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To: Cabinet: 17 March 2008

Subject: A21 and EKA Phase 2 Cost Increases

Classification: Unrestricted

Summary: To report on the implications of the recent announcement of cost increases of the two trunk road schemes on the A21 – Pembury Bypass to Tonbridge Bypass and Kippings Cross to Lamberhurst and of KCC scheme East Kent Access Phase 2.

For Information

1. Introduction

1.1 Following criticism that the actual costs of many completed trunk road schemes were significantly higher than the estimated costs of the schemes when entering the Targeted Programme of Improvements, the Department for Transport commissioned the Nicholls Report to recommend, inter alia, changes in procedures. This has the potential of delaying Highway Agency schemes in Kent as well as the County Council's own major schemes.

2. Regional Transport Board

2.1 The Nicholls Report has led to the re-estimation of some Highways Agency schemes which have reached a key stage in their delivery and, as a result, the Regional Transport Board (RTB) has considered three schemes in the South East at its meeting last Wednesday, 12 March, two of which are in Kent:

- A21 Tonbridge Bypass – Pembury Bypass Dualling: a rise from £64m to £112m
- A21 Kippings Cross – Lamberhurst Improvement: a rise from £40m to £103m

2.2 The RTB has a Regional Transport Programme up to 2018, containing Highways Agency schemes on the non-strategic network and, in Kent, features the two A21 schemes and the A2 Bean Interchange. The two A21 schemes are currently shown (at the old costs) to be programmed to start in 2010/11 and 2011/12 respectively. Schemes on the strategic trunk road network (in Kent, the M25, M20 and M26) are not included in the RTB programme, but it also contains local authority major schemes (ie in Kent, East Kent Access Phase 2, the Sittingbourne Northern Relief Road and Ashford Smartlink).

2.3 At the meeting on 12 March, the RTB resolved that:

- the A21 Tonbridge Bypass – Pembury Bypass Dualling scheme remains a regional priority and that the Highways Agency should proceed with its development (ie the

next stage is the appointment of Early Contractor Involvement) and;

- The A21 Kippings Cross – Lamberhurst Improvement scheme continues to be a regional priority and that the Highways Agency should proceed with its development, but notes the DfT has requested that the value for money of the scheme is reassessed due to the scale of the increase.

2.4 The RTB has written to the Secretary of State for Transport emphasising its concern over the scale of the cost increases, stating that it is looking at the DfT to make an appropriate contribution to the cost increases. Without this contribution, or an increase in the Regional Funding Allocation the RTB gets from Government, the Regional Programme will be delayed and the delivery of the sustainable economic growth set out in the South East Plan and Regional Economic Strategy will be jeopardised.

3. Value of the A21 Schemes

A21 Pembury - Tonbridge

- 3.1 This scheme was supposed to have been opened to traffic last year, but changes in the process of prioritisation (ie the RTB giving recommendations to Government) has further delayed the scheme so that a start is not now envisaged until 2010/11
- 3.2 The A21 between the Tonbridge and Pembury Bypasses is an appalling stretch of single carriageway road with very poor vertical and horizontal alignment. It links two sections of dual carriageway and carries 46,500 vehicles/day - way over its design capacity. Consequently there are serious delays and a bad accident record. The Benefit to Cost Ratio for this scheme is very high, even at the higher cost - far above the accepted threshold for good value for money schemes.
- 3.3 There is no alternative way of improving traffic conditions – the road has to be dualled to take the volume of traffic and is on-line to reduce impacts on the surrounding area.
- 3.4 The accessibility to and from the north to the new hospital at Pembury, now under construction, depends on the improvement of this road. Concentration of key services at this hospital from Maidstone, including the accident centre, increases the need to have the good accessibility afforded by this scheme.
- 3.5 Serious delays on this section of the A21 undermine the effects to regenerate Hastings and surrounding area, not only because of the increase in journey times but also because of the inherent unreliability of travelling along its length.

A21 Kippings Cross - Lamberhurst

- 3.6 The Kippings Cross - Lamberhurst scheme would replace a very poor section of single carriageway road which suffers a very poor accident record. It would also provide a section of dual carriageway linking to the existing dual carriageways either side - Pembury and Lamberhurst Bypasses. The scheme would be off-line, as widening on line is not possible due to very poor horizontal alignment of the existing road. Traffic flows are some 24,000 vehicles/day. The Benefit to Cost Ratio is still considered as 'high' and the scheme also improves accessibility to Hastings and Pembury Hospital

3.7 Furthermore, developing these two schemes together represents good value for money by reducing overhead costs and providing a cut/fill balance - excess material from Kippings Cross - Lamberhurst would be used on Pembury - Tonbridge which has a deficit. Without the linkage, Pembury - Tonbridge would have to import fill material from some distance away (it being in an Area of Outstanding Natural Beauty), incurring additional expense.

4. East Kent Access (EKA) Phase 2

4.1 The cost estimate of EKA Phase 2 has risen from £64m to £73m, mainly due to construction inflation of around 6%. Of this £9m difference, KCC is already funding £2.25m to progress the scheme, leaving a £6.75m real shortfall. The draft new DfT Major Scheme Guidance says that they expect KCC, as the scheme promoter, to bear 25% of the shortfall – ie under £2m.

4.2 The overall cost includes £3m of LCA Part 1 claims and it is hoped that this is where the contribution can be made - in future years and able to be spread. Internal discussion with Corporate Finance still to be had.

5. Conclusion

5.1 The implications of these cost increases could be slippage in the delivery of Kent's schemes in the Regional Programme and a long delay, or possible cancelling, of the A21 Kippings Cross – Lamberhurst scheme. These outcomes are unacceptable to KCC and the communities of Kent and Sussex.

Recommendation

Cabinet is requested to note this report and asks that the Managing Director for Environment & Regeneration investigates the issue further, with a view to lobbying vigorously for the retention of existing timescales.

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