

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

11 JULY 2013

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Regeneration & Transport – Lead Cabinet Member – Cllr Mike Smith

MAJOR TRANSPORT SCHEME FUNDING DEVOLUTION

1. Summary

Cabinet previously considered a report on major transport scheme funding devolution in October 2012 which highlighted the Government's intention to devolve funding to LEPs in the spending period 2015-19. Cabinet noted the content of the report and the purpose of this report is to provide an update on the process to date and the emerging priorities that have been identified for the Tees Valley's allocation of funding.

2. Recommendations

1. Cabinet note the content of the report including the scheme prioritisation as detailed in **Appendix 2**.

3. Reasons for the Recommendations/Decision(s)

The devolution of major scheme funding is proceeding and will be delegated to in our case the Tees Valley LEP. The scheme prioritisation and assurance framework has been developed and is proposed to be adopted by the new local transport Board which will sit within the TVU Governance. As the scheme prioritisation list has an impact on transport infrastructure within the Borough Cabinet are being provided with this update and an opportunity to comment and input to the process.

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

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DETAIL

1. A report to Cabinet in October 2012 outlined the principles of funding devolution to local areas by the Department for Transport. The initial period for devolution covers the spending period of 2015-19 and an indicative allocation of £15.9M has been provided by DfT.
2. In the interim period work has been underway to develop an assurance framework that meets DfT's requirements for the Tees Valley self-governing this funding stream. The assurance framework is attached to this report at **Appendix 1** and sets out in detail the role for each of the Local Authorities and the Local Transport Board. The Local Transport Board is a pre-requisite for the devolution of funding. In the Tees Valley we have mature governance arrangements within TVU and it was decided that the Leadership Board will act as the Tees Valley Local Transport Board in this context.
3. The Board will be required to take the final decisions on scheme priority/management and whilst all members will participate in steering the process, only the local authority Leaders and Mayors will be eligible to vote on funding decisions. This is to meet explicit recommendations on democratic accountability as set out by the DfT in the guidance.
4. Within the LEP Governance, the Tees Valley Transport and Infrastructure Group (TIG) have jointly considered the emerging outputs of scheme prioritisation to date and will continue to manage the day to day process and provide key advice and recommendations on scheme development, priority and management to the Board. As with other similar joint arrangements, Stockton Borough Council will continue to act as accountable body for the LTB.

5. A full description of how schemes have been identified, shortlisted and prioritised is outlined in further detail within the Assurance Framework and the Tees Valley Local Major Transport Scheme Prioritisation draft attached to this report as **Appendix 2**.
6. Schemes identified through transport modelling work and put forward by the five local authorities have been sifted by cost, requirement period, deliverability and value for money. This sifting process has ensured that each of the schemes taken forward meets the constraints of the funding available, its four year delivery period (2015-19) and the DfT requirements for the use of the funding.
7. Schemes that have not met the sifting criteria are either not deliverable or required within the funding period, or would be more suited to alternative funding sources. These schemes will be reviewed against future development scenarios and the schemes will be amended where appropriate to improve their benefits and/or reduce their costs.
8. The table below shows the schemes which have passed through the sifting process. These have been ranked by a score made up of the carbon benefits of a scheme, the number of homes the scheme will help deliver and the GVA that will result from the scheme. This brings the process fully in line with the LEP's main priority to boost economic growth across the Tees Valley.

Scheme	Promoting Authority	Scheme Cost £m	Local Contribution £m	Value for Money	Total Score	Risks
Manhattan Gate	Middlesbrough	4.5	1.35	4.262	3.66	Alternative Funding
Portrack Relief Road	Stockton-on-Tees	9.832		22.331	3.01	
A174 Extension Dual *	Stockton-on-Tees	3.28	1.538	12.786	2.90	Alternative Funding
A66(T) Elton Interchange	Stockton-on-Tees	7		13.844	2.80	Scheme under development
A66(T) Yarm Road [Grade Separation]	Darlington	12		21.050	1.25	Scheme under development

*this is the scheme which was subject to a Local Authority pinch point bid which was unsuccessful in May 2013

9. The business case for each of these schemes will be developed over the next year utilising a new 'fit for purpose' strategic transport model. Independent approval of each of the business cases will be obtained before a final decision upon which of the schemes should be funded is made by the LTB in 2015. To accommodate any changes in priorities, an annual review will be undertaken of which developments are likely to be coming forward and which schemes will be required to facilitate them.
10. It is important to note that the delivery of schemes using Local Majors funding is only one part of the wider transport picture in the Tees Valley. Significant investment either has or is currently being delivered or planned right across the Tees Valley's transport network through the Highways Agency's Pinch Point programme, through the Tees Valley Bus Network Improvement scheme and at many of our stations through Tees Valley Metro Phase 1 and the Local Sustainable Transport Fund. This has helped to address many of the area's short-term transport priorities. In fact the two recent successful pinch point schemes on the A19 at Wynyard and Thornaby have a combined value of £12M and this has effectively delivered the first three years worth of devolved funding allowing other schemes to come forward earlier.

City Deal

11. Cabinet will be aware that the Tees Valley LEP is currently negotiating within the Government's City Deal wave 2 and part of this negotiation may include the opportunity to extend to a 10 year transport funding settlement. Work is ongoing by officers across the Tees Valley to identify what scheme prioritisation may come forward if a 10 year deal were to be offered by Government.
12. From a Stockton perspective it is clear to see that the initial 4 year settlement is favourable in bringing forward some key pieces of transport infrastructure, but the sifted schemes remain subject to a more detailed business case assessment. In time, they will contribute significantly in bringing forward proposed housing allocations particularly to the south and west of Stockton.

FINANCIAL IMPLICATIONS

13. The finance associated with devolved major scheme funding will be capital grant from the Department for Transport and have no impact on the Council's Medium Term Financial Plan. Any programme or cost over runs will be managed by the Local Transport Board through the annual review mechanism.

LEGAL IMPLICATIONS

14. Any legal or statutory requirements required to deliver the prioritised schemes will be executed by the local Highway Authority under standard procedures.

RISK ASSESSMENT

15. This 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

Economic Regeneration and Transport

16. Devolved major scheme funding will allow significant major infrastructure to be funded directly from Government grant which will facilitate improved transport networks and create the opportunity for growth and job creation as a direct result of further land allocations being possible for housing and industrial/commercial purposes.

Environment and Housing

17. The highway improvements identified will bring improved reliability and reduced congestion on the road network. Proposed housing allocation sites will become deliverable as the prioritised schemes bring forward highway capacity benefits.

EQUALITIES IMPACT ASSESSMENT

18. This report is not subject to an Equality Impact Assessment because the report is for information only.

CONSULTATION INCLUDING WARD/COUNCILLORS

19. The draft list of prioritised schemes cover a number of wards and as the detailed business case for each one is developed further engagement with local ward councillors will be undertaken.

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Education related?

No

Background Papers

Report to Cabinet October 2012

Ward(s) and Ward Councillors:

ALL

Property

N/A