

Transport and Environment Board

Transport Infrastructure Investment Fund – Pothole and Challenge Fund

Purpose of Report

To present the Board with a proposal for the allocation of Transport Infrastructure and Investment Fund - Pothole and Challenge Fund Allocation from the Department for Transport.

Thematic Priority

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

Freedom of Information and Schedule 12A of the Local Government Act 1972

This report is available under the Freedom of Information Act.

Recommendations

That members of the Board:

- Agree to the proposal for distribution of the funding as listed in Figure 1 or confirm an alternative method for allocating the funding.

1. Introduction

- 1.1** DfT have awarded Sheffield City Region £13.605m from the £1.7bn Transport Infrastructure Investment Fund (TIIF), announced in May to improve journeys for cyclists, pedestrians and drivers across England through repairs to local roads.
- 1.2** The settlement letter for this award, detailing the grant conditions was delayed and was provided on 11th September. The guidance received deviates from the distribution methodology usually applied by DfT for maintenance funding and the Department have confirmed that the distribution of this award is a local decision. The report provides a proposal for how this award could be applied.

2. Proposal and justification

- 2.1** Maintenance allocations from DfT are calculated by the Department using a formula that takes into account the length and number of highways assets within a local authority area. The full details of this calculation, or the base data used are not publicised by the Department.
- 2.2** During 2012-13 Sheffield City Council implemented the PFI Highways scheme, since this date all SCC's highways maintenance requirements have been met through this and they have not been eligible for further DfT funding allocations. Throughout the current

settlement period, 2015/16 to 2020/21, the regional maintenance allocations have been distributed to BMBC, DMBC and RMBC on a consistent ratio.

- 2.3** The exceptions to this ratio and eligibility criteria have been the Challenge Fund programmes; competitive submissions where DfT have awarded based on specific project proposals. In the most recent round, October 2019, SCC were eligible to apply.
- 2.4** Following the initial TIIF announcement DfT verbally advised that the SCR allocation had been established using the standard formula which excluded SCC. The settlement letter however stated, "The allocations in this letter include a share of the Pothole and Challenge Fund in respect of Sheffield City Council". The Department were asked to provide further information on how the award was calculated and any expectations they had on distribution. Their response advised that distribution and use is a local decision.
- 2.5** TIIF was part of the May announcement but the funding that makes up the Pothole and Challenge element is not new. The national fund is £650m, sourced from the Budget 2020 Pothole Repairs allocation (£500m), existing 2020/21 Pothole Action Fund (£50m) and the second phase of the Highways Challenge Fund (£100m)
- 2.6** As these were known national allocations the eligibility for each has been reviewed and it is proposed that these original criteria are applied pro-rata to the various sources as a means of ascertaining the regional distribution. The Challenge Fund opportunity, open to all four authorities, makes up 15.4% of the total (£100m/£650m). The Pothole funds making up the other 84.6% have only been applicable to BMBC, DMBC and RMBC.
- 2.7** Where only the three authorities were included the consistent ratio from the current settlement period has been applied. Where all four are included there is no current formula that could be used so the period prior to implementation of SCC's PFI has been used as a basis. See Figure 1 below for the resultant distribution proposal.

Figure 1. Distribution of TIIF based on source fund eligibility.

Potholes Total	£550,000,000	Challenge	£100,000,000	Partner Total
	84.61538%		15.38462%	
Distribution of regional total	£11,511,923	Distribution of regional total	£2,093,077	£13,605,000
B	£3,476,649.43	B	£449,654.04	£3,926,303
D	£4,625,792.82	D	£519,254.26	£5,145,047
R	£3,409,480.83	R	£398,833.62	£3,808,314
S	£0.00	S	£725,335.00	£725,335
Percentage shares based on current HCM Needs distribution		Distributed using the 2-year average prior to PFI		

3. Consideration of alternative approaches

- 3.1** A per-capita split has been considered as an alternative method for distributing shared resources. Using the most recent mid-year population estimates (2019) would result in the shares detailed in figure 2 below.

Figure 2. Per-capita Distribution of TIIF

Area	Population	% of regional population	Share of allocation
B	246,866	17.52%	£2,383,651
D	311,890	22.14%	£3,011,500
R	265,411	18.84%	£2,562,715

S	584,853	41.51%	£5,647,134
Total	1,409,020	100%	£13,605,000

3.2 This method is not recommended as it doesn't account for the decision made by SCC to implement the PFI and the benefits this has produced in terms of their highway assets condition. This would also result in the other Authorities seeing a significant reduction in the share they would have anticipated through the original funding.

3.3 A competitive submission or needs based approach could be undertaken with authorities asked to present cases for evaluation. However, the funding available for asset maintenance has reduced significantly resulting in a backlog of needs that exceeds the total funding many times over. The proposed approach enables each authority to prioritise these needs based on their dynamic assessment of asset condition and to deploy this funding more quickly.

4. Implications

4.1 Financial

DfT have already made payment of the allocation and there are no performance or reporting conditions attached to the settlement so there are no further implications beyond those detailed in the report.

4.2 Legal

Any allocation will require an agreement to be established between SCR and the recipient authorities.

4.3 Risk Management

All the existing Highways Capital Maintenance allocations are included in quarterly reporting to Transport Executive Board, the TIIF allocations can be added to this regime for transparency and risk management purposes.

4.4 Equality, Diversity and Social Inclusion

Equality, Diversity and Social Inclusion has been actively considered in the design of all local authority transport projects.

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: