

FUNDING MEETING

**Agenda item 7**

**SURREY: WIDER NETWORK BENEFITS**

**Introduction**

1. This paper assesses the bid by Surrey County Council for Local Growth Funding for the "Surrey Wider Network Benefits" scheme.
2. Additional documents are attached:
  - Coast to Capital's Value for Money Statement for this scheme (Annex A)
  - The promoting authority's business case
  - An independent assessment report into this scheme produced by Parsons Brinckerhoff.
3. **The paper recommends that the funding request should be approved.**

**Background**

4. This scheme was one of the first five schemes to be approved by the Local Transport Body in July 2013. These five schemes were then endorsed by the Government and subsequently included in the Coast to Capital Strategic Economic Plan. The Government repeated its support for these schemes in the Growth Deal announced in July 2014.
5. This means that the scheme already has been approved in principle as a good fit with the policies and objectives of the Strategic Economic Plan. Unlike the sustainability and resilience programme, this scheme is not competing against other schemes. The question for the LTB to consider is whether the scheme is deliverable, is good value for money and provides the anticipated benefits for economic growth.
6. As the scheme has a gross cost of less than £5 million, it does not require a full business case. The scheme promoters have used the same template as for the sustainability and resilience schemes, with the agreement of the LEP officers.

**The Scheme**

7. The Wider Network Benefits scheme would help to make the road network more effective and so assist in reducing congestion. This would help to achieve two of the transport objectives of

the Strategic Economic Plan – helping to make journeys more reliable and to improve the resilience of the transport network.

8. The scheme would manage congestion by enhancing the County's existing traffic control technology, known as Intelligent Transport Systems. It would improve traffic control technology on key routes and also upgrade the County's central traffic control centre in Leatherhead – the Network Management Information Centre. The key routes are:

- A23
- A24 (north of the M25)
- A25
- A217
- A240

9. The scheme is based on four principles:

- **Prevent** - to reduce the number of traffic incidents by installing average speed cameras
- **Monitor** - to collect live traffic data using Automatic Number Plate Recognition and CCTV cameras.
- **Inform** - to give information about travel conditions to the public through social media, email alerts and roadside signs.
- **Control** – to make real time alterations to traffic signals in response to incidents.

10. It should be noted that the scheme has a number of wider benefits. Improving the capability of the Network Management Information Centre will help improve the resilience of all of Surrey's roads. The use of average speed cameras will not only reduce congestion but also help reduce the number of collisions. The installation of Automatic Number Plate Recognition cameras will not only assist in data collection but will also be an aid for law enforcement.

11. The police have asked that the location of the new Automatic Number Plate Recognition cameras should not be included in the business case. This seems entirely reasonable, and we would recommend that it is a level of operational detail that the LTB does not need to know.

### **Independent scheme assessment**

12. The scheme has been independently assessed by consultants Parsons Brinckerhoff. These consultants were appointed by competitive tender to be part of Coast to Capital's panel of assessing consultants. They have no financial or other interest in the scheme.

13. The report by Parsons Brinckerhoff is attached. Their overall recommendation is:

**"The conclusion of this review is that the Surrey Wider Network Benefits business case submitted to the LEP is robust and fit for purpose, and the reviewer recommends that the Board approves the requested funding."**

**(Paragraph 1.3.1)**

14. As part of their review, Parsons Brinckerhoff have made a number of recommendations to strengthen the business case and provide missing information. These recommendations are relatively minor and do not affect the overall recommendation to approve the funding for the scheme. The scheme promoters subsequently provided additional information and updated the business case and submitted these to the LEP on 11 March 2015.

### **Value for money**

15. This scheme is relatively innovative and, as such, it is challenging to quantify its benefits. The scheme promoters have not provided a benefit to cost ratio. Instead they have given qualitative information on the kinds of benefits which would be gained by the scheme.

16. We recommend that this is sufficient for the LTB's purposes, especially as the scheme is innovative. As the scheme costs less than £5 million, it requires a lower level of evidence than a major scheme of more than £5 million.

17. Parsons Brinckerhoff have concluded that the scheme's economic benefits are sufficient to recommend approval:

**"The nature of the WNB package does not easily suit economic assessment leading to a figure for BCR, and no attempt has been made to do so.**

**The transport benefits, if realised, are consistent with the aims of the scheme and consistent with normal expectations of measures of the kind proposed, although they are not quantified."**

**(paragraph 1.3.1)**

18. The Appraisal Summary Table for the scheme shows that the scheme has a **large beneficial effect** on economic impacts on business users and transport providers, reliability for business users, traffic flows/ delays/ congestion and journey quality.

19. The scheme has a moderately beneficial impact for air quality, greenhouse gases, accidents, reliability and access to services. No negative impacts have been identified.

20. Because the benefits of the scheme have not been quantified, we recommend that Coast to Capital officers should agree suitable SMART monitoring targets for the scheme. This can be done as part of the normal process of delivering the scheme and need not delay the LTB's decision. The scheme promoters are considering SMART objectives for the scheme.

### **Risks and deliverability**

21. The project includes an appropriate risk strategy. It can be scaled down if costs increase, with no risk to the LTB of a call for increased funding. Optimism bias of 15% has been applied.

22. The scheme is relatively straight-forward to deliver. It uses technology that Surrey County Council have considerable experience in using. It does not require planning permission or land acquisition. With the possible exception of speed cameras, the scheme is relatively non contentious with the public.

### **Costs**

23. The total cost of the scheme is £3.75 million, of which £3 million is requested as grant. This is consistent with the Growth Deal and the requirement for a local contribution of 20%. The spend profile for the scheme has been reprofiled to fit available growth deal resources:

2015-16	£1.3 million
2016-17	£1.75 million
2017-18	£0.7 million
Total	£3.75 million

24. The local growth fund would provide only the capital costs of installing the new equipment. The revenue costs of operating and maintaining that equipment would be the responsibility of Surrey County Council. However, as a proportion of the new equipment replaces existing equipment it is possible that the County Council's operating costs may decrease. The new equipment should be more reliable than the outdated equipment it is replacing.

25. Nevertheless, it would be prudent for the LTB to stipulate that its grant of £3 million is a fixed contribution and to ask Surrey County Council to meet any cost increases and any revenue costs inherent in operating the new equipment.

26. This would not stop Surrey County Council from making further bids in the future for additions to the scheme. The scheme is designated as phase 1 of a larger programme.

### **Consultation and stakeholder engagement**

27. The business case contains evidence of support from other authorities and the Highways Agency. There have been no responses as a result of the Coast to Capital consultation exercise. This is perhaps not surprising as the scheme is relatively technical and non-contentious.

### **Transferability of expertise and best practice**

28. This scheme will help to keep Surrey County Council at the forefront of the use of Intelligent Transport Systems. The use of average speed cameras to help control congestion is a particularly novel and smart approach.

29. Because of this we would ask Surrey County Council to share its expertise with neighbouring authorities and partners, including its ongoing experience of delivering and operating this new equipment. If this approach is as successful as we believe it can be, there would be merit in extending it to other parts of the Coast to Capital road network.

### **Conclusions and recommendations**

30. This is a bold and innovative proposal. Whilst its benefits cannot easily be quantified, it offers the prospect of making Surrey's road network more reliable and effective. It is a smart solution to congestion because it uses technology to make the most of existing road capacity. We believe that it is exactly the sort of scheme that the LEP and LTB should be encouraging.

31. Independent assessment of the scheme has found no reason why it cannot be accepted. The scheme has already been accepted in principle by the LTB in July 2013.

32. We therefore recommend that:

- the Surrey Wider Network Benefits scheme be approved in full
- the scheme promoters undertake to make the small corrections and amendments to their business case recommended by Parsons Brinckerhoff
- that the LTB's contribution be fixed at £3 million and that the scheme promoters undertake to meet any cost increases in the scheme plus the revenue cost implications of operating the scheme
- that the scheme promoters agree to share their expertise and experience with other authorities in the Coast to Capital area.

33. Following discussion with the scheme promoters, we understand that they are content to agree to these conditions. We therefore recommend that the scheme be approved in full.

Iain Reeve  
Transport Adviser  
Coast to Capital

19 March 2015

## **Annex A**

### **COAST TO CAPITAL VALUE FOR MONEY STATEMENT**

#### **Surrey Wider Network Benefits**

1. Coast to Capital LEP has examined the business case for Surrey Wider Network Benefits, as submitted by Surrey County Council in February 2015.
2. The business case has also been independently assessed by transport consultants Parsons Brinckerhoff.
3. The promoting authority have demonstrated that this scheme would have a large beneficial effect on Surrey's economy by improving the county council's ability to prevent and respond to congestion incidents on its road network. Whilst the promoters have not been able to quantify these benefits in a benefit: cost ratio, the independent consultants have confirmed that this is not unusual for schemes of this type. They have concluded that the scheme is robust and fit for purpose.
4. We are happy to certify that, to the best of our knowledge, this scheme offers good value for money and is a prudent use of resources.

Ron Crank  
Chief Executive  
Coast to Capital LEP

25 March 2015