

**SOUTH EAST ENGLAND
REGIONAL TRANSPORT BOARD**

Date: 26 April 2007

Subject: **Refresh of Regional Programme**

Report of: Planning Manager
South East England Regional Assembly

It is recommended that the Board agree the project brief for the 2008 refresh of regional priorities as set out in Annex I.

Purpose of Report:

To seek the Board's approval for the project brief for the 2008 refresh of regional priorities.

I. The Need for a Refresh

- I.1 In his letter of 6 July 2006 the Secretary of State for transport indicated that he is likely to invite the region to review its advice on regional priorities within 2 years. This would suggest that the region would be asked to submit its advice in summer 2008.
- I.2 Subsequent to the Secretary of State's letter the Board have identified a number of areas of the prioritisation process where the opportunity to refine the process in light of the region's experience to date would be welcome. This would also provide the opportunity to take into account the implications arising from more recent pieces of research, including the Nichols and National Audit Office reports.
- I.3 In addition it is likely that the publication of the Comprehensive Spending Review, now expected in the autumn, and the Panel's report following the Examination in Public of the draft South East Plan will have some implications for the regional programme.
- I.4 From the above the justification for embarking upon a refresh of the regional programme is clear. At its last meeting the Board agreed that a project brief for the work should be prepared. The primary purpose of the project brief (Annex I) is to set out clearly to stakeholders the basis for the refresh of the regional programme.
- I.5 The timeline for the review is aligned with the programme of Board meetings and meetings of the Regional Transport Co-ordination Group (RTCG).
- I.6 At the last meeting of the Board, it requested that a meeting be held with Local Transport Authority portfolio holders at which the work of the Board and the 2008 refresh could be discussed. This is to be held on the 4 June, and invitations will be sent to members and senior officers shortly.

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05 April 2007

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REFRESH OF REGIONAL TRANSPORT PRIORITIES 2008

(DRAFT) PROJECT BRIEF

1. Overall Aim

- 1.1 The Regional Transport Board has decided to undertake a refresh of the regional programme of investment priorities. The work will conclude with a submission to the Secretary of State in summer 2008.
- 1.2 It is not the Board's wish to fundamentally review the content of the regional programme agreed with the Secretary of State. The overall aim of the work is to ensure that the regional programme is robust and deliverable within the resources available via the Regional Funding Allocation.
- 1.3 As part of the work the Board wishes to take advantage of the opportunity to refine the prioritisation process in light of the region's experience to date and to take into account the implications of recent research commissioned by the Government that examined the management of the scheme costs.
- 1.4 The refresh of the regional programme will also take into account the outcome of the Comprehensive Spending Review and any issues arising from the Panel's report of the Examination in Public of the draft South East Plan.

2. Key Issues

- 2.1 The Board has identified the following key issues that it wishes to consider as part of this project:
 - i) the robustness of scheme cost estimation – the Board wishes to ensure that all cost estimates used in determining the regional programme are soundly based and make an appropriate allowance for optimism bias;
 - ii) the base year for scheme costs – the Board wishes to ensure that all cost estimates have the same base year;
 - iii) the allowance for inflation – the Board wishes to ensure that a realistic allowance for construction price inflation is allowed for within scheme cost estimates. The Board is mindful of the fact that construction price inflation has consistently exceeded retail price inflation and that demands arising as a consequence of the 2012 Olympics are likely to increase this differential still further;
 - iv) the level of appraisal information – the Board is keen to encourage scheme promoters to make use of the New Approach to Appraisal as a means of auditing the process of scheme development. The Board

views the availability of the information set out within the Appraisal Summary Tables as being a key document in setting out the role and benefits of an individual scheme. The absence of an Appraisal Summary Table may result in a scheme being excluded from being considered for inclusion in the regional programme;

- 2.2 The Board wishes to be able to respond to the monitoring information it receives and to use it to manage the overall programme effectively to ensure that maximum use is made of the funds available to the region. Accordingly, the Board wish to have a more complete picture of the stage at which individual schemes have reached in their development. This will enable the Board to provide advice to the Secretary of State on how the regional programme might be managed more effectively.
- 2.3 The Board is keen to encourage innovative proposals that support its desire to improve the quality and attractiveness of alternatives to the private car. The Board is minded in principle to allocate funds in support of a limited number of exemplar proposals that are consistent with this objective. Priority will be given to those proposals that address the issue on a cross boundary basis.
- 2.4 The Board is keen to ensure that the allocation of funds actively supports delivery of the policy framework set out in the South East Plan and Regional Economic Strategy. The Board encourages Local Transport Authorities to work on a cross-boundary basis to ensure that that proposals brought forward for prioritisation support delivery of the regional policy framework.
- 2.5 Although the primary focus of the Board's work is the regional programme of investment it is keen to improve the alignment of national and regional programmes. Accordingly the Board proposes to offer a view on how the national investment programmes of the Highways Agency and Network Rail might reflect and support the delivery of regional policy objectives.
- 2.6 The Regional Assembly and Regional Development Agency are promoting the development of a Regional Infrastructure Fund. The RIF will pump-prime, or forward fund, infrastructure improvements in situations where the anticipated funding for the scheme will not be available in full at the time when the infrastructure is needed to support planned growth. The investment provided through the RIF would subsequently be recovered from pre-determined public and/or private funding streams as they become available.
- 2.7 The regional partners are continuing to work with Government departments to develop the detailed working arrangements of the RIF. The Board considers that the 2008 refresh provides the opportunity for it to consider making a proportion of its funds available to support the RIF.

3. The 'Agreed' Regional Programme

- 3.1 The work of the Board to date has enabled a regional programme of investment to be identified and agreed with the Secretary of State. It is not the Board's intention to review the priority of those schemes that are included in the regional programme. These schemes are listed in Annex A of this project brief.
- 3.2 However in order to ensure that the updated regional programme is robust and capable of delivery it is essential that scheme promoters provide updated cost estimates for all of the schemes set out in Annex A. Scheme promoters will also be asked to provide updated project management information for each scheme. Where the updated information shows a substantial variance from the information previously available the Board will reserve the right to reconsider the priority of individual schemes in accordance with its agreed protocol.
- 3.3 The focus of the work covered by this project brief remains the period 2006-2016. The Board has previously given an informal indication of a potential distribution of regional funding for the post 2016 period to assist Local Transport Authorities and other delivery agencies with longer term planning. It is not the intention of the Board at this stage to review this informal advice.

4. The Prioritisation Questionnaire

- 4.1 Through dialogue with the Local Transport Authorities the Board has established that the basis of the region's approach to prioritisation remains valid. The Board therefore proposes to continue to use its established prioritisation methodology to help it identify the relative priorities of individual schemes.
- 4.2 However it is clear that there is a need to refine further the prioritisation questionnaire in light of the region's experience to date. Amongst the issues identified as needing to be considered as part of this process are:
- i) A need to give further consideration as to how the prioritisation methodology handles packages;
 - ii) A need to give further consideration as to whether the questionnaire captures fully the extent to which a potential scheme supports delivery of regional objectives such as the need to address strategic bottlenecks, improvements in access to international gateways and measures that support freight movements;
 - iii) A need to consider how the prioritisation methodology might reflect the importance of some investment being taken forward on a risk basis as a catalyst for change; for example where investment in a piece

of infrastructure is required to unlock an area with development potential;

- iv) A need to consider how the linkages with delivery of housing and economic development might be more explicitly taken into consideration;
- v) A need to review the content of the questionnaire to ensure that there is no double counting of benefits.

4.3 The Board has asked the officer groups supporting its work to review the content of the questionnaire and the application of the prioritisation methodology in order to ensure that these issues are addressed. The project brief allows for the Board to consider and agree any changes to the prioritisation questionnaire.

5. Alignment of Funding Streams

5.1 The approach adopted by the Board to date has been to focus on identifying the priorities for investment and to consider the most appropriate funding programme as a second step in the process.

5.2 This approach was followed by the Board in identifying the investment priorities for the period to 2015/16 and enabled the Board to identify a number of proposals that are potential candidates for funding from programmes other than the Regional Funding Allocation.

5.3 Such an approach has a number of benefits. First of all it enables the Board to focus on identifying the investment required to enable the planned outcomes to be achieved. Secondly it enables guidance to be developed by the Board that can be made available to delivery agencies on where they should focus future bids for funding. Such an approach helps avoid the situation where resources are wasted making multiple bids for the same proposal.

5.4 Finally, it is a more effective way of ensuring that the various funding streams are indeed being aligned in terms of delivery. It is therefore proposed to retain this approach as part of this project.

6. Timeline

6.1 The timeline for this project is set out below. The timing of future meetings of the Board has been aligned with this timeline.

Regional Transport Board April 2007

Project Brief Timeline

30-Mar-07	Regional Transport Co-ordination Group (RTCG) – discussion of draft project plan
28-Apr-07	Regional Transport Board (RTB) – consideration of draft project plan
May / June	Refinement of prioritisation questionnaire – in dialogue with Transport Advisory Group.
4-Jun-07	Meeting with Local Transport Authorities (portfolio holders and senior officers) – briefing on 2008 refresh process
18-Jun-07	RTCG – discussion of revised prioritisation questionnaire
13-Jul-07	RTB - progress report and discussion of any issues arising from LTA member meeting
Aug/Sept	Further refinement of prioritisation questionnaire
11-Oct-07	RTCG – discussion on final version of revised prioritisation questionnaire
26-Oct-07	RTB – consideration of final version of revised prioritisation questionnaire
Nov/Jan	Seek information from scheme promoters - 10 week collection period
Feb/Mar	Inputting of scheme information into prioritisation methodology; consideration of any reported substantial variation in costs associated with schemes in the regional programme
Mar/Apr	RTCG – discussion of initial findings arising from refresh process RTB – consideration of initial findings; identification of areas requiring further consideration
Mid July	RTB - consideration of draft advice to Secretary of State
July 08	Submit advice to Secretary of State

South East England Regional Programme to 2015/16

Approved Schemes:

- 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)
- 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) (subject to revised business case)
- 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) (subject to revised value for money assessment)
- 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)
- A24 Ashington to Southwater (West Sussex)

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)
- Windsor Park and Ride (Windsor and Maidenhead)
- Reading Station (Reading)
- Guildford Hub (Surrey)
- Reigate-Redhill Hub (Surrey)
- A34/Access to Oxford (Oxfordshire)
- Ashford Smartlink and Bus Rapid Transit (Kent)
- Coastal Expressway (West Sussex)
- A421 Milton Keynes to M1 (Milton Keynes)
- A27 Chichester Bypass Improvements (Highways Agency)
- A2 Bean Junction (Highways Agency)
- A27 Wilmington (Eastbourne) Improvements (Highways Agency)
- A3 (A247-A31) Junction Improvements (Highways Agency)
- Thames Valley Strategic Bus and Coach
- Strategic Development in Portsmouth
- Strategic Development in Southampton