

REPORT OF CABINET MEMBER FOR TRANSPORT AND HIGHWAYS

DEVOLVING LOCAL MAJOR TRANSPORT SCHEMES

Purpose of the Report

1. To inform Cabinet of the Government's consultation on the devolution of major transport schemes for the next Spending Review period (post 2015), and to confirm the authority's response to the consultation questions.

Background

2. On 31st January 2012 the Department of Transport (DfT) published a consultation document on their proposals for a new model for major transport scheme prioritisation and investment. The Government has produced this paper to take forward discussion about a new system for prioritising and funding major transport schemes after the end of the current Spending Review period. The current threshold definition of a major transport scheme being greater than £5 million will be removed allowing very local small scale infrastructure to be funded. The new system is intended to ensure the best outcomes for economic development whilst meeting carbon reduction objectives, and hand power to local communities enabling more responsive decision-making based on local economic conditions. The consultation period ends on 2nd April 2012.

3. The DfT's consultation seeks responses to a number of specific and general questions. An executive summary of the consultation document and the consultation questions can be found at Appendix A. Following receipt of responses the Government will produce a summary report and set out the next steps in the process.

Consultation details

4. Briefly, DfT / Government propose to;

- devolve capital funding for local major transport schemes to new democratically accountable local transport bodies. The detailed membership of the transport bodies would be for the local area to propose and agree,
- allocate budgets to the transport bodies by formula, based on population as per the former Regional Funding Allocation. This is the Government's preferred option; other potential options include economic contribution in terms of employed earnings, or some measure of transport need,

- allow for locally led assessment processes for prioritising schemes and the achievement of value for money, and;
- put both local transport authorities and Local Enterprise Partnerships (LEPs) in influential roles in the decision making arrangements of local transport bodies over which transport schemes are delivered.

5. Decisions will be devolved to new democratically accountable local transport bodies (involving LEPs and local authorities) whose primary role would be to agree, manage and oversee the delivery of a prioritised programme of schemes for investment beyond 2015, up to 2018-19 as a minimum. The responsibility for delivery of each scheme will remain with the promoting local authority or other relevant delivery agent such as Network Rail or the Highways Agency. The emphasis is on prioritising transport investment to align with economic development plans and delivering local growth consistent with Local Transport Plans.

6. The Government proposes that there are 3 'models' for involving LEPs in local transport decision making, each model differs in the extent of responsibilities the LEP assumes, ranging from a purely advisory role, or a membership role with a say in the decisions taken, through to a lead decision-making role where the LEP could act as the local transport body itself. The Government believes that the extent of the LEP's role should be left to local discretion.

7. The local transport body will be responsible for deciding who holds the funding; this could be a single local authority, a number of authorities or the LEP itself. The Government expects to be in a position to give a range of an indicative devolved budget per LEP area by August 2012, as a minimum for the next Spending Review period. Securing significant local and third-party contributions is still considered to be very important to the Government. Major schemes currently approved through the RFA process typically involve 40% of total funding from non-DfT budgets. The Government is not proposing any prescriptive minimum requirement in terms of match-funding rather it will allow local transport bodies to decide.

8. The new system would encourage the formation of transport consortia of neighbouring LEPs to manage decision-making across LEP boundaries for some larger cross boundary transport schemes, however this will be discretionary. The Government's preference is that there is no separate distinction for big schemes and that individual LEP areas would get a budget to prioritise whatever schemes are agreed locally. Such schemes could potentially also include locally important improvements to the trunk road network not already included in the Highways Agency's (HA) programme. The local majors funding is not however intended to be the primary means of funding HA schemes which will continue to be through the national trunk road programme.

9. In return for devolution the Government will require assurances regarding effective governance arrangements, financial management, transparent decision-making and meeting value for money criteria commensurate with the sums of capital involved. Local transport bodies will need to put in place measures which enable independent and public scrutiny of decisions and spend, and processes and frameworks to deal with risks to delivery, such as cost overruns. In essence the local transport bodies will take over the roles that the DfT civil servants and Ministers currently fulfil.

10. The Government recommends that all schemes should follow the Transport Business Case Framework and be appraised in line with Department for Transport's (DfT) webTAG guidance on transport scheme appraisal and evaluation, but will be assessed locally to inform investment decisions rather than centrally by the DfT. However, local transport bodies can develop their own assessment framework if sufficient robustness can be demonstrated, to deliver assurances equivalent to the Transport Business Case approach. The Government will expect assurances on how local frameworks and appraisal satisfy the need to develop sustainably, reduce carbon emissions and safeguard the environment, particularly in line with legislative requirements. This would imply that there could be a two-tier arrangement, with the DfT setting the guidance criteria at a national level (webTAG) and the local transport body deciding on which criteria to apply locally.

11. Following the Government's advice on indicative allocations per LEP area in August 2012, local transport bodies must submit proposals for governance, financial management and delivering value for money by the end of 2012 and have agreed their local prioritised programme of schemes by August 2013. Local transport bodies will then have two years to finalise business cases so that schemes can be ready for construction from 2015 onwards.

Consultation response of the County Council

12. The consultation seeks the views of the County Council as local highway authority on 8 topic questions (see appendix A for full details) ranging from general questions concerning the devolution of decision making and funding, and any residual role for the DfT to specific questions such as the role and responsibilities of the LEP in local transport bodies.

13. The following observations are made in response to each of the consultation questions as follows;

Question 1. The role and membership of each local transport body needs to be carefully and individually considered. An initial view would be that the LEP geography should be the starting point for the local transport bodies, in which case the local transport authorities of Derbyshire County Council, Derbyshire City Council, Nottingham City Council and Nottinghamshire County Council (D2N2) and potentially other transport representatives would form one such local transport body. Further discussion with the LEP in this regard is essential before finalising the make up of a relevant local transport body.

With respect to the issue of the promotion of strategic infrastructure and the options contained in the consultation paper (in section 1.57) the County Council would endorse option 3 i.e. that there should be no separate distinction for big schemes and no central encouragement or requirement to help promote their delivery. The local transport body should receive a budget to prioritise whatever schemes are agreed locally and where necessary consortia of adjoining or overlapping local transport bodies should be permitted to work in partnership to deliver cross boundary or strategic transport projects. The local transport body have a role to play in supporting and encouraging the development of strategic trunk road and rail projects.

Question 2. Although the Government believes that the extent and role of the LEP in decision making should be left to local discretion the County Council can see benefits in option 2 of those presented in the consultation paper (in section 1.40) i.e. the LEP becomes a full member in the local transport body and thereby has a direct say in the decision making process. Giving the

LEP the lead role in decision making (option 3) would not be supported by the County Council. In order to resource the local transport body a secretariat and officer working group will need to be established and all necessary funding identified and allocated. Funding may be required from each Local authority to support this unless it can be 'top sliced' from the annual local transport body financial allocation.

Question 3. The County Council would endorse the Government's preferred option (in section 2.37) in that local assessment frameworks should be based on the DfT's Transport Business Case guidance which sets out the current framework for all transport investments across the country. Applying well established frameworks and HM Treasury Guidance will ensure that there is consistency of approach across England.

Question 4. The local transport body will need to provide assurances that decision making is representative, transparent and based on robust evidence. Decisions of the local transport body will need to be properly recorded and authorised and it is suggested that significant decisions should be separately endorsed and ratified by the relevant Cabinets / Committees of each local transport authority represented on the local transport board. A dedicated website should be set up for each local transport board within the country with all meeting minutes, business cases, plans, etc published on the site. The local transport body decisions should also be subject to scrutiny via each relevant local authority. As the schemes that are promoted are likely to already feature in the Local Transport Plans for the area this gives a further tier of public accountability. In respect of accountability to the tax payer there will need to be established external, independent and central monitoring and this could include a residual role for the DfT. Further consideration will need to be given to the cost of this external monitoring as the Council is concerned that an additional expense will fall to the local authority.

Question 5. The County Council would endorse the Government's suggested preferred option 2 (in section 2.39) that the local transport body is to appraise schemes using webTAG which is a well evidenced standard methodology. It is unclear however whether this would involve an additional appraisal cost on the promoting authorities of the smaller schemes? The cost and level of detail required to justify smaller scale transport projects needs to be commensurate with the scale of the overall scheme cost.

Question 6. The timetable proposed in the consultation is considered unrealistic. It is suggested that the deadline for local transport bodies to submit proposals for sign-off of governance, financial management, accountability and meeting and testing value for money is put back until April 2013 and that the deadline for submitting an agreed programme of transport priorities is delayed until April 2014.

Question 7. It would appear that the DfT could have a residual role to play, providing an external audit of schemes promoted by local transport bodies i.e. to ensure consistency of approach, compliance with webTAG and assessing whether the delivered schemes represent sound value for money on behalf of the tax payer. The DfT could also need to centrally collate monitoring of post project opening benefits to establish the efficacy of transport investment. It is not clear how such a role for the Department would be funded and whether this would duplicate assessments made by the local transport bodies.

Question 8. There is concern over the costs of the devolved system to the local authority. Paragraph 1.46 of the consultation paper suggests that the costs of preparing business cases

would reduce, therefore there would be a cost saving to the authority. However as each scheme promoter (LA) would still need to provide a business case following webTAG guidance and as the authority would need to resource the reporting to and membership of the local transport body, including assessing submissions of other members of the local transport body there is likely to be a greater cost to each local authority. The government should reconsider (section 1.47 of the consultation) and increase the amount of government money provided to cover the administration and functioning of the local transport body.

Officers from the four transport authorities within the D2N2 LEP area are agreed in principle with the each authority's recommendations for response to this consultation, in particular the proposal for a local transport body covering the D2N2 area. However each authority will respond individually to reflect the slightly different views over matters of detail.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATIONS

15. It is recommended that Cabinet note the Government's consultation on the proposed devolution of major transport schemes for the next Spending Review period (post 2015) and confirm the response to the formal consultation questions as outlined in paragraph 13.

Councillor Richard Jackson

Portfolio holder for Transport and Highways

For any enquiries about this report please contact: David Pick

Constitutional Comments [SHB 27/03/12]

16. Cabinet has power to decide the Recommendation.

Financial Comments [MA 30/03/12]

17. There are no direct financial implications arising from the contents of this report. Subject to final decisions following the consultation process, the detailed financial implications will be included in future reports and will form part of the Authorities Capital Programme and Medium Term Financial Strategy.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Department for Transport Consultation Paper - Devolving local major transport schemes 31st January 2012.

Electoral Division(s) and Member(s) Affected

All