

**ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS**

<b>1.</b>	<b>Meeting:</b>	<b>Cabinet Member for Regeneration and Environment Delegated powers</b>
<b>2.</b>	<b>Date:</b>	<b>4 October 2010</b>
<b>3.</b>	<b>Title:</b>	<b>Local Transport Plan Funding Consultation</b>
<b>4.</b>	<b>Programme Area:</b>	<b>Environment and Development Services</b>

### **5. Summary**

**To report the proposed response to the Department for Transport consultation on Local Transport Funding**

### **6. Recommendations**

**That Cabinet Member resolves that: -**

**The response to points raised in the DfT consultation (see Appendix 1) be supported for inclusion within the response being prepared on behalf of South Yorkshire by the LTP Programme Director**

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## 7. Proposals and Details

In August 2010 the Department for Transport (DfT) issued consultation on the way Local Transport Plan (LTP) funding is calculated and distributed. LTP funding has previously been allocated in two 'blocks' the 'Integrated Transport (IT) Block' – capital funding for small transport improvement schemes and the 'Maintenance Block' – capital funding for maintenance schemes.

The effects of altering the formulae used to determine IT and Maintenance Blocks (potential reduction or increase in funding) is separate to any funding announcements as part of the Comprehensive Spending Review (CSR) on 20<sup>th</sup> October 2010. However, the CSR will clearly determine the overall level of funding that will be available and following the in year cuts announced in June it is expected that the level of funding available could be reduced by up to 40%.

Any changes to the way in which LTP Block funding is allocated will be incorporated into the Local Government Finance Settlement (2011/12 – 2014/15) to be published in December 2010. This settlement is expected to include individual local authorities' LTP capital allocation for the IT and Maintenance Blocks.

Responses to the consultation will feed into the decisions that the DfT takes on how the allocations for the two transport blocks are calculated. The consultation also highlights that LTP IT and Maintenance Block funding are not ring-fenced allocations.

The formal response to the consultation is being prepared on behalf of South Yorkshire by the LTP Programme Director for DfT's deadline of 6 October 2010. Our full response to all of the points raised in the consultation for inclusion within the South Yorkshire response is shown in Appendix 1. However, the key points the DfT seeks feedback on in the consultation are:-

### **Maintenance Block**

Changing from a formula based on road condition to a formula that is determined using the overall length of highway network to be maintained.

It is also proposed to update the datasets that are used to calculate the funding allocations.

### ***Implications:***

Refreshing the condition dataset would result in Rotherham's Maintenance Block reducing by 14%.

Changing from a formula based on condition to one based on length of road would result in a reduction of 6%.

However, the impact of the likely reduction in funding available following the CSR is unlikely to be known until December 2010.

If condition is to be used in the formula it means that relatively small changes in condition can result in a change of an authority's quartile position and have a disproportionate effect on funding. It can also be viewed as rewarding failure. However, if additional funding is not directed to authorities with the worst networks then it is difficult to see how they will improve. We consider that a balanced approach would be to allocate half of the funding based on road length alone and the other half factored to reflect condition in line with comments the region has previously provided to consultation on this issue.

### **Integrated Transport Block**

It is not proposed to change the formula, although the DfT do indicate their willingness to do so and acknowledge the benefit in revising the formula so that it is focused more on goals of carbon reduction and supporting the economy. However, any revision to the IT Block formula will be in the longer-term and not prior to the finance settlement in December. A refresh of the datasets is also proposed.

#### ***Implications:***

The refresh of the dataset will result in South Yorkshire receiving a 1% increase in its allocation of the overall IT block fund. However, the impact of the likely reduction in funding available following the CSR is unlikely to be known until December 2010.

The longer-term review of the way in which the formula is 'made up' is welcomed.

### **Allocation of funding**

The consultation invites feedback on whether block funding should be paid out as grant or supported borrowing.

For the six Metropolitan Areas, and in joint Local Transport areas, such as South Yorkshire the consultation asks for views on whether the funding blocks should be paid solely to Integrated Transport Authorities (ITA).

#### ***Implications:***

At present the IT Block is paid to the ITA and to the Metropolitan Districts. 50% is managed at South Yorkshire ITA level on the Strategic Programme and 50% is managed by districts to establish a Local IT programme of schemes. The Maintenance Block is currently allocated direct to Metropolitan Districts.

If the entire IT and Maintenance Block allocations were paid solely to the South Yorkshire ITA the way in which it is then distributed would need careful consideration. This could be managed in a straightforward way by reflecting the formula allocation for maintenance and districts then receiving their 'fair share' of the funding and for the current IT block arrangements to continue. It is considered that an arduous bidding process for specific local schemes would not be an efficient use of likely reduced LTP resources at district or ITA level.

However, if funding is allocated to the ITA there are likely to be associated improvements to how local funding is prioritised with potentially greater LTP benefit in terms of the outcomes that schemes deliver. In addition, by allocating funding to the ITA the funding will also be prioritised to schemes that maintain and manage the network and provide the associated benefits to carbon reduction, supporting the economy, and ensuring safety that the funding is intended to deliver.

Grant funding is our preferred way of receiving funding.

## **8. Finance**

This report has no financial implications at this time, although the responses to the consultation will influence how the LTP allocations are calculated and the funding that RMBC receives for its future Highways Programmes from 2011/12 onwards.

## **9. Risks and Uncertainties**

There is significant uncertainty regarding the levels of funding to be allocated via LTP programmes from 2011/12 onwards. The CSR announcements on the 20<sup>th</sup> October 2010 will provide some clarity although individual allocations are unlikely to be known until December 2010.

## **10. Policy and Performance Agenda Implications**

Consultation on the Sheffield City Region Transport Strategy, which will also form LTP3, is currently underway. Many of the Councils Corporate Plan priorities are delivered through or influenced by LTP funded projects. Reduced funding towards LTP IT and Maintenance programmes will affect our ability to deliver the goals and policy objectives set out in the strategy and, depending on the size of funding cuts, could affect our ability to effectively deliver our transportation and highways statutory duties. If funding is allocated directly to RMBC and this is then allocated to non-transport and highways projects this would significantly affect our ability to function as an effective member of the South Yorkshire LTP Partnership and our ability to deliver key elements of the Corporate Plan.

## **11. Background Papers and Consultation**

DfT consultation: Consultation on Local Transport Funding, DFT-2010-32. August 2010.

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