



GOVERNMENT OFFICE
FOR THE WEST MIDLANDS

Sustainable Futures

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Your Ref:

Our Ref:

Date: 27 November 2007

Dear Andrew,

THREE YEAR LOCAL TRANSPORT CAPITAL SETTLEMENT (2008/09 – 2010/11)

This letter summarises for your area the firm three year local transport capital settlement for 2008/09 to 2010/11, the last three years of your second local transport plan. It also announces some other transport funding.

THE NATIONAL PICTURE

Local Transport Plan Block Funding

This settlement confirms the indicative allocations for the integrated transport block announced last year, which total £1,768m over the three years. It also announces the distribution by formula of capital allocations for highways maintenance totalling £2,109m over the three years. All of this funding is part of the single capital pot, with the formulaic highways maintenance allocations being provided as supported borrowing. The integrated transport block allocations are being provided partly through supported borrowing and partly by direct capital grant.



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Local Transport Planning: The Next Steps

The Department for Transport consulted on proposals to change the previous formula for highways capital maintenance during the summer as part of a consultation 'Local Transport Planning: The Next Steps (July 2007)'. There was majority support for each of the technical changes proposed to the formula and these have been implemented. An outline of how the formula now operates is being published on the Department's website.

The Department also issued advice to local authorities about reviewing in 2008 progress in implementing local transport plans and preparing and publishing concise progress reports as part of the same consultation. The finalised advice is being published on the Department's website.

The progress reports offer an opportunity for engagement with key delivery partners and stakeholders. Indeed, the Department strongly recommends that reports should be presented to Local Strategic Partnerships and connected to the development of the expanded local area agreements to be signed by June 2008.

The Department is publishing a summary of the responses it received to the whole consultation on its website, along with its reaction. Besides influencing the maintenance formula and advice about progress reports, the responses to the consultation have already informed the preparation of the Local Transport Bill and will inform the development of policy related to local transport planning beyond the current round of plans.

Non-Formulaic Local Transport Plan and Other Capital Funding

£159m over three years has been 'top-sliced' from the total local transport plan funding of £2,268m available for highways capital maintenance leaving £2,109m to be distributed formulaically.

This settlement allocates £113m of this top-sliced element to cover eligible bids for bridge strengthening and major maintenance on the primary route network over the 2008/09 to 2010/11 period. Funds have been provided where they meet criteria for eligibility and have



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not been previously funded. Generally officials have already liaised with authorities regarding bids that are ineligible. Beyond 2010/11 the equivalent funding will be mainstreamed within the formulaically distributed block, increasing the flexibility local authorities have to fund their key local priorities.

A further £16m has been allocated mainly for 2008/09 to support a number of exceptional capital maintenance schemes, including three new ones (in Doncaster, Luton and Stockport). The Department has already announced that in future these projects will be subject to the general guidance on major schemes, and bids for extra funding will need to be considered by regions in the context of regional funding allocations rather than the local transport settlement. The remaining £30m over the 2008/09 to 2010/11 period has yet to be allocated. Some of this funding may be used in 2009/10 to encourage better transport asset management planning, which is vital to ensuring efficiency gains are realised.

This settlement confirms the indicative capital allocations for the specific road safety grant announced last year which total £52m over the period 2008/09 and 2010/11. It also allocates £35m of grant for capital projects on detrunked roads in 2008/09. Bids for support for outstanding work for 2009/10 and 2010/11 on recently detrunked roads or roads still to be detrunked should be forwarded to the Department by July 2008 to roadmaintenance@dft.gsi.gov.uk.

Transport Resource Funding

The Government is mainstreaming about £5bn of resource funding for local authorities into area-based grant or revenue support grant. This provides for more flexibility for local authorities to allocate funds to key priorities and reduces the burden of central Government reporting requirements. Most resource funding for transport is already provided within revenue support grant. The resource grant related to road safety is also confirmed for the three year period. This may be, and the grants for detrunked roads are being, included in the area-based grant. The allocation of grants for buses and concessionary fares will be made at a later date.

Challenges Ahead



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The Eddington Report makes clear what local authorities have long known: that small local schemes to improve traffic flows, promote buses, cycling and walking, enable effective road maintenance and enhance local travel networks represent excellent value for money and make a real difference to local people and their access to services and jobs. The challenge is therefore to deliver these improvements over the next three years and ensure that value for money is secured.

THE REGIONAL PICTURE

The attached regional press release contains details of the settlement in your region.

THE LOCAL PICTURE

Transport Capital Funding

The local transport block capital allocations for your authority are:

Block	2008/09 £000s	2009/10 £000s	2010/11 £000s
Integrated Transport	3204	3537	3674
Highways Capital Maintenance	2443	2687	2946

All of this funding is part of the single pot and is not ring-fenced. The formulaic highways capital maintenance allocations will be provided as supported borrowing paid within the formula grant settlement. The integrated transport allocations in each year will be paid as direct capital grant to you by the Department for Transport in quarterly instalments.

You can amend the distribution between authorities of these block funding allocations within your joint plan area. If you wish to amend the distribution of any maintenance allocations, please inform the Department of Communities and Local Government, when it consults on the main Local Government Finance settlement soon. If you wish to amend the distribution of any of the integrated transport allocations please inform my office by the



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end of the January preceding the financial year you wish to amend. The total block allocations for the joint plan area are:

Block - Joint Plan	2008/09 £000s	2009/10 £000s	2010/11 £000s
Integrated Transport	50226	51825	53370
Highways Capital Maintenance	18838	20450	22857

In addition your authority has been allocated additional funding related to specific maintenance works as follows:

PRN bridges by year

2008/09

Route	Scheme	Category	Cost (000)
A491	Stourbridge Rock Caverns	Strengthening	70
A491	Worcester St Subway	Strengthening	160
A491	Court Street Subway	Strengthening	160
A4036	St Johns Road Subway	Strengthening	175
A4036	Lye River Bridge	Strengthening	145

2009/10

Route	Scheme	Category	Cost (000)
A458	New Road Subway	Strengthening	85
A458	Furnace Lane Subway	Strengthening	85
A458	Whitehall Drive	Strengthening	1200

2010/11

Route	Scheme	Category	Cost (000)
A458	Haywood Canal Bridge	Strengthening	75

This funding will be provided as a direct capital grant and the Department for Transport will be in touch with your officers about payment details early next year.



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On top of this the capital element of the specific road safety grant for your authority will be paid as a direct capital grant by the Department for Transport near the beginning of each financial year. The total allocations for the joint plan area are:

West Midlands LTP	2008/09 £000s	2009/10 £000s	2010/11 £000s
Specific Road Safety Grant (Capital)	844.889	808.829	835.591

It is for you and other participating authorities to decide on the distribution of this grant between authorities. However, in order that timely payments can be made, I should be grateful if you, or the nominated lead authority, could please confirm the breakdown in each of the three years to the Department by the end of January 2008.

Transport Resource Funding

The total specific road safety grant resource allocation for the joint plan area will need to be either pooled in the area-based grants for one or more authorities in the plan area or paid to the passenger transport authority from this date:

West Midlands LTP	2008/09 £000s	2009/10 £000s	2010/11 £000s
Specific Road Safety Grant (Resource)	3797.355	3635.286	3755.563

Again it is for you and other participating authorities to decide on the distribution of this grant between authorities. However, in order that we can inform the Department of Communities and Local Government of the appropriate allocation for your authority, I should be grateful if you, or the nominated lead authority, could please confirm the breakdown in each of the three years to the Department by the end of January 2008.



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Yours sincerely

STEPHEN KENNETT
GOWM Transport Director