

DEPARTMENT FOR TRANSPORT FUNDING ALLOCATION 2020/2021



3 September 2020

Please note that the following recommendations are subject to consideration and determination by the Board before taking effect.

RECOMMENDATION

It is recommended that:

- (a) The Board approves the £425,000 funding allocation, and its associated principles of agreement, from the Department for Transport
- (b) The Board approves the updated Work Plan for 2020/2021; and
- (c) The Board approves the 'Funding and Governance Agreement', subject to minor changes, between Peninsula Transport and the Department for Transport;
- (d) The Board notes that the agreement will be formalised between Plymouth City Council, as Peninsula Transport accountable body, and Department for Transport.

1. Background/Introduction

Following the submission of a request for programme funding support in December 2019, the Department for Transport have allocated £425,000 to Peninsula Transport for the 2020/2021 financial year. The letter accompanying the funding allocation stipulates a number of conditions that must be met in order for the funding to be received. This report seeks to obtain Board approval for these elements to enable Peninsula Transport to proceed with the programme management arrangements with the Department for Transport.

2. Main Text/Proposal

To date, Peninsula Transport has been solely funded by the local authorities collectively committing £160,000 each financial year. This local contribution has been used to produce the Regional Evidence Base, prioritisation of MRN and LLM schemes, provide technical assistance, establish the Transport Stakeholder Forum, manage the Peninsula Transport Board, produce the Economic Connectivity Study and engage with other STBs and wider networks through meetings, conferences, media and public relations work.

Although the STB does commission specialist technical support, it employs no members of staff and operates with a lean governance structure; local authority officers support Peninsula Transport by absorbing their time into their existing local authority duties.

However, in order for the STB to develop a detailed transport strategy for the South West Peninsula within an appropriate timescale, external funding support must be secured. As such, Peninsula Transport made a submission to the Department for Transport in December 2019 seeking programme funding support totalling £960,000 for work packages procured in the period up to the end of March 2022 (2019/20 - £250,000; 2020/21- £430,000; 2021/22 - £280,000)

Peninsula Transport were delighted to receive a letter on 6 August 2020 from Baroness Vere, Transport Minister for Roads, Buses and Places, confirming the allocation of £425,000 for the 2020/2021 financial year. Although this funding does not cover the full ask of the December 2019

financial proposal of £960,000, it does allow Peninsula Transport to produce a substantial number of the work packages required to support the delivery of the detailed regional strategy.

There are, however, a number of terms that must be met in order to secure the funding.

Scope of Funding

The funding can be used for the development of the following planned work packages:

- Strategic Economic Corridor Studies
- Carbon Transition Strategy
- Technology and Electric Vehicle Strategy
- Rail Strategy
- Freight Study
- International Gateway Study
- Detailed Transport Strategy

It should be noted that the release of funding is subject to the agreement on the scope of the proposed carbon transition strategy and any further transport strategy work in relation to decarbonisation. Peninsula Transport have commissioned a scoping exercise relating to the Carbon Transition Strategy and will provide this to the Department for Transport for consideration.

Funding and Governance Agreement

Appended to the letter are the proposed terms of the ‘Funding and Governance Agreement’. These are intended to be proportionate and reasonable. However, there are a number of minor amendments that are required; such as amending the accountable body for Peninsula Transport to Plymouth City Council as the financial lead authority rather than Somerset County Council.

Peninsula Transport have also sought an extension to the 1 September 2020 deadline to enable the key deliverables requested by the Department for Transport to be approved by the Board. These are:

- The work plan, detailing planned outputs and profiled spend for 2020/2021;
- The approach to internal governance of the STB with DfT;
- Comprehensive risk register.

Work Plan

Peninsula Transport have assumed a five-year delivery window from 2018 to 2023, resulting in the publication of the detailed transport strategy by 2023. However, this would be extremely challenging to achieve with only the local authorities ongoing financial commitments to invest in studies. The confirmation of funding from the Department for Transport means that an enhanced work programme for the current financial year can be undertaken. This will accelerate the progress Peninsula Transport is able to make on a number of individual work packages and will lead into the scoping of a detailed transport strategy by the end of the financial year.

The combined cost of the work packages that can be supported by the Department for Transport funding is between £491,000 (low forecast) and £685,000 (high forecast)¹. These items are included in the itemised table in the part II report. To date Peninsula Transport has managed to keep its costs nearer lower estimates and so the Department for Transport funding is anticipated to allow significant progress towards the production of the detailed Regional Transport Strategy.

The Board should note that the Department for Transport have not identified this funding as suitable for functional/administrative costs or communications costs, which the Local Authorities have been funding to date.

The value of the Department for Transport contribution is not sufficient to enable the completion of all work packages identified within its scope. As such, it will also be necessary to postpone the production of the International Gateway Study to next year to ensure we have some headroom in the budget.

There are also a number of work packages that are not included in this list to be funded by Department for Transport monies – the Rural Mobility Study and a revised Regional Evidence Base for future MRN bids. Further decisions will be required in the future regarding these work packages depending on funding availability.

The revised Work Plan as a result of the Department for Transport funding is:

- Regional Evidence base – complete
- Prioritisation mechanism – complete
- Economic connectivity Study – complete
- High Level Strategy – in progress
- Strategic Economic Corridor Studies – 2020/21
- Carbon Transition Strategy – 2020/21
- Technology and Electric Vehicle Strategy 2020/21
- Rail Strategy -2020/21
- Freight Study – 2020/21
- Detailed Transport Strategy – 2020 to 2022
- International Gateway Study – subject to funding 2021/22
- Rural Mobility Study - subject to funding 2021/22
- Regional Transport Model and options testing – subject to funding 2021/22
- Updated Regional Evidence Base – 2022/23

It should be noted that it is expected that whilst the work packages will be committed this financial year, there may be some requirement for the funding to be spent in 2021/2022. In addition, the Department for Transport contributions do not cover the full cost of the Peninsula Transport work plan, which is intended to take place over more than one financial year. It will still be necessary to either seek further financial contributions from the Department for Transport and other parties in future years to complete the outstanding work or reduce the scope of the work to provide the detailed Strategy. This will be kept under review.

The deliverables enabled through securing Department for Transport funding will focus on informing the Detailed Transport Strategy, offer value for money, tackle regional issues and provide clear guidance for investment priorities.

Internal Governance

At the inaugural STB Board meeting, a constitution and collaboration agreement was adopted. The Governance structure of the STB is consistent with other STBs with a board meeting quarterly and consisting of representatives of each constituent authority, neighbouring STBs and co-opted members. In addition, Peninsula Transport has two officer groups; the Directors group meets quarterly and provides expertise and recommendations to the Board and oversees the delivery of the work programme. The Transport Officers Group meet monthly and is responsible for delivering the work programme.

The lead authority roles are shared by the constituent authorities; Cornwall Council is the Technical Lead, Devon County Council provides the Secretariat, Plymouth City Council is the Accountable Body and Communications Lead and Somerset County Council provides the Governance Lead.

In addition, there is also a Transport Stakeholder Forum that has been established as an advisory body to the Officer Group and Board. It comprises of a wider group of representatives.

It is also recognised that it is set out in the Peninsula Transport Constitution that a Programme Management Group will be formed at an appropriate time. The Department for Transport grant offers a suitable opportunity to trigger the formulation of this group and to agree the structure with the Department for Transport. Given the success of the collaboration so far, it is recommended that the existing governance arrangements are agreed with the Department for Transport with few amendments.

Risk Register

A comprehensive risk register has been developed covering the programme management of the Peninsula Transport work packages. It is recommended that this is viewed as a living document, with updates provided as a key part of the Programme Management Group meetings.

This will be provided to the Department for Transport by Peninsula Transport's accountable body alongside the Work Plan and 'Funding and Governance Agreement'.

3. Options/Alternatives

Should the Board not approve the updated work programme and other associated deliverables requested by the Department for Transport, Peninsula Transport risks losing all of its external funding for this financial year. Without the £425,000 allocated by the Department for Transport, the work programme will be limited to an annual review of what is affordable through the local contribution. For the current financial year, only the Strategic Economic Corridor Study will be commissioned.

The Transport Strategy will be significantly delayed and the South West Peninsula risks falling behind other regions in terms of informing strategic transport investment consultations ahead of the next round of Major Road Network (MRN) funding and Highways England's Roads Investment Strategy (RIS 3) funding both starting in 2025 and the next Network Rail Control Period CP7 starting in 2024.

4. Equality Considerations

The 'Funding and Governance Agreement' stipulates that "*in developing their transport strategy, Peninsula Transport will have regard to the Public Sector Equality Duty as if they were a local authority*". This conforms with current thinking for the high-level transport strategy already commissioned by Peninsula Transport which commits to the development of an integrated impact assessment for the strategy.

5. Reasons for Recommendations

Peninsula Transport has operated since its formation with financial support only from the constituent authorities. However, in order to make expeditious progress towards the development of a Detailed Transport Strategy for the region, it is essential that external funding support is secured.

The Department for Transport's allocation of £425,000 for the 2020/2021 financial year towards the development of a number of work packages will enable significant acceleration for Peninsula Transport. However, it is subject to the agreement of a number of criteria with the Department. It is recommended that the Board approve the following to enable the approval of the 'Funding and Governance Agreement' between the Peninsula Transport accountable body and the Department for Transport:

- **The work plan:** includes a realistic range of deliverable work packages within the scope of the funding that will provide valuable evidence for the Detailed Transport Strategy;
- **The internal governance arrangements:** subject to minor amendments to the existing documentation and the formation of a Programme Management Group;
- **Risk Register:** to be regularly updated and maintained.

ⁱ Estimated costs from external consultancy