

**SOUTH EAST ENGLAND
REGIONAL TRANSPORT BOARD**

Date: 23 October 2008

Subject: **Regional Transport Challenges**

Report of: Director of Development

Recommendation:

It is recommended that the Board:

- i) Notes the general principles that have been set out for the second round of Regional Funding Advice;
- ii) Considers and comments on the key transport challenges set out in the proposed changes to the South East Plan

Purpose of Report:

To advise the Board on the publication of the guidance for the preparation of the second round of Regional Funding Advice.

To advise the Board on the key transport challenges identified in the proposed changes to the South East Plan and to consider whether, in light of the evidence presented to the previous Board meeting, they properly reflect the challenges facing the region's transport system.

Key Issues:

The preparation of the second round of Regional Funding Advice is an opportunity for the region to improve the alignment of investment made in transport, housing and economic development and regeneration. The guidance issued by the Government emphasises the importance of ensuring that the regional programme contributes towards the delivery of a range of national PSAs.

The existing regional programme is likely to provide the basis for firming up the short-term investment priorities (the period to 2013/14). In the medium term the publication of the proposed changes to the South East Plan represents an opportunity to check whether the proposals put forward support delivery of planned growth. In addition, the on-going arising out of the publication of 'Towards a Sustainable Transport System' will require the region to ensure that it has a detailed understanding of the nature of the transport challenges facing the region.

1. Regional Funding Advice

- 1.1 The first round of Regional Funding Advice (RFA) enabled the region to influence investment in transport, housing and economic development at the regional level. The Review of Sub National Economic Development and Regeneration recognised the success of the first round and announced the Government's commitment to a second expanded exercise, covering a wider range of funding stream relevant to economic growth.
- 1.2 The guidance setting out the scope and arrangements for the second round of the RFA was published by the Government in July. The Department for Transport has subsequently published a more detailed technical note relating to the preparation of advice on transport expenditure.
- 1.3 The guidance confirms that the scope of the RFA has been extended to include additional transport, housing and regeneration funding. A significant proportion of the funding that will be managed by the Homes and Communities Agency is included within the RFA. While not formally within the scope of the RFA the guidance encourages the region to submit views on regional priorities for investment in skills.

2. General Principles

- 2.1 The RFA encourage regions to develop and deliver a regionally agreed coherent investment programme, which aligns aspects of spatial planning, economic development and housing, taking account of economic geography. The Government expects the RFA exercise to advice on priority areas for regeneration, to guide targeted regeneration investment and to help align central government funding streams to support regional priorities.
- 2.2 Through the RFA the region is required to provide advice both on the short-term investments and on the medium to long-term investment necessary to meet the sustainable economic needs of the region. It is required to set specific funding priorities for each year up to and including 2018-19, with an indication of how these priorities can best be met within the funding streams set out in the CSR years and for later years, within the overall indicative allocation.
- 2.3 The advice is required to set out how the proposed portfolio of investment will meet the region's objective to raise the rate of sustainable economic growth and help deliver relevant national PSAs. It needs to illustrate a clear prioritisation of investments and should explain the trade-offs that have been made, with the evidence base supporting difficult decisions.
- 2.4 The evidence provided in the region's advice will inform the next spending review. It therefore provides us with the opportunity to influence the allocation of public sector funding in a way that benefits the region

- 2.5 As with the first RFA exercise the guidance requires the region to consider our investment priorities within a context of different funding and costing scenarios. In particular we are required to consider both:
- i) a high case of 10% more funding per annum or a low case of 10% less funding;
 - ii) scenarios in which costs were to increase or decrease by a similar margin.
- 2.6 The detailed technical note issued by the Department for Transport encourages mechanisms such as the Regional Infrastructure Fund as a potential means for providing flexibility in the use of the funds available through the RFA.

3. Issues Specifically Relating to Transport

- 3.1 The guidance sets out that, in respect of transport funding, our advice should include:
- i) a proposed programme of major transport investment schemes;
 - ii) proposals for allocating block funds to local authorities from 2011-12 (following the current three year RSG settlement)
 - iii) a commentary on the development of the proposals and assumptions and judgements that have been made; and
 - iv) an assessment of the impact of the proposed programme on relevant PSA indicators.
- 3.2 The relevant PSAs identified in the guidance are:
- PSA 1: Raise the productivity of the UK economy
 - PSA 2: Improve the skills of the population, on the way to ensuring a world class skills base by 2020
 - PSA 5: Deliver reliable and efficient transport networks that support economic growth
 - PSA 6: Deliver the conditions for business success in the UK
 - PSA 7: Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions
 - PSA 20: Increase long-term housing supply and affordability
 - PSA 27: Lead the global effort to avoid dangerous climate change
 - PSA28: Secure a healthy natural environment for today and the future.
- 3.3 Our advice is expected to be consistent with the evidence base that supports Multi Area Agreements where these have been signed off or are in development. That means we need to take into account the PUSH MAA. We must also take into account work underway to develop MAAs in the Thames Gateway and potentially Milton Keynes South Midlands Growth Area.

- 3.4 While the region's advice needs to cover the period to 2018/19 the guidance also highlights the ongoing work arising from the 'Towards a Sustainable Transport System'. As part of this work it is anticipated that the Department will engage with the regions during spring 2009 on the longer term priorities for investment. As a consequence the expectation is that while our advice for the period to 2013/14 should be firm, for the period beyond 2014/15 it is expected that our advice will only be initial. We will be given an opportunity to review and consider programmes for this period in spring 2009.
- 3.5 Finally, the guidance seeks our advice on longer term priorities for the national investment programme run by the Highways Agency. It also seeks our views on potential schemes for consideration in subsequent regulatory reviews for the rail industry.

4. The 2008 Refresh

- 4.1 This Board embarked upon the 2008 'refresh' of the regional programme in anticipation of the need to update our advice on investment priorities. Over the course of the summer local transport authorities and the Highways Agency have submitted details of the proposals they wished to have considered for investment.
- 4.2 Work continues on checking the information submitted and this will in due course be run through the region's prioritisation methodology. However, it is clear from the programme monitoring report that the key challenge facing the region at present is delivery of the current programme.
- 4.3 A number of adjustments to the programme have been proposed elsewhere on this agenda in order to improve its overall management. However, this means that the potential to include additional proposals into the regional programme for the period to 2013/14 is extremely limited. There may be scope though for limited number of smaller scale initiatives to be supported in that period.
- 4.4 The 2008 refresh offers the opportunity to begin to shape the regional programme post 2014/15. However, this Board has previously expressed the view that it wishes to undertake a 'gap analysis' as part of its work to identify review regional priorities for investment. This reflects a desire on the part of the Board to ensure that the proposals being brought forward address issues arising from the growth agenda set out in the regional policy framework; the South East Plan and the Regional Economic Strategy.

5. South East Plan: Proposed Changes

- 5.1 The proposed changes to the South East Plan were published in the summer. They re-emphasise the "Manage and Invest" strategy as underpinning the region's transport strategy. The concept of 'regional hubs' and 'spokes' is retained, as is the emphasis on mobility management as being at the heart of

achieving a rebalancing of the transport system. The proposed changes identify a number of challenges for the region's transport system. These are set out at a number of levels.

5.2 At a high-level it is suggested that the challenges facing the region's transport system are:

- i) supporting the growth and regeneration of the region;
- ii) reduction of emissions e.g. carbon
- iii) increasing modal shift towards sustainable transport modes and making better use of the network

5.3 Beneath these high level challenges the proposed changes identifies a number of geographical challenges, specifically:

- i) Priority transport links likely to come under increasing transport pressure:
 - a. west of Reading to London – in particular addressing the unreliability of the strategic road network;
 - b. A34 in Oxfordshire
 - c. A2/A282/M2 corridor (including Thames Crossing options)
- ii) Reducing demand at regional/sub-regional level – behavioural change
- iii) Transport implications of new growth/development – e.g. eco-towns, new growth points, Canterbury, Herne Bay, Whitstable, Thanet, Shepway, Medway, Sittingbourne and Sheppey, south Oxford, Milton Keynes and Crawley
- iv) Freight – locations of inter modal interchanges, lorry parking and rest areas
- v) Access to international gateways (Heathrow, Gatwick and Southampton)
- vi) Public transport improvements (Winchester-Southampton corridor, Brighton strategic interchange, north/south and east/west inter-urban coach network in the Western Corridor/Blackwater Valley sub-region)
- vii) Rail improvements (Southampton- Midlands, East-West rail, Reading Station, RUS schemes, North Downs rail line, bottlenecks on the Brighton Main Line. Kent railways, South London railways, South West Main Line, Great Western Main Line)
- viii) Inter-regional link improvements

5.4 By way of observation the list of transport challenges is extensive, reflecting the extent to which the region's transport system is already under considerable pressure. It also reflects the importance of investment in our

transport system in order to deliver the planned growth set out in the proposed changes.

- 5.5 At its previous meeting the Board received presentations that outlined the output of the most recent annual monitoring report produced by the Regional Assembly. It also received presentations from the Highways Agency and Network Rail that set out the challenges facing these network operators. With that context in mind the Board is invited to consider the challenges identified in the proposed changes and to comment as to whether it believes they are an accurate reflection of the challenges facing the region's transport system.

6. Mapping the Sub-Regional Transport Challenges

- 6.1 In addition to identifying what it considers to be the transport challenges on a geographical basis the proposed changes also identify challenges for each sub-regional strategy.
- 6.2 The secretariat is working the local transport authorities, and through them the local planning authorities, to develop a more detailed understanding of the challenges arising from the levels of growth set out in the proposed changes. The initial outputs from this mapping exercise will be available towards the end of the calendar year. The Board will be able to consider the outputs as part of its consideration of future transport priorities.

Martin Tugwell
Director of Development
23 October 2008

Contact: Martin Tugwell, Director of Development
T: 01483 555211 E: martintugwell@southeast-ra.gov.uk