

## **Devolution of Local Authority Major Transport Schemes**

On 31 January 2012 the Department published a consultation on the devolution of funding for local authority major schemes, with a closing date of 2 April 2012.

Based on the discussions and informal feedback we have received so far during the consultation period, the Department is taking the opportunity to provide clarification on some of the issues that have been raised. We hope that providing this clarity now will help you in responding to the consultation.

### **Q. To which bodies would the funding be devolved?**

There have been some reports that we are proposing devolution to LEPs, however this is only one of three options.

Unlike the Growing Places Fund, in which decisions are made by LEPs the proposal for major schemes is to devolve the funding to Local Transport Bodies (LTBs), which may include varying degrees of LEP representation or influence. The consultation gives three options ranging from Option 1 in which the LEP has a purely advisory role, Option 2 where the LEP has membership of the LTB and Option 3, where the LEP is the LTB.

The precise form and shape of Local Transport Bodies is for local decision, but primarily we envisage them as a mechanism for partners to come together to make decisions, not as new corporate bodies or as a new tier of government.

We state that LTBs must have democratic accountability and also that LEPs should have a key role in the process. We acknowledge the challenge of striking an appropriate balance between these aims which is why we have asked this question.

Our overriding objective is to ensure genuine and effective partnership between LEPs and LAs.

### **Q. What is happening to Integrated Transport Block**

Some reports have expressed a fear that these proposals, and in particular the removal of the £5m threshold, cast doubt on the future of the Integrated Transport Block. The Department can assure everyone that this consultation is about the devolution of major schemes only, and the intention is that the IT and maintenance block funding will remain separate entities. While we cannot of course guarantee the level of IT and maintenance block in the next spending review period, they are not affected by this consultation, or the £5m threshold issue.

**Q. Why don't you just devolve majors funding directly to Local Authorities with no ringfencing, thereby removing the need for local transport bodies?**

This is a legitimate point of view. However if funding were devolved to this level it would result in allocations too small to fund the majority of major schemes. That would effectively mean that the funding would be akin to additional IT or maintenance block with LAs facing an even greater challenge in pooling resources with other authorities to fund large major schemes if required.

**Q. Why are you proposing to allocate funds on a per capita basis?**

There are competing arguments about whether funding should be weighted on the basis of need, which may favour rural and deprived areas or on the basis of economic returns which may favour cities and already successful areas of the country. A per capita allocation is the Department's preferred option, strikes some kind of balance between the competing allocation methods and is simple and transparent. We are open to idea for any alternative system of allocation but any argument will carry more weight if there is a compelling case as to why it is appropriate for the whole country rather than simply from the perspective of the responding authority or LEP.

**Q. How will funding be distributed where there are LEP areas that overlap?**

Many people have asked about the complications of distributing funding where there are authorities that are split between more than one LEP, are members of more than one LEP, or have districts that are members of more than one LEP. This is an issue that arises whatever the basis of allocation, be it per capita or otherwise.

Geographical areas that are represented by more than one LEP clearly should not be counted twice for the purposes of allocation. For the purposes of the Growing Places Fund allocation we split the allocation of overlapping LEPs on a 50/50 basis but this may not be appropriate for major scheme funding. Another option would be for each Local Transport Authority to decide, on the basis of its strategic transport priorities, which LTB its share of the allocation should go to. Should districts have a say, if they are in a different LEP from their county? This is not straightforward and we would welcome views on this in consultation responses.

We have said that LEP geography is the starting point but that does not mean of course that Local Transport Bodies' boundaries need to match those of LEPs precisely. There are 39 LEPs and we would envisage that there will be a similar number LTBs, potentially even fewer.

**Q. Isn't WebTAG disproportionate when dealing with smaller schemes?**

WebTAG represents a well evidenced appraisal tool with which to systematically analyse the full range of impacts of a transport scheme. Within WebTAG there is the flexibility to apply proportionality in terms of the level of analysis required, reflecting the size of a scheme and its impacts. The DfT has already developed a process to refine the scope of the analysis for schemes costing less than £20m, focussing on the impacts that matter.

Also, as we say in the consultation, other forms of analysis can be used to augment WebTAG to inform the assessment and prioritisation of schemes.

It is important that assessments and reporting are transparent and consistent.

**Q. How can we work out roughly how much money we would get in a devolved system?**

This will depend on how much money is allocated to LA majors in the next spending review, which we do not yet know. For illustrative purposes the settlement for the current spending review period was £1.5bn for LA majors over the 4 year period, although there is of course no guarantee as to what the size of the settlement will be in the next Spending Review period. The population of England outside London is around 45 million, so if you know the population of your LEP you can work out roughly what proportion of the national budget your LEP area would receive on a per capita basis.

**Q. Who would hold the funds and how would they be paid to promoters?**

It is up to each local area to determine its own arrangements. Nominating one of the LTAs as an accountable body to hold the devolved LTB funds is one option – perhaps the most straightforward. Alternatively funds could be held by a legally constituted transport body or LEP where one exists.

The consultation hasn't gone into detail about the approval and payment arrangements between the local transport body and a scheme's promoting authority. That will be for local transport bodies to propose when they submit their governance/financial management etc. proposals by December. There would of course need to be rigorous processes in place for cases where a transport authority acting as accountable body for the LTB is paying itself funds as a grant recipient for an approved scheme.

**Q. What do you mean by 'legally binding agreements' between DfT and Local Transport Bodies?**

What we have is something like a grant letter with a clear statement of rights and responsibilities to ensure clear accountability.

Department for Transport  
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