

## **CABINET**

<b>DATE</b>	13 <sup>th</sup> March 2024
<b>REPORT OF</b>	Councillor Phillip Jackson, Leader & Portfolio Holder for Economy, Net Zero, Skills & Housing. Councillor Stewart Swinburn – Portfolio Holder for Environment and Transport
<b>RESPONSIBLE OFFICER</b>	Carolina Borgstrom - Director for Economy, Environment, and Infrastructure
<b>SUBJECT</b>	Local Transport Fund (Additional Funding)
<b>STATUS</b>	Open
<b>FORWARD PLAN REF NO.</b>	Not included on the Forward Plan therefore, to be considered under the General Exception provisions of the Constitution.

### **CONTRIBUTION TO OUR AIMS**

Additional funding focused towards improving local transport provision and infrastructure will contribute towards a Stronger Economy by improving strategic infrastructure, improving journey times and tackling congestion, resulting in a more efficient network supporting residents and businesses.

Works to improve the accessibility of the transportation network facilitated through this funding will enable safer more reliable local journeys, encourage greater use of mass transit systems and create Stronger Communities through promotion and access to active travel facilities, benefiting local people and community connectivity.

### **EXECUTIVE SUMMARY**

Following the announcement on Monday the 26<sup>th</sup> February, regarding the provision of additional funding for local highways and transportation projects. A new Local Transport Fund (LTF) has been created to provide investment for a wide range of capital projects including, bus infrastructure, road enhancements, congestion alleviation and other local transport related measures.

Funding will be available from 1 April 2025 and be provided on a yearly programme until 2032, this will allow local authorities to be able to plan better works programmes improving connectivity and access to the local and regional transportation networks.

Government intends for the funding to be used to enable change to local and regional approaches around transport infrastructure development focusing on 3 main priorities:

- drive better connectivity within our towns, suburbs and cities
- drive better connectivity between our towns and cities
- improve everyday local journeys for people

NELC has been awarded a **£119m** share of this funding to be spent on local projects

## **RECOMMENDATIONS**

It is recommended that Cabinet:

1. Acknowledges and accepts the Local Transport Fund allocation for North East Lincolnshire Council of £119m to be awarded between 2025/26 and 2031/32.
2. Authorises the Director for Economy, Environment and Infrastructure to begin the process of developing a 2 year plan in conjunction with Lincolnshire County Council and North Lincolnshire Council.
3. Instructs the Director for Economy, Environment and Infrastructure to update Cabinet as to progress by way of further report as appropriate.

## **REASONS FOR DECISION**

The Council has the opportunity to receive transformational funding to improve local transportation infrastructure across North East Lincolnshire.

### **1. BACKGROUND**

- 1.1 The LTF is a new 7-year £4.7bn transformative investment programme for the 26 local authorities who are currently outside city-regions within the North and Midlands. This investment is part of the HS2 dispersal of funding across the North and Midlands which includes £2.5bn for local authorities in the North and £2.2bn for local authorities in the Midlands.
- 1.2 North East Lincolnshire Council has been awarded **£119m** of this funding allocation for schemes ring fenced within its geographical borders, with similar amounts of funding being provided to North Lincolnshire Council and Lincolnshire County Council for development of their respective transportation and highway networks.
- 1.3 Funding will be available from 1 April 2025 and be provided on a yearly programme until 2032, this will allow local authorities to be able to plan better works programmes improving connectivity and access to the local and regional transportation networks.
- 1.4 Monies allocated through the LTF will be predominantly capital investment however they will include a revenue element to ensure local authorities can deliver their programmes of work.
- 1.5 A comparison of funding allocations against our closest neighbours is set out in the table below, LTF funding methodology takes into consideration Integrated Transport Board Funding (ITB) formulas with the addition of a levelling up need per locality.

<b>LA / Region</b>	<b>Annual ITB Allocation £000</b>	<b>LFT Allocation £000</b>	<b>ITB Multiplication Factor</b>
East Riding of Yorkshire CC	1,653	168,269	14.5 Times ITB
Hull CC	2,247	161,146	10 Times ITB
Lincolnshire CC	3,337	262,339	11 Times ITB
NELC	1,490	119,726	11.5 Times ITB
North Lincs	1,169	118,189	14 Times ITB
East Riding & Hull	3,900	329,415	12 Times ITB
Greater Lincs	5,996	500,254	12 Times ITB

- 1.6 Local Authorities are reminded that schemes should be considered with future maintenance provision in mind as there are no plans to provide revenue funding once the funding programme has finished.
- 1.7 The Department for Transport (DfT) have acknowledged the status of 21 of the 26 local authorities within the LTF who are currently at different stages of the devolution process. With this in mind they have requested that LTF programmes are jointly developed and submitted within regional devolution areas.
- 1.8 This would see the Council working jointly with Lincolnshire County Council and North Lincolnshire Council to develop a scheme programme for the first 2 years and submitting to the DfT highlighting all of the proposed schemes within the region and also highlighting how the funding was being spent within each sub-region.
- 1.9 Priority for LTF spend is placed firmly within the local decision-making process with individual authority allocations intended to benefit that locality's residents and transportation network.
- 1.10 In consideration of the size of scheme the fund will accept, the DfT have capped the individual scheme costs at a maximum of £20m. Guidance on business case detail is intended to be circulated by the DfT by the end of March 2024.
- 1.11 Further guidance on the funding programme including how local authorities will access the funding, what schemes are considered relevant to receive funding, along with the business case application process are currently being developed by the DfT, with the expectation this will be circulated to local authorities by the end of March 2024.

## **2.0 RISKS AND OPPORTUNITIES**

### **2.1 NELC Staff**

- 2.1.1 Staff resource is already a key risk for highways authorities across the country with shortages in technically qualified engineering professionals.
- 2.1.2 Due to the difference in public sector and private sector wages within this industry in house resource will be more difficult to secure and opportunities with the private sector may lead to further pressures.
- 2.1.3 Increasing access to apprenticeships and graduate positions with the existing highway and transportation teams will be key in ensure local access to professional careers and a steady flow of candidates to help fill resource gaps.

## **2.2 Consultancy & Contractors**

- 2.2.1 Similar to the shortages being experienced within local government, due to the volume and footprint of this funding industry wide resources will be scarce.
- 2.2.2 Due to the sheer volume of opportunities which will become available over the next 7 years this is a risk to both LTF and existing projects.
- 2.2.3 Procurement work to enable NELC to access multiple frameworks will increase our reach nationally and help to mitigate resource shortage through spreading the risk over a bigger private sector network.

## **2.3 Viability**

- 2.3.1 Due to the lack of appraisal information surrounding how local authorities will access the funding and how potential schemes will assessed, Cabinet is advised to proceed with caution around highlighting specific scheme options or locations.
- 2.3.2 Viability may rule out these schemes at the business case stage resulting in expectations being set that cannot be delivered under this funding.
- 2.3.3 Once guidance is published and a better understanding of the scheme appraisal process is gained, the council can be more specific around proposed schemes.

## **2.4 Scheme Selection**

Schemes put forward by MP's, Councillors and the public especially if it involves elements of Highway Maintenance or Road Safety will have to follow existing appraisal criteria to ensure the NELC is acting within existing policies such as, Well-maintained Highways COP, Pedestrian Crossing Site Assessment Guidelines etc.

## **3. OTHER OPTIONS CONSIDERED**

At this stage options other than acknowledging and accepting the funding are unclear, consideration around refusing or part refusing the funding will be explored when further guidance is available.

#### **4. REPUTATION AND COMMUNICATION CONSIDERATIONS**

- 4.1 NELC should be mindful of existing commitments and relationships with external funding bodies. Over stretching resources and failing to deliver on existing funding commitments will impact on future funding applications and cause reputational damage.
- 4.2 Government expect as part of this funding that NELC officers carry out consultations with local MP's and Councillors as part of the scheme appraisal process. Further details will be released to offer guidance on the scope of this consultation process.

#### **5. FINANCIAL CONSIDERATIONS**

LTF will provide a mixture of both capital and revenue funding throughout the 7 year fund duration, however it should be noted that future increases to revenue budgets for asset maintenance will not form part of this funding allocation.

#### **6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

Opportunities to meet the council and national climate and environmental targets will be provided as part of the fund guidance, highlighting mass transit and active travel schemes as initial methods to assist in meeting Net Zero.

#### **7. CONSULTATION WITH SCRUTINY**

There has been no consultation with Scrutiny at this stage.

#### **8. FINANCIAL IMPLICATIONS**

The recommendation to accept the Local Transport Fund allocation of £119M will provide additional funding for the Council between 2025/26 and 2031/32. This funding will be incorporated into future refreshes of the Council's Medium Term Financial Plan. The exact detail of funding profiles and eligible spend is still to be confirmed but it is understood that LTP will provide a mixture of both capital and revenue funding.

#### **9. LEGAL IMPLICATIONS**

- 9.1 At this early stage, the Council has been notified of an allocation of funding with little by way of detail around funding applications, criteria for assessment and monitoring of outcomes etc. This is a new funding opportunity and further detail is awaited from government. What is clear, is the expectation for local authorities to work jointly within proposed devolution area regions.
- 9.2 Immediate legal implications arising will be around the terms and conditions of the funding and the completion of funding agreements and ancillary documentation. Legal Services will support this process, ensuring the interests of the Council are protected.

9.3 As individual projects arise throughout the delivery phase Legal Services will continue to support colleagues.

## **10. HUMAN RESOURCE IMPLICATIONS**

There are no direct HR implications contained within the content of this report

## **11. WARD IMPLICATIONS**

This proposal affects all wards.

## **12. BACKGROUND PAPERS**

None

## **13. CONTACT OFFICERS**

- Carolina Borgstrom, Director of Economy, Environment and Infrastructure NELC.
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