

SOUTH EAST ENGLAND REGIONAL TRANSPORT BOARD

Date: 21 July 2006

Subject: **Regional Prioritisation - Identifying Priorities for the Period Beyond 2010/11**

Report of: Planning Implementation Director
South East England Regional Assembly

Recommendations:

Is it recommended that the Board:

- a) Draw to the attention of Local Transport Authorities and other delivery agencies the potential headroom available within the indicative Regional Funding Allocation to enable new proposals to be added to the forward programme;
- b) Emphasises to Local Transport Authorities and other delivery agencies of ensuring that proposals put forward for consideration as part of the work on prioritisation are consistent with the investment frameworks associated with the sub regional strategies, and vice versa;
- c) Request the Regional Transport Co-ordination Group develop an initial set of longer term funding assumptions covering the period beyond 2015/16;
- d) Emphasises to Local Transport Authorities and other delivery agencies the importance of identifying all potential investment requirements for inclusion within the prioritisation work, irrespective of potential funding source;
- e) Draw to the attention of Local Transport Authorities and other delivery agencies the importance of putting forward proposals that reflect the likely level of funding available.

Purpose of the Report

To update the Board on the progress made in preparing information on investment priorities for the period beyond 2010/11.

Key Issues:

The Government's response to the region's advice on transport priorities provides the foundation on which the Board can begin to identify investment priorities for the period beyond 2010/11.

1. Background

- 1.1 With the publication of the Government's response to the region's advice on investment priorities for transport, we now have a forward programme for the period to 2010/11.
- 1.2 It should be noted that the provision of funding is subject to the proposals identified in the forward programme securing all necessary statutory powers, demonstrating sufficient value for money and being supported by a satisfactory business case in line with the Government's normal requirements.
- 1.3 However the practical implication of the Government accepting the region's in respect of transport priorities for the period to 2010/11 is that the proposals in the forward programme should now be treated as commitments.
- 1.4 The Government's original request for advice on funding priorities sought advice from the region for the period up to 2015/16. The Board has previously resolved that it would identify priorities for investment beyond 2010/11 over the course of the summer, with a view to submitting further advice to Government during the autumn.

2. Potential Headroom for the Period 2010/11 to 2015/16

- 2.1 The agreed forward programme has funding implications associated with it that extend beyond 2010/11. The most significant of these commitments arise from the A3 at Hindhead however there are also funding commitments arising from proposals programmed to start in 2010/11. These commitments will have first call on the indicative regional funding allocation for the period beyond 2010/11.
- 2.2 In keeping with the approach previously used by this Board, the funding commitments for the period 2010/11 to 2015/16 need to be subtracted from the indicative regional funding allocation for transport in order to determine the available headroom. The headroom is the amount of funding that is potentially available to enable new proposals to be added to the forward programme.
- 2.3 Annex I sets out the headroom within the indicative regional funding allocation available in the period 2010/11 to 2015/16.

3. The Prioritisation Questionnaire

- 3.1 The Board has been kept informed of the work undertaken to refine the questionnaire used to collect information from delivery agencies that is subsequently fed into the prioritisation methodology. This work has been undertaken in conjunction with both the Transport Advisory Group and the Regional Transport Co-ordination Group.

- 3.2 Building upon feedback received from delivery agencies on the earlier version of the questionnaire and further discussion with the officer groups, the questionnaire has been refined such that greater emphasis is now given to identifying the contribution that a proposed investment makes in delivering the spatial planning objectives set out in the South East Plan.
- 3.3 The enhanced focus on outcomes is likely to have an effect on the relative priority of some of the proposals previously considered as part of the Board's work on prioritisation.
- 3.4 The Board has highlighted before that it wishes to use its work on prioritisation as the opportunity to "shape the future as opposed to prioritise the past". The Secretary of State's response to the region's earlier advice congratulated the Board on adopting this approach.
- 3.5 The relative priority of proposals is the basis for developing the forward programme. As such it is essential that prior to re- applying the prioritisation methodology the information used is based on the refined prioritisation questionnaire.
- 3.6 It is therefore important to bear in mind that the list of relative priorities used to develop the forward programme to 2010/11 cannot and should not be used in an attempt to identify potential priorities beyond 2010/11.
- 3.7 The refined prioritisation questionnaire has recently been circulated to Local Transport Authorities and other delivery agencies. The agencies have been requested to submit completed questionnaires by 4 September.

4. Potential Proposals to be Prioritised

- 4.1 The starting point for identifying priorities for the period beyond 2010/11 are those that were previously considered but which are not included in the agreed forward programme to 2010/11.
- 4.2 A review of this list by the Regional Transport Co-ordination Group has highlighted two issues that it is recommended the Board draw to the attention of Local Transport Authorities and other delivery agencies.
- 4.3 Mapping the location of the proposals included within the list onto the spatial planning geography provided by the draft South East Plan serves to identify a number of sub regional strategy areas where at present there are few major investment proposals identified.
- 4.4 This may reflect the simple fact that in those sub-regions the spatial strategy does not require the delivery of large scale investment in transport infrastructure. However it may also reflect the fact that at the time of the previous work on prioritisation such investment requirements had not been identified.

- 4.5 The Regional Transport Co-ordination Group were keen to emphasise to the Board the importance of drawing to the attention of Local Transport Authorities and other delivery agencies to review the list of proposals included within the prioritisation process. In particular the Group emphasised the importance of ensuring that the information submitted in relation to the Board's work on prioritisation is consistent with the content of the investment frameworks for each sub-regional strategy, and vice-versa. The Group acknowledged that such an approach is part of the "shaping the future not prioritising the past" philosophy that underpins the region's work on prioritisation.
- 4.6 The second issue raised in discussion with the Regional Transport Co-ordination Group was the importance of Local Transport Authorities and delivery agencies providing as much information as possible on the nature of the proposal being put forward for prioritisation. This is particularly important in those situations where at the current time it is possible to identify the existence of a problem or issue that needs to be addressed but where the solution to that problem has yet to be determined.
- 4.7 The prioritisation methodology is sufficiently flexible to enable the relative priorities of problems or issues to be considered by the Board. This potentially provides the basis for providing longer term guidance to delivery agencies on where resources should be concentrated to develop potential solutions.

5. Longer Term Funding Issues

- 5.1 The benefit of developing a forward programme that sets out the priorities for investment is already apparent. The promoters of proposals identified as part of the agreed forward programme to 2010/11 are now able to progress with their detailed development secure in the knowledge that, subject to the usual caveats, there is an allocation within the overall budget that will enable the proposal to be delivered.
- 5.2 In beginning to consider the issues likely to arise as part of the discussion on investment priorities for the period beyond 2010/11 the Regional Transport Co-ordination Group have suggested that the Board should not constrain their debate to the period up to 2015/16.
- 5.3 It is already clear that the calls on the regional funding allocation for resources to deliver new proposals will exceed the amount available for the period to 2015/16. Such a situation remains even if one takes into account the fact that there are other sources of public funding for transport investment – e.g. Community Infrastructure Fund, Transport Infrastructure Fund, Growth Area Fund, etc.
- 5.4 Set against this backdrop the Group's advice to the Board is that a longer term approach is required. Such an approach could potentially involve the Board identifying indicative allocations of its own for the period beyond 2015/16, possibly in the form of two five year blocks covering 2015/16 to

2021/22 and 2022/23 to 2025/26. The benefit of such an approach would be that it would be a better context within which the delivery of infrastructure can be co-ordinated. For example addressing the infrastructure requirements along the South Coast is unlikely to be solved in any one five year period of time.

- 5.5 Were the Board minded to go down this route it is important to bear in mind that any indicative allocations beyond 2015/16 would be a matter of judgement on the part of the Board. However, if the Board were to provide such guidance to delivery agencies it would provide a clearer framework within which to begin develop investment proposals.

6. Sources of Funding

- 6.1 Although the primary reason for identifying priorities for investment lies in the need to provide advice to Government as part of the work on Regional Funding Allocations, this must be placed in the wider context of ensuring that the investment requirements necessary to support delivery of planned growth are properly identified.
- 6.2 The Board at its last meeting re-emphasised that its approach to prioritisation is first to identify the infrastructure investments required to support planned growth. These requirements are then prioritised. For this stage in the process the Board use the output from the prioritisation methodology as the basis for identifying relative priorities. The final stage is to consider the potential source of funding.
- 6.3 This approach was recently endorsed by the Assembly Plenary session which resolved to seek to develop a single Implementation Plan for the region.
- 6.4 The Board's approach to prioritisation enables it to provide advice to delivery agencies as to the most likely source of funding for their particular proposal. By way of example the forward programme for the period to 2010/11 includes proposals that were 100% developer funded, as well as proposals funded through the Regional Funding Allocation. It also includes proposals that are being pursued through Transport Innovation Fund and Community Infrastructure Fund. The Board's approach is thus the best of realising the opportunity to use the Regional Funding Allocation process to lever in the maximum amount of investment into the region's transport infrastructure.
- 6.5 The increasing emphasis given to identifying how investment in the transport infrastructure delivers the outcomes sought through the spatial strategy will serve to enhance the evidence base available to the Board. This should in turn help the region argue the need for additional investment by the public sector in the region's transport infrastructure over and above current levels. However any such argument must be based within reasonable limits.
- 6.6 It is therefore important that delivery agencies should be mindful of the likely limits on the region receiving additional investment. Accordingly the Board

should emphasise to delivery agencies the importance of critically reviewing the scope of proposals to ensure that they focus on achieving the maximum benefit within the likely funding framework. Proposals that are developed without such consideration are less likely to succeed in securing the necessary funding.

7. Public Transport

- 7.1 In his response to the region's advice on transport priorities the Secretary of State restates his desire to explore the extent to which it is possible to include an element of the rail budget within the overall Regional Funding Allocation.
- 7.2 To date the Board has taken the view that the preferred way of securing major investment in rail infrastructure is through mechanisms such as refranchising, the Transport Innovation Fund and the forthcoming High Level Output Statement.
- 7.3 It is recommended that the Board maintain the view that such mechanisms should remain at the primary routes for seeking to secure funding. However the Regional Transport Co-ordination Group advises that the Board keep an open mind on the potential use of funds from the Regional Funding Allocation to support investment in rail infrastructure. A flexible approach in this respect, for example using a proportion of the Regional Funding Allocation to "match" contributions from other funding sources may serve as a way of levering in additional resources overall to the region.

8. Next Steps

- 8.1 The information captured on the completed questionnaires provided by Local Transport Authorities and other delivery agencies will be fed into the prioritisation methodology. The output from the methodology will be considered by the Regional Transport Co-ordination Group and form the basis for advice to the Board's next meeting reflecting the outcome of the discussion on the issues raised in this paper.

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