

**Proposed Decision to be taken by the Portfolio Holder for
Transport and Highways on or after
22 February 2013**

**Department for Transport Consultation on Integrated
Transport Block Funding**

Recommendation

That the Portfolio Holder for Transport and Highways:

1. Approves the principle of the County Council's response to the consultation be based on Option 3, for the reasons set out within the report.
2. Delegates the responsibility for preparing a detailed response to the consultation to the Strategic Director for Communities.

1.0 Background

- 1.1 As part of the overall Local Capital Transport Settlement, the County Council receives funding for Integrated Transport schemes. These are generally small scale local transport improvements such as road safety, walking, cycling and traffic management schemes. The funding is not ring-fenced, and as such, local authorities can spend their allocations according to local priorities.
- 1.2 The County Council's share of Integrated Transport Block funding was £3.160m in 2011/12. This rose to £3.370m in 2012/13, and will stay at this level during the forthcoming financial year (2013/14). For the final year of the current spending period (2014/15), the County Council will receive £4.740m for Integrated Transport schemes.
- 1.3 Since 2005, Integrated Transport Block funding has been allocated on a needs based formula using six elements: deprivation, road safety, public transport, air quality, congestion and accessibility. Against the backdrop of the Government's 2010 Spending Review, DfT undertook a consultation on Local Transport Funding in August 2010. Whilst much of the consultation was concerned with the timeliness of data being used within the formula to establish individual allocations for transport, it was concluded there would be merit in examining the detailed structure of the formula in advance of future settlements.
- 1.4 In December 2012, DfT issued a consultation on potential changes to the way in which this funding could be calculated and distributed post-2015. This report sets out the County Council's proposed response to the consultation.

2.0 The Case for Change

- 2.1 The current formula used to calculate the Integrated Transport Block funding allocations were developed over time with input from local authorities. The current formula is relatively complex, with six elements as described earlier in the report and a further twenty five variables within these. Whilst it is not proposed to oversimplify the formula using, for example, population as the only variable, DfT consider that with changing priorities (e.g. the economy and environmental considerations such as carbon) it is an appropriate time to revisit them. Government is also keen to remove perverse incentives that are inherent within the current formula, which in some cases reward local authorities for a failure to improve and penalises those that do. For example, areas with higher levels of road casualties currently receive higher levels of funding than those with lower levels or where there is a downward trend in casualty numbers and/or severity.

3.0 Proposed Options

- 3.1 The consultation document sets out the four main potential changes to the formula, these being:

- Changes to eliminate perverse incentives;
- The addition of new elements;
- Changes to the data sets used in the formula; and
- Changes to way in which elements are weighted.

- 3.2 Based on these changes, the consultation proposes three options:

Option 1 – Formula based on need and improvement

This would split the formula with 75% of funding being allocated according to the current needs-based formula and the remaining 25% on the basis of continuous improvement using trend data. This split would only be applied to the road safety, congestion and air quality elements only, with the remaining three elements (deprivation, public transport and accessibility) remaining as 100% needs based.

Option 2 – Needs-based only

This approach would utilise the current formula, with the addition of two further elements to reflect carbon emissions and economic growth.

Option 3 – Formula based on need and improvement with additional data

This approach would use the proposed formula set out above for Option 1, supplemented by additional consideration of needs and trend-based carbon emissions and needs-based economic growth.

4.0 Implications for Warwickshire

- 4.1 The consultation document provides estimated allocations from 2015/16 onwards based on the suggested new formula in each of the three options described above. The figures for Warwickshire are as follows:

	2014/15 Allocation (£m)	Option 1	Option 2	Option 3
Warwickshire	4.740	5.046	5.224	5.486

5.0 Proposed Response to the Consultation

- 5.1 It is proposed that the County Council respond to the consultation setting out its preference for Option 3 to be adopted as the new formula calculation for the distribution of the Integrated Transport Block funding for the following reasons:

- (i) A formula based on an appropriate balance of both 'need' and 'improvement' (rather than 'need' only) would represent a fairer methodology on which to distribute the available Integrated Transport Block funding. It would remove a number of perverse incentives in the current formula that currently reward poor performance and do not recognise continual improvement over time; and
- (ii) The addition of carbon emissions and economic growth to the existing six elements of the formula would provide a broader set of considerations on which to base the calculation of the Integrated Transport Block funding allocation. They also serve to respond to policy imperatives which are imperative now and are likely to remain so beyond 2015.

- 5.2 From a purely parochial perspective, it is worth noting that of the three options, Option 3 will maximise the potential level of resources which can be used to invest in transport within Warwickshire, which itself could result in further reward should they deliver improvement in a given area (e.g. road safety). It should be remembered however that whatever the outcome of the proposed changes to the formula, Integrated Transport Block funding will continue to arrive as non ring-fenced capital which will be included in the wider capital pot available to the authority.

6.0 Next Steps

- 6.1 The deadline for responses to be submitted to the consultation ends on 6th March 2013. It is proposed that the County Council respond to the detailed questions set out within the consultation document on the basis of supporting Option 3. It is proposed that responsibility for preparing this response be delegated to the Strategic Director for Communities.

Supporting documents

1. Consultation on Integrated Transport Block Funding – Department for Transport (December 2012).

	Name	Contact Information
Report Author	Adrian Hart	adrianhart@warwickshire.gov.uk Tel: 01926 412111
Head of Service	Graeme Fitton	graemefitton@warwickshire.gov.uk Tel: 01926 412046
Strategic Director	Monica Fogarty	monicafogarty@warwickshire.gov.uk Tel: 01926 412514
Portfolio Holder	Cllr Peter Butlin	cllrbutlin@warwickshire.gov.uk