

SOUTH EAST ENGLAND REGIONAL TRANSPORT BOARD

Date: 21 July 2006

Subject: **Regional Funding Allocation**

Report of: Planning Implementation Director
South East England Regional Assembly

Recommendations:

Is it recommended that the Board:

- a) Welcomes the acceptance of the region's advice in respect of transport priorities for the period to 2010/11;
- b) Notes the Government's recognition of and support for the process adopted in identifying transport priorities;
- c) Welcomes the intention of Government to seek further formal advice on regional transport priorities within the next two years;
- d) Notes that the Secretary of State's approval of the A421 Bedford to Milton Keynes proposal in his response to the East of England's Advice is subject to South East England prioritising the remaining part of this inter regional proposal as part of its programme for the period beyond 2010/11.

Purpose of the Report

To inform the Board of the content of the Secretary of State's response to the region's submission on transport priorities for the period to 2010/11.

Key Issues:

Notwithstanding the continuing concern that the nationally significant improvement to the A3 at Hindhead has to be funded as part of the regional programme, the Secretary of State's response to the region's advice is good news. The strength of the region's approach is acknowledged by Government and the process acknowledged as being transparent and having achieved a high degree of consensus. The announcement thus provides a firm foundation on which to build in identifying funding priorities for the period beyond 2010/11.

1. Background

- 1.1 Following Government's publication of indicative regional allocations in summer 2005, the region submitted its advice on housing, economic development and transport priorities to Government in January 2006. The advice on transport priorities reflected the work undertaken by this Board on prioritisation.
- 1.2 The region's advice on transport priorities covered the period to 2010/11. The submission made it clear that further advice would be prepared in respect of the period from 2010/11 to 2015/16 in light of the ongoing work on identifying infrastructure requirements as part of the work on the sub regional strategies. This approach was adopted to ensure that the investment priorities supported delivery of spatial planning objectives.
- 1.3 The Secretary of State for Transport has now given his response to the Region's advice on regional transport priorities.

2. Overview of the Government's Response

- 2.1 The Secretary of State's response to the submission from the region on transport priorities is shown in full as Annex I. It should be noted that the response in respect of housing and economic development priorities has yet to be published by the Government.
- 2.2 There is no response by the Secretary of State to the proposal from the region as to how it would use an additional 10% of funding were it to be available.
- 2.3 The Secretary of State praises the "step change" in thinking within the region over the last two years in respect of the identification of transport priorities. The region is congratulated on the high degree of consensus achieved in determining its advice to Ministers, and in particular the effectiveness of this Board in bringing together agreement from the wide range of interests is identified as a positive outcome of the region's approach. The Secretary of State has also praised the "transparent and effective" prioritisation methodology used by the Board in coming to decisions for the 2006/11 programme.
- 2.4 The Secretary of State while disappointed at not yet receiving a list of priorities for the period 2011/12 to 2015/16 has indicated that he understands the region's need to further consider these priorities in light of future concerns, and the region's aspiration to "shape the future and not prioritise the past" is welcomed in the response from Government.

3.1 Key Issues

- 3.2 In his letter the Secretary of State confirms that five schemes in the forward programme are already underway, with thirteen more are scheduled to start by 2008/09.
- 3.3 Of key importance is that the improvement to the A3 at Hindhead is accepted as part of the forward programme. This nationally important scheme can now be taken forward by the Highways Agency through to delivery, subject to the completion of the remaining statutory processes associated with the proposal.
- 3.4 The supporting annexes to the Secretary of State's letter sets out the full list of proposals that are now included in the region's forward programme.
- 3.5 The Board will note that two proposals – the A21 Baldslow Junction Improvement and Brighton and Hove Bus Rapid Transit System – are identified as “schemes which do not yet have approval”. This reflects that at this moment in time neither proposal has had a business case accepted by the Government. However, the implication of their inclusion within the announcement is that, on the assumption that an acceptable business case is submitted to the Government and provided the indicative cost of the proposals remains at current levels both proposals will receive the funding required to deliver them.
- 3.6 This situation is a good illustration of the benefit arising from the introduction of Regional Funding Allocations. Under the past arrangements the promoters of these proposals would have had to develop the detail of the proposal with no certainty that the funding to enable delivery would subsequently be forthcoming. As a result of this announcement the Highways Agency and Brighton and Hove Council can take forward the detailed development of these proposals in the knowledge that the funding will be available to enable delivery.
- 3.7 The Board should note that the Secretary of State's response to the submission from the East of England contained a reference to the A421 Bedford to Milton Keynes proposal, part of which lies within the South East England region. The Secretary of State has approved the Bedford to M1 section of the route subject to this region prioritising the remaining part of the route. This inter-regional proposal is an issue that the Board will need to take into consideration as part of its work on identifying priorities for investment in the period beyond 2010/11.

4. Next Steps

- 4.1 The forward programme confirmed by the Secretary of State's letter should now be treated as a committed programme for the period to 2010/11. The Secretary of State is keen to continue the dialogue with the region that has begun as a consequence of the Regional Funding Allocation process.

- 4.2 The response states that a meeting will be arranged with the region in the near future to discuss how this might be taken forward. It is understood that this is likely to take place in the early autumn. Two issues that will need to be covered as part of that meeting are that of monitoring and management of the forward programme.
- 4.3 It is encouraging to read that the commitment to extend the Regional Funding Allocation to include a proportion of the rail budget remains and it is understood that this will be one of the issues to be discussed with Government officials in due course.
- 4.4 The Secretary of State's response indicates that it is envisaged that there will be a formal request to update the region's advice in approximately two years. This would be in addition to the advice the Board is committed to submitting in respect of the period from 2010/11 to 2015/16.
- 4.5 The concept of updating and refining the region's forward programme on a regular cycle is something that the Board has discussed previously and accepted as being the most appropriate way of ensuring that forward programme is managed in an effective way to support delivery of wider spatial planning objectives.

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6 JULY 2006

Dear Cllr Mitchell

REGIONAL FUNDING ALLOCATIONS (RFAs)

I am writing to respond to the transport proposals which were included in the South East's advice presented to Ministers at the end of January. Gillian Merron will also be writing separately to you shortly, together with ministerial colleagues in the Treasury and Departments of Trade & Industry and Communities & Local Government, with the Government's overall response to your region's advice on RFAs.

The Government has, for the first time, given regions a say in decision-making about transport schemes that affect them at the regional and local levels. It has been the first opportunity for you, your local authority partners and other key interests to consider together your transport programme against the region's high level objectives, and to develop a realistic, prioritised and affordable programme which offers the best overall contribution to meeting those objectives. My colleagues and I recognise that the prioritisation of transport schemes has required much work to ensure all the various interests are fully understood and reconciled. We are very impressed with the care and effort which has gone into the development of your advice, and with the progress which has been made in developing a consensus on what needs to be done.

I have read with interest your assessment of the issues and context in your region, and your assessment of the continuing transport challenges. We have been pleased with the step change in thinking in the South East over the last two years. Our concern about your draft Regional Transport Strategy of 2001 was that it lacked prioritisation and presented an

aspirational list of schemes with little comment on deliverability or obvious relationship with other interventions. The advice you have provided as part of the RFA process demonstrates that you have collectively made significant progress over the last two years, though you have acknowledged that there is still work to be done.

You are to be congratulated on the degree of consensus achieved across the wide range of interests represented on the Regional Transport Board, which has proved to be an effective vehicle for securing support for a list of interventions based upon a transparent and effective prioritisation methodology. We have noted and accepted the decision of the Board to include previously approved schemes as a matter of principle rather than carrying out a fundamental reappraisal of all schemes against the new methodology. This means that there is little headroom for new schemes or for innovation in the short term.

The question of what sort of interventions should be encouraged and funded in the long term, and where they should be prioritised, is one that the Board acknowledges should be addressed in its future advice for post 2011/12. The absence of advice for post 2011/12 is disappointing but understandable in that context, and your aspiration to “shape the future and not prioritise the past “ is welcomed.

Schemes to be taken forward in the South East

I accept the priorities that you have agreed within your region for the first five years of the RFA period. Accordingly, I am able to confirm the schemes that we expect to fund during the next three years (2006/7 to 2008/9). These include schemes currently under construction and those expected to start construction, and are listed in annex A to this letter.

I also include an indicative list of schemes that can be progressed so that they are ready to be added to the programme where necessary, and start construction in the remaining RFA years, from 2009/10 to 2015/16. These are listed at annex B. Given your intention to submit further advice for the years from 2011/12, this list will need to be further developed.

The Department's provision of funding will, of course, be subject to schemes securing all necessary statutory powers, demonstrating sufficient value for money, and being supported by a satisfactory business case in line with the Departmental requirements. In particular, schemes where the assumed RFA cost exceeds the currently approved DfT maximum contribution will need a revised value for money assessment, and

exploration of other funding sources, before we take a final decision on whether Departmental funding for the scheme should be increased.

You will recognise that we cannot commit to precise start dates, given uncertainties about future scheme costs and progress. Given these uncertainties, the Department will need to retain the scope to manage scheme progress to ensure that spending is in line with the total of all regional budgets. However, our aim will be to ensure that spending in each region is in line with its indicative allocation taking a number of years together. And where possible, in making decisions on approvals and start dates, we will be guided by the sequencing and timing set out in your advice.

Schemes previously approved by Government

You will see that the list at annex A includes 5 schemes which are already underway in your region, as part of the Government's programme of sustained and increasing investment in transport. We have increased spending on regional and local major transport schemes by around 50% (in real terms) since 2001/02, and the indicative budgets on which the regional advice is based sustain this record level of investment over the ten year period.

Reflecting your advice, we also expect to fund 16 schemes in your region that are currently at earlier stages of development following an initial Government approval, subject to the caveats noted above. We expect to fund a major programme of investment in the Highways Agency regional network in the south east, including major improvements to the A2 and the A3 Hindhead Improvement scheme (subject to completion of the statutory processes). I accept your advice that the A23 Handcross to Warninglid widening scheme should be confirmed for funding later than previously planned.

New schemes without existing approval

In the light of your advice I have also been able to reach a decision on a new scheme that had not been previously approved. I am today approving the East Kent Access Phase 2 scheme in Kent for entry to your regional programme.

2 other new schemes that you recommended need further work and assessment, but subject to that work being completed satisfactorily and

meeting the requirements for funding approval I would expect them to be added to your regional programme over the next ten years.

Given that this has been the first opportunity for you to look at priorities across your region, against your wider objectives, it is not surprising that you have considered that a few schemes that had been approved or developed before the RFA process was introduced are not among your highest regional priorities for the first five years of the RFA period. I accordingly accept your advice that three existing schemes - the Kiln Lane Link in Epsom and the A24 Horsham to Capel and Ashington to Southwater improvement schemes - will not be funded in the first five RFA years. I also accept your advice that no funding provision should be made at this stage for the following three proposed new schemes - Bletchley Link 2, A31 Hickley's Corner, and A228 Colts Hill.

Finally, I welcome your expressed intention to submit further advice on transport schemes. The process as a whole has been generally welcomed and has proved very constructive. We are keen to build on this success, and will be seeking views widely on how the process might be enhanced. Taking those views into account, we expect to seek further formal advice on regional transport priorities within the next two years. In the meantime, we look forward to receiving your advice for 2011/12-15/16 based on an approach which prioritises the most effective and affordable interventions to address the key transport problems across the region. We also want to encourage a continuing dialogue with regions to ensure your views on the regional programme are regularly taken into account as schemes progress.

As a first step my officials will be in touch with yours to arrange a meeting to discuss what processes you would find most helpful. The meeting might also be an opportunity to clarify any points in this letter, or on my recent announcement on TIF, and more generally to consider how future process might be improved and developed in future. This would include discussion on how allocations might be extended to include rail.

I am writing in similar terms to the Chair of SEEDA.

A handwritten signature in black ink, appearing to read 'Douglas Alexander', written in a cursive style.

DOUGLAS ALEXANDER

Annex A: Schemes for funding within the next three years (2006/07 to 2008/09)

Schemes underway

- A3 Integrated Bus Priority Corridor (Hampshire)
- East Kent Access Phase 1C (Kent)
- A4146 Stoke Hammond and Linslade Western Bypass (Buckinghamshire)
- A228 Leybourne to West Malling Corridor Improvement (Kent)
- Copnor Bridge Replacement (Portsmouth)

Approved schemes not yet underway

- A2 Bean-Cobham Widening - Phase 2 (Highways Agency)
- A2/A282 Dartford Improvement (Highways Agency)
- A27 Southerham-Beddingham Improvement (Highways Agency)
- A3 Hindhead Improvement (Highways Agency)
- M27 J11 to J12 Climbing Lanes (Highways Agency)
- M27 J3 to J4 Widening (Highways Agency)
- A244 Walton Bridge Maintenance (Surrey)
- Undercliff Drive Realignment (Isle of Wight)
- Central Milton Keynes Public Transport Access Improvements (Milton Keynes)
- Ryde Public Transport Interchange (Isle of Wight)
- Sittingbourne Northern Relief Road (Kent)
- M4 Junction 11 and Mere oak (Reading/Wokingham)
- Bexhill to Hastings Link Road (East Sussex)

Annex B: Indicative list of schemes from 2009/10 to 2015/16

Approved schemes

- East Kent Access Phase 2 (Kent)
- A21 Tonbridge Bypass to Pembury Dualling (Highways Agency)
- A23 Handcross to Warninglid Widening (Highways Agency)
- A21 Kippings Cross to Lamberhurst Bypass (Highways Agency)

Schemes which do not yet have approval (i.e. not accepted into the Programme)

- A21 Baldslow Junction Improvements (Highways Agency)
- Brighton and Hove Bus Rapid Transit System (Brighton & Hove)