

**SOUTH EAST ENGLAND
REGIONAL TRANSPORT BOARD**

Date: 13 July 2007

Subject: **Programme Management and Monitoring**

Report of: Planning Manager
South East England Regional Assembly

Recommendations:

It is recommended that the Board:

1. Note the outcome of the monitoring of the RFA programme as a whole;
2. Seek clarification from the Department for Transport regarding the proposal that exceptional maintenance expenditure form part of the Regional Funding Allocation;
3. Agree that the additional expenditure incurred in respect of the Stoke Hammond and Linslade Western Bypass is funded from within the programme;
4. Agree that consideration of the inflation-related increases in scheme costs associated with the A244 Walton Bridge and A24 Ashington Southwater schemes be considered as part of the wider 2008 refresh of the regional programme;
5. Endorse the criteria set out in Annex III as the basis for assessing the potential to bring forward schemes within the programme;

Purpose of Report:

To inform the Board of the latest outcome of monitoring of the regional programme and advise on key issues arising there from.

Key Issues :

The proposal to fund exceptional maintenance schemes from the Regional Funding Allocation has been put forward by the Department for Transport without consulting the regional partners. The potential implication for the forward programme is unclear, as are the proposed arrangements for assessing and advising on the merits of any bids for such funding.

Three schemes have reported increases in their costs that are of a magnitude which

requires consideration by the Board; these are Stoke Hammond and Linslade Western Bypass; A244 Walton Bridge and A24 Ashington to Southwater Improvement. It is proposed that in the first instance the additional cost is funded within the programme given that the scheme is on site and nearing completion. For the other two schemes it is proposed that the implication of the cost increase, which is due to the impact of inflation, is considered as part of the wider 2008 refresh of the regional programme.

The potential to accelerate schemes within the forward programme in order to take up 'slack' arising from slippage recorded in other schemes has been considered. A cautious approach to this issue is proposed due to the potential impact of a number of additional factors. A set of criteria to be used in assessing the potential to accelerate schemes is proposed for the Board's endorsement.

1. Programme Monitoring

1.1 Annex I sets out the latest scheme of monitoring information for the final quarter of 2006/07. There are a number of headline messages when comparing the RFA programme and the reported monitoring information:

- The programme overall shows some cost escalation, but a number of schemes are reporting spending below programme which will assist with offsetting this.
- There continues to be a tendency for programme slippage overall.
- The most significant departures from programme are Stoke Hammond and Linslade Western Bypass (£5 million increase), Walton Bridge (£5 million increase) and A24 Ashington Southwater (£5 million increase).
- The Nicholls review into Highways Agency costs continues to restrict the agency's reporting. The Inquiry has now reported and it is hoped that this will enable monitoring information to be provided for subsequent reports to the Board.

1.2 As part of improving the monitoring regime we are keen to gather information on the progress of all schemes in the forward programme to 2016. Regular monitoring information is critical to ensuring we have an understanding of progress being made with delivery. It also enables issues that need the view of the Board to be identified at the earliest opportunity.

2. Exceptional Maintenance

2.1 We have learnt that the Department for Transport (DfT) has invited local transport authorities to submit bids for funding of exceptional maintenance schemes. What defines a scheme as being exceptional is that although it is under £5m in total cost it represents a significant proportion of the authority's total capital expenditure. On this basis exceptional maintenance schemes tend to be limited in number and restricted to smaller local transport authorities; in the last financial year there were only three such schemes across England, one of which is in this region.

2.2 It appears that in future exceptional maintenance schemes will be funded from the Regional Funding Allocation. We have not had the benefit of any guidance or discussion with the DfT on the future arrangements for assessing and advising on the merits of such bids. We are seeking an early meeting with the DfT officials to clarify the situation and will advise the Board on the implications for its work at the earliest opportunity.

3. Outstanding Issues

3.1 Bexhill-Hastings Link Road

3.1.1 This Board has confirmed that it supports the scheme as an integral element of the Five Point Plan agreed with Government. Following the approach set out in the protocol established at the Board's last meeting work is ongoing to explore the extent to which is it possible to secure a contribution towards the cost increase from other funding sources. In addition, we are working with East Sussex County Council to understand the implication of the cost increase on the scheme's value for money. It is anticipated that the outcome of this work will be reported at the meeting in October, at which

point the Board will be asked to consider what additional advice it wishes to submit to the Secretary of State.

3.2 A23 Handcross to Warninglid

- 3.2.1 Following the Board's last meeting, work is underway, led by the Highways Agency and West Sussex County Council, to clarify the basis for the increase in scheme cost. Again, it is anticipated that the outcome of this work will be reported at the meeting in October.

4. Schemes with Significant Cost Increases

4.1 Stoke Hammond and Linslade Western Bypass

- 4.2 Buckinghamshire County Council has reported that the scheme cost has increased by £5m. The reasons for this are mainly due a significant unforeseen ground condition and its knock-on effect on the programme, forcing the earthworks into an additional season. The revised completion date now is autumn 2007. Given that the scheme is on site and nearing completion, it is proposed that the £5million cost increase is funded from within the programme.

4.3 A244 Walton Bridge

- 4.3.1 The quarterly monitoring report is showing a cost increase of c£5 million. The Board's support for reprogramming of this scheme was on the basis that the scheme cost remained unchanged. Surrey County Council has advised that the cost increase is primarily a consequence of inflationary effects arising from the later start date.
- 4.3.2 Given the circumstances it is recommended that the implications of the cost increase are considered as part of the wider 2008 refresh of the forward programme.

4.4 A24 Ashington to Southwater Improvement

- 4.4.1 The increase reported in the monitoring information is due to the rebasing of costs to the delivery timeline set out in the RFA. Given that the timing of the scheme is towards the backend of the forward programme, it is proposed that the implications of the cost increase are considered as part of the wider 2008 refresh of the forward programme.

4.5 Brighton and Hove Rapid Transit

- 4.5.1 The Board will recall that, following the delay to A244 Walton Bridge, it proposed that this scheme is brought forward in the programme. The Secretary of State has responded (Annex II) that he is content with this approach in principal, subject to the scheme gaining approval for the business case from the Department, and that there are sufficient funds available. This position was confirmed at a recent meeting with officials from the Department.
- 4.5.2 The Department has indicated that the new guidance on the development of major schemes should be published prior to the summer recess. It is understood that this scheme will need to be consistent with the new guidance. The promoter is committed to delivery of the scheme as soon as possible, and is considering a revised timeline for

submission of a reworked business case. The Department has confirmed that it will work with us and the promoter to deliver the scheme at the earliest opportunity.

5. Potential to Bring Forward Schemes

- 5.1 In light of the slippage being incurred in the programme, the Board at its last meeting requested us to examine whether the potential exists to bring forward other schemes within the forward programme.
- 5.2 The monitoring information set out in Annex I provides only a partial view of the current state of the forward programme; monitoring information from the Highways Agency schemes has yet to be received. In addition, a number of schemes have cost increases, a proportion of which may need to be found from within the existing programme. Add in the fact that we know that there will be pressures on the programme as a consequence of construction price inflation and it quickly becomes clear that there is a need to be cautious in considering the potential to bring forward schemes.
- 5.3 Notwithstanding the need to be cautious, there is scope for the Board to be proactive in giving additional advice to the Secretary of State as to how the forward programme might be managed. It is important that our approach on such matters is transparent and easily understood by partners and external stakeholders alike. To that end it is proposed that the Board establish a set of criteria to be used when it is assessing the potential to bring forward other schemes in the forward programme (Annex III).
- 5.4 If these criteria were applied to the forward programme as it currently stands then the schemes that would have the potential to be brought forward would include:
- i) The station element of the Oxford Package, which unlocks funding from Network Rail (£6million);
 - ii) The contribution to Reading Station bottleneck (£15million), which could enable preparatory work to be funded which in turn unlocks funding from Government/Network Rail;
 - iii) The contribution to Windsor Park and Ride (£7million) which would enable the scheme to be delivered in advance of the Olympics.

6. Regionally Significant Schemes

- 6.1 Over and above issues already reported in this paper, there are no significant issues to report on these schemes at this time.
- 6.2 A key issue identified on a number of occasions is the difficulty encountered by local transport authorities in developing scheme proposals to the point at which they are ready to be delivered. In certain circumstances it has proved possible for the regional partners to provide some financial support that, whilst limited in scope, is providing valuable assistance in moving proposals forward. Typically these circumstances are ones where the funding:
- i) Supports the development of a proposal that is identified as being of regional or sub-regional significance;
 - ii) Facilitates the delivery of an identified priority in the short term (i.e. 2-3 years);

- iii) Matches resources invested by the scheme promoter in the development of the proposal.

6.3 We will keep the Board updated on instances where the regional partners are supporting the development of schemes in this way. Contributions already made by the Regional Assembly to such work are summarised below.

Scheme	Support for	Level of Support / Source	Delivery by	Work Led By
Airtrack	Wider Economic Business case to support Transport and Works Act application	£40,000 Regional Assembly	Sept/Oct 07	Airtrack Forum (via Surrey County Council)
East West Rail	Development of scheme to GRIP 4 level	£50,000 Regional Assembly	Nov/Dec 07	East West Rail Consortium (via Bucks County Council)
PUSH - Public Transport Strategy	Development of projects for access to the sub-region and key areas within it.	£50,000 Regional Assembly	Nov/Dec 07	Solent Transport (via Hampshire County Council)
Central Rail Corridor	Development of scheme to GRIP 2/3 level.	£15,000 Regional Assembly	Oct/Nov 07	East Sussex County Council

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 25 June 2007

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