

**SOUTH EAST ENGLAND  
REGIONAL TRANSPORT BOARD**

Date: 12 March 2008

Subject: **Highways Agency Cost Increases**

Report of: Director of Development  
South East England Regional Assembly

**Recommendations:**

It is recommended that the Board advise the Secretary of State that in respect of the A23 Handcross to Warninglid scheme:

- i) It continues to be a regional priority;
- ii) The Highways Agency should be instructed to proceed with the scheme as part of the agreed regional programme funded from the Regional Funding Allocation;
- iii) There are national benefits associated with the scheme and that this should be reflected by increasing the region's overall budget to accommodate a proportion of the additional cost.

It is recommended that the Board advise the Secretary of State that in respect of the A21 Tonbridge to Pembury scheme:

- i) It continues to be a regional priority;
- ii) The Highways Agency should be instructed to proceed with the development of the scheme but that the Board wishes to review the timing of the scheme as part of the refresh;
- iii) Any costs incurred by the HA in taking the scheme forward in the interim should be covered by the Regional Funding Allocation.

It is recommended that the Board advise the Secretary of State that in respect of the A21 Kippings Cross to Lamberhurst scheme:

- i) It continues to be a regional priority;
- ii) The Highways Agency should be instructed to proceed with the development of the scheme but that the Board will wish to review the scheme further in light of the outcome of the updated value for money assessment;
- iii) Any costs incurred by the HA in taking the scheme forward in the interim should be covered by the Regional Funding Allocation.

## **I. Context**

1.1 At its meeting on 24 January 2008 this Board was made aware of interim cost estimates in relation to three Highways Agency schemes in the regional programme. The schemes concerned had all reached a key stage in their delivery, and have reported significant cost increases.

1.2 Accordingly, the Department for Transport was seeking a view from the Board as to whether the schemes concerned remain priorities for the region. 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).

1.3 In response the Board agreed to;

- i) Confirm that any increase in costs associated with schemes promoted by the Highways Agency would be considered on the same basis as schemes promoted by Local Transport Authorities;
- ii) Notify the Department for Transport that the A23 Handcross to Warninglid Widening, A21 Tonbridge to Pembury Dualling and A21 Kippings Cross to Lamberhurst Improvement continue to be considered regional priorities but that there was a need to consider further the implications of the cost increases on the overall programme;
- iii) Discuss the implications of the cost increases in the Highway Agency schemes in more detail at this meeting.

1.4 Subsequent to the last Board meeting the secretariat has explored with the Highways Agency and the DfT the issues arising from the cost increases. The resulting recommendations are put forward for consideration by the Board.

## **2. A23 Handcross to Warninglid Widening**

2.1 Context

2.1.1 The A23 is a key north-south corridor linking the international gateway at Gatwick Airport to the South Coast. The corridor forms part of a regional spoke and connects two of the sub-regional strategy areas in the South East Plan. The northern end of the corridor forms part of the 'Gatwick Diamond'

in the Regional Economic Strategy. The route is generally of good standard but suffers a reduction in standard between Handcross and Warninglid.

- 2.1.2 The scheme would see the existing dual lane trunk road upgraded to three lanes, and would include improvements to the existing alignment. This would improve current network capacity, and would improve safety along a section of the network that has a poor accident record. There are significant proposals for both housing and economic growth in the immediate area, which will prove difficult to unlock without upgrading the route.
- 2.1.3 The scheme therefore has both regional and national benefits associated with it. In particular its role in providing improved access to Gatwick Airport and addressing inter-regional linkages means that it is consistent with recommendations outlined in the Eddington report into Transport.
- 2.1.4 The next stage with the scheme is to progress to the publication of draft Orders with a view to enabling the scheme to start on site in 2011/12.

## 2.2 Recommended Course of Action

- 2.2.1 The Board could defer a final decision on the cost increase. However the scheme is at a very advanced stage in its preparation. Deferring a decision at this point in time will lead to a delay in its delivery due to the need to update some of the supporting information. This would result in additional direct costs of some £900,000, in addition to which the delay in construction on site would inevitably lead to a further cost increase being incurred.
- 2.2.2 The strategic case for improving the corridor has been clearly set out in both the South East Plan and the Regional Economic Strategy. However it is also clear that part of the strategic case arises from the fact that a key driver for movement along the corridor is the presence of an international gateway.
- 2.2.3 It is therefore recommended that the Board advise the Secretary of State that:
  - i) the scheme continues to be a regional priority;
  - ii) the Highways Agency should be instructed to proceed with the scheme as part of the agreed regional programme funded from the Regional Funding Allocation;
  - iii) there are national benefits associated with the scheme and that this should be reflected by increasing the region's overall budget to accommodate a proportion of the additional cost.

## 3. The A21 Corridor

- 3.1 The A21 links the urban areas of Hastings, Bexhill, Tunbridge Wells and Tonbridge to the M25 and wider trunk road network. The route is recognised as a 'spoke' in the South East Plan and is key to the coastal regeneration objectives of both the South East Plan and the Regional Economic Strategy.

## 3.2 A21 Tonbridge to Pembury

### 3.2.1 Context

3.2.1.1 This section of the route carries in the order of 46,500 vehicles per day, significantly higher than the nominal capacity of the road. Consequently the road is frequently heavily congested, and offers poor journey time reliability.

3.2.1.2 There are significant proposals for both housing and economic growth in the immediate area, which will prove difficult to unlock without upgrading the route. In addition the new Pembury Hospital is sited off the southern roundabout of the Tonbridge to Pembury scheme. Further phases of the hospital are dependent upon this junction being improved as part of the proposed scheme.

3.2.1.3 The next stage with the scheme is to progress with the preparation of the statutory Orders associated with the scheme and the preparation of the associated environmental statement.

### 3.2.2 Recommended Course of Action

3.2.2.1 The Board could take a view that it wishes to wait until the refresh in order to take a considered view on the implication of the cost increase on the remainder of the regional programme. However, this could result in the HA stopping work on the project in the short term. This would result in the scheme being delayed; an outcome that would inevitably result in a further increase in the cost of the scheme.

3.2.3 It is therefore recommended that the Board advise the Secretary of State that:

- i) the scheme continues to be a regional priority;
- ii) the Highways Agency should be instructed to proceed with the development of the scheme but that the Board wishes to review the timing of the scheme as part of the refresh;
- iii) any costs incurred by the HA in taking the scheme forward in the interim should be covered by the Regional Funding Allocation.

## 3.3 A21 Kippings Cross to Lamberhurst

### 3.3.1 Context

3.3.1.1 Like the Tonbridge to Pembury section of the A21 this part of the route has a poor vertical and horizontal alignment with direct access from frontage properties, there are no footways and the verge is either narrow or non-existent. As a result the section has a bad accident record. However the scheme has significant environmental impacts. The scale of the cost increase associated with this scheme is such that DfT has separately requested a reappraisal of its value for money.

3.3.1.2 The next stage with the scheme is to progress with the preparation of the statutory Orders associated with the scheme and the preparation of the associated environmental statement.

### 3.3.2 Recommended Course of Action

3.3.2.1 The uncertainties associated with this scheme are more significant than for the other two schemes considered in this paper. In particular the cost of the scheme has more than doubled prompting the DfT to seek a re-evaluation of its value for money. The Board could take the view that it should defer a final decision on the scheme until the outcome of that work has been completed.

3.3.2.2 However, deferring a decision on the cost increase could result in the HA stopping work on the project in the short term. This would be unfortunate if as a result the scheme was delayed in its delivery, resulting in an additional increase in its cost.

3.3.2.3 It is therefore recommended that the Board advise the Secretary of State that:

- i) the scheme continues to be a regional priority;
- ii) the Highways Agency should be instructed to proceed with the development of the scheme but that the Board will wish to review the scheme further in light of the outcome of the updated value for money assessment;
- iii) any costs incurred by the HA in taking the scheme forward in the interim should be covered by the Regional Funding Allocation.

### 3.3.3 A21 Baldslow Junction

3.3.3.1 There is an added dimension to consideration of this scheme that the Board may wish to take into account. In a previous debate the Board recommended that the timing of the A21 Baldslow Junction scheme be reviewed as part of the upcoming refresh of the regional programme.

3.3.3.2 While the Board has not been asked to review its decision on the A21 Baldslow Junction scheme, deferring a final decision on the A21 Kippings Cross to Lamberhurst scheme would give the Board the opportunity to consider the relative priority of the two schemes as part of the refresh.

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