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YOUR REF:
OUR REF: SW/THM/4062/04
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Dear Mr Jenkinson

LTP SETTLEMENT 2004

This letter contains the results of the 2005/06 local transport capital settlement both for the whole of England (outside London) and for Devon County Council in detail. Attached are the details of your authority's 2005/06 allocations for major schemes, maintenance and the integrated transport (small scale schemes) block.

APR overview

You have produced a consistently clear, concise and good quality APR giving informative feedback on both your achievements and the work that you still need to do.

There is good use of tables and photographs to explain what you have achieved.

Delivery of Schemes on the Ground

There has been a sustained high level of capital programme management since last year with a significant proportion of your scheme types being delivered as planned.

Where there have been significant divergences between the number of planned and delivered scheme types, you have only provided a satisfactory explanation in some instances.

Progress Towards Targets

Reasonable progress has been made towards delivery of core targets and explanations for the lack of progress lacks detail in some instances.

Much better progress has been made on progress towards local targets and explanations for lack of progress are generally honest and informative.

An Effective Spending Programme

You have spent over 100% of your planned budget, which is a good achievement.

Overall APR Assessment

Your overall score for this year is 80%. Relative to other local transport authorities in England, your transport performance in 2003/04 has been assessed as “above average”. Attached at Annex 2 is an explanation of the methodology used to determine your classification. You will soon be provided with a copy of your detailed APR assessment and the scoring and assessment criteria against which all APRs were marked.

Details for your authority

Your total block allocation is £30.635m for 2005/06. This covers all items of transport capital expenditure apart from major schemes. The total figure includes £22.688m for maintenance. It means that the Government has, each year, honoured its commitment to provide local transport authorities with at least the five year indicative allocations announced in 2000. Your indicative maintenance allocation for 2006/07 is £20.618m. Your preliminary allocation for 2007/08 is £15.464m.

Your total indicative integrated transport allocation for the full five-year LTP period was £38.897m. However, the addition of supplementary bids and reward funding has meant that your authority has been allocated an extra £4.770m.

Your integrated transport and maintenance block funding will be allocated as non-ringfenced SCE(R). You will therefore be able to spend it in accordance with your local priorities, although we would expect such spending to be in line with the objectives and strategies contained in your LTP.

Major Schemes

Barnstaple Western Bypass

We are making available £17.395m in 2005/06 for the Barnstaple Western Bypass. This will be comprised of £5.174m of Transport Supplementary Grant and £12.221m of borrowing approvals. As you know, we confirmed that we would provide a total contribution of £37.954m towards the cost of the scheme. We need to be kept informed of any changes to the anticipated costs of the scheme but can give no guarantees on meeting any future cost increases.

Centres of Excellence in Local Transport Delivery

Sixteen local transport authorities achieved Centres of Excellence (COE) status for the duration of the first LTP period for excellence in areas of integrated transport planning.

Central to the initiative is the recognition that there exists a pool of knowledge and expertise within local transport authorities, and that the sharing of these skills is vital to delivering high quality transport improvements at the local level.

Ministers are keen to encourage the continued sharing of and learning from good practice among local transport authorities. They have, therefore, decided to launch a new COE initiative for the second LTP period. In line with current Ministerial priorities, the new scheme will have a new focus. It will aim to recognise excellence - and aspirations to excellence - in areas of local transport delivery and will be known as the Centres of Excellence in Local Transport Delivery initiative.

Local transport authorities in 17 LTP areas are being invited to produce a short statement in support of an application for COE status. I am pleased to advise that Devon County Council is one of the authorities that has been selected to apply. This is because we consider that your authority has a proven track record in delivering local transport improvements on the ground and in meeting your local transport targets and objectives - as demonstrated by the evidence in your two most recent LTP APRs.

For your information, the authorities in the following 17 LTP areas that have been invited to apply for COE status are:

GO-East	Cambridgeshire	Norfolk	
GOEM	Derbyshire	Gtr Nottingham	
GONE	Durham	Stockton on Tees	
GONW	Halton	Merseyside PTE	
GOSE	Bucks	Reading	West Sussex
GOSW	Devon	S.Gloucs	
GOYH	East Riding	York	
GOWM	Herefordshire	Telford & Wrekin	

Of these, Ministers are aiming to offer around 10 new COE designations to those authorities that give a good account of their contribution to LTP success and that commit to share their expertise with others through best practice dissemination work.

Revenue resources may be available to assist successful authorities in undertaking appropriate dissemination activities under the initiative. As a condition of COE status, we expect successful authorities to report back on the activities they have undertaken (whether or not these have been funded by the DfT) and how effective these have been. We, of course, also expect authorities to demonstrate value for money in the activities they undertake.

Ministers intend to announce the new COE designations in February 2005. This will allow successful local transport authorities to incorporate their designations into their second LTPs. The DfT anticipates reviewing the designations in early 2007 following a full consideration of delivery over the entire first LTP period.

How to apply

Please send a short statement (no more than 2 sides of A4) in support of your application to Richard Weider, Department for Transport, 3/18 Great Minster House, 76 Marsham Street, London, SW1P 4DR or to richard.weider@dft.gsi.gov.uk by Friday 21 January 2005. Please also copy your application to your relevant GO contact.

In your application you should provide the following information:

- What area(s) of local transport delivery you consider your authority can demonstrate excellence in and from which others could learn. For example, you may particularly like to consider focussing on areas where you have demonstrated strong progress towards shared priority targets.
- How you propose to undertake your dissemination, who your target audience will be and the likely costs.

Existing COEs

Existing COEs are requested to cease using their designations following the end of the first LTP period, in March 2006.

PTI 2000

We welcome the continued development of this important project. Progress has been maintained over the last year and the partnership has continued to deliver. You will recall that this initiative will now be funded as part of each authority's block allocation. We understand from Traveline that your authority has agreed to contribute £0.131m for this project and this is included in your overall allocation.

Further Information

I would like to express our appreciation of the valued work that your officers have undertaken in producing your fourth APR. I know that all my staff appreciate the co-operation you have given them throughout the year and we will continue to work with you as you develop your second LTP. A copy of this letter has been sent to the relevant officer in DfT.

Andrew Seedhouse will be pleased to discuss any aspect of this year's settlement on which your authority may require further detail. You or your staff can telephone Andrew on (01752) 635125, but it would be easier to provide a clear answer to any complex questions if they are put in writing.

Yours sincerely

James Llewellyn
Regional Transport Team
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ANNEX 1 – THE NATIONAL PICTURE

This year's settlement delivers the final tranche of funding for local transport that the Government committed to in the five year indicative allocations, announced in 2000. Ministers have, therefore, met their promise of providing sustained and predictable funding for each of the five years of the first LTP period. Over this period, they have provided £8bn for local transport. This is more than double the amount of capital investment available to authorities in the five years prior to the introduction of LTPs. This emphasises the Government's continuing commitment to the local transport system as a means of delivering sustained improvements to the transport infrastructure and, thus, to making real improvements to people's lives.

Ministers were pleased with the clear evidence of continued delivery on the ground by local authorities in 2003/04. The reported level of spend on small-scale local transport and road maintenance schemes was much higher than the previous year, and this was in turn reflected in the reported increase in the number of schemes delivered. Across England, people are seeing steady and sustained improvements to the infrastructure that provides them with their daily transport experience. They are seeing more transport choice, better and more accessible public transport, safer roads, less congestion and fewer poorly-maintained roads. Ministers are also pleased that authorities have reported further progress towards achieving targets and objectives with on average 70-75% of targets clearly on track to be achieved.

Quality of fourth Annual Progress Reports

The APR document, or equivalent, provides local authorities with the opportunity to demonstrate their transport achievements to the Government and to their local communities.

As requested, the 2003/04 APRs were considerably shorter and more focussed on the three key delivery areas - delivery of schemes on the ground, progress towards targets and objectives and spend. The Government greatly appreciates the efforts that have clearly gone into producing these documents - particularly the efforts made by last year's poorer performing authorities from which, we saw a universal improvement this year.

A small number of authorities failed to take up the opportunity offered by the APR to fully demonstrate their transport achievements. Those local authorities tended to understate their achievements or did not present them effectively. In those cases, we tried to use additional sources of evidence in order to gain a clearer idea of local authorities' performance. However, we do recognise that in some cases, we simply may not have been aware of important evidence and local authorities may not, therefore, have received the full credit their performance deserves. Against this background, the main areas of concern were:

- **Local authorities assessing targets as no clear evidence.**

As we are approaching the final year of the first five year LTP period, Ministers expect authorities to collect and analyse the necessary data in order to measure

progress towards their targets. Although the number of targets assessed as no clear evidence has decreased, there are still too many targets against which progress is either unmeasured or immeasurable. In this context, reporting progress as no clear evidence in 2003/04 was considerably more critical to the assessment process than in previous years and will be continue to be so in future.

- **Local authorities measuring outputs and not outcomes**

Similarly, as we approach the end of the first five-year LTP period, we must continue to stress the importance of measuring progress against outcomes and not outputs. In this context, there was an increased emphasis on progress towards the targets related to the core indicators in 2003/04, in the assessment process. This is an approach that we expect to reinforce next year.

- **Targets related to the core maintenance indicators**

Due to changes in the methodology used to measure the condition of local roads and differences in reporting against the three targets related to the core maintenance indicators, we were unable to assess progress against these targets consistently. These three targets were all, therefore, assessed as “no clear evidence” for the purposes of the assessment process.

Overall picture emerging from fourth APRs

As set out in the Guidance on producing fourth APRs, this year's assessments were focussed on delivery and particularly progress towards targets and objectives. In general, there was encouraging evidence of the progress local authorities are making towards meeting the goals set out in their LTPs.

As last year, some authorities may find that they have received lower performance classifications in 2003/04 than expected, or than last year. This is despite considering that their performance has been maintained or improved. The reason for this is that the assessment process measures authorities' performance *relative* to other authorities and there was a strong improvement across the board in 2003/04.

Performance funding

Ministers have decided that no performance funding will be provided this year. This is because, given other funding priorities, it was considered more important to guarantee that all local authorities receive at least their indicative allocations for 2005/06. Ministers do, however, intend to recognise good performance in other ways including through the designation of new Centres of Excellence; and by taking past performance into account when setting long-term funding allocations for second round LTPs.

Ministers have also decided not to reduce the indicative allocations for 2005/06 of those authorities classed as "weak" following the assessments of their fourth APRs. Instead, they consider that these authorities should use their full allocation to bring their performance up to the required level.

CPA "Excellent" authorities

All CPA "Excellent" authorities chose to submit APRs this year - including a small number that chose to take advantage of the flexibility to produce a reduced version. All "Excellent" authorities were also given the chance to submit additional evidence in support of their APRs where this was requested by DfT or the GOs. All took advantage of this opportunity.

Three excellent authorities were assessed as "well above average", four as "above average" and five as "average".

The DfT will be considering the requirements for fifth APRs for all authorities, in 2005 - particularly in the context of the ongoing work to produce second round LTPs. As last year, we will again be seeking to meet with a selection of "Excellent" authorities to hear their views on this year's requirements and their suggestions on the requirements for fifth APRs.

Local transport capital allocations for 2005/06 - the national picture

The total capital funding available for local transport for 2005/06 is £1.62bn. This figure includes funding to meet all of the indicative allocations for integrated transport and maintenance, meaning that the Government has met the commitment it made in 2000 to provide predictable and sustained levels of capital investment for local transport.

It also includes funding to meet commitments relating to all fully approved major schemes and those provisionally approved schemes that have not been remitted for regional priority setting.

Changes to the local government capital finance system

Implications of the Prudential System

The new Prudential capital finance system was introduced when the Local Government Act 2003 came fully into force in April 2004. The Local Government Act allows local authorities to fund local improvements by borrowing money without consent from Central Government provided that they can afford to take on the debt. However, Government support for borrowing for local authority capital investment will continue.

From 2004/05 Government support for capital investment will be described as either Supported Capital Expenditure (Revenue) known as SCE(R) or Supported Capital Expenditure (Capital Grant) known as SCE(C). SCE(R)'s have replaced Supplementary Credit Approvals (SCAs) and Basic Credit Approvals (BCAs). SCE can be further classified as either Single Capital Pot (SCP) or ringfenced.

For "good" and "excellent" CPA authorities, the SCE(R) for major schemes is unringfenced and forms part of their SCP allocations, thus, giving them the freedom to spend their allocations according to their own priorities. For other authorities, the SCE(R) for major schemes is ringfenced, which means that it must be spent on named schemes. Maintenance and integrated transport block allocations for all authorities is

issued as unringfenced SCP SCE(R). Major maintenance schemes are funded wholly through ringfenced SCE(R).

Major local transport schemes

We are earmarking a total of £407m for major public transport and road schemes in 2005/6, of which £240m is for fully-approved schemes and the rest is held back for provisionally approved schemes that achieve full approval in 2005/06.

Unlike in previous years, no specific allocations of held back funding for provisionally approved schemes have been made. All such funding issues will be considered as and when schemes come back to the DfT for full approval.

Some 46 new major schemes were submitted for approval this year including 16 that were classified as "work in progress" in previous years. As in the last three years, all schemes have been assessed using the New Approach to Appraisal (NATA).

Eight new major schemes were approved:

- **Watford Interchange Scheme**, a package of enhancements to Watford Junction rail station;
- **Derby Inner Ring Road Maintenance**, crucial maintenance works in Derby;
- **West Midlands Red Routes**, the first red routes scheme in the West Midlands conurbation;
- **Liverpool Edge Lane West**, a scheme to improve the Eastern gateway to Liverpool, linked to Capital of Culture plans and a key regeneration area;
- **Castleford Integrated Transport Scheme**; package of integrated transport improvements in a key regeneration area.
- **Bexhill to Hastings Link Road**, a new link road which is a crucial component of the regeneration plan for Hastings.
- **Sittingbourne Northern Distributor Road**, a new road to improve access to Sittingbourne. It will support the growth of housing and jobs in the Thames Gateway area;
- **Portsmouth Copnor Bridge**, the urgent replacement of a bridge on a key access route for Portsmouth.

New major scheme proposals that Ministers have not approved in this settlement may be submitted for further consideration in future years. As explained in DfT's July 2004 White Paper "The Future of Transport", the Government intends to give regional bodies a greater involvement in decisions taken on local authorities' major schemes and schemes on the strategic road network, which are principally of regional or sub-regional importance; as well as decisions on housing and regional economic development. The intention is that the regions will advise the Government on the relative priorities within their areas in the context of their strategies for transport, housing and economic development and on the basis of long term regional funding guidelines. Ministers would, therefore, in future take account of the views of the region on the prioritisation of transport schemes in their areas - including all new and emerging major local transport scheme proposals. Ministers would also consider

regional advice on the relative priority of schemes that hold provisional approval, but that appear to offer relatively low value for money, that have suffered significant cost increases, or that have changed significantly in design. Some schemes of this kind have been identified in this settlement. DfT will provide further information about the way forward for these schemes in due course.

Single Capital Pot

The allocations to be made to Passenger Transport Authorities (PTAs) for the integrated transport block fall outside the scope of the SCP because PTAs are single-service authorities. As SCAs no longer exist under the Prudential system, these resources will be issued as ringfenced SCE(R) support, which is adjusted each year in the Local Government settlement.

The SCP was introduced in 2002/03 and will remain in use under the new Prudential capital system. Since it was first introduced, the SCP has been broadened to include all unringfenced capital allocations, whether Supported Capital expenditure (Revenue), SCE(R), or Supported Capital Expenditure (Capital), SCE(C). For local transport allocations, all our maintenance allocations (including bridge repair and strengthening works) and integrated transport block minor works are issued as part of the SCP. Authorities have the discretion to spend this funding according to their own plans and priorities as it is issued as unringfenced SCE(R). However, we expect local authorities to deliver the objectives and targets set out in their LTP's.

Integrated transport block and supplementary bids

The indicative allocation for the integrated transport block in 2005/06 totals £552m. £29m is being provided in response to bids for supplementary funding made by authorities in their fourth APRs.

Local authorities should be aware that from 2006/07, continuing supplementary funding will only be provided through regular integrated transport block allocations. Appropriate provision for continued supplementary funding should, therefore, be made in the overall funding bids submitted as part of authorities' second LTPs.

Highway maintenance

In 2005/06, the total allocation for maintenance in this year's settlement is £660m. This consists of £634m in formulaic allocations (including £37m for primary route bridge works), £16m for ten exceptional schemes in small authorities and £10m for emergency work in four authorities.

For 2006/07, a formulaic allocation of £621m has been made, not including primary route work. Primary route work in 2006/07 along with exceptional schemes and emergency work in that year will be considered next year.

Street lighting

In its recent response to the Select Committee report on Local Roads and Pathways, the Government did not accept the Committee's recommendation that indicative allocations should be made within the LTP settlement for street lighting. However, the block allocation for highway maintenance, and other block funding within the LTP settlement along with other capital resources the authority may have available within its SCP may be used for street lighting purposes.

Fifth APR Guidance

Revised Guidance on producing fifth APRs will be published no later than March 2005. As last year, authorities' views on revisions to the Guidance will be sought through the feedback sessions with GOs in the new year and through a meeting with a selection of "Excellent" authorities. We will aim to keep the requirements of next year's APRs to a minimum as we understand the extra work that will be involved in the production of second round LTPs.

Detrunked Roads

£37m of capital funding for 2005/06 is being provided through SCE(R) to authorities that took responsibility for detrunked roads before 1 July 2004. Details for those authorities affected are included in their LTP decision letters. Authorities that receive roads on or after this date will receive capital funding resulting from their negotiated settlement with the Highways Agency. The DfT will shortly issue a draft Grant Determination under section 31 of the Local Government Act 2003 for continued revenue funding of detrunked roads, including for roads due to be detrunked during 2005/06.

ANNEX 2 – APR4 SCORING AND ASSESSMENT

Authorities will be provided with a copy of their detailed APR assessment and the scoring and assessment criteria against which all APRs were marked, before the feedback sessions with the GOs.

Use of scores

The assessment of APRs produces a transport score for each LTP area. All authorities have been given a performance classification according to their score - "well above average", "above average", "average" or "weak". The scores also provide a useful indication for the DfT of local authorities' progress towards delivering their LTPs.

Comprehensive Performance Assessment (CPA)

Local authorities' APR performance classifications form one component of the transport element of the CPA "Environment" block. Other components of the transport element are: performance as measured by the transport related BVPIs; and the outcome of any transport-related Best Value inspections, undertaken by the Audit Commission. The other elements of the "Environment" block are land use planning and waste management. The results of this year's CPA refresh are due to be announced by the Audit Commission on 16 December. Further details of the methodology can be found on the Audit Commission's website, at:

www.audit-commission.gov.uk/cpa/downloads/STCCEnvironment.pdf.

How your score was determined

This year the scores were derived from our assessment of local authorities' performance in 2003/04 alone. Our assessment criteria closely reflected the three criteria set out in Annex F of the fourth edition of the Guidance on producing APRs.

Relative to each other, most authorities (44) were assessed as "average", with 22 as "above average", and 11 as "well above average". 8 authorities were assessed as "weak" - two fewer than last year.

To allow authorities to consider their performance on an absolute basis as well as a relative basis, percentage scores as well as relative performance classifications will be provided. However, in view of significant changes in the scoring and assessment methodology this year, authorities should not assume that this year's score is directly comparable with last year's score. Authorities may also like to know that this year's scores ranged from 36% to 96%.

Your score

Your score, determined as described above, is 80%. It means that relative to other transport authorities you are classed as "above average".