2.2</td>
<td>3.1</td>
<td>High</td>
</tr>
</tbody>
</table>

#### Assumptions

The benefits to highway and public transport users have been estimated in a transport model. The scheme has been assessed on the benefits of the transport improvements alone in line with guidance. The dependant development at Tipner appears to bring significant further benefits by reducing the transport problems caused if developments had to occur elsewhere in Portsmouth. Optimism Bias is at 53% reflecting a relatively early stage for some of the proposed elements (e.g. the Park and Ride).

#### Key Risks, Sensitivities, and Uncertainties

The additional development at Tipner that the new junction on the M275 would enable has the potential to bring significant additional benefits if the new jobs and homes are resulting in reduction elsewhere in Portsmouth by releasing pressure on infrastructure there. These benefits are not included in the BCR above. The promoter has not yet contacted potential operators for the envisaged park and ride services but included costs and benefits in their assessment. The analysis suggests that these services will initially run at an annual loss (approx £250,000). Ultimately revenues are forecast to cover costs almost twice. The promoters estimate the break even to occur in 2016. Should the assumed number of bus services only materialise at a later stage, the benefits of the scheme would be slightly lower but not significantly enough to change our assessment.

#### Impacts

<table>
<thead>
<tr>
<th>Impacts</th>
<th>Adjusted BCR Monetised Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>Reliability benefits of £23m included in adjusted BCR.</td>
</tr>
<tr>
<td>Wider Impacts</td>
<td>Wider benefits of £19.6m included in adjusted BCR. These had been estimated using WITA but adjusted to account for a general adjustment in benefits.</td>
</tr>
<tr>
<td>Landscape</td>
<td>Not Assessed</td>
</tr>
</tbody>
</table>

#### Positive Non-Monetised Impacts

<table>
<thead>
<tr>
<th>Impact</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Journey Quality</td>
<td>Travellers frustration and journey uncertainties will reduce</td>
</tr>
<tr>
<td>Security</td>
<td>Secure facility for car parking and bus waiting, improved subway and higher informal surveillance.</td>
</tr>
<tr>
<td>Affordability</td>
<td>The parts the population in the assessment area that experience a reduction in transport costs is from the more disadvantaged backgrounds. The reduction in costs is likely to imply a significant improvement in affordability.</td>
</tr>
</tbody>
</table>

Children and most and least deprived groups will experience disproportionate air quality and noise benefits from the scheme. User benefits will be unevenly spread benefiting mid-level income deprivation groups more significantly.

#### Negative Non-Monetised Impacts

<table>
<thead>
<tr>
<th>Impact</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Townscape</td>
<td>Layout and appearance of adjacent dense urban residential areas is affected.</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>Biodiversity has been flagged up as an area for further work with the potential for large adverse impact (but assessed by)</td>
</tr>
</tbody>
</table>
Negative air quality and noise impacts exist, which will disproportionately affect mid-level deprivation groups. Negative user benefits will also be unevenly distributed impacting least deprived groups more significantly.

<table>
<thead>
<tr>
<th>Reduction in benefits required for medium vfm</th>
<th>£52.8m</th>
<th>Probability</th>
<th>Low</th>
</tr>
</thead>
</table>

**FINANCIAL CASE**

### Basic Financial Summary

<table>
<thead>
<tr>
<th></th>
<th>Total Cost</th>
<th>DfT contribution</th>
<th>LA contribution</th>
<th>Third Party contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Previous cost (June 2010)</td>
<td>42.3</td>
<td>25.0</td>
<td>13.4</td>
<td>3.9</td>
</tr>
<tr>
<td>Currently proposed cost (BAFB)</td>
<td>28.6</td>
<td>19.8</td>
<td>8.8</td>
<td>0.1</td>
</tr>
</tbody>
</table>

### %Change (June 10 to BAFB)

<table>
<thead>
<tr>
<th></th>
<th>%</th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cost</td>
<td>-32%</td>
<td>-21%</td>
<td>-34%</td>
<td>-97%</td>
</tr>
</tbody>
</table>

### Overall scheme costs

- **Savings from June 10 to BAFB**: £11.1m – achieved through:
  - reduced construction costs following market testing;
  - reduced design and prep costs;
  - design optimisation and use of different construction techniques;
  - decontamination of land carried out by others;
  - reduction in risk allowance, distinguishing between value engineering and descoping; and
  - removal of Part 1 claims from scheme costs.

- **Pre-Jun 2010 movement in costs**: No significant descoping/cost reduction prior to June 2010.

- **Base cost of the scheme**: A breakdown of costs is set out in Table 3.1 of the VfM Report (Sept 2011). This provides a direct comparison with the PE costs.

- **Inflation**: Inflation assumptions are clear and have a rationale.

- **Risk**: The promoter has budgeted £5.9m for risk. This is very high – 25% of total cost - and is based on a P80 probability scoring in the QRA.

- **Adjustments made by DfT**: The cost of the current scheme as quoted in the BAFB is £33.260m. We have removed the cost of Part 1 claims (£2.6m) that should not have been included and reduced the risk figure from the P80 to the P50 in line with other schemes. This means an additional reduction of £2.022m and a revised scheme total of £28.638m.

### Sources of funding (and risks)

- **Third Party funding**: The Council has identified a significant amount of 3rd party funding but, as this funding is conditional on the scheme securing DfT approval, it is not secured. It has therefore been presented in the BAFB as part of the LA contribution.

  Tipner Regeneration Company has agreed to contribute £100k. This is set out in the S106 agreement and is dependent on the granting of planning permission.

- **LA contribution**: Maximum LA contribution is £11.5m. N.B. LA is also contributing £2.37m to Northern Road Bridge bid. The Tipner contribution alone represents 195% of their total IT block for SR period.

  Of the £11.5m, £1.2m has been secured as firm commitment and approved as such by the City Council in February 2011.

  Further contributions have been agreed by the Council from a number of sources:
  - LTP funding;
  - further capital receipts from sale of City Centre car parks;
  - sale of surplus capital assets;
  - non ring-fenced capital grants;
  - contributions from Council’s revenue budget; and
  - S106 contributions from adjoining landowners which is currently subject to negotiation.

  Section 151 officer clearance has been given.

- **Ongoing costs**: For the Park and Ride element, it is assumed that vehicle investment and replacement costs will be borne by the private operators.
According to the VfM Report (3.23) “The Park and Ride operations will generate significant revenue over the lifetime of this project.”

Further clarification from the promoter reveals that over the whole appraisal period (60 years) the P&R will generate revenues totalling £28.1m against operating costs of £17.7, delivering a net profit of £10.4m. In the first ten years of operation a subsidy totalling £1.3m will be required before the scheme starts to turn a profit. The promoter plans to fund this from its Off Street Parking Reserve.

FINANCIAL CASE: SUMMARY

The total cost of the scheme has reduced significantly (from £42.3m to £31.2m) – a 26% reduction. DfT’s contribution has reduced by £5.2m (21%). The LA contribution has also reduced (£2m or 15%). The promoter has included a very high risk allowance of £5.4m based on a P(80) Quantified Risk Assessment. This has been adjusted to P(50).

The bid submitted on 9 September erroneously included Part 1 Claims and ineligible preparatory costs in the total scheme cost (£33.3m). The promoter has subsequently removed these items and reduced the LA contribution accordingly (since the rules of the bidding process did not permit them to revise their bid for a DfT contribution). The LA contribution includes S106 contributions which have not yet been confirmed.

The Park and Ride is projected to make a net profit of £10.4m over the whole appraisal period. However, over the first ten years of operation a subsidy totalling £1.3m will be required before the scheme starts to turn a profit.

Recommended conditions of approval (if any):

None
### COMMERCIAL CASE

#### Infrastructure

| Packaging of procurement of capital elements | Single procurement for entire scheme. NB. Tender process is already underway (at LA’s risk). Tenders have been received and are currently under review. |
| Type of procurement | Conventional Target Cost contract (design and build) |
| Procurement Route | Restricted Procedure. |

#### Services

| Procurement of bus/tram/rail services | The promoter expects that the new bus services at the Park and Ride would be consistent with the current commercial services and Quality Bus Partnership arrangements it has with bus operators. |

### COMMERCIAL CASE: SUMMARY

Conventional procurement approach. The Council has already gone out to tender (at its own risk) and tenders have been received and are currently under review.

**Recommended conditions of approval (if any):**

None
<table>
<thead>
<tr>
<th>MANAGEMENT CASE</th>
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<tbody>
<tr>
<td><strong>Est Start Date</strong></td>
</tr>
<tr>
<td><strong>Est Completion Date</strong></td>
</tr>
<tr>
<td><strong>Percentage of DfT funding in Spending Review period</strong></td>
</tr>
<tr>
<td><strong>Timetable and milestones (inc opening date etc)</strong></td>
</tr>
<tr>
<td><strong>Track Record on recent major schemes (and any others known e.g. CIF)</strong></td>
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<tr>
<td><strong>Governance</strong></td>
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<tr>
<td><strong>Dependencies</strong></td>
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<tr>
<td><strong>Statutory Permissions</strong></td>
</tr>
<tr>
<td><strong>Stakeholders/Opposition</strong></td>
</tr>
<tr>
<td><strong>Risks</strong></td>
</tr>
<tr>
<td><strong>Project Assurance</strong></td>
</tr>
<tr>
<td><strong>Evaluation/Benefits Realisation</strong></td>
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</table>

**MANAGEMENT CASE: SUMMARY**

Milestones are clear and appear robust. Governance arrangements are not particularly detailed. Planning consent is required for the Park and Ride site. The remaining statutory orders are expected to be confirmed without opposition once the outcome of the funding bid is known.

**Recommended conditions of approval (if any):**

None