

**SOUTH EAST ENGLAND
REGIONAL TRANSPORT BOARD**

Date: 24 January 2008

Subject: **Programme Management and Monitoring**

Report of: Regional Planner
South East England Regional Assembly

Recommendations:

It is recommended that the Board:

- i) Note that the proposed A3055 Undercliff Drive scheme has been formally withdrawn and confirm that any alternative scheme will be considered a new proposal as part of the refresh of the regional programme;
- ii) Confirm the East Kent Access Phase 2 scheme should continue to be considered a regional priority but note that further discussion is required with the scheme promoter in order to determine the basis on which the increase in scheme cost should be shared between the RFA and the scheme promoter;
- iii) Confirm that any increase in costs associated with schemes promoted by the Highways Agency will be considered on the same basis as schemes promoted by Local Transport Authorities;
- iv) Advise the Department for Transport that while the following schemes remain regional priorities:
 - A23 Handcross to Warninglid Widening
 - A21 Tonbridge to Pembury Dualling
 - A21 Kippings Cross to Lamberhurst Improvement

this is on the basis that the scheme promoter should be required to provide an appropriate proportion of the increase along the lines of the requirements set out in the DfT Major Scheme Guidance and that this will require further discussion.

- v) Advise the Department for Transport that the Board may wish to review its advice on the A21 Kippings Cross to Lamberhurst Improvement once the review of value for money has been completed.

I. Programme Monitoring

- I.1 Annex I updates the Regional Funding Allocation programme, based on the monitoring information from the latest Department for Transport quarterly monitoring returns (second quarter returns for 2007-08). It also includes interim cost profiles for Highways Agency schemes where these are known. It is understood that updated information on the cost of HA schemes more generally will be available during the course of the spring.
- I.2 The headline messages arising from this round of monitoring are:
- i) The overall cost of the Local Authority promoted schemes is relatively stable. However the revised estimates made available for three of the HA schemes is indicative of the fact that this situation is likely to change when revised cost estimates are available for the programme as part of the 2008 refresh;
 - ii) The Isle of Wight Council has withdrawn the A3055 Undercliffe Drive scheme (see below);
 - iii) While several schemes report 'unaccounted' costs, in the majority of cases the Board has already considered these and agreed a view on how they should be addressed, more specifically:
 - i. A244 Walton Bridge – this will be addressed as part of the 2008 refresh process;
 - ii. A4146 Stoke Hammond and Linslade Western Bypass – the costs have arisen during construction and the Board has indicated it is content that an additional £5m contribution is made from the RFA;
 - iii. Bexhill to Hastings Link Road - the monitoring information collected during this quarter does not reflect the Board's advice on the way forward for this scheme, advice that has been accepted by the Secretary of State (see below).
 - iv) The latest estimate for East Kent Access Phase 2 has increased by £7.4million.
 - v) The Department for Transport has supplied interim cost estimates in respect of:
 - i. A23 Handcross to Warninglid Widening
 - ii. A21 Tonbridge to Pembury Dualling
 - iii. A21 Kippings Cross to Lamberhurst Improvement
- I.3 The changes to the Major Scheme Guidance published by the Department for Transport serve to emphasize the importance of scheme promoters (both Local Transport Authorities and Highways Agency) providing realistic estimates for scheme costs. As the Board's recent consideration of the cost increases associated with the Bexhill to Hastings Link Road demonstrates, a scheme promoter cannot expect that the full amount of any cost increase will

in future be met from the Regional Funding Allocation. It is therefore essential that scheme promoters use the opportunity of the forthcoming refresh of the regional programme to critically review their estimates of scheme costs.

2. Programme Management Issues

2.1 Bexhill-Hastings Link Road and Baldslow Junction

2.1.1 The Secretary of State has accepted the Board's advice on the way forward for dealing with the cost increase to the Bexhill to Hastings Link Road (see annex 2). As such, East Sussex County Council will need to secure a contribution of £10.5 million towards the cost of the scheme, principally through contributions from third parties. The Board's proposal to review the programming of the Baldslow Junction improvement as part of the forthcoming refresh of regional priorities has also been accepted.

2.2 Reading Station

2.2.1 Following the debate at the last Board meeting there is a need to clarify the issues relating to the delivery of those elements of the package of works at Reading Station that are not included within the core element, funds for which are identified in the High Level Output Statement. The secretariat is pursuing this issue with Reading Borough Council and Network Rail as a matter of some urgency.

2.3 A3055 Undercliffe Drive

2.3.1 The Isle of Wight Council resolved at its meeting on 20 November 2007 to formally withdraw the A3055 Undercliffe Drive scheme. The Council is currently considering whether there is a need to promote an alternative scheme. Any alternative scheme will be considered a new proposal as part of the refresh of the regional programme.

2.4 East Kent Access Phase 2

2.4.1 The increase in this scheme has arisen as a consequence of Kent County Council updating the cost estimate prior to seeking approval for it to be granted 'conditional approval'.

2.4.2 The scale of the increase is such that the Board's protocol needs to be applied. While the scheme should continue to be considered a regional priority there is a need for the Board secretariat to discuss with Kent County Council, as the scheme promoter, the reasons for the cost increase and the extent to which a proportion of this should be found from non-RFA sources.

3. Highways Agency: Interim Cost Estimates

- 3.1 Just prior to Christmas the Department for Transport released interim cost estimates for three of the Highways Agency schemes. The schemes concerned have all reached a key stage in their delivery. Accordingly the Department is seeking a view from the Board as to whether or not the schemes concerned remain priorities for the region before they are allowed to proceed to the next stage.
- 3.2 The schemes in question are:
- i) A23 Handcross to Warninglid Widening – key stage reached; publication of draft orders and environmental statement. Previously estimated to cost £40m, revised cost estimate £69m (an increase of £29m);
 - ii) A21 Tonbridge to Pembury Dualling – key stage reached; appointment of Early Contractor Involvement. Previously estimated to cost £64m, revised cost estimate £112m (an increase of £48m);
 - iii) A21 Kippings Cross to Lamberhurst Improvement – key stage reached; appointment of Early Contractor Involvement. Previously estimated to cost £40m, revised cost estimate £103m (an increase of £63m).
- 3.3 The DfT has emphasised that the revised figures are to be treated as interim cost estimates. Further work is required to fully validated the costs using the HA's new estimating procedures. The Department have advised the secretariat that they are currently reviewing the value for money of the A21 Kippings Cross to Lamberhurst scheme in light of its adverse impacts. We have been assured that the region will be advised of the outcome of that work in due course.
- 3.4 The DfT indicate that their analysis suggests that the cost changes reflected in the interim estimates can be accommodated within the RFA without significantly impacting on the delivery of the regional programme overall.
- 3.5 The increases in the scheme costs are significant. The Board has agreed that there is a significant increase in the cost of a scheme it is expected that a significant proportion of the said increase will be found by the scheme promoter from either their own resources or from third parties. Such a position is consistent with the guidance issued to Local Transport Authorities by the DfT. The clear implication being that the scheme promoter should not presume that all of the cost increase will be found from the region's RFA.
- 3.6 This is the approach that the Board has followed to date in dealing with increases in the cost of major schemes. While the schemes affected previously were exclusively ones promoted by Local Transport Authorities it seems reasonable to apply the same logic to all major schemes funded through the RFA, including those promoted by the HA.
- 3.7 The schemes for which interim cost estimates have been received are clearly at an advanced stage in their delivery. Any subsequent delay in their delivery

will undoubtedly lead to further increases in their costs. It is therefore appropriate for the Board to consider this issue in advance of the refresh of the regional programme.

- 3.8 The priority of the three HA schemes under discussion has been established previously and there is nothing to suggest that the Board's advice in this respect should change. However that does not mean that the Board should accept that the entirety of the cost increase should be covered by the region's indicative allocation. If this were to be the case then there would clearly be an adverse impact on the timing of other schemes in the regional programme.
- 3.9 The implication of applying the DfT's own guidance on major schemes in this instance is that it means in effect additional resources over and above the region's indicative allocation will need to be made available; this is the equivalent of the scheme promoter – in this instance the HA/DfT – securing an appropriate share of the cost increase.
- 3.10 Whether this is achieved by the DfT reallocating unspent funds from other regions or securing additional resources from other Department's budgets is not an issue for this Board. The key principle is that only a proportion of the cost increase should be covered from this region's original RFA, the remainder needs to be found by the scheme promoter from their own funds.
- 3.11 Applying the Board's agreed protocol for dealing with increases in scheme costs in this way ensures that Local Transport Authority and HA schemes are treated on an equitable basis.

4. Community Infrastructure Fund

- 4.1 At its meeting in October this Board endorsed a list of priorities for consideration by DfT/CLG as part of the allocation of Community Infrastructure Funds to support delivery of the Thames Gateway.
- 4.2 At the end of November the Government announced that the region had been successful in securing an additional £33.5m of funding for investment in transport through the CIF. The funding covers the next three years and forms part of a package of approximately £100m of investment identified for the wider Thames Gateway area.
- 4.3 The Government has previously announced that the total amount of funding available via the CIF amounts to £300m over the next three years. There is therefore a further £200m of funding available through the CIF to support proposals in the Growth Areas and New Growth Points.

- 4.4 It is anticipated that the DfT will invite bids for the remainder of the funding shortly. It is important to bear in mind that deliverability is a key criteria in determining whether a bid will be successful. To that end the secretariat is already working with officials from this region's Growth Areas and existing New Growth Points with a view to identifying potential schemes for which CIF bids should be encouraged.

James Renwick
Regional Planner

16 January 2008

Contact: James Renwick, Regional Planner
T: 01483 555205 E: jamesrenwick@southeast-ra.gov.uk