

Report to: **Partnership Board –Transport for the South East**

Date of meeting: **21 March 2022**

By: **Lead Officer, Transport for the South East**

Title of report: **Update on the Major Road Network and Large Local Major priority schemes 2020-2025**

Purpose of report: **To provide an update on the Major Road Network and Large Local Major scheme programmes.**

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***RECOMMENDATION:***

**The members of the Partnership Board are recommended to:**

- 1) note that a further TfSE priority Major Road Network scheme that was at Strategic Outline Business Case stage has been granted approval to proceed to the next stage of their development and the confirmation of development funding from DfT towards the costs of developing the Outline Business Case.**
  - 2) note the request from DfT for STB’s to review their Major Road Network and Large Local Major Schemes programmes and**
  - 3) agree a revised list of priority schemes for the TfSE area.**
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**1. Introduction**

1.1 This report provides an update on the development of the Major Road Network (MRN) and Large Local Major (LLM) scheme programmes, and the outcome of the recent review of the priority schemes requested by DfT.

**2. Background**

2.1 At a meeting on 14 June 2019, the Partnership Board agreed the list of priority MRN schemes and a group of “emerging priority” LLM schemes that should be submitted to the DfT. Following further work in relation to the LLM schemes, the Partnership Board then agreed the list of priority LLM schemes that should be submitted to the DfT at their meeting on 19 September 2019.

2.2 Since the submission of the MRN and LLM priority schemes in 2019, the DfT have been assessing the business case information for the schemes that have been submitted across the country. Two of the TfSE pre-Strategic Outline Business Case (pre-SOBC) stage LLM schemes and one MRN scheme have subsequently been approved to proceed to Strategic Outline Business Case (SOBC) development.

2.3 Two of the TfSE priority MRN schemes, Redbridge Causeway and A284 Lyminster Bypass, have both gained “programme entry” approval at Outline Business Case (OBC) stage, with Ministers confirming their commitment to providing up to £25.192m of investment towards transport schemes within the south east.

2.4 A further two schemes, A259 Bognor Regis to Littlehampton and A28 Birchington, Acol and Westgate-on-Sea Relief Road, have been approved to progress to Outline Business Case (OBC) development. It was also announced that to help the schemes progress to the next stage, the Department would make contributions of £849,000 and £750,000 respectively towards the costs of developing their OBC's.

### **3. Major Road Network and Large Local Major Schemes Update**

3.1 Good progress continues to be made with the development of schemes in the TfSE area. Significant work has been ongoing between the DfT, TfSE and the scheme promoters in the constituent authorities to progress the MRN and LLM scheme business cases, and to respond to the queries and clarifications received from DfT. The timescales for this work are led by the individual scheme programmes and the development work being undertaken by the promoting authorities.

3.2 Since the last Partnership Board meeting in January 2022, there has been a further announcement relating to the TfSE priority MRN schemes.

3.3 On 1<sup>st</sup> February 2022, DfT announced that the A326 Waterside Improvements scheme in Hampshire had been approved to progress to the next stage of development. It was also announced that to help the scheme progress to the next stage, the Department would make a contribution of £1.254m towards the costs of developing an OBC.

3.4 This announcement, and confirmation of the DfT providing a further £1.254m of development funding towards transport schemes within the South East, is to be welcomed and again provide demonstrable benefits of the power of TfSE speaking to Government with one voice not only on the transport priorities for the TfSE area, but also regarding the challenges faced by our constituent authorities in bringing schemes forward.

### **4. DfT review of the MRN and LLM programme**

4.1 On 18 January 2022, all STB's received a letter from DfT explaining that it is unlikely that DfT will have sufficient funding to continue to fund all the schemes currently in the programme to the current scale or timing. Therefore the DfT wishes to review the programme, and is seeking the help of STB's in undertaking this. A copy of the letter is attached at Appendix 1.

4.2 As a first step, DfT have given all scheme promoters and the relevant STBs the option to review the schemes in the current programme. DfT suggest that certain schemes may no longer be a priority because they have increased in cost, cannot be progressed in a timely fashion (i.e. be ready to start construction by March 2025) or no longer fit with the MRN, local authority's or STB's latest objectives.

4.3 In addition, since the programme was set up in 2019 there have been changes in Government policy around transport investment decisions, analytical requirements especially on carbon impacts, the impact of new transport forecasts and the effects of

the Covid-19 pandemic on delivery and future demand. In particular, the importance of decarbonisation has increased since May 2019, whilst active travel and bus improvements are also issues that have grown in importance and any opportunities to promote these in major schemes should be reflected, where possible. It is also important that schemes are actively supported by local MPs and others in the wider community.

4.4 TfSE officers met with DfT officials to discuss the review, and received clarification that STB's should seek to provide DfT with an updated position on all of their schemes, with particular attention given firstly to confirming that schemes should remain in the current MRN/LLM programme and, that if so, that they continue to meet both the original MRN objectives and programme requirements. In addition confirmation was being sought as to whether they still meet local policy objectives and more recent wider objectives of Government transport investment priorities listed in para 4.3 above.

4.5 The deadline given by DfT to respond to their request was 1 March 2022. TfSE officers raised concerns that this would mean that we would not be able to seek Partnership Board approval for our response. It was subsequently agreed that we should submit a draft response to meet the deadline and allow officials to start to progress their review, but that the full response could not be submitted until it had been discussed and agreed by the Partnership Board at this meeting.

4.6 All TfSE scheme promoters were contacted and asked to complete a questionnaire giving updated information on their schemes. This information was reviewed by TfSE officers, and summarised into preliminary advice to DfT officials regarding the status of each of the TfSE schemes alongside overarching wider programme issues. The outcome of the review is set below and summarised in the table at Appendix 2.

4.7 Local Authorities response to the pandemic has negatively impacted the timely development of some of the schemes, with resources having to be diverted to other more urgent Covid-19 response work. There have also been some delays to the previously anticipated timescales for approvals. Some larger schemes will now struggle to start construction by March 2025, and for others, their construction will extend beyond the current programme period.

4.8 Including active travel and bus improvement measures within schemes, the effects of inflation, and additional analysis requirements, have all had an impact on scheme costs, although these increases have in places been mitigated by value engineering or amending the scope of schemes. Work to understand the carbon impacts is still underway for most of the schemes, but promoters are aware of the need to address this within their business cases.

4.9 The responses to the questionnaire indicated that there are two schemes within the TfSE priority lists that were submitted in 2019, that no longer need to be included.

- The **A320 North corridor scheme**. This has been successful in securing funding through the Housing Infrastructure Fund.

- The **A2/M2 Brenley Corner scheme** This is being taken forward as a Roads Investment Strategy 3 (RIS3) pipeline scheme, although given the impacts of the Lower Thames Crossing this remains a high priority scheme for TfSE and should it not proceed via RIS3 we would wish to discuss other avenues for its delivery.

4.10 It is therefore recommended that the DfT be advised that these two schemes should be removed from the TfSE priority list.

4.11 Two further schemes have been identified as no longer meeting the requirements of the MRN programme. It is therefore recommended that the DfT be advised that these two schemes should also be removed from the TfSE priority list.

- The **A249 Stockbury Overbridge scheme (formerly A249 at M2 Junction 5)** has changed significantly in scope since 2019, having been de-coupled from a larger scheme now being brought forward by National Highways through the Roads Investment Strategy 2 programme. Indications are that as a standalone scheme it has limited benefits and delivers poor value for money.
- The **New Thames Crossing scheme East of Reading** presents a number of challenges, but particularly disagreements around the scope of the scheme, which has prevented scheme development work from progressing. As such, the scheme is now considered undeliverable within the current MRN programme period.

4.12 A further ten schemes in the current MRN/LLM programme remain strategic priorities for TfSE and our constituent authorities, and can meet the delivery timescales of starting construction by March 2025. These schemes are the first ten listed in Appendix 3. They all still continue to meet the overarching MRN objectives, as well as regional and local priorities. Active travel and bus improvements are being increasingly promoted within the schemes and scheme analysis has taken into account the wider objectives of Government transport investment including decarbonisation and changes to Transport Analysis Guidance. Two schemes have been granted Programme Entry within the Major Road Network programme and are currently working towards full approval. It is therefore recommended that the DfT be advised that these ten schemes should remain in the MRN and LLM programme for delivery in this funding period.

4.13 Three further schemes (A31 Farnham Corridor in Surrey, A229 Blue Bell Hill in Kent and West Quay Road Realignment scheme in Southampton) also remain strategic priorities for TfSE and our constituent authorities, although they are unlikely to meet the current programme timescales. Despite their long timescales, driven in part by the nature of the schemes, it is imperative that these schemes can continue to be developed, including accessing development funding post SOBC approval where appropriate. Therefore although we acknowledge the risks to delivery within current timescales, it is recommended that the DfT be advised that these three schemes should also remain in the MRN and LLM programme.

4.14 Without certainty around any future funding opportunities, such as MRN2 for example, there is no other option but for these three schemes to remain in the existing

programme. A way forward could be for DfT to consider establishing future MRN funding periods, enabling schemes to be developed in one period and constructed in the next. This would mirror the approach taken to developing and delivering a pipeline of schemes on the Strategic Road Network through the Roads Investment Strategy process.

4.15 The recommendations, set out as a revised list of TfSE Priority schemes, are summarised in the Table at Appendix 3.

4.16 A draft officer response was submitted to DfT on 1 March 2022. A revised response, also including the supporting information set out in the table at Appendix 2, will be submitted after this meeting reflecting the recommendations agreed by the Board.

4.17 For schemes that remain in the programme following the review, it is extremely important that scheme promoters continue to work closely with DfT officials in developing their business cases and schemes, and ensure that the DfT are kept up to date with scheme programmes and expected timescales for delivery. This will assist DfT officials in managing the wider MRN and LLM programmes and provide them with the evidence that will be needed to bid for the required funding in advance of future spending reviews.

## **5. Conclusions**

5.1 Board Members are recommended to note that the A326 Waterside Improvements scheme in Hampshire had been approved to progress to the next stage of development, and has been awarded a contribution of £1.254m towards the costs of developing an OBC.

5.2 It is also recommended that Board Members note the request from DfT to undertake a review of the MRN and LLM programme, and that Members approve the revised list of priority schemes set out in Appendix 3 to this report.

**RUPERT CLUBB**  
**Lead Officer**  
**Transport for the South East**

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## Appendix 1 – Letter from the Department for Transport



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18<sup>th</sup> January 2022

Dear Sarah,

I am writing to set out the position on the Major Road Network (MRN) / Large Local Major (LLM) programme following the Spending Review. As with many areas, the SR has challenged Ministers to make choices and to focus on key departmental priorities. As a result, it is likely that we will not have sufficient funding to continue to fund all the schemes currently in the programme to the current scale or timing. In addition, since the programme was set up in 2019 there have been changes to Government policy around transport investment, analytical requirements especially on carbon impacts, the impact of new forecasts and of course the effects of Covid on delivery and future demand. It is therefore right that we now take the opportunity to review the programme. I am writing to all Sub-National Transport Bodies (STBs) to seek your help in undertaking this review.

As a first step we would like to give all scheme promoters and the relevant STBs the option to reconsider the schemes in the current programme. Certain schemes may no longer be a priority because they have increased in cost, cannot be progressed in a timely fashion or no longer fit with the local authority's latest transport objectives.

Second, we ask that all local authorities (LAs) and STBs consider whether schemes in the programme will meet either the original objectives of the MRN programme which are:

- Reducing congestion
- Supporting economic growth and rebalancing
- Supporting housing delivery
- Supporting all road users
- Supporting the Strategic Road Network

or more recent, wider objectives of Government transport investment. These include:

- Strategic case – does the scheme still meet the objectives of the MRN programme and/or the latest objectives/policies of the LA or STB?
- Value for money (VfM) – as a result of recent changes to Transport Analysis Guidance and other issues, is the scheme likely to be low or poor VfM?
- Timely progress – what progress has been made on the scheme since it was added to the programme in 2019 and will the scheme be ready to start construction by the end of the forthcoming Spending Review period i.e. March 2025
- Local support – is the scheme actively supported by the local MP(s) and others in the wider community?

In addition, the importance of decarbonisation has increased since May 2019 so consideration of whether the scheme is likely to make carbon worse and lead to a lower VfM, especially now the cost of carbon has been increased substantially, should also be a factor in your reconsideration. Active travel and bus improvements are also issues that have grown in importance and any opportunities to promote these in major schemes should be reflected, where possible.

Given your role in the original development of the programme, I would be grateful if you could co-ordinate within your area a response to this request based on the issues and questions above and return to the Department by Tuesday 1<sup>st</sup> March.

Any LA choosing to withdraw a scheme will not be penalised in any future funding rounds . We are also conducting our review and Ministers reserve the right to consider the status of all schemes in the programme against overall programme affordability. The starting point for the review is that any scheme that already has approval at Outline Business Case stage will not be considered for removal unless the LA/STB decides otherwise or unless the case for the scheme changes significantly.

We are writing in similar terms to all local authorities with schemes currently in the programme.

We would be happy to discuss.



Philip Andrews

Head of Road Investment, Policy and Pipeline Development

## Appendix 2 – Summary of MRN/LLM Programme Review

### MRN Schemes

Scheme Name	Authority	Current Development Stage	Progress since 2019	TfSE Priorities	MRN Objectives	Local Objectives	Bus provision	Active Travel provision	Carbon Impacts (amber indicates work is still underway)	VfM (BCR)	Costs (m)	Programme construction start by March 2025	Deliverability
A284 Lyminster Bypass	West Sussex CC	Programme Entry	<b>Programme entry confirmed</b> (07/06/2021) up to £11.792m funding awarded WSCC progressing scheme through statutory processes										
Redbridge Causeway	Hampshire CC	Programme Entry	<b>Programme entry confirmed</b> (01/02/2021) up to £13.4m funding awarded HCC developing FBC through new "fast track" process										
A22 Corridor Package	East Sussex CC	OBC	OBC being developed, planned submission March 2022										
A259 (King's Road) Seafront Highway Structures ('Arches') Renewal Programme	Brighton and Hove CC	OBC	OBC being developed, planned submission March 2022										
A28 Birchington, Acol and Westgate-on-Sea Relief Road	Kent CC	OBC	<b>Approved</b> (7/12/21) to proceed to OBC development £750,000 development funding awarded										
A259 Bognor Regis to Littlehampton Enhancement	West Sussex CC	OBC	<b>Approved</b> (01/11/21) to proceed to OBC development £849,000 development funding awarded										
A259 South Coast Road Corridor	East Sussex CC	SOBC	SOBC being developed, planned submission May 2022										
Northam Rail Bridge Replacement and Enhancement	Southampton CC	SOBC	SOBC submitted on 23/06/21 Ongoing liaison with DfT										
A249 Stockbury Overbridge (formerly A249 at M2 Junction 5)	Kent CC	SOBC	Main scheme now being constructed by National Highways KCC updating a stand alone SOBC for the bridge element of the scheme										
A320 North Corridor	Surrey CC	SOBC	Scheme has secured funding through the Housing Infrastructure Fund	To be removed from the MRN programme									



## LLM Schemes

Scheme Name	Authority	Current Development Stage	Progress since 2019	TfSE Priorities	MRN Objectives	Local Objectives	Bus provision	Active Travel provision	Carbon Impacts (amber indicates work is still underway)	VfM (BCR)	Costs (m)	Programme construction start by March 2025	Deliverability
A326 Capacity Enhancement	Hampshire CC	OBC	<b>Approved</b> (01/02/22) to proceed to OBC development £1.254m development funding awarded										
City Centre Road	Portsmouth CC	SOBC	SOBC being developed, planned submission June 2022										
A31 Farnham Corridor (Formerly known as A31 Hickleys Corner Underpass, Farnham)	Surrey CC	SOBC	SOBC submitted to DfT (18/11/21)										
A229 Blue Bell Hill Junction Upgrades	Kent CC	SOBC	SOBC submitted 23/12/20, ongoing liaison with DfT										
West Quay Road Realignment	Southampton CC	SOBC	<b>Approved</b> (3/10/19) to proceed to SOBC development										
New Thames Crossing East of Reading	TVLEP (Wokingham BC)	SOBC	Scheme requires agreement from a number of parties as to the appropriate solution										
M2/A2 Brenley Corner Upgrade	Kent CC	pre-SOBC	Announced in RIS2 on 11/3/20 as a pipeline scheme for RIS3. Development work to be undertaken 2020-25 for potential delivery beyond 2025	To be removed from the MRN programme, however this remains a high priority scheme for TfSE and should it not proceed via RIS3 we would wish to discuss other avenues for it's delivery.									

### Appendix 3 – Proposed revised TfSE Priority MRN and LLM schemes

<b>Schemes at Full approval stage</b>	
West Sussex Hampshire	A284 Lyminster Bypass Redbridge Causeway
<b>Schemes at OBC development stage</b>	
East Sussex Brighton and Hove  Kent West Sussex Hampshire	A22 Corridor Package A259 (King's Road) Seafront Highway Structures ('Arches') Renewal Programme A28 Birchington, Acol and Westgate-on-Sea Relief Road A259 Bognor Regis to Littlehampton Enhancement A326 Capacity Enhancement
<b>Schemes at SOBC development stage</b>	
East Sussex Southampton Portsmouth	A259 South Coast Road Corridor Northam Rail Bridge Replacement and Enhancement City Centre Road, Portsmouth
<b>Schemes at SOBC development stage that need to continue their development (including accessing development funding) but with acknowledged risks to deliverability within the current programme timescales</b>	
Surrey  Kent Southampton	A31 Farnham Corridor (formerly A31 Hickleys Corner Underpass, Farnham) A229 Blue Bell Hill Junction Upgrades West Quay Road Realignment scheme in Southampton

<b>2019 Priority Schemes that can be removed from the programme</b>	
Surrey Kent Kent  Wokingham (lead)	A320 North corridor A2/M2 Brenley Corner A249 Stockbury Overbridge scheme (formerly A249 at M2 Junction 5) New Thames Crossing scheme East of Reading