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John Marsden  
Chief Executive  
North Tyneside Council  
Sent by email to:  
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13<sup>th</sup> December 2010

Dear Mr Marsden

## **LOCAL TRANSPORT SETTLEMENT (2011/12 – 2012/13)**

Following the Spending Review on 20 October 2010, which included the national totals for future transport grants, Ministers announced today the final local transport capital block settlement for 2011/12 to 2012/13, and indicative allocations for 2013/14 to 2014/15. This letter summarises the position for your authority.

### **2010 Spending Review**

The Government is committed to reducing the deficit, facilitating long-term, sustainable growth and tackling carbon emissions, while ending the era of top-down government by providing a radical devolution of power and greater financial autonomy to local authorities.

As part of the Spending Review, the Department announced a radical simplification of local transport funding, moving from 26 separate grant streams to just four.

- I. a local sustainable transport fund (capital and resource);
- II. major schemes (capital)
- III. block funding for highways maintenance (capital); and
- IV. block funding for small transport improvement schemes (capital).

All other specific grants are being ended<sup>1</sup>, with the funding transferred and included in the main Local Government Formula Grant administered by the Department for Communities and Local Government.

### **Block Funding**

The Department consulted on a number of proposals for local transport capital funding between August and October 2010. A summary of replies received through this consultation and the Department's response is available at:

<http://www.dft.gov.uk/localtransportfunding>

In response to requests received through the consultation, the Department has published explanatory notes for the integrated transport and highway maintenance block formulae, as well as the individual local authority raw data used within both formulae, at:

<http://www.dft.gov.uk/localtransportfunding>

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<sup>1</sup> This excludes the few specific rail grants provided by the Department to individual local authorities.

### Highways Maintenance Block

With limited resources available, the Department believes that it is essential highways maintenance continues to be prioritised, reflecting the 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.

We are therefore providing over £3 billion over the next 4 years. This takes account of the significant scope for efficiencies, for example through combining purchasing power of local authorities to drive down prices. The profile of this grant is £806m in 2011/12, £779m in 2012/13, £750m in 2013/14 and £707m in 2014/15.

To help local authorities achieve these efficiencies, we will work with local government professionals to embed sector-led best practice widely, with a time-limited fund worth £3 million in each of 2011/12 and 2012/13.

Local authority highways maintenance block allocations are calculated through a needs-based formula. The allocation for your area is given in the attached Annex A.

### Integrated Transport Block

The Department will provide over £1.3 billion over four years for small transport improvements, on top of the capital funding provided through the Local Sustainable Transport Fund and in addition to what is available through the Regional Growth Fund (see below). The profile of this grant is £300m in 2011/12, £320m in 2012/13, £320m in 2013/14 and £450m in 2014/15.

Integrated transport block funding is crucial to help local authorities improve road safety, stimulate local economies by reducing congestion, and deliver social justice to their local communities. Research has shown that investment in such measures can provide very high value for money.

Local authority integrated transport block allocations are calculated through a needs-based formula, and the allocation for your area is given in the attached Annex A.

### **Local Sustainable Transport Fund**

The Department is establishing a £560 million Local Sustainable Transport Fund to challenge local authorities outside London to bid for funding to support 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. The profile of this Fund is £80m in 2011/12, £140m in 2012/13, £160m in 2013/14 and £180m in 2014/15.

This replaces a range of previous grants for sustainable forms of travel and represents a significant increase in funding for sustainable travel, which the Government believes can both support economic growth and reduce carbon emissions.

Responding to calls from local government, the Fund will include a mix of £350m revenue and £210m capital funding over the next four years to maximise the options available to local authorities. A small proportion of the Fund will be allocated to provide continued funding for the successful Bikeability scheme, which offers high quality cycle training for young people, and for the completion of small scale initiatives consistent with the fund objectives. For the remainder of the funding, we will invite local authorities to develop

packages of low cost, high value measures which best meet their local needs and effectively address local issues.

Ministers have separately announced today plans for publishing guidance on the Fund, which will include details of the application process and annual availability of funding.

### **Major Projects**

The Government is providing over £1.5 billion for local authority major schemes over the four-year period: over £600 million for committed schemes and over £900 million for new schemes. This level of investment is greater than the average annual spend on local authority major schemes over the last 10 years. The profile of this budget is £418m in 2011/12, £364m in 2012/13, £335m in 2013/14 and £427m in 2014/15.

Whilst this is a considerable investment, not all previously proposed major schemes are affordable and tough decisions will remain necessary. In October the Department announced future arrangements for major schemes. Details are available at:

<http://www.dft.gov.uk/pgr/regional/ltp/major/transportschemes/>

We will also be looking to develop successor arrangements to the previous Government's Regional Funding Allocations for transport that, over time, give a voice in scheme prioritisation to elected local authorities and business interests. We hope that Local Enterprise Partnerships will have an important role in this.

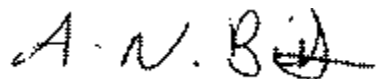
### **Regional Growth Fund**

The Department for Transport is contributing around a third of the funding for the £1.4 billion Regional Growth Fund. Bids for local transport schemes that unlock sustainable economic growth will be eligible for submission to this fund. Further information can be found at: <http://www.bis.gov.uk/policies/regional-economic-development/regional-growth-fund>

I would like to take this opportunity to thank you for all the hard work that your officers continue to undertake.

Please contact the Local Transport Funding team at [LT.PLANS@DFT.GSI.GOV.UK](mailto:LT.PLANS@DFT.GSI.GOV.UK) or on 0207 944 2249 for queries relating to the capital block funding allocations outlined in this letter or any other matter.

Yours sincerely,



**Nick Bisson**

## ANNEX A: CAPITAL BLOCK FUNDING ALLOCATIONS FOR TYNE AND WEAR ITA

### Transport Capital Funding

The local transport block capital allocations for your authority are:

<b>Block - <u>Final</u> Allocations</b>	<b>2011/12</b> £000s	<b>2012/13</b> £000s
Integrated Transport	11,617	12,392
Highways Capital Maintenance	10,456	10,704

<b>Block - <u>Indicative</u> Allocations</b>	<b>2013/14</b> £000s	<b>2014/15</b> £000s
Integrated Transport	12,392	17,426
Highways Capital Maintenance	10,475	9,988

This funding will be provided as capital grant (not supported borrowing). It is not ring-fenced. Funding allocations for 2013/14 and 2014/15 are indicative and are subject to change, for instance as a result of changes to the formulae or future data changes.

Grant conditions are provided at Annex B.

As outlined in the Department's published response to the local transport funding consultation, in Metropolitan Areas Integrated Transport and Highway Maintenance Block funding will be allocated to the Integrated Transport Authority.

We will need to be advised of any different arrangements for payment of the highway maintenance block funding for your area by the end of January of the financial year before you require these arrangements to take place. The following table gives notional formulaic highway maintenance allocations for each Metropolitan District in your area.

<b>Tyne and Wear ITA</b>	<b>2011-12</b> £000s	<b>2012-13</b> £000s	<b>2013-14</b> £000s	<b>2014-15</b> £000s
Gateshead	2,239	2,326	2,269	2,108
Newcastle upon Tyne	2,290	2,440	2,292	2,128
North Tyneside	1,847	1,753	1,801	1,714
South Tyneside	1,276	1,267	1,236	1,270
Sunderland	2,804	2,919	2,877	2,768

Please note that due to rounding, the ITA total may not be the sum of the notional district allocations.

## **ANNEX B: GRANT CONDITIONS**

1. Grant paid to a local authority under this determination may be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003.

2. The Chief Executive and Chief Internal Auditor of each of the recipient authorities are required to sign and return to the team leader of the Local Transport Funding team<sup>2</sup> in the Department for Transport a declaration, to be received no later than 31 March 2012, in the following terms:

“To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant Determination 2010 No 31/1859 have been complied with”.

3. If an authority fails to comply with any of the conditions and requirements of paragraphs 1 and 2, the Minister may-

a) reduce, suspend or withhold grant; or

a) by notification in writing to the authority, require the repayment of the whole or any part of the grant.

4. Any sum notified by the Minister under paragraph 3(b) shall immediately become repayable to the Minister.

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<sup>2</sup> Local Transport Funding team can be contacted at [LT.PLANS@DFT.GSI.GOV.UK](mailto:LT.PLANS@DFT.GSI.GOV.UK) or on 0207 944 2249.