

Douglas Alexander MP
Secretary of State for Transport
Department for Transport
76 Marsham Street
London
SW1P 4DR

19 December 2006

Dear Secretary of State

**REGIONAL FUNDING ALLOCATION – SOUTH EAST ENGLAND -
TRANSPORT PRIORITIES 2011-2016**

I am writing in response to your letter dated 6 July that set out your decision on Regional Funding Allocations for South East England. In that letter you congratulated the Regional Transport Board on seeking to 'shape the future and not prioritise the past'. You also acknowledged that the region intended to submit further advice on transport priorities for the period 2011-2016 before the end of the year.

In developing its advice the Board has built upon the step change in thinking that has taken place within the region over the last two years. We have refined the prioritisation methodology used in the region in the light of our previous experience. In so doing we have ensured that it continues to focus on identifying priorities that deliver the outcomes set out in the draft South East Plan and the Regional Economic Strategy.

I am therefore delighted to be able to submit to you, on the Board's behalf, the region's advice in respect of the priorities for investment in transport for the period 2011-2016. These are set out in the annex attached to this letter.

Our recommendation has been developed within the context of the indicative level of resource for the transport component of the Regional Funding Allocations. We have also taken into account the implications of the additional cost of the A3 Hindhead proposal. The Board strongly supports the early delivery of this key piece of infrastructure and we are aware that the additional cost of the proposal may result in a projected over allocation in 2011/12. However we have ensured that over the five year period 2011-16 the programme accords with the indicative allocation issued by Government.

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The Board has also taken into account the potential for transport investment to be delivered through other funding streams. Schemes funded entirely through developer contributions together with schemes delivered through funding streams other than Regional Funding Allocation are shown in the forward programme in order to give a comprehensive view of the investment proposed in the region.

In its submission to the Comprehensive Spending Review the region has highlighted the added value that would arise from greater alignment of existing transport funding streams. The region has a robust and transparent methodology that enables it to target the available funding towards delivery of the agreed outcomes in the regional policy frameworks. A simplification of the number of funding streams would not only reduce the cost incurred by delivery agencies in preparing schemes for consideration through the statutory processes, it would have the added benefit of reducing the time taken to deliver schemes.

The Board would welcome the opportunity to discuss at greater length our thoughts on how we can work together to improve the alignment of transport investment made through the Community Infrastructure Fund, the Transport Innovation Fund and the Growth Area Fund with that of the Regional Funding Allocation.

Although the focus of the region's advice concerns the forward programme for the five year period from 2011-2016 the Board has also given some initial consideration to longer term funding priorities post 2016. The Board was keen to do this mindful of the time required to develop a major transport investment and take it through the necessary statutory processes. Although the Board does not wish to prejudge its discussions on the allocation of funding post 2016, it was agreed that an early indication of potential areas for investment will help ensure a steady flow of schemes ready for delivery.

In that regard it is essential that delivery agencies, such as the Local Transport Authorities, the Highways Agency and Network Rail, are adequately resourced to take forward the necessary preparatory work. In addition it is also essential that approval for schemes to continue through their development phases continues to be granted by yourself where this is consistent with advice submitted by the region.

Ensuring that the transport infrastructure of the south coast enables the sub-region to realise its economic potential is one example of why the Board considers it so important to take a longer term view. Funds have already been earmarked by the Board for investment in the A27 at Chichester and between Southerham and Beddingham. It has also identified further improvements at Arundel as a potential early start for the period post 2016 and is aware of the work now underway to develop a practical solution to the problems at Worthing. The Board looks to you to ensure that the Highways Agency continues to work with the relevant local transport authorities to develop practical and cost effective solutions along this corridor and to ensure that this work is taken forward in a timely manner.

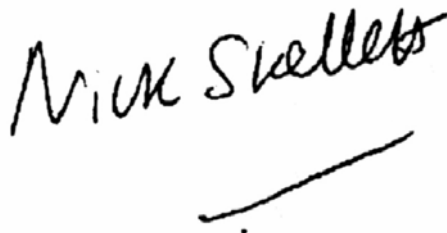
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The Board continues to be deeply concerned as to the effect that construction price inflation will have on the ability to deliver the agreed forward programme of works. It also remains deeply concerned that the overall level of funding available through the Regional Funding Allocation process is insufficient to deliver the infrastructure requirements identified in the draft South East Plan.

It strongly believes that there is a prime facie case for the region to receive additional funding. Such funding, if made available, would enable the region to deliver planned levels of development in a manner consistent with national and regional objectives to deliver sustainable development. The Board is currently preparing its case for additional funding and it is our intention to submit this to you early in the New Year in order that it may be taken into consideration as part of the discussions associated with the Comprehensive Spending Review.

In our response to the consultation on taking the Regional Funding Allocation process forward we set out our thoughts on how best to ensure that investment in the rail network is better aligned with delivery of regional policy objectives. This is another area in which the Board is preparing discrete proposals for your consideration. It is our intention to submit this to you early in the New Year in order that it may be taken into consideration in the preparation of the High Level Output Statement.

Yours Sincerely

A handwritten signature in black ink that reads "Nick Skellett". Below the signature is a single horizontal line.

Cllr Nick Skellett
Chairman - South East England Regional Transport Board

SOUTH EAST ENGLAND REGIONAL TRANSPORT BOARD

PROGRAMME 2011 TO 2016			TOTAL FUNDING			PRE 2011/12 EXPENDITURE			2011 TO 2016 PROGRAMME					POST 2015/16 COMMITMENTS
Western Corridor and Blackwater Valley	AirTrack	Public/Private	390	390										
Western Corridor and Blackwater Valley	Farnborough Interchange and Travel Planning Initiative	100% Developer	10	10										
Gatwick Area	Crawley Western Relief Road & Local Public Transport Improvements	100% Developer	TBC	TBC										
Kent Thames Gateway	Fastrack Future Phases	100% Developer	TBC	TBC										
Western Corridor and Blackwater Valley	Basingstoke Improved Junctions	100% Developer	50	50										
Western Corridor and Blackwater Valley	Fleet Eastern Bypass and Aldershot and Farnborough Western Relief Road	100% Developer	10	10										
Sussex Coast	A259 Bognor Regis Relief Road	100% Developer	20	20										
East Kent and Ashford	Waterbrook Park & Ride, Ashford	100% Developer	8	8										
Western Corridor and Blackwater Valley	Sub-Regional Mobility Management Measures	100% Developer	100	100										
Western Corridor and Blackwater Valley	Basingstoke Interchange	100% Developer	5	5										
Western Corridor and Blackwater Valley	Basingstoke Premier Bus Network	100% Developer	50	50										
Western Corridor and Blackwater Valley	Rushmoor Premier Bus Network	100% Developer	30	30										
South Hampshire	Portsmouth Hard / Interchange improvements	100% Developer	10	10										
Sussex Coast	New stations at Polegate, Glyn Gap and Witting	100% Developer	TBC	TBC										
East Kent and Ashford	Package: Improved Management of Access to Dover	100% Developer	45	45										
Western Corridor and Blackwater Valley	Basingstoke Link Road Improvements	100% Developer	TBC	TBC										
Gatwick Area	A272 Haywards Heath Relief Road Stage 6	100% Developer	TBC	TBC										
East Kent and Ashford	Wincheap Relief Road and Gyrotory, Canterbury	100% Developer	TBC	TBC										
Kent Thames Gateway	Denton Relief Road Phase 2	100% Developer	TBC	TBC										
Sussex Coast	East Worthing Access Road	100% Developer	TBC	TBC										
Gatwick Area	A24 Horsham Western Bypass Junction	100% Developer	TBC	TBC										
Kent Thames Gateway	Medway Bridge and Access	100% Developer	TBC	TBC										
Western Corridor and Blackwater Valley, Rest of Hampshire	Rushmoor Junction Improvements	100% Developer	TBC	TBC										
Western Corridor and Blackwater Valley	Sub-Regional Travel Planning Centre	100% Developer	TBC	TBC										
South Hampshire	Southampton Central Station Transport Development Area	100% Developer	TBC	TBC										
South Hampshire	North Fareham Strategic Development Area - Links with Fareham and Portsmouth	100% Developer	TBC	TBC										
Milton Keynes and Aylesbury Vale	MK Diameter Route Bus Infrastructure	CIF / GAF	32	32										
Kent Thames Gateway	Medway Strategic Bus Corridor (Transport for Medway)	CIF / GAF	52	52										
Milton Keynes and Aylesbury Vale	Milton Keynes Public Transport Scheme (Busways)	CIF / GAF	77	77										
Milton Keynes Aylesbury Vale	Bletchley Public Transport Improvement Scheme	CIF / GAF	10	10										
Western Corridor and Blackwater Valley	Windsor Park and Ride	LTP / Olympics	13	6	7			7						
Western Corridor and Blackwater Valley	Reading Station Incremental Capacity Upgrade	Rail Industry	170	155	15				15					
London Fringe	Guildford Hub Transport Improvement Scheme	LTP / Developer	33	4	29				29					
London Fringe	Redhill Hub Transport Improvement Scheme	LTP / Developer	31	11	20					10	10			
Central Oxfordshire	A34 / Access to Oxford Package	LTP / Developer	88	26	62					32	30			
East Kent and Ashford	Ashford Smartlink Bus Rapid Transit	LTP / Developer / CIF / GAF	32	5	27					27				
Sussex Coast	Coastal Expressway	LTP / Developer / TIF	30	20	10					10				
Milton Keynes and Aylesbury Vale	A421 Milton Keynes to MI	LTP	33	17	16					10	6			
Sussex Coast	A27 Chichester Bypass and LTP Schemes	TPI (RFA)	137	1	136					76	35		25	
Kent Thames Gateway	A2 Bean Junction	TPI (RFA) / Developer	25		25					25				
Sussex Coast	A27 Wilmington Improvements (Congestion Relief)	TPI (RFA)	15		15						15			
London Fringe	A3 (A247-A31) Junction Improvements	TPI (RFA)	40		40						20		20	
Rest of West Sussex	A24 Ashington to Southwater	LTP	30		30						30			
Western Corridor and Blackwater Valley	Thames Valley Strategic Coach & Bus Network (including High Wycombe Coachway)	LTP / Developer	65	30	35						20		15	
South Hampshire	Package B: Strategic Development in Portsmouth	LTP	27		27						27			
South Hampshire	Package C: Strategic Development in Southampton	LTP	40		40						20		20	
DRAFT PROGRAMME 2011 TO 2016 STARTS			1707	1173	534	0	0	0	7	0	123	147	177	80
A	Total Spend		3285	1517	1769	680	64	143	199	156	123	147	177	80
B	Regional Funding Allocation						147	150	154	157	160	164	167	171
(B-A)	Difference: RFA - Total Spend						83	7	-45	1	37	17	-10	91