



CABINET – 6 MAY 2008

TRANSPORT INNOVATION FUND - NEXT STEPS

REPORT OF THE DIRECTOR OF HIGHWAYS, TRANSPORTATION AND WASTE MANAGEMENT

PART A

Purpose of Report

1. To set out the present position and potential next stages for the Transport Innovation Fund (TIF) project and to obtain direction from Cabinet for the way forward.

Recommendation

2. It is recommended that the Cabinet endorses a continuation of the 6Cs Transport Innovation Fund project and that support to this stance be given at the meeting of the 6Cs Leaders, scheduled for 9 May 2008.

Reason for Recommendation

3. Cabinet endorsed an application for pump-priming grant from the Department for Transport (DfT), at its meeting on 26 July 2006. The subsequent study would help define longer-term transport strategy for the sub-Region and had the potential to draw in substantial investment in transport infrastructure. The first stage analysis shows that the potential for benefits to the 6Cs area exists but further work would be required to substantiate that analysis.

Timetable for Decision including Scrutiny

4. The DfT deadline for submission to extend the pump-priming grant is 30 May 2008. The 6Cs Leaders meet to discuss the way forward on 9 May 2008.

Policy Framework and Previous Decisions

5. The Local Transport Plan refers to the exploration of the possibilities offered by road user charging as part of the longer term strategy.

6. Cabinet decided on 26 July 2006 to support the initial bid for pump-priming grant.
7. A report was presented to Environment Overview and Scrutiny Committee on 15 April 2008. The Committee supported the proposal to submit a bid for further pump-priming funds and asked that the comments made at the meeting be drawn to the attention of the Cabinet. Accordingly, these are attached as an Appendix to this report.

Resource Implications

8. The estimated cost of the second phase study is £6 million. This would be half-funded by Government grant, with the rest being match-funded by the participating authorities and, potentially, emda. This would require each authority to find £½ million, over two years, some of which would be in-kind or relevant already-committed projects; the remainder would be met from capital programmes.
9. The Director of Corporate Resources has been consulted on this report.

Circulation under Sensitive Issues Procedure

This report has been circulated to all Members of the County Council under the Members Information Service.

Officer to Contact

Ian Drummond Tel: (0116) 305 5990
Email: idrummond@leics.gov.uk

PART B

Background

10. The 6 Councils of Derby and Derbyshire, Leicester and Leicestershire, Nottingham and Nottinghamshire (The 6Cs) were granted pump-priming money by Government amounting to £1.8 million late in 2006 to run the first stages of a project to see what opportunities there were for an innovative approach to tackling congestion in the 6Cs area. This approach was required to include “hard demand management” or road user charging. Leicestershire County Council has been the Lead Authority on the project.
11. The first stage of the project concluded on 31 March 2008, reporting later in April, and now a decision has to be taken as to whether or not to continue.
12. The Government has made more pump-priming funds available for authorities who wish to work up a full business case for a TIF Package. There is a deadline for submitting bids of 30 May 2008.

Progress to date

13. In the year to date, extensive analysis has been made of the traffic and congestion situation in the 6Cs area, including innovative congestion studies in all three cities and certain market towns, using GNSS (satellite) technology. Scenarios have been devised, including notional charging cordons around each city, coupled with a range of complementary transport measures, comprising improved bus services, bus fare reductions, smarter ticketing, smarter travel choices, targeted traffic engineering and major transport investment, mostly an extension to the Nottingham Express Transit tram network. These have been tested through the transport models for their impact on the local economy.
14. In addition to technical analysis, a programme of stakeholder engagement and social impact studies has been carried out, including exploring the potential impact on business and on socially disadvantaged communities.
15. The analysis shows that a comprehensive package, including congestion charging, could produce good benefits for the local economy, as well as generating an income stream to support the complementary transport measures.
16. The project report is published on the project website <http://www.6cscongestionmanagement.co.uk>

Taking the project forward

17. The Transport Innovation Fund is a Government grant fund of £200 million per year from 2008/09 to 2018/19, which has the potential to bring significant capital investment into the 6Cs area for transport infrastructure. The Government would require the submission of a business case, to include demand management, for it to agree to grant fund any money.
18. The standard of evidence required for a business case is very high and it is clear that neither the level of modelling nor the analysis of the charging scheme, complementary measures, delivery mechanisms and governance arrangements thus far are sufficiently worked up to meet the required standards. The extra work required would be significant and would involve a marked ramp-up of the project. This would include creating a better suite of transport models and carrying out in-depth analysis of the proposed charging scheme and complementary measures.
19. This amount of work, which could extend up to late 2009 or early 2010, would cost in the region of £6 million, half of which would be met by Government. It would require an investment of £½ million, over two years, from each authority but the return on this investment could be an inward injection of up to £¾ billion into the region, along with the economic benefits that a TIF package would bring.

Implications of the choices available

20. The choice before each authority, and in concert, is not whether now to introduce a congestion charge, but rather whether or not to continue to explore the opportunities offered by the Transport Innovation Fund. Government is offering continued funding support, with conditions, and the 6Cs have to decide whether or not to continue.
21. Because of the short-term, one year, nature of the first arrangement, it has not been possible to build a sufficient evidence base of exactly what congestion charging in this area might look like, the detailed nature of the complementary measures nor the overall impact that these would have on the local economy. The modelling work that has been done thus far does indicate that a project should produce overall benefits to the region but, as noted in paragraph 17, the standard of modelling is of a preliminary nature.
22. A choice to continue with the project would enable the complementary measures to be developed in much more detail and a clear picture to emerge of the considered likely benefits or impacts on the 6Cs area. If the analysis demonstrates that there would be economic benefits to the sub-region, then significant grant funding from Government could be attracted on the strength of a robust business case.

23. Because of where the project is in its process, it is not appropriate to state that charging would definitely be introduced and that the 6Cs councils are working towards that. Potentially, the fully worked up business case may not be value for money or locally acceptable. At this stage, Government solely seeks commitment to work towards the development of a business case and this commitment is a prerequisite to being allocated further pump-priming funds. By agreeing to continue with TIF at this stage the 6Cs are not committing themselves to submitting a business case to the DfT and a further political decision would need to be taken to proceed.
24. Should the analysis not lead to a business case, the work done would still be of significant value in informing the future development of transport policy in the sub-region.
25. A decision to stop the project on the basis of current information would not preclude the introduction of demand management at some later date but would cut off access to TIF funds and pump-priming support in the development of local transport analysis and longer-term transport planning.

The decision-making process

26. As noted earlier, the deadline for bidding for additional pump-priming is 30 May. The Government requires political endorsement of the application and a commitment to work towards the submission of a business case, including demand management.
27. Each Authority will have its own process to follow. However, the 6Cs process has always been a collaborative endeavour by all six councils and the meeting that is scheduled for 9 May for Leaders and Transport Leads will discuss the implications and jointly endorse or dismiss a bid.

Equal Opportunities Implications

28. Any congestion management scheme would be designed to manage adverse impacts on disadvantaged people. The project has undertaken initial social impact studies

Background Papers

Report to the Cabinet - 26 July 2006
Report to Environment Overview and Scrutiny Committee Report - 15 April 2008

Project report for 6Cs Congestion management Study
<http://www.6cscongestionmanagement.co.uk>