

Decision maker	Cabinet member: Infrastructure
Decision date:	27 May 2016
Title of report:	Funding submission to the Department for Transport local transport majors fund
Report by:	Economic development manager

Classification

Open

Key decision

This is not a key decision.

Wards affected

Countywide

Purpose

To approve a request to the Marches local enterprise partnership (LEP) that they make a submission to the local transport majors fund for a contribution towards the development of an outline business case for the Hereford Transport Package.

Recommendation

THAT:

- (a) **the Marches Local Enterprise Partnership (LEP) be requested to make a submission to the Department for Transport (DfT) local transport majors fund for a contribution towards the development of an outline business case for the Hereford bypass project.**

Alternative options

- 1 If the council wishes to gain a funding contribution from the local transport majors fund towards the cost of developing an outline business case for the Hereford bypass there is no alternative to the recommendation.

- 2 There is an option not to recommend asking the LEP to make a submission for the Hereford bypass outline business case development. Taking this option would result in the Hereford bypass not being considered for DfT local transport majors funding for the production of an outline business case.
- 3 It is open to the council to propose one or more other schemes for consideration; this option is not recommended because other major transport schemes are not at a sufficiently developed stage or scale to present a robust case.

Reasons for recommendations

- 4 To maximise the opportunity to attract external funding opportunities for the Hereford bypass outline business case development.

Key considerations

- 5 On 12 April 2016, the chairman of the Marches LEP received a letter from the Rt Hon Greg Clark MP, Secretary of State for Communities & Local Government, inviting the Marches LEP to submit proposals for the next round of growth Deal, a competitive process among the 39 LEPs (see appendix 1).
- 6 The letter also referred to an opportunity to submit applications to the DfT local transport majors fund. The aim of the local transport majors scheme is to provide funding for those exceptionally large, potentially transformative local schemes that are too big to be taken forward within regular local growth fund allocations and could not otherwise be funded.
- 7 The local majors funding is a prescribed process set by the Department for Transport, LEP's, not councils, are invited to submit bids for the local transport majors, however any bid will need to have the full support and commitment of the council as the proposed delivery body. The DfT guidance for the scheme states that below a certain financial level major transport schemes should be funded through regular growth deal funding. The local transport majors fund is for schemes that are not reasonably affordable for LEPs through the growth deal, or any other route.
- 8 The guidance stipulates financial thresholds which the level of finance requested from the local transport majors fund would be expected to exceed. For the Marches LEP, and therefore scheme delivery partners, this threshold is £34m.
- 9 Bids to the local transport majors fund can be for scheme development costs (for schemes where the local transport majors fund financial contribution is expected to exceed the threshold identified above), or if a business case is already complete, for funding to prepare and construct a scheme.
- 10 The deadline for bid submissions is 21 July 2016. For schemes that are already at an advanced stage of development and that wish to seek an award of development funding for 2016/17 the advanced deadline for these submissions is the 31 May 2016.
- 11 Officers have considered the local transport majors fund scheme guidance and concluded that the Hereford bypass is the one Herefordshire project which would meet the fund criteria and financial threshold.
- 12 It is recommended that the council request that the LEP make a bid submission, by the advanced submission deadline of 31 May 16, for a £2.65m contribution towards the estimated £3.35m cost of developing the Hereford bypass outline business case.

Further information on the subject of this report is available from
Nick Webster, Economic Development Manager on Tel (01432) 260601

- 13 The guidance notes included within the scheme application process identified that local transport majors funding is not subject to the requirements of the LEP assurance framework, as all the necessary appraisal will be carried out by the DfT.
- 14 The LEP's independent technical evaluator (ITE) will review the Hereford bypass bid submission and will provide comments to the council aimed at strengthening the bid submission. The ITE will be asked by the LEP to confirm that the submitted bid is likely to be competitive against the criteria outlined in the scheme guidance notes.

Community impact

- 15 The development of an outline business case is a required step in the process for delivering new road infrastructure and, in this case, it will contribute towards the ongoing development of the legal, financial, and planning evidence base for the Hereford bypass.
- 16 The Hereford bypass is an integral element of the Herefordshire core strategy and the local transport plan and the construction of 6,500 new houses within Hereford, new employment allocations at Three Elms, and the full build out of the Hereford Enterprise Zone.
- 17 Investment in the Hereford bypass will enable this future investment in houses and businesses, making a significant contribution to the corporate priority to support the growth of our economy.

Equality duty

- 18 There are no equality or human rights issues arising from this proposal to request the LEP to submit an application for local transport majors funding towards an outline business case for the Hereford bypass.
- 19 It should be noted that were local transport majors funding secured for the development of an outline business case for the Hereford bypass there would be no equality or human rights issue in the carrying out of an outline business case.
- 20 However the work contained within the production of an outline business case for the Hereford bypass may draw attention to issues within the implementation of the bypass project that would have an impact on equalities or human rights.

Financial implications

- 21 The local transport majors fund is an opportunity for the council to secure significant government funding towards the development of an outline business case for the Hereford bypass. Failure to apply for, and/or secure this funding would require the council to fund the full costs of developing the outline business case for the Hereford bypass.
- 22 The council, as the scheme delivery partner, is expected to provide matched funding towards the local transport majors funding, the required level of matched funding is not specified within the bid guidance.
- 23 The development of an outline business case for the Hereford bypass has been estimated to cost £3.25m, the bid to the local transport majors fund requests £2.65m towards these costs. The £600,000 council contribution has been confirmed and is

held in earmarked reserves.

Legal implications

- 24 It is noted that the specified application route for the local transport majors fund is via the Marches LEP.
- 25 Sections 1 and 2 of the Localism Act 2011 gives local authorities a statutory “general power of competence” to do anything that is not prohibited by other legislation.
- 26 It is noted that the submission of bids to the local transport majors fund does not lead to any contractual commitments for the council and, should funding be secured, approval to contract with DfT will be subject to council governance approval, prior to implementation.

Risk management

- 27 There is a risk that DfT may decline to fund the bid submission. In mitigation the council have developed a comprehensive bid submission which the LEP independent technical evaluator is in the process of independently reviewing to improve the strength of the submission(s).
- 28 Should funding be secured there will be a variety of risks associated with the development of the outline business cases, these will be identified and mitigated within the outline business case project development.
- 29 The invitation to bid provides an opportunity to undertake a further stage of delivery of the councils core strategy and to secure investment towards economic growth within Herefordshire.
- 30 Should funding be secured to develop an outline business case for the Hereford bypass project this would enable the council to undertake significant development works which would be used to advance the statutory planning and legal processes for the scheme.

Consultees

- 31 None.

Appendices

Appendix1: Secretary of State for Communities & Local Government letter, 12 April 2016

Background papers

- None identified.