



alliance against road building

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Dr John Patterson
Clerk to the Committee
Transport Select Committee
House of Commons
7 Millbank
London
SW1P 3JA

Dear Dr Patterson

EVIDENCE TO TRANSPORT SELECT COMMITTEE INQUIRY ON THE WORK OF THE DEPARTMENT FOR TRANSPORT'S EXECUTIVE AGENCIES – DVO GROUP AND THE HIGHWAYS AGENCY

I would like to submit evidence to the committee on behalf of Road Block, a national alliance of community groups opposing road building.

I would like to restrict myself to giving evidence on the cost escalation of road projects in the Highways Agency Targeted Programme of Improvements (TPI). Road Block has calculated that TPI schemes are averaging 67% cost escalation.

I am using data supplied by the Department of Transport in response to a Parliamentary Question by Tom Brake MP on 19 December 2005. This list was placed in the Libraries and is enclosed.

<http://www.publications.parliament.uk/pa/cm200506/cmhansrd/cm051219/text/51219w08.htm>

Road Block has taken the TPI costs of roads when first approved, and the most recent cost estimate, and we have placed them in the enclosed table: [TPI Schemes Dec05](#).

The cost increases were then calculated in terms of monetary increase, and also the percentage increase. The schemes have been placed in order of schemes with the largest cost increases coming first.

The list has been divided between schemes approved before and after the 2003 Treasury Green Book guidance where the costs of schemes have made allowance for inflation up to scheme completion, for non-recoverable VAT and for 'optimism bias'.

For schemes before the April 2003 guidance, the average cost escalation is 67%.

After the 2003 guidance, there seems to have been little or no re-evaluation of the costs of TPI roads.

Road Block believes that costs of some of the post April 2003 TPI schemes could be much higher than the information supplied to Tom Brake MP.

For instance local residents against the A14 Ellington to Fen Ditton Improvement report that in the Highways Agency Stage 2 Scheme Assessment Report the cost is reported to be £543 million, not the £490 million given in the answer on 19 December 2005. This scheme is extremely controversial and is subject to a Judicial Review due to resident's complaints of lack of consultation.

Road Block believes that often the appraisal for road schemes is still not satisfactory - the benefits of a road are often over emphasised, whilst the disbenefits are underplayed, to gain approval. Only later, once approval has been given, do the true costs emerge. The same situation is occurring with government funded local authority road schemes.

Road Block believes that it is essential that cost estimates are updated regularly for TPI schemes, particularly those approved since April 2003. 'Optimism bias' of between 5% and 45% (as outlined in the Green Book guidance) is clearly not enough, given the cost escalation of schemes prior to April 2003 of an average of 67%.

There is a need for more robust and independent appraisal of schemes coming forward for approval into the TPI.

I am willing to appear before the Committee if necessary.

Yours sincerely

Rebecca Lush
Campaigner for Road Block