



Department
for Transport

Devolving local major transport schemes: Next steps

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Foreword

Transport is vitally important to local economies, and new infrastructure can provide the missing links that are often so crucial in getting economies moving and creating opportunities for new investment and employment.

Improvements such as new link roads and high quality public transport infrastructure can have a significant impact. That's why we need to ensure that decisions on this kind of infrastructure are made more efficiently, and at a more local level than previously. Local Enterprise Partnerships are well placed to understand how transport investment can be used to boost economic recovery and growth and that is why we want them, working with Local Authorities, to have a key role.

I fully support the key objective of removing Whitehall from the process of making decisions on which schemes should or should not go ahead. However we have a responsibility to ensure that the new local decision makers have arrangements in place to achieve the value for money that we know the right schemes can deliver, as well as taking proper account of other factors such as the environmental consequences of any scheme.

I look forward to working with local transport bodies over the coming months as we embark on this transition to a truly decentralised system and they begin developing their infrastructure plans for post 2015.

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.

In July we published an analysis and summary of the views expressed in responses to the consultation. This document now sets out the Government's detailed proposals taking those views into account.

Executive summary

Key features of the new system for funding local major transport schemes:-

- The primary decision making bodies on the use of the devolved funding will be Local Transport Bodies (LTBs), voluntary partnerships of local transport authorities, local enterprise partnerships (LEPs) and possibly others.
- LTBs will have non-overlapping boundaries, to be broadly based on the geography of Local Enterprise Partnerships (LEPs) and ideally determined by local agreement.
- LTB membership must be open, as a minimum, to all the constituent local transport authorities (LTAs) that are within the LTB area, and to the primary LEP or LEPs upon whose geography the LTB is based.
- Representation of other bodies such as District Councils, other public bodies and NGOs should be for local decision.
- There will be no funding retained at the centre as a top-slice for larger schemes, which, if required, will need to be funded by a combination of pooling LTB resources and securing contributions from other sources.
- There will be no centrally imposed minimum cost threshold for schemes but the Department encourages the setting of local thresholds appropriate for the LTB.
- The available funding will be distributed on a simple per-capita basis. Indicative figures for planning assumptions will be provided for each LTB in October 2012. Confirmation of the actual level of funding available will be made following the next Spending Review.
- LTBs will need to operate within assurance frameworks that meet minimum standards of governance, financial management, accountability, meeting value for money and environmental considerations. The frameworks will need to be approved by the Department and we will set out the minimum requirements in more detailed guidance shortly.
- LTBs must have a high degree of transparency, including routine and timely publication of all key documents, as well as arrangements for involving local stakeholders that are not represented on the LTB.

- the Department's Transport Business Case guidance and WebTAG, the DfT appraisal framework must be used for all schemes considered by LTBs for funding. The Department will provide support and advice on how WebTAG may be used in a proportionate way.

Government response to views of consultees

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 that 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. In addition, there was broad consensus in favour of LEP geography being the logical starting point for the establishment of LTBs.
- 1.3** The Department will therefore proceed on the above basis.
- 1.4** 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** We therefore wrote on 2 August to Local Transport Authorities and Local Enterprise Partnerships setting out a set of principles that we expected to govern local decisions on Local Transport Body (LTB) boundaries and asked them to confirm their LTB geographies by 28 September. A set of suggested principles were included in the letter.

Local Transport Body geography: suggested principles

Based on the majority view of respondents that the existing geography of LEPs is the correct starting point for the definition of LTB areas, this set of *suggested principles* is intended to guide local partners towards establishing definitive LTB boundaries in cases where the geography is complicated,

particularly overlapping LEPs.

LTBs should have defined and non-overlapping boundaries, so that each LTB has its own unique geographical area over which it has responsibility for major schemes, to avoid ambiguity.

It is cleaner if the LTB boundary is coterminous with Local Transport Authority (LTA) and LEP boundaries (consistent with non-overlapping LTB boundaries), though we accept this may not be possible in a minority of cases.

Where this reflects a meaningful transport geography, we would encourage LEPs and LTAs to resolve overlapping boundaries by forming a single larger LTB by agreement that covers the area of more than one LEP. However, where this cannot be agreed:

- in a case of overlapping LEP areas where the whole LTA is a member of more than one LEP, the LTA should be able to choose which LTB boundaries it will sit within.
- in a case where a district council within an LTA area is in more than one LEP, the district council and the LTA should come to a mutual agreement as to where the LTB boundary should be drawn.

- 1.6** If there is still no local agreement by 28 September then DfT will reserve the right to determine the LTB boundary itself or to reduce the funding allocation available to any area that takes longer than this to establish its geography.
- 1.7** The Department does not support the approach suggested by a minority of respondents, and some representative organisations such as ADEPT and the LGA, that that the Department should devolve funds directly to all LTAs and that any pooling of resources to fund larger schemes, and creation of local transport bodies, should be voluntary.
- 1.8** In devolving major scheme funding the Department wishes to maintain the distinction between majors and integrated transport block funding. Middle to large scale major infrastructure schemes of the type the Department has traditionally funded have a proven track record in delivering benefits, which is why the Government has continued to invest significant sums in this area. The Department wishes to ensure that those schemes and benefits will continue to be delivered. Integrated Transport Block funding is intended to fund much smaller scale interventions that generally serve a different purpose to majors and whose justification rests on a different evidence base.

- 1.9** Devolving funds to every LTA would risk spreading the funds too thinly to have the desired impact. Although authorities may choose to jointly fund some projects of mutual benefit, it would be less likely that two or three authorities would hand back all their devolved funding for a single project located in a neighbouring authority, even if that is the best investment. By allocating funds to geographies that, in most cases, are larger than single LTAs, there is a greater chance that investment will be focused where it is most needed or where it will return the greatest benefit, and not necessarily to every LTA. For these reasons the Department will devolve funds only to areas where a Local Transport Body is set up to administer the funds.
- 1.10** It should be possible to ensure that these bodies minimise administrative costs. Local Transport Bodies are essentially voluntary partnerships of local transport authorities, LEPs and possibly others, determining priorities over a specific geographic area.
- 1.11** The consultation responses suggest that in most cases LTBs would not be permanent, staffed organisations, but rather boards that meet when required, supported by local authority or by technical expertise that could be commissioned for specific tasks. Some LTBs would evolve from existing arrangements, where there is already joint working in place. For example, in Greater Manchester, it is proposed locally that the Combined Authority would act as the LTB.
- 1.12** In this and some other cases, the aim is for the LTB to control a larger fund, to which local authority majors funding is but one contributor. In these cases we would of course expect the governance and financial management arrangements to meet the same standards as ‘majors only’ funds.
- 1.13** There is no reason why, particularly in a single-county LEP area, the LTB could not be hosted and serviced by the local transport authority and the devolved funding held by that authority as the accountable body. But the existence of an LTB would enable the representation of other stakeholders including the LEP. The important point of principle, therefore, however streamlined the administrative arrangements, is that the funding would only be accessible with sign off by the LTB within the terms of an assurance framework that meets the same minimum standards as other LTBs (see part 5 on central assurance frameworks).

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** The consultation exercise has clearly shown that local partners have developed, or are developing, LTBs taking many different forms. We believe this variation is healthy and that local partners should develop the arrangements that work best in their area. The vast majority of respondents said that they intended to form an LTB broadly under Option 1 or Option 2.
- 2.2** The Department said in the consultation document that the make up of Local Transport Bodies should be a matter for local decision, but that LEPs should have a central and influential role. We maintain that view, which means that all three options are acceptable, subject to some specific requirements.
- 2.3** The Department believes that as a minimum, full membership of a LTB, with voting rights, must be open to all LTAs within the geographical area of the LTB and to the primary LEP or LEPs upon whose geography the LTB is based. The offer of membership should also be extended to other LEPs with a significant area of overlap in the LTB. However we recognise that some LEPs have said that they are happy to remain in an advisory role and adopt an arrangement akin to Option 1 above. This is acceptable, but the Department would encourage those LEPs to consider whether they wish to assume a more active and leading role in future as

they become more established, and LTBs should ensure that this option is open.

- 2.4** A minority 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. The Department shares the view that LTBs should be democratically accountable, but it does not believe, as some respondents have claimed, that this is only achievable where voting rights are restricted to elected members. Ultimately it is for the elected representatives in each area to best determine how they remain accountable to their electors and how democratic accountability should be ensured. However we believe that as a minimum, elected members should always form the majority of voting members on the LTB, or, alternatively, other measures should be put in place to ensure that elected representatives cannot be outvoted by non-elected parties. Therefore, in cases where the LEP acts as the LTB it may need to adapt its voting rules when making decisions on this devolved funding.
- 2.5** There may be a small number of areas where the LTAs and the LEP have divergent views on the make up of the LTB. There are a small number of cases where the LTAs would like to go for Option 1 and the LEP favours option 3. Ultimately, a LTB can only be created with the agreement of the constituent LTAs and the LEP, and the Department will not devolve funding to any area where a functioning LTB does not exist.
- 2.6** Beyond the above requirements, the Department will not mandate that any other particular groups should be represented.
- 2.7** Several respondents, particularly NGOs, have pressed the case for a wider range of LTB membership, including community representatives and environmental groups. The Department would like to encourage transparency and engagement with stakeholders (as set out in the section on accountability arrangements), but does not intend to centrally prescribe the involvement of these groups – it will be down to the LTAs and the LEPs in each area to determine how best to achieve wider input. That may be by full membership of the LTB if practical, or through some other avenue of involvement.
- 2.8** Several respondents have suggested that the Highways Agency (HA) and Network Rail (NR) could be members of LTBs. If representatives from these organisations are invited as observers or non-voting members, that may be a valuable way for those bodies to provide input and opinion into the LTB priorities and to ensure consistency with proposals for the strategic road or rail networks.
- 2.9** This may be more relevant for some areas than others and should be a matter for local discretion. However the Department does not believe it

would be appropriate for NR and HA representatives to have voting rights on LTBs, particularly in the latter case given HA officers' status as employees of the Department for Transport.

- 2.10** LTBs should also be mindful of the potential time pressures on HA and NR representatives if they are asked to attend to too many LTB meetings and should not expect these representatives to act as conduits for the transmission of LTB views on national investment decisions on the strategic rail and road networks.
- 2.11** There were different views on the involvement of District Councils. Again, while they may provide a valuable voice, particularly given the link to housing and planning, in some areas it may be impracticable for all district councils to have LTB membership. On this issue again the Department will leave the matter to local discretion. In all cases, however, we would expect the LTB to consider appropriate mechanisms to provide district councils with a meaningful input. In areas of LEP overlap there may be a stronger case for a District Council to have LTB membership if it is in a different LTB area to that of its County.

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** In line with the very strong consensus on this issue, with 85% against any top slice for large schemes, the Department will not retain a top-slice of funding for large schemes, nor will we insist that there is any local top-slicing. This means there will be no additional Government funding for the larger local authority schemes. It is therefore incumbent upon LTBs to think imaginatively about pooling funding as well as attracting additional sources of funding to enable such schemes to be built.
- 3.2** In line with the principle that it is for the LTB to decide on their priorities, we also 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** Given the strong consensus on this issue (90% against a mandatory minimum £5m threshold) we confirm that there will be no automatic £5m lower threshold for schemes. Like many respondents, we are not against there being a threshold in principle, and would like to encourage LTBs to consider as an effective way to preserve the distinction between the major schemes programme and Integrated Transport Block. However, we think that such thresholds are best considered locally and set at a level appropriate to the area and the size of the overall funding pot.

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** Given that around half of respondents expressing an opinion agreed with a per-capita approach broadly for the above reasons, with no decisive arguments or consensus behind any alternative mechanism, the Department will therefore proceed on the basis of a simple per-capita allocation.
- 4.3** As the period of the funding is expected to be 2015 to 2019 we intend to use the latest projection of mid-year population in 2017 as the basis for allocation. Those mid-point projections will be generated in due course from Census 2011 population statistics, the first data from which was published on 16 July 2012.
- 4.4** There is, of course, no guarantee as to the level of funding that will be available for major schemes from April 2015. Decisions on funding will be taken in the round at the next Spending Review. However, by way of example for planning purposes. If the level of funding for the four years from April 2015 was again £1.5bn, i.e. the same as SR10, then, after taking account of a tail of £400m for already approved schemes, the available funding nationally for new schemes would be around £1.1bn.
- 4.5** Once we have confirmation of LTB geography we will provide all areas with a local indicative planning assumption figure for budgeting purposes. These figures are for planning purposes only. Decisions regarding the actual level of funding allocations will be made at the next Spending Review.
- 4.6** Our aim is to publish indicative planning assumption figures for each LTB area in October.

- 4.7** The Department believes that in developing a prioritised pipeline of schemes, it would be prudent for LTBs to make contingency plans for one third above or below their local planning assumption figure, given the uncertainty around levels of funding at this stage.

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'.

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** Over three-quarters of respondents supported the principle of a central assurance framework with a minority of respondents putting 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.
- 5.3** The Department believes the devolved system can build on existing Local Authority assurance processes including legal duties on propriety and financial management. However, the Department does not believe it is sufficient, as some respondents have argued, to solely rely on these general duties for major devolution. Firstly, because we are concerned with assurance that applies to the LTB, as distinct from the individual local authorities, and specifically its role in making effective decisions about the distribution of funding between authorities and for specific schemes. Secondly, because the assurance framework that we have in mind will need to include elements that are specific to the approval and funding of major transport schemes, which are unlikely to be covered in full by general local authority accountability statements.
- 5.4** We therefore remain committed to the principle, supported by a majority of respondents to this particular question, that an assurance framework is necessary and that it should cover the areas outlined in the consultation document.
- 5.5** We do not expect every LTB to operate to exactly the same assurance framework but they will all need to meet certain minimum standards of governance, financial management, accountability and meeting and testing value for money. The Department will shortly publish detailed guidance setting out these minimum requirements.

- 5.6** We will then expect LTBs to submit their own assurance frameworks, specifying how they will meet the minimum requirements, by December 2012, as outlined in the consultation document.
- 5.7** The Department will need to assure itself that the local frameworks submitted meet the prescribed minimum standards before any devolution of funds can take place. However we would expect to be able to complete that sign off process quickly. In order to achieve that, it is incumbent upon authorities to ensure that their proposals clearly follow the guidance and meet the minimum requirements set out. In turn we will invite LTBs to share early drafts with the Department and will, through our engagement teams, provide assistance, so that any potential complications or difficulties can be resolved at as early a stage as possible.
- 5.8** Provided there are no fundamental issues that impact upon the prioritisation and selection of schemes, the sign-off process need not delay LTBs from developing their programme of priorities.

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** As set out in the consultation document, and in line with the general flavour of responses, the Department will expect LTB decision making to be transparent and for all LTBs to adopt the Transparency Code that applies to Local Authorities. There should be routine and timely publication of objectives, criteria, prioritisation methodology and results, individual scheme business cases, processes for engagement with stakeholders, LTB meeting notes, information on progress on scheme delivery and evaluation of outcomes. As several respondents pointed out this echoes the existing working practices of many local authorities.
- 6.2** The more information that is made publicly available on a routine basis, the less need there will be for central reporting to the Department, which we would like to keep to a minimum.
- 6.3** Ultimately, however, the Department needs to have some way to verify that LTBs are acting in accordance with the assurance frameworks they have established, for example through an audit regime. We will therefore consider what arrangements will be required to achieve this, and will publish further guidance in due course.
- 6.4** We also expect that LTBs should have adequate arrangements for involving, rather than simply just informing, local stakeholders that are not represented on the LTB.
- 6.5** While we expect that most LTBs will be non-statutory bodies and would not themselves be subject to the Freedom of Information Act, the LA that acts as accountable body will be responsible for holding all the formal records of the LTB and should be the focal point for FOI requests relating to LTB business.

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** The majority of respondents favoured the use of the Transport Business Case guidance and WebTAG. We will therefore proceed on the basis that the DfT Transport Business Case and WebTAG are used as standard for all schemes considered for funding by LTBs.
- 7.2** Having common assessment and appraisal frameworks in place will ensure that consistent standards are applied and will allow for proper comparison of schemes across the programme so that its overall effectiveness can be properly assessed. This is a critical element in building the evidence for future funding allocations.
- 7.3** A number of respondents raised concerns about the cost of applying WebTAG and suggested that it should be applied in a proportionate way to schemes over a certain cost threshold. There was, however, no clear consensus on how the principle of proportionality should be applied.

7.4 Our view on these issues is as follows:

- A key principle of WebTAG is that it should be applied in a proportionate way with the analysis underpinning a decision being be “fit-for-purpose”, reflecting the issues and sensitivities of individual schemes.
- We do not believe that proportionality should be determined by cost alone as other factors may be important in determining the level of analysis required e.g. potential impact on environment or vulnerable groups. Therefore, we don’t think that the use of funding thresholds would be appropriate.

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.

7.6 Whilst WebTAG is already sufficiently flexible to be applied in a proportionate way, we understand that many local authorities feel they are incurring excessive costs by undertaking unnecessary work. We will seek to address concerns about the burden of WebTAG by working with local authorities and LTBs on how to ensure that appraisal and modelling is fit-for-purpose. This may take the form of additional guidance, workshops, sharing best practice etc. This will be consistent with the principles outlined in existing consultation guidance . We will not be revisiting existing WebTAG guidance on the robustness of different modelling and appraisal techniques as part of this process.

7.7 The framework for assuring Value for Money will be completed by an enhanced focus on evaluation to ensure that schemes deliver what they intended to do. As we said in the consultation document, the results of the evaluations may influence future allocations of funding.

7.8 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).

7.9 We would also like to reaffirm the point made in the consultation document - that the use of WebTAG does not preclude LTBs augmenting the WebTAG appraisal with other methods or data sources that are not part of WebTAG to inform decision making. As the Transport Business Case framework sets out a structure for recording and assessing all relevant considerations (including scheme objectives), there will be no barrier to LTBs doing this.

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.
- 8.2** In view of comments from stakeholders on the need for greater clarity for areas with overlapping LEPs, we have added an interim step for LTBs to confirm their geography by September 2012.
- 8.3** There were a mixed range of views expressed on whether the timetable was realistic and achievable.
- 8.4** We accept that this timetable is challenging, but it is also necessary in order to ensure that there is a sufficient number of schemes that are able to start construction when new money becomes available from 2015/16. We also know that many places have already started provisional work on this.
- 8.5** We believe that it would be counterproductive to relax the timetable, which a significant number of respondents believe they can meet. To do so would increase the risk of a lull in construction of major schemes in the period immediately after 2015.
- 8.6** If there are any LTBs that fail to meet the timetable or choose to adopt a slower one, then it follows that they are unlikely to have schemes ready for construction in the early years of the next spending period. That being the case, we cannot guarantee to provide those LTBs with the funding allocation for the whole of a future spending period, to which they would otherwise be entitled.
- 8.7** To assist authorities in meeting the timetable we will
- provide detailed guidance about the minimum standards for assurance frameworks
 - provide local planning assumption figures by October (subject to confirmation of LTB geography)

- work with LTBs as they develop their assurance frameworks with a view to minimising the time required for formal approval
- allow LTBs to submit and gain approval for their assurance frameworks earlier if they are ready

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?.

Strategic road and rail networks

- 9.1** Many respondents have expressed the desire that LTBs should have an opportunity to influence decisions on the Strategic Road and Rail networks.
- 9.2** The Department is committed to working with regional and local stakeholders to ensure it considers their views on the transport problems they face, and is keen to enhance the opportunities for local input into strategic road and rail matters. The LTB may provide a useful focal point for those views to be developed.
- 9.3** It is also worth reiterating points made in the consultation document that LTBs should be free, subject to the agreement of the Highways Agency, to fund improvements on the strategic road network, that might not otherwise be centrally funded. The same is true of rail schemes, provided there is early engagement with Network Rail, DfT and the relevant train operator(s).
- 9.4** The Department will be publishing its response to the consultation on rail decentralisation after the summer.
- 9.5** The Department would like to reassure local partners that it is not intended to use devolved major funding to replace the primary national sources of funding for strategic road and rail schemes.

Financial Support

- 9.6** 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.
- 9.7** The Department recognises that there are costs involved in the set up and administration of Local Transport Bodies, but we reaffirm the position

set out in the consultation document that we are not minded to provide central funding for this. Ultimately it is for the LTB partners, the constituent LTAs and LEPs to contribute to the operation of the LTB, as is already proposed in many areas. Transport prioritisation is not a new task, even if the context is being recast. Substantial capacity and capability on transport matters already exists in member local transport authorities on which LTBs will be able to draw.

- 9.8** Although some respondents have asked whether the devolved money can be top-sliced locally for administration costs, this is not possible as the major scheme budget is capital only.
- 9.9** In addition, some smaller authorities have asked for financial support for their own scheme development. The Department has never routinely provided authorities with funding for the development of scheme business cases bidding for initial approval and does not intend to start doing so now.
- 9.10** However we will provide indirect support during the transition period in the form of sharing DfT knowledge, data and tools on scheme prioritisation and appraisal including coming to VfM judgements. This could take many different forms (e.g. workshops, sharing best practice) and we would encourage the sector bodies (e.g. LGA, PTEG) to take the lead so that this support is available in the longer term without DfT involvement. This indirect support would reduce costs to Local Authorities/LTBs and help manage some of the risks to the timetable outlined below. We will provide further information on how this support will be made available and maintain close engagement with local partners as they develop their arrangements.
- 9.11** In addition, the Government has recently announced that significant additional levels of funding will be made available to Local Enterprise Partnerships to enhance their ability to play a leading role in activities to promote jobs and growth.

Residual Role for DfT

- 9.12** The Department broadly agrees with the main areas identified by consultation respondents on the residual role for the Department.
- *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. An important aspect of that is the assurance framework proposals in paragraphs 5.1 to 5.8

- *Advisory* – As set out in paragraph 9.10 above the Department will provide indirect support, expertise and advice, particularly in the early stages of LTB set up and scheme prioritisation.
- *Technical* – The Department will continue to develop and maintaining fit-for-purpose assessment and appraisal frameworks and provide guidance on their use.
- *Champion* – The Department will remain responsible for the provision of funding for major schemes and making the case in future Spending Reviews. An important aspect of this is the development of the evidence base for investment and actively ensuring that robust evaluation is carried out.

9.13 We will provide further guidance more detail on how the Department intends to take forward these roles.

Next Steps

September/October 2012

Publication of detailed guidance on LTB assurance frameworks

October 2012

We will confirm indicative planning assumption figures for LTB areas once their geography is confirmed.

We will host Seminars for LAs and LEPs to explain the devolution process in detail and, in particular, the requirements for assurance frameworks.

December 2012

By the end of December 2012 LTBs must submit to the Department their assurance frameworks to the Department, following the guidance that we will issue shortly. The Department will then consider these and make decisions on which of these may be signed off. The Department will hope to complete the sign off of most assurance frameworks within two months.

The Department will be happy to consider any frameworks submitted earlier than the deadline and will make a decision on these as soon as possible.

Unless DfT highlights any serious issues with the way that areas are proposing to prioritise investments, LTBs should not wait for the assurance framework sign off before embarking on their scheme prioritisation exercise.

April 2013

LTBs should submit a provisional list of prioritised schemes.

The Department will expect economic impact, deliverability and environmental impact to be key criteria employed by LTBs in scheme prioritisation, but otherwise will not be prescriptive about the methodologies or criteria employed, provided the process is robust and evidence based.

Schemes identified will not be required to have been through Transport and Business Case and WebTAG assessment at this stage, but they will need to do so before an irreversible funding decision is made by the LTB.

We will expect the list to include a basic description of the scheme, its objectives, its cost and any third party contributions (agreed or expected).

The individual schemes will not require DfT approval, but the prioritised lists will provide the Department with important information on the overall deliverability of the programme and will form part of the evidence base for future spending rounds.

2013 to 2015

Promoters of identified schemes will need to develop the business case to a point at which funding can be signed off by the LTB. Promoters of schemes that believe they stand a good chance of being prioritised may wish to consider whether to begin developing their business cases now, While this would be at the authorities' own risk it may place the scheme in a stronger position when prioritisation decisions are made.

2015 onwards

The Department will provide funding directly to the accountable bodies of each LTB.

Glossary

LEP - Local Enterprise Partnership

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

LTB - Local Transport Body