

Great Minster House  
76 Marsham Street  
London SW1P 4DR

Tel: 020 7944 3011  
Fax: 020 7944 4399  
E-Mail: [douglas.alexander@dft.gsi.gov.uk](mailto:douglas.alexander@dft.gsi.gov.uk)

Web site: [www.dft.gov.uk](http://www.dft.gov.uk)

6 JULY 2006

Councillor David Smith  
Leader of West Midlands Regional  
Assembly  
Regional Partnership Centre  
3rd Floor  
Albert House  
Quay Place  
92-93 Edward Street  
Birmingham  
B1 2RA

Dear Cllr Smith

## **REGIONAL FUNDING ALLOCATIONS (RFAs)**

I am writing to respond to the transport proposals which were included in the West Midlands advice presented to Ministers at the end of January. Gillian Merron will also be writing separately to you shortly, together with ministerial colleagues in the Treasury and Departments of Trade & Industry and Communities & Local Government, with the Government's overall response to your region's advice on RFAs.

The Government has, for the first time, given regions a say in decision-making about transport schemes that affect them at the regional and local levels. It has been the first opportunity for you, your local authority partners and other key interests to consider together your transport programme against the region's high level objectives, and to develop a realistic, prioritised and affordable programme which offers the best overall contribution to meeting those objectives. My colleagues and I recognise that the prioritisation of transport schemes has required much work to ensure all the various interests are fully understood and reconciled. We are very impressed with the care and effort which has gone into the development of your advice, and with the progress which has been made in developing a consensus on what needs to be done.

I have read with interest your assessment of the issues and context for your region and the priorities that flowed from this. I was impressed that that your regional advice enjoyed broad support and that you managed successfully to draw together the varying interests of authorities both within the metropolitan area and across the rest of the region. The development of a transparent prioritisation methodology undoubtedly helped this process.

I hope that the work you have done so far provides a sound basis for continuing to develop and strengthen relationships between the regional stakeholders.

The programme you proposed provided a good fit with regional transport objectives and broadly with housing and economic objectives. We appreciate that integration between the three areas will need to develop over time.

### **Schemes to be taken forward in the West Midlands**

I generally accept the priorities that you have agreed within your region, subject to some variations as discussed below.

Accordingly, I am able to confirm the schemes that we expect to fund during the next three years (2006/7 to 2008/9). These include schemes currently underway and those expected to start in this period, and are listed in annex A to this letter.

I also include an indicative list of schemes that can be progressed so that they are ready to be added to the programme where necessary, and start construction in the remaining RFA years, from 2009/10 to 2015/16. These are listed at annex B. I recognise that aspects of these later schemes may change, or new priorities emerge, so we expect that you will wish to reconsider these schemes when you review your advice in the future.

The Department's provision of funding will, of course, be subject to schemes securing all necessary statutory powers, demonstrating sufficient value for money, and being supported by a satisfactory business case in line with the Departmental requirements. In particular, schemes where the assumed RFA cost exceeds the currently approved DfT maximum contribution will need a revised value for money assessment, and exploration of other funding sources, before we take a

final decision on whether Departmental funding for the scheme should be increased.

You will recognise that we cannot commit to precise start dates, given uncertainties about future scheme costs and progress. Given these uncertainties, the Department will need to retain the scope to manage scheme progress to ensure that spending is in line with the total of all regional budgets. However, our aim will be to ensure that spending in each region is in line with its indicative allocation taking a number of years together. And where possible, in making decisions on approvals and start dates, we will be guided by the sequencing and timing set out in your advice.

### Schemes previously approved by Government

You will see that the list at annex A includes 12 schemes which are already underway in your region, as part of the Government's programme of sustained and increasing investment in transport. We have increased spending on regional and local major transport schemes by around 50% (in real terms) since 2001/02, and the indicative budgets on which the regional advice is based sustain this record level of investment over the ten year period.

Reflecting your advice, we also expect to fund 8 schemes in your region that are currently at earlier stages of development following an initial Government approval, subject to the caveats noted above.

### New schemes without existing approval

In the light of your advice I have also been able to reach decisions on 3 new schemes that had not been previously approved. I am today approving the A4123/A461 Burnt Tree Junction scheme, the SPARK (Leamington Spa/Warwick Public Transport) scheme and the Birmingham International Airport/NEC Public Transport Access scheme for entry into the West Midlands regional programme.

Two of your recommended schemes, Rotherwas Access Road and Wolverhampton Station, have now been assessed by the Department and, in our view, taking account of all the economic, environmental and other effects, they do not offer sufficient value for money against the Department's scheme appraisal criteria. I have therefore concluded that these schemes should not be approved for entry to your regional programme and accordingly no funding provision has been made for

them from the RFA. I recognise the importance that the promoters attach to these schemes and it is of course open to them to consider alternative sources of funding, or to develop alternative better value proposals.

11 other new schemes that you recommended need further work and assessment, but subject to that work being completed satisfactorily and meeting the requirements for funding approval, I would expect them to be added to your regional programme over the next ten years.

Given that this has been the first opportunity for you to look at priorities across your region, against your wider objectives, it is not surprising that you have considered that a few schemes that had been approved or developed before the RFA process was introduced are not among your highest regional priorities. Accordingly I am minded to accept your advice that no funding provision should be made within the ten year period for the A483 Pant-Llanymyech Bypass. The Highways Agency will now review whether there might be a lower cost option for this scheme which retains a significant proportion of the scheme benefits. It is expected that this review will be concluded later this year.

In addition, I accept your advice that no funding provision should be made in the RFA ten year period for two schemes previously submitted to the Department by CENTRO and Birmingham City Council for an initial approval - Longbridge Park & Ride and A457 Dudley Traffic Management Stage 2.

I note your advice that the extensions to the Midland Metro system are a top regional priority. I can confirm that, in line with your advice, we have not made any provision for these within the indicative RFA budget, on the understanding that the West Midlands' metropolitan authorities intend to include the scheme within a wider package of measures in their prospective bid for funding from the Transport Innovation Fund. Similarly, our present assumption is that funding for the Shrewsbury North West Relief Road would be best considered as part of Shrewsbury's TIF proposals.

## **Future Advice**

Finally, I welcome your expressed intention to submit further advice on transport schemes. The process as a whole has been generally welcomed and has proved very constructive. We are keen to build on

this success, and will be seeking views widely on how the process might be enhanced. Taking those views into account, we expect to seek further formal advice on regional transport priorities within the next two years. We also want to encourage a continuing dialogue with regions to ensure your views on the regional programme are regularly taken into account as schemes progress. We will also be discussing with the Welsh Assembly Government their views on how cross-border schemes can be taken into consideration.

As a first step my officials will be in touch with yours to arrange a meeting to discuss what processes you would find most helpful. The meeting might also be an opportunity to clarify any points in this letter, or on my recent announcement on TIF, and more generally to consider how future process might be improved and developed in future. This would include discussion on how allocations might be extended to include rail.

I am writing in similar terms to the Chair of Advantage West Midlands.

A handwritten signature in black ink, appearing to read 'Douglas Alexander', with a stylized, cursive script.

**DOUGLAS ALEXANDER**

## **Annex A: Schemes for funding within the next three years (2006/07 to 2008/09)**

### *Schemes underway*

- A500 City Road & Stoke Road Junctions (Highways Agency)
- A38 Northfield Relief Road (Birmingham)
- Coventry Primelines Bus Network (Coventry)
- Hagley Road Bus Showcase (Birmingham)
- Outer Circle/Radial Routes (Birmingham/Centro)
- Cradley Heath Town Centre Strategy (Sandwell)
- Rugeley Eastern Bypass Stage 3 (Staffordshire)
- A429 Barford Bypass (Warwickshire)
- Red Routes Package 1 (CEPOG - Met Districts)
- Wolverhampton Centre Access Interchange (Wolverhampton)
- Walsall Town Centre Package (Walsall)
- Coleshill Parkway Multi Model Interchange (Warwickshire)

### *Approved schemes not yet underway*

- A45/A46 Tollbar End (Highways Agency)
- Selly Oak New Road (Birmingham)
- Tunstall Northern Bypass (Stoke on Trent City)
- Rugby Western Relief Road (Warwickshire)
- Owen Street Level Crossing Relief Road (Sandwell)
- Brierley Hill Sustainable Access Network (Dudley)
- West Midlands Urban Traffic Control (CEPOG (Met Districts))
- Darlaston Strategic Development Area (Walsall)
- A4123/A461 Burnt Tree Junction (Dudley/Sandwell)
- SPARK - Leamington Spa/Warwick Public Transport (Warwickshire)
- Birmingham International Airport/NEC Public Transport Access (Solihull)

### *Schemes which do not yet have approval (i.e. not yet accepted into the Programme)*

- Chester Road Access Improvements (Birmingham)
- Coventry Rapid Transit (Coventry)
- Longbridge Link Road (Birmingham)
- West Midlands Red Route Package 2 (CEPOG - Met Districts)
- Brinsford Park and Ride (Staffordshire)
- Wolverhampton I54 Access (Wolverhampton)
- Coventry Station Interchange (Coventry)

## **Annex B: Indicative list of schemes from 2009/10 to 2015/16**

*Schemes which do not yet have approval (i.e. not yet accepted into the Programme)*

- Birmingham New Street Station (Birmingham)
- Brownhills Transport Package (Walsall)
- Stourport Relief Road (Worcestershire)
- A41 Expressway/A4031 Junction (Sandwell)