

SOUTH EAST ENGLAND REGIONAL TRANSPORT BOARD

Date: 6 January 2006

Subject: **A3 at Hindhead**

Report of: Planning Implementation Director
South East England Regional Assembly

Recommendations:

1. That the Board notes the outcome of discussions with the Department for Transport
 2. The Board reaffirms its view that the A3 at Hindhead is of strategic importance and that it be treated as a commitment in developing advice on Regional Funding Allocations.
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1. Purpose of the Report

- 1.1 To advise the Board on the outcome of discussions with the Department for Transport regarding the funding of the A3 at Hindhead.

2. Background

- 2.1 The Board agreed in previous debates that addressing the bottleneck on the A3 at Hindhead is of strategic significance and that the proposal should be treated as a commitment for the purposes of developing advice on the Regional Funding Allocations.
- 2.2 However, the size and timing of the proposal is such that it would significantly reduce the headroom available to fund new proposals elsewhere in the region were it included as part of the Regional Funding Allocation. It was in this context that the Board concluded that the potential of alternative funding mechanisms should be explored. This was the subject of a discussion with officials from the Department for Transport and the Highways Agency at a meeting held on 1 December.

3. Feedback on meeting

- 3.1 The key message from the meeting with DfT officials was the importance of guidance from the National Audit Office. This requires the full cost of a proposal procured through an alternative funding mechanism – such as PFI – to be shown “on the books” at the point the proposal is completed. In addition recent experience with PFI projects has raised a question mark as to

the extent to which it is truly possible to transfer the risk from the public sector to the private sector.

- 3.2 The meeting with DfT and HA officials sought to explore the scope for being innovative with regards to the delivery of the A3 at Hindhead within these rules, alas without success.
- 3.3 The inescapable conclusion is that the A3 at Hindhead is most likely to be procured through a conventional funding route with the funding coming from the Regional Funding Allocation.
- 3.4 An announcement on the outcome of the recent Public Inquiry into the proposal is anticipated shortly. On the assumption that the decision will be positive the proposal will be in a position to move forward. A recommendation on the part of the region that the proposal should be funded by as part of the Regional Funding Allocation is likely to be the next critical decision in terms of delivery.

4. Next Steps

- 4.1 In light of the outcome of the discussions with the DfT it would be consistent with the Board's previous decision to identify funds from the Regional Funding Allocation against the proposal. As reported at the previous meeting of the Board this will have an implication for the ability to fund new proposals elsewhere in the region. The implications for the forward programme are set out in more detail in the following agenda item.

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Planning Implementation Director

21 December 2005