

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

LOCAL TRANSPORT PLAN COMMITTEE

DATE: 16 JULY 2010

AGENDA ITEM NO: 6

SUBJECT: RESPONSE TO FUNDING CUTS

Report of the West Yorkshire LTP Partnership

1. PURPOSE OF REPORT

- 1.1. To consider the implications the recent funding cuts announced by CLG and DfT.
- 1.2. To consider the implications of the suspension of the DfT's 'Major Schemes' Programme.

2. INFORMATION

Background

- 2.1. At its last meeting, the LTP Steering Group considered reports detailing the allocation and spending profiles of the Congestion Performance Fund and the West Yorkshire Strategic Programme of Schemes (RFA Uplift Fund).
- 2.2. However, in view of the uncertainty regarding future funding provision following the recent Government announcements, the Steering Group agreed to defer the recommendations made in the reports. The Steering Group requested that a further report be prepared following an urgent re-evaluation and prioritisation of schemes going forward. The Group agreed that no further spending commitments would be made until the reassessment had been completed.
- 2.3. On 10 June 2010, CLG published details of the £1.166bn Local Government contribution required for the £6.2bn cross government savings in 2010/11. This represents the first step in the Government's effort to tackle the £156bn deficit.
- 2.4. These spending cuts will have a direct impact on the West Yorkshire LTP Partnership. The key impacts on the Partnership's budgets are shown in Table 1. A more detailed breakdown by Authority is given in Appendix 1. The implications for the LTP Partnership of the funding cuts by programme area are considered in more detail overleaf.

Table 1 – 2010/11 Capital funding cuts £m – Implications for West Yorkshire LTP Partnership

Funding Source	Original £m	Cut		Revised
		%	£m	
West Yorkshire LTP IT Block 2010/11	32.66	25	8.17	24.490
Primary Route Network 2010/11	7.9	20	1.58	6.320
WY Strategic Programme	17.76	50	8.880	8.880
Congestion Performance Fund – Tranche 4 ¹	TBC	75	tbc	tbc
Road Safety Grant (Capital element)	0.7	100	0.7	0
TOTAL	58.32		18.63	39.69

LTP Integrated Transport Block Funding

- 2.5. The recent announcement by the Government reduces the level of LTP Integrated Transport Block funding in 2010/11 for West Yorkshire Partner's programmes by £8.17m. Delivery of the LTP programme including the continued development of Major Schemes in 2010/11 will now be very challenging.
- 2.6. In the light of these announcements, partners have taken immediate steps to minimise abortive spend and to reassess and take stock of their own LTP programmes.

West Yorkshire Strategic Programme of Schemes

- 2.7. Metro is responsible for the management of the West Yorkshire Strategic Programme of Schemes (WYSPS) funded through the RFA Uplift.
- 2.8. The West Yorkshire Partnership was due to receive a total of £24.3m through the RFA uplift during 2009/10 and 2010/11 to support a programme of schemes worth £34.3m. It was intended that the £10m shortfall would be funded by a topslice of the 2011/12 West Yorkshire Integrated Transport Block allocation in LTP3.
- 2.9. The Government's recent cuts will result in an £8.88m reduction in the RFA uplift allocation due to be paid in 2010/11. This now means that there is an £18.9m shortfall in the WYSPS over 2010/11-2011/12. Given the cuts that have been made to other transport budgets and the expectation that LTP3 funding will be less than LTP2, the current WYSPS is increasingly unaffordable and schemes will have to be re-prioritised or re-phased.

¹ Tranche 4 is due later is due to be paid later in 2010/11

- 2.10. A thorough review has been undertaken within the West Yorkshire Partnership to establish for each scheme:
- The level of contractual commitments;
 - Scope to scale back expenditure and still deliver a meaningful scheme; and
 - Possible alternative scheme phasing that helps the overall WYSPS by spreading expenditure beyond 2011/12.
- 2.11. Using this information, a re-prioritised and re-phased programme of schemes has now been established for consideration. A presentation will be provided to the LTP Committee.

Congestion Performance Fund

- 2.12. Metro is responsible for managing the Congestion Performance Fund (CPF) on behalf of the West Yorkshire LTP Partnership. Funding for Tranche 1 has now been fully utilised. The Partnership has received funding for Tranches 2 and 3 of the fund which is believed to be unaffected by the recent Government cuts. The DfT has stated that the final Tranche (Tranche 4), which Metro has not yet received, will be subject to a 75% cut. This reduces the funding available nationally, to be allocated between the 10 Urban Congestion areas, from £15 million to £3.75 million.
- 2.13. At its last meeting on 14 June 2010, the LTP Steering Group, deferred a decision on the proposed programme for use of Tranche 3 (£2.04m) and agreed that no further work is committed on unspent Tranche 2 funding (£578k carried forward from 2009/10).
- 2.14. In light of the recently announced cuts to capital funding, the West Yorkshire Partnership have discussed options to allocate some of this funding to support the delivery of the WYSPS. This will be included in the presentation to be given to the LTP Committee.

Road Safety Grant Funding

- 2.15. The Government has announced that the Road Safety Grant has been subject to financial cuts in 2010/11 as part of the Government's budget review. The revenue element of the Grant has been cut by 27% and the capital element of £0.7m has been removed entirely.
- 2.16. The implications of these cuts are the subject of a separate report to the LTP Committee.

Major Schemes

- 2.17. On 10 June 2010, the DfT also suspended their Major Scheme Guidance for Local Authorities, replacing it with Interim Guidance. This Interim Guidance highlights:
- all schemes granted Programme Entry or Condition Approval by the previous Government will be reviewed in the Spending Review in the Autumn;
 - the existing pipeline of schemes is not affordable;
 - no assurances on funding support to major schemes can be given until after the review;
 - no further bids will be accepted or decisions made until after the review;
 - all Public Inquiries on schemes requiring DfT funding are postponed;
 - local authority/PTE expenditure on major schemes is entirely at own risk;
 - promoters to avoid consultations/exhibitions that unduly raise expectations;
 - DfT will not encourage or assist scheme promoters to promote potentially abortive work;
 - DfT may engage on a limited basis with those schemes that already have Conditional Approval.
- 2.18. In addition to the new Interim Guidance, scheme promoters have also received separate advise from DfT regarding their Major Schemes:
- NGT – DfT can give no assurance to fund despite the award of Programme Entry;
 - Leeds Station Southern Entrance - DfT can give no assurance to fund despite the award of Programme Entry;
 - Castleford Interchange - DfT can give no assurance to fund despite the award of Programme Entry and will not make a decision on the request for Full Approval; and
 - Leeds Rail Growth – No decision will be made on the submission for Programme Entry.
 - A65 Quality Bus Corridor, Leeds – Full Approval is confirmed and the scheme is allowed to continue as planned on site. Works on site have now commenced.

- 2.19. This DfT position will be held until the outcome of the Comprehensive Spending Review (CSR) in the autumn is known. The DfT are also to carry out a parallel review of all major schemes across the country.
- 2.20. As an immediate response, WY Major Scheme expenditure has been put on hold as far as practical.
- 2.21. It should be noted that if the DfT re-instate any of the Major Schemes following the CSR, there is very limited resources available in 2010/11 to fund further scheme development. This issue will be included in the presentation to be given to the LTP Committee meeting.

3. FINANCIAL AND EC PROCUREMENT IMPLICATIONS

- 3.1. These are set out in section 2 above.

4. STAFFING IMPLICATIONS

- 4.1. Significant budget reductions highlighted in this report are likely to have an impact on staffing levels. This will be managed within individual Authorities.

5. EQUAL OPPORTUNITIES

- 5.1. None as a result of this report.

6. RECOMMENDATIONS

- 6.1. That the LTP Committee notes the substantial impact of the in-year cuts and suspension of major schemes.
- 6.2. That a presentation be provided to the LTP Committee detailing a revised West Yorkshire Strategic Programme of Schemes for consideration, including options for utilising the CPF and future Major Scheme development work.

Appendix 1

West Yorkshire Capital Funding Cuts 2010/11

(Source: CLG 'Reduction in Grants to Local Government' 10/06/2010)

District	LTP IT Block			RFA IT Uplift			Principal Road Network			Congestion Performance Fund Tranche 4			Road Safety Grant			Total Cut
	Original	Cut	%	Original	Cut	%	Original	Cut	%	Original	Cut	%	Original	Cut	%	
Bradford	4.87	-1.22	-25%				0.90	-0.18	-20%							-1.40
Calderdale	2.32	-0.58	-25%				0.63	-0.13	-21%							-0.71
Kirklees	3.98	-1.00	-25%				1.07	-0.21	-20%							-1.21
Leeds	7.81	-1.95	-25%				5.30	-1.06	-20%				0.7 ²	-0.7	-100%	-3.71
Wakefield	3.89	-0.97	-25%													-0.97
Metro	9.80	-2.45	-25%	17.76 ³	-8.88	-50%				TBC	TBC	75 ⁴				-12.48
Total	32.66	-8.17	-25%	17.76	-8.88	-50%	7.90	-1.58	-20%	0	-1.15	0	0.7	-0.7	-100%	-20.48

All figures shown in £ millions

² Leeds City Council acts as banker for the West Yorkshire Safety Camera Partnership

³ Metro acts as banker on behalf of the West Yorkshire LTP Partnership

⁴ Metro acts as banker on behalf of the West Yorkshire LTP Partnership - Tranche 4 not received