

**SOUTH EAST ENGLAND
REGIONAL TRANSPORT BOARD**

Date: 7 October 2005

Subject: **Regional Prioritisation Methodology**

Report of: Head of Regional Transport Planning, South East England Regional
Assembly

Recommendation:

That the Regional Transport Board note the outcome of the sensitivity testing.

1. Purpose of the Report

- 1.1 To present to the Board the prioritised list of proposals to be used in developing a forward programme for investment and to present to the Board the results of sensitivity testing undertaken using the prioritisation methodology.

2. The Prioritisation Methodology

- 2.1 The primary focus of the Board's work for the last year and a half has been the development and application of a prioritisation methodology.
- 2.2 The prioritisation methodology has to be capable of presenting information on a consistent basis to the Board on proposals that differ in terms of their scale, their cost and their timing. In addition it is essential to bear in mind that the prioritisation methodology should not seek to act as the judge of whether or not a particular proposal should be progressed. There is an extensive appraisal process associated with the development of specific proposals that enable the full range of economic, social and environmental factors to be carefully examined and balanced. As a specific proposal is taken forward its content will evolve in response to choices made at the local level as to where the appropriate balance between these factors lies.
- 2.3 It is because of this context that the prioritisation methodology developed by the Assembly works on the basis of presenting information on individual proposals in relative terms.
- 2.4 The prioritisation methodology used by the Assembly leads to individual proposals being placed in bands or categories, ranging from 1 to 9, with those in Category 1 being identified as the highest priority. The placement of a proposal within these categories is achieved by considering the policy compatibility, deliverability and value for money of each proposal.

- 2.5 The timescale associated with the development and delivery of transport infrastructure is comparatively long. Accordingly it is to be expected that those proposals that are well developed, are ready to be delivered and which offer good value for money will come out as being of the higher priority. Proposals that are less well developed (primarily as a consequence of their timing) are likely to have a lower priority initially. However as such proposals go through the normal process of scheme development so they will have a higher priority.
- 2.6 Thus if the prioritisation methodology is applied to the Regional Transport Strategy after a number of years, the expectation would be that those proposals that were initially identified as the highest priority would have been delivered and would no longer be shown in the list. They would in turn have been replaced by proposals that, with the passage of time, have been developed in more detail and are now ready for implementation. In this way proposals move through the various categories over time.
- 2.7 It is essential to keep in mind that the prioritisation methodology is a tool that presents information relating to proposals on a consistent basis. As with any tool, the output from the methodology provides only a starting point. It is for the Board to decide how it uses the output from the methodology to develop the forward programme of investment priorities.

3. The Prioritised List of Proposals

- 3.1 The prioritised list of proposals is the starting point for developing the forward programme of investment priorities. The list (Annex I) has been compiled by feeding the information provided by delivery agencies into the prioritisation methodology.
- 3.2 The list is the result of a number of iterations of the prioritisation methodology, with delivery agencies having the opportunity to comment on the list and to review the information supplied to the Assembly where appropriate.
- 3.3 One particular dimension that has been the subject of refinement concerns some of the Highways Agency proposals, particularly those along the south coast. A number of these proposals have local measures associated with them that enable planned levels of development to take place. In those situations the relevant Local Transport Authority has had the opportunity to ensure that any such linkages have been taken into account in the prioritisation methodology.

4. Sensitivity Testing

- 4.1 At its previous meeting the Board identified a number of sensitivity tests that it wanted to see applied. The Board asked that these tests examine the potential impact that might arise were extra weight given to particular policy

dimensions within the methodology. The sensitivity tests undertaken have focused on:

- Environmental factors
- Safety
- 'Smarter choices'
- Economic factors

4.2 Environmental Factors

4.2.1 The overall weightings applied to environmental factors were increased by 13.3%, from the initial 21.7% of the base case to 35% in this test (see Annex 2). In order to achieve this, both components of the Policy Compatibility dimension have been altered:

- 5 of the 24 questions of the regional questionnaire have been given more weight;
- the weighting of the Environment objective in the national component has been increased;
- the weightings applied to the remaining regional questions and national objectives have been reduced proportionally.

4.2.2 The impact of the revised set of weightings can be summarised as follows:

- the schemes' scores tend to indicate a widespread but slight reduction from the base case. However, this is not sufficient to generate any significant change in the ranking, and does not affect the proposed 5 year programme (see Paper 9).

Category 1	No change
Category 2	No change
Category 3	1 scheme drops out, 1 scheme moves in
Category 4	1 scheme drops out, 1 scheme moves in
Category 5	No change
Category 6	No change
Category 7	No change

4.2.3 A related Magnitude Test has demonstrated that in order to obtain a substantial alteration in the rankings, the overall weightings applied to environmental factors have to be increased by 35%.

4.3 Safety

4.3.1 The overall weightings applied to Safety factors were doubled; they were increased by 8.7%, from the initial 8.3% of the base case to 17% in this test (see Annex 2).

In order to achieve this, both components of the Policy Compatibility dimension have been altered:

- One question of the regional questionnaire has been given more weight;

- the weighting of the Safety Objective in the national component has been increased;
- the weightings applied to the remaining regional questions and national objectives have been reduced proportionally.

4.3.2 The impact of the revised set of weightings can be summarised as follows:

- A small degree of change in the ranking is experienced. However, the four schemes in Category 1 are not affected and only one scheme in Category 2 changes. Typically, schemes move from one Category to the one immediately above or below.
- The implications of alterations in priorities between Category 4 and Category 7 are limited, and do not affect the proposed 5 year programme (see Paper 9).

Category 1	No change
Category 2	1 scheme drops out, 1 scheme moves in
Category 3	1 scheme drops out, 2 scheme move in
Category 4	1 scheme drops out, 1 scheme moves in
Category 5	1 scheme drops out, 1 scheme moves in
Category 6	1 scheme drops out
Category 7	1 scheme moves in

4.3.3 A related Magnitude Test has demonstrated that in order to obtain a substantial alteration in the rankings, the overall weightings applied to Safety factors have to be increased by 30%.

4.4 'Smarter Choices'

4.4.1 The overall weightings applied to Smarter Choice factors were increased by 10%, from the initial 20% of the base case to 30% in this test (see Annex 2). In order to achieve this, the regional element of the Policy Compatibility dimension has been altered:

- 6 questions of the regional questionnaire have been given more weight;
- the weightings applied to the remaining questions have been reduced proportionally.

4.4.2 The impact of the revised set of weightings can be summarised as follows:

- the sensitivity test shows only a limited alteration in the ranking; the schemes in Category 1 and 2 are not affected and only one scheme changes in Category 3;
- the implications of alteration in priorities between Category 4 and Category 7 are limited.

Category 1	No change
Category 2	No change
Category 3	1 scheme drops out, 1 scheme moves in
Category 4	No change
Category 5	1 scheme drops out, 1 scheme moves in

Category 6	No change
Category 7	No change

4.4.3 A related Magnitude Test has demonstrated that in order to obtain a substantial alteration in the rankings, the overall weightings applied to 'Smarter Choice' factors have to be increased by 37%.

4.5 Economic Factors

4.5.1 The overall weightings applied to Economic factors were more than doubled; they were increased by 14%, from the initial 10% of the base case to 24% in this test (see Annex 2).

In order to achieve this, the regional element of the Policy Compatibility dimension has been altered:

- 3 questions of the regional questionnaire have been given more weight;
- the weightings applied to the remaining questions have been reduced proportionally.

4.5.2 The impact of the revised set of weightings can be summarised as follows:

- the sensitivity test shows a noticeable degree of alteration in the ranking; however, once again the schemes in Category 1 are not affected and only two schemes change in Category 2;
- typically, schemes move from one Category to the one immediately above or below.
- the implications of alterations in priorities between Category 4 and Category 7 are limited.

Category 1	No change
Category 2	2 schemes move in
Category 3	2 schemes drop out, 1 scheme moves in
Category 4	2 schemes move in
Category 5	1 scheme drops out, 1 scheme moves in
Category 6	2 schemes drop out, 1 scheme moves in
Category 7	No change

4.5.3 A related Magnitude Test has demonstrated that in order to obtain a substantial alteration in the rankings, the overall weightings applied to Safety factors have to be increased by 33%.

5. Commentary

5.1 The sensitivity testing shows that under a range of scenarios the proposals that emerge as being the higher priorities remain essentially constant. This is not surprising given that these proposals are, in the main, very well developed have gone through a relatively long period of scheme development. Such a process by its very nature is designed to ensure that the detailed proposal achieves an appropriate balance between economic, environmental and social factors. In addition only those proposals that demonstrate good value for money will have proceeded through to the detailed design phase.

- 5.2 As the prioritisation process works on the basis of presenting information in relative, rather than absolute terms, changes in the weighting given to individual components of the prioritisation methodology are applied on a consistent basis. Hence it is reasonable to expect that the impact of any change in the weighting will be similar amongst those proposals that are well developed and that consequently the fact that the list of proposals in the upper two categories remains largely unchecked demonstrates an appropriate degree of robustness.
- 5.3 Proposals that are in the lower categories tend to be those that are less well developed, for a variety of reasons. For these the process of developing and refining the detail of the proposal has yet to be completed. And hence the potential for the proposal to be influenced by changes in the weighting applied to individual components of the prioritisation methodology are much higher.
- 5.4 It is therefore unsurprising that the sensitivity tests undertaken show the greater potential for lower category proposals to change their priority. Indeed one of the potential benefits arising from the sensitivity testing conducted so far is to provide feedback to the promoters on the robustness of proposals that are in the early stages of development.
- 5.5 Earlier papers on the agenda of this meeting have highlighted the limited scope in the short term for new proposals to be brought forward for delivery. They have also suggested that in terms of developing the forward programme of investment there is a need to review the period post 2010-11 once the advice has been received from the sub-regional strategy groups. The majority of the proposals in the medium and lower categories for prioritisation fall into this period.
- 5.6 It is also worth remembering that the prioritisation methodology works on the basis of banding results into one of nine categories. Each individual proposal included in the prioritisation methodology has a score for each of the three axes used to rank proposals. Changes in the weighting applied to individual components of the methodology will change to some extent the score for a proposal. However, unless the change in that score is significant relative to the change in the scores for all the other proposals under consideration, the overall category for the proposal is unlikely to change.
- 5.7 The final point to consider is that the prioritisation methodology is merely an information tool that presents information on a consistent basis for a range of proposals. As such it is not intended that the output from the methodology should be seen as a judgement on the absolute value of the proposal. The opportunity remains for the Board to consider the output from the methodology and to determine how it will apply that information in considering the forward programme of investment. The prioritisation methodology presents the information in a consistent manner enabling the trade off between the choices available to the Board to be considered in a transparent manner.

6. Conclusions

- 6.1 The series of sensitivity tests undertaken demonstrate that the prioritisation methodology is fit for purpose and is sufficiently robust for the task facing the Board.
- 6.2 It is capable of taking into account the reality of the process through which individual proposals have to pass in order to be delivered and it is also capable of providing feedback to promoters on the robustness of proposals that are in the early stages of development.

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