

Enterprise M3 Local Transport Body held on the 6th March 2015 at 13.30am**Corcord Room, Rushmoor Borough Council, Farnborough, GU14 7JU****Present**

Local Transport Body (LTB) Board: Cllr John Furey (Chairman, Surrey CC), Cllr Seán Woodward, (Hampshire CC), Geoff French (Enterprise M3 LTB)

LTB Secretariat and LTA/LEP Officer representatives: Mike D'Alton (Chairman Transport Action Group), Steve Howard (Surrey CC) Lyndon Mendes (Surrey CC), Lucie Monie (Surrey CC), Mark Pearson (Surrey CC), Kathy Slack (Enterprise M3 LEP), Kevin Travers (Enterprise M3 LEP), Keith Willcox (Hampshire CC)

Apologies

Stuart Jarvis (Hampshire CC), Trevor Pugh (Surrey CC), Jason Russell (Surrey CC)

LTB Stakeholders – See Annex 1.

Introductions & Welcome

CLLR JOHN FUREY (LTB Chairman) opened the meeting and welcomed all those present.

Disclosure of Members' Interests

CLLR JOHN FUREY (LTB Chairman) asked for any disclosures of interest and none were made.

Minutes of Last Meeting and Matters Arising

The minutes of the meeting of the Enterprise M3 Local Transport Body held on 17th November 2014 were agreed as an accurate record.

KATHY SLACK (Enterprise M3 LEP) referred to the principle agreed at the meeting, that schemes should demonstrate a stronger relationship with economic growth. She advised that consultants have recently been appointed to review all of LEPs business case documentation and a key element of the commission was to suggest how this issue can be addressed. However, notwithstanding this, scheme promoters have been requested to address wider economic growth positively within the existing business case documentation they are using.

CLLR JOHN FUREY (LTB Chairman) referred to the issue of cost increases that had been highlighted at the meeting. He noted that he was aware of an instance, in another area, where the cost of a scheme was £2m greater than programmed and the LEP was being asked to pick up the shortfall, which if they were to do so, would clearly impact on other aspects of the programme. He emphasised the need to include accurate contingency planning within

scheme business cases. Business cases may have been developed in good faith, but with the extent of inflation and construction cost increases not fully appreciated.

KATHY SLACK (Enterprise M3 LEP) responded that the due diligence process will consider the robustness of contingencies in particular and that whilst the LEP will consider such issues flexibility across the whole programme, this shouldn't be taken to mean that all cost increases will automatically be funded, though the LEP will commit to consider them all carefully.

MAUREEN PULLEN (Department for Transport) noted that the optimism bias for a scheme should reduce the closer the scheme comes to delivery.

Major Scheme Business Cases for approval – A30/A331 Meadows Gyrotory, Camberley

KEVIN TRAVERS (EM3 LTB Lead Officer) introduced the paper detailing the full business case submitted for the A30/A331 Meadows Gyrotory, Camberley. STEVE HOWARD and LYNDON MENDES (Surrey CC) gave a presentation of the businesses case for the scheme to be considered by the LTB. They outlined the issues and challenges faced in the area and the opportunities the scheme offered. Details of the proposal were summarised and the transport and wider economic benefits, which the schemes would deliver, explained. KEVIN TRAVERS (EM3 LTB Lead Officer) outlined the due diligence that had been carried out by independent transport consultants AECOM and summarised the key points arising from their scrutiny of the scheme.

CLLR JOHN FUREY (LTB Chairman) emphasised that the financial case of the proposal had paid close attention to the levels of optimism bias and contingency. So although the cost was close to the £5m level for a major scheme, he was confident that the figures were robust and were unlikely to increase.

MAUREEN PULLEN (Department for Transport) indicated that the £5m 'cut off' is only a guide and the DfT expected appraisal to be proportionate, Therefore they would not necessarily require a full WebTag appraisal to be carried out, just because a scheme cost slipped slightly over the £5m threshold.

MAUREEN PULLEN (Department for Transport) queried the exceptionally high BCR for the scheme.

LYNDON MENDES (Surrey CC) explained that whilst he accepted that the BCR was high, this reflected the significant time savings which the modelling predicted. He was very confident that the methodology used was robust, but even if there were slight variations there would still be an extremely positive BCR figure for the scheme.

MAUREEN PULLEN (Department for Transport) welcomed the wider evidence that had been used in the business case, which could also be used in the appraisal of other schemes in the area to help demonstrate growth.

STEVE HOWARD (Surrey CC) noted that it was always difficult to isolate the individual impact of a particular intervention and by looking at the wider economic impact of proposals across the area; it was easier to be able to demonstrate a positive effect on economic growth. Using the modelling tools available, scheme promoters can go so far, but clear communication of these benefits and feedback from local business for example, helps to strengthen the case.

The **RECOMMENDATION** that the LTB formally recommend to the Programme Management Group that expenditure be approved for the A30/A331 Meadows Gyratory, Camberley (£3.675m) **WAS AGREED** subject to the business case being revised to address the issues highlighted through the scrutiny process.

Major Scheme Business Cases for noting – Victoria Arch, Woking

KEVIN TRAVERS (EM3 LTB Lead Officer) introduced the paper explaining the status of the business case for this scheme. A full business case has been submitted by Woking Borough Council, but following the initial round of scrutiny and discussions between the LEP and the Borough Council it has been agreed that the scheme was better suited for consideration as a wider regeneration proposal, rather than a pure transport scheme. This means that the scheme should be submitted directly to the Programme Management Group for consideration, whilst still ensuring that the transport aspects are still subject to the appropriate due diligence.

KEVIN TRAVERS (EM3 LTB Lead Officer) added that since the paper was drafted a meeting between himself, Kathy Slack and Ray Morgan, Chief Executive, Woking Borough Council had been arranged to discuss the scheme in more detail. The work carried out to date suggests that the evidence to demonstrate the economic benefits of the proposal is available, but needs to be teased out and presented more clearly. The £7.5m funding sought is a significant sum, so strong links to growth need to be demonstrated.

MIKE D'ALTON (Chairman Transport Action Group) indicated that he would like to see the revised business case referred back to the Transport Action Group, so that they can consider both the engineering aspects of possible options as well as links to the wider economy. It is important that TAG can challenge the proposed solution and be able to demonstrate that it is the best way to solve the problem.

CLLR JOHN FUREY (LTB Chairman) sought agreement that whilst it was appropriate that the revised business case be reported directly to PMG, it was nevertheless important that the LTB continued to be kept up to date on the scope of the scheme as it was progressed.

Programme for development and production of Scheme Business Cases

KEVIN TRAVERS (EM3 LTB Lead Officer) introduced the paper outlining the latest programme of business case submission to the LTB for 2015 and 2016. This includes 6 schemes for which funding had been previously announced, together with a further 3 schemes that had secured funding through the Growth Deal 2 announcement.

KATHY SLACK (Enterprise M3 LEP) emphasised the flexibility the LEP has to take schemes forward and how this might change depending on circumstances. The LEP has established a Programme Management Office whose role is to oversee the delivery of the whole future programme and to work with scheme promoters to bring forward the pipeline of future proposals.

CLLR SEÁN WOODWARD (Hampshire CC) suggested that we need to firm up on the timeline for those schemes that are to be 'confirmed' as soon as possible.

KATHY SLACK (Enterprise M3 LEP) assured him that this is currently happening to ensure that schemes coming forward meet their proposed spending profiles, or that if there are any changes to the timeline, proposed by scheme promoters, then these are considered fully by the PMO, whilst being mindful of any possible impact on the overall programme.

KEVIN TRAVERS (EM3 LTB Lead Officer) highlighted a request from Hampshire CCI that the programme and scope of the Farnborough Northern Corridor to Growth be reviewed. This was partly because additional Growth Deal 2 funding has been secured for the scheme, enabling it to be taken forward as a single proposal rather than in phases. Furthermore Rushmoor Borough Council has recently launched a consultation on a proposed Civic Quarter in Farnborough, which may present an opportunity to revise the existing transport proposals to deliver a better overall scheme that provides a greater contribution and stronger links to economic growth. Hampshire CC will bring a proposal to the LEP once discussions with Rushmorr BC are concluded.

LYNDON MENDES (Surrey CC) also advised that Surrey CC are reviewing the timeline and scope of the Guildford Sustainable Transport Package and Guildford Gyrotory and will be shortly be submitting a revised proposal to the LEP for consideration.

Update on the Enterprise M3 LEP Strategic Economic Plan and funding for other transport projects

KEVIN TRAVERS (EM3 LTB Lead Officer) introduced the paper detailing the additional funding secured through Growth Deal 2 for transport schemes and how those schemes will now be brought forward, together with the process for the developing the pipeline of unfunded proposals.

CLLR JOHN FUREY (LTB Chairman) highlighted the need for the LEP to be flexible in its approach to match funding and in particular to consider the use of loans. Despite the best intentions it is not always possible for the highway authority to access all of the developers' contributions promised by district councils.

PETER SIMS (Runnymede BC) questioned why the bid for Staines Bridge widening had been unsuccessful and how the scheme could now be taken forward.

KATHY SLACK (Enterprise M3 LEP) explained that whilst it was generally agreed that there was a problem in this area with access across the Thames, there was not yet a consensus on how it should be addressed. Therefore, it had been considered premature to push for funding of this scheme too much at this stage. The LEP would discuss options with Surrey CC and Spelthorne BC and Peter Sims was assured that Runnymede BC would be fully involved in these discussions.

LTB Governance and Terms of Reference

KATHY SLACK (Enterprise M3 LEP) introduced the paper explaining the changing role of the LTB and how this was shaped by recent changes to the wider Governance of the LEP, which has led to revised Terms of Reference for the LTB were proposed.

CLLR JOHN FUREY (LTB Chairman) was concerned that there were too many steps in the business case approval process, with schemes being considered by TAG, the LTB, PMG before being finally signed off by the LEP Board.

KATHY SLACK (Enterprise M3 LEP) explained that each group contributed to the process and had a distinct role to play. In particular the PMG needs to consider all proposals so that it can take an overview of the whole LEP delivery programme and decide which packages to support. However, the detailed debate about transport schemes should take place at the LTB, as this was the place, together with TAG, where the technical expertise was available.

GEOFF FRENCH (Enterprise M3 LEP) added that the LTB also played an important role in demonstrating wider political accountability of the scheme identification and prioritisation process.

CLLR JOHN FUREY (LTB Chairman) considered that the LTB also needed to be much more involved in the decision making and scheme identification process of strategic infrastructure providers, the Highways Agency and Network Rail. He expressed his disappointment that no representatives of either organisation were in attendance at the LTB meeting, despite having been invited. He also considered that we need to work closely with neighbouring LEPs on cross boundary and regional schemes.

(Post meeting note: Jamie Rockhill of Network Rail subsequently apologised for his non-attendance which was due to sickness. In relation to the Victoria Arch proposal he confirmed that the potential for combining these with the railway works in the area is being investigated between Network Rail and Woking Borough Council with a view to agreeing a way forward.)

KEVIN TRAVERS (EM3 LTB Lead Officer) advised that in relation to cross-LEP activity, transport officers of the Greater Thames Valley (GTV) LEPs have regular meetings and have been carrying out a piece of work analysing the strengths and weaknesses of regional travel in the GTV area. It reveals that radial links, into and out of London, are much stronger than orbital links, between other centres in the South East. He offered to provide a report on progress of this piece of work to the next meeting of the LTB.

Mark PEARSON (Surrey County Council) commented on the detail of the proposed Terms of Reference. He queried why there was a requirement for liaison with neighbouring LEPs to take place “at least every two years” and felt that it should be more regular. It was agreed that this wording was superfluous and the need to liaise regularly was sufficient. The reference to this would be amended in the final version.

The **RECOMMENDATION** that the draft Terms of Reference, with the removal of the reference to “at least every two years” as explained above, be adopted by the LTB and included as an appendix to the LEPs Assurance Framework. **WAS AGREED.**

The **RECOMMENDATION** that the Terms of Reference are reviewed and updated on an annual basis **WAS AGREED.**

Any Other Business

MAUREEN PULLEN (Department for Transport) advised that the Highways Agency will become Highways England on 1st April. However, they will continue business as usual including developing schemes included in the 5-year programme of the Roads Investment Strategy.

Date of Next Meeting

The next meeting will be held on Thursday 25th June 2015 14.30 – 16.30 at Runnymede Borough Council Offices, Addlestone.

Annex 1

Stakeholders Present

Name	Organisation
Alison Young	Basingstoke & Deane Borough Council
Maureen Pullen	Department for Transport
Graham Ellis	Hampshire Business Alliance
Mark Baulch	Hampshire Chamber of Commerce
Peter Sims	Runnymede Borough Council
Jim Pettitt	Rushmoor Borough Council
Richard Kempton	South West Trains
Mark Turner	Stagecoach
Chris Kirk	Surrey Heath Borough Council
Tony Ewer	Yorktown and Watchmoor Business Association

Stakeholder Apologies

Name	Organisation
Mark Lambert	Basingstoke & Deane Borough Council
Julia Potter	East Hampshire District Council
Ian Frost	Heathrow Airport Limited
Jaime Rockhill	Network Rail
David Stannard	New Forest District Council
Phil Dominey	South West Trains
John Brookes	Spelthorne Borough Council
Jenny Rickard	Surrey Heath Borough Council
Annie Tomlinson	Test Valley Borough Council
Jeni Jackson	Woking Borough Council