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Dear Mr Barrow

**REGIONAL FUNDING ALLOCATIONS: DEVELOPING THE PROCESS**

Please find attached the Road Block response to the consultation on the Regional Funding Allocations process.

Yours sincerely

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## REGIONAL FUNDING ALLOCATIONS: DEVELOPING THE PROCESS

### ROAD BLOCK RESPONSE TO THE CONSULTATION

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*"Because it is a global problem, whose worst effects we have not yet felt and are concerned to avert, climate change is a case in which it makes less sense to hand over decisions on infrastructure priorities to local and regional control, where more local and short term priorities will naturally predominate. At the very least, local and regional authorities need to be given very strong leadership and guidance on reducing carbon emissions by central Government."*

Environmental Audit Committee, Conclusion 11 of its Ninth Report of 2005-6 Session,

**"Reducing Carbon Emissions from Transport"**

<http://www.publications.parliament.uk/pa/cm200506/cmselect/cmenvaud/981/98103.htm>

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#### **1. What are your views on the process as a whole?**

Much as Road Block does not want to disrupt the mutual back-slapping about the Regional Funding Allocations, Road Block does not consider it to be a successful process with a successful outcome.

#### **Climate change**

The overriding objective for transport decision making should be tackling rising carbon dioxide emissions from transport. The RFA process in each region did not put tackling climate change at its heart, and the schemes chosen reflected this. This was a missed opportunity, and could have been avoided if the HM Treasury guidance had outlined the importance of tackling climate change. The guidance could have asked regions to reflect the shared PSA7 target to reduce emissions.

Although the objective of making regional and local decision makers realise that there is limited funding available for transport schemes is a laudable one, this could have been achieved without actually devolving decision making to the regions. The consequences of long term transport funding decisions are so important in the challenge of tackling climate change, that these decisions should not be taken by local and regional bodies that often may not have this important perspective.

#### **Scheme promoters commenting on their own schemes and non-evidence based decision making**

The whole exercise was fatally flawed in one very important aspect: decision making relied on the input of scheme information from scheme promoters only. Many of the schemes chosen were extremely controversial, yet no alternative view was sought except that of the scheme promoter.

Scheme promoters fed their own information about their own schemes to consultants who knew nothing about the schemes, and had to accept the scheme promoter's information. No additional information was sought from independent environmental and transport groups who could have checked the information or supplied more.

Regional Transport Boards and Regional Assembly members were asked to make decisions about schemes they knew nothing about (or indeed nobody knew anything about in the case of the South Bristol Ring Road). Some expressed concerns that the whole process was very rushed, and decisions taken on multi-million pound long-term funding budgets should not be rushed through with such inaccurate information.

## Examples

Examples include the scoring for the Weymouth Relief Road in the South West, where evidence shows it was seriously miscalculated. The Westbury scheme was similarly mis-scored in the SW, with the massive environmental impacts unacknowledged. There are also misgivings about the Heysham to M6 link in the NW. The scoring for this scheme has been critiqued by Alan James in a report on the Major Scheme Business Case which has gone to the Department. Likewise Durham residents reported that the heritage impact of the Durham Northern Relief scheme was reported by Durham County Council as 'zero', when the impact will be very significant. Steer Davies Gleeve for the East reported that Southend Borough Council did not inform them that the scheme was controversial, had a massive cost increase, and had a well established protest camp that will no doubt affect the deliverability of the scheme.

A brief description of the RFA process might be:

- Scheme promoters give consultants bogus information about schemes;
- Consultants prioritise schemes based on this false information, and knowing nothing themselves about the schemes to be able to contradict;
- Local people who know a lot about each scheme are excluded from the process;
- Regional and local politicians haggle over the final lists with costs of schemes rising and falling, and the loudest voices winning;
- Advice submitted promotes the usual road dominated agenda of local and regional politicians and reflect nothing of the wider sustainability agenda.

## Role of Regional Government Offices (RGOs)

In the HM Treasury guidance, the RGOs are described as 'facilitators' of the process. They are asked to "*aim to establish a process which engages a wide range of regional stakeholders, to ensure that the region benefits from the widest possible evidence-base, and to create conditions in which a consensus can emerge*". However from feedback from campaigners on the ground, it is clear that the RGOs did not fulfil this function. Some campaigners felt that the RGOs are not objective, and there is widespread cynicism about their role and their lack of impartiality. It is felt that there is 'cronyism' at the RGO level, where local authorities and the RGOs are seen to be 'the same thing'. RGOs are seen as uncritical of local authority road schemes. RGOs were seen as assisting and facilitating a closed and undemocratic process that worked to the favour of local authorities promoting road schemes. In the SE region, SEERA played the dominant role and the process was manipulated by officers who had their own infrastructure agendas.

## Methodologies used by consultants

Methodologies were diverse, and some included an environmental weighting and others didn't. Road Block believes that reducing carbon dioxide emissions should be an essential emphasis in any methodology for prioritising transport investment, as should wider sustainability objectives. Any central guidance must make the importance of environmental objectives very clear. Some reasons asked the 'independent' consultants to change the methodology when it did not produce the lists they liked.

## Schemes chosen

The schemes chosen by regions showed a heavy domination of road schemes. Research by Road Block showed that regions chose to invest an average of 72 per cent of their allocations on road schemes, whilst the East Midlands and the South East allocated 95 per cent of their budgets to roads<sup>1</sup>. The RFA process mostly turned into an exercise of prioritising ancient old road schemes that belong to the twentieth century. There were few public transport schemes, reflecting the lack of ambition and forward thinking at a regional and local level, and the attachment to outdated unsustainable road schemes. Heavy rail was clearly not included in the HM Treasury guidance.

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<sup>1</sup> [http://www.roadblock.org.uk/roadschemes/RFATables\\_RegionalSummary.xls](http://www.roadblock.org.uk/roadschemes/RFATables_RegionalSummary.xls)

### **Costs of scheme**

Costs of schemes went up and down throughout the July 2005 – January 2006 period, reflecting not real costs of schemes, but political deals. Road Block does not believe that the costings in the RFA are robust.

### **Non-transparent decision making**

Within each government region exist Regional Transport Roundtables (Regional TARs). The TARs often contain some very experienced voluntary sector transport campaigners whose input could have been invaluable. However in most regions this invaluable resource was not used, or was excluded. In the worst cases (the North West and the East) there was a complete exclusion of experienced transport and environmental groups. Even in areas where there are environmental representatives on the Regional Transport Boards, it is often the case that the key decisions are already taken by officers ahead of meetings, and the RTBs have to make big decisions very quickly with limited information supplied to them by officers with projects to push.

Each region handled consultation very differently. None were satisfactory. In all cases it was very hard for members of the public to find out what was going on, who was making the decisions, who was saying what, and who misinformation could be corrected. Papers were not put on the relevant websites until very late or not at all. It was unclear how, if at all, members of the public could contribute to the RFA exercise.

### **Status of 'committed' or 'firmly approved' schemes**

In July 2005 the Treasury issued guidance '*Regional funding allocations - Guidance on preparing advice*' which covered the treatment of schemes at A12-15. Separately a list was circulated to RGOs setting out which schemes were to be treated as commitments. The guidance was obviously not clear enough about how the regions should treat schemes, or regions deliberately misinterpreted the guidance. Each region treated schemes differently, which had a significant impact on some highly controversial schemes.

The North West automatically included all the TPI schemes as 'commitments', contrary to the Treasury guidance. GONW told Road Block that the reason for this was TPI entry "meant they were approved". Also that as they had already been designated as regional schemes, therefore they were 'commitments', worryingly misunderstanding the whole purpose of the RFA process.

The A628 Mottram Tintwistle Bypass in the North West region, was mistakenly treated as a 'commitment' as the scheme was programmed with a Start of Works (SOW) for 2007/8. This was never likely and now has a start of works scheduled for 2013. The scheme as a result of this was never assessed against regional criteria, despite being extremely controversial and environmentally unacceptable.

In the South East the Bexhill Hastings Link Road should not have been treated as a 'commitment'. However the transport officer at SEERA, Martin Tugwell, misinformed the Regional Transport Board members that all Provisionally Approved local transport schemes must be automatically included as 'commitments', contrary to the Treasury guidance and the list circulated to the RGOs.

### **Confusion about status of RFA 'programme'**

The Secretary of State announced the results of the RFA on 6 July, calling the new lists a "programme". This is despite the fact that there are many schemes in the new RFA 'programme' that have not been consulted on, there has been no appraisal of them, and it is not known whether they represent good value for money or are environmentally unacceptable. The schemes that have not been previously approved were put into separate lists of schemes "Schemes which do not yet have approval". The Department has since updated its website and has added in parenthesis "i.e. not yet accepted into the Programme". This is helpful.

However the creation of this new quasi-programme which includes non-approved schemes has created confusion at every level, and has allowed scheme promoters to advertise that their schemes are now "approved" or "fully approved". Road Block has sent numerous examples from

around the country to Steve Berry and Charlotte Dixon. They include GONW telling Lancashire County Council that the Heysham to M6 Link had been 'approved' when it had not. Another example was Jim Knight MP using inclusion of the Weymouth Relief Road in the RFA list as confirmation that the large cost increase had been accepted and that the scheme had been "fully approved".

Road Block outlined some of our concerns in a letter to the Secretary of State dated 11 July 2006. Road Block believes putting non-approved, non-appraised schemes into regional funding lists undermines confidence in the Department's commitment to public consultation, the NATA appraisal processes, or the importance of consideration of environmental impacts.

There are now three 'programmes' – trunk road schemes that have been accepted into the Targeted Programme of Improvements (TPI), local authority Major Schemes in the LTP Programme, and now certain non-approved schemes that are in the RFA but are in neither of the other programmes. At least schemes that are in the TPI and LTP programmes have gone through the Department's NATA appraisal process and have demonstrated that they are good value for money according to the Department's criteria.

Road Block recommends that in future clear government guidance must instruct the regions on how to consult, how the decision making bodies should be constituted, and how information about the process must be clearly communicated to the public and interest groups. It is essential there is a requirement for an opportunity to challenge scheme promoter's assertions.

For Mike Faulkner (who was until very recently was working in Local and Regional Transport Policy Division at DfT so can hardly be 'independent') to describe the process as a 'success' is laughable. As far as I know nobody in the environmental transport sector was approached by Mr Faulkner for their comments.

Some regional officers have also declared the process a 'success'. However it needs to be recognised that regional politicians and officers will **always** want the RFA to be seen as a success so they retain control of regional budgets, whatever faults there are in the process. The reality is that it was rushed, lacking in accurate information and robustness, with limited involvement of any alternative voices. It resulted in poor choices, dictated by misinformation and the loudest and most influential voices in the region.

## **2. How could the guidance issued to regions in July 2005 have been improved? Is any further guidance needed for future rounds of regional advice?**

The guidance was very vague and enabled regions to interpret / manipulate it very widely. Objectives and processes were unclear. If there is a next time, the Department should have a clear idea of what it is trying to achieve and make this very clear to regional decision makers. The processes to be followed should also be made clearer.

As stated above, the guidance did not have tackling climate change at the heart. This should be central to all transport investment decisions. All decisions should show how they fit with the Department's shared PSA target to reduce CO2 emissions.

The guidance on committed schemes should be made clearer.

It was quite clear that heavy rail was **not** included in the HM Treasury guidance on RFA. Road Block does **not** believe that rail should be included in a future RFA process, as evidence shows that regions will blow their budgets on road schemes at the expense of public transport. Rail funding decisions are too important to leave to regional and local politicians who do not value the importance of long term sustainability issues.

There is a big problem that the RFA only allocated funds for capital projects, and not for revenue funding. There is an argument that RFA funding should go towards region-wide Smarter Choices packages, to bring about a step change in this area of funding. Evidence is emerging that these schemes have far higher BCRs than road and rail schemes, and are far greater value for money. The non-monetised and environmental benefits are enormous too, as is the reduction in CO2 resulting from modal shift. Road Block recommends that the guidance should make clear that more imaginative Smarter Choices packages could be available for funding.

Guidance should be very clear about accountability and stakeholder inclusion. Genuine consultation should be compulsory, and all meetings and paperwork must be available to the public promptly.

### **3. Should the Department be more prescriptive about the way in which regions are invited to develop advice ? If so, how?**

The Department should be more prescriptive about the way the advice is developed for the reasons outlined above. Long term transport funding decisions are far too important to be left to short sighted regions. Climate change needs to be tackled at a national and international level. At present only short term issues are prioritised by regions, and they do not seem equipped to deal with such a huge challenge as tackling climate change.

The Department should be more prescriptive about genuine consultation, as outlined above.

### **4. Particular difficulty was encountered in some regions in dealing with very large schemes, and also with schemes of mainly local rather than regional interest. Are there better ways of handling such schemes within the RFA process?**

It is Road Block's belief that large road schemes are not good value for money and it is inevitable that large schemes will swallow up large amounts of the RFA. However we do not believe that large schemes should therefore be funded out of national funds as some regions seems to be requesting. The region should decide, given limited resources, whether a large scheme is good value for money.

Smaller local schemes could still be funded out of the RFA, and the guidance should make this clear. As described above, the guidance should make clear that funding is also available for region wide Smarter Choices packages to promote modal shift.

### **5. The transport funding allocations comprised the amounts budgeted by the Department to cover:**

**local transport schemes for which local authorities seek specific grant from central government (generally those over £5m), and  
Highways Agency schemes of regional rather than national importance.**

**Should this coverage be extended to cover other types of transport spend, or reduced, in a future round of advice? If so how? In particular, should elements of rail expenditure be included within regional funding allocations? If so, which ones, and how could this best be achieved?**

Road Block does not believe that the RFA was a success, nor could it be a success given the short term way of thinking of regional and local politicians. The outcome (roads dominated RFA's) was inevitable, and should not be repeated for the reasons above.

If repeated, as above, funding should be made available for region wide Smarter Choices packages, and rail should not be included in the RFA so that regions cannot chose road schemes over rail schemes.

**6. Should the Department be more prescriptive about which bodies should be involved in the preparation of advice and what consultation should take place? If so, how?**

Inclusion of stakeholders is essential to ensure best decision making – see above. Regional TARs should be included to counter balance scheme promoters. Community anti-road groups should be given an opportunity to contradict the scheme promoter’s information. Guidance should make genuine consultation compulsory – as above.

**7. Are there ways in which the Department can further encourage the alignment of transport advice with regional economic, spatial and other strategies?**

Advice should be required to prioritise wider national and international sustainable development principles, and CO2 reduction targets. The RSS and sustainable development strategies and plans should be finalised first, before funding decisions are made on transport.