

**SOUTH EAST ENGLAND
REGIONAL TRANSPORT BOARD**

Date: 26 October 2007

Subject: **Programme Management and Monitoring**

Report of: Director of Development
South East England Regional Assembly

Recommendations:

It is recommended that the Board:

1. Note the outcome of the monitoring of the RFA forward programme as a whole;
2. Advise the Secretary of State for Transport that in respect of the Bexhill-Hastings Link Road it is recommended that:
 - a) the scheme remain within the forward programme of investment;
 - b) the scheme promoter should be required to secure a contribution of no less than £12.5m towards the reported cost increase;
 - c) the funds currently allocated to deliver the A21 Baldslow Junction improvement are reallocated to the Bexhill-Hastings Link Road;
 - d) the status of the A21 Baldslow Junction improvement is reviewed as part of the refresh of the forward programme;
 - e) the Department for Transport be requested to undertake a revised value for money assessment of the scheme with a view to having the output of that work available in time for a potential Public Inquiry into the scheme;
3. Advise the Secretary of State for Transport that the Board recommends its contribution towards the delivery of Reading Station be made available in 2008/09 to ensure progress is made with the delivery of this nationally significant scheme; and that this is possible due to slippage in programmed expenditure elsewhere in the programme;
4. Write to the South West Regional Assembly, South West Regional Development Agency and Welsh Assembly Government with a view to securing financial contributions towards the cost of scheme development in 2008/09;
5. Note the outcome of the meeting with Department for Transport regarding exceptional maintenance and request a report to its next meeting outlining the approach that will be adopted for dealing with such bids in the region.

1. Programme Monitoring

1.1 Annex I sets out the latest scheme monitoring information for the second quarter of 2007/08. The design of the monitoring form has been altered to differentiate where a source of funding to meet an increase has yet to be identified and where Department will draw from the RFA. There are a number of headline messages when comparing the RFA programme and the reported monitoring information:

- While the programme shows some cost escalation overall, a number of schemes are reporting spending below programme which will assist with offsetting this.
- There continues to be a general slippage in the progress being made with the schemes in the forward programme; this is creating the situation where expenditure for the current and next financial years will be significantly lower than originally programmed.
- Monitoring information relating to the Highways Agency schemes that are funded from the RFA continues to be unavailable. It is anticipated that there will be an announcement shortly setting out the way forward for the Highways Agency programme.

2. Schemes with Cost Increases

2.1 Central Milton Keynes Public Transport Improvements

2.1.1 As a result of further appraisal work and work undertaken to address issues raised by the Department, the content of the scheme has changed and has resulted in an additional cost of £3.66 million. However, £2 million of this cost will be met from third-party funding, with £1.6 million being funded from RFA. This is still within the original amount allocated by the Board, and hence no further action is required.

2.2 Bexhill-Hastings Link Road

2.2.1 The Board has previously restated its support for the principle of the link road as a key component of the '5-point' plan prepared by regional and local partners and subsequently endorsed by the Secretary of State. The scheme is identified in the relevant adopted Local Plans as a key component of their spatial plans.

2.2.2 The scheme is currently at the stage of 'programme entry' but is subject to the transitional arrangements set out in the Major Scheme Guidance. Progress to 'conditional approval' dependent upon completion of the necessary statutory processes. Those processes are now underway and it is anticipated that a Public Inquiry will be held in April 2008.

2.2.3 The scheme currently has an 'approved' cost of £48.51m. The current cost estimate for the scheme is c£90m, which includes an allowance of approximately £13m for contingency items as yet unidentified. In light of the scale of the reported cost increase the Secretary of State has sought the advice of this Board

as to whether it is prepared to fund a proportion of the increase from the Regional Funding Allocation.

- 2.2.4 Reference to the recently issued Major Scheme Guidance issued by the Department for Transport shows that the expectation is that approximately 25% of the additional cost incurred should be met by the promoter. For this particular scheme this translates into a contribution of approximately £12.5m. Notwithstanding the support in principle for the link road the scale of the pressure on the RFA for the region is such that a contribution of this magnitude should be viewed as the absolute minimum that should be secured towards the scheme.
- 2.2.5 The means of securing the contribution is a matter to be determined by East Sussex County Council as the scheme promoter. However, a reasonable expectation is that the overwhelming majority of the contribution will be secured through planning obligations. In this respect the timescale associated with the preparation of the Local Development Frameworks provides the opportunity to establish the planning locus for securing third party contributions towards the cost of the scheme. The Assembly is happy to work with the local planning authorities to ensure that an appropriate policy context for collecting contributions (retrospectively if required) is established in the LDFs.
- 2.2.6 Even if the promoter is able to secure a contribution of no less than £12.5m the scale of the cost increase is such that there is a gap in the funding identified for the scheme. Reference has already been made to the pressure that exists on the RFA at a regional level. Therefore any increase in the proportion of RFA targeted in support of the regeneration of Bexhill and Hastings would have a negative impact on the delivery of schemes elsewhere in the region.
- 2.2.7 In its original consideration of the regional priorities for investment this Board took a view that it would give a higher priority to the improvement scheme for the A21 at Baldslow Junction than the prioritisation methodology might otherwise suggest was appropriate. East Sussex County Council has confirmed that delivery of the Link Road is not dependent upon the improvement at Baldslow Junction being delivered at the same time. While there would undoubtedly be some benefit to be derived from taking forward the two schemes on a co-ordinated basis it is increasingly clear that this is not possible within the indicative funding levels identified for the RFA. It is also clear that in terms of delivering the regeneration objectives for Bexhill and Hastings the critical element is the Link Road.
- 2.2.8 Having considered carefully all of the issues associated with the Bexhill-Hastings Link Road it is recommended that the Board advise the Secretary of State that the funds currently allocated to deliver Baldslow Junction are reallocated to support delivery of the Bexhill-Hastings Link Road. The status of Baldslow Junction within the forward programme will be reviewed as part of the 2008 refresh as part of which the case for it receiving funding from the RFA would have to be rejustified.
- 2.2.9 The next step in this process would, subject to the agreement of the Board, be for the Chairman to write to the Secretary of State advising her of the Board's recommendation. On the assumption that this advice was accepted it would

enable the Department for Transport to undertake a value for money assessment of the scheme. The hope would be that by the time of a potential Public Inquiry the scheme promoter would have clarity with regards the funding package and the Department's assessment of value for money.

2.3 A23 Handcross to Warninglid

2.3.1 Further work is underway to clarify the situation with regards the cost increase on this scheme. In the absence of any definitive statement from the Highways Agency in respect of the scale of the increase further consideration of this issue will have to be deferred to a subsequent meeting of the Board.

3. Reading Station

3.1 As reported under Agenda Item 6 the publication of the Rail White Paper brought with it the announcement that the capacity improvement at Reading Station will be taken forward as a national priority. The Board has been a strong advocate for the scheme and identified a contribution of £20m from the RFA towards its delivery as an indication of the significance it attaches to its delivery.

3.2 Work is well underway in developing the detailed proposals for the scheme. Network Rail is working closely with Reading Borough Council to ensure that the scheme integrates effectively with the development proposals for Reading City Centre. By the end of this year upwards of 70 staff within Network Rail are expected to be committed to working on the scheme.

3.3 While the funding to take the scheme forward has been identified as part of the Government's proposals for the next railway control period, it is apparent that there is a potential problem in terms of the funds required to maintain the design team running throughout 2008/09 (the last year of the current railway control period).

3.4 Given the slippage elsewhere in the forward programme it is clear that the potential exists to transfer some of the region's RFA from the schemes currently programmed (and slipping) to support the work required to bring the Reading Station to a state of readiness. As set out above the Board has previously identified that £20m of the RFA should be made available to support Reading Station. Making that allocation available to the scheme in the next financial year would help ensure that it is delivered at the earliest opportunity. It also ensures that the potential for scheme cost escalation due to delays in scheme delivery are minimised. The transfer of funds would not result in the total expenditure in anyone year exceeding the indicative RFA level.

3.5 Even so the region's contribution may not be sufficient to maintain the current pace of work. Previously the South West Regional Assembly, South West Regional Development Agency and Welsh Assembly Government have stated that removing the bottleneck at Reading Station is seen as being one of their priorities for investment. In that context it seems appropriate at this point in time for the Chairman of this Board to write to our colleagues in these regions with a view to securing additional contributions towards the cost of the work that needs to be completed in 2008/09.

4. Exceptional Maintenance

4.1 As previously reported to the Board, DfT have announced that in future any bid for funds to deliver an 'exceptional maintenance' scheme will be included within the RFA process. [Note: this is distinctly different to emergency maintenance which continues to be funded directly by the Department under separate procedures]. A meeting has been held between the Regional Assembly, GOSE and DfT to discuss such this process will be addressed, and a number of points of clarity were achieved:

- Exceptional maintenance bids that been put forward to the Department by the end of August 07 will be handled by the Department. This includes the funding of any successful bids from non-RFA resources for this year.
- In future we will be asked, on an annual basis, to advise on exceptional maintenance bids that they are willing to fund from the RFA. The Department will not expect us to necessarily allocate a sum to this, rather they will be asked if these can be managed within current budgets (this is similar to the current approach followed by the Department which sees all exceptional maintenance bids in effect funded from programme under spend).
- We will be free to apply any reasonable criteria to enable them do this, as they are with the rest of the programme. Under the current national criteria for example only around £10m of funding per year is given for this type of scheme across the country.
- Any bid recommended for funding, will be handled as the Department as a major scheme, albeit a proportionate approach to assessment due to the lower cost of any scheme (ie <£5m).

4. Olympic Related Transport Schemes

4.1 As part of the regional offer regarding the transport issues surrounding the 2012 Olympics, two schemes were promoted to the ODA (Olympic Delivery Authority) for joint funding. These are Windsor Park and Ride and High Wycombe Coachway, with remaining money coming forward through the Regional Funding Allocation. Both promoters are concerned about the level of engagement by the ODA in understanding the importance of these schemes. This is particularly worrying given the significance of the Windsor Park and Ride to the access arrangements for the Olympic venue at Dorney Lake. Further discussions are planned with the ODA; a verbal update on these will be given to the meeting if there is anything additional to report.

Martin Tugwell
Director of Development

18 October 2007

Contact: T: 01483 555211 E: martintugwell@southeast-ra.gov.uk

SOUTH EAST RFA PROGRAMME MANAGEMENT (£ million)

Promoter	Scheme Name	2006-07		2007-08		2008-09		2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		2015-16		Total			Unaccounted cost increase	Potential additional draw on RFA	Notes		
		M	P	M	P	M	P	M	P	M	P	M	P	M	P	M	P	M	P	Monitoring	Programme	Difference (1)							
Underway																													
Hampshire	A3 intergrated bus priority corridor	5.67	6.26	5.42	2.93	0.34	0.00																11.43	9.19	2.24	0.14	2.38		
Kent	East Kent Access Phase 1	10.00	10.00	1.00	1.10																	11.00	11.10	-0.10		-0.10			
Kent	Fastrack	0.00	2.78																			0.00	2.78	-2.78		-2.78			
Buckinghamshire	Stoke Hammond and Linslade Western Bypass	20.58	22.66	9.36	5.17	0.00	2.09															29.94	29.92	0.02	5.00	5.02			
Kent	A228 Leybourne & West Malling Bypass	6.67	5.40																			6.67	5.40	1.27		1.27			
Programme Entry																													
Isle of Wight	A3055 Undercliffe Drive stabilisation scheme			0.00	4.50	2.00	6.00	5.50	2.38	4.38	0.00	1.00	0.00									12.88	12.88	0.00		0.00			
Milton Keynes	Central Milton Keynes Public Transport Access	0.00	5.00	0.00	2.77	3.45	0.00	1.40	0.00	2.58	0.00											7.43	7.77	-0.34		-0.34			
Isle of Wight	Ryde Transport Interchange			3.15	5.20	2.95	0.90	0.10	0.00	0.10	0.00											6.30	6.10	0.20		0.20			
Kent	Sittingbourne Northern Relief Road					0.00	20.00	13.00	9.00	16.00	0.00	0.00	0.00									29.00	29.00	0.00		0.00			
Reading / Wokingham	M4 Junction 11 / Mere oak			1.50	13.80	34.36	24.60	25.22	24.50	1.53	3.60											62.61	66.50	-3.89		-3.89			
East Sussex	Bexhill - Hastings link road			0.00	19.14	0.00	25.77	10.24	3.60	10.50	0.00	26.37	0.00									47.11	48.51	-1.40	36.92	35.52			
Kent	East Kent Access Phase 2					5.70	0.00	24.50	0.00	23.40	20.00	7.00	20.00	3.40	24.00							64.00	64.00	0.00		0.00			
Surrey	Walton Bridge					10.65	25.00	13.41	0.00			1.19	0.00	0.00	0.00							25.25	25.00	0.25	5.68	5.93			
W Sussex	Ashington to Southwater													0.38	0.00	0.15	0.00	0.02	0.00	18.41*	30.00	18.96*	30.00	-11.0	0.99	0.99			
Not yet underway																													
Brighton	Brighton & Hove Rapid Transit					3.50	0.00	3.75	12.00	4.15	0.00											11.40	12.00	-0.60		-0.60			
Emmerging Schemes																													
Windsor & Maidenhead	Windsor Park and Ride							1.00	0.00	1.00	0.00	4.00	7.00	1.00	0.00							7.00	7.00	0.00		0.00			
Reading BC/Network Rail	Reading Station Incremental Capacity Upgrade																												
Surrey	Guildford Transport Hub																												
Surrey	Redhill Transport Hub																												
Oxfordshire	A34/Access to Oxford																												
Kent	East Kent and Ashford Rapid Bus Transit																												
W Sussex	Coastal Express Way																												
Milton Keynes	A421 MK to M1																												
Buckinghamshire	Thames Valley Strategi Coach and Bus																												
Hampshire	Strategic Package B																												
Hampshire	Strategic Package C																												
Total		42.92	52.10	20.43	54.61	52.30	79.36	95.36	76.48	77.05	23.60	39.56	27.00	4.78	24.00	0.15	123.00	0.02	46.00	18.41	107.00	350.97	367.15	-16.18**	48.73	43.60			

*includes £10.30m to be provided 2016-17 (2) (3)

** £11 million of which is due to spend post 2016. RFA spend for period is £5.18m saving over originally programmed for 2006-16

Source : DfT Monitoring
 P = Programmed M = Monitored
 Note : No Highways Agency Reporting due to Nicholls Review
 1 - positive = over budget, negative = under budget
 2 - £10.30m of the figure indicated in 2015/16 will be delivered in 2016/17
 2 - DfT attribute £18m RFA contribution, RTB allocated £30m
 NO DATA - Information yet to be supplied