

Transport Board

Local Transport Capital Programmes Quarterly Update

Purpose of Report

To provide Board with an update on current activity and issues in the South Yorkshire local transport capital programmes.

Thematic Priority

Secure investment in infrastructure where it will do most to support growth.

Recommendations

That members of the Board:

- Advise on actions being considered to mitigate the risks of available resources not being able to meet the increasing demands of the active programmes (para 2.7)
- Advise what should be included in the consideration of options for continued local transport funding beyond the current financial settlements (para 2.15)

1. Introduction

- 1.1** The two active local transport capital programmes within South Yorkshire are the Integrated Transport Block (ITB) and Highways Capital Maintenance (HCM) programmes.
- 1.2** ITB is delivered by the four local authorities and SYPTE and is used for small scale interventions on the transport network to address local issues and maintain its efficient operation. HCM is awarded to BMBC, DMBC and RMBC based on a DfT formula and is used to maintain the standard of the highway network assets.
- 1.3** This report provides the quarterly update on issues and activity for these two programmes.

2. Proposal and justification

- 2.1** Due to the disruption of COVID around the the start of quarter 1 and the uncertainty it produced we were unable to complete the forecasting that would normally have been done. Therefore, the quarter 1 delivery review completed recently has not measured specific projects against quantified projections and has instead remained focussed on the programme level risks.

- 2.2** Although many actions were undertaken to mitigate the COVID impacts inevitably there has been a reduction in delivery across the programmes which is likely to result in total annual spend and delivery of outputs being reduced. The sustained period during which capacity has been reduced, through practical restrictions (social distancing), resource availability (shielding and isolation) or supply chain issues (product availability or costings) has been too long for the position to be fully recovered within the year.
- 2.3** The ITB and HCM settlement conditions do not contain any spend deadlines so there is no risk of lost funding as any unspent amounts can be deferred into next year. There will be a delay in achieving some of the benefits but it is expected that this position can be resolved over a slightly longer delivery period.
- 2.4** During recent months Government's response to the COVID crisis has involved the introduction of different emergency funding streams and opportunities. While these additional opportunities are welcomed this has changed the area of risk from being directly COVID related to being resource capacity. The opportunities are coming from different government sources and are not all specifically transport focussed however they are funnelling down to the same resources within the region. Business as usual activity like the central programmes and existing awards, e.g. Transforming Cities Fund and Local Growth Fund have now been added to with new competitive programmes including but not limited to Emergency Active Travel Fund, MCHLG Capital Programme, Towns Fund and Brownfields Fund.
- 2.5** A recent presentation provided to the South Yorkshire Local Transport Strategic Leadership Group identified 18 programmes or submissions that one authority's transport team was actively working on. This influx of financial support is appreciated but it also needs to be recognised that adding further demands onto such a saturated resource increases the risk that we won't have the capacity to deliver against all the requirements.
- 2.6** All partners are currently managing these competing needs to try and ensure that there are no lost opportunities however there is increasing risk that this situation can't be maintained.
- 2.7** Board are asked to provide guidance on actions that could be taken to reduce these pressures. Options that have been considered include:
- Prioritise funding streams and projects based on chronological spend deadlines. This would concentrate resources on the most immediate need but may not be a long term option as the pressures could just be deferred to a later date.
 - Undertake activity to develop delivery capacity within the system, once complete this could provide a longer term solution.

2.8 ITB

The 2020-21 ITB settlement is £8.428m and in addition £1.015m was brought forward from the previous year. COVID has had some implications for delivery of the programme although mitigating actions were taken quickly to try and minimise the impacts.

- 2.9** The programme risks identified will have an impact on the final outturn for this year but there are no specific project based risks that currently require highlighting. It is expected that as the pressure from other sources' deadlines increases there will need to be a prioritisation of activity and in this situation ITB is likely to be deemed a lower priority due to the flexibility of the grant conditions and there not being any punitive clauses on deferral of funding.
- 2.10** These flexibilities of ITB also present an opportunity which may help reduce the scale of any unspent funding. As travel behaviour and network performance adjust to changing

circumstances there may be the need to make swift decisions on implementation of some measures and ITB could be used to facilitate this.

2.11 HCM

The initial 2020-21 HCM settlement is £12.219m with a further £1.206m brought forward from 2019/20. During May DfT announced an additional allocation of maintenance and pothole funding for the region of £13.605m. The settlement letter and grant conditions have still not been received for this additional award so we have been unable to make significant progress to date with planning or delivery of this.

- 2.12** If we assume that this additional funding is allocated under the same terms as standard HCM then there are no spend deadlines or other restrictions that would require it to be fully delivered within the year.
- 2.13** During June the DfT also announced another round of successful Highways Challenge Maintenance Fund projects, from this two South Yorkshire projects which had not been funded during the first round were allocated the full submission value. The successful projects were £1.08m for the A635 Goldthorpe Bypass Structures Refurbishment and £4.9m for Area Wide Footway Refurbishment and Replacement in Doncaster.
- 2.14** The ITB and HCM programmes only have settlements through to the end of 2020/21 and the future of local transport funding beyond this year remains uncertain. Previous advice from DfT had suggested that local transport funding could be rolled up into a single regional allocation covering all transport settlements. Prior to COVID It had been expected that the Comprehensive Spending Review would clarify this position however as a consequence of the pandemic the status of funding beyond the current settlement period is still unclear.
- 2.15** The risk this generates and scenarios for how we can address the issue locally are being considered through Strategic Transport Group. Options under consideration are:
- Prepare a local transport ask and submit this to DfT ahead of Government completing the Comprehensive Spending Review.
 - Develop scalable options to be reviewed once the outcome of the Comprehensive Spending Review has been published.

Board are asked to provide advice on what factors or other options should be incorporated to inform this activity.

3. Consideration of alternative approaches

- 3.1** The resources challenge could be reduced by not engaging with the competitive opportunities being offered. To do so would potentially impact on future invitations and could be reputationally damaging both with Government and stakeholders so was not deemed to be suitable.
- 3.2** Preparing scenarios for an uncertain future funding environment will be challenging so alternatively we could wait for Government to complete the Comprehensive Spending Review and then evaluate the options. It seems likely however that this process won't be complete until late this calendar year which will leave limited time to respond effectively.

4. Implications

4.1 Financial

None directly arising from this report however the uncertain future of funding sources for these programmes prevents financial planning beyond this year.

4.2 Legal

All programmes are delivered in accordance with the grant conditions stipulated by DfT.

4.3 Risk Management

Project and programme risks are managed through the partnership programme management regime and reported through Strategic Transport Group. From this reporting can be escalated through to Transport Executive Board and Transport Board.

4.4 Equality, Diversity and Social Inclusion

Equality, Diversity and Social Inclusion has been actively considered in the design of all projects within these programmes.

5. Communications

5.1 None directly arising from this report.

6. Appendices/Annexes

6.1 None

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: n/a