

TELFORD & WREKIN COUNCIL

CABINET - 6 DECEMBER 2012

MARCHES LOCAL TRANSPORT BODY

REPORT OF THE ASSISTANT DIRECTOR OF NEIGHBOURHOOD & LEISURE SERVICES

LEAD CABINET MEMBER – CLLR HILDA RHODES

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

The Department for Transport (DfT) consulted on the devolution of its major scheme funding programme for the next spending review period (2015-2019) earlier in 2012, signalling its intention to devolve the programme to 'Local Transport Bodies' (LTB).

Telford & Wrekin Council and the Marches LEP responded directly to the consultation in conjunction with Shropshire and Herefordshire Councils. Copies of the responses are available as background papers.

The DfT has now published the results of the consultation and proposed next steps, confirming key elements of the consultation proposals. These include:

- The need to formally establish 'Local Transport Bodies' based on the existing Local Enterprise Partnership geographies which will be responsible for allocating and managing the devolved major scheme funds. These, as a minimum will need to comprise the relevant local transport authorities, but may also comprise LEP representation subject to local decision. Government requires confirmation of relevant governance, financial management and accountability arrangements by the end of December 2012.
- The devolved funding will be allocated through a formula based on population size. It is anticipated for the Marches area that this could be in the region of £16M. This funding will be additional to the LTP block allocation and will need to be spent on major schemes. The current major scheme threshold is £5m but Government will leave the LTB to consider if this threshold remains relevant to local priorities. A provisional list of prioritised schemes will need to be submitted to DfT by April 2013.

2. RECOMMENDATIONS

2.1 That Cabinet:

- i. **agrees to the establishment of a Marches Local Transport Body as set out in this report;**

- ii. elects the Cabinet Member for Transport and Community Protection and the Cabinet Member for Housing, Regeneration and Economic Development to represent Telford & Wrekin Council on the Marches Local Transport Body board as set out in the governance proposals in this report;
- iii. delegates powers to the Assistant Director - Neighbourhood and Leisure Services, in consultation with the Cabinet Members for Transport and Community Protection and for Housing, Regeneration and Economic Development, to agree documentation and terms of reference for the LTB.
- iv. delegates authority to the Assistant Director: Law, Democracy and Public Protection to agree and execute all necessary documentation to give effect to the recommendations contained in this report.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	<p>The establishment of a Marches LTB will allow the three transport authorities to access funding for strategic and priority schemes in their respective areas subject to appropriate governance and high level appraisal. The establishment of a Marches LTB will assist in the delivery of the following current Council Priorities:</p> <ul style="list-style-type: none"> • ensure that neighbourhoods are safe, clean and well maintained; • improve the health and wellbeing of our communities and address health inequalities; • regenerate those neighbourhoods in need and work to ensure that local people have access to suitable housing.
	Will the proposals impact on specific groups of people?	
	No	This report is based upon the requirements of establishing a Marches Local Transport Body and does not identify specific schemes for consideration as part of the LTB.
TARGET COMPLETION/DELIVERY DATE	<p>The Marches LTB Assurance Framework has to be agreed between the 3 Transport Authorities and Marches LEP and provided to the DfT by the end of December.</p> <p>In addition to this the LTB has to develop a list of priority transport schemes and high level appraisal criteria by the end of March 2013.</p>	

<p>FINANCIAL/VALUE FOR MONEY IMPACT</p>	<p>Yes</p>	<p>The full financial implications of the establishment of The Marches LTB cannot be assessed until further guidance and indicative funding allocations are received from the DfT.</p> <p>There is a requirement to establish an Accountable Body to be responsible for the devolved programme across the Marches area which may have resource implications within Finance and Legal for the Accountable Body. In addition, there will be resource implications in respect of the servicing of the joint committee and the discharge of new responsibilities in respect of scheme appraisal. The DfT has stated that no additional funding will be made available to meet any additional costs associated with the governance and management of the LTP.</p> <p>Further guidance is awaited from the DfT on the framework and phasing of allocated funding to the LTP. There may be cash flow implications for the Accountable Body if the phasing of funding does not correspond to the phasing of spending, or if funding has to be claimed in arrears. Clarification will also need to be sought on the joint responsibility for funding any over-run or over spending on approved schemes within the programme.</p> <p>It is recommended that the governance and Accountable Body responsibilities are reviewed in discussion with Shropshire and Herefordshire Council when more detailed guidance is received from DfT. Further reports will be brought forward for approval if the requirement for additional resources, or increased financial risks are identified which cannot be accommodated within existing budgets.</p> <p>Full financial advice and support will be provided as required.</p>
<p>LEGAL ISSUES</p>	<p>Yes</p>	<p>The proposed joint committee as described in the 'Proposed Marches LTB structure' section below addresses the legal/constitutional requirements relating to the establishment of the LTB. The details of the LTB governance structure will be discussed and agreed with Shropshire and Herefordshire Councils.</p>
<p>OTHER IMPACTS, RISKS & OPPORTUNITIES</p>	<p>Yes</p>	<p>Initially, key risk is around not establishing appropriate governance arrangements and scheme list by deadline set down by government. This may</p>

		<p>impact on ability to access the fund. We are seeking to manage this risk by taking the earliest opportunity to work jointly to establish the LTB.</p> <p>Selecting an accountable body will also be a key issue which will require agreement between all three authorities and issues surrounding resourcing will have to be addressed.</p> <p>In the longer term there will be risks around ensuring the programme is well managed and that it enables the delivery of high quality transport schemes. We are likely to have a relatively small allocation and we will need to ensure that our process of management and appraisal is proportionate whilst adhering to the minimum standards set down by government.</p>
IMPACT ON SPECIFIC WARDS	No	The establishment of the LTB will not directly impact upon specific wards.

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

Background

The major scheme funding programme has been in place for many years and provides funding direct to local authorities for transport schemes over £5M. Government manages the programme centrally and has established a detailed process for appraisal which is set out in a web based appraisal tool called WebTAG. Typically, this programme has funded highway schemes and larger sustainable transport schemes such as new bus stations.

Whilst focused on transport, the major scheme programme is separate to the local transport plan capital grant and is also separate to the Highways Agency's capital funding. Telford & Wrekin Council has never secured funding through this programme. Whilst securing major scheme funding can provide an area with significant external investment, the process of securing the funds is extremely resource intensive and lengthy.

Consultation

Earlier this year the DfT consulted on proposals for devolving its major transport scheme funding programme for the next spending review period (2015-2019) to newly established Local Transport Bodies (LTB) as part of its drive towards localism. Telford & Wrekin Council and the Marches LEP responded directly to the consultation along with Herefordshire and Shropshire. The DfT has now published the results of the consultation and proposed next steps, confirming key elements of the consultation proposals. These include:

- The need to formally establish 'Local Transport Bodies' based on the existing Local Enterprise Partnership geographies which will be responsible for allocating and managing the devolved major scheme funds. These, as a minimum will need to comprise the relevant local transport authorities, but may also comprise LEP

representation subject to local decision.

- The devolved funding will be allocated through a formula based on population size. This replaces the current allocation system which is based on appraisal of individual scheme business cases. The national programme for the current spending period (2010 to 2014) is c£1.5B. Government had promised to provide indicative funding outlines for LTB areas during October, however we are still awaiting this information. It is anticipated for the Marches area that this could be in the region of £16m.

Establishment of a Marches LTB

For the Marches area it has been agreed that the three Transport Authorities (Herefordshire, Telford & Wrekin and Shropshire) will form the basis of the LTB in conjunction with the Marches LEP in an advisory capacity. Whilst the DfT has itself delayed confirming its proposals and is still to provide more detailed guidance it has not chosen to relax the original timetable it set for establishment of the LTB's. This will require the 3 transport authorities in the Marches area to confirm the following:

- Details of the 'Assurance Framework' for the Marches LTB. This will need to clarify the local approach to governance, financial management including risk management, accountability and testing value for money. Government needs confirmation of these arrangements by the end of December 2012.
- A provisional list of prioritised schemes which will need to be submitted to DfT by April 2013. Whilst these schemes will not be required to have been subject to a full major scheme business case assessment, DfT will require an assessment of economic and environmental impact and deliverability.

Notwithstanding further detailed guidance on the type of assurance arrangements government expects local authorities to put in place it is important that the Marches transport authorities begin to plan how they will manage the programme and form the LTB.

Proposed Marches LTB Structure

The Department for Transport in its "Next Steps" publication dated September 2012 accepts the proposal that the LTB can be run as a joint committee. However, it also accepts the alternatives as being able to satisfy its requirements for an assurance framework. A final judgement on a governance structure should be caveated by the contents of the detailed guidance on LTB frameworks, due to be published imminently.

The LEP has not finalised its own governance arrangements to the extent that any representative can be lawfully mandated to respond to funding proposals on its behalf. Some kind of corporate vehicle is perhaps the most suitable solution. Equally, for the LTB some authorities (outside of the Marches area) have proposed a corporate structure. This would potentially allow full participation for the LEP's representative as a voting decision maker rather than a consultee. The corporate structure would also potentially admit bodies such as Network Rail. However, it is suggested that at this stage a joint cabinet committee would be the most appropriate solution. This proposal has been discussed at officer level with officers of Shropshire and Herefordshire Councils. It is proposed that the committee would:

- a. comprise 6 cabinet members, 2 from each authority one of which would be

responsible for transport strategy and/or infrastructure. This committee would be empowered to determine the funding priorities in relation to the devolved major scheme funding programme. Over time and subject to further devolution of powers from central government, it may take on additional functions;

- b.** invite appropriate representation from the Marches Local Enterprise Partnership to inform its decision making. At present the LEP does not have a clear constitution and this would limit its role to advisory and would preclude any voting rights. This could be reviewed if the status of the LEP changed;
- c.** be serviced by appropriate legal/governance officials. Further consideration will be required to assess the resourcing implications of this new activity and whether or not the function might rotate between the 3 authorities or if pooled resources would assist one authority maintaining the role over a longer period; and
- d.** be serviced by a formal technical officer group which would be established to fulfil the technical requirement of the devolved major scheme funding programme and present reports for the joint committee's consideration. This group would be responsible for ensuring appropriate engagement with external stakeholders in respect of any decisions which would be considered by the joint committee.

Implications for Financial Management

In the present system, individual local authorities are responsible directly to government for the appropriate financial management of a major scheme project. The new arrangements (where there is more than one local authority comprising the LTB) will require one to act as the accountable body. This will result in additional resource requirement for the authority in the Marches area which agrees to act as the accountable body. Officers will consider the best way to take this forward, in conjunction with officers from Herefordshire and Shropshire Councils and this may result in a further report to Cabinet.

Implications for Scheme Appraisal

The consultation also sought comments in respect of how schemes should be appraised post devolution. Government has indicated that it will retain the present system of appraisal as a mandatory requirement. This is based on a web based appraisal tool, WebTAG but appraisal will be carried out by the LTB as opposed to the DfT and therefore this will generate the requirement locally for resources to independently appraise schemes within the Marches area. Government has indicated that WebTAG can be applied in a way which is flexible/proportionate. The Marches LTB will need to explore how best to resource this new requirement.

Funding Details and Implications for the Marches

Government has reviewed the current threshold for major schemes which is set at £5M. It is proposing to remove this specific threshold and allow LTBs to set their own. However, it wishes a distinction between major scheme programme and local transport scheme programme (LTP) should remain and will encourage LTBs to ensure that an 'effective distinction' between the two is maintained. In addition, it confirms that funding from the LTB

will need to be subject to a WebTAG appraisal so this might dictate the type/scale of schemes which can be considered.

Government has also confirmed that the allocation will be made on the basis of population (per capita) and had promised to provide indicative funding outlines for LTB areas during October, however we are still awaiting this information. A rough estimate has been calculated locally which suggests that the Marches LTB might receive an allocation of around £16M for the period 2015-19. If allocated equally amongst the three authorities this would provide around £1.3M extra a year over the period. Given the relatively low sums anticipated it will be important for the Marches LTB to establish an assurance framework which is proportionate and preserves as much of the funding as possible for the delivery of schemes.

5. IMPACT ASSESSMENT – ADDITIONAL INFORMATION

Community Impact

The impact on the community as a result of establishing the Marches LTB is likely to be minimal. However, securing major transport scheme funding is vital to bring forward improvements to the highway network and existing public transport facilities in order to continue to improve services for residents. The agreement of a suitable, transparent and accountable assurance framework as part of the establishment of the Marches LTB will give an opportunity for Telford & Wrekin to access funding for strategic/priority schemes where required.

Equalities Impact

The impact on equality for all as a result of establishing the Marches LTB is likely to be minimal. However, securing major transport funding is key to providing effective access and mobility for all people whether they travel by private vehicle, bus, taxi, cycle or on foot.

Environmental Impact

The environmental impact as a result of establishing the Marches LTB is likely to be minimal. However, major transport schemes can have a significant influence on the overall perception of the quality of the physical environment. The WebTAG appraisal tool includes consideration of environmental impacts when assessing schemes for inclusion in the programme and environmental improvements are incorporated into schemes where appropriate to support the local area.

6. PREVIOUS MINUTES

None.

7. BACKGROUND PAPERS

DfT consultation paper on Devolving Major Scheme Funding, January 2012

Telford & Wrekin Council response to the Government consultation on Devolving Major Scheme Funding

Marches LEP response to the same consultation

DfT Publication - Devolving local major transport schemes: Next steps, September 2012

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