

# Local Implementation Plan (LIP) – Explanation of Formula Funding

January 2012



## Local Implementation Plan (LIP) – Background to funding reforms

The LIP funding process was substantially reformed from 2010/11 in response to an agreement within the City Charter (April 2009), signed by the Mayor and the London boroughs, that stated “*London’s councils, GLA and Transport for London...commit to working closely and effectively, relying on a relationship based on trust, respect and partnership...Local Implementation Plans will provide more flexibility for local partners (LIPs 2)*”.

The number of LIP funding programmes was cut from the previous 23 to four:

1. Principal Road Maintenance
2. Bridge Strengthening
3. Major Schemes
4. Corridors, Neighbourhoods & Supporting Measures.

*Note: Funding is also ‘top-sliced’ for certain activities, including; funding to partnerships, £100k discretionary local transport funding for each borough and a set amount is provided for traffic signal modernisation work at sites on borough roads.*

## LIP Funding for 2011/12 – 2013/14

Programme	LIP funding by year		
	2011/ 12 (£m)	2012/ 13 (£m)	2013/ 14 (£m)
Principal Road Maintenance	15.3	20.3	15.5
Bridge Strengthening	8.0	5.3	6.5
Major Schemes	26.0	28.0	27.0
Corridors, Neighbourhoods and Supporting Measures	85.1	79.9	68.5
Other (inc. funding to partnerships, traffic signal modernisation and £100k local transport funding to each borough)	13.4	13.6	£15.5
Funding yet to be allocated	N/A	N/A	£15.3
<b>Total</b>	<b>147.8</b>	<b>147.8</b>	<b>147.8</b>

*Note: £15.8m of LIP funding in 13/14 has yet to be allocated by programme – this will be done once the winter 2011/12 Principal Road Maintenance Surveys have been completed.*

## Local Implementation Plan (LIP) – Determination of funding to boroughs under the different programmes

- The funding for **Principal Road Maintenance** and **Bridge Strengthening** is allocated following an assessment of needs established through condition surveys; i.e. funding is awarded to those roads and bridges most in need of repair and strengthening, based on available resources.
- Funding under the **Major Schemes** programme is awarded through a competitive bidding process, with support provided for schemes above £1m that deliver transformational improvements in key areas (predominately in Metropolitan, Major and District town centres and other strategically significant locations identified in the London Plan).
- For the **Corridors, Neighbourhoods and Supporting Measures** programme, financial assistance is allocated using a formula to establish need – the details of this formula are explained in the next few slides.

## Local Implementation Plan (LIP) – Structure of Formula Funding

The formula is structured around a set of need-based indicators relating to four transport themes:

- **Public transport** – bus reliability, bus patronage
- **Road safety** – monetary value of all casualties (killed, serious and slight) on all roads in the borough
- **Congestion and environment** – vehicle delay and CO2 emissions from transport
- **Accessibility** – residential population weighted by index of deprivation

The themes represent the transport outcomes that boroughs will need to deliver in order to achieve the MTS goals and priorities.

The formula was subject to consultation with the London boroughs in January 2009 and was subsequently endorsed by London Councils TEC at its meeting in March 2009. The details of the formula were then reviewed again by TfL with London Councils in 2010, prior to the publication of the LIPs Guidance.

## Local Implementation Plan (LIP) – Weightings within Formula Funding

The four themes are weighted as follows:

- **Public transport (10 per cent)** – see slides 7 & 8
- **Road safety (26 per cent)** – see slide 9
- **Congestion and environment (41 per cent)** – see slide 10 & 11
- **Accessibility (23 per cent)** – see slide 12

The weightings reflect a combination of historic levels of spend and current MTS goals and priorities.

## Formula Funding - Explanation of how the 'Public Transport' element is calculated (1)

### Bus services running on time (punctuality) [weighting 5%]:

- Calculated as: *(Average excess wait time on high frequency routes x w1) + (% chance of a bus not arriving on time x (1 - w1))*
  - w1 = the proportion of high frequency routes in borough's region (Central, Inner, Outer)
- Data Source: London Buses Quality of Service Indicators: Route Results for the London Boroughs - Yearly average based on Q3 2008/09 to Q2, 2009/10  
<https://www.tfl.gov.uk/corporate/publications-and-reports/travel-in-london-reports>
- Values taken as a proportion of London total

## Formula Funding - Explanation of how the 'Public Transport' element is calculated (2)

### Estimated future bus patronage [weighting 5%]:

- Estimated bus demand in the borough in 2016 = Estimated bus users in the borough in 2008 x (1 + Residential Population Growth (2008-2016) )
  - Estimated bus users in the borough in 2008 = Max (residential or daytime) population x (% bus share in Borough's region)
  - % bus share (LTDS) (2005 - 2008): Average for Central (20%), Inner (20%) and Outer London (12%)
- Data source for population: ONS 2006-based Sub-national population projections (DMAG, 2008):  
<http://legacy.london.gov.uk/gla/publications/factsandfigures/dmag-update-11-2008.pdf>
- Final values taken as a proportion of London total



## Formula Funding - Explanation of how the 'Road Safety' element is calculated

### **Monetary value of all casualties (killed, seriously injured, and slight) on all roads in the borough [weighting 26%]:**

- Average data for 2004-08 (LRSU ACCSTATS) – Fatal, Serious and Slight injuries, by borough.
- Data source for casualty analysis: Travel in London Report (TfL 2009)
- Data source for monetary value of casualties: Highways Economics Note No. 1 - 2005 Valuation of the Benefits of Prevention of Road Accidents and Casualties
- Final values taken as a proportion of London total

## Formula Funding - Explanation of how the 'Congestion and Environment' element is calculated (1)

### **Vehicle delay (veh-mins) on the Network of Interest [weighting 20.5%]:**

- 2006 data (TfL Road Network Performance)
- 12 hour (7am to 7pm) total
- Data Source: Total Vehicle Delay in London, TN3 (TfL, 2006)
  
- Final values taken as a proportion of London total

## Formula Funding - Explanation of how the 'Congestion and Environment' element is calculated (2)

### CO2 emissions from road transport [weighting 20.5%]

- 2005 CO<sub>2</sub> equivalent kilotonnes, Greater London Authority, London Energy and Greenhouse Gas Inventory (LEGGI) 2004/05 (December 2008)
- Data Source: Travel in London Report (TfL, 2009)  
<https://www.tfl.gov.uk/corporate/publications-and-reports/travel-in-london-reports>
- Final values taken as a proportion of London total

## Formula Funding - Explanation of how the 'Accessibility' element is calculated

### Residential population weighted by index of deprivation [weighting 23%]:

- Residential population (2008)
- Index of Multiple Deprivation (2007)
- Weighting by average deprivation (<20 – 0.8, 20 to 30 - 1, >30 - 1.2)
- Data Source: Indices of Deprivation 2007 Ward Level Summary (GLA, 2007) <http://data.london.gov.uk/datastore/package/indices-deprivation-2007-ward-level-summary>
- Final values taken as a proportion of London total

## Summary

- The Mayor has confirmed that LIP funding will remain constant at £147.8 per annum between 2011/12 – 2013/14.
- It is not anticipated there will be any substantial updates to the LIPs Guidance or the LIPs Annual Spending Process ahead of 2014.
- Similarly, in order to provide boroughs with certainty over the funding available under ‘Corridors, Neighbourhoods and Supporting Measures’, it is not proposed to review the formula or refresh the data used to determine the allocations ahead of 2014.
- For further details on LIP Formula Funding contact David Rowe, Head of Borough Projects & Programmes, at [davidrowe@tfl.gov.uk](mailto:davidrowe@tfl.gov.uk)