
DEVOLUTION OF LOCAL MAJOR TRANSPORT FUNDING

**Responsible Cabinet Member – Councillor David Lyonette,
Transport Portfolio**

Responsible Director – Richard Alty, Director of Place

SUMMARY REPORT

Purpose of the Report

1. The report seeks Cabinet’s endorsement of the arrangements to devolve Local Major Transport funding from the Department for Transport (DfT) to Tees Valley Unlimited (TVU).

Summary

2. The report provides Cabinet with details of the process to devolve Local Major Transport funding to TVU who will become Tees Valley Local Transport Body (LTB) from March 2015 and seeks Cabinet’s endorsement of this role and the delegation of decision-making powers to TVU. The report also seeks agreement for Stockton Borough Council to continue their role as accountable body for the LTB and provides information on the schemes that Tees Valley Unlimited recommend be put forward for the funding.

Background

3. In early 2012, the Department for Transport (DfT) issued a consultation on proposals to devolve Local Major Transport Funding to LEPs. This principle was welcomed in the Tees Valley with their consultation response expressing a desire for funding to be devolved directly to TVU.
4. The next key stage of the process involved the submission of the Tees Valley Local Major Scheme Assurance Framework to the DfT at the end of February 2013. The Assurance Framework outlines the current governance arrangements for the LEP and proposed that the Leadership Board will act as the Tees Valley’s LTB. 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 take funding decisions at the Board meetings. This is to meet explicit recommendations on democratic accountability as set out by the DfT in the guidance.

5. The Tees Valley Transport and Infrastructure Group (TIG) have jointly agreed all outputs 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, through TVU Management Group/Directors of Place or Chief Executives as appropriate. As with other similar joint arrangements, Stockton Borough Council will continue to act as accountable body for the LTB.
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. The table in paragraph 17 of the main report shows the schemes which have passed through the sifting process. The business case for each of these schemes will be developed over the next year utilising a new 'fit for purpose' strategic transport model. The schemes which have emerged as priorities from this sifting process reflect the appraisal methodology required by DfT. They are not necessarily the most important transport schemes in Tees Valley. Were the City Deal to give freedom from use of DfT's processes then different priorities may emerge.

Recommendation

8. It is recommended that :-
 - (a) Cabinet agrees to TVU assuming the role of Tees Valley Local Transport Body with the responsibility for decision-making for Major Transport Scheme funding
 - (b) Cabinet agrees to Stockton Borough Council continuing their role as accountable body for Tees Valley Local Transport Board.
 - (c) Cabinet notes that only the local authority Leaders and Mayors will be eligible to take funding decisions at the Local Transport Board.
 - (d) Cabinet notes that the recommendations within this report are conditional on Tees Valley Leadership Board's agreement to assuming the role of Local Transport Body.
 - (e) Cabinet notes that the schemes which are endorsed by the Leadership Board for prioritisation will be developed into full approved business cases before a final decision is made upon which schemes to fund in 2015.

Reasons

9. The recommendations are supported by the following reasons :-
- (a) To enhance the environmental, social and economic well-being of the Borough.
 - (b) To support the implementation of Darlington's Local Transport Plan and Economic Regeneration Strategy

Richard Alty, Director of Place

Background Papers

No Background papers were used in the preparation of this report

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S17 Crime and Disorder	N/A
Health and Well Being	Improved transport infrastructure will indirectly contribute to the health and wellbeing of residents and visitors such as by reducing journey times and congestion.
Carbon Impact	The development of the Local Transport Plan is supported by measures to mitigate carbon impact such as travel to work plans. The Major Transport Scheme is just one component in a wider transport strategy.
Diversity	N/A
Wards Affected	All
Groups Affected	None
Budget and Policy Framework	This report does not represent a change to the budget and policy framework
Key Decision	This report is not a Key Decision
Urgent Decision	No
One Darlington: Perfectly Placed	The implementation of major transport schemes is a key component in supporting the delivery of the Perfectly Place strand of the Sustainable Community Strategy
Efficiency	N/A

MAIN REPORT

Information and Analysis

10. In early 2012, the Department for Transport (DfT) issued a consultation on proposals to devolve Local Major Transport Funding to LEPs. This principle was welcomed in the Tees Valley with the consultation response expressing the desire for funding to be devolved directly to TVU.
11. The next key stage of the process involved the submission of the Tees Valley Local Major Scheme Assurance Framework to the DfT at the end of February 2013. The Assurance Framework outlines the current governance arrangements for the LEP and proposed that the Leadership Board will act as the Tees Valley's LTB. 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 take funding decisions at the Board meetings. This is to meet explicit recommendations on democratic accountability as set out by the DfT in the guidance.
12. The Local Government and Public Involvement in Health Act 2007 required the Council to adopt Executive Arrangements which enabled the Leader to make decisions on his own if he chooses to. It is proposed that the Leader use these powers to make decisions on behalf of Darlington Borough Council at the Local Transport Board meetings. Decisions would be taken jointly with the Leaders and Elected Mayor of the other four Tees Valley Boroughs, and in consultation with the TVU Leadership Board. The same rules in relation to other executive decisions would apply in relation to call-in and the Forward Plan. Scrutiny will be notified of relevant decisions in the usual way.
13. The Tees Valley Transport and Infrastructure Group (TIG) have jointly agreed all outputs 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, through TVU Management Group/Directors of Place or Chief Executives as appropriate. As with other similar joint arrangements, Stockton Borough Council will continue to act as accountable body for the LTB.

Current Position

14. 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 (see **Appendix 1**).
15. 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. The schemes which have emerged as priorities from this sifting process reflect the appraisal

methodology required by DfT. They are not necessarily the most important transport schemes in Tees Valley. Were the City Deal to give freedom from use of DfT's processes then different priorities may emerge.

16. 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.
17. 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

18. 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.
19. TVU and the local authorities will have the 'in-house' capability to continue to undertake some of the modelling and evaluation work required to support the devolved process but the assurance framework recognises the need to buy in additional support, particularly in relation to the scrutiny and validation of business cases.
20. 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.

Financial Implications

21. The prioritised list of projects includes and indicative £12m for grade separation works to the A66, Yarm Road. The Council will also benefit from a future stream of Local Major Transport funding to support the delivery of improved highways infrastructure.

Conclusion

22. The establishment of TVU's Leadership Board as Local Transport Board is considered an important step in establishing TVU as a decision-making body and will potentially act as a catalyst for securing further delegated powers from potentially as part of the imminent City Deal negotiations. The ability of TVU as the Local Transport Board to make decisions is also essential to the effective and efficient delivery of Major Transport Schemes.