

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP**18 DECEMBER 2007****GOVERNMENT SPENDING REVIEW****REPORT BY DIRECTOR AND TREASURER**

This report updates the Partnership on the Scottish Government's Spending Review and Draft 2008/09 Budget, and recommends that the Partnership instructs the Director and Treasurer to consult with constituent Councils on the delivery of the Regional Transport Strategy in setting their 2008/09 Budgets.

1 RECOMMENDATIONS

1.1 That the Partnership :-

- (i) notes the currently known outcomes of the Government Spending Review and Draft 2008/09 Budget, as outlined in the report;
- (ii) instructs the Director and Treasurer to consult with constituent Councils on ways in which delivery of the Regional Transport Strategy can assist in achieving Councils' Single Outcome Agreements in the setting of 2008/09 Budgets; and
- (iii) receives a further report dealing with setting the Partnership's 2008/09 Revenue and Capital Budgets at its next meeting.

2 BACKGROUND

- 2.1 The Scottish Government published its Spending Review 2007 and Draft Budget for 2008/09 on 14 November 2007. These documents can be viewed at the Scottish Government's website www.scotland.gov.uk.
- 2.2 In presenting the Spending Review and Draft 2008/09 Budget to Parliament the Cabinet Secretary for Finance and Sustainable Growth announced a Concordat between Scottish Government and Local Government, which sets out a new partnership framework for funding and delivering public services. The joint Concordat, which has previously been circulated to Board members for information, can also be viewed at the Scottish Parliament's website.
- 2.3 Initial information on the implications of the Spending Review was provided by Government Officials to RTP Lead Officers by telephone on 14 November, details of which were forwarded on to Board members. This report updates the Partnership on the developing

position on the Spending Review and funding implications for RTPs. The Government's Draft 2008/09 Budget is currently undergoing Parliamentary scrutiny, prior to approval in February 2008.

3 DISCUSSION

Spending Review and Draft 2008/09 Budget

- 3.1 The Spending Review and Draft 2008/09 Budget are focused on achieving Government's key Strategic Objectives of a wealthier and fairer; smarter; healthier; safer and stronger; and greener Scotland. The over-arching priority is to achieve increased sustainable economic growth. TACTRAN's own Regional Transport Strategy objectives, and the priority given to delivering economic prosperity, fit well with Government's own objectives.
- 3.2 Specific transport related proposals highlighted in the Spending Review include increased investment in Scotland's strategic transport networks; supporting more effective and sustainable movement of people and goods; reducing climate change emissions from transport; investing in public transport, including rail and tram services, travel information; and direct support for sustainable and active travel. Improving transport services and infrastructure will clearly make an important contribution to Government's wider objectives relating to economic growth, health, education, encouraging healthier and more active lifestyles; making communities safer and stronger; and improving quality of life for all. Budgets totalling an average of nearly £2.5 billion/annum across the 3 years of the Spending Review period are allocated to transport.
- 3.3 Central to the Draft 2008/09 Budget is the Efficient Government Programme, which includes a commitment to deliver cash-releasing efficiencies of 2%/annum over the next 3 years. This is supported by a National Performance Framework, which identifies a set of high level Purpose Targets and specific benchmarks for achieving sustainable economic growth, by focusing on improving productivity and competitiveness; increasing labour market participation; and stimulating population growth. The Purpose Targets and 5 Strategic Objectives are supported by 45 National Indicators and Targets, which are also embodied within the joint Government/Local Government Concordat.

Government/Local Government Concordat

- 3.4 The Concordat provides for a marginal annual increase in Local Government's share of funding during the overall Spending Review period. Main components of the agreement are :-
- a commitment to no structural reform of local government during this term of Parliament;

- a move to a Single Outcome Agreement for each Council, based on the agreed set of National Outcomes;
- significantly reduced ring-fencing of funding allocations to local authorities;
- local authorities to agree to deliver on a specified set of commitments from within their funding envelope;
- local government to retain all efficiency savings to re-deploy against ongoing pressures;
- a new performance reporting system to be developed and agreed between Scottish Government and COSLA

3.5 The new arrangements and relationship between Scottish Government and Local Government also establish a new operational and funding framework for RTPs. Positive and constructive discussions have taken place between the RTP Chairs and COSLA, during which COSLA has indicated its full support for RTPs and their role within the local authority “family”, including the significant contribution RTPs and their Strategies can play in supporting the development, agreement and delivery of the new Single Outcome Agreements (SOAs). It has been agreed that there will be regular, ongoing liaison meetings between the Chairs and COSLA leaders.

3.6 The new SOAs will soon begin to be worked on by Councils and are expected to be put in place across all Councils during 2008/09. The initial agreements will be with each of the 32 Councils, but it is anticipated that agreements with Community Planning Partnerships will also be developed in the future. As outlined above, it is important that RTPs play a full part in contributing to the development and delivery of SOAs for Councils and, in future, for Community Planning Partnerships. The Director and Treasurer will be engaging with constituent Councils to progress this.

RTP Revenue Funding

3.7 As notified to Board members soon after the Spending Review announcement, Government officials have advised that provision has been made in the Draft 2008/09 Budget for continuing Government funding of RTP Core costs, on the basis of the current 50% match funded arrangement with constituent Councils. Additional “Non-Core” funding is also to be made available to support RTPs in taking forward their Regional Transport Strategies and other activity. Government officials have also advised that specific grant funding for regional Travel Plan activity, amounting to £65,000 this year, will continue in 2008/09.

3.8 A total of £4.75 million has been made available to fund RTP Core and Non-Core expenditure in 2008/09. At the recent Transport Partnerships Liaison Group (TPLG) meeting on 3 December 2008, there was discussion on proposed distribution of this funding. This assumed distribution of Core funding based on previous 2006/07 allocations,

which would result in a real terms cut in RTP Core Budgets. Further discussions are taking place between Government and RTP officials prior to any final distribution being agreed and any further developments will be reported orally.

- 3.9 In parallel with discussions on Government Revenue funding to RTPs, work is ongoing on the Partnership's 2008/09 Revenue Budget. This will be developed in consultation with constituent Councils' Finance and Transportation officers, prior to reporting back for detailed approval at the Partnership's next meeting.

RTP Capital Grant

- 3.10 From 2008/09 existing direct Capital Grant funding to RTPs (excluding SPT) will be allocated to Councils, as part of their Base Capital Grant allocations through the Local Government Settlement. It is understood that funding equivalent to the 2007/08 Capital Grant allocation to TACTRAN will be allocated to constituent Councils.

- 3.11 At the TPLG meeting on 3 December Government officials advised that the present overall level of Capital Grant funding of £44.3 million (excluding SPT), will be allocated to the 20 non-SPT Councils, using the same funding distribution mechanism as presently used to allocate funding to RTPs. This would result in the present £3.327 million allocation to TACTRAN being allocated to constituent Councils on the same basis as by TACTRAN during 2006/07 and 2007/08 i.e. :-

Angus Council	– £	760,900
Dundee City Council	– £	946,600
Perth & Kinross Council	– £	1,007,000
Stirling Council	– £	613,100

- 3.12 Councils were advised of the detailed outcome of the Spending Review and their 2008/09 Revenue and Capital allocations from Government on 13 December 2007. Until Councils have had the opportunity to fully assess their funding allocations against local needs and pressures, it will not be possible for them to make decisions on future funding for transport.
- 3.13 As indicated in 3.5 above, it is expected that RTPs will engage in the development of SOAs, which will in turn influence funding priorities within and, for regional initiatives and priorities, across Council areas. Development and delivery of the Regional Transport Strategy, including maintaining momentum on schemes and strategies currently being funded from the 2007/08 TACTRAN Capital Programme, will require to be taken forward within the context of the new SOAs. The Partnership is asked to instruct the Director and Treasurer to consult with Councils on ways in which delivery of the RTS can support Council SOAs in setting their Capital Budgets for 2008/09, having regard to the existing Capital Grant allocations.

4 CONSULTATIONS

- 4.1 The Chief Officers Liaison Group has been consulted in the preparation of this report. Scottish Government officials have also been consulted on the content of the report.

5 RESOURCE IMPLICATIONS

- 5.1 This report has no direct resource implications. The outcome of discussions with Councils on the setting of 2008/09 Revenue and Capital Budgets will be reported to the Partnership's next meeting.

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NOTE

The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing this Report :-

Scottish Government Spending Review 2007

Scottish Government and Local Government Concordat : November 2007