

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

4 OCTOBER 2012

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Regeneration & Transport – Lead Cabinet Member – Councillor Mike Smith

MAJOR TRANSPORT SCHEME FUNDING DEVOLUTION

1. Summary

Major Transport Scheme funding has always been held centrally by the Department of Transport, however, in recent years this was devolved for English regions to be able to determine their own priorities prior to funding being allocated. As part of the Government's Localism Agenda the Department for Transport (DfT) is consulting on potential changes to the mechanism for funding Major Transport Schemes, focusing on a Devolved Model to local areas. This report provides an update to Cabinet on the consultation process that has been taking place and the likely direction of travel for both Stockton and the Tees Valley LEP.

2. Recommendations

1. Cabinet note the content of the report, the response made to the consultation and the next steps.

3. Reasons for the Recommendations/Decision(s)

A Department for Transport (DfT) consultation on the future of the funding of major transport schemes.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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SUMMARY

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RECOMMENDATIONS

1. Cabinet note the content of the report, the response made to the consultation and the next steps.

DETAIL

1. The Government recently produced a consultation paper to take forward discussion about a new system for prioritising and funding local major transport schemes after the end of the current Spending Review period.
2. It brought together into one paper a discussion on the structure, sizing, configuration, governance and accountability arrangements for a new system beyond 2014-15. The consultation was with local authorities, Local Enterprise Partnerships and representative groups.
3. The current system for prioritising major schemes is a competitive process, which was put in place in October 2010 to deliver an affordable programme of schemes left over from the previous Government's Regional Funding Allocation. The Government has the opportunity of designing a new system for the next Spending Review period. As local major transport schemes can take on average four years to move from business case to the start of construction, it is vital that the Government considers this change now, in order that schemes be ready for delivery after 2015.
4. The Government's key objectives were to:
 - ensure the best outcomes are achieved for the economy whilst balancing the need for developing sustainably and reducing carbon emissions;

- hand real power to local communities, making decisions more responsive to local economic conditions and more locally accountable; and
 - be fit for purpose in practical delivery terms.
5. The Governments proposals centre on devolving capital funding for local major transport schemes to democratically accountable local transport bodies. The role of the body is to agree, manage and oversee delivery of a prioritised programme of local major schemes for delivery post 2015. They would oversee the delivery of individual schemes, but would not be the vehicle for their delivery, which would remain with individual local authorities or other relevant delivery agencies.
 6. As a starting point, it is suggested that the membership of these bodies is based on the Local Enterprise Partnerships (LEPs) with further membership to be decided locally, although the involvement of the Local Authorities will be vital due to their responsibilities, expertise and leadership role on transport matters.
 7. The devolution would mean that DfT would no longer have a formal role in the approval of schemes or appraisal of individual business cases. However, Local transport bodies would need to meet a central assurance framework which it is proposed to include governance, accountability for decisions, financial propriety and regularity and meeting and testing value for money.
 8. Local transport bodies will need to put in place processes and frameworks to deal with risks to delivery, such as cost overruns. Individual schemes should meet a minimum Value for Money threshold and Local transport bodies will sign-up to post-delivery evaluation of schemes, the outcomes of which could influence future funding allocations.
 9. Tees Valley Unlimited (TVU) provided a response to this consultation on behalf of the five Tees Valley Authorities. TVU already has a good record in making strategic, cross-local authority boundary decisions on key priorities for the area through, for example, bids to the Regional Growth Funds (Rounds 1 and 2) and the Growing Places Fund. In addition to this, the Tees Valley also has good recent experience in jointly delivering major transport schemes.
 10. TVU has a well developed governance structure which includes the transport agenda and therefore it is considered to be the most appropriate body to which local major transport scheme funding should be devolved and propose that the LEP and the local transport body are essentially one of the same thing. The mechanisms and governance structures are already in place to allow this to work effectively.
 11. TVU and the five Authorities are confident that it can provide the Government with the necessary assurances on accountability and propriety with regards to managing such devolved funding. Indeed there are some good recent and appropriate examples of how jointly awarded funding from Government has/is being proactively managed to ensure delivery of schemes and projects to the specified budgets and timescales.
 12. The Tees Valley Bus Network Improvements (TVBNI) project is perhaps the best example of this and is being managed through a dedicated project board which is overseen and directed by the Transport and Infrastructure sub-board. The project board has put in place a number of agreed mechanisms and procedures to prioritise schemes and to manage issues such as project/programme delays, cost overruns or underspends and all major risks associated with project delivery.
 13. The DfT has asked for each area to confirm its Local Transport Body (LTB) geography by 28 September. In the consultation response, TVU identified this as being the existing LEP geography in the case of the Tees Valley. The DfT have also suggested that they will

require confirmation of governance arrangements by the end of the year and a provisional list of prioritised schemes by March. Members will be kept informed of progress.

FINANCIAL IMPLICATIONS

14. As the proposals are at consultation stage there are no definite impacts on finance at present.

LEGAL IMPLICATIONS

15. None.

RISK ASSESSMENT

16. "This report on Major Transport Scheme Funding Devolution is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk."

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

17. N/A

EQUALITIES IMPACT ASSESSMENT

18. This report is not subject to an Equality Impact Assessment because it does not involve a new policy, strategy or change in the delivery of a service.

CONSULTATION INCLUDING WARD/COUNCILLORS

19. N/A

Name of Contact Officer: Richard McGuckin
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Education related?

No.

Background Papers

None.

Ward(s) and Ward Councillors

All.

Property

No implications.