

11 Funding our transport priorities

“...how to address the twin pressures of greater expectations and scarcer resources?”

Local Authorities and Research Councils Initiative: new scenarios in Local Governance, May 2010

We know that the prospect for the foreseeable future is for a reduced level of funding compared with the first two LTP periods (2001-2011).

The long-term transport strategy, however, (Chapter 3) indicates clearly our local investment priorities. Funding will need to be drawn in from a range of sources to deliver these priorities. This could include, for example, revenue and capital funds, drawing in or aligning resource to deliver transport improvements for Derbyshire through developers, other local partners (e.g. District/Borough Councils and health sources), rail and bus operators, the voluntary and community sector, and taking opportunities to bid for funding pots available such as Lottery or European funding. In particular, the Local Sustainable Transport Fund bid (explained further below) presents a major opportunity to complement our plan's strategy and is particularly welcome as it is made up of both capital and revenue funding streams. The strategy will be used as a framework to help determine priorities and value for money. It can also be used opportunistically to draw in resources, and consideration will be given to the possibilities of generating funding.

As with the previous LTP, we will plan an adaptation strategy to different resource levels, making sure that we remain focussed on delivering the transport goals in the best way we can.

11.1 Highways and transport funding and capital settlements 2011 to 2015

“Greater local control, participation and accountability is the most effective way to increase the sustainability of local transport systems so they can promote economic growth, minimise the environmental impact of travel, improve public health and address social exclusion.”

Transport Spending Review Press Notice, 20 October 2010

The DfT's Transport Spending Review Notice (October, 2010) placed continued emphasis on facilitating long-term, sustainable growth and tackling carbon emissions. DfT envisages that a significant simplification of transport funding streams will enable budgets to be set according to local, not national priorities. This means that the work to date on Derbyshire's LTP has, through consultation and analysis, created a solid foundation through the local priorities defined in the long-term strategy and an explanation, for each of the key priorities, of how evidence will guide delivery, and what is to be achieved in a five year period.

At national level, 28% savings are to be made from local transport revenue funding, including concessionary travel. There will be a 20% reduction in the rate at which the subsidy is paid to bus operators (Bus Service Operator Grant (BSOG)) from 2012/13, whilst incentives for smart cards, low carbon buses and automatic vehicle location will be maintained. Long distance coach operators will not be able to claim BSOG through half-price concessions to older and disabled people by October 2011, though they may continue to offer this commercially.

Nationally, there will be reduced spending on marketing initiatives such as 'Act on CO₂' and the road safety THINK! budget. There will no longer be ring-fenced grant to support road safety delivery and enforcement (including camera enforcement) at local level. This, instead, will be part of the wider local government funding settlement, and allocated by formula.

The Comprehensive Spending Review outlined the results of the reform of local transport funding, with four funding streams as follows:

- A local sustainable transport fund (capital and revenue).
- Major schemes (capital).

- Block funding for highways maintenance (capital).
- Block funding for small transport improvement schemes (capital).

A local sustainable transport fund (capital and revenue)

This fund is for packages of transport interventions that support economic growth and reduce carbon emissions in their communities, as well as delivering cleaner environments and improved air quality, enhanced safety and reduced congestion.

We shall be bidding for funding from the Local Sustainable Transport Fund, with proposals being assembled aimed at dealing with traffic congestion in the Chesterfield area and, separately, to encourage sustainable travel within and around the Peak District National Park. We are also in discussion with neighbouring authorities about their own priorities, and will continue liaison with them and with the DfT to ensure that Derbyshire makes best use of the opportunities afforded by the fund. Two rounds of bidding are possible, the second of which is in February 2012 and it will be the spring of 2012 before we have a complete picture of the resources being made available.

The National indicative budgets are illustrated in Table 6.

Table 6: DfT Indicative analysis of budgets: summary of £m nominal expenditure on national budgets for the Local Sustainable Transport Fund

| £m available nationally | 2011/2012 | 2012/2013 | 2013/2014 | 2014/15 | Total |
|-------------------------|-----------|-----------|-----------|---------|-------|
| Capital | 30 | 40 | 60 | 80 | 210 |
| Resource ² | 50 | 100 | 100 | 100 | 350 |
| Total | 80 | 140 | 160 | 180 | 560 |

² Revenue

Major schemes (capital)

Successor arrangements to Regional Funding Allocations are sought which will give 'a proper voice in scheme prioritisation' to elected local authorities and business interests, with Local Enterprise Partnerships (see Appendix D) playing an important role.

The level of investment for major schemes is greater than the average annual spend on local authority major schemes over the last 10 years. Nationally, £600m is committed, and over £900m is available for new schemes. No Derbyshire County Council schemes are on the various lists, whether the 'greenlight,' listing, 'supported' group, 'development' group, or 'pre-qualification' group.

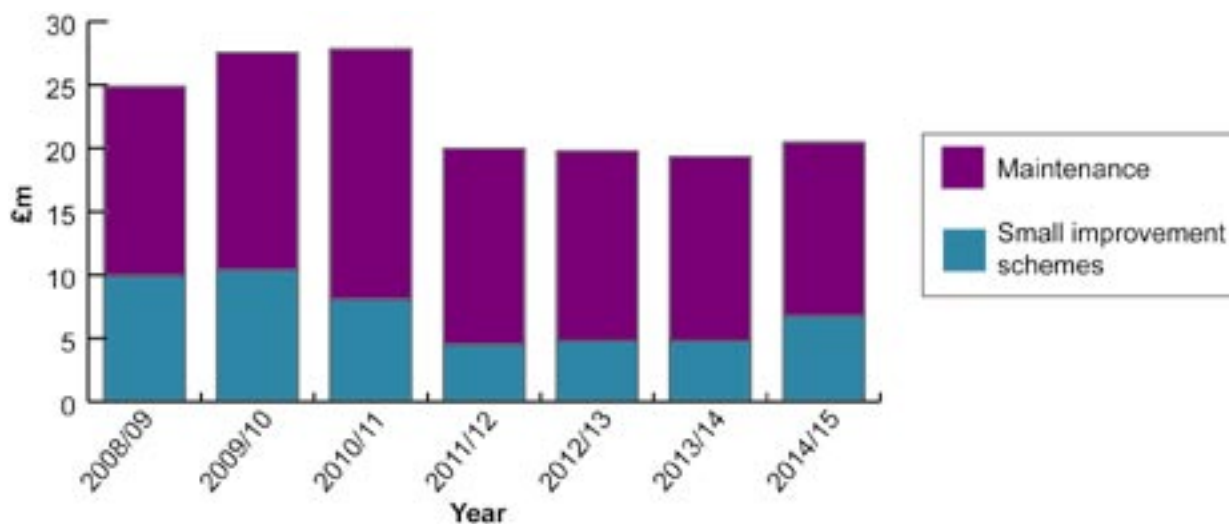
The block funding allocated to Derbyshire for small transport improvement schemes and maintenance over the period 2011/12 to 2014/15 is illustrated in Table 7 and Figure 2, with earlier years from 2008/9 shown for comparative purposes.

Table 7: Highways and transport capital settlements Derbyshire 2008/09 to 2014/15

| £m | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|
| Small improvement schemes | 9.73 | 10.39 | 8.09 | 4.52 | 4.82 | 4.82 | 6.78 |
| Maintenance | 14.96 | 17.16 | 19.75 | 15.47 | 14.99 | 14.55 | 13.7 |

NB: Figures for 2013/14 and 2014/15 are indicative.

Figure 2: Highways and transport capital settlements Derbyshire 2008/09 to 2014/15



Block funding for small transport improvement schemes (capital grant) – £5.2m per annum 2011/2015

The purpose of this fund is to improve road safety, stimulate local economies by reducing congestion, and deliver social justice to local communities. These schemes can provide high value for money. Indicative spending levels over the next four year period shows an investment of £20.9m for Derbyshire, with an average annual spend of £5.2m.

These figures compare with an average annual spend over the three year period 2008-2011 of £9.4m on small improvements, representing a 45% reduction. This emphasises the need for small improvement schemes to be well justified, with the best outcomes possible for the lower level of resource.

Block funding for Highways Maintenance (capital grant) - £14.7m per annum 2011/2015

At national level, it continues to be essential to prioritise maintenance - £3bn nationally over the next four years. This reflects its economic and social importance to local communities, the need to safeguard the largest single local public asset, and the liabilities for future years that can be created from short-term cuts in maintenance. It is believed, however, that there is significant scope for efficiencies, for example, through ‘combining purchasing power of local authorities to drive down prices.’ (Local Transport Settlement letter, December 2010).

Indicative spending levels over the next four year period shows an investment of £58.7m for Derbyshire, with an average annual spend of £14.7m. These figures compare with an average annual spend over the three year period 2008-2011 of £17.3m on maintenance, representing a 15% reduction. This emphasises the need for maintenance schemes to be well justified, with the best outcomes possible for the lower level of resource, and for all work to take into account future maintenance requirements.

Over the next four years, we therefore still expect to have around £20m per annum through capital allocations (as grant, not supported borrowing) with, on average, a quarter of this for small transport improvements (to improve road safety, stimulate local economies by reducing congestion, and deliver social justice to local communities), and three quarters for maintenance.

11.2 Derbyshire Investment Protocol to 2016

Efficiency in finance relates not only to the way we do things (i.e. operational efficiency), but also how we allocate funds (i.e. allocative efficiency). In the true spirit of value for money, therefore, we are developing an Investment Protocol for the 2011-2016 period to clarify what sort of measures the Council supports, which measures should be used sparingly, and which measures will not be supported unless in exceptional circumstances. This, being based on the local consultation and analysis of the LTP, and covering the range of measures and issues outlined in the

plan, will be produced as a supplementary document to it. This will ensure the best value for money for our reduced level of resource, reflecting local priorities.

In particular, we must take a considered approach to any new infrastructure, and always consider future maintenance liabilities.

The Investment Protocol will be developed further, and must eventually reflect a common sense merging of all of our work, ironing out potential tensions between work areas, linking capital and revenue spend in an overall strategy, and being mindful of future joint funding opportunities with other local partners. We will seek opportunities to rationalise street 'clutter,' and we will continue to allocate funds for environmental mitigation and enhancement.

In the light of reductions in funds available, it is important to ensure that a range of relatively small contributions of funding can continue to be used to lever in external funding to good effect for Derbyshire e.g. Greenway development, and also that relatively small pots of funding can continue, for example, to assist accessibility planning in delivering local community-based initiatives.

It is to be noted that our 'without the plan' scenario exercise which was carried out as part of the SEA process found that, without the plan, we would perform less well on carbon reduction, environmental protection, social inclusion, behavioural change, and good health outcomes. This gives a very strong indication of what the LTP programme needs to be delivering across all the key priority areas.