

- 2.5 That the value of the M27 J10 Improvement scheme in the County Council Capital Programme be increased from a value of £4.65m to £97.55 million, to be funded from Housing Infrastructure Grant and developer funding, and that authority be delegated to the Director of Economy, Transport and Environment, in consultation with the Leader, the Director of Corporate Resources and the Head of Legal Services to complete appropriate, aligned funding agreements;
- 2.6 That authority be delegated to the Director of Economy, Transport and Environment, in consultation with the Head of Legal Services to make and advertise necessary Road Orders and secure any additional statutory or land owner consents required; and
- 2.7 That authority be delegated to the Director of Economy, Transport and Environment, in consultation with the Leader, the Director of Corporate Resources and the Head of Legal Services to commence a staged procurement process, involving Early Contractor Involvement and main works contract and to spend up to £97.55 million, subject to confirmation of funding, following the completion of satisfactory financial agreements and approval of a scheme Project Appraisal by the Executive Lead Member for Economy, Transport and Environment.

Executive Summary

3. This paper seeks to summarise the rapidly evolving financial situation for the M27 Junction 10 Improvement Scheme and sets out the rationale for a transition of the role of the County Council from Scheme Promoter for the development work to Delivery Body subject to the satisfactory conclusion of financial agreements. The paper provides contextual background as a brief update following the February report to Cabinet, followed by the move to a more 'optimistic' funding scenario based upon increased funding offers from both Homes England and the Developer which seek to address the County Council's concerns. The paper provides a financial analysis and an assessment of risk and concludes that the risks are now sufficiently addressed to enable a move to become the Scheme Delivery Body.

Contextual information

4. The County Council has been acting as Scheme Promoter for the development work for the M27 Junction 10 improvement scheme, since January 2018, following a request from the Rt Hon Chris Grayling the then Secretary of State for Transport and subsequently the Rt Hon Robert Jenrick, Secretary of State for Homes, Communities and Local Government. In keeping with the County Council's established policy on Welborne, progression of the scheme development work has been subject entirely to the availability of third-party funding.
5. On 15 September 2020 the Solent LEP Board allocated up to an additional £900,000, from the Solent LEP DfT retained, Local Growth Fund, (on top of the £4.65m already received and spent from DfT) to help secure the completion of development work up to Stage 3 of Highways England's Product Control Framework (PCF) approval process. This was reported verbally at the Cabinet

meeting, given the timescale following the report deadlines, and meant that development work was able to continue up until March 2021.

6. Since the September Cabinet report, significant progress was made to advance through and complete Stage 3 of the PCF process and a Stage Review was undertaken in February 2021, to inform a further report to the County Council's Cabinet at that time. Fareham Borough Council also requested the review be conducted before March 2021 so that the County Council could provide an earlier formal view on whether it would take on the role of Delivery Body.
7. The February 2021 Cabinet Report identified the complex financial and delivery position and updated particularly on identified costs and funding. Scheme costs had been refined and estimates at the time (excluding risk / contingency provision) were in the region of £75.5million, plus risk / contingency costs in the region of £5 to £10million (it is best practice to have a risk / contingency amount at this stage of a project). To help meet the indicative costs, Homes England had identified additional Housing and Infrastructure Funding (HIF) to provide a potential £30 million contribution towards scheme delivery. In addition, Buckland Development Ltd, the developer had indicated, in discussion with Fareham Borough Council, a potential increased Section 106 offer to provide a £40million contribution towards scheme delivery. Design and other feasibility work to date at that time had cost some £5.55million, which had already been drawn down from DfT and the Solent LEP funding towards the total cost. This figure is included in the £75.5million estimate above.
8. The report summarised these developments in more detail and presented the evidence for and against the continuation of the County Council's role in the Scheme beyond the completion of the Stage 3 review, to help steer and formalise the position. The Cabinet approved the recommendations in the report and, following the completion of the Stage 3 review, the County Council stepped back from the role of Scheme Promoter and determined that it could not become the Delivery Body at that time due to the significant financial risks. The Cabinet also agreed to stop further technical work on the scheme development and design if further external funding was not in place by 31 March 2021 to support this work.
9. This report sets out the updated position since the Cabinet considered the M27 J10 and Welborne in February 2021, and in particular the evolving financial picture, following a period of intense discussion and negotiation between key interested parties, which has been convened by senior officials from MHCLG and Homes England.

Proposals

10. In response to the funding challenges and following on particularly from the County Council decision that it was unable to agree to become the scheme Delivery Body due to the financial risks and liabilities, MHCLG convened a series of meetings with key stakeholders to try to find a way forward to ensure the scheme could be delivered and the development of Welborne Garden Village secured.
11. The initial focus of the stakeholder meetings was on the funding, governance and delivery mechanisms, which presented a number of obstacles to the County Council or the Borough Council taking on the scheme Delivery Body role.

Agreement was reached in principle with Homes England to allow the HIG funding agreement to be split, with one part, dealing with the payment of a 'grant' to deliver the motorway junction and highway works, and a separate agreement to cover the re-investment of the re-paid grant into the development and in particular delivery of affordable housing. This proposal would address the concerns of both the County and Borough Council as neither authority considered that they could be in a position to sign a comprehensive single agreement given the nature of the provisions that would be required. Splitting the HIG funding agreement into two parts, allowing the funding to be paid directly to the County Council, rather than through a 'back to back' funding agreement with the Borough Council, would also help to address the County Council policy requirement for a 'single capital pot' for the scheme.

12. A further area of discussion has concerned the role of Highways England who have responsibility for managing the motorway and trunk road network. Highways England have consistently resisted having a role in the promotion or delivery of the motorway junction scheme at Welborne, seeing it exclusively as a requirement of the development rather than a general motorway improvement. The County Council has worked closely at a technical level with Highways England to develop the design and secure their agreement up to Stage 3 of the approval process. However, the lack of senior organisational engagement with the project is a cause of concern and a significant risk for the Delivery Body. Significant progress has been made through inter-departmental discussions within Whitehall to secure a more active engagement with Highways England in respect of the scheme, and agreement has now been reached in principle for Highways England to sign a Memorandum of Understanding with the Delivery Body, alongside the normal Section 6 or 8 licence arrangement to allow works on the motorway. This MoU would acknowledge the principles that once Highways England have given final design approvals, if Highways England/DfT subsequently request any design or programme changes which affect J10, Highways England will bear the cost.
13. Following consideration of a number of potential financial options, a new 'optimistic' potential funding scenario has been proposed and the County Council has been invited to consider if this would sufficiently address its remaining concerns over taking on the scheme Delivery Body role. This scenario would see a significant increase in the HIG grant from £30M to £41.25m, plus £750k Capacity Funding from Homes England, and a further contingency provision through developer funding of an additional £10M, on top of the £40M Section 106 contribution in the event that costs over-shoot the available budget. In effect these changes increase the potential funding available, including that already spent to £97.55 million, against a scheme cost of £81 million (including normal risk / contingency allowances), albeit that this is not a routine capital scheme and there is the clear potential for 'exceptional' costs to arise beyond the £81M best estimate.
14. Further to the above increased funding offers the County Council could only consider taking on the role of Delivery Body if it agreed to identify a potential funding stream from within its own resources, which could be re-prioritised to off-set any cost overrun beyond the risk / contingency allowed for within the estimate. Any cost overrun would arise at the end of the construction period, and therefore would be a financial planning issue for 2024/5 onwards. One

potential candidate funding stream could be the Integrated Transport Capital Funding Block element of the Local Transport Plan annual grant settlement from the Department for Transport. This funding is around £5M annually at present, and therefore could provide a source of 'final underwrite' if the County Council were minded to re-prioritise this resource. With the provision required to be made from 2024/5, there is benefit in that these future funds have yet to be allocated to specific projects or programmes, albeit, that programmes like casualty reduction are key areas of activity and high political priorities. The likelihood of this funding being required is low; the chance of any funding call exceeding a single year allocation is also considered to be small. The dedicated funding and resourcing allocated for Junction 10 is anticipated to be sufficient to ensure that the rest of the capital programme is not adversely impacted.

Risk and Mitigation

15. In order to assess the potential acceptability of the 'optimistic' funding scenario when assessed against the County Council's policy stance and wider considerations, the critical judgement concerns risk. With any normal Highways project of this scale there are always significant risks. These risks broadly fall into two categories: those that might arise pre-construction and those that might arise during construction. In this case there are particular additional considerations in relation to the complexity of both the technical engineering operations and the project governance. Whilst the County Council is experienced and successfully manages risks on 'normal' Highway Projects on its network all the time, managing and delivering a technically complex and demanding project on the Highways England Network is significantly more challenging.
16. The pre-construction risks can largely be categorised as risks of delays in getting the project's pre main works contract stages completed, and therefore includes potential cost increases due to issues with the approval processes, elongated programmes, or construction inflation if the works are delayed significantly. In this context the greatest risks surround the potential uncertainty and delay in the programme. If a Public Inquiry is triggered following objections to the Road Orders the programme would potentially be delayed and costs increased as a result. A Public Inquiry into objections to Road Orders may be costly in its own right depending on the scale and nature of objections being considered. The decision on whether a Public Inquiry is called rests with the Department for Transport who convene the hearing and appoint an Inspector, who subsequently reports back to the Secretary of State to make the final decision. Experience with Stubbington by-pass demonstrated that a very low-level objection was sufficient to trigger an Inquiry; the whole process took a period of months to complete with significant costs for the County Council as scheme and Order promoter in that case. Provision has been made in the 'quantified' risk contingencies to cover a potential Inquiry, however this cost depends upon a range of variables unknown at this time.
17. The other area of risk at the pre-construction stage relates to potential delays associated with the planning process. At the time of writing the planning

consent has not been issued, the S106 agreement has yet to be finalised and further changes are needed which may again delay the programme. Delays to the programme may result from any potential changes associated with an emerging commercial development opportunity being promoted by the Developer, particularly if this part of the development is prioritised over the currently intended first phases of housing development and re-sequencing of highway works is required. To facilitate this change a Reserved Matters Planning Application and Consent will be needed within a short time scale to meet the requirements of the business seeking to move in. There are also likely to be requirements for expedient discharge by FBC of pre commencement conditions and potential variation of a proposed 'Grampian' condition to enable the early delivery of the commercial opportunity with a start on site later this financial year.

18. In terms of the construction phase of the development the risks are more manageable, in that many may be passed to the contractor (eg. prolongation or failure to complete works to time due to equipment failure or late delivery of materials etc.). The risk of unexpected underground services or bad weather can also to a large extent be costed in the risk register and be passed to a contractor. The more generous grant funding envelope would support this as these types of provisions typically result in increased tender costs but reduce the likelihood of legitimate compensation events increasing costs during the project.
19. The most significant risk would be the failure to finish work on the underpass to allow the motorway to re-open on time, which could again largely be passed to the contractor. However, any risk associated with Highways England decisions or activities which interfere with the programme could not be passed to a contractor but would very probably lead to a contract variation or compensation event which would fall on the delivery body commissioning the work. Whilst the section 6 licence would enable some risk mitigation, in relation to risks that could materialise aligned to Highways England it would not allow any financial risk share. This makes the negotiation of an agreement or MOU with Highways England critical. Such an agreement must address the issue of programme delays and expectations that Highways England would avoid delays or agree financial recompense if such events occur. It is accepted that such an agreement would not be legally enforceable but would represent an agreement of guiding principles and commitments with the body responsible for managing the motorway on behalf of the Government.
20. The potential risks during the construction phase can be further mitigated through the progression of a staged, partial design and build contract which would enable the contractor to be involved in the completion of the detailed design of the most complex, structural aspects of the scheme. Following the completion of the design and approval process break points could be installed in the contract in case target costs for delivery are unacceptable to the Delivery Body. Further, the main works could be staged and split if appropriate to enable a further break point should cost escalation beyond the budget look likely. These break points would be aligned to break points in the HIG Agreement.

Finance

21. The current base cost estimate for the M27 Junction 10 scheme is £72.8 million. This figure includes the development and design work completed to date, which has costed £5.55m (£4.65m funded from the Department for Transport (DfT) retained Solent LEP Local Growth Fund and £900k funded from the Solent LEP Local Growth Fund.). The £72.8 m base figure does not include any risk / contingency allowance for 'predictable and quantifiable' risks over and above the base cost estimate. The figure reported in the Cabinet Report in February was £75.5M, which included a nominal risk allowance, on top of the base cost estimate figure of £72.8M.
22. It is estimated that including quantified risks to give a more realistic value would increase the cost estimate to around £81 million. This is considered to be a reasonable and robust working estimate at this stage of the process (i.e. before target costs are provided as part of the tender process and to cover uncertainty over pre contract stages such as a potential Public Inquiry into objections to Road Orders). This higher figure, however, makes no additional allowance for exceptional costs which could arise because the work is on the motorway network managed by Highways England, or which could arise from at this point unknown third-party issues.
23. The Table in Appendix 1 sets out a more detailed analysis of the costs, including different risk scenarios and related cost estimates. Following further discussion and information sharing between the interested parties, the figure of £81M has been agreed and adopted as a robust scheme cost estimate at this stage.
24. The funding position in April 2021, was £56.3m, assuming £30M HIG funding, an offer of £0.75M Capacity Funding from Homes England for further development work and £20M from s106 contributions on top of the £5.55M Local Growth Fund already received and spent. Following protracted dialogue throughout May and June with key stakeholders, including MHCLG and Homes England, there has been a move towards a more 'optimistic' funding scenario in which the HIG increases from £30m to £41.25m, and the s106 contribution is increased from £20m to £40m with a further £10m of capped contingency funding should cost over-run above the budget estimate materialise. These figures are subject to formal decisions before final confirmation of the funding elements. Table 1 below sets out the April Funding Position against the June Funding Scenario.

TABLE 1	April Funding Position	June Optimistic Funding Scenario
	£m	£m
Already provided by Government and spent ¹	5,550,000	5,550,000
Capacity Funding Grant	750,000 ²	750,000
Housing Infrastructure Grant	30,000,000	41,250,000
Developer Contribution	20,000,000	40,000,000
Developer Capped Contingency Fund ³		10,000,000
Total	56,300,000	97,550,000

25. Table 2 below shows the funding deficit and surplus amounts against the base cost estimate £72.8m and the higher more realistic cost estimate £81m.

TABLE 2	April 2021	June 2021
Scheme Cost		
a)Base Cost - lower estimate	72,800,000	72,800,000
b)Higher Realistic Cost- including risk / contingency	81,000,000	81,000,000
Scheme Funding (see Table 1)		
Funding Allocated (subject to Agreement)	56,300,000	97,550,000
Scheme Cost v Funding		
a)Base Cost v Funding (Deficit / surplus)	-16,500,000	+24,750,000
b)Higher Realistic Cost v Funding (Deficit / surplus)	-24,700,000	+16,550,000

26. It is important to note that based upon 'April funding assumptions' the scheme could not be constructed within the available budget. It is also important to note that the additional funding referred to in the June funding scenario is not yet committed but represents the 'most optimistic' funding opportunities (maximum HIG grant and s106 contributions) for the purpose of modelling and testing financial scenarios and delivery options.
27. In the June 'optimistic' funding scenario the budget provides a surplus (contingency) of £16.55m against the higher / realistic cost estimate of £81m. Importantly, however, the funding scenario is capped and does not include an under-write or mitigation provision against any over-spend above the capped limit of £81m. In this scenario, the County Council could only agree to take on the role of Delivery Body if it accepted the potential uncapped liability should costs exceed the £97.55m budget provision. In order to find a

¹ This funding has been received and spent

² Bid for £2M submitted, and under consideration, with in principle commitment of £750k for immediate work.

³ Developer funding for affordable housing to be re-purposed in the event of cost overrun beyond the main budget of £87.5M in the 'optimistic' scenario.

mechanism for the County Council to meet stakeholder expectations to take on the role of Delivery Body the Local Transport Plan Integrated Transport Capital Funding Grant could be utilised. The LTP Integrated Capital Funding Grant is received each year from the Department for Transport to support transport improvements in each Highway Authority area and is separate to the Highways Capital Maintenance Grant. Whilst the grant varies depending on Government priorities and programmes, it is typically worth around £4.5M in Hampshire.

28. If the LTP Integrated Transport Block were to be earmarked as a contingency for cost overruns at Welborne, the provision would be required to be made from 2024/5. There is benefit in that these future funds have yet to be allocated to specific projects or programmes, albeit, that programmes like casualty reduction are key areas of activity and high political priorities. The likelihood of this funding being required is low, and the chance of any funding call exceeding a single year allocation is also small. However, once works start on the main contract, there is unlikely to be an option to pause or stop work before completion, and therefore the issue of potential cost overruns is a serious consideration.

Conclusion

29. The June 'optimistic' funding scenario clearly offers a more favourable financial environment. It is important to note that there is no formal agreement at this stage for the increased HIG grant and developer funding, but these are being assumed to see if this would resolve the issues, with the agreement of all the relevant parties concerned. The additional HIG grant, and the developers capped contingency provision substantially reduce the prospect of a cost overrun beyond the funding provision, and reduce the likelihood of cost overrun occurring at all. **However, the potential for excess cost overrun is still there, and the liability is both uncapped and without any underwrite provision.** The County Council's position as confirmed by the Cabinet most recently in February 2021, stated that the County Council was unable to take on the role of the Delivery Body for the M27 Junction 10 Improvement Scheme given the current high level of financial risk and uncertainty. Following the February report the circumstances have now changed, and there has been significant movement on the part of the other key interested parties to allocate additional funding, to seek to address the County Council's concerns.
30. The County Council could only consider taking on the scheme Delivery Body role if it agreed to identify a potential funding stream from within its own resources, which could be re-prioritised to off-set any cost overrun beyond the allowed for contingency within the budget. This could be the Integrated Transport Capital Funding Block element of the Local Transport Plan annual grant settlement, which would be a capital programme planning issue for 2024/5 onwards if there was a need to tap into this. This course of action would not be a comfortable one but may represent the only way in which the J10 scheme can be delivered in order to facilitate Welborne Garden Village and to draw down the large amounts of Government and Developer funding secured. In the longer term the ability of the County Council to mobilise and deliver large infrastructure projects to support growth and economic recovery may be a critical

consideration with the Government's own ambitions in these areas, the 'levelling up' agenda, and the on-going review of the role of LEPs.

31. The County Council is being asked to take on responsibility for delivering an improvement scheme on the motorway network, owned, managed and operated by Highways England, which is funded directly by the Government for these purposes. Highways England have declined to accept any direct responsibility for the scheme or delivery of the works, though it retains control through the approval process for the design and control over the programme through arrangements to enable any necessary traffic management or road closures during the construction process. An MoU with Highways England, whilst not fully legally enforceable, would seem a reasonable minimum requirement in terms of the County Council taking on the scheme Delivery Body role and providing financial support for the final potential cost overrun liability.

Climate Change Impact Assessments

32. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

Climate Change Adaptation

33. Following assessment using the Adaptation Tool, the project is not considered to be vulnerable to climate change. The location of the scheme is prone to surface water flooding, however, the design has been executed in line with the requirements of Hampshire County Council as Statutory Lead Local Flood Authority and the latest guidance from the Environment Agency. Appropriate storm return periods, with designs allowing for a one in a 100 year storm where appropriate, have been applied, with the latest climate change allowance included in accordance with the Environment Agency requirements. The drainage system ensures there is no increase in the rate of runoff discharged from the site, and on-site flooding is contained within the specially designated areas, removing the risk to people and property. There are no identified risks from extreme heat and storms.
34. This aligns well to the Strategic aims as set out at the start of this paper ensuring that Hampshire maintains strong and sustainable economic growth and prosperity, and supports strategic priorities for improving wellbeing and health through inclusion of new footways and cycle tracks to encourage active travel.

Carbon Mitigation

35. Carbon emissions from this project will arise during the construction and operational stages of the new highway. The construction will involve heavy vehicles moving significant earth works to create embankments and an underpass. Mitigation will seek to ensure that cut and fill movements are limited with as much re-use and disposal on adjacent land as possible to reduce emissions. Emissions will be further mitigated by additional tree and scrub planting, over and above that which will need to be removed during the works phase of the scheme.

36. During the operational stage of the scheme, emissions associated with existing trips and journeys will be reduced, with shorter journeys facilitated by improved accessibility to the M27 from Fareham. Currently many vehicles access the M27 at J10 to head eastwards to perform a U-turn at M27 J11 to then enable them to head west. There will no longer be a need for these extraneous journeys. The reduced journey lengths will, however, be off-set by additional journeys around the junction that will increase incrementally over time in line with the build out over 25 years plus of the Welborne Garden Village development. There will be additional carbon emissions associated with these new trips to the network. In order to help provide some off-set, the proposed improvement will cater for more sustainable modes of transport, providing enhanced accessibility across the M27 for walking and cycling towards Fareham town centre and bus and rail stations, and the scheme also allows for dedicated Bus Rapid Transit links into the development. High proportions of self-containment are part of the key objectives of Welborne as a Garden Village with significant employment to enable walking to work.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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

Other Significant Links

Links to previous Member decisions:	
<u>Title</u> Cabinet Report Cabinet Report	<u>Date</u>
Direct links to specific legislation or Government Directives	
<u>Title</u> EMET – M27 Junction 10 EMETE – M27 Junction 10 Update Cabinet – M27 Junction 10 Scheme Update Cabinet – M27 Junction 10 Project Review	<u>Date</u> 15 Jan 2019 14 Jan 2020 29 Sept 2020 9 Feb 2021

Section 100 D - Local Government Act 1972 - background documents	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
Fareham Borough Council Planning Decision on Welborne Garden Village October 2019	Planning Portal /Fareham Borough Council website

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

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

2. Equalities Impact Assessment:

The impact of this decision has been assessed as neutral. When the Scheme is delivered, it will benefit all transport users, catering for cars, Bus Rapid Transit links, and including new and improved existing pedestrian and cycle provision. It will provide the key access to Welborne Garden Village and associated 6000 new homes and 5000 new jobs with enhanced connectivity to the local and strategic transport networks alongside improved connectivity for all across the M27, which will benefit the whole local community in Fareham.

APPENDIX ONE: Scheme Costs

M27 JUNCTION 10 COST BREAKDOWN	APRIL 2021
HE ELEMENTS	£
HE works (TM, Prelims, supervision, fees)	39,200,399
Advanced works	4,850,572
OB 3%	929,059
Commuted sum	3,441,604
Sub total	48,421,634
Risk 50%	2,946,029
Risk 80%	4,155,022
HCC ELEMENTS E-W LINK	
HCC works (Prelims, supervision, fees)	17,275,376
Advanced works / Pt 1 Claims	512,456
OB 3%	410,150
Sub total	18,197,982
Risk 50%	1,701,588
Risk 80%	2,399,886
HCC ELEMENTS OTHER	
HCC works (Prelims, supervision, fees)	5,870,298
Advanced works / Pt 1 Claims	170,819
OB 3%	140,646
Sub total	6,181,763
Risk 50%	957,143
Risk 80%	1,349,936
TOTAL WITHOUT RISK	72,801,379
TOTAL WITH NOMINAL (5-10%) RISK	75,000,000
TOTAL WITH 50% RISK	78,406,138
TOTAL WITH 80% RISK	80,706,223