

Agenda Item No: 9
Report To: Joint Transportation Board
Date: 7 December 2010
Report Title: M20 Junction 10a and SmartLink – Implications from Recent Government Announcements on Funding
Report Author: Andy Phillips, Head of Transport, Ashford's Future Company



Summary:

This report outlines the implications from recent government funding announcements and the actions being taken to try and ensure that these two projects, that are vital to support and enable Ashford's growth, are delivered as soon as possible.

Key Decision: NO

Affected Wards: All Ashford Wards

Recommendations: **The Executive be asked to:-
Note the report, and the further actions being considered to take these schemes forward.**

Policy Overview: Both the new M20 Junction 10a and the proposed SmartLink Bus Rapid Transit schemes are key elements in the Ashford Transport Strategy that supports growth. The need for these two schemes is clearly set out in Policy CS15 of the LDF Core Strategy.

Financial Implications: None, directly.

Risk Assessment N/A

Equalities Impact Assessment N/A

Other Material Implications: None to report at this stage.

Exemption Clauses:

Background Papers: Department for Transport (DfT) announcement on major transport schemes – 26 October 2010.
Investment in Local Major Transport Schemes – paper issued by DfT October 2010

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Purpose of the Report

1. This report sets out the implications for two major transport schemes for Ashford from the recent announcements by the Department of Transport (DfT) following the comprehensive spending review settlements. The report outlines the actions being taken to try and ensure that these two schemes are delivered as soon as possible.

Issue to be Decided

2. None. This report is for Member's information and any comments.

Background

3. The early delivery of the new M20 junction 10a is vital to enable a number of developments in the LDF Core Strategy to come forward, in particular those sites to the south east of Ashford including Sevington, Waterbrook, Cheesemans Green, and Newtown Railway works. The new junction directly enables up to 10,000 new homes and 6,000 new jobs, and new leisure related developments planned for Conningbrook. The M20 junction 10a scheme was previously programmed for construction from late 2013 to completion by early 2015.
4. The early delivery of the SmartLink bus rapid transit scheme and related park and ride schemes is also vital to enable the new growth areas to be served by high quality sustainable transport links, thereby reducing the impacts and costs of improvements to the road network. The park and ride schemes themselves are vital to the town's car parking strategy to support and enable new commercial developments in the town centre to come forward by reducing the impact of traffic on town centre streets. A bid for funding the first phase of SmartLink including the first park and ride site at Drovers roundabout (close to the Warren) has been prepared for submission, and subject to proof of a viable business case, funding was previously earmarked for construction from 2012.
5. The Department of Transport (DfT) announced on the 26 October that as a result of the coalition governments recent spending review settlement overall transport spending is to be cut by 14.6%, but capital projects by 10%. £30bn is set aside for capital spending in the next 4 years, of which over half is earmarked for rail schemes. Local Transport Major Schemes receive £1.5bn in the period up to 2014/15.
6. The recent announcements have deferred the intended programmes for both of these schemes as follows:-

M20 Junction 10a

7. The new M20 Junction 10a is considered in the National Roads programme and the outcome from the DfT announcement is that the scheme has been deferred until at least post 2015. The DfT stated that work should continue on the design and the 'value for money case' to ensure that *'the design is the best possible and to see if there are better ways to sequence the work'*
8. The Highways Agency and their consultants URS are currently reviewing the design and value for money case for the scheme under a commission until early 2011. The Council's planning officers have recently clarified the latest revised housing and jobs numbers to be fed into this work. This shows that the profile of growth is slowing compared to that shown previously. A reduced growth profile is likely to affect the business case for the scheme at a time when the need for, and certainty of, the scheme's delivery programme is extremely important in giving developers confidence to invest in housing and jobs in Ashford.
9. The cost of the scheme is estimated at between £60m-£90m. The Homes and Communities Agency (HCA) have agreed to forward fund one third of the total cost of the scheme based on the importance of its contribution to the delivery of new housing and jobs. The HCA's finding will be repaid by future s106/tariff/CIL payments as development progresses. The Department for Transport are due to fund the remaining two thirds of the cost.
10. The deferral of the scheme to post 2015 means that the Core Strategy could now be reviewed prior to any announcement of certainty of funding for the new Junction 10a scheme. This highlights the difficult 'chicken and egg' situation and a number of issues for consideration and action to ensure the scheme has the best possible chance of being secured in the next programme.
11. The Leader has now written to the Secretary of State for Transport seeking an urgent meeting to discuss the scheme and the best way in which funding and certainty of programme can be secured going forward.
12. Discussions continue to be held with the Highways Agency, the Homes and Communities Agency and developers reliant on the scheme to ensure that private investment in the scheme can be maximised, the costs of the scheme to the public purse can be reduced and that lobbying of ministers and senior DfT officials is co-ordinated to a plan agreed by all parties.
13. A joint lobbying plan for the scheme is under preparation to be finalised upon completion of the current review of the scheme by early in the new year. Progress and actions continue to be co-ordinated via a Steering Group currently run by Ashford's Future Company.

SmartLink Bus Rapid Transit Scheme

14. Funding for the SmartLink bus rapid transit scheme would be considered from the Local Transport programme. The announcement sets out that only those schemes that were in conditional approval/programme entry stage by June 2010 are considered for the programme to 2015. The Department for

Transport (DfT) will not consider any further schemes that are not already at the programme entry/conditional approval stages. In other words the SmartLink bid will not be able to be considered for the time being.

15. At the same time as the announcement, the DfT published a paper 'Investment in Local Major Transport Schemes'. This paper sets out that the onus will be on new Local Enterprise Partnerships and Local Authorities to prioritise funding for major transport schemes in their areas rather than the previous regional bodies.
16. A skeleton major scheme bid has been finalised funded from the growth area fund (GAF3) budget and which sets out:-
 - i. The proposed scheme delivered in two phases. Phase 1 fully costed (the bid), phase 2 funded by development of the major sites.
 - ii. A 'do minimum' and 'low cost alternative'.
 - iii. A full scheme appraisal and value for money case based on the 2009 growth trajectory and scheme opening in 2013.
 - iv. Full modelling outputs and a number of sensitivity tests.(including for less/slower than predicted growth).
16. The total capital cost of the first phase of the scheme (including the first Park and Ride site was £28.5m. The bid was ready to be discussed with DfT prior to final completion and sign off by the Executive and KCC as the bidding authority. However, it is now unlikely that a bid will be able to be submitted for at least 3 years. The DfT have also indicated that future bids will need to demonstrate how costs (and the bid for funding support) can be reduced and private sector funding maximised.
17. Upon concluding the current work on the scheme, it is intended to provide Members with a briefing note summarising the SmartLink bid together with the options for moving forward, including a reduced cost 'Smartlink Lite' scheme that will consider how the capital costs of the scheme can be reduced and a phasing strategy based on implementing a series of 'Smart-Routes' supporting major development sites as they come forward. This approach and the options for moving forward can be most effectively managed through the existing Quality Bus Partnership Steering Group, including close liaison with Stagecoach.
18. As a result of the DfT announcement, there is now no benefit in seeking planning permission for the proposed Park and Ride scheme at Drovers/The Warren that has no realistic prospect of funding within the normal life of a planning permission (the next 3 years). Work to complete the KCC obligations on the land transfer agreement in support of the planning application for the commercial site adjacent to the Park and Ride by Explore Investments will continue and the remaining GAF3 budget should now be sufficient to cover those commitments.
19. The main implications of a delay to SmartLink funding are twofold. Firstly, the effects on the Town Centre developments of not delivering an early 'headroom' of car parking, and secondly the effect of reduced 'modal shift' for journeys from the growth areas and the possible effects this has for the scale and cost of highways improvements. The SmartLink scheme therefore

remains of vital importance to the growth plan overall and in particular, the expansion and development of key sites in the Town Centre.

20. Chad Nwanosike has now taken over as Project Manager for the scheme from Tim Reynolds who left on 8 October.

Consultation

21. The Highways Agency carried out public consultation on the M20 Junction 10a scheme in September 2009. The previous government's Minister announced the 'Preferred Route' for the scheme in March 2010.
22. Consultation exhibitions have been carried out on the SmartLink and Park and Ride schemes during Autumn 2009 at Ashford International Hotel and the Transport Expo in County Square in June 2010.

Conclusion

23. The early delivery of a new M20 Junction 10a and SmartLink bus rapid transit scheme remain vital for Ashford's growth. The above report outlines some of the implications arising from the recent funding announcements, the current status of the schemes and the actions to be taken going forward.

Portfolio Holder's Views

24. Councillor Clokie has been briefed on the implications of these funding decisions and is fully involved in discussions about the way forward.

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