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Our Ref:  
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## **LOCAL TRANSPORT CAPITAL SETTLEMENT 2004-05**

This letter contains the results of the 2004/05 local transport capital settlement, both for Surrey and for the whole of England, outside London. Attached are the details of your authority's 2004/05 allocations for major schemes, maintenance and the integrated transport (small schemes) block, as well as feedback on progress in implementing your local transport strategy as set out in your third Annual Progress Report (APR). An explanation of the principles and policies underlying this year's settlement, as well as a summary of the national picture can be found at annex 1.

### **APR Overview**

Your authority produced a good, comprehensive and well written APR. It followed the guidance and provided all the information requested. A high proportion of planned programme is being implemented and Surrey has spent its allocation substantially to programme. You are currently on target to deliver the large proportion of your targets the vast majority of which are outcome based. Where the Report could be improved is by addressing a perceived reluctance to stretch some targets, and by improved explanations of the proposed actions the authority intends to take where targets are not on track. This however is a very good APR; consultation and best practice are core to Surrey's work and you are beginning to deliver on the ground.

This year's round of annual progress reports, the third of the five year LTPs, showed authorities as a whole delivering an increased programme of work. Assessment of authorities' performance is increasingly turning to progress against outcomes – including those related to the shared central-local government transport priority.

The shared priority involves improved access to jobs and services, particularly for those most in need, in ways which are sustainable; improved public transport, reduced problems of congestion, pollution and safety.

In addition to the scoring of your APR, we therefore have a number of comments related to four subject areas relevant to the shared priority. For each we have considered how demanding your targets are, whether we think they are on course to be achieved and whether there appears to be scope to deliver more.

In respect of **accessibility**, your APR contains a number of targets on accessibility to key services and major developments by non-car modes. Progress on these is mixed and we note that you have yet to finalise your target regarding the percentage of rural households with access to bus services. We welcome the work you have already done on Accessibility Modelling and your plans to set up accessibility task groups. This should provide a good basis for taking forward your accessibility work in the next APR and the new LTP, where it should be a central plank of your strategy.

For **Road Safety** you have reported good progress for 2002/03 in reducing the number of killed and seriously injured road casualties including child casualties and we would value a discussion with you at the feedback meeting regarding the reporting of accident data. Your county must be commended for implementing a large number of safety schemes and undertaking various types of school-based road safety education.

On **Air Quality** we note that you consider the Air Quality Management Areas declared by the District Councils of Spelthorne, Runnymede, Reigate & Banstead and Surrey Heath (this latter not mentioned in the APR) as mainly the result of motorway and trunk road traffic. However you are tackling vehicle emissions which would contribute to these AQMAs on a Countywide basis and your target for this is on track to be delivered.

On **local transport and congestion** your APR reports good progress against traffic growth and bus patronage targets for 2002/03. However progress against cycling and walking targets is more mixed with figures being slightly off track in some areas. We note that your target on the cost of congestion appears to be off track and would look to see an explanation on how you intend to redress this slippage. We also look forward to seeing the continued development of the work streams you are undertaking to tackle congestion including Intelligent Transport Systems, Company Travel Plans and various parking initiatives.

Capital allocations to reduce the maintenance backlog are a major part of the local transport capital settlement. However, the allocations do need to be accompanied by appropriate levels of day to day maintenance. The Department will be scrutinising performance in reducing maintenance backlogs

More detailed comments follow at Annex 3 assessing your APR against the five tables of criteria given in Annex F of the guidance on LTP Annual Progress Reports (Third Edition).

## APR Assessment

Reflecting the overall position and in comparison with other transport authorities we have assessed your transport performance as **Above Average**. This is the same as last year and although we feel you have made progress, nationally the performance of all authorities is improving fast. Authorities that stand still will tend to see their position drop. We have included some comments at Annex 3 that highlight areas where we would like to see an improved performance. Attached at Annex 4 is an explanation of the methodology used to produce your transport plan score.

## Details for your Authority

Your total block allocation is **£27.152million** for 2004/5. This covers all items of transport capital expenditure apart from major schemes. The total figure includes **£14.074million** for maintenance.

Ministers have carefully considered the evidence of performance and delivery in your APR and the additional funding available. In the light of these factors, and reflecting your performance to date we are pleased to be able to allocate **£13.078million** for integrated transport measures for 2004/5. This represents a 20% increase over your indicative integrated transport allocation for this year as set out in your December 2000 Decision Letter, and reflects the good performance of your authority in producing this year's APR.

## Supplementary bids

Ministers have considered carefully your bids for mitigation works at St John's Hill Road, Woking and Weybridge Station, Elmbridge, to prevent incursion by road vehicles onto railways. It was felt that in all such cases nationally, the amounts bid for were not substantial in relation to the authorities' overall available funding. Therefore for all of these bids, it was considered that for the coming year, if these works were pressing they should be given priority within an authority's available funding. No additional funding has been awarded for such rail mitigation measures.

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.

## Street Lighting PFI

Further to your expression of interest in a street lighting PFI project, which indicated that you would require £65.6 million of PFI credits, I am pleased to tell you that Ministers have agreed to you proceeding to produce a full Outline Business Case. We shall contact you soon to arrange a meeting to discuss this process.

## Existing Major Schemes

### Walton Bridge and Kiln Lane Link

As you know the A244 Walton Bridge Scheme and the Kiln Lane Link in Epsom have been provisionally accepted subject to the completion of the relevant statutory procedures and final approval by Ministers. Our commitment remains unchanged and we would be prepared to provide a total contribution of £25.259 million towards the cost of the Walton Bridge scheme and £8.740 million towards the cost of the Kiln Lane scheme, subject of course to the schemes remaining unchanged in any significant way following completion of the statutory processes. As the statutory processes are still ongoing and you are not yet in a position to bring these schemes forward to full approval we are **not setting aside any funding for these schemes in 2004/05**. As you have done this year, you need to keep us informed of progress towards completion of the statutory processes through the monitoring arrangements for major schemes. Copies of the quarterly reports should be sent to Stephen Dapaah in my transport team.

You should note that Ministers reserve the right to reconsider their decision on these schemes if the outcome of the statutory processes, or any other circumstances, cause any significant changes in a scheme which would affect its appraisal case or our agreed contribution. This does not undermine our commitment to our agreed total contribution to the schemes and we urge you to continue to work towards completion of the statutory processes.

### Surrey School Buses (Pegasus)

With regard to the Pegasus school bus scheme we discussed progress with your authority recently and we will want to have a meeting early in the new year with yourselves and DfT policy leads to discuss the way forward. If, following discussions and any necessary further work, Ministers are content with the proposals being submitted, we are prepared to contribute **£1 million** towards the cost of the scheme in 2004/05. If this scheme approval is achieved mid year then the 2004/05 allocation will be released as Section 56 grant.

I would like to express our appreciation of the valued work that your officers have undertaken in producing your 3<sup>rd</sup> APR and dealing with requests for more information since it was submitted at the end of July this year. I know that all my staff appreciate the immense co-operation that you have given throughout the year.

Please contact Lee Sambrook (01483 882393) if you have any questions of detail on this letter. We hope to be able to meet with your authority early in the New Year to provide more detailed feedback

A copy of this letter has been sent to the relevant officer in the local transport policy section of DfT.

A handwritten signature in black ink that reads "Andrew Roberts". The signature is written in a cursive style with a large, sweeping initial 'A' and a long horizontal line extending from the top of the 'R'.

Andrew Roberts  
Area Director

## **ANNEX 1 – THE NATIONAL PICTURE**

This year's settlement delivers a further step-change in funding promised in December 2000. This emphasises the Government's continuing commitment to the local transport system as a mechanism for delivering sustained improvement to the transport infrastructure and thus a real improvement to people's daily lives. Ministers would like to see local authorities seizing the opportunity presented by this extra resource to increase the momentum of delivery on the ground.

The Government therefore continues to deliver the promised sustained and predictable levels of investment. Ministers were pleased by the way most local authorities responded to the Settlement for 2002/03. There is strong evidence that most have now adjusted well to the increase in available capital funding. Levels of spend on small-scale integrated transport and road maintenance schemes were much higher than the previous year, and this was reflected by the increase in the numbers of schemes delivered. These schemes will even now be helping to improve people's lives on a day-to-day basis, from providing children with a safe and healthy way to get to school to offering genuine transport choice for people's journey to work. Authorities have reported further progress towards achieving targets and objectives with on average 60-70% of targets clearly on track to be achieved.

The APR document or equivalent represents the main opportunity for local authorities to bring evidence of their transport achievements to the attention of Government. The 2002/3 Annual Progress Reports generally contained very useful evidence of progress. Many authorities provided highly impressive and persuasive evidence of their performance in their APRs. The APR documents, as a whole, were significantly more useful to our assessment of local authority performance than those for the previous two years. The Government greatly appreciates the efforts that have produced this improvement.

This letter contains individual feedback on your 2002/03 APR. It also contains details of your local transport score and how that was determined. This year, as mentioned in the 2002 decision letters and outlined in the 2003 APR guidance, ministers wished to focus on authorities' ability to deliver on the ground.

For this reason, we did not simply take the APR documents at face value, but scrutinised their contents closely. Often, a close examination of APRs led to concerns that authorities were overstating their achievements. Where we had such concerns, we considered alternative evidence and compared it to what the APR said. This was sometimes reassuring - but in other cases we did not feel able to give local authorities the benefit of the doubt. Authorities cannot assume that they can gloss over disappointing delivery, and still be rewarded.

Conversely, a handful of authorities failed to take the opportunity offered by the APR to demonstrate the quality of their transport performance - those APRs actually understated achievements or did not present them effectively. For these authorities, we also looked for other evidence to try to gain a clearer picture of their performance. In some cases, though, we recognise that we may simply be unaware of important evidence, and that the authority may therefore not have received the full credit their performance deserves.

Affected authorities should address this by providing more effective evidence in APRs, or equivalents, next time.

Overall though, having considered the APRs and other evidence available to us, we are confident that performance in our priority areas - delivery of schemes and progress on targets and objectives - is generally satisfactory and improving. The majority of authorities achieved at least an acceptable level of performance. Ministers have therefore taken the decision to combine the bottom two classifications of 'below average' and 'well below average' into one single classification. We have described authorities in this classification as 'weak', because our assessment this year has revealed areas of under performance that need to be addressed quickly. Government Offices will be working closely with those authorities over the next year to ensure that performance improves.

Authorities receiving a 'weak' classification, and that received an 'average' or better classification last time, should note that we are not necessarily suggesting their overall performance has declined year-on-year. However, our changed approach to scoring and assessment this year has revealed that these authorities are, in some key areas, relatively weaker than most other authorities. We will seek, in future Settlements, to recognise 'weak' authorities that focus on taking effective action to address the deficiencies we have identified.

Despite the generally encouraging evidence in the 2002/03 APRs, there remain some other areas of concern to be addressed (these comments do not apply to 'excellent' Comprehensive Performance Assessment (CPA) authorities - see below):

- Three years into the LTP process, it is disappointing that some authorities are still having trouble meeting the requirements of the APR guidance. We do not ask for superfluous information that we do not use in the APR assessment process. Authorities that do not provide the information we ask for, and where necessary in the format we ask for it, risk losing credit by doing so.
- Regrettably, there still remains a significant proportion of targets where APRs provided no clear evidence of progress. As we are approaching the fourth year of the implementation of authorities' Local Transport Plans Ministers expect to see authorities collecting and analysing the necessary data to determine whether they are on track to meet targets. Where there is a risk that a target may be missed, the affected authority should describe how it is responding to and managing that risk. It will not be acceptable for authorities to include targets in their fourth APRs for which there is insufficient data, or insufficient evidence that data deficiencies are being addressed.
- Now that we are half way through the first LTP 5 year period we would expect a greater emphasis in the next APR on reporting of outcomes rather than outputs and how the outputs link in and support the LTP objectives.
- It is clear that some authorities tend to conceal or downplay any difficulties or problems that emerge as they implement their LTPs. We recognise that in the complex business

of planning and delivering local transport improvements, the unexpected can happen. We therefore welcome honest explanations of how difficulties arose, what action was taken in response, and how lessons have been learned. Authorities providing full explanations of this kind can often demonstrate to us that they show effective planning and delivery in response to changing and difficult circumstances. There is no advantage in being evasive or incomplete. Authorities facing emerging difficulties should contact their Government Office for advice as early as possible.

- It would be helpful to understand more about how transport is making connection with and supporting the wide range of social and economic initiatives being driven by other departments and bodies,
- Some authorities, despite feeling that their performance has been maintained or improved, will find that their classification is worse than expected, or worse than last year. This is of course because our assessment measures authority performance *relative* to other authorities, against a background of strong across-the-board improvement this year. The message is that authorities that want to maintain or improve their classification must strive for continuous improvement, and cannot afford to 'rest on their laurels'.
- We would encourage all authorities to seek to monitor effectively the success of the schemes they are delivering, and provide more concrete evidence of the impact of schemes in future APRs or equivalents.

As with last year, ministers have directed additional funding in the integrated transport block towards authorities whose APRs have demonstrated good progress across the board, but especially on delivery of schemes and achievement against targets. This is because we wish to target funding towards those authorities that can demonstrate their ability to make the best possible use of local transport capital funding. Furthermore, ministers have decided to make an additional bonus available to a number of authorities whose performance relative to other authorities has shown a particularly strong year-on-year improvement. Funding levels for the best performing authorities are substantially higher this year.

However, Ministers have also chosen in this settlement to begin to exact a financial penalty on those authorities that are performing poorly. For this settlement the penalties are relatively small and only affect a few. However, given that the outlook is that there will be fewer uncommitted resources in next year's Settlement, we are likely to want to reduce allocations of more authorities below the indicative levels, in order to free up funds for those who are performing better. We therefore give all authorities notice this year that if their performance in 2003/04 is disappointing relative to other authorities, they may receive substantially less than their indicative allocations for integrated transport for 2005/06.

## **'Excellent' authorities**

All authorities ranked as 'excellent' under the Comprehensive Performance Assessment process, that were not required to produce an APR this year, nevertheless chose to do so. We therefore assumed all these authorities were content to be assessed and marked on the same basis as all other authorities. Of the ten authorities affected, four showed a strong improvement relative to other authorities, three broadly maintained their relative performance, and three declined significantly.

'Excellent' authorities, particularly those disappointed by this year's APR assessment, will of course want to know how they would have been assessed had they chosen not to submit a full APR. We cannot give a precise answer for each authority - the situation did not actually arise, so we did not need to construct a detailed alternative assessment methodology. However, we would certainly have assessed authorities on how well they had met the minimum requirements set out in the 2003 APR guidance. 'Excellent' local authorities were required to provide evidence of their performance in three areas - progress towards targets and objectives, delivery of schemes, and the effectiveness of the spending programme.

Where we had criticisms of 'excellent' authorities' performance in these areas, we would almost certainly have made similar criticisms, had they not provided a full APR. We would also have marked such authorities accordingly - in a way that attempted to reflect their performance fairly against all other authorities. We can therefore reassure 'excellent' authorities in this position that they are most unlikely to have lost marks, or associated funding, as a direct result of their decision to produce a full APR.

If an 'excellent' authority had provided insufficient evidence of its performance in the three areas listed above, the Department would have found it impossible to reach a view about that authority's performance across the board. Ministers would not have had sufficient evidence to consider the provision of performance-related funding to that authority.

The Department intends to have further discussions in the New Year with the Local Government Association and 'excellent' authorities. We would like to understand more about the reasons for all authorities choosing to produce a full APR in 2003, and would seek to identify possible ways forward for 2004 and the second LTP period.

## **Capital allocations for 2004/5 - The National Picture**

The total capital funding available for 2004/5 is £1.863bn. Ministers have decided that because slower than expected progress in delivering major schemes, and the difficulties currently being experienced by certain very large major schemes, that they could not justify providing the full £1.94bn previously announced - particularly in the light of wider pressures on other transport programmes. Ministers remain committed to providing authorities with the funding stability needed for their local transport programmes. They

have therefore met in full all 2004/05 indicative allocations for each authority, except for four poorly-performing authorities.

In making their decisions, ministers have taken as their starting point the 2004/5 maintenance allocations announced in last year's settlement, and the 2004/5 indicative integrated transport allocations announced in the 2000 decision letters, plus the commitments arising from major schemes accepted in previous settlements.

### **Changes to the local government capital finance system**

Under the Local Government Act 2003, credit approvals will be abolished and a new prudential capital finance system will be introduced from 1 April 2004. ODPM are providing detailed guidance on the new system but one of the consequences of this change is that all capital allocations for 2004/05 and future years will be expressed in a different way.

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 can be further classified as either Single Pot SCE(R)/SCE(C) or ringfenced SCE(R)/SCE(C).

Previously, credit approvals from central government set the limit of a local authority's long-term borrowing, and attracted Revenue Support Grant (RSG) or Housing Revenue Account Subsidy (HRAS)) towards the financing costs of loans (interest payments and provisions for the repayment of principal). Under the new system (unless exceptionally a national limit is imposed), a local authority will be free to make its own borrowing decisions according to what it can afford. However, central government support for borrowing through RSG/HRAS will continue to be given on the basis of a named amount of capital expenditure which the borrowing will support. The local authority will take the totality of Government support, both SCE(R) and SCE(C), into account in setting its prudential limits for the forthcoming financial year.

The implications of these changes for LTP allocations are that our maintenance and block allocations will be issued as unringfenced Single Pot SCE(R). Major scheme allocations will be allocated as half grant contributions (TSG for road schemes and S56 grant for PT - as previously) and half ringfenced SCE (R). Where however an authority has been designated as 'good or excellent' according to the Comprehensive Performance Assessment, they will receive the SCE (R) element of their major scheme allocation as Single Pot unringfenced SCE (R).

### **Major Schemes**

We are earmarking a total of £459m for major public transport and road schemes in 2004/5, of which £147m is for fully-approved schemes and £312m is for schemes currently provisionally approved or which have been approved at this settlement.

Some 44 new major schemes were submitted for approval this year, of which 12 were schemes classified as 'work in progress' in previous years. As was the case in the last three years, all schemes have been assessed using the New Approach to Appraisal (NATA). In the same way as in previous years, we have categorised each new major scheme as accept, provisionally accept, work in progress, or reject. In total DfT is accepting or provisionally accepting 20 schemes in this Settlement.

Bids have been submitted for 133 of our 155 existing major schemes this round. We have carried out a detailed analysis of the bids, and progress so far on the schemes. Ministers have decided:

- i) Which schemes are on profile and the bids should therefore be supported in full;
- ii) Which bids are not appropriate and should be rejected;
- iii) Which schemes have cost increases, but the 2004-05 bids are appropriate and should be supported; and finally
- iv) Which schemes have cost increases, but the 2004-05 bids should only be supported in part.

Following these considerations, we propose to allocate £418m in respect of existing major schemes and in line with the new Prudential System they will receive further support as a mixture of grant and ringfenced SCE ( R).

### **Single Capital Pot**

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

All other authorities will receive their funding for the maintenance and integrated transport block as part of the SCP. This is awarded as single pot SCE ( R) - which is also announced each year through the Local Government Settlement. Authorities will have discretion to spend this funding according to their own plans and priorities. Subject to this, we expect authorities to continue to spend sufficient funds on transport to enable them to work towards, and ultimately meet, the objectives and targets contained within their LTPs.

All (100%) of the transport contribution to the SCP has been allocated on the basis of the indicative maintenance and small schemes allocations already announced for 2004/5, plus any additional amounts reflecting assessments of authorities' APRs, including decisions on any supplementary bids and additional funding to reward good performance. There is no 'discretionary element' this year.

## **Integrated Transport Block**

The indicative allocations for the integrated transport (smaller schemes) block in 2004/5 totalled £520m. We are also allocating £68m net as additional funding for local authorities, according to their performance in delivering better transport. For the integrated transport block, the indicative allocations for the final year of the first LTP period (2005/06), announced as part of the December 2000 settlement, still stand.

## **Integrated transport supplementary bids**

In addition to the indicative and performance-based allocations, £71m is being provided in response to integrated transport supplementary bids made by authorities in their APRs.

Local authorities should be aware that because of the need to consider allocations as part of the overall settlement process, we cannot give any guarantee that additional resources for supplementary bids accepted this year will be provided in 2005/06. Beyond that, all schemes being taken forward through supplementary bids should be fully incorporated by local authorities' into their next Local Transport Plans, and they should make a case for continued funding of such schemes there. Local authorities should presume that from 2006/07 onwards, continued funding will only be provided for those schemes through regular integrated transport block allocations. The availability of block funding for such schemes will depend on the total level of uncommitted resource available for local transport at that time. However, we have noted those cases where supplementary bids sought funding over a number of years.

## **Highway Maintenance**

Indicative allocations for highway maintenance in 2004/05 were calculated by formulae and notified to authorities in the December 2002 settlement. These allocations are unchanged, but there are further maintenance allocations for 2004/05 as follows:

For some authorities

- newly identified strengthening and major maintenance on primary route structures
- newly accepted major maintenance schemes
- newly accepted exceptional maintenance schemes in smaller authorities.

Supplementary bids for highway maintenance were treated on their own merits, but it should be noted that those that argued simply for an increase not related to specific works were rejected. There were some bids for mitigation works to prevent incursion by road vehicles onto railways. In all cases these were insubstantial in relation to the authorities' available funding, and it was considered that if these works were pressing they should be given priority within that funding.

## **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 Single Capital Pot, may be used for street lighting purposes.

## **Fourth APR Guidance**

Revised guidance will be published not later than March 2004 to assist authorities in preparing their next annual progress reports. We will be seeking authorities' views on revisions to the guidance during our feedback meetings in January. We intend to keep changes to a minimum, to reflect the fact that this year's APRs fulfilled our requirements in most cases.

## **Detrunked Roads**

£18.5m of capital funding for 2004/05 is being provided by ring-fenced SCE(R)s to authorities which took responsibility for detrunked roads before 1 July 2003. 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 Department 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 2004/05.

## ANNEX 2 – REGIONAL OVERVIEW

This is a good transport settlement for the South East region, reflecting both the importance of the region in a national and international setting and the importance of transport within the region. Most authorities are now producing strong annual progress reports, which show encouraging progress towards local and national objectives and targets. The region has three authorities classed as “well above average” (Buckinghamshire, Oxfordshire, and Reading) and two assessed as “above average” (Surrey and West Sussex). Seven authorities have earned a higher performance category than last year and in terms of improved performance Oxfordshire, West Berkshire and Bracknell Forest have all performed particularly well. Reading too has performed very well achieving the joint top mark in the Country.

We have been able to reward good performances with allocations over and above the indicative allocations published in previous years; across the region the additional reward allocation amounts to £12.5million. We have also been able to provide supplementary funding for a good number of specific bids.

The settlement overall is much more generous than last year's. We are providing over £200 million in block allocations, made up of around £100 million for integrated transport measures and almost £102 million for maintenance. For the integrated transport allocations this represents an increase of some £10 million over last year and nearly £20million over the indicative allocations for 2004-05, which were first published in December 2000. For maintenance it represents an increase of £14.4 million over last year. The integrated transport settlement overall (excluding major scheme allocations) exceeds last year's allocation to the South East by over £24 million or 14%.

Of the three major transport schemes bid for in the South East this year, two have been provisionally accepted. These are the Public Transport Access Improvement Scheme in Central Milton Keynes, (£11 million); and the Undercliff Drive Maintenance Scheme in the Isle of Wight (£12.9 million). In addition a further £25 million was recently awarded to progress the A3 Bus Corridor scheme between Portsmouth and Horndean reported on in last year's Decision Letter. The amount secured for all major schemes, including existing majors, for next year adds another £59 million to the block allocation detailed above.

There remain however some areas of concern. A small number of authorities have received lower scores this year than both they and we would have wished. In part these relate to overall performance against national and local targets but in some instances these relate to authorities who are beginning to deliver transport improvements on the ground but whose annual progress report was not produced to the same standard as others. As reported earlier in this letter, in 2004/5 performance reward funding will not be made available to the Country's weaker authorities; in the South East this affects six of our authorities (East Sussex, Isle of Wight, Milton Keynes, Portsmouth, Southampton and Wokingham). In the case of our lowest performing Council the indicative allocation will actually be cut.

We hope that next year's APRs will demonstrate continued improvement and that all authorities in the region will be making good progress in delivering schemes and in working towards meeting local objectives and targets. The Government Office will continue to work with Authorities in an effort to improve overall performance over the coming year and we will begin to work with colleagues on the second round of LTPs that will be required in 2006/07.

We have in addition been studying the valuable secondary evidence of cycling delivery provided by the English Regional Cycling Development Teams. We have been comparing this evidence to the evidence reported in APRs, and will discuss our findings further with ERCDTs and local authorities in the New Year. We would like to ensure that any problems identified by ERCDTs are investigated and, where necessary, addressed.

## **ANNEX 3 – DETAILED APR FEEDBACK**

### **Section 1: Delivery of Schemes on the Ground**

Small-scale scheme delivery is very good, with a high percentage of delivery against plan. Divergence is apparent against three scheme types but explanation given. We are however concerned however about the cycling scheme delivery and look forward to seeing the results of the monitoring work you are taking forward and look forward to this being back on track. We look forward too, to positive progress on your public transport interchange schemes. Major schemes are generally on track and we look forward to further updates via the quarterly reports. We note that there are issues concerning the Pegasus School Bus Scheme and we will want to meet you early in the new year for further discussions. As ever we are happy to work with you through the year on any issues or problems you have on major scheme delivery.

It is clear that scheme delivery is contributing to National targets but the APR would benefit from more obvious links to your local targets and it is important that you show clear evidence of the outcomes arising from scheme delivery or where it is too soon to assess outcomes, set out how the outcomes will be measured; this is not always clear.

### **Section 2 : Progress on Targets and Indicators**

Good progress is being made towards the delivery of local targets,. Some 70% being on target. Where the targets are not on track the APR would benefit from greater detail as to what the authority proposes to do to put the target back on track. Thus far the explanations given lack detail are a little weak. The Authority also needs to give greater thought to stretching those targets where they appear to be close to being met (indeed some appear to have been met). If stretching targets are not suitable then an explanation should be given as to why not. The presentation of “Baseline Data” and “Progress Made” in Annex 3 would benefit greatly from actual figures in addition to percentages. It is difficult to compare and contrast when figures are expressed in percentages only. These amendments would help greatly the clarity of the report, nevertheless it is recognised that good progress is being made.

### **Section 3 : An Effective LTP Spending Programme**

Very good section on the LTP Spending Programme. We are pleased to see high level of spending in all areas apart from cycling. Understand that cycling funding is to be increased in that you are carrying out detailed monitoring procedures for cycling schemes which will lead to a revised cycling programme for 2004/05. Clear information given both in text and tabular format explaining outturn and future planned spend. Good coverage on “Revenue” expenditure; would like to see a little more on “Other” sources of expenditure especially as outturn was half that planned and no commentary or explanation is given on this. The plan would also benefit from explaining how divergence of spend from that planned (in this case an overspend) is affecting the delivery of your targets. We note the comments made on p31 about the need to review targets for your second LTP and we will want to discuss this with you at the feedback meeting. Overall though very good and thorough reportage.

#### **Section 4 : Evidence of Improvement**

Proforma C of the guidelines has been incorporated into the Report and the points made in the decision letter picked up and acted upon. The points where action has been taken are clearly reported and referenced. This is a comprehensive report back. For next year we would like to see the delivery of schemes linked to Local Targets as well as National targets and an explanation of how schemes on the ground help delivery of those targets. We would also like to see consideration of stretched targets where appropriate. Good to see before and after evaluation being reported and would like to see this continued along with more reportage on the outcomes of schemes as this becomes available.

#### **Section 5 : Consultation, best practice and barriers to implementation**

It is clear that consultation and best practice is integral to working practices in Surrey. Good examples are given. The APR would benefit still further from clearer links between consultation/good practice and how working practices have changed as a result.

The presentation is a big improvement over last year, now benefiting from photographs and colourful graphics, we would like to see this continue. This is a very good comprehensive document, that is both informative and easily accessible – it reflects the hard work that has evidently gone into its production and is to be commended.

## ANNEX 4 – APR SCORES

### Use Of Scores

This year, assessment of Annual Progress Reports has produced a transport plan score for each Local Transport Plan area. We have given each authority a performance classification, according to their score - 'well above average', 'above average', 'average' or 'weak'. Our score also informs ministers' decisions on the level of integrated transport funding that each authority should receive. The scores also provide a useful summary for the Department of your performance in developing and delivering your local transport plan.

### Comprehensive Performance Assessment (CPA)

As noted above, there is no “discretionary element” this year. A local authority's performance classification forms one component of the transport element of the CPA 'Environment' block. Other components of the transport element are performance as measured by transport related BVPIs, and the outcome of any transport-related Best Value inspections which the Audit Commission has undertaken for your authority. 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 18 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](http://www.audit-commission.gov.uk/cpa/downloads/STCCEnvironment.pdf).

The table at the bottom of page 2 of this note is now out of date, as the categories of 'well below average' and 'below average' do not apply this year. All authorities whose transport classification was 'weak' in fact received 1.75 points towards their CPA score - points for other classifications remained the same.

### Performance Funding

Ministers, when making decisions on how much extra funding each authority should receive in order to reflect their performance in implementing their local transport plan also took the local transport score into account. This year, for the first time, four local authorities were allocated less than the indicative figure given in 2000. Some authorities also received extra funding to reflect a dramatically improved performance this year.

### How Your Score Was Determined

In 2002, your authority's performance was assessed using your second APR (covering 2001-02) and the criteria contained in Annex D of the *Guidance on LTP Annual Progress Reports Second Edition*. The overall scores were determined using a combination of 2002 and 2001 scores to reflect the fact that the 2002 APR was reporting on the first full year of the LTP process.

This year the scores are derived from our assessment of performance in 2002/03 alone, and the evidence contained in APRs. Our assessment criteria closely reflected the five criteria set out in Annex F of the “Guidance on Local Transport Plans Annual Progress Report 3<sup>rd</sup> Edition”. The three criteria that ministers decided would be their key priorities reflected ministers' key priorities for this year (delivery of schemes, progress towards targets and an effective spending programme) and were given a relatively high weighting. Your authority was scored according to standardised scoring guidelines for each criterion. Your scores for each criterion were then added together. Your score below, as affirmed by ministers, is expressed as a percentage of the maximum possible score.

As last year, the scores for all Local Transport Plan areas authorities have been determined relative to each other. Most LTP areas (43) fall into the ‘average’ category, with 21 in ‘above average’, and 11 in ‘well above average’. Overall performance appeared to improve in 2002/03, and in recognition of this, the ‘well below average’ and ‘below average’ categories have been combined into a new category of ‘weak’. 10 authorities fall into this classification.

To allow authorities to consider their performance on an absolute basis as well as this relative basis, we are again this year providing percentage scores as well as a relative category. However, in view of significant changes in scoring and assessment methodology this year, authorities should not assume this year's score is directly comparable with last year's. Authorities may find it useful to know that this year, scores ranged from 38% to 87%.

## Your Score

Your overall score, determined as described above, was **78%**. It means that relative to other transport authorities you fall into the “**Above Average**” category.

When determining your firm LTP allocations for small schemes in 2004-05, Ministers have taken account of your overall score, with a focus on evidence of your performance, delivery and improvement demonstrated in 2002-03, as well as the case made in your 2003 APR for any additional funding.