

To addressees by e-mail

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2 March 2007

Dear Colleague,

PSA URBAN CONGESTION TARGET: DELIVERY PLANNING AND THE CONGESTION PERFORMANCE FUND

Further to my letters of 27 October, 17 November, and 14 February about delivery planning for the PSA urban congestion target, I am writing to set out:

- the process by which your delivery plans will be assessed;
- how payments from the Congestion Performance Fund will be made;
- the allocations for the Congestion Performance Fund;
- how those allocations were calculated.

Assessment Process

Delivery plans will each be assessed by a panel of assessors from the Department and the Government Offices, and the process will be overseen by a central moderator who will review the assessments of each plan.

Based on this assessment process, we will decide whether or not your plan meets the required standard and, subject to your plan having been received in the Department by 28 February, we will write to you with feedback by 23 March. This will include feedback on where your plan is strong, and where it may be in need of improvement. For plans that are still in need of work, there will then be a four week period set aside for redrafting, with a deadline for return to DfT of 20 April. This will be followed with a second assessment cycle, finishing by 3 May. Any plans still in need of work after this point will be assessed on an ad hoc basis.

Political Approval & Payment of the Congestion Performance Fund

If your plan has been judged to meet the required standard, then - once you have confirmed that you have received political approval for the plan - your authority will have qualified for its first year payment from the Congestion Performance Fund.

We will need confirmation from you, as soon as possible after the May elections, as to whether you have political approval for your plan.

Early in May we will write to you about our assessment of the plans. We expect each plan to fall into one of the following three categories:-

- where the plan meets the required standard and local political approval has been secured. Payments for plans in this category will be made as early in May as is practicable;
- where the plan meets the required standard but local political approval has not yet been secured. Payments for plans in this category will be made as soon as political approval is obtained;
- where the plan has not yet reached the required standard, and further development is needed. No payment will be made until the plan reaches the required standard and has political approval.

A summary of the planned timetable and actions is at annex A.

Performance Fund allocations

The table below sets out the allocations available for the first year of the fund, subject to plans meeting the required standard. A detailed explanation of the allocation formula is contained in annex B:

Area	Amount	Payments to be made to
London	£1,500,000	Greater London Authority, to be instructed to pass on the payment to TfL
Greater Manchester	£627,000	Manchester City Council
West Midlands	£585,000	West Midlands Passenger Transport Authority
West Yorkshire	£510,000	Leeds City Council
Merseyside	£428,000	Merseyside Passenger Transport Authority
South Yorkshire	£401,000	South Yorkshire Passenger Transport Authority
Tyne & Wear	£336,000	Newcastle City Council
Bristol	£206,500	Bristol City Council
Leicester	£198,500	Leicester City Council
Nottingham	£208,000	Nottingham City Council

Payments will be made to a single, central body for redistribution among the component authorities as appropriate. The list of receiving authorities shown in the table is the list we used for paying the transitional funding grant last year. Please let us know by Friday 9 March if you would prefer to nominate a different receiving authority.

Half of the money will be paid as revenue and half as capital, and as far as DfT is concerned there is no bar on carrying the money forward into future years. The money will be paid free of ring fencing, as is the policy for government grants.

As you know, performance fund payments for 2008-09 onwards will be based on outcomes, including the extent to which an area significantly exceeds what its target implies for that year. As explained in my letter of 14 February, the methods used to determine allocations for 2007-08, and the split between revenue and capital, should not be taken to imply a precedent for future years.

The fund and the above figures will be posted on the DfT's "what's new" webpage shortly.

If you have any further questions about either the assessment procedure or the process for making payments, please contact either Peter Steele or Michael Dnes for further details.

Yours sincerely

Sarah Thomson

To:

Barbara Davies – Bristol
Roy Newton – Greater Manchester
Jeff Miller – Leicester
Mike Tarrier – London
Murray Grant – Merseyside
Grant Butterworth – Nottingham
Paul Feehily – South Yorkshire
Gary MacDonald – Tyne & Wear
Trevor Errington – West Midlands
David Hoggarth – West Yorkshire

Copies:

Bill Davies – Bristol
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Sonny Tolofari – Leicester
Andrew Webster – Leicester
David Whitley – Leicester
Mark Willis – Leicester
Richard Browning – London
Rebecca Gray - London
Brett Little – London
Gareth Powell – London
John Harrison – Merseyside
Steven Holcroft – Merseyside
Kevin Toye - Merseyside
Chris Carter – Nottingham
Simon Dale – Nottingham
Pete Warren – Nottingham
Pete Bull – South Yorkshire

Mark Finer - South Yorkshire
Mike Holmes - South Yorkshire
Andrew Kemp – South Yorkshire
Keith Oates – South Yorkshire
Richard Proctor–South Yorkshire
Rohail Ahmed - Tyne & Wear
Rachel Dixon – Tyne & Wear
Richard Hibbert – Tyne & Wear
Mark Wilson – Tyne & Wear
Rod Black - West Midlands
Piers Cockroft – West Midlands
George Parsons – West Midlands
Keith Rogers – West Midlands
Stuart Clewlow – West Yorkshire
Dave Gilson – West Yorkshire
Tim Harvey – West Yorkshire
Ray Heywood – West Yorkshire

Peter Barlett – GOSW
Andrew Johnson – GONE
Mark Duggleby – GOYH
Pete Matthews – GOWM
Michelle Cameron – GONW
Graham Hanson – GOL
Dale Oscroft – GOEM
Bill Russell – GOEM

Alice Baker – DfT
Jessica Bowles – DfT
Nigel Campbell – DfT
Paul Collins – DfT
Eric Crane – DfT
Charlotte Dixon – DfT
Michael Dnes – DfT
Ray Gercans – DfT
Steve Gooding – DfT
Mike Goodwin – DfT
Ben Jones - DfT
Stephen MacFarlane - DfT
Sharon Maddix - DfT
Lloyd Miles - DfT
Umran Nazir - DfT
Barbara Noble – DfT
Duncan Price – DfT
Peter Steele – DfT
Ben Still – DfT
Charlie Sunderland - DfT
Carl Sutcliffe – DfT
Sarah Thomson – DfT
Philip West – DfT
David Owen – HMT
Penny Brooke

Annex A - summary of timetable and actions

28 Feb	Local authority delivery plans arrive at DfT
9 March	Local authorities confirm receiving authority for performance fund payments (if different from current expectation)
23 March	DfT feed back to local authorities on whether plans meet standard, or where further work is required
20 April	Deadline for second draft delivery plans to be returned to DfT (where first draft did not meet criteria)
3 May	DfT complete assessment of second draft plans
4 May	Local authorities confirm status of political approval of plan
~9 May	DfT write to authorities formally confirming assessment status, and making payments to authorities where plans meet standard and political approval is in place

Annex B - details of congestion performance fund allocations

The congestion performance fund, up to £60 million over four years, is intended to encourage local authorities in the ten largest urban areas to outperform their local congestion targets.

The £5 million fund for 2007-08 has been divided up on the basis of the following principles.

Firstly, a fixed amount of £150,000 has been allocated to each area irrespective of size. This is to reflect the fact that the costs of producing a delivery plan, and of developing proposals for new or more intensive interventions in order to exceed existing targets, will not be proportional to the size of the authority.

The remaining money has been allocated according to a formula that takes account of both LTP allocations and traffic. The former is intended to reflect general transport pressures, and the latter is the weighting used to aggregate the ten local targets into the national PSA.

The LTP figure did not include uplifts. The traffic figure is area wide on major roads excluding those managed by the Highways Agency.

The area used for calculating LTP and traffic figures for Bristol, Leicester and Nottingham was the city district. This is because the target routes conform most closely with the city area and traffic figures are not available for other geographies.

London does not have an LTP allocation, so its figure has been set at £1.5 million. This is just slightly less than it would have received with an allocation formula using just traffic.

The calculations are set out in the table below.

Urban area	Breakdown of calculations					Final allocations	
	Perf fund fixed component	LTP allocations	Perf fund LTP component, based on LTP allocation as % of total exc London*	Traffic weight within PSA target	Perf fund traffic component, based on traffic weight as % of total exc London*	Total (rounded to £500)	% of total
London	150,000		675,000	40.9%	675,000	1,500,000	30%
Manchester	150,000	45,034,000	240,207	13.0%	236,944	627,000	13%
West Midlands	150,000	43,816,000	233,710	11.1%	201,260	585,000	12%
West Yorkshire	150,000	27,146,000	144,794	11.8%	215,340	510,000	10%
Merseyside	150,000	29,203,000	155,766	6.7%	122,090	428,000	9%
South Yorkshire	150,000	22,519,000	120,114	7.2%	130,888	401,000	8%
Tyne & Wear	150,000	16,535,000	88,196	5.4%	97,870	336,000	7%
Bristol	150,000	5,574,000	29,731	1.47%	26,761	206,500	4%
Leicester	150,000	5,501,000	29,342	1.05%	19,134	198,500	4%
Nottingham	150,000	6,213,000	33,140	1.36%	24,713	208,000	4%
TOTAL	1,500,000	201,541,000	1,750,000	100%	1,750,000	5,000,000	100%
Total exc London		201,541,000	1,075,000	59.1%	1,075,000		

* London's LTP and traffic components are set such that London's overall total is £1.5m.

Half of the money will be paid as revenue and half as capital, and as far as DfT is concerned there is no bar on local authorities carrying the money forward into future years. The money will be paid free of ring fencing, as is the policy for government grants.

Performance fund payments for 2008-09 onwards will be based on outcomes, including the extent to which an area significantly exceeds what its target implies for that year. The methods used to determine allocations for 2007-08, and the split between revenue and capital, should not be taken to imply a precedent for future years.