

Investment in Local Major Transport Schemes: 2nd Update

Contents

1. Introduction	3
2. Decisions on Development Pool schemes	5
3. Progress on other Local Authority major schemes.....	7
4. Funding Implications	9
5. What next?	11
ANNEX A: Details of Approved Development Pool Schemes	12
ANNEX B: Development Pool schemes with approval decisions deferred.....	18

Published Alongside this document are DfT Assessments for each scheme and Funding Offer Letters to Scheme Promoters (including conditions attached to funding)

1. Introduction

- 1.1** The document “Investment in Local Major Transport Schemes”, published in October 2010 set out the case for investment in major infrastructure on local transport networks and set out a process for prioritising the existing pipeline of Local Authority schemes, i.e. those that had previously received or had bid for Programme Entry approval, making it clear that they would not all be fundable in the Spending Review period.
- 1.2** The October document also grouped the schemes into three pools:-
- **The Supported Pool** – schemes that we would be prepared to fund, subject to renegotiation of funding bids from Local Authorities.
 - **The Development Pool** – schemes that we will take forward for further analysis and for which we will invite improved funding bids from Local Authorities by September 2011 before deciding by the end of 2011 which to support.
 - **The Pre-Qualification Pool** – schemes on which we will conduct a preliminary assessment before deciding which can join the Development Pool.
- 1.3** There were also three schemes which were dealt with on a case by case basis due to their previous conditional approval status:- Walton Bridge, Reading Station Highway Works and the Isles of Scilly Ferry Link.
- 1.4** We published an update to the above document in February 2011, announcing confirmation of funding for the Supported Pool schemes and identifying the schemes from the Pre-Qualification Pool that would be promoted to an expanded Development Pool of 45 schemes. We designed the Development Pool such that the likely requests for DfT funds (including the schemes selected from the Pre-Qualification Pool) would exceed the available funding by a ratio of around 1.5 to 1.
- 1.5** We invited revised funding bids from the promoters of these schemes, encouraging them to optimise the value of their schemes, reduce costs, and, in particular, to reduce their requests for DfT funding. We said that we would make decisions by the end of 2011 on which of these schemes would be funded.

- 1.6** Approval for 20 of these schemes was announced as part of the Chancellor's Autumn Statement on 29 November 2011. It was announced that budget for Local Authority schemes in this Spending Review Period (2011/12 to 2014/15) would be increased by £170 million to £1.714 billion. The Government also announced its intention to support the A6 to Manchester Airport Relief Road scheme subject to a satisfactory assessment of the scheme being made.
- 1.7** We have now made decisions on the remaining 25 schemes from the Development Pool. This document provides the details of all the Development Pool decisions that have now been made.

2. Decisions on Development Pool schemes

2.1 In previous documents, we said we would judge schemes in a way that would be consistent with the Department's Review of Decision Making that was being undertaken at that time. We said that the key criteria were likely to include:

- Value for money;
- The proportion of overall funding coming from non-DfT sources;
- Deliverability;
- Strategic Importance; and
- A consideration of modal and regional balance across the programme.

2.2 Subsequently, in April 2011, the Department published its Transport Business Case assessment framework, the result of the Review of Decision Making referred to above.

2.3 In the summer of 2011 we issued the Best and Final Funding Bid form to the relevant local authorities, which sought information across the Transport Business Case categories and invited bids by 9 September.

2.4 We also required the bidding authorities to publish bids on their own websites and invited views from the public and other organisations, enabling interested parties to comment on the published Best and Final Funding Bids by 14 October.

2.5 Following receipt of the Best and Final Funding Bids the schemes were assessed using the Transport Business Case approach, tailored to the specific characteristics of this process (e.g. the process of descopeing and seeking cost reductions).

2.6 Following that assessment we have now confirmed DfT funding at reduced levels for 41 of the 45 schemes, as listed in Annex A. For the schemes that have been deferred, one or more aspect of the business case was judged to be insufficiently robust to allow approval to be given. Details are set out at Annex B. Among some of the approved schemes,

there were some weaker aspects of the business case, for example on governance or procurement, which did not preclude approval at this stage, but will need to be addressed before Full Approval can be considered.

- 2.7** Overall the DfT contribution to the schemes approved represents a saving of £603m; a 38% reduction from the funding previously requested from DfT for the same schemes. These savings, together with the additional funding announced in the 2011 Autumn Statement, have allowed many more schemes to go ahead than would otherwise have been the case. The savings have been achieved through a combination of design changes that reduce the overall cost of the schemes and increases in the local authority or third party financial contribution.
- 2.8** As with the Supported Pool schemes that we announced last February, the successful Development Pool schemes can now have Programme Entry status confirmed (in some cases reconfirmed, although on different terms than before). The approved figures represent the maximum sum that the Department will pay for these schemes. The local authority promoters are responsible for meeting all costs over and above the DfT approved sum.
- 2.9** The promoters of the schemes can now progress to seek any remaining necessary statutory powers and secure formal tender prices, to the point at which a Full Approval decision can be made prior to release of funding. Full Approval will be subject to confirmation of value for money where there have been material changes to the cost or scope of the scheme, and, where necessary, assurance on procurement and delivery arrangements.
- 2.10** From the Development Pool only 4 schemes have not been approved at this point. The reasons for these are set out in Annex B

3. Progress on other Local Authority major schemes

- 3.1** In the October 2010 statement there were three schemes with Conditional Approval on which we undertook to make decisions as soon as possible on a case by case basis.
- a. Walton Bridge was granted Full Approval on 29 December 2010 with a DfT contribution of £23.875m, reduced from £29.844m.
 - b. The Reading Station Highway Works scheme was re-confirmed with Conditional Approval on 16 December 2010 with a DfT contribution of £9.6m, reduced from £15m, and subsequently granted Full Approval on 5 October 2011 with the same funding level.
 - c. Funding for the other scheme in this category, the Isles of Scilly Link, was declined on 31 March 2011. The Department said that it would consider lower cost proposals for the harbour works at St Mary's and Penzance and these are now under development. The existing ship operators are now planning to replace the passenger and freight vessels without recourse to public funds.
- 3.2** Funding was confirmed for nine of the ten Supported Pool schemes in February 2011. Two of them (East of Exeter and Mansfield Interchange) were granted Full Approval at that point. The remaining seven are progressing towards Full Approval and construction.
- 3.3** A decision was deferred on one Supported Pool scheme, Mersey Gateway Bridge, due to the complexity of the funding and finance arrangements. A funding deal was subsequently reached and the scheme was granted Conditional Approval in October 2011 with a DfT capital contribution of £86m plus ongoing annual payments of a maximum of £14.55m per annum for 27.5 years.
- 3.4** Separately, the Nottingham Express Transit (NET), comprising two new lines on the city's tram system, was granted Full Approval on 15 December 2011. The Department for Transport will provide funding of up to a maximum of £371m towards the total maximum scheme cost of £570m.

- 3.5** The Department is awaiting an updated business case for the A6 to Manchester Airport Relief Road scheme, following the 29 November announcement.

4. Funding Implications

- 4.1 In the February update document we reported that around £630m was available for Development Pool schemes in the Spending Review period
- 4.2 As that time the total likely request for DfT funding for the 45 Development Pool schemes, based on the Expressions of Interest received in December 2010, was £1.407billion, of which around £950m was expected to fall in the Spending Review period; around 1.5 times the available funding.
- 4.3 The total requests of £1.407 billion reduced further to £1.235 billion in the Best and Final Funding Bids. Looking further back, the pre-Spending Review request for DfT funding for the same 45 schemes was £1.927m. This process overall has therefore resulted in a 36% reduction in funding requested.
- 4.4 Taking all Supported Pool and Development Pool schemes together, the total DfT funding contribution *on the schemes that have now been announced* has reduced from £1.896 billion pre-Spending Review, to £1.248 billion.
- 4.5 The four schemes for which a decision has been deferred would in total have required around £90m in the Spending Review period.¹ In the Best and Final Funding Bid process we asked Local Authorities to indicate their likely degree of flexibility for profiling the DfT contribution. Many authorities are able to offer this flexibility, which means that we will be able to utilise the Spending Review allocation in full, whether or not any of the deferred schemes subsequently enter the programme, without impacting on schemes' actual delivery timetable.

¹The funding for Leeds NGT would be wholly outside this Spending Review period.

Change in Scheme Costs and Contribution Requested from DfT

		Total Cost				Contribution Requested from DfT			
		Pre Spending Review	Now	Reduction		Pre Spending Review	Now	Reduction	
		£m	£m	£m	%	£m	£m	£m	%
Supported Pool Approvals (excl MGB*) (9 Schemes)		398.0	366.7	31.3	8%	321.7	276.1	45.5	14%
Development Pool Approvals - 29 Nov (20 schemes)		693.1	573.8	119.2	17%	590.0	386.0	203.9	35%
Development Pool Approvals - 14 Dec (21 schemes)		1151.6	854.5	297.1	26%	985.1	586.1	399.0	41%
Total Development Pool Approvals (41 schemes)		1844.7	1428.4	416.3	23%	1575.1	972.1	603.0	38%
Total Supported and Development Pool Approvals (50 schemes)		2242.6	1795.0	447.6	20%	1896.7	1248.2	648.5	34%
Total Development Pool Bids (45 schemes inc deferrals)		2218.9	1802.5	416.4	19%	1927.7	1235.1	692.6	36%

**MGB = Mersey Gateway Bridge is excluded because the majority of DfT funding is in the form of long term revenue support.*

5. What next?

- 5.1** The selection process we announced in October 2010 is now complete. The grouping of schemes into the Supported Pool, Development Pool and Pre-Qualification Pool has served its purpose and these terms are now obsolete. Decisions on the four deferred schemes will be made on a case by case basis.
- 5.2** Of the schemes that were involved in this process two Supported Pool Schemes received Full Approval (East of Exeter and Mansfield Interchange), one now has Conditional Approval (Mersey Gateway Bridge). The remaining Development Pool schemes that have been approved now have Programme Entry. This is a clear statement of the Department's intention to provide funding for these schemes, subject to the overall costs and scope remaining broadly unchanged, and the scheme being able to be delivered to the timetable set out in the Best and Final Funding Bid.
- 5.3** All these schemes can now be progressed towards a Full Approval decision, which enables construction to begin and grant to be claimed. Schemes may be considered for Full Approval when
- a. All necessary statutory powers to construct the scheme have been obtained (Traffic Regulation Orders excepted)
 - b. Procurement has been completed to a stage where there is a preferred bidder and a firm and final offer
 - c. Plans for the evaluation of the scheme are in place
 - d. Any remaining Social and Distributional Impacts of the scheme have been assessed (in line with statutory requirements)
- 5.4** Subject to those things being in place the Department's decision making process for Full Approval should be relatively quick and uncomplicated. However we reserve the right to seek a fresh value for money assessment if there are material changes to scope or costs, and to ask for a proportionate review of procurement or delivery arrangements.

ANNEX A: Details of Approved Development Pool Schemes

Scheme Name	Category	Total Cost (£m)	DfT Funding Approved (£m)	Planned Start Date	Planned End Date	Summary
A164 Humber Bridge to Beverley Route Improvement Scheme	Road	10.0	7.7	Apr-12	Mar-13	Capacity & safety improvements at 4 roundabouts & dualling of 1.4km section of A164.
A18-A180 Link (NE Lincs)	Road	6.3	4.9	Aug-13	Aug-14	Link road acting as a bypass for Immingham, relieving the village from heavy lorry movements
A380 South Devon Link Road (Kingskerswell Bypass)	Road	109.2	76.4	Oct-12	Dec-15	New bypass of Kingskerswell linking Newton Abbot with Torbay
A4184 Evesham (Abbey) Bridge	Maintenance	12.6	8.6	Sep-12	Jul-14	Rebuilding of the main bridge into Evesham from the South
A43 Corby Link Road	Road	34.9	21.2	May-12	Jun-14	New dual carriageway link road to south east of Corby
A45 South Bridge Replacement Scheme (Solihull)	Maintenance	12.1	8.5	Aug-14	Dec-15	Replacement bridge over the West Coast Main Line close to Birmingham Airport on the A45 strategic corridor into Birmingham
A6182 White Rose Way Improvement Scheme (Doncaster)	Road	17.0	9.7	Apr-12	Nov-13	Dualling of 1km of carriageway and replacement of 2 existing roundabouts with high capacity signalised junctions.
A684 Bedale Bypass (N Yorks)	Road	42.1	35.9	Oct-14	Oct-16	Bypass for Bedale, Leeming Bar and Askew crossing the A1 <i>Revised funding offer – North Yorkshire to confirm agreement by 31/01/12</i>
Access York Phase 1 (Park & Ride)	Public Transport	21.9	15.3	Feb-13	May-14	Two new park and ride sites for York

Bath Transportation Package	Public Transport	28.6	11.7	Aug-12	Oct-14	Park and ride site expansions and bus priority measures plus improvements to local bus stops
Beverley Integrated Transport Plan	Road	27.3	20.7	Jul-13	Dec-14	Construction of 1.8m single carriageway road, a bridge over Hull-Beverley rail line and improvements to roundabouts..
Bus Rapid Transit Ashton Vale to Temple Meads (Bristol)	Public Transport	41.5	34.5	Jun-13	Feb-15	Bus Rapid Transit scheme (including guided bus) from the Ashton Gate area to the city centre, including feeder services from further a field
Camborne-Pool-Redruth Transport Package	Road	26.8	16.1	Jan-13	Oct-14	New east –west link road from Camborne to Pool.
Chester Road (Birmingham)	Road	10.5	8.3	Jul-13	Dec-14	Widening of Chester Road to three lane dual carriageway from M6 Jct 5 with bus priority and pedestrian improvements
Coventry-Nuneaton Rail Upgrade (formerly known as NUCKLE)	Public Transport	18.8	9.8	Dec-12	Dec-13	Enhanced rail service and two new stations on the Coventry to Nuneaton railway line
Crewe Green Link Road	Road	26.5	15.7	Jan-13	Jul-15	New link road to the east of Crewe opening up key development area and acting as bypass
Croxley Rail Link (Watford)	Public Transport	115.9	76.2	Jun-14	Jan-16	Extension of the Metropolitan line from Croxley to Watford Junction mainline station plus two new stations (inc closure of current Watford Met line station)
Darlaston (Walsall)	Road	25.9	14.3	Apr-13	Jun-15	Various road improvements including new bridges over canal and railway, junction improvements, modifications to existing roads to open up development area
Elmbridge Transport (Gloucester)	Package	16.5	14.1	Apr-14	Jun-15	Package of measures including Park and Ride site between Cheltenham and Gloucester

Hucknall Town Centre Improvement Scheme (Nottinghamshire)	Package	12.3	8.5	Oct-13	May-15	New inner relief road allowing pedestrianisation of High Street plus 'bus only' link and enhanced pedestrian and cycle facilities.
Leeds Inner Ring Road (Maintenance)	Maintenance	25.0	n/k (see summary)	Jun-12	Nov-14	Maintenance to Woodhouse Tunnel and other structures on the Inner Ring Road <i>The final DfT contribution to the scheme is subject to the successful conclusion of various funding agreements between the Leeds City Council, the University of Leeds, the Department of Health and the Leeds Teaching Hospitals who are all liable for some of the works.</i>
Lincoln Eastern Bypass	Road	89.7	50.0	Apr-14	Nov-16	Bypass to the east of Lincoln
London Road Bridge Replacement (Derby)	Maintenance	6.9	4.4	Aug-13	Feb-15	Replacement of the London Road rail bridge on this strategic corridor into Derby
Loughborough Town Centre Transport Scheme	Package	16.6	14.8	Oct-12	Mar-15	Closure of A6 through town centre creating improved pedestrian environment; completion of the remaining section of the Inner Relief Road & upgrading junctions on the existing relief road
Luton Town Centre Transport Scheme	Road	23.9	15.9	Jun-13	Aug-14	Package of measures to improve traffic flow around town centre including new link road
Manchester Cross City Bus Package	Public Transport	43.2	32.5	Mar-12	Apr-15	Highway changes and bus enhancements to facilitate new cross Manchester city centre bus services
Morpeth Northern Bypass	Road	30.1	21.1	Feb-14	Oct-15	Northern bypass of Morpeth linking with A1 to South East Northumberland
North Fringe to Hengrove BRT (Bristol)	Public Transport	92.9	51.1	Dec-13	Dec-16	Bus Rapid Transit scheme from the north of the city (inc Bristol Parkway) via the city centre to Hengrove in the South

Northern Road Bridge (Portsmouth)	Maintenance	12.7	11.1	Apr-12	Jul-13	Replacement of the Northern Road rail bridge on this strategic corridor into Portsmouth from the north
Norwich Northern Distributor Road (NNDR)	Road	111.1	86.5	May-12	Mar-17	New dual carriageway around the East and North of Norwich with a new junction onto the A47 at Postwick. <i>Subject to a package of complementary measures in Norwich.</i>
Nottingham Ring Road	Road	16.2	12.8	Apr-13	Sep-15	Enhancements to capacity at key junctions on the Nottingham Ring Road
Pennine Reach (East Lancs Rapid Transit)	Public Transport	39.8	31.9	Apr-13	Aug-15	Bus enhancements in Blackburn and East Lancashire including bus priority measures
Rail Growth Package (Leeds)	Public Transport	16.9	10.3	Jul-13	Nov-14	Two new railway stations Kirkstall Forge and Apperley Bridge to the West of Leeds
Rochdale Interchange	Public Transport	11.5	7.0	Apr-12	Jul-13	Replacement bus station for Rochdale adjacent to the existing, allowing for the redevelopment of the town centre and complementing the arrival of Metrolink in 2014
South Bristol Link	Mixed (Road and Public Transport)	41.6	27.6	May-14	May-16	New link road in South Bristol improving connections between a number of major routes and the City Centre. Would also be used by Bus Rapid Transit services
South Yorkshire Bus Rapid Transit Phase 1 (Sheffield/Rotherham)	PT/Mixed	34.3	19.4	Jan-14	Jul-15	New bus rapid transit from Sheffield along the Lower Don Valley toward Rotherham including a new road link under the M1 (the Tinsley link)
Sunderland Strategic Corridor	Road	117.6	82.6	Oct-12	Oct-15	New bridge over the River Wear
Supertram Additional Vehicles (Sheffield)	Public Transport	18.4	12.4	Sep-12	Nov-14	4 Additional tram vehicles for the Supertram network <i>The specific make up of this scheme will be dependent on decisions on the Tram-Train project.</i>

Tipner Interchange (Portsmouth)	Package	28.6	19.8	Apr-12	Jun-14	New interchange on M275 opening up development area, park and ride site and bus priority measures
Weston Package	Package	15.0	10.4	Oct-12	Jun-14	Package of transport improvements in and around Weston Super Mare including improvements to M5 junction, enhancements to Worle station and access improvements to development areas
Worcester Integrated Transport Strategy	Package	19.6	14.2	Nov-12	Apr-15	Package of transport improvements in and around Worcester, including enhancements to Foregate Street and Malvern Link stations

Notes

1. Total scheme costs may not match the cost quoted on the authorities' own Best and Final Funding Bid forms. The Department has made adjustments to scheme costs where authorities have incorrectly applied guidance on what constitutes eligible costs. This also ensures consistency and comparability between the costs of the different scheme bids.

2. The DfT funding figure is the maximum level of support available and promoters will be liable for any cost increases. Total scheme costs will be met by a combination of DfT funding and Local Authority funding plus third party contributions. The DfT contribution will be reduced proportionally if there are costs savings during procurement and / or delivery.

ANNEX B: Development Pool schemes with approval decisions deferred

Decisions on approval of the following four schemes are being deferred for the reasons outlined below.

Leeds New Generation Transport (Trolleybus)

We do not yet have sufficient evidence with which to assess the value for money of this scheme and in particular the forecast number of passengers for NGT. A new strategic transport model for Leeds has been recently developed, which should provide an improved evidence base for a range of transport purposes, including this scheme.

However it has not been possible in the time available for the promoters, using the new model, to demonstrate reliable forecasts for passenger numbers for NGT. This is critical to the business case for the scheme and, given the size of the funding request, we need to ensure this is right.

We will look to Metro, the promoters, to provide by 31 March 2012 an updated business case with validated passenger forecasts. We will then make a decision within two months of receipt on whether to approve Programme Entry for this scheme.

South Essex Rapid Transit (Essex/Thurrock/Southend)

We do not yet have sufficient evidence with which to assess the value for money of this scheme. The promoters will have until 31 March 2012 to provide the necessary additional information, and we will make decision within two months of receipt on whether to approve Programme Entry for this scheme.

Waverley Link Road (Rotherham)

This scheme is opposed in its current form by Sheffield City Council, whose land (the Woodhouse Mill playing field) is required for the proposed route. We recognise that there is a case for additional transport capacity in this area but the currently proposed scheme does not appear to be deliverable. We are inviting Rotherham to work with Sheffield and other stakeholders and to propose a resolution to the issue by 31 March 2012.

Bexhill to Hastings Link Road (East Sussex)

We recognise the critically important role that transport improvements could play in the regeneration of the Bexhill-Hastings area and the economic case underpinning the Bexhill-Hastings Link Road, though we are also aware of concerns regarding the proposed scheme, including its environmental impact.

Before we take a final decision on the scheme we want to be sure that it offers the best approach for regenerating the area and also to consider other transport options to achieve this, including local trunk roads such as the A21, A259 and local rail. We also want to consider whether further environmental mitigation measures could be deployed to address the impacts of the proposed Bexhill-Hastings scheme.

Over the period to 31 March 2012 the Department will work alongside the scheme's promoters and other local and regional partners to gather further evidence on the optimal solution for the area. We intend to make a decision swiftly thereafter.