



Department
for Transport

Devolving local major transport schemes: consultation responses

July 2012

The information or guidance in this document (including third party information, products and services), is provided by DfT on an 'as is' basis, without any representation or endorsement made and without warranty of any kind whether express or implied.

The Department for Transport has actively considered the needs of blind and partially sighted people in accessing this document. The text will be made available in full on the Department's website in accordance with the W3C's Web Content Accessibility Guidelines. The text may be freely downloaded and translated by individuals or organisations for conversion into other accessible formats. If you have other needs in this regard please contact the Department.

Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR
Telephone 0300 330 3000
Website www.dft.gov.uk

© Crown copyright 2012

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos or third-party material) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/ or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

To order further copies contact:
DfT Publications
Tel: 0300 123 1102
www.dft.gov.uk/orderingpublications

ISBN XXXXXXXXXXXXXXXXX

Printed in Great Britain on paper containing at least 75% recycled fibre.

Contents

Introduction.....	4
Responses to the consultation	5
Executive summary	6
Analysis and summary of key findings	7
Formation of local transport bodies	7
Membership of Local Transport Bodies (LTBs) and the role of Local Enterprise Partnerships (LEPs)	9
Types of Scheme to be funded.....	11
Formula for funding allocations	12
Central assurance mechanism for LTBs	14
Accountability	15
Assessment, appraisal and evaluation	16
Timetable	18
General comments and residual role for the Department	19

Introduction

Local major transport schemes have traditionally been approved and funded individually by central Government under a centralised bidding process. The previous Government's Regional Funding Allocations (RFA) process took the initial scheme prioritisation away from Whitehall, but business cases for individual schemes were still required to be submitted, as before, for DfT approval. We now want to go much further.

For the current spending review period the major schemes programme is the result of a competitive process, which was put in place in October 2010 to create an affordable programme of schemes selected from those that formed part of the previous Government's Regional Funding Allocation (RFA). But this is only a transitional step. For the next spending review period we want to create a genuinely devolved system.

In January 2012 the Government announced a consultation exercise that invited views on proposals on the structure, sizing, configuration, governance and accountability arrangements for a new devolved system from April 2015. It detailed the principles, proposed processes and issues in designing a system which meets the Government's objectives. In particular, the three key objectives 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.

The consultation paper set out what the Government was broadly minded to do, and welcomed views from stakeholders including local authorities, Local Enterprise Partnerships and representative groups. The consultation period ran for 8 weeks, closing on 2 April 2012.

This document is an analysis and summary of the views expressed in response to the consultation. After the summer, the Government will confirm its detailed proposals in response to the consultation.

Responses to the consultation

The consultation was open to all and targeted towards those most likely to be affected by the proposals, particularly Local Transport Authorities and Local Enterprise Partnerships. The Department offered respondents the option of replying directly via the Department's website by completing an on-line form or by completing a questionnaire template and emailing to the dedicated consultation email address. Alternatively respondents were also able to send their responses in writing directly to the Department.

In total the Department received 159 responses during the consultation period and the number of respondents by category was as set out in the following table.

Table 1	
Type of Respondent	Number of responses
Local Transport Authorities (including County Councils, Unitary Authorities, Integrated Transport Authorities and Combined Authorities)	59
Other Local Authorities (District Councils and Metropolitan District Councils)	10
Local Enterprise Partnerships (including those that were joint responses with Local Authorities)	31
NGOs/Campaign Groups	15
Private Sector organisations (including chambers of commerce, trade associations, companies, transport operators)	15
Professional Groups (including LA officer groups, chartered institutes, and professional societies)	11
Groups or Associations of Councils (whose members may have submitted individual responses)	11
Other Public Bodies	5
Members of the Public	2
TOTAL	159

Executive summary

The key headlines from the consultation responses are as follows:-

- There was near universal support for the principle of devolution of major transport scheme funding, and the specific proposals put forward in the consultation document received broad support from most respondents in all the key areas.
- the majority of respondents favoured the Department's proposals on the role of Local Transport Bodies (LTBs)
- 58% of Local Transport Authorities (LTA) respondents agreed that Local Enterprise Partnership (LEP) geography was an appropriate starting point for LTBs but some third party organisations feared these areas may be too small.
- Most LEPs appear to be assuming either a purely advisory role or as a full member of the LTB. Only a small minority of LEPs appear to be planning to act as the LTB themselves
- There were very large majorities against any top-slicing of budgets for large schemes at local or national level (85%) and against a mandatory minimum £5m threshold (90%).
- A simple population basis of allocation was supported by almost half of respondents (49%) with no consensus in favour of any specific alternative method.
- There was a majority view (78%) supporting the principle of a central assurance framework or criteria for LTBs.
- A majority (78%) agreed that schemes should be assessed using the Department's Transport Business Case Framework as standard
- 81% agreed that schemes should be assessed using WebTAG, within which 33% said that it should only apply to certain schemes (e.g. those over a particular cost threshold).

Analysis and summary of key findings

Formation of local transport bodies

Question 1 in the consultation document asked:

Do you have any comments on the proposed role and membership, preferred scale and geographical scope in forming local transport bodies and consortia, in particular the options to facilitate strategic investment decisions and the types of schemes to be funded?

- 1.2** In the consultation we proposed the establishment of local transport bodies to make decisions on the devolved funding and ensure there are effective delivery and accountability arrangements. It was proposed these bodies should be based broadly on existing LEP geography and that they should meet a minimum criteria of governance and financial management. These principles were broadly welcomed by the majority of respondents.
- 1.3** In addition, there was broad consensus in favour of LEP geography being the logical starting point for the establishment of LTBs. Of all those responding to this question 80% agreed that LEP geography was an appropriate starting point.
- 1.4** All LTA respondents who expressed an opinion on the matter agreed that LEP geography was the logical starting point and this accounted for 58% of all LTA respondents, the remainder not expressing a view one way or the other. It was however recognised that further clarification would be needed for some geographical areas where this was not straightforward, for example because of overlapping LEP boundaries.
- 1.5** No LTAs argued for a different geographical basis but a minority of respondents questioned the automatic creation of LTBs:
 - Among LTAs, only two counties thought that as a matter of principle that devolved major funding should be granted direct to LAs, with LTBs being entirely voluntary. This view was also supported by the

LGA and ADEPT (but not by the vast majority of their members who responded individually to the consultation).

- Another three LTAs considered that funding could be given to all LAs, rather than having one as fundholder but did not oppose the proposed role of the LTB.
- Another two county councils in single-county LEP areas questioned why an LTB would need to be set up for their own areas, given that they were the only transport authority.
- One LTA, a unitary council, said they did not support devolution and would prefer to retain the current central bidding system.

1.6 There were other respondents, including environmental NGOs, private sector organisations and professional groups, who argued against LEP areas as the starting point for geography for a variety of reasons. The most commonly cited reason was that LEP areas were at too small a geography to enable proper strategic prioritisation and to accommodate larger schemes. Some also argued that LEP areas did not necessarily represent natural transport geography or travel to work areas.

1.7 Among LTAs there was a general agreement against any enforced merging of LEP areas into wider consortia, and that, although local partners may choose to go down this route, it should be entirely voluntary.

1.8 A number of respondents asked for greater clarity on how LTBs should be formed and whether there would be more detailed guidance to follow, particularly, in those areas where there are overlaps between LEPs, and said that clarification would be needed on how this would affect funding allocations.

Membership of Local Transport Bodies (LTBs) and the role of Local Enterprise Partnerships (LEPs)

Question 2 in the consultation document asked:

Do you have any views on the membership of Local Enterprise Partnerships in local transport bodies, in particular whether they should have the final say in decision-making? Or on any other issues raised in relation to Local Enterprise Partnerships, and potential resourcing impacts?

Three possible options were outlined

Option 1 proposed that the LEP provides advice to the LTB but has no formal decision-making role.

Option 2 would see the LEP as an active full member of the LTB on an equal footing with other members and joint accountability for decisions.

Option 3 would see the LEP taking the lead role in the decision-making or acts as the transport body itself. It would have the final say in decisions and it would take final responsibility for decisions.

- 2.1** In terms of respondents' own intentions about LTB formation 93% of those expressing a view said that they would form an LTB broadly under Option 1 or Option 2 with numbers fairly evenly split between the two. Only 7% of respondents, including only 4 LEPs, said they would favour Option 3 where the LEP would act as the LTB itself.
- 2.2** Almost all LTAs agreed that LEPs should have a key role, but some said they felt that LEPs should not have the final say. A small number expressed the view that LEP members should be purely advisory with no decision making role at all as that would be incompatible with democratic accountability.

Representation of other organisations

- 2.3** Many respondents expressed the view that it was important that national bodies such as the Highways Agency and Network Rail had a presence on LTBs so any potential impacts on the national road and rail networks was represented. However, some respondents took the opposite view that these organisations should not be part of LTBs or that if they were they should not have voting rights.
- 2.4** Several NGOs were in favour of a requirement for LTB membership to be extended to wider range of stakeholders, such as environmental and

community groups rather than just LEPs. The LGA also challenged the proposition that LEPs should have any greater involvement than other stakeholders.

- 2.5** Most respondents did not express a view on the representation of District Councils, although among those that did, there were mixed views.

Types of Scheme to be funded

Funding for 'larger' schemes

The consultation included a section on how to promote strategic investment through larger schemes. Three options were put forward:

Option 1 - Local transport bodies decide themselves to allocate funding for big schemes either by central encouragement or requirement;

Option 2 – a central competition run by the Department for big schemes, and for which the Department retains a top-slice of the total budget and;

Option 3 (preferred) – no separate distinction for big schemes, and no central encouragement or requirement to help promote their delivery. Individual Local Enterprise Partnership areas would get a budget to prioritise whatever schemes were agreed locally.

- 3.1** There was an large majority against any top slice for large schemes. 85% of respondents answering this question said there should be no top-slicing for larger schemes at local or national level. Only 4 respondents (including only 1 LTA) argued for a national top-slice and competition as per Option 2.

Smaller schemes and the £5m threshold

- 3.2** In line with the principle that it is for the LTB to decide on their priorities, we proposed that there would no longer be a £5m threshold defining a major scheme, meaning that a scheme of any size or on any network could potentially be prioritised and funded, where this was seen as a local priority.
- 3.3** 90% of those expressing a view agreed that there should be no mandatory minimum £5m threshold. Some of those argued a threshold may in principle be a good idea, in order to maintain the distinction between major schemes and Integrated Transport block, but said either that it should be a guideline, that it should be lower, or that it should be locally determined and not necessarily set at the same level in every LTB.

Formula for funding allocations

The Department proposed three possible options for allocating funding between local areas.

Option 1 (preferred) - Population (i.e. per capita) allocation (preferred)

Option 2 - Economic contribution.

Option 3 - A measure of transport need.

- 4.1** The consultation stressed that that the basic premise for any formula should be to keep it as simple and equitable as possible. On that basis the Department expressed its preference for a population based allocation.
- 4.2** Of those expressing any preference 49% of respondents supported an allocation based on population, for similar reasons to those suggested by the Department; that it is simple, transparent and because the alternative mechanisms were either too complex or not sufficiently compelling.
- 4.3** Some of the respondents that favoured population stressed the need for it to take account of expected growth in population.
- 4.4** It is difficult to categorise those taking a different view as such a wide range of other factors were suggested that did not necessarily fit neatly into the Department's alternative options 2 and 3 and were quite wide ranging. For example:-

“there is a value in ... a per capita basis, but it is suggested that wider issues including ‘economic GVA contribution and a measure of transport need’ is also taken into account”

“funding distribution should be based on a combination of greatest population (both current and expected growth), economic contribution, strategic importance and transport needs.”

- 4.5** Perhaps unsurprisingly, there was a tendency for local areas to favour an allocation method that they would most benefit from, as demonstrated by these contrasting responses from three LEAs in different parts of the country

“We are part of the country’s economic engine room, with far more potential than other areas to help recover from recession. We would therefore urge you to increase the allocations to this area by taking account of factors such as the area’s contribution to Gross Value Added or the very high level of congestion that our businesses are forced to endure.”

“There is a strong concern that the options do not acknowledge the difficult transport issues faced in larger rural counties, ...[we] would urge that the formula includes a factor which takes account of the overall geographic size of the LTB.”

“If the Government is serious about delivering its stated intent to address the north/south divide then it should take this opportunity to direct funds where they are needed most. A formula based upon population but weighted in inverse proportion to GVA is suggested.”

- 4.6** In summary, no overwhelming arguments were received as to why an alternative mechanism to population would be appropriate for the whole country, nor was it clear that any alternative mechanism would command general confidence.

Central assurance mechanism for LTBs

5.1 We outlined in the consultation document that, in return for greater devolution, central government will require assurances on effective governance, financial management, accountability and the achievement of value for money. In the consultation document we proposed a framework for accountability based on the principles of being 'fit for purpose, evidence based and light touch'.

- Governance Arrangements are robust, proportionate and transparent;
- Adequate control and stewardship of funds including management of spend profile
- decision-making is fair and transparent, and based on robust evidence,
- meeting, testing and delivering Value for Money

Question 3 in the consultation document asked:

Do you have any thoughts or comments on assurance, in particular on whether there are any alternative ways of providing assurance other than putting in place some central criteria for local transport bodies to meet?

5.2 This question was about assurance as it applies to the LTB, as distinct from the individual local authorities, and specifically its competence to make effective decisions about the distribution of funding between authorities and for specific schemes.

5.3 78% of respondents to this question supported the principle of a central assurance framework for LTBs or centrally set criteria for assurance frameworks with minimum criteria that Local Transport Bodies would need to meet. The need for consistency was a common reason mentioned although others argued that the frameworks need not be identical for all areas. Many respondents also were keen to suggest that the demands of the assurance framework should not be too onerous.

5.4 A minority of respondents, however, put forward the view that existing Local Authority financial controls and assurance mechanisms would be adequate with no need for DfT to seek any additional assurance.

Accountability

Question 4 in the consultation document asked:

Do you have any comments in relation to how local transport bodies should demonstrate that they are accountable to central Government for tax-payers' money and to local communities and citizens?

- 6.1** The consultation document set out a suggested list of criteria to ensure transparent and accountable decision making.
- 6.2** The consultation clearly set out the need for LTBs to have in place appropriate accountability measures as part of a wider assurance framework; measures to enable independent and public scrutiny of decisions and spend, as well as ensuring that local communities' and citizens' views are adequately represented and considered in the decision making process.
- 6.3** There was a general acceptance that the activities and decisions of the Local Transport Board should be transparent and open to democratic scrutiny. A significant number of respondents pointed out that local authorities' existing arrangements for local accountability and scrutiny should be adequate for this purpose. Many of those respondents stressed that this meant that elected members would need to have a defining role in the decision making process, and some linked this back to their more general views on ensuring that LTBs are democratically accountable.
- 6.4** There were far fewer respondents with anything specific to say about how accountability to Central Government could be achieved, although a small handful said explicitly that there would be no need for any reporting to Central Government.
- 6.5** Some NGOs also stressed that, as well as transparency there needed to be a mechanism for a wider group of stakeholders to be actively involved in the decision making process. They also felt that LTBs should be subject to the Freedom of Information Act.

Assessment, appraisal and evaluation

Question 5 in the consultation document asked:

Do you have any comments on the options for appraising and evaluating schemes, in particular in order to meet and test value for money?

We asked for views on how we could ensure that there would be a transparent and consistent framework for prioritising schemes. Two options were suggested:

Option 1 (preferred) that local frameworks were based on the DfT's established Transport Business Case guidance and

Option 2 that LTBs develop their own local frameworks which best fit their local circumstances.

In addition we asked for views on how LTBs could provide assurances on the appraisal of individual schemes. We set out three options and welcomed views. These were:

Option 1 – a requirement to appraise schemes in line with Green Book

Option 2 (preferred) - a requirement to appraise schemes using WebTAG, the standard DfT appraisal framework and;

Option 3 – a requirement to appraise only some schemes in line with WebTAG. For example, those which are considered important and contentious, or are over a certain threshold such as £20m.

- 7.1** 78% of LTA respondents to this question (the same percentage applied to all respondents) agreed that schemes should be assessed using the Department's Transport Business Case Framework as standard.
- 7.2** For scheme appraisal 48% of respondents to this question (and 47% of LTAs) agreed that all schemes should be assessed using WebTAG, and a further 33% (38% of LTAs) agreed with the use of WebTAG but only for certain schemes (e.g. those over a funding threshold).
- 7.3** There was a widespread view that the application of WebTAG should be proportionate to the size of investment, although there was no clear consensus on how the principle of proportionality should be applied.

- 7.4** Many respondents felt that they would like to take into account additional evidence, not required by WebTAG, as part of their decision making, for example the impact of schemes on local Gross Value Added (GVA).
- 7.5** There was a certain level of misunderstanding of WebTAG among many respondents, some of whom incorrectly assumed that WebTAG dictates decision making, or that WebTAG sets out a set of rules that must be complied with.

Timetable

Question 6 in the consultation document asked:

Do you have any comments on the proposed implementation timetable, and any practical issues raised?

- 8.1** The consultation set out a timetable for implementation. This included a deadline of December 2012 for Local Transport Bodies to set out their proposals for governance, financial management and assurance frameworks. And April 2013 for them to publish an initial list of prioritised schemes for funding from 2015 (given the lead times for development of major schemes).
- 8.2** The majority of respondents expressed the view that the timetable was ambitious and challenging but could be achieved. A minority of respondents (13% of LTAs) expressed the view that the timetable was readily achievable without qualification, and a larger minority considered the timetable unrealistic. In particular, there were some concerns raised that the delay in forming LTBs could have a significant impact on the timescales set out in the consultation.
- 8.3** Many said that it was more likely to be met if one or more of the following happened:-
- if indicative funding allocations were provided as soon as possible
 - if central funding were provided for set-up costs
 - if the Department did not require a sign-off process for LTB assurance frameworks
 - if central requirements were minimised and made as light-touch as possible

General comments and residual role for the Department

Question 7 in the consultation document asked:

Do you have any general comments on proposals to devolve decisions and funding, and on any residual role for the Department?

- 9.1** Many respondents stressed the importance of LTBs having influence over funding decisions on the Strategic Road and Rail networks.
- 9.2** Nearly a quarter of respondents expressed concern that the Department was minded not to provide funding support for LTB administration, particularly for the initial prioritisation of schemes and noted the difficulties of resourcing this locally. Some explicitly asked the Department to reconsider this position.
- 9.3** On the residual role for the Department the responses tended to focus on four main areas.
- *Assurance/audit* - Although not accountable for individual scheme decisions, the Department will need to remain responsible for ensuring that the devolved architecture is robust and fit for purpose.
 - *Advisory* – It is clear that many authorities feel that they would benefit from the Department's expertise and advice, particularly in the early stages of LTB set up and scheme prioritisation. This may well include the identification and dissemination of good practice.
 - *Technical* – the Department was felt to have a clearly defined role in developing and maintaining fit-for-purpose assessment and appraisal frameworks and providing guidance on their use.
 - *Champion* – ultimately this role is the securing of funds for major schemes in the future by building up the evidence base.

Glossary

LEP - Local Enterprise Partnership

LTA - Local Transport Authority (including County Councils, Unitary Authorities, Integrated Transport Authorities and Combined Authorities)

LTB - Local Transport Body

Notes

The numbers and percentages of LTAs referred to in this document include the 59 mentioned in Table 1 and 10 LEP responses that incorporated the views of LTAs.

The LTA numbers do not include professional/officer groups or associations of councils whose members submitted individual responses.

Please also note that when percentages of respondents are quoted, any local authorities that submitted a joint response are treated as a single respondent.