

**SOUTH EAST ENGLAND  
REGIONAL TRANSPORT BOARD**

Date: 7 October 2005

Subject: **Regional Funding Allocation**

Report of: Head of Regional Transport Planning  
South East England Regional Assembly

**Recommendation:**

That the Regional Transport Board notes the announcement of regional funding allocations for transport, housing and economic development and endorses the process suggested for producing advice on transport priorities.

---

**1. Purpose of the Report**

- 1.1 To brief the Board on the publication of Regional Funding Allocations and to outline the role of the Board in producing the initial advice on transport priorities.

**2. Context**

- 2.1 In 'Devolving Decision Making: a consultation on regional funding allocations' (published as part of the Pre-Budget Review 2004) the Government set out proposals to establish clear assumptions on funding for regional transport, housing and economic development. The proposals included two innovations. Firstly, the Government would establish regional transport funding allocations for the first time. Secondly, the Government would suggest planning assumptions for the regional distribution of transport, housing and economic development allocations beyond the current spending review.
- 2.2 The Government suggested that clearer funding assumptions would give the regions a stronger base on which to plan and inform resource decisions. Each region would be expected to align its regional strategies for transport, housing and economic development, and to produce a shared set of priorities. This would allow the relationships between decisions in related policy areas to be taken into account and provide the basis for better decision-making. While recognising that the proposal fell short of devolving decision making to the regions, the Assembly welcomed the measure of transparency that the proposals would bring and the potential to make more of an impact through the targeting of scarce resources.

### **3. Regional Funding Allocations - Guidance**

3.1 In July 2005 the Government announced their intention to postpone next year's Spending Review to 2007, to coincide with a longer, ten-year plan to completely reassess how taxpayers' money is spent. However the Government did publish their response to the devolved decision making consultation in 'Regional Funding Allocations: guidance on preparing advice'. This document includes:

- Regional transport allocations over the 2004 spending review period (i.e. up to 2007-08). It is worth noting that that this figure (broadly made up of capital funding projected for major schemes under the Local Transport Plan system and major Highways Agency schemes) represents a small percentage of the total expenditure on transport available within the region.
- Already established regional allocations for housing (the Regional Housing Pot and Housing Market Renewal Pathfinder funding) and economic development (the Regional Development Agency Single Budget).
- Indicative longer-term funding assumptions for transport, economic development and housing (although it is worth noting that final decisions on longer-term allocations continue to be decided through the normal public spending allocation process).

3.2 The guidance also explains how advice from the regions on regional funding allocations should be prepared and submitted to the Government. Advice is required on:

- The region's priorities across the three funding areas up to and including 2015-16 (and how this advice would change given a variance of +/- 10% per annum).
- How the priorities relate to each other to form a coherent, credible and strategic vision for improving the economic performance of the region and how priorities are aligned to resources.
- The balance of spending between the three areas, with an explanation of how any changes to the balance of expenditure (i.e. movement of funding between each allocation) are consistent with the delivery of existing commitments or strategic priorities.
- Any options to defer spending from earlier to later years, within the overall amount allocated for the period.

### **4. Regional Allocation for Transport**

4.1 The Government has identified a regional allocation of £135m for transport investment in South East England for 2005/06, increasing on an annual basis to £167m in the year 2015-16. The allocation has been determined on the basis

of population and South East England has the highest regional allocation in England. In 2004-05 total expenditure on transport within the region was in the order of £1,658m.

- 4.2 In its guidance the Government notes that while regional allocations for the current spending review period have been given, actual spending decisions for 2005-06 and 2006-07 will be heavily influenced both by pre-existing commitments and by the readiness of schemes awaiting final approval. Accordingly the regions are directed to focus their advice on the period after 2006-07.
- 4.3 The region's advice on priorities for investment must be framed within the allocations identified by Government. However this does not mean that the Assembly, nor the region as a whole, has to accept that the Government's allocation is the figure required to support delivery of the spatial strategy set out in the South East Plan. Work completed by the Assembly and elsewhere in the region has begun to identify the case that can form the evidential base essential if the region is to secure additional funding.

## **5. Preparing the South East Advice**

- 5.1 Advice on regional funding allocations should be no longer than 30 pages in total, including annexes and tables. The advice has to be submitted to Government by 31 January 2006.
- 5.2 The three regional bodies (the Assembly, SEEDA and GOSE) met on 24 August to agree the way forward for preparing the region's advice. It has been agreed that the Regional Assembly, through the Regional Transport Board will be responsible for preparing the advice in respect of the transport component of the regional funding allocation.
- 5.3 The three regional bodies have agreed that the advice to Government should initially seek to provide a detailed breakdown of investment priorities for the period to 2010-11 on an annual basis. This time frame covers the remainder of the current spending review period plus the whole of the next spending review period. For the remainder of the period to be covered by the advice to Government the proposal is that investment priorities should be grouped within three-year time bands.
- 5.4 Such an approach is particularly appropriate for two reasons. First of all Government advice in respect of the identifying spending priorities for transport investment is that the Regional Transport Strategy should not pre-judge the appraisal process that individual proposals have to go through. The advice continues by stating that longer-term priorities (i.e. proposals for the period beyond 2010-11) should not be identified in terms of specific proposals. Secondly, although the approved version of the Regional Transport Strategy identifies a number of proposals for the period beyond 2010-11, these will need to be reviewed in light of the advice forthcoming from the sub-regional strategy groups. As part of the work underway at the sub-regional level the principal authorities are required to identify the critical

pieces of infrastructure required to facilitate delivery of the sub-regional strategy.

- 5.5 Whilst seeking to identify a detailed programme of specific investment priorities for the period beyond 2010-11 is not appropriate for the reasons set out above. It is essential that there is some definition beyond 2010-11 if only to provide a greater degree of certainty to delivery agencies that funding will be targeted in a way consistent with facilitating the longer-term delivery of the wider spatial strategy.
- 5.6 Subsequent papers on the agenda of this meeting present to the Board the information required in order to enable it to come to a view on transport priorities for the period to 2010-11. This advice will then be combined with information on priorities for housing (via the Regional Housing Board) and economic development (via the SEEDA Board) to produce a draft of the overall regional advice on funding priorities.
- 5.7 This draft will in turn be the subject of debate at a regional workshop in early December at which key stakeholders will be able to debate the overall balance of the region's advice. A final version of the document will then be produced that will be considered by the Assembly's Executive Committee at its meeting on 20 January 2006 in time to meet the deadline for submission of the advice to Government.
- 5.8 For the period beyond 2010-11 the proposal is that the current list of potential transport proposals are reviewed subsequent to the submission of the advice from the sub-regional groups. The intention would then be that a future meeting of this Board would identify the key themes for which a financial allocation should be budgeted for in the forward programme. This would enable delivery agencies to develop detailed proposals that address the themes with a greater degree of certainty that the funds will be available to deliver the investment needed in a timely fashion.
- 5.9 As a separate exercise it is proposed that the Assembly with work stakeholders across the region to develop the case in support of additional funding for transport investment. The questionnaire used to gather information for the prioritisation methodology requires delivery agencies to identify the extent to which individual proposals deliver planned levels of growth. This information will enable a case to be put together that identifies the extent to which any additional funding contributes to delivering the South East Plan. Such a document will enable the region to press the case for additional funding with Government from the basis of a well documented evidential base.

**Martin Tugwell**  
**Head of Regional Transport Planning**

10 September 2005

Tel: 01483-555232

Email: [martintugwell@southeast-ra.gov.uk](mailto:martintugwell@southeast-ra.gov.uk)