



Item 10

Report to Solent Transport

Date: 3 February 2016

Report by: Philip Marshall

tel: 01962 847122

email: philip.marshall@hants.gov.uk

Subject: Spending Review and Autumn Statement 2015 Update

1. **Summary**

1.1 The following decisions are sought:

That the Joint Committee:

Notes the transport funding opportunities proposed by the Spending Review and Autumn Statement 2015.

2. **Reason**

2.1 In order to inform Joint Committee members of proposed transport funding opportunities during the current Parliament.

3. **Other Options Considered and Rejected**

3.1 Taking no action.

4. **Conflicts of Interest Declared by the Decision Maker or Other Executive Member Consulted – None.**

5. **Dispensation granted by the Conduct Advisory Panel – None.**

6. **Reason(s) for the Matter being dealt with if Urgent – None.**

Approved by:

Date:

**Councillor Seán D T Woodward
Chairman
Solent Transport**



Agenda Item 10

Report to Solent Transport

Date: 3 February 2016

Report by: Philip Marshall

tel: 01962 847122

email: philip.marshall@hants.gov.uk

Subject: Spending Review and Autumn Statement 2015 Update

Purpose of the Report

To provide an understanding of the transport funding opportunities over the five year period from 2016/17 to 2020/21.

Recommendations

- 1. That the Joint Committee notes the transport funding opportunities proposed in the Spending Review and Autumn Statement 2015.**

Introduction

1. The *Spending Review and Autumn Statement 2015* was published on 25 November 2015. This covers proposed spending for a five year period from 2016/17 to 2020/21. In terms of infrastructure investment, the current proposed spending plans have been developed from earlier funding proposals developed by the previous Coalition Government and outlined in *Investing in Britain's Future*, published in June 2013.
2. The *Spending Review and Autumn Statement 2015* proposes to spend a total of £61 billion of capital investment in transport over the 2016/17 to 2020/21 five year period. Annual expenditure will increase over this period, primarily driven by investment in the Strategic Road Network, through the Road Investment Strategy and work on High Speed 2 (HS2).

3. This report provides a breakdown of this proposed expenditure relevant to Solent, specifically noting available funding opportunities.

Roads Investment Strategy

4. The Roads Investment Strategy (RIS) is the capital investment programme for the Strategic Road Network, managed by Highways England. This now operates on a similar basis to Network Rail's investment programme, with five year defined funding periods. RIS1 covers the period from 2015/16 to 2019/20 inclusive and RIS2 will cover the subsequent period from 2020/21 to 2024/5. RIS includes funding for both improvement schemes and major maintenance work. The *Spending Review and Autumn Statement 2015* has defined The total funding available for RIS1 is £11.3 billion, but the annual funding level increases significantly from £1.8 billion in 2015/16 to £3.0 billion in 2019/20. Funding for the first year of RIS2 is also defined at £3.9 billion.
5. The Autumn Statement 2014 outlined a number of improvement schemes to be funded by RIS1. These include:
 - Smart Motorways M3 J9 to J14;
 - Smart Motorways M27 J4 to J11;
 - M27 Southampton Junctions;
 - M3 J14 to J12 and J11 to J10 improvements; and
 - M3 Junction 9 improvements
6. At this stage, it is understood that funding is only confirmed for the Smart Motorway schemes. All other schemes are currently going through Highways England's project gateway process to secure full funding approval.
7. It is important to note that Highways England now has scope to fund interventions off their network, providing that these provide benefit to and improve the performance of the Strategic Road Network. For example, the M27 Southampton Junctions project proposes interventions on the local road network, in order to relieve traffic movements on the M27.
8. Highways England will soon be developing its proposed programme for RIS2, starting in 2020/21. This will provide further opportunity to secure funding for the area and Solent Transport will continue to liaise with Highways England to identify potential interventions that could be funded in RIS2.

Network Rail

9. Network Rail's current five year investment programme (CP5) runs from 2014/15 to 2018/19 inclusive. The *Spending Review and*

Autumn Statement 2015 proposes £24.1 billion of investment for the final four years of CP5 and £10.3 billion for the first two years of CP6 (2019/20 to 2023/24 inclusive).

10. Due to cost overruns and delivery issues with some Network Rail projects, particularly Great Western Electrification, Sir Peter Hendy was asked to conduct a review of the CP5 programme. His report was published in parallel with the *Spending Review and Autumn Statement 2015* and proposes an increase of £2.5 billion in proposed expenditure, due to address these cost overruns. No projects have been cancelled, although some have been delayed and this will require more funding from CP6 than was originally anticipated.
11. The outcome of the Hendy Review is generally positive for Solent. For example, the CP5 scheme to delivery capacity improvements at London Waterloo will progress as planned. Development work on a grade separated junction at Woking will also continue, with the potential to deliver this scheme in CP6.
12. Network Rail will soon be developing their proposed investment programme for CP6. This will draw heavily on infrastructure improvements identified in the recently published Wessex Route Study. Network Rail has committed to working with Solent Transport to look at improvements in the Solent. As noted in the consultation response to the South Western franchise, it is important that this has the necessary flexibility to deliver service improvements throughout the life of the franchise, as infrastructure enhancements are delivered.

Local Growth Fund

13. The Local Growth Fund (LGF) provides an unringfenced single pot of funding to support economic growth, secured by Local Enterprise Partnerships (LEPs) through Local Growth Deals. This is supported by over £6 billion of funding from the Department for Transport. In Solent, the LGF money has been secured for a range of transport projects, including:
 - Fareham / Gosport Package;
 - Southampton Station Quarter North;
 - The Hard Interchange;
 - Dunsbury Hill Farm Link Road;
 - Cross Solent Connectivity
14. The *Spending Review and Autumn Statement 2015* has confirmed in full the £12 billion for the LGF over the period to 2020/21. Although over half of the LGF has now been secured by Local Enterprise Partnerships through Local Growth Deals, further bidding rounds are anticipated to allocate the remaining funding. The LGF is primarily administered by the Department for Communities and Local Government (DCLG). The Solent LEP is currently establishing a

pipeline of projects that could be funded by LGF through a future Local Growth Deal.

15. The Department for Transport (DfT) has confirmed that £475 million of its funding for the LGF is ring-fenced for large local transport schemes to help unlock economic growth and housing. These are schemes that are too big to be funded through regular LGF allocations. Information on how this fund will work is anticipated in 2016.

Local Highways Maintenance

16. The *Spending Review and Autumn Statement 2015* has confirmed £976 million per annum funding through to 2020/21, as originally proposed in *Investing in Britain's Future*.
17. An additional £250 million has been made available for the Potholes Action Fund. Plans for the use of this fund will be outlined in 2016.

Integrated Transport Block Funding

18. The *Spending Review and Autumn Statement 2015* has confirmed £258 million of formula funding per annum to local authorities through to 2020/21, as originally proposed in *Investing in Britain's Future*.

Transport Development Fund

19. The *Spending Review and Autumn Statement 2015* has provided £300 million for the Transport Development Fund. This may provide an opportunity for local areas to bid for additional resource funding for the development of large transport schemes. According to the DfT, details for this fund are still being worked on.

Cycling and Sustainable Transport

20. The *Spending Review and Autumn Statement 2015* provides £580 million of Access Funding, to build on the legacy of the Local Sustainable Transport Fund. £500 million of this is capital funding, which is included as part of the DfT's contribution to the Local Growth Fund. £80 million is revenue funding, which remains under direct control of the DfT. The DfT is working with the DCLG to provide more clarity about how this funding will work. For example, it is not yet clear whether the capital funding in the LGF will be ring fenced for sustainable transport investment.
21. The *Spending Review and Autumn Statement 2015* has confirmed £300 million for cycling over the lifetime of the Parliament. This includes £114m already allocated for the Cycle City Ambition scheme, although Solent was unsuccessful in securing any of this funding. It is unclear at this stage what unallocated funding could be available from this £300 million. The Infrastructure Act requires the Government to

produce a Cycling and Walking Investment Strategy (CWIS), which will operate on a five year basis. In December, the DfT outlined the timetable for the development of the first CWIS. This includes a Statement of Funds available in early 2016 and following consultation, publication of the CWIS in summer 2016.

22. Finally, the *Spending Review and Autumn Statement 2015* provides £600 million for the development, manufacture and uptake of ultra low emission vehicles in the UK.

Bus Service Operators' Grant

23. The *Spending Review and Autumn Statement 2015* has confirmed that the Bus Service Operators' Grant (BSOG) will continue to be funded at around £250 million per annum.

Summary

24. The *Spending Review and Autumn Statement 2015* has provided clarity on the overall levels of transport funding available over the life of the current Parliament through to 2020/21. Not all of this funding is currently allocated to specific schemes or projects and opportunities will be available to secure more transport funding for the Solent. Solent Transport will continue to identify any future opportunities to secure transport funding.
25. Finally, it is important to note that the devolution proposals for Hampshire and the Isle of Wight (HIOW) include a 10 year infrastructure investment guarantee. This would incorporate many of the funding streams outlined in this report, including strategic road and rail investment by Highways England and Network Rail respectively.

Section 100 D - Local Government Act 1972 - background papers

The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report.

NB the list excludes:

1. Published works.
2. Documents which disclose exempt or confidential information as defined in the Act.

TITLE

LOCATION

None