



## Board Meeting

<b>Date</b>	9 December 2016
<b>Report title</b>	Devolved Transport Grant
<b>Cabinet Member Portfolio Lead</b>	Councillor Roger Lawrence – Transport
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<b>Report has been considered by</b>	WMCA Programme Board – 18 November 2016

### Recommendation(s) for action or decision:

#### The Combined Authority Board is recommended to:

1. Agree the Devolved Transport Grant allocations, including Integrated Transport Block for 2017/18 and note the anticipated grant allocations through to 2020/21;
2. Agree a Joint Initiatives Top Slice of £90,000 as set out in paragraph 5.3;
3. Agree the creation of a ring fenced development funding pot within individual Local Authority annual allocations from April 2017 onwards as set out in paragraph 5.5; and
4. Agree the principle of utilising the Highways Maintenance Incentive Fund for a programme of interventions on the West Midlands Key Route Network as set out in paragraph 5.9 from April 2017.

## 1.0 Purpose

1.1 To set out the approach for allocating the Devolved Transport Grant, which was confirmed by Government in March 2016 for the period 2017/18 to 2020/21.

## 2.0 Background

2.1 As part of the West Midlands Devolution Deal, HM Government also agreed to devolve a consolidated local transport budget and provide a multiyear transport funding settlement, which will come under the control of the Mayor when they take office. This devolved transport grant forms part of the Single Pot.

2.2 The devolved transport element of the pot will be made up of the following funding streams and paid to the Combined Authority, with a firm funding commitment for the period until 2020/21:

- Integrated Transport Block (ITB)
- Highways Maintenance Block (not including PFI)
- Highways Maintenance Incentive Funding

2.3 From April 2017 the devolved transport grant will include the Bus Services Operating Grant (BSOG) funding that has been devolved to the West Midlands Combined Authority following the withdrawal of Fuel Duty Rebate previously paid directly to bus operators. The Department will agree the funding to be transferred to the Combined Authority, which will be set for the period until 2020/21.

2.4 The multi-year devolved transport grant is set out below:

Fund	Status	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's
Bus Services Operating Grant (BSOG) Revenue	Revenue for tendered bus services – given to WMCA/TfWM	1,800	1,800	1,800	1,800
Integrated Transport Block Capital	Allocated to the WMCA but distributed to LA's and TfWM. LA's allocations based on population size, which is also used to calculate the WMCA Transport Levy	17,618	17,618	17,618	17,618
Highways Maintenance Block Capital**	Allocated to the WMCA but distributed straight to LA's via DfT calculated formula	14,486	13,112	13,112	13,112
Highways Maintenance Incentive Fund Capital***	Currently allocated to the WMCA but distributed straight to LA's via DfT calculated formula.	1,356*	2,731*	2,731*	2,731*
<b>Total</b>		<b>35,260</b>	<b>35,261</b>	<b>35,261</b>	<b>35,261</b>

\*Indicative figures provided by DfT

\*\* Excludes Birmingham City Council due to their Highways PFI

\*\*\* See recommendation 4

### 3.0 Impact on the Delivery of the Strategic Transport Plan

3.1 The impact of the contents of this report on delivery of the 15 STP Policies and/or the development/operation of:

- The National & Regional Tier
- The Metropolitan Tier: Rail and Rapid Transit Network, Key Route Network, Strategic Cycle Network
- The Local Tier
- Smart Mobility Tier

3.2 The policies that are supported include:

- Policy 1 - Accommodate increased travel demand by existing transport capacity and new sustainable transport capacity;
- Policy 2 - Use existing transport capacity more effectively to provide greater reliability and average speed for the movement of people and goods;
- Policy 3 - Maintain existing transport capacity more effectively to provide greater resilience and greater reliability for the movement of people and goods;
- Policy 4 - Improve connections to new economic development locations to help them flourish, primarily through sustainable transport connections;
- Policy 5 – To help make economic centres attractive places where people wish to be.
- Policy 6 – To improve connections to areas of deprivation; and
- Policy 8 – To improve connections to new housing development locations to help them flourish, primarily through sustainable transport connections.

### 4.0 Wider WMCA Implications

4.1 The report deals with the transport funding for the constituent Authorities for which WMCA is the Transport Authority. WMCA is not the statutory Authority for transport outside of the constituent area and therefore does not influence funding allocations.

### 5.0 Devolved Transport Grant Allocations

5.1 The allocation from HM Government for 2016/17 was as follows:

Allocation	2016/17 £000's
Bus Service Operators Grant	1,750
Integrated Transport Block	17,618
Highways Maintenance Block	14,938
Highways Maintenance Incentive Fund	913
<b>Total</b>	<b>35,219</b>

5.2 In 2014, a number of options were considered for allocation of the above funding. It was approved that the Integrated Transport Block would be split 75% (Local Authorities) - 25% (TfWM) after a Joint Initiatives Top Slice. This same split was used for the 2015/16 allocation. This is set out below:

<b>Funding</b>	<b>2016/17 £000's</b>
Integrated Transport Block	17,618
Joint Initiatives Top Slice	90
Local Authorities Allocation (75%)	13,146
TfWM Allocation (25%)	4,382
<b>Total</b>	<b>35,219</b>

- 5.3 It is not proposed to change the current proportions for which the allocations are made. This includes Highways Maintenance Block (excluding the Incentive fund) given that this is used to provide the required match funding for the Highways Challenge Funding that was awarded to the West Midlands in March 2015. It is also proposed to retain the Joint Initiatives Top Slice. An element of this supports the West Midlands Transport Information Gateway (WMTIG) which is an ongoing £20k per annum commitment. The remaining £70k funding is available to bid into for key initiatives and programmes on an annual basis.
- 5.4 It is recognised that there are pressures on the Integrated Transport Block given that this allocation has been reducing over recent years. However, there are also a number of schemes that are being identified through the ongoing work on developing the 10 Year Delivery Plan. This will provide a pipeline of schemes to support key housing and employment sites in line with the vision and objectives set out in the West Midlands Combined Authority's Strategic Economic Plan.
- 5.5 A key challenge is the ability to provide initial development funding to undertake feasibility and strategic business case for schemes that are emerging through the 10 Year Delivery Plan. In order to facilitate this, it is proposed to ring fence a proportion of Integrated Transport Block allocations to support development and delivery activity. This ring fence would be applied to individual Local Authority and TfWM allocations.
- 5.6 This ring fence would establish development funding for Local Authorities to take forward key schemes within the 10 Year Delivery Plan. Based on the known Integrated Transport Block allocations, a 15% ring fence of development funding is set out below:

<b>Authority</b>	<b>ITB Allocation £000's</b>	<b>15% Ring Fence £000's</b>
Birmingham City Council	5,170	776
City of Wolverhampton Council	1,190	178
Coventry City Council	1,540	231
Dudley Metropolitan Borough Council	1,490	224
Sandwell Metropolitan Borough Council	1,480	222
Solihull Metropolitan Borough Council	990	148
Walsall Metropolitan Borough Council	1,290	194
Transport for West Midlands	4,382	657

- 5.7 It is proposed that this ring fence would be applied from 2017/18 through to 2020/21.
- 5.8 The West Midlands Key Route Network (WM-KRN) was defined in consultation with the seven West Midlands Metropolitan Authorities. The development and management of the WM-KRN is critical to the successful delivery of the transport objectives contained within the West Midlands Devolution Deal, and for enabling the delivery of the Midlands Engine for Growth. The WM-KRN will also play an instrumental role in supporting the work being done on building network resilience during the delivery of large infrastructure projects including HS2.

5.9 Given the significant role of the WM-KRN, it is proposed to earmark the Highways Maintenance Incentive Fund to support a programme of measures from 2017/18 to 2020/21. This programme would be developed by the Key Route Network Manager in consultation with the Traffic Managers Group. This funding would be used by Local Authorities to deliver a range of measures such as traffic efficiency measures, traffic regulation orders and traffic management systems technology.

## **6.0 Financial implications**

6.1 As detailed above, there is no proposal to adjust the percentage allocations upon which the Integrated Transport Block is distributed across Local Authorities. Highway Maintenance block will be distributed in line with DfT instructions, Bus Subsidy Operators Grant will continue to remain with WMCA and the Incentive Fund is proposed to be ring-fenced for WM-KRN measures.

6.2 There is an expectation that a percentage allocation of the Integrated Transport Block will be set aside for the development of schemes within the 10 Year Delivery Plan. This may require Local Authorities to adjust their capital programmes from April 2017 onwards to accommodate this requirement.

6.3 There is no proposal at present to centrally manage the project development allocation of 15% from ITB but it is expected that Local Authorities will be able to demonstrate a degree of investment in project development towards the development of 10 Year Delivery Plan schemes to this Committee at certain intervals throughout the period to 2021. It is proposed that the Incentive Fund is centrally administered and distributed to support specific schemes across WMCA and Local Authorities.

## **7.0 Legal implications**

7.1 Advice will be taken from in-house legal services however, accountability for appreciating and detailing the legal implications shall remain with the accountable officer(s).

## **8.0 Equalities implications**

8.1 There are no equality implications arising from this report.