

Wiltshire Council

Cabinet

21 May 2013

Subject: Swindon and Wiltshire Local Transport Body – Shortlist of Major Transport Schemes

Cabinet Member: To be appointed

Key Decision: Yes

Executive Summary

The Department for Transport (DfT) has recently introduced a new system for prioritising and funding local major transport schemes.

The primary decision-making body locally will be the Swindon & Wiltshire Local Transport Body (SWLTB) which is based on the geography of the Swindon & Wiltshire Local Enterprise Partnership (SWLEP).

The assurance framework for the SWLTB was submitted to the DfT on 28 February 2013 for comment and approval. The indicative funding level for the SWLTB for 2015/16 to 2018/19 is £16.9 million.

A long list of 70 major transport schemes has been identified and subjected to the sifting process outlined in the submitted SWLTB assurance framework. As a result, ten potential major transport schemes have been shortlisted.

Strategic Outline Business Cases (or equivalent) will be completed for each of the shortlisted schemes to provide the required evidence for the prioritisation process.

The SWLTB has to approve a provisional prioritised list of major transport schemes by the end of July 2013.

Proposal

That Cabinet:

- (i) Approves the shortlist of potential major transport schemes identified in paragraph 17 to be considered by the Swindon & Wiltshire Local Transport Body for prioritisation by July 2013.

Reason for Proposal

To provide a shortlist of major transport schemes to be considered by the SWLTB.

Parvis Khansari
Service Director – Highways and Transport

Wiltshire Council

Cabinet

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Cabinet Member: Highways and Transport

Key Decision: Yes

Purpose of Report

1. To approve the shortlist of major transport schemes to be considered by the Swindon & Wiltshire Local Transport Body (SWLTB).

Background

2. The current Department for Transport (DfT) system for prioritising major transport schemes is a competitive process which was put in place in October 2010 to deliver a programme of schemes left over from the previous Government's Regional Funding Allocation.
3. In January 2012, the DfT published a consultation paper entitled 'Devolving local major transport schemes' to take forward discussion about a new system for prioritising and funding local major schemes after the end of the current spending review period in March 2015. Officers submitted a response to the consultation on 23 March 2012.
4. The DfT's new approach was confirmed in September 2012 with the publication of 'Devolving local major transport schemes: Next steps'. The key features of the new system include the following:
 - The primary decision-making bodies on the use of devolved major transport scheme funding will be Local Transport Bodies (LTBs).
 - LTBs will be broadly based on the geography of Local Enterprise Partnerships (LEPs).
 - LTB membership must be open, as a minimum, to all the constituent Local Transport Authorities and to the primary LEP(s). Representation of other bodies should be for local decision.
 - There will be no funding retained at the centre as a top-slice for larger schemes.
 - There will be no centrally imposed minimum cost threshold for schemes but the DfT encourages the setting of appropriate local thresholds.
 - The available capital funding will be distributed on a simple per-capita basis.

- Indicative figures for planning assumptions to be provided for each LTB. Confirmation of the actual level of funding available for the period 2015/16 to 2018/19 will be made following the next spending review.
 - LTBs will need to operate within assurance frameworks that meet minimum standards of governance, financial management, accountability, meeting value for money and environmental considerations. The frameworks will need to be approved by the DfT.
 - LTBs must have a high degree of transparency, including routine and timely publication of all key documents, as well as arrangements for involving local stakeholders that are not represented on the LTB.
 - The DfT's Transport Business Case guidance and WebTAG (the DfT's appraisal framework) must be used for all schemes considered by LTBs for funding.
5. A joint letter confirming the geography of the Swindon and Wiltshire LTB was submitted to the DfT on 23 September 2012.
 6. On 23 November 2012, the DfT issued further more detailed guidance - 'Local Frameworks for Funding Major Transport Schemes: Guidance for Local Transport Bodies' - which set out two key requirements:
 - (i) Submission of the proposed assurance framework for each LTB by 28 February 2013.
 - (ii) Development and approval by the LTB of a provisional prioritised list of major schemes by July 2013.
 7. The first of the above requirements was fulfilled under the Cabinet Member report 'Swindon and Wiltshire Local Transport Body – Proposed Governance Arrangements' (reference HT-014-13); the assurance framework, as submitted to the DfT on 28 February 2013, is included in **Appendix 1**. The DfT has stated that, subject to current and ongoing engagement with LTBs, it will seek to approve all assurance frameworks within two months. This does mean, however, that the submitted assurance framework for the SWLTB is subject to amendments to reflect DfT comments. While ideally the Council would wait for the DfT to formally agree the assurance framework, the timeframe outlined in part (ii) of paragraph 6 does not allow for this.
 8. Although the approval of a provisional prioritised list of major transport schemes will be the responsibility of the SWLTB, the submitted assurance framework sets out the process to develop a recommended shortlist of schemes. This is the subject of this report.
 9. On 23 January 2013, the DfT published indicative funding figures based on the total amount of funding for local major transport schemes in the 2010 spending review and allocated between LTBs on the basis of population (2017 forecast). The actual allocations will not be determined until further spending rounds within Government. Accordingly, the DfT is advising all LTBs to make contingency provision in their scheme programmes for actual budget levels to be one third higher or lower than their indicative figure. The indicative funding level for the SWLTB for the four year period from 2015/16 is £16.9 million.

10. More recently, as part of the Budget announcement, the 'Government's response to the Heseltine review' was published which is likely to have significant implications for the operation of LTBs and the funding of major transport schemes. In the meantime, the Government "...expects all LTBs to maintain momentum and continue to develop their assurance frameworks and provisional programmes of schemes".

Main Considerations for the Council

11. A long list of 70 candidate schemes has been identified (see **Appendix 2**). The schemes are a mixture of highway improvements, integrated transport packages, rail improvements and miscellaneous schemes which have been derived from a variety of sources including the emerging Wiltshire Core Strategy, adopted Local Plans, other strategic plans (e.g. the Great Western Route Utilisation Strategy) and previous studies (e.g. the Salisbury South Western Approaches Study).
12. The submitted assurance framework (in paragraph 14.1) sets out the criteria and information required for candidate schemes:

Criteria:

- **Purpose** – the scheme should be a transport scheme (i.e. located on the highway, railway or waterway networks) and related to transport users (e.g. motorists, passengers, hauliers, etc).
- **Costs** – the scheme must have a minimum value of £1 million and include capital spending of at least this minimum value which creates a physical asset.

Information:

- **Description** – a short description of the scheme and the geographical area covered.
- **Problems and objectives** – a short description of the identified problem(s) and what the scheme is seeking to achieve.
- **Consultation and public acceptability** – an outline of what consultation has taken place and what degree of consensus has been achieved.
- **Evidence** – a short description of the available supporting evidence.
- **Key risks** – an outline of the key risks associated with the scheme.
- **Financial** – an estimate of the scheme costs and income (if applicable), and the potential funding sources.

Initial Scheme Assessment and Sifting

13. Candidate schemes have been put through the DfT's Early Assessment and Sifting Tool (EAST). EAST forms the initial part of the DfT's Transport Business Case and is a decision support tool that has been developed to quickly summarise and present evidence on schemes in a clear and consistent manner. It provides decision makers with relevant, high level information to help inform an early view of how schemes perform and compare. It should be noted, however, that the confidence that can be applied to the outputs of the EAST process often depends on the robustness of the available evidence base.

14. As set out in the submitted assurance framework (see paragraphs 15.3 and 15.4), the long list of candidate schemes has been subjected to a two-step sifting process to enable a more manageable recommended shortlist to be formulated. The first step of this process is based on a simple assessment of affordability and deliverability:
- Is the estimated capital cost or estimated capital funding gap of the scheme under £25 million?
 - Are any associated revenue costs likely to be fundable (e.g. through income receipts or developer contributions)?
 - Can the scheme be delivered within funding timescales allowing for the necessary design, consultation, statutory processes and procurement prior to scheme construction?
15. The results of the first sifting step are shown in **Appendix 3**.
16. Those schemes which made it through the first sifting step have then been assessed against the criteria shown in **Appendix 4** (Note: This has been amended from the table shown in the submitted assurance framework (paragraph 15.4) following interim comments from the DfT).
17. The results of the second sifting step are shown in **Appendix 5**. The shortlist of potential major transport schemes that are recommended for prioritisation by the SWLTB is shown below:
- A350 Chippenham Bypass Dualling
 - A350 North of Chippenham Dualling
 - A350 West Ashton Relief Road
 - A350 Yarnbrook Relief Road
 - A36 Southampton Road Improvement
 - Corsham Station
 - M4 Junction 16 Improvements
 - Royal Wootton Bassett Station
 - Westbury Additional Platform
 - Wilton Station

Scheme Prioritisation

18. As set out in paragraph 6, the SWLTB has to approve a provisional prioritised list of major schemes for the SWLEP area by July 2013.
19. In this context, the DfT's guidance states that:

"We recognise that the identification of a prioritised and affordable list of schemes by April 2013 will be likely to be conducted on the basis of a limited set of criteria. At that stage we do not expect most schemes to have a fully developed business case or a WebTAG appraisal completed".

"However, the Department believes that, as a minimum, value for money, deliverability, environmental and society/distributional impacts should always be among the factors taken into consideration".

20. To ensure that the above requirements are met and to also increase the robustness of the prioritisation process, a Strategic Outline Business Case (or equivalent) will be completed for each of the approved shortlisted schemes. This work will be undertaken by the Council's term consultant, Atkins, and based on the '5 Cases Model' criteria described in the DfT's transport analysis guidance (WebTAG). A similar exercise is to be undertaken by Swindon Borough Council on its shortlisted schemes. The outcome of the prioritisation process will form the basis of a report and recommendation by the officer technical group (made up of officers from Wiltshire Council, Swindon Borough Council and the proposed Independent Technical Advisor) to the SWLTB.

Environmental and Climate Change Considerations

21. There are no environmental and climate change impacts as a direct result of this proposal. The potential impacts of each major transport scheme will initially be considered as part of the EAST process and will be subject to increasingly detailed assessment as part of any subsequent business case development. Those schemes which are approved for implementation will be subject to statutory Environmental Impact Assessment requirements.

Equalities Impact of the Proposal

22. There are no equalities impacts as a direct result of this proposal. The potential impacts of each major transport scheme will be initially considered as part of the EAST process and will be subject to increasingly detailed assessment as part of any subsequent business case development. Those schemes which are approved for implementation will be subject to statutory Equality Impact Assessment requirements.

Risk Assessment

23. As the accountable body, Swindon Borough Council will be legally responsible for the decisions of the SWLTB in approving schemes. A legal agreement to be drawn up in due course will define the workings of the SWLTB and the responsibilities of the members.
24. The responsibility for managing the delivery of individual schemes will lie with the promoting authority. Risks associated with individual schemes will therefore be managed through the Council's existing processes and procedures drawing on the extensive past experience of managing major schemes in the county.

Risks that may arise if the proposed decision and related work is not taken

- (i) Loss of opportunity for the SWLTB to consider and prioritise potential Wiltshire major transport schemes for funding in 2015/16 to 2018/19. Resultant negative reputational impact both at a national and local level.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

Risk	Action to mitigate the risk
(i) The SWLTB decides not to prioritise any major transport schemes in Wiltshire.	As robust as possible Strategic Outline Business Cases (or equivalent) will be developed by the Council's consultants based on the DfT's WebTAG guidance.
(ii) The DfT recommends substantial changes to the submitted assurance framework including the scheme prioritisation process.	Officers to maintain regular contact with the DfT and seek to reflect recommended changes in ongoing work.
(iii) Adverse stakeholder and community reaction to the scheme shortlist.	Shortlist to be developed in accordance with the submitted assurance framework taking into account any recommended DfT amendments.

Financial Implications

25. On 23 January 2013, the DfT announced indicative funding levels for LTBs – the SWLTB has been allocated £16.9 million for the period 2015/16 to 2018/19. This amount is indicative and the DfT have asked LTB's to plan for programmes one third higher or one third lower than this sum. It should be noted that the funding in this area as well as the Local Transport Plan (LTP) funding is dependent on future comprehensive spending reviews.
26. Swindon Borough Council will be responsible, as the accountable body, for holding the devolved major transport scheme funding and for discharging it in accordance with the DfT's requirements and the SWLTB's decisions. It is not currently anticipated that Wiltshire Council would have to contribute towards any additional costs incurred by Swindon Borough Council.
27. It is understood that no additional funding will be made available by the DfT to meet any costs associated with the governance and management of LTBs. Therefore, there will be some additional resource implications in respect of the servicing of the SWLTB and in respect of the scheme prioritisation and assessment process. Some of the costs are likely to be internal staff time diverted from other projects. However, the Council's term consultants will be commissioned to undertake the scheme prioritisation process and the scheme assessment process is required to be independent of the Council and so would incur additional external revenue costs. At present, while Atkins' costs will be met through existing departmental budgets, the scheme assessment costs are unknown and will be the subject of a separate legal agreement to be drawn up in due course between the full members of the LTB.
28. A condition of LTB funding will be that the scheme promoter provides at least 10% of the capital funding of a major scheme. In the Council's case, this would be able to be met from reallocated LTP grants, additional borrowing, S106 monies, commuted sums, etc., or possibly from other funding streams such as the Growing Places Fund or the Single Local Growth Fund proposed as part of

the Heseltine review. As the minimum local contribution is relatively small, and the source of this 10% can come from many sources, it is not anticipated this will be a significant cost with the option of additional borrowing being the last option explored.

29. The DfT's guidance states that the devolved major scheme funding can only be used for the delivery of major capital works. Therefore, scheme preparation and design work would need to be funded from the Council's capital budgets; if the schemes were aborted for any reason, then preparation costs would need to be financed from revenue budgets.

Legal Implications

30. There are no legal implications as a direct result of this proposal.

Options Considered

31. The assurance framework sets out the major transport scheme prioritisation process in relation to the work of the SWLTB. Failure to adhere to this process would contravene the DfT's guidance.

Conclusions

32. The DfT has recently introduced a new system for prioritising and funding local major transport schemes.
33. The SWLTB will be the primary decision-making body.
34. The operation of the SWLTB and the major transport scheme prioritisation process is set out in the assurance framework submitted to the DfT on 28 February 2013.
35. A shortlist of potential major transport schemes has been identified based on the process set out in the submitted assurance framework and on subsequent amendments recommended by the DfT.
36. Strategic Outline Business Cases (or equivalent) will be completed for each of the shortlisted schemes to provide the required evidence for the prioritisation process.
37. The SWLTB has to approve a provisional prioritised list of major transport schemes by the end of July 2013.

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Background Papers

EAST form for each candidate major transport scheme

Appendices

Appendix 1 – Swindon & Wiltshire Local Transport Body: Assurance Framework

Appendix 2 – Candidate Scheme List

Appendix 3 – Results of Scheme Sifting: Step One

Appendix 4 – Scheme Sifting Step Two Criteria

Appendix 5 – Results of Scheme Sifting – Step Two