



## Policy and Resources Committee – 27 September 2012

### Devolution of Local Major Transport Scheme Funding

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**Purpose of report:** To make Members aware of changes to how local major transport schemes will be funded from April 2015, and to seek a response to the Department for Transport's consultation.

**Attachment(s)** NCC Cabinet report – 4 September 2012

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#### 1. Background

- 1.1 For many years, unitary local authorities and county councils have obtained funding for major highway and public transport schemes (currently those costing over £5 million) through a process of bidding to central government. As part of the Localism Agenda, the government is now proposing to devolve that funding and the associated decision-making to a more local level.
- 1.2 In January 2012 the Department for Transport (DfT) launched a consultation on new methods for distributing funding for local major transport schemes via Local Transport Bodies, formed by consortia of local authorities and Local Enterprise Partnerships. The consultation closed in April 2012. The DfT is now seeking to confirm the Local Transport Body geography for Northamptonshire, and requires a response by 28th September 2012.

#### 2. Options

- 2.1 The Department for Transport advises that Local Transport Bodies should, as far as possible, be coterminous with existing boundaries of Local Transport Authorities and Local Enterprise Partnerships.
- 2.2 In the vast majority of the country this should be straightforward. However, in a minority of areas this leads to complications where Local Enterprise Partnerships overlap, such as between Northamptonshire Enterprise Partnership and South East Midlands Local Enterprise Partnership (SEMLEP).

#### 3. Northamptonshire or SEMLEP?

- 3.1 The report that Northamptonshire County Council's Cabinet considered on 4 September (attached), setting out the pros and cons of the two options, was tabled at the Northamptonshire Chief Executives' meeting on 12 September. After a fairly brief discussion it was clear that all preferred the Northamptonshire option.
- 3.2 Those Chief Executives who attend SEMLEP meetings (Northampton, Kettering, South Northamptonshire, Daventry and Corby) also reported that this issue had been discussed at the SEMLEP Board meeting on 1 September, and that there was no appetite for a Local Transport Body for the whole SEMLEP area. The four unitary transport authorities within SEMLEP were proposing to join together, and the rest of the area would be covered by Local Transport Bodies based on county boundaries.

**4. Governance arrangements**

4.1. There are no proposals at present. However, the Local Transport Body will need to be in place by 31 December 2012, so discussion on governance arrangements will take place soon. Developments will be reported to this Committee in due course.

**5. Equality and Diversity Implications**

5.1. There are no equality and diversity implications arising from the proposals.

**6. Legal Implications**

6.1. There are no legal implications arising from the proposals.

**7. Risk Management**

7.1. The adoption of Northamptonshire rather than SEMLEP as the Local Transport Body area would give this Council a greater say over where investment in local transport schemes took place and would therefore reduce the risk that East Northamptonshire misses out on its fair share of funding.

**8. Financial Implications**

8.1. There are no definite financial implications at this stage, and there is unlikely to be an impact on the Council. However, as set out in the risk section above, a Northamptonshire Local Transport Body is more likely to result in higher investment in the District.

**9. Corporate Outcome**


9.1. This proposal contributes to the corporate outcome 'Effective Partnership Working'

**10. Recommendation**

10.1. The Committee is recommended to:-

1. State its wish that the Local Transport Body covering East Northamptonshire should be Northamptonshire.
2. Delegate responsibility to the Chief Executive to draft a reply to this effect to Northamptonshire County Council.
3. Note that a further report will be submitted to the Committee later in the year setting out the proposed governance arrangements for the Local Transport Body.

*(Reason: To respond to the DfT's consultation on the geographic boundaries to be adopted for Local Transport Bodies)*

|  |   |  |           |  |           |  |
|--|---|--|-----------|--|-----------|--|
| <b>Legal</b>   | Power:  |  |           |  |           |  |
|  | Other considerations:   |  |           |  |           |  |
| <b>Background Papers:</b> None   |   |  |           |  |           |  |
| <b>Person Originating Report:</b> David Oliver, Chief Executive<br>01832 742105 doliver@east-northamptonshire.gov.uk |   |  |           |  |           |  |
| <b>Date:</b> 13 September 2012   |   |  |           |  |           |  |
| <b>CFO</b>   |  |  | <b>MO</b> |  | <b>CX</b> |  |



**CABINET**

**Tuesday 4<sup>th</sup> September**

**DIRECTOR OF ENVIRONMENT, DEVELOPMENT AND TRANSPORT: Tony Ciaburro**

**CABINET MEMBER WITH RESPONSIBILITY FOR INFRASTRUCTURE AND PUBLIC PROTECTION: Councillor Andre Gonzalez de Savage**

|                         |   |
|-------------------------|---|
| <b>Subject:</b>         | <b>Devolution of Local Major Transport Scheme Funding</b>   |
| <b>Recommendations:</b> | <ol style="list-style-type: none"><li><b>1. That discussions take place with Northamptonshire Enterprise Partnership regarding Option 2 with a view to provide a coordinated response to the Department for Transport and to the South East Midlands Local Enterprise Partnership.</b></li><li><b>2. That all district and borough councils be consulted on Option 2 recommended in this report.</b></li><li><b>3. That the Department for Transport be informed that Option 2 outlined in Section 8 of the report be the preferred Local Transport Body Geography for Northamptonshire.</b></li><li><b>4. That all local Members of Parliament be informed of the recommendations above.</b></li></ol> |

**1. Purpose of Report**

- 1.1 In January 2012 the Department for Transport launched a consultation on new methods for distribution of funding for local major transport schemes via Local Transport Bodies, formed by consortia of local authorities and Local Enterprise Partnerships. The consultation closed in April 2012. Subsequently, the Department for Transport is seeking to confirm the Local Transport Body geography for Northamptonshire, and requires a response, by 28<sup>th</sup> September 2012.
- 1.2 This report outlines the main alternative options available together with the proposed response to the Department for Transport regarding the preferred geography for the Local Transport Body.

## 2. Relevant Priority Outcomes

The content of this report supports the delivery of the following corporate outcomes:

| <b>Perspective</b>   | <b>Outcome</b>   |
|--|--|
| <b>Customers &amp; Community</b> - to achieve our vision, what will our customers see?             | <ul style="list-style-type: none"><li>• A cleaner, greener and more prosperous county</li><li>• Active, safe and sustainable communities</li></ul>             |
| <b>Process</b> - to satisfy our customers, what processes must we excel at?                        | <ul style="list-style-type: none"><li>• Developing local markets</li><li>• Devolving power &amp; barrier removal</li><li>• Shaping our county growth</li></ul> |
| <b>Learning and Growth</b> - to achieve our vision what must we learn, develop and improve?        | <ul style="list-style-type: none"><li>• Effective Northamptonshire Enterprise Partnership</li></ul>  |
| <b>Finance</b> – to finance our vision, what must we do efficiently, effectively and economically? | <ul style="list-style-type: none"><li>• Optimised delivery costs</li><li>• Maximised income and funding</li><li>• Targeted spend and investments</li></ul>     |

## 3. Background

3.1 For many years, local authorities have obtained funding for major highway and public transport schemes (currently those costing over £5 million) through a process of bidding to central government.

3.2 As part of the Localism Agenda, the government is now proposing to devolve that funding and the associated decision-making to a more local level.

## 4. Department for Transport proposals

4.1 The Department for Transport published a consultation document outlining their proposals for how the devolution of funding and decision-making should be managed.

4.2 They propose that new Local Transport Bodies should be formed consisting of consortia of local transport and highway authorities (such as the County Council) and Local Enterprise Partnerships. The consultation document set out detailed options for how such bodies should operate including their membership, governance, accountability and appraisal methodology.

4.3 It was proposed that the Local Transport Bodies should be established before the end of 2012 and have established their priorities by April 2013, in order to deliver schemes using devolved funding from April 2015 (the start of the next Spending Review period).

## **5. Northamptonshire County Council Consultation Response**

5.1 The County Council response to the Department for Transport was agreed by Cabinet on 13<sup>th</sup> March 2012 and was submitted on 27<sup>th</sup> March 2012 (see Appendix 1).

5.2 Some of the key points of the response were:

5.3 “The County Council fully supports the spirit of Localism, in devolving decision-making and accountability to the local level, and finding ways of delivering schemes which minimise the administrative burden and costs on both central and local government. However, the County Council believes that the arrangements proposed in the consultation paper fall far short of the optimum means of achieving this. The proposed Local Transport Bodies create further layers of unnecessary bureaucracy, which will complicate decision making and inevitable lead to additional costs.

5.4 Additionally, it is considered that delegation of funding decisions can be most simply achieved by allocating the funding to local transport and highway authorities, who as established local government organisations, accountable to their local communities, have the skills and organisation in place to take on this additional task with minimum extra bureaucracy and cost.

5.5 Clearly, in taking on this new responsibility local transport and highway authorities would need to put in place appropriate arrangements for consultation and engagement with Local Enterprise Partnerships, other local authorities and wider stakeholders about the funding priorities. However, it is considered that the statutory Local Transport Plan process provides an existing framework on which such decision-making and consultation can take place, supplemented as necessary to ensure that decisions about the value for money of large schemes is given due weight. The flexibilities in timescale and format now possible with Local Transport Plans will assist in aligning such decisions to spending review periods.

5.6 In Northamptonshire we have already taken major steps in this direction by working with partners to develop the Northamptonshire Arc as our countywide spatial investment plan and vision. This has the backing of Northamptonshire Enterprise Partnership (the Local Enterprise Partnership). The Northamptonshire Transport Plan, our new Local Transport Plan, is being developed to guide delivery and management of the necessary transport and highway infrastructure within the framework of the Arc. Again Northamptonshire Enterprise Partnership is being closely consulted, and is engaged, in its preparation.”

5.7 NCC proposed alternative model:

- Funding devolved directly to local transport/highway authorities
- No need to establish new organisations
- Advice of Local Economic Partnerships sought in decision-making
- No additional local administration costs
- Joined-up decision-making for all local transport schemes
- Decision-making in public
- Decision-makers accountable to local communities

## **6. Local Transport Body Geography**

- 6.1 The Department for Transport have now completed their analysis of the consultation on the devolution of major schemes and they will confirm the detailed proposals after the summer Parliamentary recess. However, the Department for Transport are seeking views on the geography covered by the Local Transport Bodies.
- 6.2 The Department for Transport advises that Local Transport Bodies should, as far as possible, be coterminous with existing boundaries of Local Transport Authorities and Local Enterprise Partnerships.
- 6.3 In the vast majority of the country this should be straightforward. However, in a minority of areas this leads to complications where Local Enterprises Partnerships overlap, such as between Northamptonshire Enterprise Partnership and South East Midlands Local Enterprise Partnership.
- 6.4 Where this reflects a meaningful transport geography, the Department for Transport encourage Local Enterprise Partnerships and Local Transport Authorities to resolve the issue of overlapping boundaries. In a case of overlapping Local Enterprise Partnership areas where the whole Local Transport Authority is a member of more than one Local Enterprise Partnership, the Local Transport Authority should choose which Local Transport Body boundaries it will sit within. (Northamptonshire County Council is the Local Transport Authority and is not a member of the overlapping South East Midlands Local Enterprise Partnership, but is a member of Northamptonshire Enterprise Partnership). In a case where a district council within a Local Transport Authority area is in more than one Local Enterprises Partnership, the district council and the Local Transport Authority should come to a mutual agreement as to where the Local Transport Body boundary should be drawn.
- 6.5 If there is still no local agreement by 28 September then the Department for Transport will reserve the right to determine the Local Transport Body boundary itself or to reduce the funding allocation available to any area that takes longer than this to establish its geography. However, the results of the initial DfT consultation has shown that “among LTAs there was a general agreement against any enforced merging of LEP areas into wider consortia and that, although local partners may choose to go down this route, it should be entirely voluntary”.

## **7. Levels of Funding**

- 7.1 The Department for Transport have given no guarantee as to the level of funding that will be available for major schemes from April 2015. If the level of funding for the four years from April 2015 was again £1.5bn, i.e. the same as Spending Review 10, then, after taking account of a tail of £400m for already approved schemes, the available funding nationally for new schemes would be around £1.1bn.
- 7.2 Once the Department for Transport have had confirmation of the Local Transport Body geography they will provide Local Authorities with a local indicative planning assumption figure for budgeting purposes. The Department believes that in developing a prioritised

pipeline of schemes, it would be prudent for Local Transport Bodies to make contingency plans for one third above or below this planning assumption figure.

7.3 They also confirm that the any population element of the formula will be based upon the latest available population data, noting that the first results from the 2011 census were published on 16 July 2012.

7.4 The levels of potential funding are shown in the table below; these figures are based on the indicative figure of £1.1bn provided by the Department for Transport (based on spending review 10 figures) for the next 4 years (next spending review period), broken down by head of population and then calculated to be plus or minus one third, as directed by the department for Transport.

| <b>Indicative figures for 2015/16 to 2018/19 based on Head of Population</b> |                     |                     |                      |                      |                      |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|
| <b>Place</b>   | <b>Population</b>   | <b>Population %</b> | <b>Funding £</b>     | <b>1/3 Above £</b>   | <b>1/3 Below £</b>   |
| England  | 53,015,900.00       | 100.00              | 1,100,000,000.00     | 1,466,666,666.67     | 733,333,333.33       |
| <b>Northamptonshire</b>  | <b>692,000.00</b>   | <b>1.31</b>         | <b>14,357,956.76</b> | <b>19,143,942.35</b> | <b>9,571,971.18</b>  |
| Bedford Borough  | 157,500.00          | 0.30                | 3,267,887.56         | 4,357,183.41         | 2,178,591.71         |
| Central Bedford  | 254,400.00          | 0.48                | 5,278,416.48         | 7,037,888.63         | 3,518,944.32         |
| Luton  | 203,200.00          | 0.38                | 4,216,093.66         | 5,621,458.22         | 2,810,729.11         |
| Milton Keynes  | 248,800.00          | 0.47                | 5,162,224.92         | 6,882,966.56         | 3,441,483.28         |
| <b>SEMLEP</b>  | <b>863,900.00</b>   | <b>1.63</b>         | <b>17,924,622.61</b> | <b>23,899,496.82</b> | <b>11,949,748.41</b> |
| <b>Northamptonshire &amp; SEMLEP Combined</b>                                | <b>1,555,900.00</b> | <b>2.93</b>         | <b>32,282,579.38</b> | <b>43,043,439.17</b> | <b>21,521,719.58</b> |

7.5 The table shows that a Northamptonshire Enterprise Partnership based Local Transport Body would receive approximately £14.4m over the next 4 year spending review (approximately £3.6m per annum), and that a Northamptonshire and South East Midlands Local Enterprise Partnership Local Transport Body would receive approximately £32.3m (approximately £8m per annum).

7.6 However the £8m per annum would be shared over 5 Local Transport Authorities and in effect the County Council would have to bid to South East Midlands Local Enterprise Partnership for funding for schemes in competition with all other Local Authorities. This can be a time consuming and costly process, and there is no guarantee that any money would be awarded to Northamptonshire.

7.7 The figures above are indicative figures only and can only be used as a guide. As yet, there has been no guidance from the Department for Transport about how the funding will be broken down, what the proportion amount will be based on, and how the formula for distribution will be calculated.

## 8. Alternative Options Considered

8.1 Northamptonshire has overlapping Local Enterprise Partnerships between Northamptonshire Enterprise Partnership and South East Midlands Local Enterprise Partnership. Therefore there are 2 options for Northamptonshire's Local Transport Body geography:

**OPTION 1** = To join South East Midlands Local Enterprise Partnership Local Transport Body

OR

**OPTION 2** = Set up a Local Transport Body based on the Northamptonshire Enterprise Partnership geography

## 9. Implications of Options

| Option 1   |  |
|--|--|
| Benefits   | Disadvantages  |
| <ul style="list-style-type: none"> <li>Potential for more funding</li> </ul> | <ul style="list-style-type: none"> <li>Sharing funding with other Transport Authorities</li> </ul> |
|  | <ul style="list-style-type: none"> <li>Increased Bureaucracy</li> </ul>                            |
|  | <ul style="list-style-type: none"> <li>Will use bidding/ prioritisation process</li> </ul>         |
|  | <ul style="list-style-type: none"> <li>Cost associated with bidding process</li> </ul>             |
|  | <ul style="list-style-type: none"> <li>Administration outside of Northamptonshire</li> </ul>       |
|  | <ul style="list-style-type: none"> <li>Potential for less funding - amount</li> </ul>              |
|  | <ul style="list-style-type: none"> <li>Uncertainty of work programme</li> </ul>                    |
|  | <ul style="list-style-type: none"> <li>Lack of local focus and control</li> </ul>                  |

| Option 2  |   |
|---|---|
| Benefits  | Disadvantages   |
| <ul style="list-style-type: none"> <li>Less Bureaucracy</li> </ul>  | <ul style="list-style-type: none"> <li>Minimal</li> </ul> |
| <ul style="list-style-type: none"> <li>Allows for lighter touch</li> </ul>                                |   |
| <ul style="list-style-type: none"> <li>Guaranteed funding amount</li> </ul>                               |   |
| <ul style="list-style-type: none"> <li>Administration by Northamptonshire for Northamptonshire</li> </ul> |   |
| <ul style="list-style-type: none"> <li>Greater control over what the money is spent on</li> </ul>         |   |
| <ul style="list-style-type: none"> <li>Less administration costs</li> </ul>                               |   |
| <ul style="list-style-type: none"> <li>Priorities already agreed and understood</li> </ul>                |   |
| <ul style="list-style-type: none"> <li>Local accountability and control</li> </ul>                        |   |



- 9.1 The Department for Transport advises that Local Transport Bodies should, as far as possible, be coterminous with existing boundaries of Local Transport Authorities and Local Enterprise Partnerships, i.e. Option 2.
- 9.2 Confirmation of Local Transport Geography should be agreed by the Local Authorities and Local Enterprise Partnerships, at a local level. The Secretary of State and the Department for Transport will not intervene with decisions, unless an agreement cannot be reached.

## **10. Financial Implications**

- 10.1 There are no direct financial implications of this report, although the method of devolving funding would have significant implications for the level of capital funding received by the County Council in future.
- 10.2 However, there would be some additional administrative costs to the County Council from servicing the Local Transport Bodies and Local Transport Consortia proposed by the Department for Transport. There are no proposals to compensate local authorities for these costs.
- 10.3 Any additional requirements for consultation and stakeholder engagement arising from the County Council assuming management of devolved funding would be minimal and met from within existing staffing budgets.

## **11. Timescales**

- 11.1 This confirmation of Local Transport Body geography should be agreed and finalised by the relevant local authorities and Local Enterprise Partnerships,
- 11.2 The deadline for responses to the Department for Transport is **28th September 2012**.

## 12. Risk and Business Continuity Management

### a) Risk(s) associated with the proposal

| Risk   | Mitigation   | Residual Risk |
|--|--|---------------|
| Additional responsibility of managing devolved funding | County Council already has to prioritise and manage funding when dealing with bidding for central funds. | <b>Green</b>  |
| Financial risk of managing funding                     | County Council already takes risk of financial over-run for such schemes                                 | <b>Green</b>  |
| Financial risk of having to bid for funding            | If Option 1 were selected there would be no mitigating measures  | <b>Red</b>    |
| Additional costs of bidding for funding                | If Option 1 were selected there would be no mitigating measures  | <b>Red</b>    |

### b) Risk(s) associated with not undertaking the proposal

| Risk   | Risk Rating  |
|--|--------------|
| County Council does not influence government decision                  | <b>Amber</b> |
| Additional costs from working with Local Transport Bodies              | <b>Amber</b> |
| Delay to implementation of local major transport schemes               | <b>Amber</b> |
| Department for Transport chooses geography if no decision can be found | <b>Red</b>   |

## 13. List of Appendices

- Consultation response sent to Department for Transport
- Letter from DfT's John Dowie asking for confirmation of LTB Geography
- Summary of Responses to the Department for Transport consultation paper

|   |  |
|---|--|
| Author:   | Name: Helen Russell-Emmerson<br>Team: Transport Planning                                   |
| Contact details:  | Tel: 01604 364418 Fax: 01604 364455<br>Email:<br>h.russellemmerson@northamptonshire.gov.uk |
| Background Papers:  | Department for Transport consultation paper: Devolving Major Transport Schemes             |
| Does the report propose a key decision is taken?  | YES  |
| If yes, is the decision in the Forward Plan?  | YES  |
| Will further decisions be required? If so, please outline the timetable here              | Further decisions will be required based on the outcome of this report                     |
| Is this report proposing an amendment to the budget and/or policy framework?              | NO   |
| Have the financial implications been cleared by the Strategic Finance Manager (SFM)?      | NO<br>Name of SFM: Rosemary Pallott  |
| Have any capital spend implications been cleared by the Operational Management Team (OMT) | N/A  |
| Has the report been cleared by the relevant Corporate Director or ACE?                    | YES<br>Name of Director: Tony Ciaburro   |
| Has the relevant Cabinet Member been consulted?   | NO<br>Cabinet Member: Councillor Andre Gonzalez de Savage                                  |
| Has the relevant scrutiny committee been consulted?                                       | NO<br>Scrutiny Committee: Environment, Development and Transport                           |
| Has the report been cleared by Legal Services?  | NO<br>Name of solicitor: Debbie Carter-Hughes<br>Solicitor's comments:                     |
| Have any communications issues been cleared by Communications and Marketing?              | NO<br>Name of officer: Simon Deacon  |
| Have any property issues been cleared by Property and Asset Management?                   | NO<br>Name of officer: Susan Carmichael  |
| Has an Equalities Impact Assessment been carried out in relation to this report?          | YES  |
| Are there any community safety implications?  | NO<br>None apparent.   |
| Are there any environmental implications:   | NO<br>None apparent  |
| Are there any Health & Safety Implications:   | NO<br>None apparent.   |
| Are there any Human Resources Implications:   | NO<br>None apparent  |
| Are there any human rights implications:  | NO<br>None apparent  |
| Constituency Interest:  | Countywide   |