



Title of report: Local Transport Grant allocation

Decision maker: Cabinet Member; transport and infrastructure

Report by: Delivery Director, Infrastructure

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant. Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

The purpose of this report is to set out how the Local Transport Grant, Integrated Transport Block and Local Transport Revenue Fund, will be allocated and managed.

Recommendation(s)

That:

- a) approval is given to draw down the £4,760,000 Local Transport Grant, £1,077,000 Integrated Transport Block and £242,000 Local Transport Resource Fund, in accordance with the Council's capital programme.
- b) delegated authority is given to the Corporate Director Economy and Environment to take all operational decisions over the lifetime of the funding, to deliver the investment set out in recommendation (a).

Alternative options

1. That these investments are not made. The council continues to deliver programmes that are already costed and progressing, with sound project management practices but wholly within the allocations made available internally. Furthermore, the council continues to support transport services to the best of its ability but without extra resources made available. This is not recommended as this does not seek improvements to passenger experience nor seek to improve the transport and infrastructure network. Furthermore, the grant would need to be repaid, so this would be a loss of funding to the council.

Key considerations

2. The Department for Transport (DfT) advised the council in late April that additional funding was being made available to local authorities. This additional funding amounts to £4,760,000 Local Transport Grant (LTG), £1,077,000 of additional Integrated Transport Block grant (ITB) capital funding and £242,000 of Local Transport Resource Funding revenue (LTRF). The addition funding was not previewed by the Department for Transport (DfT). This means local authorities were not able to account for this money when budget setting for 2025/26.
3. The money must be spent in 2025/26. If it is not spent within this timeframe the DfT will instigate a clawback process. DfT have accepted that the time frames required to develop and deliver new infrastructure schemes means that this additional funding is more likely to be used to top up funding on schemes being delivered in the current programme. The conditions of the grant allow for and recommend that the funding should be invested in pushing existing planned delivery to completion, and to plug any gaps in funding that are building over time as projects progress.
4. The proposal is to use the capital LTG and ITB grant funding to support the delivery of infrastructure schemes to benefit the wider public, improve travel choice and allow for effective future delivery. The priority for the spend will be to top up and enhance the Levelling Up Fund (LUF) and Active Travel Programme of works planned for delivery in 2025/26. This includes the Transport Hub, Holme Lacy Road, Aylestone Hill, Safer School Streets, Quiet Lanes and Great Western Way active travel improvement schemes. It is proposed that the LTRF revenue funding is used to support the development of the Local Transport Plan as well as provide further capacity and capabilities of the public transport team working on the development and improvement of public transport including bus franchising.
5. To ensure that all of the funding is spent in-year, some of the funding may be used to bring forward highways maintenance works that are planned for 2026/27 but can now be delivered in 2025/26. Officers will determine how much is pushed into the resurfacing programme once the assessment of the LUF programme has been completed and any funding gaps identified. Any resulting procurement activity will be undertaken in line with the Council's Contract Procedure Rules (CPRs)
6. A Political Group Consultation was held on the 27th May and members feedback concerns that more funding was being allocated to schemes in Hereford and not towards any of the market town infrastructure delivery plans or other schemes in rural areas. It was explained that this was because the funding must be spent in-year and needed be allocated to existing schemes already in delivery to ensure spending occurs and no funding could be clawed back by government. It was hoped that by bringing forward some highway's maintenance works that the highway's maintenance fund could be used in future to support the market town schemes.

Community impact

7. The addition of the LTG, ITB and LTRF contribute to the Council Plan 2024-2028 ambitions. As there are several components to the spend, the contribution is across multiple elements of the council plan. Improving infrastructure enables the council to “Expand and maintain the transport infrastructure in a sustainable way and improve connectivity across the county”.
8. Improving infrastructure, and transport will contribute to making transport a better experience for everyone that makes a choice to travel in the county. This will include care leavers who want to access employment, education and training.

Environmental Impact

9. This investment seeks to deliver the council’s environmental policy commitments and aligns to the following success measures in the Council Plan 2024-2028:
 - a) Expand and maintain the transport infrastructure in a sustainable way and improve connectivity across the county. Value nature and uphold environmental standards to minimise pollution and maximise biodiversity Reduce waste, increase reuse and increase recycling.
 - b) Work towards reducing county and council carbon emissions, aiming for net zero by 2030/31 and work with partners and communities to make the county more resilient to the effects of climate change
10. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire’s outstanding natural environment.
11. The environmental impact of this proposal will be considered through the service specification and will include appropriate requirements on the contractor/delivery partner to minimise waste, reduce energy and carbon emissions. This will be managed and reported through the ongoing contract management.

Equality duty

12. The public sector equality duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying ‘due regard’ in our decision making in the design of policies and in the delivery of services.
13. Part of this decision is for contractors to deliver infrastructure improvements. Our providers will be made aware of their contractual requirements in regard to equality legislation.
14. All of the funding described in this report is being used to support existing schemes that have previously been approved under the LUF programme. An equality impact screening assessment was done for each of the LUF schemes.

Resource implications

15. This additional funding amounts to £4,700,000 Local Transport Grant (LTG), £1,077,000 of additional Integrated Transport Block grant (ITB) capital funding and £244,000 of Local Transport Resource Funding revenue (LTRF).

16. The capital spend will be managed by the council's infrastructure delivery team, with appropriate external and internal support as required. The Delivery Director will be responsible for delivery of the LUF projects as detailed in para 4. Although to ensure the grant is fully spent and not clawed back, surface dressing and other highways maintenance capital works will be carried out to utilise spending the full grant if needed. Any ongoing revenue implications of the projects will be managed within existing budgets or for projects like the transport hub a growth bid for the revenue costs has already been proposed for the ongoing management of the site.

17. The revenue spend will be managed by the Head of Transport and Parking.

Capital cost of project	2025/26	Future years	Total
	£000	£000	£000
LUF Projects Construction or Highways maintenance works, with £1m to help support the Transport Hub (replacing the previous allocated LTP grant funding) and £1m towards Aylestone Hill works	2,000	0	2,000
Highways Maintenance works – additional patching and prep-works to support an expanded surface dressing and surfacing programme bring forward planned works from 2026/27 as well as additional spend on road marking renewal works and drainage improvements.	3,000		3,000
LUF Projects Professional Fees – supporting further design work on Aylestone Hill and Commercial Road schemes to get them to final design stages ready for tendering.	600		600
Internal Staff Recharges – part funding for Transport, Sustainability and PMO teams (capital spend that used to be funded from LTP grant)	237		237
TOTAL	5,837	0	5,837

Revenue cost of project	2025/26	Future years	Total
	£000	£000	£000
LTRF – Local Transport Resource Funding	242	0	242
TOTAL	242	0	242

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2025/26	Future Years	Total
	£000	£000	£000
<i>Local Transport Grant – Capital and Revenue</i>	6,079	0	6,079
TOTAL	6,079	0	6,079

Legal implications

18. There are no specific legal implication of this report as it ensures that funding is drawn down in accordance with the Council's constitutional requirements. The funding must be used with the conditions and to any timeframes of the grants schemes.

Risk management

19. The LTG, ITB and LTRF will enable an improvement in several areas of infrastructure and transport operations support through investment. This will enhance the experience of transport and travel for all users.
20. Any project delivery risks will be managed at service level and escalated in accordance with the Risk Management Plan

Risk / opportunity	Mitigation
This is funding for one year. There is not the time nor the resource to deliver new schemes	Expectations will need to be managed. Officers will develop a specific plan, based on the emerging asset register, to programme a schedule of works targeting specific schemes. This will be clearly communicated
Environmental issues / constraints restrict project delivery in year.	Review and reprofile as required.
Projects conflict with programmed and other funded works such as Levelling Up funding, BSIP capital funding, or s106 works	Opportunity to incorporate into the project, potential for savings and minimising impact on communities and economy of Herefordshire.
Deliverability due to rising costs and available resources	Effective contract management processes will provide early warnings of such implications.
Deliverability of entire spend amount in one year. Lack of capability/capacity in team.	Experienced, specific project management resource required to mitigate risks. DfT enable 'drawback' of unspent money.

Consultees

21. The Delivery Director will provide regular and frequent monitoring reports to the Cabinet Member.

22. A Political Group C meeting has not yet been organised, due to the new process for agreeing PGC meetings. This will be organised following cabinet recommendation.

Appendices

None

Background papers

Letter from DfT detailing the spend.

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published

Governance	john Coleman	Date 20/05/2025
Finance	Karen Morrid	Date 12/06/2025

Legal	Sean O'Connor	Date 15/05/2025
Communications	Iuene featherstone	Date 16/04/2025
Equality Duty	Click or tap here to enter text.	Date Click or tap to enter a date.
Procurement	Click or tap here to enter text.	Date Click or tap to enter a date.
Risk	Click or tap here to enter text.	Date Click or tap to enter a date.

Approved by	Click or tap here to enter text.	Date Click or tap to enter a date.
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[Note: Please remember to overwrite or delete the guidance highlighted in grey]

Please include a glossary of terms, abbreviations and acronyms used in this report.

Bus Service Improvement Plan plus (BSIP+). Government funding stream for local transport authorities to contribute to improving and enhancing bus services. Generally, for those authorities that did NOT receive BSIP, or CRSTS funding.

Department for Transport (DfT) – central government department, provider of BSIP money

Local Transport Grant (LTG_

Local Transport Resource Fund (LTRF)

Integrated Transport Block (ITB)