

**Transport and the Environment Board**

**14 June 2021**

**Intra-City Transport Settlement (ICTS)**

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<b>Is the paper exempt from the press and public?</b>	No
<b><i>Reason why exempt:</i></b>	Not applicable
<b>Purpose of this report:</b>	Discussion
<b>Funding Stream:</b>	Not applicable
<b>Is this a Key Decision?</b>	No
<b>Has it been included on the Forward Plan?</b>	Not a Key Decision

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**Director Approving Submission of the Report:**

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**Executive Summary:**

This report provides an update on the Government's approach to multiyear Intra City Transport Settlements for Mayoral Combined Authorities.

**What does this mean for businesses, people and places in South Yorkshire?**

This Settlement provides funding and greater certainty for local transport investment in South Yorkshire enabling longer-term planning and improvements that connect people and places.

**Recommendations:**

That members of the Transport and Environment Board note the recent update from Government on Intra City Transport Settlements for Mayoral Combined Authorities and the need to commence activity on preparing a submission.

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## 1. Background

- 1.1 In the 2020 Spending Review the Government confirmed Intra City Transport Settlements (ICTS) for eight Mayoral Combined Authorities. Funding totalling £4.2bn will be available starting in 2022-23 with revenue funding available in 21/22 to prepare. This report provides an update on further information received on the ICTS process.
- 1.2 It was previously agreed at TEB that further work needs to be undertaken to consolidate project information and agree a long term, multi fund investment plan for transport aligned to the SCR Transport Strategy and the ICTS opportunity will support this.
- 1.3 The Government has also provided the MCA with £5.2m revenue for transport purposes including preparing for ICTS, building longer-term local transport planning and delivery capacity as well as supporting bus reform plans. There are no time-limits placed on this funding, so it affords the MCA the opportunity to consider a longer-term approach to its deployment. Proposals for the investment of the £5.2m revenue funding will be brought to a future TEB meeting.
- 1.4 The Government has provided further detail on the approach to consolidated multi-year transport funding for MCAs. The purpose of the Intra City Transport Settlements (ICTS) is to:
  - 1) boost local growth and productivity which is particularly critical to recovery;
  - 2) level up opportunity including engaging with stakeholders to ensure that plans reflect local priorities and deliver for communities
  - 3) drive decarbonisation including emissions targets and credible strategies to achieve them
  - 4) provide long term fiscal sustainability including measures to develop fare boxes and other commercial revenue.
- 1.5 The ICTS approach is intended to move toward consolidation of transport funding however the Government has confirmed that the MCA will also still be able to access bus reform funding, local roads funding, Major Road Network and Large Local Majors, cycling and walking investment and local electric vehicle charging infrastructure. The Spending Review 2020 confirmed that funding for the first year of Intra-City Transport Settlements (2022-23) will include a portion of the final year of the Transforming Cities Fund. It is possible that other current funding streams, including operational transport grants such as Highways Capital Maintenance and Integrated Transport Block, will also be subsumed within the ICTS.
- 1.6 The allocation of funding will be determined through negotiations based on the development of local transport plans. To enter into negotiation with Government these plans must include a 'prioritised, disaggregated, profiled and costed list of projects' to deliver the objectives above. Government advice had been that these negotiations would take place over the second half of the year however the most recent update has indicated that this process will now need to be completed before the summer. Further written guidance is expected to be published in early June, this will include confirmed deadlines and an indicative funding envelope.

- 1.7 We have continued to seek further guidance from Government on the management of the TCF programme in relation to the ICTS. As discussed previously there is an overlap between the last year of TCF and the first year of ICTS and we have proposed to gain some flexibility between funds in order to support the delivery of transformational TCF Programme schemes as well as develop a robust pipeline of schemes for the new fund.

## **2. Key Issues**

- 2.1 ICTS represents a significant change in the way local transport funding is awarded. The consolidation of multiple funding streams could give greater flexibility in how the investments within the region are prioritised and a five-year settlement gives greater certainty and supports a long term planned investment approach.
- 2.2 The guidance is awaited so the full details of submission requirements remain uncertain. Delivery of this submission will require the commitment of resources across multiple organisations at the same time as other pressures are impacting this resource capacity.
- 2.3 The plan needs to include a prioritised list of costed projects. MCA and Local Authority transport teams have begun to establish a pipeline of prospective projects however these are at varying degrees of readiness. This process will also surface intelligence to inform decisions on the investment of the ICTS revenue funding.

## **3. Options Considered and Recommended Proposal**

### **3.1 Option 1**

Work with stakeholders to develop and submit a transport plan for Government's Intra City Transport Settlement.

### **3.2 Option 1 Risks and Mitigations**

We await guidance however we believe that there will be limited time to develop and approve the South Yorkshire submission. To mitigate this the submission will need to identify to Government what further work would still need to be completed and to retain some flexibility of this list ahead of any implementation.

- 3.3 In the longer term through planning and preparing a costed and prioritised investment plan across all modes the MCA will be able to reduce risk and maximise opportunities for investment.

### **3.4 Option 2**

Do not submit a return by the deadline and request a longer development time from Government. This would provide more time to develop proposals and align with the development of the Bus Service Improvement Plan.

### **3.5 Option 2 Risks and Mitigations**

Government have not given any indication that they are open to negotiation around the timescales. It is conceivable that the national fund will be over-subscribed and so not being included from the outset could potentially result in a significant reduction in the scale of the funding opportunity.

### **3.6 Recommended Option**

Option 1

## **4. Consultation on Proposal**

- 4.1 The South Yorkshire submission will be developed in partnership with Local Authorities. The letter from the Treasury highlights the importance of engaging with stakeholders to ensure that plans reflect local priorities and deliver for communities. Stakeholder engagement will be undertaken as part of the development of the South Yorkshire submission.

## **5. Timetable and Accountability for Implementing this Decision:**

- 5.1 The Guidance has not been published by Government. It is our understanding at this stage that the submission deadline to Government is the end of July. It is therefore proposed that the South Yorkshire submission is considered for approval at the MCA Board on July 26<sup>th</sup>. This timeline will be revisited if the guidance suggests a different date or some flexibility. Activity to develop the priorities and details of the submission are to be commenced immediately.

## **6. Financial and Procurement Implications and Advice**

- 6.1 This report notes a new funding stream that will be available to the MCA, subject to negotiation with central government. The longer-term nature of this funding and the accompanying revenue seed-fund, affords the MCA the opportunity to consider how this resource can enable its longer-term transport aspirations.

This report does, however, note that at the time of writing there was uncertainty around which existing funds will be consolidated into the new funding stream, and that the guidance that will support the development of an MCA bid was yet to be received. These issues add a degree of uncertainty over whether this new funding will be expected to deliver operational highways and transport maintenance programmes, or whether it can be focussed at strategic interventions.

## **7. Legal Implications and Advice**

- 7.1 There are no legal implications at this stage, further legal review will be undertaken when more detailed guidance is made available.

## **8. Human Resources Implications and Advice**

- 8.1 No specific human resource implications are considered at this stage

## **9. Equality and Diversity Implications and Advice**

- 9.1 Equality, Diversity and Social Inclusion will be considered in the design and development of investment proposals for the ICTS.

## **10. Climate Change Implications and Advice**

- 10.1 There are no climate change implications directly resulting from the approval to commence submission activity. Any programme developed from this will account

for the climate change priorities and advice. It is anticipated that the Government will publish the Transport Decarbonisation Plan before the Summer and the Treasury has already indicated that emissions targets should form part of the submission alongside credible strategies to achieve them.

**11. Information and Communication Technology Implications and Advice**

11.1 No specific information and communications technology implications are considered at this stage

**12. Communications and Marketing Implications and Advice. Please also refer to consultation undertaken as per Section 4**

12.1 No communications are proposed in relation to this report. A stakeholder engagement plan will be developed in due course.

**List of Appendices Included**

N/A

**Background Papers**

None