



Local Transport Funding Toolkit for Local Authorities

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**LOCAL TRANSPORT FUNDING TOOLKIT FOR LOCAL
AUTHORITIES**

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Background

Identifying and obtaining appropriate funding for both capital investment and for operation is a recognised barrier for the effective planning and implementation of transport and land-use schemes by local authorities. This issue has been addressed within the UK DISTILLATE project (Design and Implementation Support Tools for Integrated Local Land use, Transport and the Environment), a UK EPSRC (Engineering and Physical Sciences Research Council) funded project which seeks to enable significant improvements in the ways in which sustainable transport and land use strategies are developed and delivered in the UK. More effective and efficient selection, planning and delivery of schemes and projects will enhance the sustainability of urban areas and the quality of life of people who live in them.

The objective of this DISTILLATE project 'Improved Mechanisms for Funding and Phasing of Implementation' is to identify the barriers that are faced by local authorities when designing and implementing transport and land use schemes. The project has also examined different funding strategies and contractual arrangements and the implications that these have on scheme delivery. The overall aim is to inform and raise awareness amongst local authorities and funding bodies about these barriers, and where appropriate suggest ways in which they can be overcome, in order to achieve a more effective delivery of sustainable transport and land use schemes.

The evidence upon which this toolkit is based has been obtained from extensive literature reviews, workshops and interviews with local authorities. A questionnaire which was developed and administered amongst UK local authority partners on the barriers to the delivery of transport solutions as part of another of the DISTILLATE project (Hull and Tricker, 2004; Hull, Tricker and Hills, 2006) was also instrumental in helping to identify the issues faced by local authority practitioners.

This toolkit has been developed as a response to the funding barriers and issues related to the effective planning and implementation of transport and land-use schemes identified. It is the main output of this project and provides guidance to enable local authorities to address the implications of using different funding streams.

Please see the website for more details of the DISTILLATE programme: www.distillate.ac.uk

Introduction and overview

This funding toolkit is primarily aimed at transport planning professionals within local authorities in the UK. The aim of this toolkit is to provide practitioners with an overview of funding barriers, possible solutions and potential funding sources available to help finance and implement a variety of local transport schemes.

Local authorities often face barriers when identifying or applying for funding, and this toolkit aims to help them in both identifying alternative sources of funding to traditional approaches, and in highlighting the potential disadvantages at an early stage. [Section One](#) of the toolkit provides an overview of the barriers that have been identified throughout numerous research activities such as workshops, informal interviews with local authority transport practitioners, and literature reviews. [Section Two](#) then discusses each of these problems and suggests ways in which they can be overcome. This Section, and the following section, reference [Appendix A](#), which describes funding sources, the types of schemes that they can be used for, potential benefits and disadvantages of using each source, and case study examples of the funding source used in practice. The sections also reference [Appendix B](#) which outlines a range of case-studies that demonstrate funding barriers and/or solutions in practice. These case studies have been sourced from the literature reviews conducted and also from interviewing practitioners within local authorities.

[Section Three](#) assists in the identification of funding considerations associated with different types of scheme so that local authorities can address implications in the early planning stages. This section again links with both Appendices which describe relevant funding sources and practical examples of where they have been used. Advice on partnership working as a mechanism to obtain and effectively utilise funding is also provided in [Section Four](#).

This toolkit builds upon an earlier scoping study which revealed that financial, institutional and cultural barriers are faced by local authorities in delivering sustainability in transport and land use. All subsequent research has sought to identify the implications of different funding strategies and contractual arrangements in order to achieve a more effective delivery of sustainable transport and land use schemes.

Other research products for this DISTILLATE project stream include a guidance document for funding bodies and a report assessing the implications of the funding restraints identified. The guidance document will provide people that fund transport and land-use projects with an overview of the barriers and issues faced by local authorities when identifying, obtaining and using funds for local transport schemes. The report assessing the implications of funding restraints will also aim to raise awareness of the potential restraints on transport schemes as a result of funding availability and decisions. The report will consider the implications of using various funding sources on planned schemes.

How to Use this Toolkit

This Funding Toolkit is divided into four main sections, plus appendices:

- [Section One](#) provides an overview of the barriers to identifying and obtaining funding for transport and land use schemes identified through the DISTILLATE project.
 - [Section Two](#) aims to answer key questions relating to overcoming these barriers. The problem is presented, followed by potential solutions. Funding sources and case studies are cross referenced (see Appendices).
 - [Section Three](#) identifies funding considerations by scheme type. For example, if a local authority is considering implementing a cycling scheme, they are able to consult this section to identify any potential issues or funding sources.
 - [Section Four](#) discusses the role of partnerships as mechanisms to obtain, and effectively utilise and manage, funding.
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Appendices

- [Appendix A](#) is a matrix of various available funding sources, at the European, National, Regional and Local level.
 - [Appendix B](#) provides case study examples of funding sources being used for a variety of schemes in practice.
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1 Section One: Barriers to Identifying and Obtaining Funding

The overarching DISTILLATE Project that deals with *Organisational Behaviour and Barriers* produced interview data that revealed barriers which affect a local authority's ability to implement transport schemes at the local level. These barriers include:

- Societal constraints on the development of 'sustainable' strategies;
- Strength of focus on narrow national transport priorities;
- National government unwillingness to use its own executive actions to support transport policies;
- Lack of local control over the implementation and operation of schemes;
- **Funding for sustainable transport solutions;**
- Complexities of organisational collaboration in the process of transport planning;
- Analytical capabilities and technical decision-making skills;
- Physical characteristics of local areas;
- Professional mindsets; and
- Politics (Hull *et al*, 2006).

Specific barriers were also identified which affect the ability of other sectors to engage in policy formulation and with the implementation of transport schemes at the local level. These are:

- High levels of funding uncertainty;
- Political influences adversely affecting cross-sector policy integration;
- Territorial and/or temporal mismatches between service delivery activities across different sectors;
- Organisational constraints (time, resources, leadership, interests, structures and systems)
- Broken links between the '4 Ps': Priorities, Policies, Principles and Philosophies;
- Impact of direction and decisions of central government (vertical/diagonal integration); and
- Clarity and consistency of communication between sectors (horizontal interaction) (Hull *et al*, 2006).

Additional DISTILLATE research activities, which focused specifically on the barriers regularly faced by local authorities in the UK when attempting to identify or obtain funding, investigated each of these issues in more depth. The recent publication of a number of key policy drivers, such as the Eddington Review (2006), Lyons Inquiry (2007), has reinforced the significance of these barriers to the delivery of land-use and transport projects. The research identified the following key barriers to funding for transport and land-use schemes:

- Overcoming the organisational constraints of a lack of staff time and resources;
- Dealing with high levels of funding uncertainty;
- Overcoming the constraints of narrow leadership interests and political will;
- Complimenting the technical capabilities of tools and officers;
- Effectively managing partnerships;
- Addressing the 'capital-rich revenue poor' mismatch;
- Effectively managing the potentially adverse impacts upon local transport priorities of funding streams which relate to national transport priorities;
- Overcome the difficulties relating to funding 'soft' transport schemes.

With these barriers in mind, this Toolkit looks to funding sources outside of the LTP process. Alternative sources include EU, other central government and government agency funding

initiatives/streams, charitable organisations and trusts and private sector finance. This will ensure that local authorities will not focus too narrowly upon the LTP process, and even look to other sectors for funding for local transport schemes.

This Toolkit will therefore not only focus upon the funding sources, and the advantages and disadvantages of their use, but also the skills required by local authorities in order to be successful in obtaining these funds.

Based upon the findings of the DISTILLATE project to date the Toolkit discusses some of the issues which are related to the barriers that have been identified, and ways in which they could be addressed. It is important to note, however, that many of the barriers are inherent to the funding process and so it is unlikely that they will be capable of being effectively managed without reforming and strengthening the funding process. The emphasis of recent reviews of transport and finance, such as the Lyons Inquiry and Eddington Review for example, suggest that despite a key success of the LTP1 period being the ability of local authorities to source funding from external sources (DfT, 2006b) to maximise the amount of finance that is available to local authorities reforms will need to be put into place to strengthen the role of local government in the funding process.

The policy discussion paper *'Improving Local Transport: how small reforms could make a big difference'* (LGA, 2006) is one such report which outlines the potential to address a number of funding barriers by empowering local government. It argues that existing mechanisms could be built upon to bring about changes to current institutional arrangements. To imitate the success of the London model proposals would probably see local authorities strengthened via the creation of a new transport authority which could be used to deliver large-scale projects. The House of Commons Transport Committee (2006) has also suggested recommendations for improvement for the LTP2 period and similarly mentions the potential for restructuring the funding framework and the role of local and central government within it.

Sir Michael Lyons's Inquiry (2007) also considers the potential for reforming the local government funding process and related service delivery and structures. He proposes that structural reforms could address barriers to funding which have been identified by the DISTILLATE project, for example the ability of local government to attain revenue funding.

The Lyons Inquiry is likely to have large implications for the funding of transport and land-use projects as is the Eddington Review (2006). The Eddington Review was commissioned to consider the link between transport and economic productivity and is expected to influence government policy and spending decisions. Eddington states that government is faced with a *'major opportunity'* to achieve progress, again by considering reforms to the way in which transport projects are governed and financed. He also proposes that this process should involve a strengthening of local government's transport functions, for example through the ability to reinvest fare income in the local transport network – in London this is a source of over £2 billion a year. The reforms could also result in the introduction of new forms of transport funding, such as new charges and taxes similar to Kate Barker's recent suggestion (Barker, K., 2006) of a planning gain supplement.

2 Section Two: Overcoming Barriers to Identifying and Obtaining Funding

The barriers identified in Section One relate primarily to either institutional, technical or political aspects, rather than the funding sources or transport schemes themselves. These include:

- Overcoming the organisational constraints of a lack of staff time and resources;
- Dealing with high levels of funding uncertainty;
- Overcoming the constraints of narrow leadership interests and political will;
- Complimenting the technical capabilities of tools and officers;
- Effectively managing partnerships.
- Addressing the ‘capital-rich revenue-poor’ mismatch
- Effectively managing the potentially adverse impacts upon local transport priorities of funding streams which relate to national transport priorities
- Overcome the difficulties relating to funding ‘soft’ transport schemes

These barriers and potential solutions are discussed in more detail in the following section.

2.1 Do you need to overcome the organisational constraints of a lack of staff time and resources?

The Problem

The resource intensive nature of bidding for and managing separate funding streams and the lack of available staff and skills are often cited as being significant obstacles to obtaining finance. There is an issue of particular prominence given the increasingly wide variety of funding sources which are available to supplement the LTP capital allocation.

Local Authorities can incur significant costs when preparing bids for funding which are not guaranteed to be successful. All funding streams require time consuming proposals and appraisals to be carried out to ensure that the often extensive eligibility criteria are fulfilled. If the Government asks Local Authorities to revise bids then further resources are consumed. This whole process reduces the resources which are available for the actual delivery of transport projects. This barrier to funding is being exacerbated by the increase in the number of competitive funding streams which are available, and by the increasingly fierce competition.

The DfT's [Major Scheme](#) funding pot is an example of a funding source which requires detailed proposals for any schemes to be considered. Applications need to detail whether proposed transport schemes will form an integral part of authority's LTP, offer value for money, outline how it would be delivered, and show that financial and commercial risks have been taken into account. The level of detail required in the appraisal will relate to the scale of the scheme, so the time needed to formulate the proposals is likely to be lengthy.

The DfT does not meet any revenue costs incurred in putting bids together and therefore the significant burden and risk which is placed upon local authorities as part of the bidding process can form a barrier. Some local authorities feel that the amount of resources required to complete an application for funding from the [Aggregate Levy](#) for example, administered by [Natural England](#), outweighs the likely outcome or benefit. This is particularly true when whole new business cases need to be prepared owing to the fact that it can be difficult to quantify the benefit of ‘soft’ schemes, such as cycling.

A significant amount of time is also required to initially identify sources of funding. Funding sources are constantly changing and a lot of research can be required in order for Local Authorities to become aware of what funding pots may be available to them. The lack of available staff time can result in

Local Authorities missing out on funding opportunities. Additional to this is the expense of Local Authorities identifying sources of match funding. Many funding pots are conditional on match funding being attained from elsewhere, and again these can be time consuming to identify, and then to apply for.

Potential Solutions

The formulation of tools, such as this toolkit, which bring funding sources together in a single point of reference will help to increase the awareness of Local Authorities with regard to what sources of funding are available to them. Sources of funding, their eligibility criteria, and the amount of funding available will vary over time, but it should provide a useful starting point.

The problem could be reduced should Government provide Local Authorities with financial assistance to help with the development of proposals, but as the likelihood of this is relatively thin it is difficult to see how the cost burden of preparing a bid can be reduced. The Government could consider adopting different appraisal processes, but there would still be a requirement to enable the DfT to assess whether schemes funded would provide value for money. CfIT (2005) have suggested that DfT funding pots could be integrated with the LTP and APR bid framework in order to reduce the burden, but it is unclear as to how this would work and what effect it would have.

It has been acknowledged that some auditors have been known to classify staff time as a capital resource in the past. By itemising staff time as intellectual property, for example, the lack of availability of revenue in relation to capital can be partly addressed. This can enable some staff time spent on bids to be recouped.

The situation can be alleviated in part by looking to other more innovative forms of funding to help cover costs incurred as part of the bidding process. Charges which result in financial contributions from those who benefit most from transport measures, such as road users and businesses, could be targeted to raise funds locally and earmark funds to reinvestment in the transport network and to support applications for other sources of funding, which will continue to be the backbone of LTP measures. Revenue from these sources could also be used to enable Prudential borrowing which enables local authorities to borrow for capital investments for local transport improvements without seeking the consent of the government thereby bypassing the bidding process.

Further Information

Funding Sources (Appendix A):

- ☑ [Prudential Borrowing](#);
- ☑ [Congestion / road user charging](#);
- ☑ [Developer levies](#);
- ☑ [Tax Incremental Finance](#);
- ☑ [Local Authority Business Growth Incentives Scheme \(LABGI\)](#);
- ☑ Taxes ([Property](#), [Environmental](#), [Tourist](#)).

Relevant Case Studies:

[E4](#), [F3](#), [F4](#), [G1](#), [G4](#), [G5](#), [G7](#), [G8](#), [G9](#)

2.2 How could you overcome the constraints of narrow leadership interests and political will?

The Problem

In order to optimise the likelihood of attaining funding it is important that funding should be sought from as many sources as possible. The direction in which management may wish to take the Local Authority can, however, have an influence upon which sources of funding that they choose to pursue. A local authority which wishes to develop their European aspect may, for example, favour European sources of funding for transport projects.

Political will at a number of levels is a key factor in the acquisition of funding and in the implementation process. There is the need for political support to be evidenced across the life of the project, and the lack of consistency in leadership from the national scale down to the level of the organisation can be poor. The lead time of transport projects can span many years and without continued technical and political support the effectiveness of the infrastructure may diminish. There are also potential barriers in relation to relatively small scale projects. The implementation of walking and cycling schemes, for example, can fluctuate with political commitment.

Political will to implement certain funding mechanisms can be influenced by perceived public acceptability. This is particularly the case in relation to revenue streams which would necessitate extra charges. A salient example is with road user and congestion charging which whilst having the potential to generate large amounts of revenue funding may not be implemented. Public transport funding is becoming increasingly vulnerable to political pressures with Governments ever more sensitive to levels of general taxation. The long lead time of public transport projects can exacerbate the issue as it makes it difficult for people who pay these charges to see how the revenue is being used.

Some local authorities are also reluctant to press for [Section 106 Agreements](#) and other types of [land value tax](#). This can be an obstacle to increasing levels of [private finance](#) which have the potential to make a significant impact upon local transport initiatives. The stance stems from the risk of development going elsewhere is local authorities negotiate too hard for Section 106 Agreements.

Potential Solutions

This issue should be addressed internally, but an increased awareness of the range of funding sources which are available, and the extent to which they can help to fund specific transport projects, could improve the situation.

Further Information

Relevant Case Studies:

[B3](#), [D1](#)

2.3 Do you think that you could benefit from private sector skills in obtaining funding and using it cost-effectively?

The Problem

In general, the public sector tends to have relatively short planning horizons, owing in part to the five year LTP focus. The public sector can be less experienced at developing cost effective projects which have a longer asset life.

Potential Solutions

Partnerships provide the opportunity for the public and private sectors to pool their expertise to complement each other. The combination of the security and political commitment of the government with the expertise and financing of the [private sector](#) can help to deliver effective transport schemes. The Eddington Review (2006) and the Atkins review of best practice in the first round of LTPs (DfT, 2006b) both support the findings of DISTILLATE workshops and literature reviews by outlining the benefits of delivering projects, particularly larger capital programmes, with the private sector. The primary benefits accrue from the fact that whilst the public sector often have relatively short planning horizons the private sector have the expertise to effectively manage longer term projects, particularly those which are capital intensive. Skills bought from the private sector include:

- Better planning, management, and effective spending over the life of the asset;
- Experience in the construction and delivery of capital intensive projects;
- Risk management;
- Enhanced value-for-money and efficiency savings;
- Management of costs;
- Production of innovative designs and product development;
- Delivery of projects to time.

In order to benefit from such collaborations it is important for Local Authorities to recognise the importance of setting time aside for their staff to identify opportunities to actively engage with the private sector. It has been noted that local authorities do not necessarily have the appropriate skills to successfully establish and manage public-private partnership, and so to fully benefit it may be prudent for staff to become more skilled in negotiating with private sector partners.

More information about partnerships as a means to attain funding please refer to subsequent sections of this toolkit.

Further Information

Funding Sources (Appendix A):

- [Public Private Partnerships](#) (PPP);
- [Private Finance Initiative](#) (PFI).

Relevant Case Studies:

[A2](#), [B5](#), [B6](#), [D1](#), [D3](#), [F1](#), [F7](#), [F9](#)

2.4 Do you need better access to revenue funding?

The Problem

A research study commissioned by the DfT into the first round of the local transport plans; 'Long Term Process and Impact Evaluation of the LTP Policy' (2006) found that local authorities identified revenue as a being key barrier to LTP delivery. The study suggests that as a result it is becoming increasingly difficult to fund maintenance for infrastructure. The result can be that benefits obtained from capital schemes may diminish, schemes requiring high revenue may be delayed or cancelled, and easily-funded capital works may replace revenue-based schemes, such as increases in bus services. It can also make it difficult for Local Authorities to repay debt made from [Prudential Borrowing](#).

It is also suggested that revenue shortages could result in inadequate staffing, particularly in rural areas where measures tend to be more revenue intensive. Options for external support are also identified as being 'limited' in rural areas. The issue of revenue available for staffing needs was also identified at the DISTILLATE funding workshop there are significant implications. Participants estimated that approximately 30% of project costs was staff time which cannot be charged to projects, then there are huge implications and schemes may, in some cases, be unable to get off the ground. Factors such as increasing costs for existing transport services and local political issues may further exacerbate the problems of low revenue funding.

The problem is caused in part by the fact that revenue funding provided to local authorities is not ring-fenced for transport and must instead compete for resources with other services, such as education and health. The result is that revenue spending is influenced by the perceived importance of transport schemes in relation to other services, such as education and health. The DfT's 2004 Standard Spending Assessment (SSA) that 84 of the 106 authorities and districts surveyed spent less than the allocated SSA amount on transport, with revenue funding being transferred to other services (DfT, 2005b).

Another part of the problem is that capital and revenue funding are not currently linked. This means that there is enough capital to build infrastructure, but not sufficient funds to maintain that infrastructure. CfIT (2005) identified that 75% of local authorities are dissatisfied with the level of available revenue funding as it has not matched the increased provision of capital funding. CfIT's 2005 review of capital and revenue funding for transport also details that increases in capital funding have outstripped increases in revenue funding raising issues over how the servicing and maintenance of new capital assets will be funded.

Potential Solutions

Recent reviews of transport and finance have focused upon addressing this problem by proposing ways in which local government can be strengthened to give local authorities more control over the way in which revenue and capital are spent. Suggested changes to the institutional structure are thought to be capable of being formed with minimal organisation and are loosely based upon imitating the success of the London model proposals. If such changes were made then they would probably see local authorities strengthened via the creation of a new transport authority which could be used to deliver large-scale projects. For example [fare income](#) could be kept to reinvest in the transport network – in London this is a source of over £2 billion a year. The reforms could also result in the introduction of new forms of transport funding, such as new charges and taxes similar to Kate Barker's recent suggestion of a planning gain supplement. Such moves would help to bridge the gap between revenue and capital funding.

In the short term the Second Local Transport Plan guidance (DfT, 2004a) does not offer any direct solutions to the revenue problem but suggests that authorities consider how revenue based transport spending which supports capital investment could be funded, with district auditor support, from the capital programme. The DfT (2005) suggests however that in the long term Local Government need to make it easier for capital and revenue expenditure to be integrated. Local authorities are therefore required to consider funding revenue-requiring activities in support of an LTP from other DfT funding for specific initiatives, from non-ring-fenced revenue support, or from funds raised locally.

With regard to revenues being transferred to other services the Atkins report has suggested that transport departments will need to make stronger internal cases for transport investment (DfT, 2005b). CfIT (2005) have stated that the importance of transport revenue spending could perhaps be detailed in relation to the delivery of government objectives.

[Innovative forms](#) of funding transport projects have evolved as a way in which the gap between capital and revenue expenditure can be bridged. [Congestion charging and road pricing](#) is one such revenue raising mechanism which can be used to maximise funding contributions from those who either use, or will benefit from, transport schemes. There is also the potential to increase levels of [private investment](#), for example through planning gain and the formation of partnerships. Revenue

raising approaches will be particularly effective if they take the form of hypothecated revenue – this is likely to increase the acceptability of the tax by directly linking it to the benefits of improved transport infrastructure. Most innovative funding techniques will not generate the total amount required for a project to be completed, but they can significantly supplement available funds and bring forward work on public transport projects.

One solution would be to introduce more flexibility in relation to capital and revenue funding. The DISTILLATE workshops identified the fact that some local authorities manage to do this by way of their auditors. Some auditors classify resources that are typically considered to be revenue resources, such as staff time, as capital. This can be done, for example, by referring to staff time as an intellectual resource. If the Government were to publish advice on when it is acceptable to use capital as revenue in this way then it would help manage the short-fall.

Findings of the Atkins report for the DfT (2005) suggest they some authorities are viewing the revenue problem constructively through the development of local solutions, such as creating partnerships with revenue-rich, capital poor partners (e.g. bus operators), and strengthening the case internally for transport, for example by stressing its contribution to wider corporate and community objectives. The poor availability of revenue funding for highway maintenance is an issue which has gained particular prominence since the Comprehensive Spending Review 2007. Local authorities are tackling this problem in a number of ways, such as by investing in high quality materials to reduce revenue implications, undertaking joint procurement of services, and linking improvements to other agendas, such as the role that well maintained roads have in enhancing the local economy or improving quality of life or the efficiency of public services (Johns, D. 2007). There is also evidence that authorities are using a wide range of different funding sources to supplement LTP capital allocation.

Further Information

Funding Sources (Appendix A):

- [Advertising](#);
- [Congestion / road user charging](#);
- [Fare Income](#);
- [Land Value Taxes](#);
- [Tax Incremental Finance](#);
- Taxes ([Property](#), [Environmental](#), [Tourist](#));
- [Off-street Parking Levy](#);
- [Business Improvement Districts](#) (BIDs).

Relevant Case Studies:

[B1](#), [B2](#), [B4](#), [B7](#), [D2](#), [D8](#), [E1](#), [F4](#), [F5](#), [F8](#), [G1](#), [G2](#), [G3](#), [G4](#), [G5](#), [G7](#), [G8](#)

2.5 How could you effectively manage the potentially adverse impacts upon local transport priorities of funding streams which relate to national transport priorities?

The Problem

The current funding framework means that Local Authorities only have a limited control over the type of schemes which are implemented as they are constrained by the availability of specific funding streams. The Eddington Review (2006) has raised a concern that this could result in local authorities skewing their transport scheme proposals to reflect the funding criteria of the DfT as opposed to

basing scheme designs upon local priorities. This can cause local problems to be sidelined in order to access funding pots.

The [Transport Innovation Fund](#) is an example of a funding pot which requires Local Authorities to submit local scheme proposals which comply with two relatively narrow central government priorities – congestion and productivity. There is increasing recognition that this can result in Local Transport Plan frameworks being overlooked as funding streams focus upon central UK and EU governmental objectives. The potential negative impact of this approach stretches beyond Local Authorities, as there is less chance of successful delivery and of attaining best value for money if schemes are designed to impose national objectives on localities in order to enhance likelihood of funding. The House of Commons Transport Committee has referred to such funding pots as ‘a form of central Government micromanagement of local transport planning’ (2006).

Potential Solutions

There is a definite need for Local Authorities to be able to implement schemes tailored to local priorities, but to fully address this problem a local government restructure would be required in line with that suggested by the Lyons Enquiry and the Eddington Review to strengthen and empower Local Authorities. It is inevitable that many funding decisions will need to occur at a high level, and the best way to do this may be to make funding decisions through a body operating independently of the political process. This is in part owing to the difficulty of achieving the long term planning and investment which is required within the current political system.

In the shorter term local autonomy can be enhanced by focusing upon locally generated revenues. The ability of local authorities to generate additional capital from external sources has been lauded as a success of the five year LTP period, and so it is clear that local authorities are looking beyond traditional central government funding sources. Locally generated funding, for example, can be hypothecated for the transport network to be used in whichever way is deemed to be most appropriate locally. [Land value taxes](#) can generate income to be invested directly within the local community, as can [road pricing schemes](#). Funding acquired from [Regional Development Agencies](#) and relevant [charities and trusts](#) may also have more scope to be tailored to local conditions.

The [Prudential borrowing](#) regime is also a means for local authorities to be able to borrow for capital investment in the transport network without seeking the consent of government. As with other more [innovative sources of finance central government funding](#) will still remain an important requirement, but initiatives such as Prudential borrowing are an effective way in which local government can make large-scale investment decisions which are currently made by central government.

Further Information

Funding Sources (Appendix A):

- [Road user/ congestion charging](#);
- [Fare Income](#);
- [Land value taxes](#);
- [Prudential borrowing](#);
- [BIDs](#);
- [Regional Development Agencies](#);
- [Section 38, 278](#) or [106](#) Agreements.
- [Charities/ trusts](#).

Relevant Case Studies:

[D3](#), [F3](#), [F4](#), [G1](#), [G3](#), [G5](#), [G8](#), [G9](#), [G10](#)

2.6 Do you need to overcome the difficulties associated with funding ‘soft’ transport schemes?

The Problem

‘Soft’ schemes, such as those involving [walking](#) and [cycling](#) or [education and campaigns](#), are often relatively small scale in relation to other transport projects, but despite the lower costs involved local authorities have experienced difficulties in obtaining funding. The main difficulty lies in appraising these schemes. Cycling and walking schemes, for example, have a range of potential benefits, such as health, physical fitness, and reduction of the many negative impacts of motorised transport. Such benefits can, however, be difficult to quantify, particularly in relation to other more easily quantified schemes which exhibit time and financial savings. In some instances new business cases need to be prepared. Applications for the [Aggregates Levy](#) Sustainability Fund, for example, need details of the impact upon local people, which can be difficult in relation to cycling and walking schemes.

Potential Solutions

The DfT is aware of the problems of appraising walking and cycling schemes and have commissioned research into the issue. Work is currently underway to enable cycling to be discussed in terms of money and carbon emissions saved, and even health benefits gained. The increasing number of funding streams which can be applied to will also increase the opportunity of funding cycling and walking schemes.

Further Information

Funding Sources (Appendix A):

- [Trusts and charities](#);
- [Lottery funding](#);
- [Land value taxes](#) (as a package of measures);
- [Section 38, 278](#) or [106](#) Agreements.

Relevant Case Studies:

[D1](#), [D4](#), [D5](#), [D6](#), [D7](#), [D8](#), [E2](#), [E3](#), [E4](#), [E5](#), [F2](#), [F5](#), [F6](#), [G8](#)

2.7 How could you more effectively manage partnerships to enhance access to funding and to ensure that when obtained it is used more cost-effectively?

The Problem

As detailed above the formation of [partnerships](#) can be instrumental in the ability to identify and secure funding for transport schemes and projects. Many of the DISTILLATE case study local authorities are experienced in forming partnerships and expressed their utility in attaining funding and delivering effective projects, but a number of concerns were also raised. It was mentioned that partnership working can be costly and can lead to an effective gridlock in the decision making process. Some of the problems evolved from the potential difficulties of managing a large number of partners and the subsequent delays and miscommunications which can result. This task is particularly difficult given that local authorities often lack the skills and resources required to form and maintain a successful partnership.

The effectiveness of partnerships which are not adequately managed can be undermined with groups that are formed in danger of becoming little more than ‘talking shops’ (DfT, 2005b). The need for partnership working, both to attain funding and to increase integration between transport with other

service areas, is increasing. It is becoming more common for transport departments to work with other service areas, for example accessibility planning is driving increased integration with health, but it is primarily the transport departments that are instigating these partnerships.

Potential Solutions

Enhanced training provision in areas such as negotiation and mediation can assist the formation of more effective partnerships. Specific guidance from the DfT could also assist local authorities in improving their dealings with partners.

More information about partnerships as a means to attain funding please refer to subsequent sections of this toolkit. Refer also to deliverables from the 'Organisational Barriers' Project of DISTILLATE, which examines partnership working in the context of ways in which the effectiveness of the delivery of projects can be improved through change within the organisation.

Further Information

Funding Sources (Appendix A):

- [Public Private Partnerships](#) (PPP);
- [Private Finance Initiative](#) (PFI).

Relevant Case Studies:

[A2](#), [B5](#), [D1](#), [D3](#), [F1](#), [F3](#), [F9](#)

3 Section Three: Funding Considerations by Scheme Type

The barriers to identifying and obtaining funding that have been discussed in [Sections One](#) and [Two](#) are experienced on a range of transport schemes. Some of the barriers are only encountered on specific types of transport project however, and this section looks at issues which apply to specific types of transport projects.

Transport schemes that are implemented by Local Authorities are both numerous and diverse, and for this reason we have discussed potential barriers to the funding of transport schemes under five headings:

- Road schemes
- Public transport schemes
- Cycling schemes
- Pedestrian schemes
- Other LTP schemes.

Under each of these headings there are examples of the types of schemes that are encompassed in this category and also any potential funding issues that may be faced during the planning and implementation of such schemes. Each of the headings contains links to [Appendices A](#) and [B](#) which contain detailed funding source and case-study information.

3.1 Road Schemes

3.1.1 *Scheme Type: Local Authority road building schemes (carriageway widening, extension of LA road network)*

Related Issues:

The scale of road building schemes varies significantly but project lead times tend to be significant. The lengthy design and implementation periods inherent in most road building projects makes them more susceptible to fluctuating political commitment. Whilst there are numerous [central government funding pots](#) dedicated to finance road building schemes the reliance upon continuing commitment and the concurrent high levels of risk involved make it prudent for local authorities to look into alternative sources of funding, as detailed below.

Owing to the scale of investment required and the risks involved the process of testing schemes for suitability for funding can be expensive and time consuming in itself. Competition for central government funding pots can also be fierce. It is particularly difficult to secure funding to ensure the effective operation of the infrastructure over its lifetime. For more information refer to [Section 2](#) of the toolkit.

Perhaps the most frequently used alternative source of finance is obtained from [partnerships](#) with the private sector, who offer an extensive amount of relevant expertise. Another key benefit of delivering road infrastructure via partnership with the [private sector](#) is that they can manage and shoulder some of the risk associated with high cost road schemes, which are often imbued with uncertainty. The long lead times of projects can, for example, result in the cost implications becoming significantly altered over the life of the project. Partnership working can be costly and can lead to an effective grid lock in the decision making process, which is a barrier in itself, but local authorities collectively have considerable experience at delivering road schemes with the private sector. For more information see the section '[effectively managing partnerships](#)' in [Section 2](#) of this toolkit. [Section 4](#), which focuses on partnership working, also provides more detailed information.

Relevant funding sources

- ✓ [Public Private Partnerships](#) (PPP);
- ✓ [Private Finance Initiative](#) (PFI);
- ✓ [Major Scheme allocations](#);
- ✓ [Land value taxes/ Section 106 Agreements](#) (as a package of measures).
- ✓ [Prudential borrowing](#);
- ✓ [Local Transport Plan Process](#);
- ✓ [Tax Incremental Finance](#);
- ✓ [Section 38/ 278 Agreements](#);
- ✓ [Regional Funding Sources](#).

Relevant case studies

- [B1: Prudential Borrowing London Transport Infrastructure](#)
- [D1: Package of measures including Aggregate Levy, New Opportunities Fund, DfT Grants Bath and North East Somerset Cycling Strategy](#)
- [F5: Planning Obligations Surrey Horley Housing Development](#)
- [F7: Transport Development Area and Section 38 \(TDA\) Blackpool North](#)

3.1.2 Scheme Type: Traffic control/traffic calming measures (signage, signals)*Related Issues:*

There are no specific funding streams available for the implementation of traffic control and traffic calming measures, but such schemes comply with central government priorities of addressing congestion and enhancing productivity, and so it is possible that central government funding pots could provide finance. It is probable that such measures would be incorporated in [road building schemes](#), as detailed above, but where they are implemented at a later date as part of a traffic management scheme as need arises there are a number of funding sources which can be drawn upon to cover the capital costs of the infrastructure and the running costs incurred.

[LTP allocations](#) are often used to finance traffic control and priority measures, but as detailed below there are a range of alternatives which may be more effective and complementary to individual schemes and local authority objectives.

Relevant funding sources

- ✓ [Transport Innovation Fund](#);
- ✓ [Local Transport Plan Process](#);
- ✓ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
- ✓ As part of a [Major Schemes](#) bid;
- ✓ [Prudential borrowing](#);
- ✓ [Private Finance Initiative](#) (PFI) as part of a package of other measures;
- ✓ [Section 38/ 278 Agreements](#);
- ✓ [LABGI](#);
- ✓ [Regional Funding Sources](#);
- ✓ [Transport Development Areas](#) (TDAs);
- ✓ [Business Improvement Districts](#) (BIDs).

Relevant case studies

- [F5: Planning Obligations Surrey Horley Housing Development](#)
- [F7: Transport Development Area and Section 38 \(TDA\) Blackpool North](#)

3.1.3 *Scheme Type: Wayfinding improvements (signage)*

Related Issues:

There are no specific funding streams available for the provision of wayfinding information for road vehicles, but such improvements can be tailored to comply with central government priorities of addressing congestion and enhancing productivity, for example by way of intelligent transport systems, and so it is possible that [central government funding pots](#) could provide finance. It is probable that such measures would be incorporated in [road building schemes](#), as detailed above, but where they are implemented at a later date as part of a traffic management scheme as need arises there are a number of funding sources which can be drawn upon to cover the capital costs of the infrastructure and the running costs incurred.

[LTP allocations](#) are often used to finance signage improvements and signage designed to control traffic, but as detailed below there are a range of alternatives which may be more effective and complementary to individual schemes and local authority objectives.

Relevant funding sources

- [Local Transport Plan Process](#);
- As part of a [Major Schemes](#) bid;
- [Prudential borrowing](#);
- [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
- [Advertising](#);
- [Private Finance Initiative](#) (PFI) as part of a package of other measures;
- [Section 38/ 278 Agreements](#);
- [LABGI](#);
- [Regional Funding Sources](#);
- [Transport Development Areas](#) (TDAs);
- [Business Improvement Districts](#) (BIDs).

Relevant case studies

3.1.4 *Scheme Type: Safety measures (speed cameras, lighting)*

Related Issues:

There are no specific funding streams available for the implementation of safety measures, but enhancing the safety of the road experience for users is a government priority and as such the finance of such schemes is unlikely to be problematic. It is probable that such measures would be incorporated in [road building schemes](#), but where they are implemented at a later date there are a number of funding sources which can be drawn upon to cover the capital costs of the infrastructure and the running costs incurred.

[LTP allocations](#) are often used to finance road safety measures, but as detailed below there are a range of alternatives which may be more effective and complementary to individual schemes and local authority objectives. Local authorities, for example, have extensive experience of financing and upgrading lighting with [public private partnerships](#).

Relevant funding sources

- ✓ [Local Transport Plan Process](#);
- ✓ As part of a [Major Schemes](#) bid;
- ✓ [Prudential borrowing](#);
- ✓ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
- ✓ [Advertising](#);
- ✓ [Private Finance Initiative](#) (PFI) as part of a package of other measures;
- ✓ [Section 38/ 278 Agreements](#);
- ✓ [Congestion/ road user charging](#);
- ✓ [LABGI](#);
- ✓ [Regional Funding Sources](#);
- ✓ [Transport Development Areas](#) (TDAs);
- ✓ [Business Improvement Districts](#) (BIDs).

Relevant case studies

- [F1: Private Finance Initiative Street Lighting](#)
- [F8: Private Finance Initiative Birmingham's Highway Maintenance](#)

3.1.5 Scheme Type: Maintenance of road network*Related Issues:*

The availability of revenue to support infrastructure maintenance is an issue that many local authorities have difficulty with. Increases in capital funding have continued to outstrip increases in the provision of revenue funding and this has resulted in the provision of insufficient funds to maintain infrastructure. In some instances this has resulted in schemes requiring revenue funding being delayed or cancelled, and in some cases replaced by easily funded capital projects.

Local authorities are looking to address this problem in a number of increasingly innovative ways, as outlined below. A relatively common approach is for [partnerships](#) to be formed with the [private sector](#) giving the private sector responsibility for financing and owning, or solely maintaining, the infrastructure. This is a popular approach which many local authorities have experience of managing effectively. For more information see the sections '[addressing the capital-rich revenue-poor mismatch](#)' and '[effectively managing partnerships](#)' in [Section 2](#) of this toolkit. [Section 4](#), which focuses on partnership working, also provides more detailed information.

Relevant funding sources

- ✓ [Maintenance Allocations](#) (LTP Process);
- ✓ [Local Strategic Partnerships](#);
- ✓ [Revenue Support Grants](#);
- ✓ [Land value taxes/ Section 106/ Planning obligations](#);
- ✓ [Public Private Partnerships](#) (PPP);
- ✓ [Tax Incremental Finance](#);
- ✓ [Advertising](#);
- ✓ [Private Finance Initiative](#) (PFI);
- ✓ Taxes and levies (including [sales](#), [tourist](#), [parking](#),

Relevant case studies

- [B1: Prudential Borrowing London Transport Infrastructure](#)
- [B2: Prudential Borrowing Darlington Surface Quality](#)
- [B4: LTP Revenue Allocations Buckinghamshire Highway Maintenance](#)
- [G5: Congestion Charging London](#)
- [G6: Road Charging](#)

- [environmental](#), and [property](#));
- ☑ [Levy on the Non-Domestic Rate](#) (NDR);
- ☑ [Section 38/ 278 Agreements](#);
- ☑ [Congestion/ road user charging](#);
- ☑ [LABGI](#);
- ☑ [Regional Funding Sources](#);
- ☑ [Transport Development Areas](#) (TDAs);
- ☑ [Business Improvement Districts](#) (BIDs).

[Trondheim](#)

- [G8: Business Improvement Districts](#)
[Kingston Transport Improvements](#)
- [F8: Private Finance Initiative](#)
[Birmingham's Highway Maintenance](#)
- [F10: Partnership Working](#)
[Dorset County Council](#)

3.2 Public Transport Schemes

3.2.1 *Scheme Type: New/upgraded infrastructure (interchanges, shelters, bus stops/stations, information)*

Related Issues:

There are no specific funding streams available for the development of public transport infrastructure, but as outlined below there are a number of funding sources which can be drawn upon.

Infrastructure is often funded by [LTP allocations](#), but owing to the nature of the internal local authority process the phasing of the finance can have a negative impact upon schemes. The LTP system typically requires relatively short term planning horizons owing to the uncertainty of the amount allocated to bus schemes. As a result local authorities are increasingly looking to other funding sources to help finance transport projects. One relatively common approach has been to work in [partnership with the private sector](#), which may finance and own the infrastructure.

Relevant funding sources

- ☑ [Public Private Partnerships](#) (PPP);
- ☑ [Tax Incremental Finance](#);
- ☑ [Advertising](#);
- ☑ [Fare Income](#);
- ☑ [Trusts and charities](#) (such as [National Lottery](#));
- ☑ [Transport Innovation Fund](#);
- ☑ [Major Schemes](#) allocations;
- ☑ [Prudential borrowing](#);
- ☑ [Private Finance Initiative](#) (PFI);
- ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ☑ [LTP Process](#);
- ☑ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
- ☑ [Levy on the Non-Domestic Rate](#) (NDR);
- ☑ [Section 38/ 278 Agreements](#);
- ☑ [Congestion/ road user charging](#);

Relevant case studies

- [A2: EU Funding](#)
[Sheffield City Centre Redevelopment](#)
- [A3: EU Funding](#)
[Reading Station Upgrade](#)
- [B5: Major Scheme Allocations](#)
[Norwich Town Centre Public Transport Scheme](#)
- [F2: Private Finance Initiative](#)
[Wiltshire Sustainable Transport Strategy](#)
- [F5: Planning Obligations](#)
[Surrey Horley Housing Development](#)
- [G5: Congestion Charging](#)
[London](#)
- [G6: Road Charging](#)
[Trondheim](#)
- [G7: Advertising Revenue](#)
[London Transport](#)

- | | |
|--|--|
| <ul style="list-style-type: none"> ☑ LABGI; ☑ Regional Funding Sources; ☑ Transport Development Areas (TDAs); ☑ Business Improvement Districts (BIDs). | <ul style="list-style-type: none"> Improvements • G8: Business Improvement Districts
Kingston Transport Improvements • G10: Business Rate Supplements and Fare Income: London Crossrail |
|--|--|
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3.2.2 Scheme Type: Provision of new vehicles

Related Issues:

There are no specific funding streams available for the purchase of public transport vehicles, but as outlined below there are a number of funding sources which can be drawn upon.

Vehicles are often funded by [LTP allocations](#), but owing to the fact that they require one-off payments that are relatively easy to cost there are a wide range of other funding sources which can be used to help finance vehicles as detailed below.

Relevant funding sources

- ☑ [Single Regeneration Budget](#);
- ☑ [Prudential borrowing](#);
- ☑ [Trusts and charities](#) (such as [National Lottery](#));
- ☑ As part of a [Major Schemes](#) allocation bid;
- ☑ [Private Finance Initiative](#) (PFI) as part of a package of other measures;
- ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ☑ [LTP Process](#);
- ☑ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
- ☑ [Congestion/ road user charging](#);
- ☑ [LABGI](#);
- ☑ [Regional Funding Sources](#);
- ☑ [Transport Development Areas](#) (TDAs);
- ☑ [Business Improvement Districts](#) (BIDs).

Relevant case studies

- [E1: National Lottery Funding Beverley Community Transport](#)
- [F5: Planning Obligations Surrey Horley Housing Development](#)
- [G4: Congestion Charging Durham](#)
- [G6: Road Charging Trondheim](#)
- [G8: Business Improvement Districts Kingston Transport Improvements](#)

3.2.3 Scheme Type: Information provision (signage, audible information systems, real time information)

Related Issues:

There are no specific funding streams available for the provision of public transport information, but as outlined below there are a number of funding sources which can be drawn upon.

Signage requires maintenance and, in the case of real time information, incurs continuous running costs, but the capital costs involved in the design and implementation of information systems can

often be funded from a wide range of sources. [LTP allocations](#) are often used to finance them but as detailed below there are a range of alternatives which may be more effective and complementary to individual schemes and local authority objectives.

Relevant funding sources

- ☑ [Trusts and charities](#) (such as [National Lottery](#));
- ☑ [Government organisations](#) (such as [English Heritage](#));
- ☑ [Advertising](#);
- ☑ [Transport Innovation Fund](#);
- ☑ [Fare Income](#);
- ☑ As part of a [Major Schemes](#) allocation bid;
- ☑ [Prudential borrowing](#);
- ☑ [Private Finance Initiative](#) (PFI) as part of a package of other measures;
- ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ☑ [LTP Process](#);
- ☑ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
- ☑ [Levy on the Non-Domestic Rate](#) (NDR);
- ☑ [Section 38/ 278 Agreements](#);
- ☑ [Congestion/ road user charging](#);
- ☑ [LABGI](#);
- ☑ [Regional Funding Sources](#);
- ☑ [Transport Development Areas](#) (TDAs);
- ☑ [Business Improvement Districts](#) (BIDs).

Relevant case studies

- [A3: EU Funding Reading Station Upgrade](#)
- [F5: Planning Obligations Surrey Horley Housing Development](#)
- [G5: Congestion Charging London](#)
- [G6: Road Charging Trondheim](#)
- [G8: Business Improvement Districts Kingston Transport Improvements](#)
- [G10: Workplace Parking Levy Nottingham Transport Improvements](#)

3.2.4 Scheme Type: Traffic control and priority measures (signage, signals, provision of bus lanes)

Related Issues:

There are no specific funding streams available for the implementation of traffic control and priority measures for public transport, but as outlined below there are a number of funding sources which can be drawn upon to cover both the capital costs of the infrastructure, and the maintenance and running costs incurred.

[LTP allocations](#) are often used to finance traffic control and priority measures, but as detailed below there are a range of alternatives which may be more effective and complementary to individual schemes and local authority objectives.

Relevant funding sources

- ☑ [Transport Innovation Fund](#);
- ☑ [Fare Income](#);
- ☑ As part of a [Major Schemes](#) allocation bid;
- ☑ [Prudential borrowing](#);
- ☑ [Private Finance Initiative](#) (PFI) as part of a package of other measures;
- ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ☑ [LTP Process](#);
- ☑ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
- ☑ [Levy on the Non-Domestic Rate](#) (NDR);
- ☑ [Section 38/ 278 Agreements](#);
- ☑ [Congestion/ road user charging](#);
- ☑ [LABGI](#);
- ☑ [Regional Funding Sources](#);
- ☑ [Transport Development Areas](#) (TDAs);
- ☑ [Business Improvement Districts](#) (BIDs).

Relevant case studies

- [A2: EU Funding Sheffield City Centre Redevelopment](#)
- [B5: Major Scheme Allocations Norwich Town Centre Public Transport Scheme](#)
- [F2: Private Finance Initiative Wiltshire Sustainable Transport Strategy](#)
- [F5: Planning Obligations Surrey Horley Housing Development](#)
- [G6: Road Charging Trondheim](#)
- [G8: Business Improvement Districts Kingston Transport Improvements](#)

3.2.5 Scheme Type: Crime prevention measures (CCTV, lighting)*Related Issues:*

There are no specific funding streams available for the implementation of safety measures, but enhancing the safety of public transport for users is a government priority and as such the finance of such schemes is unlikely to be problematic. It is probable that such measures would be incorporated in either the vehicle or the on-street infrastructure when it is implemented, but where they are added at a later date there are a number of funding sources which can be drawn upon to cover the capital costs of the infrastructure and the running costs incurred.

[LTP allocations](#) are often used to finance transport safety measures, but as detailed below there are a range of alternatives which may be more effective and complementary to individual schemes and local authority objectives. Local authorities, for example, have extensive experience of financing and upgrading lighting and public transport shelters with public private partnerships.

Relevant funding sources

- ☑ [Fare Income](#);
- ☑ As part of a [Major Schemes](#) allocation bid;
- ☑ [Prudential borrowing](#);
- ☑ [Private Finance Initiative](#) (PFI) as part of a package of other measures;
- ☑ [Advertising](#);
- ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#),

Relevant case studies

- [F1: Private Finance Initiative Street Lighting](#)
- [F5: Planning Obligations Surrey Horley Housing Development](#)
- [G8: Business Improvement Districts Kingston Transport](#)

[environmental](#), and [property](#));

[Improvements](#)

- ✓ [LTP Process](#);
- ✓ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
- ✓ [Levy on the Non-Domestic Rate](#) (NDR);
- ✓ [Section 38/ 278 Agreements](#);
- ✓ [Congestion/ road user charging](#);
- ✓ [LABGI](#);
- ✓ [Regional Funding Sources](#);
- ✓ [Transport Development Areas](#) (TDAs);
- ✓ [Business Improvement Districts](#) (BIDs).

3.2.6 Scheme Type: Maintenance

Related Issues:

The availability of revenue to support maintenance of public transport maintenance is an issue for many local authorities. Increases in capital funding have continued to outstrip increases in the provision of revenue funding and this has resulted in the provision of insufficient funds to maintain infrastructure. In some instances this has resulted in schemes requiring revenue funding being delayed or cancelled, and in some cases replaced by easily funded capital projects.

Local authorities are looking to address this problem in a number of increasingly innovative ways, as outlined below. A relatively common approach is for [partnerships to be formed with the private sector](#) giving the private sector responsibility for maintaining, and sometimes financing, the infrastructure. This is a popular approach which many local authorities have experience of managing effectively, particularly in relation to enabling use of public transport infrastructure for advertising purposes in exchange for its upkeep. For more information see the sections '[addressing the capital-rich revenue-poor mismatch](#)' and '[effectively managing partnerships](#)' in [Section 2](#) of this toolkit. [Section 4](#), which focuses on partnership working, also provides more detailed information.

Relevant funding sources

- ✓ [Maintenance Allocations](#) (LTP Process);
- ✓ [Fare Income](#);
- ✓ [Tax Incremental Finance](#);
- ✓ [Off-street Parking Levy](#);
- ✓ [Public Private Partnerships](#) (PPP);
- ✓ [Private Finance Initiative](#) (PFI);
- ✓ [Revenue Support Grants](#);
- ✓ [Advertising](#);
- ✓ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ✓ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);

Relevant case studies

- [B1: Prudential Borrowing London Transport Infrastructure](#)
- [F5: Planning Obligations Surrey Horley Housing Development](#)
- [G5: Congestion Charging London](#)
- [G6: Road Charging Trondheim](#)
- [G7: Advertising Revenue London Transport Improvements](#)
- [G8: Business Improvement Districts](#)

- ☑ [Levy on the Non-Domestic Rate](#) (NDR); [Kingston Transport Improvements](#)
- ☑ [Section 38/ 278 Agreements](#);
- ☑ [Congestion/ road user charging](#);
- ☑ [Regional Funding Sources](#);
- ☑ [Transport Development Areas](#) (TDAs);
- ☑ [Business Improvement Districts](#) (BIDs).

3.2.7 Scheme Type: Promotion (marketing, advertising)

Related Issues:

The promotion of public transport corresponds with several objectives of many LTPs, and as such [LTP allocations](#) are likely to be the main form of finance for such schemes. The phasing of the release of finance and the time scales upon which allocations are based may make alternative sources of funding more effective and complementary to scheme type. There are a number of organisations and other sources of funding which are likely to support its promotion, however, as detailed below.

Relevant funding sources

Relevant case studies

- ☑ [Fare Income](#);
- ☑ [Advertising](#);
- ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ☑ [LTP Process](#);
- ☑ [Trusts and charities](#) (such as [National Lottery](#) and [Paths for All](#));
- ☑ [Government organisations](#) (i.e. [Natural England](#), [British Waterways](#));
- ☑ [Congestion/ road user charging](#);
- ☑ [LABGI](#);
- ☑ [Regional Funding Sources](#);
- ☑ [Transport Development Areas](#) (TDAs);
- ☑ [Business Improvement Districts](#) (BIDs).

3.3 Cycle Schemes

3.3.1 Scheme Type: Redevelopment (landscaping, creation of new cycle paths)

Related Issues:

The scale of cycle schemes vary significantly but commitment for schemes with longer lead and implementation times in particular can fluctuate with political commitment. In order to help ensure that schemes to create and enhance cycling environments are not cancelled or put on hold local authority officers need to continue to champion such schemes and laud the extent to which they contribute towards the attainment of LTP objectives.

The difficulty in appraising schemes, and thereby in determining the extent to which they can contribute towards the attainment of LTP targets, has in many cases acted as a barrier to obtaining funding. Many of the benefits that can be accrued from cycling, such as those related to health, are

difficult to quantify and can mean that more easily quantifiable schemes, for example those which exhibit time and financial savings, are favoured. The preparation of both internal business cases and those that are submitted to apply for funding can therefore be time consuming and complex. This issue is enhanced by the fact that no specific funding streams exist to finance the development and implementation of cycling schemes.

This is a problem which has been recognised by central government, but until it is addressed there are a range of more innovative funding mechanisms, such as those detailed below, which local authorities have used to increase implementation and to ensure the effective operation of the infrastructure over its lifetime.

For more information see the section on '[overcoming the difficulties relating to funding 'soft' transport schemes](#)' in [Section 2](#) of the toolkit.

Relevant funding sources

- ✓ [Prudential borrowing](#);
- ✓ [Single Regeneration Budget](#);
- ✓ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ✓ [LTP Process](#);
- ✓ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
- ✓ [Levy on the Non-Domestic Rate](#) (NDR);
- ✓ [Section 38/ 278 Agreements](#);
- ✓ [Trusts and charities](#) (such as [National Lottery](#) and [The Waterways Trust](#));
- ✓ [Government organisations](#) (i.e. [Natural England](#), [British Waterways](#));
- ✓ [Congestion/ road user charging](#);
- ✓ [LABGI](#);
- ✓ [Regional Funding Sources](#);
- ✓ [Transport Development Areas](#) (TDAs);
- ✓ [Business Improvement Districts](#) (BIDs).

Relevant case studies

- [A2: EU Funding](#)
[Sheffield City Centre](#)
[Redevelopment](#)
- [D1: Package of measures](#)
[including Aggregate Levy,](#)
[New Opportunities Fund, DfT](#)
[Grants Bath and North East](#)
[Somerset Cycling Strategy](#)
- [E5: Garfield Weston](#)
[Foundation National Byway](#)
- [F2: Private Finance Initiative](#)
[Wiltshire Sustainable](#)
[Transport Strategy](#)
- [F5: Planning Obligations](#)
[Surrey Horley Housing](#)
[Development](#)
- [G5: Congestion Charging](#)
[London](#)
- [G6: Road Charging](#)
[Trondheim](#)
- [G7: Advertising Revenue](#)
[London Transport](#)
[Improvements](#)
- [G8: Business Improvement](#)
[Districts](#)
[Kingston Transport](#)
[Improvements](#)
- [G10: Workplace Parking Levy](#)
[Nottingham Transport](#)
[Improvements](#)

3.3.2 *Scheme Type: Cyclist protection/ safety measures (lighting, infrastructure, signals, CCTV)*

Related Issues:

There are no specific funding streams available for the implementation of cyclist protection and safety measures and the difficulty in appraising cycling schemes could make it difficult to obtain funding from some sources, but as outlined below there are a number of ways in which these measures can be financed.

User safety is high on the agenda of most local authorities, which increases the likelihood of [LTP allocations](#) being used to enhance cyclist safety and protection. Local authorities also have extensive experience of financing lighting from [public private partnerships](#).

Relevant funding sources

- ☑ [Trusts and charities](#) (such as [National Lottery](#) and [The Waterways Trust](#));
- ☑ [Single Regeneration Budget](#);
- ☑ [Advertising](#);
- ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ☑ [LTP Process](#);
- ☑ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
- ☑ [Levy on the Non-Domestic Rate](#) (NDR);
- ☑ [Section 38/ 278 Agreements](#);
- ☑ [Government organisations](#) (i.e. [Natural England](#), [British Waterways](#));
- ☑ [Congestion/ road user charging](#);
- ☑ [LABGI](#);
- ☑ [Regional Funding Sources](#);
- ☑ [Transport Development Areas](#) (TDAs);
- ☑ [Business Improvement Districts](#) (BIDs).

Relevant case studies

- [A2: EU Funding Sheffield City Centre Redevelopment](#)
- [D1: Package of measures including Aggregate Levy, New Opportunities Fund, DfT Grants Bath and North East Somerset Cycling Strategy](#)
- [F1: Private Finance Initiative Street Lighting](#)
- [F2: Private Finance Initiative Wiltshire Sustainable Transport Strategy](#)
- [F5: Planning Obligations Surrey Horley Housing Development](#)
- [G5: Congestion Charging London](#)
- [G6: Road Charging Trondheim](#)
- [G8: Business Improvement Districts Kingston Transport Improvements](#)
- [G10: Workplace Parking Levy Nottingham Transport Improvements](#)

3.3.3 *Scheme Type: Maintenance of cycling environment (cleanliness, surface quality)*

Related Issues:

The availability of revenue to support maintenance of public transport maintenance is an issue for many local authorities. Increases in capital funding have continued to outstrip increases in the provision of revenue funding and this has resulted in the provision of insufficient funds to maintain infrastructure. In some instances this has resulted in schemes requiring revenue funding being delayed or cancelled, and in some cases replaced by easily funded capital projects.

Local authorities are looking to address this problem in a number of increasingly innovative ways, as outlined below. A relatively common approach is for partnerships to be formed with the [private sector](#) giving the private sector responsibility for maintaining, and sometimes also financing, the infrastructure. This is a popular approach which many local authorities have experience of managing effectively. For more information see the sections '[addressing the capital-rich revenue-poor mismatch](#)' and '[effectively managing partnerships](#)' in [Section 2](#) of this toolkit. [Section 4](#), which focuses on partnership working, also provides more detailed information.

Relevant funding sources

- ✓ [Maintenance Allocations](#) (LTP Process);
- ✓ [Tax Incremental Finance](#);
- ✓ [Public Private Partnerships](#) (PPP);
- ✓ [Private Finance Initiative](#) (PFI);
- ✓ [Revenue Support Grants](#);
- ✓ [Advertising](#);
- ✓ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ✓ [Land value taxes/ Section 106/ Planning obligations](#);
- ✓ [Levy on the Non-Domestic Rate](#) (NDR);
- ✓ [Section 38/ 278 Agreements](#);
- ✓ [Trusts and charities](#) (such as [National Lottery](#));
- ✓ [Congestion/ road user charging](#);
- ✓ [LABGI](#);
- ✓ [Regional Funding Sources](#);
- ✓ [Transport Development Areas](#) (TDAs);
- ✓ [Business Improvement Districts](#) (BIDs).

Relevant case studies

- [A2: EU Funding Sheffield City Centre Redevelopment](#)
- [B1: Prudential Borrowing London Transport Infrastructure](#)
- [B2: Prudential Borrowing Darlington Surface Quality](#)
- [D1: Package of measures including Aggregate Levy, New Opportunities Fund, DfT Grants Bath and North East Somerset Cycling Strategy](#)
- [E5: Garfield Weston Foundation National Byway](#)
- [F5: Planning Obligations Surrey Horley Housing Development](#)
- [G5: Congestion Charging London](#)
- [G6: Road Charging Trondheim](#)
- [G7: Advertising Revenue London Transport Improvements](#)
- [G8: Business Improvement Districts Kingston Transport Improvements](#)
- [G10: Workplace Parking Levy Nottingham Transport Improvements](#)

3.3.4 *Scheme Type: Wayfinding improvements (signage)*

Related Issues:

There are no specific funding streams available for the design and implementation of wayfinding improvements for cycle routes, but as outlined below there are a number of funding sources which can be drawn upon to cover the capital costs of the required infrastructure.

[LTP allocations](#) are often used to finance cycle route signage installations, but as detailed below there are a range of alternatives which may be more effective and complementary to individual schemes and local authority objectives.

Relevant funding sources

- ☑ [Advertising](#);
- ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ☑ [LTP Process](#);
- ☑ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
- ☑ [Levy on the Non-Domestic Rate](#) (NDR);
- ☑ [Section 38/ 278 Agreements](#);
- ☑ [Trusts and charities](#) (such as [National Lottery](#) and [The Waterways Trust](#));
- ☑ [Government organisations](#) (i.e. [Natural England](#), [British Waterways](#));
- ☑ [Congestion/ road user charging](#);
- ☑ [LABGI](#);
- ☑ [Regional Funding Sources](#);
- ☑ [Transport Development Areas](#) (TDAs);
- ☑ [Business Improvement Districts](#) (BIDs).

Relevant case studies

- [A2: EU Funding Sheffield City Centre Redevelopment](#)
- [D1: Package of measures including Aggregate Levy, New Opportunities Fund, DfT Grants Bath and North East Somerset Cycling Strategy](#)
- [G5: Congestion Charging London](#)
- [G6: Road Charging Trondheim](#)
- [G8: Business Improvement Districts Kingston Transport Improvements](#)
- [G10: Workplace Parking Levy Nottingham Transport Improvements](#)

3.3.5 *Scheme Type: Promotion (marketing, advertising)*

Related Issues:

The difficulty in quantifying the benefits of cycling, and thereby in determining the extent to which it can contribute towards the attainment of LTP targets, could act as a barrier to obtaining funding with local authorities perceiving it to be more cost effective to promote other sustainable forms of transport. The preparation of cases to justify expenditure on increasing the awareness of improvements to the cycling environment, and benefits that can be attained from increasing the modal share of cycling, can therefore be particularly time consuming and complex. This issue is enhanced by the fact that no specific funding streams exist to support the promotion of cycling schemes and that effective advertising should be backed up with enough finance to prolong the campaign. There are a number of organisations and other sources of funding which are likely to support its promotion, however, as detailed below.

Relevant funding sources

- ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ☑ [Congestion/ road user charging](#);
- ☑ [LTP Process](#);
- ☑ [Land value taxes/ Section 106/ Planning obligations](#);
- ☑ [Trusts and charities](#) (such as [National Lottery](#) and [Paths for All](#));
- ☑ [Government organisations](#) (i.e. [Natural England](#), [British Waterways](#));
- ☑ [LABGI](#);
- ☑ [Regional Funding Sources](#);
- ☑ [Transport Development Areas](#) (TDAs).

Relevant case studies

- [D1: Package of measures including Aggregate Levy, New Opportunities Fund, DfT Grants Bath and North East Somerset Cycling Strategy](#)
- [F5: Planning Obligations Surrey Horley Housing Development](#)

3.4 Pedestrian schemes**3.4.1 Scheme Type: Redevelopment (landscaping, creation of new paths)***Related Issues:*

The scale of pedestrian schemes varies significantly but commitment for schemes with longer lead and implementation times in particular can fluctuate with political commitment. In order to help ensure that schemes to create and enhance pedestrian environments are not cancelled or put on hold local authority officers need to continue to champion such schemes and laud the extent to which they contribute towards the attainment of LTP objectives.

The difficulty in appraising schemes, and thereby in determining the extent to which they can contribute towards the attainment of LTP targets, has in many cases acted as a barrier to obtaining funding. Many of the benefits that can be accrued from walking, such as those related to health, are difficult to quantify and can mean that more easily quantifiable schemes, for example those which exhibit time and financial savings, are favoured. The preparation of both internal business cases and those that are submitted to apply for funding can therefore be time consuming and complex. This issue is enhanced by the fact that no specific funding streams exist to finance the development and implementation of pedestrian schemes.

This is a problem which has been recognised by central government, but until it is addressed there are a range of more innovative funding mechanisms, such as those detailed below, which local authorities have used to increase implementation and to ensure the effective operation of the infrastructure over its lifetime.

For more information see the section on ‘overcoming the difficulties relating to funding ‘soft’ transport schemes’ in Section 2 of the toolkit.

Relevant funding sources

- ☑ [Prudential borrowing](#);
- ☑ [Single Regeneration Budget](#);
- ☑ [Advertising](#);
- ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#),

Relevant case studies

- [A2: EU Funding Sheffield City Centre Redevelopment](#)
- [D1: Package of measures including Aggregate Levy, New Opportunities Fund, DfT](#)

- [environmental](#), and [property](#));
- ☑ [LTP Process](#);
 - ☑ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
 - ☑ [Levy on the Non-Domestic Rate](#) (NDR);
 - ☑ [Section 38/ 278 Agreements](#);
 - ☑ [Trusts and charities](#) (such as [National Lottery](#) and [Paths for All](#));
 - ☑ [Government organisations](#) (i.e. [Natural England](#), [British Waterways](#));
 - ☑ [Congestion/ road user charging](#);
 - ☑ [LABGI](#);
 - ☑ [Regional Funding Sources](#);
 - ☑ [Transport Development Areas](#) (TDAs);
 - ☑ [Business Improvement Districts](#) (BIDs).
- [Grants Bath and North East Somerset Cycling Strategy](#)
 - [D4: English Heritage Tower Hamlets Council](#)
 - [F5: Planning Obligations Surrey Horley Housing Development](#)
 - [G4: Congestion Charging Durham](#)
 - [G5: Congestion Charging London](#)
 - [G6: Road Charging Trondheim](#)
 - [G7: Advertising Revenue London Transport Improvements](#)
 - [G8: Business Improvement Districts Kingston Transport Improvements](#)
 - [G10: Workplace Parking Levy Nottingham Transport Improvements](#)

3.4.2 Scheme Type: Pedestrian protection/ safety measures (lighting, guard rails, signals, CCTV)

Related Issues:

There are no specific funding streams available for the implementation of cyclist protection and safety measures and the difficulty in appraising cycling schemes could make it difficult to obtain funding from some sources, but as outlined below there are a number of ways in which these measures can be financed.

User safety is high on the agenda of most local authorities, which increases the likelihood of [LTP allocations](#) being used to enhance cyclist safety and protection. Local authorities also have extensive experience of financing lighting from [public private partnerships](#).

Relevant funding sources

- ☑ [Single Regeneration Budget](#);
- ☑ [Maintenance Allocations](#) (LTP Process);
- ☑ [Advertising](#);
- ☑ [Revenue Support Grants](#);
- ☑ [Tax Incremental Finance](#);
- ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ☑ [Off-street Parking Levy](#);

Relevant case studies

- [A2: EU Funding Sheffield City Centre Redevelopment](#)
- [D1: Package of measures including Aggregate Levy, New Opportunities Fund, DfT Grants Bath and North East Somerset Cycling Strategy](#)
- [E2: Waterways Trust Droitwich Canals Restoration](#)

- ☑ [Public Private Partnerships](#) (PPP);
 - ☑ [Private Finance Initiative](#) (PFI);
 - ☑ [LTP Process](#);
 - ☑ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
 - ☑ [Levy on the Non-Domestic Rate](#) (NDR);
 - ☑ [Section 38/ 278 Agreements](#);
 - ☑ [Trusts and charities](#) (such as [National Lottery](#) and [Paths for All](#));
 - ☑ [Government organisations](#) (i.e. [Natural England](#), [British Waterways](#));
 - ☑ [Congestion/ road user charging](#);
 - ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
 - ☑ [LABGI](#);
 - ☑ [Regional Funding Sources](#);
 - ☑ [Transport Development Areas](#) (TDAs);
 - ☑ [Business Improvement Districts](#) (BIDs).
- [F1: Private Finance Initiative Street Lighting](#)
 - [F2: Private Finance Initiative Wiltshire Sustainable Transport Strategy](#)
 - [G4: Congestion Charging Durham](#)
 - [G5: Congestion Charging London](#)
 - [G8: Business Improvement Districts Kingston Transport Improvements](#)
 - [G10: Workplace Parking Levy Nottingham Transport Improvements](#)

3.4.3 Scheme Type: Maintenance of pedestrian environment (cleanliness, surface quality)

Related Issues:

The availability of revenue to support maintenance of public transport maintenance is an issue for many local authorities. Increases in capital funding have continued to outstrip increases in the provision of revenue funding and this has resulted in the provision of insufficient funds to maintain infrastructure. In some instances this has resulted in schemes requiring revenue funding being delayed or cancelled, and in some cases replaced by easily funded capital projects.

Local authorities are looking to address this problem in a number of increasingly innovative ways, as outlined below. A relatively common approach is for [partnerships to be formed with the private sector](#) giving the private sector responsibility for maintaining, and sometimes also financing, the infrastructure. This is a popular approach which many local authorities have experience of managing effectively. For more information see the sections '[addressing the capital-rich revenue-poor mismatch](#)' and '[effectively managing partnerships](#)' in [Section 2](#) of this toolkit. [Section 4](#), which focuses on partnership working, also provides more detailed information.

Relevant funding sources

- ☑ [Maintenance Allocations](#) (LTP Process);
- ☑ [Advertising](#);
- ☑ [Revenue Support Grants](#);
- ☑ [Tax Incremental Finance](#);
- ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ☑ [Off-street Parking Levy](#);

Relevant case studies

- [B1: Prudential Borrowing London Transport Infrastructure](#)
- [B2: Prudential Borrowing Darlington Surface Quality](#)
- [D1: Package of measures including Aggregate Levy, New Opportunities Fund, DfT Grants Bath and North East](#)

- | | |
|---|---|
| <ul style="list-style-type: none"> ☑ Public Private Partnerships (PPP); ☑ Private Finance Initiative (PFI); ☑ LTP Process; ☑ Land value taxes/ Section 106/ Planning obligations (as part of a package of measures); ☑ Levy on the Non-Domestic Rate (NDR); ☑ Section 38/ 278 Agreements; ☑ Trusts and charities (such as National Lottery and Paths for All); ☑ Government organisations (i.e. Natural England, British Waterways); ☑ Congestion/ road user charging; ☑ Taxes and levies (including sales, tourist, parking, environmental, and property); ☑ LABGI; ☑ Regional Funding Sources; ☑ Transport Development Areas (TDAs); ☑ Business Improvement Districts (BIDs). | <ul style="list-style-type: none"> Somerset Cycling Strategy • E2: Waterways Trust Droitwich Canals Restoration • F2: Private Finance Initiative Wiltshire Sustainable Transport Strategy • F5: Planning Obligations Surrey Horley Housing Development • G5: Congestion Charging London • G6: Road Charging Trondheim • G7: Advertising Revenue London Transport Improvements • G8: Business Improvement Districts Kingston Transport Improvements • G10: Workplace Parking Levy Nottingham Transport Improvements |
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3.4.4 Scheme Type: Wayfinding improvements (signage, tactile paving)

Related Issues:

There are no specific funding streams available for the design and implementation of wayfinding improvements for cycle routes, but as outlined below there are a number of funding sources which can be drawn upon to cover the capital costs of the required infrastructure.

[LTP allocations](#) are often used to finance pedestrian navigational installations, but as detailed below there are a range of alternatives which may be more effective and complementary to individual schemes and local authority objectives.

Relevant funding sources

- ☑ [LTP Process](#);
- ☑ [Land value taxes/ Section 106/ Planning obligations](#) (as part of a package of measures);
- ☑ [Levy on the Non-Domestic Rate](#) (NDR);
- ☑ [Section 38/ 278 Agreements](#);
- ☑ [Trusts and charities](#) (such as [National Lottery](#) and [Paths for All](#));
- ☑ [Government organisations](#) (i.e. [Natural England](#), [British Waterways](#));

Relevant case studies

- [A2: EU Funding Sheffield City Centre Redevelopment](#)
 - [D1: Package of measures including Aggregate Levy, New Opportunities Fund, DfT Grants Bath and North East Somerset Cycling Strategy](#)
 - [E2: Waterways Trust Droitwich Canals Restoration](#)
 - [F2: Private Finance Initiative Wiltshire Sustainable Transport Strategy](#)
-

- | | |
|---|---|
| <ul style="list-style-type: none"> ☑ Congestion/ road user charging; ☑ Taxes and levies (including sales, tourist, parking, environmental, and property); ☑ LABGI; ☑ Regional Funding Sources; ☑ Transport Development Areas (TDAs); ☑ Business Improvement Districts (BIDs). | <ul style="list-style-type: none"> • F5: Planning Obligations Surrey Horley Housing Development • G4: Congestion Charging Durham • G5: Congestion Charging London • G8: Business Improvement Districts Kingston Transport Improvements • G10: Workplace Parking Levy Nottingham Transport Improvements |
|---|---|
-

3.4.5 Scheme Type: Promotion (marketing, advertising)

Related Issues:

The difficulty in quantifying the benefits of walking, and thereby in determining the extent to which it can contribute towards the attainment of LTP targets, could act as a barrier to obtaining funding with local authorities perceiving it to be more cost effective to promote other sustainable forms of transport. The preparation of cases to justify expenditure on increasing the awareness of improvements to the pedestrian environment, and benefits that can be attained from increasing the modal share of walking, can therefore be particularly time consuming and complex. This issue is enhanced by the fact that no specific funding streams exist to support the promotion of pedestrian schemes and that effective advertising should be backed up with enough finance to prolong the campaign. There are a number of organisations and other sources of funding which are likely to support its promotion, however, as detailed below.

Relevant funding sources

- ☑ [Trusts and charities](#) (such as [National Lottery](#) and [Paths for All](#));
- ☑ [Government organisations](#) (i.e. [Natural England](#), [British Waterways](#));
- ☑ [Congestion/ road user charging](#);
- ☑ Taxes and levies (including [sales](#), [tourist](#), [parking](#), [environmental](#), and [property](#));
- ☑ [LABGI](#);
- ☑ [LTP Process](#);
- ☑ [Regional Funding Sources](#);
- ☑ [Transport Development Areas](#) (TDAs);
- ☑ [Business Improvement Districts](#) (BIDs).

Relevant case studies

- [D1: Package of measures including Aggregate Levy, New Opportunities Fund, DfT Grants Bath and North East Somerset Cycling Strategy](#)
- [E2: Waterways Trust Droitwich Canals Restoration](#)
- [F5: Planning Obligations Surrey Horley Housing Development](#)

3.5 Other LTP Schemes and Activities

3.5.1 Scheme Type: Parking

Related Issues:

There are no specific funding streams available for the design and implementation of car parks and improvements to them, but as outlined below there are a number of funding sources which can be drawn upon to cover the capital costs of the required infrastructure.

[LTP allocations](#) are often used to finance car parking provision and associated expenditure, but many local authorities choose to deliver some of their off-street car parking provision with the [private sector](#).

As detailed below there are a range of alternatives which may be more effective and complementary to the parking scheme context and local authority objectives.

Relevant funding sources

- ☑ [Land value taxes/ Section 106/ Planning obligations](#);
- ☑ [LABGI](#);
- ☑ [LTP Process](#);
- ☑ [Regional Funding Sources](#);
- ☑ [Transport Development Areas](#) (TDAs);
- ☑ [Business Improvement Districts](#) (BIDs);
- ☑ [Levy on the Non-Domestic Rate](#) (NDR).

Relevant case studies

3.5.2 Scheme Type: Travel Plans

Related Issues:

There are no specific funding streams available for the design and implementation of travel plans and related resources, but as outlined below there are a number of funding sources which can be drawn upon to cover the capital costs of such projects.

[LTP allocations](#) are often used to finance travel plan initiatives, although an increasing number are being financed or supported by private companies under the remit of corporate responsibility.

As detailed below there are a range of alternatives which may be more effective and complementary to each travel plan initiative context and local authority objectives.

Relevant funding sources

- ☑ [LTP Process](#);
- ☑ [Regional Funding Sources](#);
- ☑ [Transport Development Areas](#) (TDAs);
- ☑ [Business Improvement Districts](#) (BIDs);
- ☑ [Levy on the Non-Domestic Rate](#) (NDR);
- ☑ [Congestion/ road user charging](#).

Relevant case studies

- [A1: EU Funding Essex Hospital Travel Management System](#)
- [B7: Prudential Borrowing Reading Area Transportation Strategy](#)

3.5.3 Scheme Type: User Charging Schemes

Related Issues:

User charging schemes have been discussed within this toolkit as a means to provide a stream of finance to help fund transport schemes. Road, [parking](#), or [congestion user charging schemes](#) are themselves very resource intensive to implement, and require a large initial capital outlay.

The high cost of borrowing capital can be prohibitive but there are specific [central government pots](#) which provide finance for projects which address the central government priorities of reducing congestion and enhancing productivity.

The long lead times associated with the design and implementation of such a scheme combined with the public acceptability and controversial nature of user charging schemes makes the need for political commitment across the life of the project of paramount importance. If political support for the scheme fluctuates then there will be implications for the viability of the project, particularly given the level of capital investment required. This is an issue which should be focused upon at the outset of the scheme.

Relevant funding sources

- [EU Funding](#);
- [Transport Innovation Fund](#) (TIF);
- [Prudential Borrowing](#);
- [Major Scheme allocations](#);
- [Regional Funding Sources](#);
- [Public Private Partnerships](#) (PPP);
- [Private Finance Initiative](#) (PFI).

Relevant case studies

4 Section Four: Partnership Working as a Mechanism to Obtain and Effectively Utilise Funding

4.1 Partnership working

Transport Planning/Highways Departments within local authorities may form partnerships with a variety of organisations or sectors in the planning and delivery of local transport. These partners include:

- Other local authority departments (internal) such as Planning, Environment/Air Quality, Health, Development Control;
- Neighbouring local authorities;
- Private sector; and
- Voluntary, charity and campaign organisations.

Most local authorities have worked in partnerships as the formation of partnerships is often fundamental to the success of obtaining relevant funds, and subsequently delivering, local transport projects.

The Eddington Review (2006) and the Atkins review of best practice in the first round of LTPs (DfT, 2006b) both support the findings of DISTILLATE by outlining the benefits of delivering projects, particularly larger capital programmes, with the private sector. These include:

- The private sector is often better at planning and managing projects and spending effectively over the asset life (i.e. 25 plus year contracts). The public sector tends to have shorter planning horizons;
- The private sector have a lot of experience in the construction and delivery of such highly capital intensive projects;
- The private sector can help to manage risks;
- Enhanced value-for-money can be secured and efficiency savings made through transport infrastructure and services delivered with the private sector;
- If costs increase during implementation then the private sector will generally have to pay, so cost risks are managed;
- The private sector can be better at producing innovative designs and developing products;
- Enhances likelihood of projects being delivered to time.

The Eddington Review details that over 70% of the PFI projects that they investigated were delivered to time and budget. This compares with only 30% of non-PFI projects which were delivered to time and budget (Eddington, 2006). The private sector also benefits from such partnerships, primarily because the long-term nature of the projects gives the private sector longer to finance the debt. Capital intensive transport projects also provide earning stability for private capital over this time as transport infrastructure is relatively predictable over the long-term (Eddington, 2006).

The DfT's report on the Long Term Process and Impact Evaluation of the LTP Policy (2006) reveals the elements that an effective partnership is dependent upon. These include:

- A clear shared view of a common problem and an appreciation that a joined-up approach is needed to find a solution;
 - One or more committed and proactive champions, preferably at a sufficiently senior level within their organisations to take key decisions and commit resources (time or funding) as necessary;
-

- A suitable mix within the partnering bodies, often beyond those specifically focused on transport;
- Availability of funding, either from the key partners (e.g. matching the capital and revenue) or using the strength of the partnership to secure external support (e.g. Urban Bus Challenge, Sustainable Towns);
- Appropriate systems and support, including capital success factors; and
- Encouragement and guidance to incentivise the partner bodies (DfT, 2005b).

One DISTILLATE Project focused on organisational behaviour (see Hull et al, 2006). Their case study research has identified very similar factors which were considered to influence the success or failure of a partnership. Those factors instrumental in creating a partnership include:

- Similar goals;
- Trust;
- Co-operation;
- Two-way needs;
- Financial gain or added value;
- Mandatory requirements; and
- Clear links between policies regardless of departmental divisions (Snell et al, 2006).

The DISTILLATE organisational behaviour case study research also highlighted factors which are an important part of maintaining partnerships. These include:

- Close physical location;
- Clearly defined mandatory requirements;
- Champions at all levels;
- Political/high level support; and
- Consistency of staff/personnel (Snell et al, 2006)

Where these factors are not present, the effectiveness of partnerships is likely to be undermined with groups that are formed in danger of becoming little more than ‘talking shops’ (DfT, 2005b). The Atkins survey identified that other barriers to forming effective partnerships include:

- Having the resources available to form partnerships;
- Providing staff with the expertise to make them work;
- Management of a variety of characters/personalities;
- Timetable management.

However, the DfT report (2005) identifies that local authorities are beginning to pay attention to these factors which make partnerships work.

Further Information

Relevant Case Studies (Section Four):

[F1](#), [F2](#), [F3](#)

4.2 Private Sector Funding

There are a number of ways in which local authorities can obtain funding for transport projects from the private sector. The two main mechanisms are through developer contributions, and via partnership with the private sector. There is more information about both of these sources of finance in the funding matrix (Section Three), but some key details are outlined below.

4.2.1 Developer contributions

The following mechanisms enable revenue to be captured from private sector developers to help finance both transport and land use projects.

[Section 106 Agreements \(S106\)](#)

Section 106 Agreements can provide your local authority with finance from developers to offset the external costs that their developments will generate. For example if a developer were to create a new housing development then there would be a requirement for improvements to be made to the local road network and for the public transport system to be enhanced. Section 106 of the Town and Country Planning Act 1990 makes the provision of funding from developers to cover these costs legally binding – indeed the granting of planning permission often depends upon it.

There have been a number of criticisms made about Section 106 Agreements. One of the main concerns is the long period of time over which they are negotiated. This can lead to delays in the planning system which can increase the degree of risk experienced by the private sector and uncertainty over how much revenue will be generated. The number of stakeholders involved also reduces the transparency of the process. Another widely held criticism of S106 is that it can be inequitable. Revenues generated are largely within growth areas, and the areas where the revenue must be spent are not necessarily where the transport investment is most needed.

It is in light of such concerns that the DfT is currently in process of reviewing S106 Agreements. Proposals have, in fact, already been put in place to introduce another way in which local authorities can attain funding from developers - not to replace but to exist alongside S106 Agreements. This mechanism is the Planning Gain Supplement.

[Statutory Planning Charge \(SPC\)](#)

The SPC was proposed in October 2007 to replace the Planning Gain Supplement (PGS) charge which was developed, but never implemented, to enable local authorities to obtain revenue from developers by enabling a proportion of the land value uplift that results from the granting of planning permission to be captured.

The form which the SPC would take is still under consideration, but it is anticipated that the charge will be more simple and transparent than the PGS. Like the PGS it will also require developers to invest some of their gains in transport infrastructure. Designed to mitigate against the ‘cumulative impacts of development,’ the charge will reflect individual needs within each locality. The government has outlined that only a relatively small proportion of all developments currently help finance transport improvements via Section 106 Agreements, and it is anticipated that the SPC would address this.

The SPC concept was reformed based upon stakeholder engagement over the proposed PGS. The SPC proposals have been supported by the development industry as a whole in recognition of the fact that they should contribute more towards the costs of infrastructure required to support development. Support has been generated in response to the proposal to make the planning charge setting process simpler and more consistent, and making the secular of contributions from developers more equitable, i.e. by not simply targeting large developments only.

Provisions will be made for the SPC in the next Planning Reform Bill. When in place the amount of resources which you will be able to raise from developers to help finance necessary services will increase significantly. SPC should simplify the process of generating developer revenue, and lead to a scaling back of S106. The simplification will lead to less delay and therefore finance for local infrastructure will be available when it is most needed to support and manage the growth.

4.3 Partnerships with the private sector

The public-private partnership route is often regarded as the most effective way for local authorities to finance transport infrastructure. Public private partnerships combine the security and political commitment of the government with the expertise and financing of the private sector. It has been found that partnerships with the private sector '*offer potential advantages over purely public schemes in the areas of finance, expertise and efficiency*' (Kain, 2002).

Public-private partnerships normally involve the private sector owning the transport infrastructure which it has financed, and the public sector paying for the use of the asset and associated services. This enables the private sector to recover the investment that it has made over the contract period. This type of partnership is often considered to be better value for money for the local authority than buying the asset and being responsible for running and maintaining it. This is partly owing to the fact that the private sector is often efficient at undertaking large-scale capital projects, and that they have the expertise to more effectively manage the major risks which are involved in the design, building, financing and operation of the asset. The result is that it is less likely that additional costs will be generated, and that the local authority does not bear any costs involved (ODPM, 2002). Thirdly, the local authority is also likely to benefit as they are able to pay for the use of the asset on a performance-related basis thereby providing an incentive for the contractor to build the asset to a high standard and maintain it well.

In the early stages of a project proposal local authorities are encouraged to work with the Public Private Partnerships Programme (the '4Ps'), which acts as a private finance unit for local government helping to develop viable projects, and to determine whether PFI is a suitable procurement route.

Whilst most local authorities have used some form of private financing to support transport projects there is a majority view within local authorities (and particularly among officers) that there is potential to increase the levels of private investment.

The main forms of public private funding mechanisms are:

- Public Private Partnerships (PPP);
- Private Finance Initiative (PFI); and
- Design Build Finance and Operate (DBFO) projects.

Vickerman (2002) has evaluated these various sources of funding available for transport projects. His comparison of the various partnership methods is shown in Table 1.

Table 1: Comparison of Funding Methods (Vickerman, 2002)

Type of scheme	Example scheme	Advantages to private sector	Disadvantages to private sector	Advantages to public sector	Disadvantages to public sector
Full private provision	Channel Tunnel	Full control of project; limited regulation	Full risk exposure; possible need to transfer project at end of agreed concession period	Transfer of all risk; retain some rights to asset at end of concession period	Residual risk of failure; lack of control over prices etc unless regulatory structure
PFI-scheme	DBFO road schemes; Urban rapid transit (tram) schemes	Greater control over project management; some risk retained by public sector	Value of project depends on correct forecasting of costs and revenue streams; need to return asset to public sector at end of franchise	Transfer of (some) risk; lower overall cost of project; typically receive asset at end of agreed payback period	Retention of some risk; need to fix payment for services to be delivered over long life of project
PPP-scheme	Channel Tunnel Rail Link; London Underground Modernisation	Agreed framework for payment received	Little or no ownership rights	Retention of ownership and control; all rights to asset revert at end of agreed payback period	Costs of payments; retention of risk elements

Public Private Partnerships

The objectives of Public Private Partnerships are:

- To deliver significantly improved public services by contributing to increases in the quality and quantity of investment;
- To release the full potential of public sector assets, including state-owned businesses, and hence provide value for the taxpayer and wider benefits of the economy; and
- To allow stakeholders to receive a fair share of the benefits of the PPP. This includes customers and users of the service being provided, the taxpayer and employees at every level of the organisation (DETR, 2000).

Partnerships between public and private organisations are formed to help secure funding to develop integrated transport strategies as part of the LTP process. Most funding for such transport projects comes from private partners who often have a commercial interest in the resultant scheme or infrastructure (RTPI, 2002).

As detailed previously there are many benefits to be gained from working in partnership with the private sector, but it also has the potential to create a number of challenges. These are summarised in Table 2 overleaf.

Table 2: Potential advantages and disadvantages of working in partnership with the private sector

Benefits	Challenges
<ul style="list-style-type: none"> • The private sector is often better at planning and managing projects and at spending effectively over the relatively long asset life of transport infrastructure projects; • The private sector are particularly experienced in the construction and delivery of capital intensive projects; • Private sector can help to manage risks, and often bear cost increases; • Can secure enhanced value-for-money and efficiency savings; • Enhances likelihood of projects being delivered to time and budget; • Can result in the production of more innovative designs; • They help to ensure that service standards are maintained, that services start on time, and that projects are completed to high standards within budget; • Gives local authorities access to large amounts of capital which may not otherwise be available; • It is common for the private sector to help compile Best Value Performance Plans, Audits, inspections, and consultations; • Can incentivise private sector to work towards public objectives by providing financial rewards for meeting targets. i.e. improving reliability, encouraging cycle use and reducing air pollution. 	<ul style="list-style-type: none"> • The process of testing major schemes for suitability for private sector funding can be an expensive and time consuming process; • Limitations on available staff and skills are cited as significant obstacles to increasing the levels of private finance; • The requirement that schemes above the £5m threshold be assessed for their suitability for private finance has been identified as a resource-intensive process, requiring a significant investment of time and money, with concomitant risk; • Because there is a higher degree of risk to the private sector, the cost of finance is typically higher than it would be for the public sector; • Income from partnerships is largely on-off or irregular.

Private Finance Initiative

The Private Finance Initiative (PFI) is a form of PPP that is regularly used to fund transport schemes. Provided for under the Local Government Act 2003, PFIs involve the public sector deciding upon transport infrastructure that is required and then giving the private sector the opportunity to provide and manage the facilities in whatever way it sees fit (Kain, 2002). PFI is effectively a form of contracting or procurement, the hallmarks of which are:

- A long term service contract between a public sector body and a private sector ‘operator’;
- The provision of capital assets and associated services by the operator;
- A single ‘unitary’ payment from the local authority which covers investment and services;
- The integration of design, building, financing and operator’s proposals;
- The allocation of risk to the party best able to manage and price it;
- Service delivery against performance standards set out in an ‘output specification’;
- A performance related ‘payment mechanism’
- An ‘off balance sheet treatment’ for the local authority so that any investment delivered through the project does not count against borrowing consents;
- Support from central government is delivered through what are known as ‘PFI credits’ (RTPI, 2002)

PFI partnerships have a proven record of optimising value for money in the long-term. They help to ensure that service standards are maintained, that services start on time, and that projects are completed to high standards within budget.

According to Chaterjee *et al* (2003) a successful PFI project will involve:

- Transfer of risks to parties who are best able to manage them;
- Public sector requires a set of services rather than a physical asset through which services will be provided and these services should form the basis of payment made by public sector;
- Private sector is responsible for asset it provides for its whole life cycle;
- Private sector to achieve desired performance standards.

Some Central Government funding is available for local authority PFI schemes and is allocated via the Spending Review (The 4ps, 2006). This funding is allocated on a departmental basis and is dependent largely upon the extent to which they envisage that procurement through PFI is potentially able to provide value for money. This central government support towards the cost of PFI projects is available in the form of PFI credits. It can be a complex process and so it is advisable to contact the 4Ps for guidance on using PFI for transport projects (www.4ps.co.uk).

The DETR (2000) devised Table 3 below to help decision-makers decide when PFI should be used to finance projects.

Table 3: When to use PFI (DETR, 2000)

What is the scale and complexity of the project? Does it cover more than one location?	<p>PFI offers the advantages of:</p> <ul style="list-style-type: none"> • Optimal overall risk allocation, with risk falling to those parties best able to manage it • Integrated supply-chain management • Commercial discipline leveraged into the deal through lenders' due diligence
How much scope is there to innovate in designing in infrastructure and operating procedures?	<p>PFI focuses on specifying the outputs rather than retaining detailed control over inputs. So long as there is an effectively structured competition, PFI should encourage:</p> <ul style="list-style-type: none"> • New ideas for the design of assets and operational systems • Synergy between design and operation • A focus on the whole life cost of the operation of the asset • Avoidance of costly over-specification in design
What is the value of the transaction?	<p>PFI contracts are complex long-term arrangements, so there may be significant costs associated with the transaction itself. This tends to make them more suitable for larger value projects. Nevertheless, it may be possible to justify small scale and low value schemes, particularly if they can be "bundled" with other PFI schemes.</p>
Discrete nature of the services to be provided	<p>As the risks and rewards for the contractor are much greater than conventional procurement, there must be clear differentiation between private sector responsibilities and remaining public sector accountability, so that the contractor is only exposed to financial penalties for his own performance.</p>

There are three common types of PFI. These are:

- FFS – Financially Free Standing projects;
- JV – Joint Venture projects where some of the costs are recovered through subsidy but the overall control of the project remains with the private sector;
- SS – projects where services (with some capital expenditure) are sold to the public sector.

See Table 4 below for details of some of the transport infrastructure PFIs undertaken during the 1990s.

Table 4: Transport Infrastructure PFIs (Kain, 2002)

Signed or Completed projects	£m expenditure	£m public subsidy
CTRL (1996)	4,300 (5,800 NPV)	JV - £1800 NVP; land and building transfer; transfer of Eurostar (UK) and its assets; underwriting of £3.8 billion of bond finance
Birmingham Northern Relief Road (1992)	350	FFS – revenue from tolling
Luton Airport Parkway (1996)	20	JV – Government credit approval up to £2.8m to local borough
Northern Line Trains (1995)	400	SS
8 DBFO roads (1996)	591	SS – shadow tolling
Second Severn Crossing (1990)	331	FFS – transfer of existing bridge (revenue) and its debt
Dartford Bridge (1987)	150	FFS – transfer of tunnel revenue and supply of approach roads
Midland Metro Line One (1993)	145	JV - £133m EC, central and local government
Croydon Tramlink	200	JV - £125m government grant
Manchester Metrolink extension	125	SS
CAA Oceanic Flight Data Processing System (1997)	30	SS
DLR Lewisham Extension (1996)	200	JV - £60m central and local government plus land
London Underground Power Supply	108	SS
London Underground ‘Prestige’ ticketing system	335	SS

Design Build Finance and Operate (DBFO)

The Highways Agency formally launched its use of the Private Finance Initiative (PFI) to procure road services on parts of the motorway and trunk road network in August 1994. This type of PFI is known as Design, Build, Finance and Operate (DBFO). The DBFO approach makes one body responsible for the procurement of design, construction and maintenance.

The Agency’s objectives for each DBFO project are:

- To ensure that the project road is designed, maintained and operated safely and satisfactorily so as to minimise any adverse impacts on the environment and maximise benefit to road users;
- To transfer the appropriate level of risk to the private sector (thereby reducing whole life cost of the project for the public sector);
- To promote innovation, not only in technical and operational matters, but also in financial and commercial arrangements;
- To foster the development of a private sector road-operating industry in the UK; and
- To minimise the financial contribution required from the public sector (Highways Agency, undated).

There have been a number of lessons learnt from the introduction of DBFO contracts and private finance to the Agency. These include:

- The introduction of cost efficiencies, innovative techniques and whole-life cost analysis into the design and construction of road schemes and the operation of roads has been accelerated by the DBFO contracts;
- Protester action and latent defect risk (two areas of transfer of risk to the private sector) have delivered good value for money;
- The DBFO contracts have delivered value for money, with an average cost saving of 15%;
- By using a model contract, bidders are saved time in the preparation of their bids and significant efficiencies are provided for the Agency, both in negotiation and in operating the contracts;
- Training in negotiation for project teams and dissemination of accumulated knowledge on DBFOs and PFIs generally within the Agency continues to improve the quality of DBFO projects delivered (Highways Agency, undated).

Table 5 shows ten of the UK's DBFO road schemes and the total amount of investment for each.

Table 5: UK Design, Build, Finance and Operate Road Schemes (Vickerman, 2002)

Project	Length	Total Investment
A69: Carlisle-Newcastle	84 km	£9.4 million
A417/417: Swindon-Gloucester	52 km	£49 million
A1(M): Alconbury-Peterborough	21 km	£128 million
M1-A1: Lofthouse-Bramham	30 km	£214 million
A50: Stoke-Derby link	57 km	£20.6 million
A30/35: Exeter-Bere Regis	102 km	£75.7 million
M40: Denham-Warwick	122 km	£65 million
A19/A168: Dishforth-Tyne Tunnel	118 km	£29.4 million
A249 Sheerness Link Road	17 km	£75 million
A1 (M) Darlington-Dishforth	22 km	£240 million

The DBFO requires the Highways Agency to either pay for the provision of the road service based roughly on the number and type of vehicles using the road. See Table 6 overleaf for details.

Table 6: Payment Criteria by Highways Agency to the DBFO Company (adapted from Highways Agency, undated).

Payment Criteria	Description
Usage/demand	Shadow tolls involve payment per vehicle kilometre of the project road, in accordance with a tolling structure. They are referred to as 'shadow', as opposed to real, tolls because the payment for usage is made by the Agency, rather than the road user.
Availability of Service	Where the road project consists of an existing stretch of road with one or more construction schemes along its length, then shadow toll payments will be made at a reduced level representing the cost of operation and maintenance for the existing road. This level varies substantially depending on the nature of the DBFO project.
Performance	Safety performance payments and lane closure charges are the two aspects of performance payments. As an incentive for the DBFO company to address safety, it is encouraged to suggest safety improvements for the Agency's approval. If these are approved, DBFO company constructs and pays for the scheme and is recompensed by receiving 25% of the economic cost of each personal injury accident avoided in the following five-year period. Deductions are made from the toll payment when lanes are closed depending on the number of lanes closed, the expected traffic at time of closure and the economic value of user delay which can differ between business and leisure use.

4.4 What risks are involved in funding and resourcing transport schemes?

One of the key benefits of public private partnerships is the fact that most of the risk is transferred to the private sector, where it can often be managed more effectively. However there is one counter-argument about this expected cost advantage which is that because of the higher degree of risk transferred to the private sector, the cost of finance will typically be higher than to the public sector. This is in part owing to the ability of the government to raise funds relatively cheaply as it is a large, low-risk borrower.

Risks identified by the Department of Transport included design risk, construction risk, opening date risk, traffic risk, maintenance risk and operational risk (Glaister *et al.* 1998). Other risks that have been identified include protester risk and latent defect risk, thought to be unique to the Highways Agency DBFO contracts (Highways Agency, undated). Some of these risks have been outlined below:

- **Construction risk** is due to the long gestation periods involved in design and construction process. Much of the detailed design is often carried out during construction period. This can lead to underestimates in the project costs due to previously inadequate specification.
- **Revenue and maintenance risk** is where usage is below expected. In the opposite situation, where usage levels are underestimated, higher maintenance costs due to the need to repair structures designed for lower traffic levels and loss of revenue during repair periods may occur.
- **Planning and political risk** occurs due to the long gestation periods of infrastructure projects. During these long periods, projects are vulnerable to changes in policy (Vickerman, 2002).
- **Traffic risk** is based on the number and type of vehicles using a road, which will affect the cost of constructing a road with a reasonable life expectancy, and the cost of maintaining it to the required standard.
- **Protestor risk** is due to the increase in direct action to delay the construction of new roads, placing extra costs on public sector. DBFO companies are often asked to bear protestor risks.
- **Latent defect risk** is where a public body asks a DBFO Company to take over responsibility for operating an existing length of road. Technical advisors for the DBFO Company carry out investigations, but they cannot often find problems such as latent defects (e.g. spalling of

concrete or a structure component not meeting expected design life) (Highways Agency, undated).

Table 7 details the risks during the development, construction and operation phases of infrastructure projects (Debande, 2002).

Table 7: Allocation of Risks in Infrastructure Projects (Debande, 2002)

Type of Risks	Risks Transfer to the Private Sector	No Risks Transfer to the Private Sector
Development Phase		
Design Risk	Full responsibility of the operator to ensure the underlying asset is fit for purpose	Operator provides a service from a design defined by the public sector which guarantees that the asset will be fit for purpose
Technology or Obsolescence Risk	Payment depending only on the achievement of performance standard	Payment is fixed
Construction Phase		
Construction Risk	Operator not paid until construction realised, must absorb all variations and pay some penalties for delay	Operator transfers significant variations in construction costs to the public sector for this latter is not responsible
Regulatory or Legislation risk	Operator responsible for change in law or regulations of general application	Public sector compensates cost variation due to specific or general legislation changes
Operation Phase		
Performance Risk	Service payment depending entirely on the achievement of performance criteria	Service payment fixed and independent of performance criteria
Operating Cost Risk	Operating responsible for all variations in operating costs	Significant changes in operating costs passed back to the public sector
Demand or Volume risk	Payments are volume related	Service payment independent of volume
Residual Value Risk	Asset remains with the operator or public sector option to acquire at market value at the end of the contract	Asset reverts to the public sector at the end of the contract at a pre-fixed notional value
Pricing Risk	Service payment taking the form of a pre-determined RPI-X	Service payment varying with the underlying cost base

It has been suggested, however, that the difference between the private and public sector's cost of borrowing is small. The private sector can also compensate for its higher cost of borrowing by:

- Being more innovative in design, construction, maintenance and operation;
- Creating greater efficiencies and synergies between design and operation;
- Investing in the quality of the asset to improve long term maintenance and operating costs; and
- Managing risks far better – the discipline of the market place provides better incentives – so that the projects are delivered on time and within budget.

4.5 Working with other local authority departments

It is becoming increasingly common for local authority departments to work with other service areas to attain funding for, and to deliver, transport schemes. More overlaps in the objectives of local authority departments are occurring. The availability of Travel Plan bursaries from the Department of Education and Skills has, for example, encouraged more collaboration with transport and education departments. Similarly, accessibility planning is driving increased working with health (DfT, 2005b). It appears to be primarily the transport departments, however, that are instigating these partnerships. Such partnerships can result in an improved delivery of transport schemes, but there are not as many benefits to be gained owing to the lack of private sector involvement. Local Strategic Partnerships are a way in which local stakeholders, including different local authority departments, can form a partnership to set funding priorities.

Local Strategic Partnerships (LSPs)

LSPs exist in nearly all local authority areas in England and Wales to ensure the effective allocation of local level funding. They aim to improve the economic, social and environmental well-being of an area via the preparation and implementation of a Community Strategy which brings together local plans, partnerships and initiatives.

Local Strategic Partnerships are formed of the local authority and a number of stakeholders who represent the community. The local representatives that form the partnerships include; local businesses, the police, the NHS, education, employment, non-profit and non-statutory organisations. The partnerships are formed in order to address local issues, and they have a direct impact by deciding how the Neighbourhood Renewal Fund should be spent.

An evaluation of LSPs by the ODPM in 2004 revealed that LSP engagement on transport issues was particularly good owing to the potential benefits of enhanced accessibility and integration of services. As such it is an avenue which should be pursued to obtain funding for local projects. Hampshire County Council, for example, is a transport Centre of Excellence in Integrated Transport Planning for partnership working. The LSP viewed transport issues as being important, and LSP consultations identified transport issues as being 'crucial.' As such transportation is ranked highly amongst the priorities of Hampshire County Council. This is reflected in their Progress Reports which emphasises the link between transportation and LSP activity. Hampshire's Local Transport Plan also refers to LPSA objectives, such as increasing bus use, reducing casualties, and addressing the deterioration of non-principal roads. The Councils Performance Plan (2003) details that '*LSPs are fast becoming a focus for coordinating all key partnerships and provide a mechanism for achieving community ambitions that no single organisation could achieve on its own.*' There have been concerns that the LSPs could have played a larger part in the coordination of transport with other sectors, and that there is, on occasions, little joint planning between members, such as Stagecoach and the SRA – both LSP members. In response there has now been more engagement between transport and community planning.

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European Union Funding Sources

Funding Source	Description	Scheme Types	Case Studies	Benefits	Challenges
<i>Structural Funds</i>	Structural funds focus on the primary objectives of the EU's regional policy to reduce regional development inequalities. They encompass a range of funding schemes, such as Community Initiatives, to assist disadvantaged areas.	Eligible projects are very diverse, although they should all be innovative and incorporate principles of sustainability. Objective 1 – schemes which bring about social, economic and environmental development and regeneration. Objective 2 - schemes which promote development and structural adjustment of the least developed regions. Objective 3 – development of human resources. Community Initiatives and smaller scale projects which address social, economic and environmental development.	A2: Sheffield City Centre Redevelopment. F7: Blackpool North.	<ul style="list-style-type: none"> • Projects funded are relatively diverse. • They are formulated to address locally identified needs. • Objective 3 is open to all areas of the EU. 	<ul style="list-style-type: none"> • Competition for these sources of funding is fierce. • Funding is unlikely to be granted if a project is eligible for a different type of EU funding. • There are grants available for a maximum of 50% of eligible project, although some Objective 1 regions can attain 75% of project costs to a maximum of £100,000. Applications should have identified a source of match funding to enhance their chances of success. • Objective regions are required to draw up a Single Planning Document, which can be a resource intensive process. • Most structural funds can only be obtained by Local Authorities in specific regions. • The structure of EU funding is continually changing. • As new accession countries join the EU previously eligible regions could suddenly find themselves no longer beneficiaries of financial support. The transition to private sources of finance can be challenging. • The EU will not fund more than 50% of the cost of preliminary feasibility studies, and only 10% of the cost of implementation. The remaining balance must be sought from public or private sector funds. • An environmental impact assessment must be made for each project.
<i>Trans-European Transport Networks (TEN-T)</i>	The TEN-T helps to connect and integrate the national transport networks of EU member states by modern and efficient infrastructure to enable the free movement of goods and passengers. The budget from 2000 to 2006 was €600 million per year.	Projects involving any mode of transport which are identified as meeting common objectives and priorities can receive funding from the TEN-T budget, as well as funding from the Structural Funds. Projects are favoured which enable	A3: Reading Station Upgrade.	<ul style="list-style-type: none"> • Projects are eligible for significant loans from the European Investment Bank. • It can enable Local Authorities to be considerably more ambitious in the scale of schemes that they choose to pursue. 	

users to choose the most appropriate mode of transport for a specific journey type/stage.

Other

Projects and initiatives are continually updated and so it is therefore advisable to check which grants are available when the need for funding arises.

Details of over 400 EU grants and loans are available from the Welcome Europe website www.welcomeeurope.com. A number of loans are also available from the European Investment Bank to support transport projects.

[A1: Essex Hospital Travel Management System.](#)

[A3: Reading Station Upgrade.](#)

[B5: Norwich Town Centre Public Transport Scheme.](#)

• Funding can be available to help finance a diverse range of transport and land-use projects which may previously have been out of the reach of Local Authorities.

- The project must offer guaranteed financial viability.
- The project must be consistent with the EU's other policies, notably those regarding the environment, competition, and the rules on the award of public contracts.
- The structure of EU funding is continually changing.
- Most grants are likely to require match-funding to have been identified.
- Proposals will often need to be tailored to common EU priorities and objectives.

UK Central Government Funding Sources

Funding Source	Description	Scheme Types	Case Studies	Benefits	Challenges
<i>Local Transport Plan Block Funding</i>	The Department for Transport (DfT) allocates finance to Local Authorities to contribute towards the implementation of proposals made within their Local Transport Plans (LTPs). For the second round of LTPs (2006/11) more than £6.5 billion of block capital funding has been made available from	Encompasses all types of transport scheme, although there is an increasing focus on projects which encourage a modal shift away from the private car. The block funding includes both the integrated transport and highways capital		<ul style="list-style-type: none"> • Readily available source of revenue and capital funding. • Central Government sources of funding tend to be amongst the most reliable and manageable. • Can be used to help finance a broad range of projects. • Enables local authorities to 	<ul style="list-style-type: none"> • Capital funding and expenditure increases have been more rapid than the increases in revenue funding and expenditure, which could have implications for servicing and maintenance and potentially diminish the benefits of a project. • Funding allocations are in some instances being diverted to other areas. Local politicians may, for example, focus

the DfT.

maintenance blocks, which are both part of local authorities' single capital pot funding, which can be used for investment across service areas, according to local policies and priorities

pursue local priorities.

- Reduces the need for lengthy bidding and appraisal processes.

spending on areas viewed as priorities in the CPA process.

- Some funding is paid within the revenue support grant to support borrowing and can be difficult to trace .
-

Major schemes grant (section 31 grant)

Available in England grant funding can be awarded to help finance accepted major road or public transport schemes which usually cost in excess of £5 million. The grants are made under section 31 of the 2003 Local Government Finance Act. They replace the previous arrangements for Government support for major schemes, which involved both supported borrowing and grant (Transport Supplementary Grant for road schemes, section 56 grant for public transport schemes)

Guidance is accessible from the DfT website.

Highway or public transport capital projects with a minimum cost of £5 million (gross). Schemes under £5 million may be considered from smaller LTP areas who may find it hard to fund large schemes.

[A3: Reading Station Upgrade.](#)

[B5: Norwich Town Centre Public Transport Scheme.](#)

- Payments are allocated specifically for projects and paid on receipt of claims.
- Government is advised by regional bodies about the relative priorities for these projects and makes decisions about which projects to support in the light of that advice
- It enables local authorities to be more ambitious in the projects that they pursue.
- This scale of funding and pump priming may not otherwise be available to local authorities without considerable financial risk.
- It helps to bridge the shortfall between available resources and the levels of investment required in the transport network.
- It only provides up to 75% of the project costs.
- The bidding and appraisal process is extensive and resource intensive. Proposals must show that the scheme is an integral part of their LTP, offers value for money, detail delivery, and incorporates consideration of financial and commercial risk.
- The DfT does not meet most costs incurred in preparing the bid.
- The bidding process places a large burden and risk upon local authorities - resources can be wasted on schemes which are not approved for funding.
- Local authorities have to meet central government criteria for large scale schemes. As such they do not have the power to instead implement schemes which may have a more positive impact upon their local transport network.
- It can result in schemes which prioritise local objectives being altered or postponed in order to fit with central government priorities.
- There are concerns that it could undermine the local transport framework and as such further complicate the structure of funding.
- Scheme approval is based upon a capped sum. This introduces additional risk as the Local Authority could be forced to cover any cost increases.
- Owing to competition for Major Scheme funding the DfT are unlikely to fund any short-falls that result from cost increases.

Revenue Support Grants

Revenue Support Grant (alongside the reappportionment of nationally collected non-domestic rates) is used to provide the Central Government contribution to local authority revenue budgets. Relative needs and the relative ability of authorities to raise funding locally are calculated. Grant is distributed to local authorities based upon their demographic, physical, economic and social characteristics to reflect different needs, including related to highways services. It incorporates revenue from council taxes.

Revenue Support Grant is not ring-fenced and can be used to fund local services as the Local Authority sees fit.

- Revenue can be used according to local needs.

- It could be seen as a means of transferring risk to local authorities for schemes of national importance.
- Until a project is fully approved by the DfT any costs incurred, other than those specifically related to the purchase of land or any other asset required for the build of the scheme, cannot be claimed as main scheme costs.
- Local authorities are expected to minimise the amount of scheme costs that fall to the public sector. This need to identify additional funding contributions can be a further drain on resources.
- All schemes costing over £40 million need to be assessed for whether they could be funded by a PFI – this increases planning costs.
- It is a ring fenced form of revenue, which means that revenue is often diverted away from transport according to local priorities. Revenue is not ring-fenced for transport
- When local authority needs are determined as part of the relative needs assessments there is no link to the revenue costs of measures specified in Local Transport Plans.

**Transport
Innovation Fund
(TIF)**

Most of the TIF will be available from 2008/9 and will be paid in the form of a grant. The TIF will enable local authorities to bid for significant levels of funding for innovative large scale transport schemes which will have a large impact. The amount of available funding will increase from £290 million in 2008? to £2,550 million by 2014. Funds available are designed to bridge any gap not covered by existing funding sources.

Schemes which aim to tackle congestion or increase productivity. The congestion stream is focussed on projects involving road pricing .

n/a

- This level of funding and pump priming may not otherwise be available to local authorities without considerable financial risk.
- It helps to bridge the shortfall between available resources and the levels of investment required in the transport network.
- It enables local authorities to be more ambitious in the projects that they pursue.
- The TIF supplements other funding sources have been exhausted, such as PFI and developer contributions.
- Schemes need to be compatible with national, regional, and local strategy. A NATA economic appraisal also has to be carried out, as does an assessment of, scheme deliverability, and an evaluation of financial and commercial risks.
- Funds are accessed via a competitive bidding system.
- Road pricing measures often have poor levels of public acceptability. They can be controversial and require ongoing political support.
- A substantial bidding effort is often required for large-scale bids.
- As the largest source of transport funding available, there are concerns that it could undermine the local transport framework and as such further complicate the structure of funding.
- It could result in the sidelining of local priorities with a focus instead on the central governments priorities of reducing congestion and enhancing national productivity.
- Priority is given to proposals which have secured the greatest financial contribution from other sources. Identifying match-funding could be a resource intensive process.
- It could be seen as a means of transferring risk to local authorities for schemes of national importance.
- It has been suggested that it is a way in

Single Regeneration Budget	The budget is run through the Regional Development Agencies (RDAs) and is a package of measures which gives RDAs more flexibility in the way that they use funding. The previous round covered a variety of themes, including social exclusion, protection of the environment, supporting local communities, and tackling crime.	Local regeneration projects designed to reduce inequality and enhance quality of life. Projects should also involve a range of local organisations (local businesses, voluntary sector, local community)	A2: Sheffield City Centre Redevelopment.	<ul style="list-style-type: none"> • As a synthesis of a number of programmes, the SRB can be used to help fund a relatively broad range of projects. • It enables local authorities to be more ambitious in the projects that they pursue. • It helps to bridge the shortfall between available resources and the levels of investment required in the transport network. 	<p>which to get local authorities to pilot schemes that may be rolled out nationally.</p> <ul style="list-style-type: none"> • The bid preparation process is relatively extensive – applications need to demonstrate that the project will build upon best practice and represent good value for money. • No more rounds of funding have been confirmed after 2007.
Prudential borrowing	Prudential borrowing came into effect in 2004 with the Local Government Act. It enables local authorities to fund local transport improvements by borrowing for capital investment without seeking the consent of government (subject to affordability). Local authorities can borrow capital resources against long term income streams, such as developer charges.	Primarily schemes which address relatively large scale problems, such as road schemes and public transport infrastructure.	B1: London Transport Infrastructure.	<ul style="list-style-type: none"> • Enables local authorities to make large-scale investment decisions which are currently made by central government. • Enables local authorities to pursue local priorities. • Negates the need for lengthy bidding and appraisal processes. • Enables local authorities to borrow capital resources against long term income streams, such as developer charges. • It enables local authorities to be more ambitious in the projects that they pursue. 	<ul style="list-style-type: none"> • Local authorities may not be able to make full use of Prudential Borrowing owing to constraints on the availability of revenue to finance additional borrowing. • Payback rates can serve to effectively cripple the finances of the Local Authority.
			B2: Darlington Surface Quality.		
			B4: Buckinghamshire Highway Maintenance.		
			B7: Reading Area Transport Strategy.		

**Local Authority
Business Growth
Incentives Scheme
(LABGI)**

Introduced in 2003, although not operational until 2006, the LABGI scheme is a form of business tax. It gives local authorities an incentive to increase their non-domestic rate¹ as they are able to keep any increase in the rateable value (as opposed to giving it to central government).

Traffic management measures, changes to pedestrian and cycling environments

**[B6:
Taunton
Deane
BID bid.](#)**

- It is not subject to competitive bidding.
- The former ODPM estimate that local authorities in England could collectively raise £300 million in the first year of the scheme.
- It enables local authorities to obtain a proportion of the increases in local business rate revenues.
- It enables local authorities to be more ambitious in the projects that they pursue.
- Local authorities are free to use the revenue in line with local needs and priorities.
- It can help to bridge the revenue shortfall often experienced by Local Authorities.
- It can be used to help finance Prudential Borrowing.
- Mechanisms need to be put in place to ensure that the yield generated by developments can be passed directly to transport departments as it is not currently ring-fenced.

UK Regional Funding Sources

Funding Source	Description	Scheme Types	Case Studies	Benefits	Challenges
<i>National Assembly for Wales</i>				<ul style="list-style-type: none"> • This is a relatively readily available source of finance. • Central government funding tends to be amongst the most easily manageable sources of finance. • Funding is provided via a 	<ul style="list-style-type: none"> • Funding often has to be spent within a certain time-frame, which may not result in the most effective use of finance. • There is a tendency for capital to be more readily available than revenue.

¹ Non-domestic rate is a levy on businesses which is based upon the rateable value of the premises that they occupy. Local authorities collect the rate and pay it back to the Government's national pool which is then redistributed to local authorities.

Welsh Assembly Government	The Welsh Assembly Government (WAG) is the devolved government for Wales. It is responsible for a number of services, including transport and provides a number of related grants.	The WAG provides a number of funding opportunities to assist with wide-ranging schemes and initiatives which often include making improvements to the transport network in Wales and helping to build strong communities. These include both capital and revenue grants.	relatively well established channel and mechanisms.	<ul style="list-style-type: none"> • This is a relatively readily available source of finance. • Central government funding tends to be amongst the most easily manageable sources of finance. • Funding is provided via a relatively well established channel and mechanisms. 	<ul style="list-style-type: none"> • Funding often has to be spent within a certain time-frame, which may not result in the most effective use of finance. • There is a tendency for capital to be more readily available than revenue.
Scottish Executive	The Scottish Executive ² is the executive arm of the devolved government for Scotland. The Transport Group at the Scottish Executive is responsible for co-ordinating the National Transport Strategy for Scotland and monitoring funding.	Can provide both capital and revenue funding to support a wide range of transport and land use projects.	B3: Strathclyde Airport Rail Link.	<ul style="list-style-type: none"> • This is a relatively readily available source of finance. • Central government funding tends to be amongst the most easily manageable sources of finance. • Funding is provided via a relatively well established channel and mechanisms. 	<ul style="list-style-type: none"> • Funding often has to be spent within a certain time-frame, which may not result in the most effective use of finance. • There is a tendency for capital to be more readily available than revenue.
Transport Scotland	Transport Scotland (TS) is a recently established national transport agency which has been created to help to deliver the Scottish Executive's vision for transport. The agency will work in partnerships to help deliver the Scottish Executive's £3 billion capital investment programme over the next decade.	Can provide both capital and revenue funding to support a wide range of transport and land use projects.		<ul style="list-style-type: none"> • This is a relatively readily available source of finance. • Central government funding tends to be amongst the most easily manageable source of finance. • Funding is provided via a relatively well established channel and mechanisms. 	<ul style="list-style-type: none"> • Funding often has to be spent within a certain time-frame, which may not result in the most effective use of finance. • There is a tendency for capital to be more readily available than revenue.
Regional	England's 9 Regional	Schemes that contribute		<ul style="list-style-type: none"> • This is a relatively readily 	<ul style="list-style-type: none"> • Funding often has to be spent within a

² More information about the Scottish Executive is available from <http://www.scotland.gov.uk/Home>

Development Agencies / Regional Assemblies / Government Offices

Development Agencies (RDAs) were set up to promote sustainable economic development and reduce social and economic disparities within and between regions. They also distribute SRB funds along with a range of other grants, such as the Coalfields Regeneration Trust.

towards the effective delivery of sustainable transport and land use schemes.

available source of finance.

- Regional government funding tends to be amongst the most easily manageable source of finance.
- Funding is provided via a relatively well established channel and mechanisms.
- Regional Government can be better placed than Central Government to distribute funds according to local needs and priorities.

certain time-frame, which may not result in the most effective use of finance.

- There is a tendency for capital to be more readily available than revenue.

Government Agencies and Organisations Funding Sources

Funding Source	Description	Scheme Types	Case Studies	Benefits	Challenges
<i>Natural England</i> (previously the Countryside Agency, English Nature, and the Rural Development Service)	Natural England will be responsible for rural, urban, coastal and marine landscapes, with their primary objective being to enhance sustainability whilst promoting access, recreation and well-being. Natural England is responsible for allocating some of the Aggregates Levy Sustainability Fund. Details of other funding streams are not yet available.	Projects which encourage walking or cycling or provide environmentally sustainable transport to improve access to, or that are in proximity to, areas of countryside.	D1: Bath and North East Somerset Cycling Strategy.	<ul style="list-style-type: none"> • Any organisation that proposes a suitable project is eligible to receive funding. • Advice for transport projects can be attained free of charge from English Nature. 	<ul style="list-style-type: none"> • Competition for funding is relatively high. Favoured projects tend to have a biodiversity slant. • Many of the grant streams are only open to voluntary organisations. • The maximum grant that is offered cannot exceed 50% of the cost of the project. • Grant money comes with a requirement to measure the effectiveness of the project, thereby increasing revenue costs.
<i>English Heritage</i>	English Heritage provides grants to projects which enhance appreciation of the historic environment. One grant deals with public accessibility to assets.	Transport projects that aid the regeneration of English Heritage sites, enhance accessibility and promote attractions via public transport. Grants are quite broad in their scope and are disseminated to ensure long-term sustainability.	D4: Tower Hamlets Council. D5: Footway Maintenance.	<ul style="list-style-type: none"> • Grants are relatively broad in their scope. 	<ul style="list-style-type: none"> • Grant allocations favour partnership working, which requires careful management if it is to be effective. • Competition is very fierce as grants are in high demand. • If alternative sources of funding are available then it is unlikely that English Heritage funding will be awarded.

British Waterways	British Waterways are a public corporation that manages over 2,000 miles of canals and rivers in England, Scotland and Wales. They are concerned with enhancing the accessibility of waterways and overcoming barriers that lead to social exclusion.	Their remit is relatively broad, although funding tends to favour projects which enhance the quality of towpaths and introduce new routes from which to access canals and rivers.	<ul style="list-style-type: none"> • They have a broad remit and fund a range of projects including those with a focus on planning, environment, and social inclusion . 	<ul style="list-style-type: none"> • Some funding streams are only awarded to the voluntary sector. • Competition can be fierce. 	
Forestry Commission	The Forestry Commission are responsible for forestry policy throughout the UK and provide grants for projects which complement their objectives.	Eligible projects are likely to have an emphasis on improving access to woodlands for public benefit. There are no predetermined eligible activities, but funding seems to favour projects which enhance the potential for walking and cycling within the vicinity of woodlands.	<p>D6: Shropshire Woodland and Health Pilot.</p> <p>D7: Stirlingshire Cycle Routes.</p>	<ul style="list-style-type: none"> • Grants vary but are typically paid over a five-year period. • Between 50 to 80% of costs agreed are allocated at the beginning of the project. • The remit for projects is relatively broad with no predetermined eligible activities. 	<ul style="list-style-type: none"> • Competition can be fierce.
Scottish Natural Heritage	Scottish Natural Heritage aims to sustainably manage, preserve and enhance the natural environment. A number of grants are available to Local Authorities for projects which help people to access and enjoy their natural heritage.	Grants are available for paths and routes which enhance access to the natural environment. Projects may also be funded which enhance the accessibility of green spaces in and around urban areas. Advice, guidance and training on scheme design and management can also be provided.	<p>D8: Ben Lomond Footway Maintenance.</p>	<ul style="list-style-type: none"> • Applications for contributions under the value of £10,000 can be made at any time. • ‘In-kind’ contributions can also be made to projects, such as land, labour or materials. 	<ul style="list-style-type: none"> • Scottish Natural Heritage will only pay up to half of the total eligible costs of the project. An increased proportion of 75% may, however, be paid for projects which address Scottish Natural Heritage Priorities. • Ongoing maintenance support is only available for long-distance routes. Applications for funding will need to detail how maintenance will be funded after scheme completion. • Scottish Natural Heritage will not cover the cost of any feasibility studies.
Historic Scotland	Historic Scotland aims to protect and promote Scotland’s historic environment. Approximately £8 million will	Provides assistance to area based regeneration and conservation initiatives.	<ul style="list-style-type: none"> • Funds can be used to support a number of transport and land-use schemes which may not otherwise have been 	<ul style="list-style-type: none"> • The majority of funding tends to go to the voluntary sector. 	

Countryside Council for Wales	<p>be available for the years 2005 to 2010.</p> <p>This Council is the government's statutory adviser on the sustainability of Wales' natural environment. They offer grants to fund projects which encourage other organisations to adopt and implement policies which are consistent with their objectives. In 2003-04 CCW had a grant budget of £3.2 million.</p>	<p>Projects which help to deliver a better quality of life are favoured. Schemes which improve health and well-being of both individuals and the economy are key priorities. Themes centre around improving accessibility, developing sustainable communities and healthy lifestyles.</p>	<p>D2: Glamorgan Revenue Grant.</p>	<p>prioritised.</p> <ul style="list-style-type: none"> • There are no absolute limits set for the amount of funding which can be applied for. • Although the majority of grants are for under £30,000 there is also the option to obtain funding over a period of three years. • Grant priorities are set to reflect gaps in funding. • There is no fixed timetable for submitting grant applications. Discussions are normally entered into to complement budgetary cycles. 	<ul style="list-style-type: none"> • Most work funded will be delivered in partnerships, which can lead to problems if not effectively managed. • Grants do not normally exceed 50% of a projects cost. • The majority of grants normally amount to less than £30,000. Many are often only for a few thousand pounds.
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Charitable Organisations and Trusts Funding Sources

Funding Source	Description	Scheme Types	Case Studies	Benefits	Challenges
National Lottery	<p>The Big Lottery Fund replaces the New Opportunities Fund. Their aim is to bring real improvements to communities, and to the lives of people most in need. It has an annual budget of approximately £630 million. Funding pots vary in size. Local Authorities can apply for grants on the Big Lottery Fund website. A number of other bodies also distribute National Lottery funding, such as 'Awards for All' and 'Sports England.'</p>	<p>A diverse range of transport and land-use projects could potentially be supported by National Lottery finance. There is the finance available to fund relatively large transport schemes. Priorities include community transport schemes designed to reduce social exclusion, such as dial-a-ride services, and projects which aim to improve people's health by increasing their levels of physical activity. There is also an emphasis on innovative projects that involve local communities</p>	<p>E1: Beverley Community Transport.</p>	<ul style="list-style-type: none"> • The National Lottery is a large disburser of funds. • The National Lottery has a broad remit in the allocation of its funds, and as such transport and land use projects may be funded from National Lottery revenue if it can be demonstrated that the projects will meet current needs and priorities. • Some of the Awards, such as Awards for All, do not require match funding. 	<ul style="list-style-type: none"> • National Lottery grant awarding bodies, and their remits, are subject to change. • Projects need to be tailored towards regional and national frameworks. • Many of the Awards are often heavily oversubscribed.

<i>The Tudor Trust</i>	This is an independent grant making charitable trust which supports people and organisations working to achieve lasting change in their communities. The average value of grants in 2005/06 was just under £37,000.	and improve public spaces. Schemes that address the social, emotional and financial needs of people who are in some ways socially marginalised or excluded. Projects should seek to enhance inclusion and integration	<ul style="list-style-type: none"> • Provides funding to a wide range of people and organisations. • Funding provided can go towards project costs, development work, or capital costs of either building or equipment. • There is no minimum or maximum grant amount that can be provided. • The Tudor Trust prefers to work with organisations which offer direct services and involve people they work with in their planning. 	<ul style="list-style-type: none"> • The Tudor Trust prefers to provide grants to groups which have a turnover of less than £1 million. 	
<i>The Garfield Weston Foundation</i>	A UK-grant giving charity which provides grants to hospitals, educational establishments and housing corporations. In the year 2004/2005 the Foundation supported 1,862 applications with grants totalling over £38.7 million.	Tend to be relatively small-scale transport projects	E5: National Byway.	<ul style="list-style-type: none"> • The Foundation provides grants to a wide range of organisations, varying from small local community projects to large national organisations. • There is no limit on the size of the grants which can be made. 	<ul style="list-style-type: none"> • Most recipients of grants are UK registered charities. • Funding is always given in the form of one-off cash donations.
<i>The Waterways Trust</i>	The Trust was formed to 'promote the widest possible public awareness and enjoyment of the UK's waterways,' through 'working in partnership with individuals, communities and organisations, to conserve, restore, improve and interpret all aspects of waterways.' In 1999 and 2000 it facilitated £45 million of investment in the UK's waterways.	Conservation and community-based projects which improve facilities on canals and inland waterways, such as footways and cycleways.	E2: Droitwich Canals Restoration.	<ul style="list-style-type: none"> • Revenue funding is available, which can help to bridge the shortfall required for maintenance within some areas. 	<ul style="list-style-type: none"> • Grants rarely exceed £1,000 in value.

British Heart Foundation	The BHF produces a range of publications, and runs campaigns and adverts giving advice on how to improve health.	Research into promoting more sustainable working patterns and behaviour to improve employee health and the environment, ‘active’ travel. Walking and cycling schemes.	E3: South London Cycle Path Research Project.	<ul style="list-style-type: none"> • Funds a large number of research projects. The BHF works with a vast number of corporate partners. • Supports a number of schemes which promote healthy lifestyles. 	<ul style="list-style-type: none"> • Competition for funding can be fierce.
Paths for All	This is a Scottish charity which facilitates an increase in both the provision and quality of pathways around settlements. The organisation is comprised of all of the national organisations that have a role in creating or promoting walking. They also run an initiative called ‘Paths to Health,’ which provides additional grants to promote walking for health, particularly amongst those who do not walk regularly.	Planning and development of networks of paths which meet local needs. Grants can be used for anything from the assessment of community needs to the design of promotional material and improvements to path infrastructure, including its security. Projects should address health benefits of walking. Access studies are also provided to help guide practical implementation.		<ul style="list-style-type: none"> • They primarily work by supporting and encouraging Local Authorities, who they frequently work in partnership with, to plan and develop networks of paths that meet local needs. • A diverse range of grants are available in the region of £5,000 to £40,000. • Financial support can be provided for up to 2 years. 	<ul style="list-style-type: none"> • Grants will fund up to 75% of the total cost of schemes. Applications that raise a higher percentage of match funding are looked upon more favourably. • Schemes should involve partnership working with the local community, which will require careful management if they are to be effective.
Sustrans	Sustrans occasionally provide funding, such as via the ‘Links to Schools’ and ‘Safe Routes to Schools’ grants.	Primarily walking and cycling schemes and projects aimed to promote and encourage their use.	E4: Recreational Cycling Development in Leicestershire.	<ul style="list-style-type: none"> • They are relatively broad in their scope. They can provide both direct funding and support in the form of advice, organisation of events, and training. • They provide advice on applying for further funding for cycling to school projects. • Their staff can help to prepare business cases for funding applications, which can reduce the burden on revenue resources. • Can help to facilitate publicity of cycling schemes. 	<ul style="list-style-type: none"> • Resources from Sustrans often require partnership working, which requires careful management if it is to be effective. • Sustrans are sometimes regarded as being less sensitive to public risk issues than Local Authorities when preparing funding applications. • Problems can arise when an organisation other than that managing the design and construction of a transport projects prepares the costings and the business case.
National Sports Foundation	This organisation currently provides grants to a minimum	Projects designed to increase participation in a physical		<ul style="list-style-type: none"> • There is the potential to obtain significant funding for 	<ul style="list-style-type: none"> • Requires identification of match funding

Cyclists Touring Club (CTC)	value of £50,000 to a range of organisations as match funding for activities aimed at increasing levels of physical activity The CTC provide grants (currently of up to £10,000) to local authorities which can be used to train people to the national standard of cycle training.	activity/sport such as cycling or walking Training of cycle trainers to the national standard.	investment in walking and cycling schemes. • Match funding requirements are flexible.	of 50%. • Very narrow in their scope.
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Private Sector Funding Sources

Funding Source	Description	Scheme Types	Case Studies	Benefits	Challenges
Public Private Partnerships (PPPs)	Partnerships between the public and private sectors to deliver schemes.	It is possible to negotiate funding for a wide range of transport and land-use schemes.	<p>G1: Bristol Showcase Bus Routes.</p> <p>F6: Delivery of Southampton's Cycle Policy.</p> <p>F9: Nottinghamshire Highways Partnership.</p>	<ul style="list-style-type: none"> • The private sector is often better at planning and managing projects and spending effectively over the relatively long asset life of transport infrastructure projects. • The private sector is generally more experienced in the construction and delivery of capital intensive projects. • Private sector can help to manage risks, and often bear cost increases. • Delivery with the private sector can secure enhanced value-for-money and efficiency savings. • Enhances likelihood of projects being delivered to time and budget. • Can result in the production of more innovative designs. • They help to ensure that service standards are maintained, that 	<ul style="list-style-type: none"> • The process of testing major schemes for suitability for private sector funding can be an expensive and time consuming process. • Limitations on available staff and skills are cited as significant obstacles to increasing the levels of private finance. • The requirement that schemes above the £5m threshold be assessed for their suitability for private finance has been identified as a resource-intensive process, requiring a significant investment of time and money, with concomitant risk. • Because there is a higher degree of risk to the private sector, the cost of finance is typically higher than it would be for the public sector. • Income from partnerships is largely on-off or irregular. • When financial rewards are attached to private sector attainment of objectives, such as improving air pollution, there can be conflict as to who is responsible for any

Private Finance Initiative (PFI)

A form of PPP provided for under the Local Government Act 2003. PFI is effectively a form of contracting or procurement whereby the private sector often design, build, finance and operate infrastructure. Local authorities then pay for the use of the private sector asset and associated services over an agreed period of time via a performance related payment mechanism.

PFI projects tend to be relatively large-scale projects as the contracts are complex long-term arrangements. Smaller scale schemes can be justified if part of a package of other schemes

[F1: UK Street Lighting.](#)

[F2: Wiltshire Sustainable Measures.](#)

[F3: Nottingham Light Rapid Transit.](#)

[F8: Birmingham's highway Maintenance](#)

services start on time, and that projects are completed to high standards within budget.

- Gives local authorities access to large amounts of capital which may not otherwise be available.
- It is common for the private sector to help compile Best Value Performance Plans, Audits, inspections, and consultations.
- Can incentivise the private sector to work towards public objectives by providing financial rewards for meeting targets. i.e. improving reliability, encouraging cycle use and reducing air pollution.
- PFI partnerships have a proven record of optimising value for money in the long-term.
- The private sector is often better at planning and managing projects and spending effectively over the relatively long asset life of infrastructure projects.
- The private sector is generally more experienced in the construction and delivery of capital intensive projects.
- The private sector can help to manage risks, and often bear cost increases.
- Can secure enhanced value-for-money and efficiency savings via delivery with the private

improvements made.

- PPPs can be relatively complex and long-term, and as such there can be significant costs associated with their formation. These start-up costs can be prohibitive.
- To maximise the effectiveness of partnerships the formation of teams of staff tasked specifically with forming and managing the partnership is necessary. This requires a specific set of skills.
- In practice transport departments have often not been as able to benefit from this funding source as much as other public services have.
- Proposals must demonstrate that a project can provide greater value for money than purchase of the asset.
- It can be difficult to prove that sustainable transport projects offer value for money – this can impact the availability of PFI credits.
- PFI contracts are relatively complex and long-term, and as such there can be significant costs associated with their formation. These start-up costs can be prohibitive.
- The monitoring process for projects can become complex.

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sector.

- Enhances likelihood of projects being delivered to time and budget.
- Can result in the production of more innovative designs.
- If projects are deemed to provide value-for-money central government can provide financial support by way of PFI credits via the Spending Review.
- They help to ensure that service standards are maintained, that services start on time, and that projects are completed to high standards within budget.
- Gives local authorities access to large amounts of capital which may not otherwise be available.
- Payment for use of the asset is made on a performance-related basis, ensuring that the asset is maintained to a high standard.
- It is common for the private sector to help compile Best Value Performance Plans, Audits, inspections, and consultations.
- Can incentivise private sector to work towards public objectives by providing financial rewards for meeting targets. i.e. improving reliability, encouraging cycle use and reducing air pollution.
- Planning Obligations are flexible
- When financial rewards are attached to private sector attainment of objectives, such as improving air pollution, there can be conflict as to who is responsible for any improvements made.
- The process of testing major schemes for suitability for private sector funding can be an expensive and time consuming process.
- Limitations on available staff and skills are cited as significant obstacles to increasing the levels of private finance.
- The requirement that schemes above the £5m threshold be assessed for their suitability for private finance has been identified as a resource-intensive process, requiring a significant investment of time and money, with concomitant risk.
- Because there is a higher degree of risk to the private sector, the cost of finance is typically higher than it would be for the public sector.
- Income from partnerships is largely on-off or irregular.
- There can be a reluctance to jeopardise

Section 106

Planning obligations are a S106 Agreements can be [B5:](#)

Agreements

- Planning obligations
- Developer contributions

legally binding commitment made by a landowner under Section 106 of the Town and Country Planning Act 1990 in conjunction with the granting of planning permission. They require developers to secure provision of, or improvement to, existing transport infrastructure to meet the needs of new development. When payments are one off they are often referred to as *developer levies* or *developer contributions*. Developer levies are made at the planning stage of a project and are designed to alleviate problems generated by a new development.

It is important to note that S106 Agreements are currently under review.

used for a variety of schemes and improvements related to developments. They can include traffic management, highway projects, parking schemes, travel plans, local transport improvements, or pedestrian and cycle schemes.

[Norwich Town Centre Public Transport Scheme.](#)

[F4: Milton Keynes Tariff System.](#)

[F5: Surrey Horley Housing Development.](#)

[F7: Blackpool North.](#)

[G1: Greater Bristol Transport Improvements.](#)

[G10: London Crossrail.](#)

and can sometimes be modified. They can, for example, be in-kind, financial, one-off, phased, or maintenance related.

- Enables gains that result from planning approval to be recouped by local authorities.
 - Costs can be relatively accurately determined as capital is not provided far in advance of development.
 - Enables costs to be transferred to those who profit from or use the development.
 - They can benefit the developer by reducing administrative delays and approval for the proposed development.
 - Payments are individually negotiated which allows flexibility.
 - S106 Agreements enhance the quality of the development.
 - It does not involve penalising tax payers, only the owners of properties to reflect the benefits resulting from the provision of transport infrastructure.
 - Hypothecated revenue to fund transport projects.
 - Can help to bridge the gap between capital and revenue funding.
 - Funding obtained can be used in accordance with local needs and
- proposed local development by pressing for Section 106 (planning gain) Agreements.
- The areas where planning obligations are most viable may not be where the transport investment is most needed.
 - The price of the developer contribution could be passed onto residents, thereby increasing housing costs.
 - There are equity concerns as developer levies tend to be confined to growth areas.
 - To be effective the public sector needs to either own or control the land which is to be developed.
 - The phasing of the transport scheme must correspond with the new development that is helping to finance the project.
 - The process can be relatively slow and can lead to delays in the planning system.
 - The relatively slow system can increase the degree of risk experienced by the private sector.
 - There is a relatively large degree of uncertainty over revenues from S106 agreements, in part owing to the slow nature of the process.
 - It can be a very complex process which needs to involve a number of stakeholders – this can reduce transparency, which has been a criticism in the past.
 - Formation of teams of staff tasked specifically with negotiating and implementing planning obligations is required for their effective use.
 - It has been argued that the revenue

priorities.

generated from S106 Agreements can bear little relation to the potential increase in value.

- Revenue raised via planning obligations must be directly related to the proposed development, and be fair in relation to the scale and type of development.

Section 38 and 278 Agreements (sometimes referred to as ‘Commuted Sums’)

The Agreements relate to private sector funding of trunk road works, as enabled by Section 278 of the Highways Act 1980, and estate roads, as enabled by Section 38. They are legally binding Agreements which secure the development of new, or maintenance of existing, roads subject to Governmental approval, by Local Authorities from developers.

Section 278 Agreements apply to any stretch of trunk road where a Design Build Finance and Operate (DBFO) contract has been awarded.

Under Section 38 Agreements once roads have been completed to a specified standard and the compulsory maintenance period has elapsed the Local Authority adopts them as their own, maintainable at public expense.

Schemes which improve or construct (when sited on land owned by the developer) local carriageways, cycleways, footways, or encourage sustainable travel to and from a site. Agreements vary but can be negotiated to include related structures, such as bus shelters, signage, and signals.

F7: [Blackpool North Transport Development Area.](#)

- Under Section 38 the developer is required to carry the works out entirely at their own expense after which they are adopted by the Local Authority.
- Agreements are flexible and can sometimes be modified. They can, for example, be in-kind, financial, one-off, phased, or maintenance related.
- Enables gains that result from planning approval to be recouped by local authorities.
- Costs can be relatively more accurately determined as capital/revenue is not provided far in advance of development.
- Enables costs to be transferred to those who profit from or use the development.
- Can benefit the developer by reducing administrative delays and approval for the proposed development.
- Payments are individually negotiated which allows flexibility.
- S38 and 278 Agreements enhance the quality of the development.
- Funding obtained can be used in accordance with local needs and priorities.
- Does not involve penalising tax payers, only the owners of properties to reflect the benefits
- Under Section 38 once a specified maintenance period has elapsed the Local Authority is responsible for maintenance.
- There can be a reluctance to jeopardise proposed local development by pressing for Section 38 or 278 Agreements.
- The areas where planning obligations are most viable may not be where the transport investment is most needed.
- The price of the developer contribution could be passed onto residents, thereby increasing housing costs.
- There are equity concerns as developer levies tend to be confined to growth areas.
- The process can be relatively slow and can lead to delays in the planning system.
- The relatively slow system can increase the degree of risk experienced by the private sector.
- There is a relatively large degree of uncertainty over revenues from S38/278 agreements, in part owing to the slow nature of the process.
- It can be a very complex process which needs to involve a number of stakeholders – this can reduce transparency.
- Formation of teams of staff tasked specifically with negotiating and implementing planning obligations is required for their effective use.
- It has been argued that the revenue generated from S38/278 Agreements can bear little relation to the potential increase in value.

resulting from the provision of transport infrastructure.

- Ring-fenced revenue to fund transport projects.
- Can help to bridge the gap between capital and revenue funding.

Innovative Funding Sources

Funding Source	Description	Scheme Types	Case Studies	Benefits	Challenges
<i>Tax Incremental Finance</i>	Enabled by Lord Rogers' Urban Task Force in 1999 it is a way in which regeneration of urban areas can be financed. It enables capture of some of the increase in land value produced as a result of rising land values caused by infrastructure development. It involves the designation of a zone around the transport infrastructure responsible for the increase in land value. An enhanced rate of values within the zone relative to those outside it is attributed to the economic benefits of the new infrastructure and the properties which have benefited are subject to a tax.	Large scale transport projects	n/a	<ul style="list-style-type: none"> • Revenue can either be directly invested in transport infrastructure or, owing to the predictable nature of the repayments, could be used as a revenue stream against which it is possible to borrow money in advance, based upon the expected yield of the TIF scheme. • It is very transparent which makes regeneration proposals easier to justify. • Five yearly revaluations of the capital values of property already take place. • Can help to bridge the gap between capital and revenue funding. • Taxes produce a relatively continuous income source which can be used to help service capital payments and borrowing. • Can be effective in leveraging private investment into major 	<ul style="list-style-type: none"> • Occupiers would be required to pay the tax despite it being the owners who actually benefit from the rising property values. • There is a general lack of certainty over whether expected increases in land/property values will occur. This may be a problem if local authorities are planning to borrow revenue in advance of the increase in land value. • Changes in legislation would be required before it could be effectively implemented.

Land Value Taxation (LVT)

LVT is a means of raising revenues from all land uses (residential, commercial, open space, etc) by charging each land owner in relation to the benefit that they will get from increases in the land value that result from changes to transport provision. This will take the form of a proportion of the value of land and will be based upon the ‘optimum permitted use.’ Sites in proximity to roads or railways would, for example, incur a higher tax than land farther away from the transport source. LVT can take the form of either a tax, whereby properties pay regular and continuous amounts to the government to raise money for public transport, or by on-off or irregular payments (sometimes referred to as developer levies – see Section 106 Agreements) to finance public transport facilities required for effective site operation.

It is possible to negotiate funding for a wide range of transport and land-use schemes.

[G2: Edinburgh.](#)

[G3: London Jubilee Line Extension.](#)

projects.

- It does not involve penalising tax payers, only the owners of properties to reflect the benefits resulting from the provision of transport infrastructure.
 - It can be a source of revenue with which to implement further improvements to transport infrastructure.
 - The revenue stream can be hypothecated to fund transport projects.
 - They are flexible in that they can take the form of a one off payment or regular instalments.
 - There is strong evidence to suggest that in many cases transport has increased land value quite significantly.
 - The tax can lead to economic regeneration, particularly on brownfield sites. This is because with land, as opposed to properties, being taxed, there is no financial incentive to withhold undeveloped land. This gives developers a financial incentive to develop. In areas where LVT has been implemented there has been a significant reduction in the number of derelict buildings and empty plots of land.
 - There is the potential for profits of businesses near stations to see
- There is no standard way of assessing increases in land value.
 - Land Value Tax related transport improvements can be put in jeopardy when there is a change in government. Continuous political support is therefore required.
 - There could be a negative economic impact as LVT could reduce the amount of land put forward for development as profits would be reduced.
 - Regional inequalities could increase as land value tax could distort the market as a result of revenues needing to be reinvested at the local level where development is occurring.
 - The areas where land value tax is most viable may not be where the transport investment is most needed.

Statutory Planning Charge (SPC)

The proposed SPC (which supersedes the planned Planning Gain Supplement) would exist alongside S106 Agreements. It would enable local authorities to capture some of the gains accrued by companies a proportion of the land value uplift that results from the granting of planning permission. It is similar to S106 Agreements in that it will be legally binding and designed to reduce the impact of new developments by generating finance for the implementation of sustainable transport options to meet the increased demand generated by the development. Details of this proposed measure are still being developed.

SPC can be used for any transport scheme which is directly necessary for or related to the proposed development. It often incorporates provision of a sustainable mode of transport.

n/a

their profits increase.

- Resultant projects can lead to environmental gains.
- It is a relatively fair and efficient way to finance local transport infrastructure needs.
- SPC would result in a significant increase in the amount of resources raised from developers to help finance necessary services and infrastructure related to developments.
- Helps to enable local authorities to meet the costs imposed as a result of development.
- SPC should simplify the process of attaining revenue from developments and lead to a scaling back of Section 106 agreements (Barker Review, 2004).
- SPC is essentially a local measure which enables the majority of revenues raised to be invested in local transport infrastructure in accordance with local needs and priorities.
- As a local measure, PGS can enhance the extent to which local authorities can manage the growth caused by new developments.
- There is less delay than is associated with S106, which results in finance being available when it is most needed to
- The required mechanisms are not likely to be in place until 2008.
- SPC must be relevant to the development, reasonable in its scale and nature, and directly related to the proposed development to be viable.
- Finance generated will need to be repaid if it is not used in an accountable manner over an agreed period of time.
- SPC has been criticised as a form of stealth tax. This is owing to the fact that the SPC would be paid when planning permission was granted, rather than when the land value increased.
- Developments in close proximity to the proposed site could benefit from increases in land value as a result of the transport improvements, but they would not be required to contribute towards their cost.
- There could be a negative economic impact as it could reduce the amount of land put forward for development as profits would be reduced.
- The SPC could distort the market and accentuate the North South divide as revenues would need to be reinvested at the local level where development is occurring.
- Limitations on available staff and skills

Levy on the Non-Domestic Rate (NDR)/ Business Rate Supplement

These are two of the most commonly used terms which refer to a levy on businesses which is valued based upon the value of their premises. Levies of this nature can be raised within a defined geographical area. This can also be extended to council tax payers. It bears a resemblance to Tax Incremental Finance, and also to Business Improvement Districts in that it can incorporate consultation with businesses affected by the levy.

Revenues raised can be used to help finance a wide range of transport schemes.

[G10: London Crossrail](#).

manage and support growth.

- The private sector can make a commitment to finance maintenance over a number of years.
- It will provide a source of hypothecated revenue to fund transport projects.
- It is a relatively fair and efficient way to finance local transport needs.
- The proposed maximum of 2 pence per pound is likely to generate more revenue than Tax Incremental Finance.
- It can be a source of both capital and revenue funding.
- Transport projects are likely to be the main beneficiaries of this revenue stream.
- Finance raised will be locally owned and controlled to use as best befits local needs and priorities.
- Whilst being based upon an existing tax it enables hypothecation of revenues for particular projects.
- Revenue can either be directly invested in transport infrastructure or, owing to the predictable nature of the repayments, can be used as a revenue stream against which it is possible to borrow money in advance, based upon the

are cited as significant obstacles to increasing the levels of private finance, as is the reluctance to jeopardise proposed local development by pressing for SPC.

- The areas where SPC is most viable may not be where the transport investment is most needed.
- There is no standard way of assessing the increase in land value.
- The cash increase in the yield of NDR in England since the last reform of local government finance has been significantly lower than that from council tax owing to limitations on the rate of inflation for businesses.
- Occupiers would be required to pay the tax despite it being the owners who actually benefit from the rising property values.
- There can be a lack of certainty over whether expected increases in land/property values will occur. This may be a problem if local authorities planning to borrow revenue in advance of the increase in land value.
- Only the highest tier authorities will be able to levy supplements.
- Legislation will not be in place to enable the mechanism to be used until 2010.

Congestion charges/road pricing

Enabled by the Transport Act 2000 this demand management mechanism involves charging road users within a defined area for their use of road space. They are typically applied in historically congested areas. Charges are flexible in that they can be applied to selected vehicle types, or on selected days and times.

Revenues raised can be used to help finance a wide range of transport schemes.

[G4: Durham.](#)

[G5: London.](#)

[G6: Trondheim](#)

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expected yield of the TIF scheme.

- It is very transparent which makes the levy easier to justify.
- The levy would be more acceptable if based upon a relatively small area as this would enhance the link between the levy and the benefit.
- The process enables consultation with businesses affected by the levy.
- Can help to bridge the gap between capital and revenue funding.
- Taxes produce a relatively continuous income source which can be used to help service capital payments.
- Can act as a catalyst to encourage local authorities to strengthen their economic role and improve their relationship with businesses.
- The London Congestion Charge highlights its potential as a large source of hypothecated revenue.
- It is a well targeted revenue raising tool as it directly affects those who generate external costs.
- It can help to internalise the negative externalities of congestion.
- It acts as a demand management

- Charging schemes which have not been well designed can be detrimental to the economy.
- It can be difficult to make such a politically controversial scheme acceptable to the public.
- Lack of acceptability driven by negative public opinions can act as a deterrent for implementation by the government.
- The high cost of borrowing capital can be prohibitive.

- tool.
- Road safety can improve as a result of the scheme.
 - Can improve the reliability of journey times.
 - Helps to attain a more sustainable modal shift, particularly if revenues are invested in public transport services, cycle infrastructure, etc..
 - Finance can be used to reclaim capital spent on the construction of the road.
 - Encourages the formation of partnerships by attracting private capital (please refer to the advantages of [private partnerships](#)).
 - Enhanced efficiency of the transport system can bring about economic benefits.
 - It can be accompanied by positive environmental impacts, such as improved air quality and reduced noise pollution.
 - Improvements to road safety encourages an increase in the number of cyclists creating further benefits.
 - Users can be willing to pay charges in exchange for faster and more reliable journey times.
 - Can help to bridge the gap between capital and revenue
- Depending on the scheme delays and emissions can increase around collection points.
 - Some schemes could raise equity concerns and enhance levels of social exclusion.
 - Congestion charging can lead to reductions in foot fall within the charging zone.
 - Some commentators feel that any localised road pricing schemes will be difficult to implement owing to the short term nature of local government – a national system of road user charging would be easier to deliver.

				<p>funding.</p> <ul style="list-style-type: none"> • The charge produces a relatively continuous income source which can be used to help service capital payments. 	
<i>Tourist taxes</i>	A small tax payable by tourists.	Revenues raised can be used to help finance a wide range of transport schemes.	n/a	<ul style="list-style-type: none"> • Revenues can be invested in public transport schemes which both visitors and nationals can benefit from. • Can help to bridge the gap between capital and revenue funding. • Taxes produce a relatively continuous income source which can be used to help service capital payments. 	<ul style="list-style-type: none"> • Mechanisms for implementing such a tax are not yet in place. • Changes in legislation would be required before it could be effectively implemented.
<i>Impact Fees</i>	Developer charges can be adapted to charge developers according to the number of trips a site generates.	Revenues raised can be used to help finance a wide range of transport schemes.	G9: Cambridge Transport Infrastructure.	<ul style="list-style-type: none"> • Helps ensure that developments cover the cost of the increased demand for transport provision. • Helps to enable local authorities to meet the costs imposed as a result of development. • Revenues can be used to enhance the public transport provision to the site thereby helping to manage its growth. • It will provide a source of hypothecated revenue to fund transport projects. • It is a relatively fair and efficient way to finance local transport infrastructure needs. • Revenue obtained can be used in accordance with local needs and priorities. 	<ul style="list-style-type: none"> • Charges must be relevant to the development, reasonable in its scale and nature, and directly related to the proposed development to be viable. • There could be a negative economic impact as it could reduce the amount of land put forward for development as profits would be reduced.

<i>Off-street parking levy</i>	Revenue could be generated from off-street parking in a similar way to which on-street parking, and some off-street parking in municipal car parks, currently generates revenue.	Revenues raised can be used to help finance a wide range of transport schemes.	n/a	<ul style="list-style-type: none"> • Can help to bridge the gap between capital and revenue funding. • Taxes produce a relatively continuous income source which can be used to help service capital payments. • It is a well targeted revenue raising tool as it directly affects those who generate external costs. • It can act as a demand management tool and help to attain a more sustainable modal shift, particularly if revenues are invested in public transport services, cycle infrastructure, etc.. • Can help to bridge the gap between capital and revenue funding. 	<ul style="list-style-type: none"> • Changes in legislation would be required before it could be effectively implemented. • Charging schemes which have not been well designed can be detrimental to the economy. • It can be difficult to make such a politically controversial scheme acceptable to the public. • Lack of acceptability driven by negative public opinions can act as a deterrent for implementation by the government. • Some schemes could raise equity concerns and enhance levels of social exclusion.
<i>Environmental taxes</i>	Taxes can be set to help achieve transport and environmental objectives. For example an additional amount could be charged in order for modes of transport to attain carbon neutral status.	Revenues raised can be used to help finance a wide range of transport schemes.	n/a	<ul style="list-style-type: none"> • It is a well targeted tax. • It can help to bridge the gap between capital and revenue funding. • Revenues can be invested in public transport schemes which both visitors and nationals can benefit from. • Taxes produce a relatively continuous income source which can be used to help service capital payments 	<ul style="list-style-type: none"> • Mechanisms for implementing such a tax are not yet in place.
<i>Property tax</i>	A variety of different types of property tax exist. These include taxes of which a	Revenues raised can be used to help finance a wide range of transport schemes.	n/a	<ul style="list-style-type: none"> • Relatively easy to administer as large amounts are collected from 	<ul style="list-style-type: none"> • It requires increased accountability. • There can be resistance to the taxes,

proportion are specifically earmarked to subsidise public transport. They also incorporate Land Value Tax, as detailed previously, and Benefit Assessment District Tax, whereby properties in localities that have directly benefited from public transport systems contribute towards their cost.

Business Improvement Districts (BIDs)

A BID comprises a small area of a town or city in which private revenue is raised to fund local urban renewal services or projects. Finance is raised on a voluntary basis from businesses in the area via the property tax mechanism. Their implementation needs to be approved by a 50% vote by those paying business rates in an area.

Either finance of new initiatives or improvement of existing services or facilities, such as public transport initiatives.

[B6: Taunton Deane BID.](#)

[G8: Kingston Transport Improvements.](#)

a small number of taxpayers.

- They provide a relatively large and stable revenue base.
- Provide revenues hypothecated for expenditure on public transport.
- Charges are fair in that they fall on those who directly benefit from the public transport systems.
- Benefits are accrued to the local community.
- Can help to bridge the gap between capital and revenue funding.
- It is an efficient, relatively simplistic way in which to support transport services.
- As they are added to existing taxes there are minimal administrative costs.
- They provide a relatively large and stable revenue base as income from a BID is guaranteed over a set period.
- Funding for BIDs can be supplemented by voluntary contributions, for example from organisations.
- Revenues can be used in accordance with local needs and priorities.

particularly as the taxes are not related to a household or buildings ability to pay.

- It can be difficult to isolate the impact on land values from public transport improvements as opposed to from other influences on property values.
- It is not as efficient as user fees because the charge is not directly related to the use of the service.
- Some banks regard property development as being too risky to use as security for infrastructure loans.
- They are limited in their scope as they must be spent in the area in which they are raised.
- Property taxes can be unpopular.
- Supplements raise the visibility of the tax.
- To maintain revenues the rate of the tax has to be increased. This is because the base of the property tax may not increase as property valuations are only undertaken occasionally.
- There are equity concerns as poorer areas requiring public transport improvements yield less tax revenue than more wealthy areas away from public transport routes.
- Levels of funding obtained are likely to be relatively small.
- Financial institutions can view property development as too risky to use as security for infrastructure loans.

Transport Development Areas (TDAs)	A TDA is an integrated land use/transport planning approach. TDAs are well designed, higher density, mixed use areas situated around points that are well served by public transport. They enable the promotion of more sustainable transport choices.	Developer contributions can be used to enhance public transport provision along with other local transport objectives.	F7: Blackpool North.	<ul style="list-style-type: none"> • They enable an integration of land use, development and transport objectives. • Finance is available in a number of forms; direct capital funding of specified facilities, recurrent funding of service provision, provision in-kind, and increased patronage for public transport. • There is the potential to employ demand management. • They are particularly beneficial for schemes in urban areas which suffer from negative transport impacts as a result of development. • Developers of large facilities may contribute towards the running costs of public transport systems which might not otherwise be financially viable. • It enables local authorities to be more ambitious in the projects that they pursue. 	<ul style="list-style-type: none"> • It may be more difficult to secure capital contributions from TDA developments. Local authorities will have to evaluate the extent to which proposed developments can actually afford to contribute towards public transport improvements.
Advertising	Revenue generated from advertising, on local authority owned street furniture for example, can be a reliable source of revenue for public transport projects.	Revenues raised can be used to help finance a wide range of transport schemes.	B5: Norwich Town Centre Public Transport Scheme.	<ul style="list-style-type: none"> • Advertising can be outsourced to reduce the burden on local authority staff time. • Adverts can be used to encourage an increase in public transport patronage. • Can help to bridge the gap between capital and revenue funding. 	
Fare Income	Revenue generated from the	Revenues raised can be	G7: London Transport Improvements. B1:	<ul style="list-style-type: none"> • Access to fare income could 	<ul style="list-style-type: none"> • Changes in legislation would be required

	farebox within London can currently be reinvested in the local transport network, or used as a source of revenue against which they can borrow capital. If authorities outside London were able to access this source of revenue then it would have major implications on the availability of funding for local transport schemes. In London fare income is a source of approximately £2 billion a year.	used to help finance a wide range of transport schemes.	London Transport Infrastructure G10: London Crossrail	significantly enhance local authority access to both capital and revenue. <ul style="list-style-type: none"> • Revenues can be used according to local needs and priorities. • Fare income produces a relatively continuous income source which can be used to help service capital payments. • Fares constitute a relatively large and stable revenue base. • The revenues can be hypothecated for expenditure on public transport. • Charges are fair in that they fall on those who use the public transport systems. 	before local authorities outside of London could gain access to fare income.
Workplace Parking Levies	Introduced by the Transport Act 2000 the levy allows local authorities to charge companies and organisations for each commuter car parking space provided in a specified work place.	Revenues raised can be used to help finance a wide range of transport schemes.	G10: Nottingham Transport Improvements	<ul style="list-style-type: none"> • They have the potential to contribute towards the attainment of a number of transport objectives, i.e. they could reduce congestion and encourage a more sustainable modal shift. • Provide a source of revenue funding to help invest in the transport system. • The scheme is flexible in that exemptions to certain types of employees, or vehicles, can be made. • Can help to bridge the gap between capital and revenue funding. • Provides a dedicated revenue 	<ul style="list-style-type: none"> • Workplace Parking Levies are likely to be expensive to implement. • Employers may pay the charge thereby minimising the impact upon the end user in relation to demand management. • There may be problems where a group of employers share the same car park. • Employers may be encouraged to locate to out of town locations, or to neighbouring towns that do not impose the levy. • Opposition from businesses could have a negative economic impact on the area where the levy applies. • Political will can be lacking to implement such schemes which can be looked upon unfavourably by businesses.
Sales Tax	A sales tax can be levied on the	Revenues raised can be	n/a	<ul style="list-style-type: none"> • Provides a dedicated revenue 	<ul style="list-style-type: none"> • Benefits should be made clear to those

purchase of consumer goods. Revenue from this tax can then be allocated to transport improvements. It is sometimes referred to as a 'consumption' tax.

used to help finance a wide range of transport schemes.

stream for transport schemes.

- Yields a substantial amount of revenue for operating and capital costs.
- Can help to bridge the gap between capital and revenue funding.

paying the tax. There is a need to emphasise the link between getting to retail outlets by transport, and paying a little extra to reinvest in such modes.

- Other methods of raising revenue could be considered first so as not to place an additional tax burden on businesses.

Appendix B.

Case Studies

B.1 European Union Funding

Case Study A1: EU Funding - Essex Hospital Travel Management System

Essex County Council obtained EU funding to develop a Hospital Travel Management System (TMS). Funding from the OPTIMUM 2 (Optimal Planning Through Implementation of Mobility Management) project was used, which was available at the time for projects in North West Europe. With a total budget of €10,533,891 the OPTIMUM 2 project sought to ‘provide an effective approach to using mobility management to tackle the problems caused by urban congestion’ (INTERREG IIIB, 2006a). Essex County Council designed and developed their Hospital Travel Management System, entitled ‘Get There.’ ‘Get There’ is a web-based programme which makes staff, patients and visitors more aware of travel options to and from their hospitals and medical centres. It is an integrated information system which can be accessed via the internet, mobile phone, kiosks at transport interchanges, public libraries, and hospital reception areas. It includes information on fares and real time information as well as public transport services, car sharing schemes, cycle and walking routes, park and ride and parking. It also has the potential to perform parking and outpatient booking functions.

Match funding from the ODPM (now DCLG) was also available. The ODPM’s International Planning Unit established a Match-Funding Scheme in 2003 to support UK projects wishing to develop spatial planning projects based on transnational partnerships. The ODPM scheme was designed to bridge gaps in funding in advance of their European Regional Development Fund applications being submitted (INTERREG IIIB, 2006b).

Applicants for ODPM funding were required to demonstrate that their proposals fulfilled Regional Spatial Strategy/Regional Planning Guidance criteria, as well as non-planning Regional Strategies, such as economic and national policies (INTERREG IIIB, 2006b).

Case Study A2: EU Funding - Sheffield City Centre Redevelopment

An Urban Regeneration Company (URC) ‘Sheffield 1’ was formed as a partnership between Sheffield County Council, Yorkshire Forward and English Partnerships to obtain a funding package of around £100 million to invest in the regeneration of the city centre. This funding was secured through a variety of mechanisms and sources, including Objective One, Round 6 of the Single Regeneration Budget, and numerous private sector sources as part of major city centre regeneration (Sheffield One, 2005). The Masterplan for Sheffield identified eight strategic priorities for the development of the city centre:

- An e-campus;
- A new retail quarter;
- City Hall / Barkers Pool;
- Complete Heart of the City Project;
- Castlegate / Victoria Quays;
- Midland Station;
- The transport strategy; and
- The economic programme (URC, 2005).

£35 million of Objective One funding was secured for the city centre in recognition of Sheffield’s status as a growing European centre for high technology manufacturing and knowledge based services. The funding was provided to develop a strong and sustainable economy in recognition of the strategic importance of Sheffield City Centre as an economic driver for the sub-region. This included extensive transport improvements. This European funding was particularly crucial at the

earlier stages of the project when the private sector could not be expected to take on the risk associated with large-scale investment. From 2007 it has been more important to shift towards private sector investment however, as a result of a number of ascension countries joining the EU, and improvements made to Sheffield's economy, Sheffield is no longer eligible for the Objective One grant funding. English Partnerships were also a source of forward funding to help cover some of the initial costs.

Sheffield also obtained £1,485,000 of funding from the SRB, which contributed towards production of an Integrated Transport Strategy and improvements made to the public realm, such as improvements to the railway station entrance Sheaf Square. Enhancements to the station included provision of a 'super crossing' to replace a roundabout outside the station to provide pedestrian priority and safer access to the city centre. Water cascades and a 'Cutting Edge' sculpture are also planned to greatly improve this public space and increase its attractiveness. For those arriving by car, the series of access loops allowing visitors to access the city's car parks are to be simplified. New and improved parking is also planned, taxi ranks are to be improved, and mini interchanges introduced for buses around the city centre, improving conditions for public transport users. Widespread cycling and walking improvements are also planned. To complete this package of measures, maps, signs and other city centre information is being vastly revised, including easier to read fonts, photograms, maps and clear signage.

In total a funding package of approximately £100 million has been secured. Other sources of funding drawn upon include English Partnerships, Yorkshire Forward, LTP funding, the Heritage Lottery, Millennium Commission, Arts Council, Section 278 contributions, and the Strategic Rail Authority.

This project serves to highlight the crucial role that partnerships can play in securing funding. The defined roles of Sheffield One, and later Creative Sheffield, enabled them to focus upon pursuing and exploiting a range of funding opportunities when private finance was not forthcoming. Their expertise also ensured that funding obtained was used effectively and that outcomes of lengthy negotiations were favourable. The management of all of the different funding streams was also a complex task once and one which Sheffield City Council may not have had the resources to finance on their own.

Case Study A3: EU Funding – Reading Station Upgrade

Reading Borough Council has been working with Network Rail and regional and central Government to develop plans to increase the capacity of Reading station by 100%. Reading station is already the second busiest interchange in the UK outside of London and the enhancements will see 30 million passengers accommodated each year. The station upgrade will not only see capacity increase but will significantly reduce delays experienced at the station (Reading Borough Council, 2006b).

The extent of the capacity upgrade has required Reading Borough Council to form a second partnership with Network Rail and First Group which will seek to develop the station concourse to effectively accommodate this increased capacity. The project will also incorporate the development of a new multi-modal interchange, improved urban crossings, and related developments (Reading Borough Council, 2006a and 2006b).

The proposals, which involve the creation of four new platforms and the lengthening of an existing platform, are estimated to cost £78 million (2006 figures). It has been deemed necessary owing to the lack of capacity at Reading station which is affecting all train services to the west as well as services to Birmingham and the north (Reading Borough Council, 2006b).

Reading Borough Council was successful in securing £3 million of European funding to contribute towards the development of the scheme. £2 million has been allocated under the Interreg IIIB programme, and £1 million under the TEN-T (Trans European Transport Network) programme (Thames Valley and Europe, 2005).

Reading bid for the Interreg IIB funding in partnership with consultants Peter Brett Associates, SEEDA, and 12 other European partners. The team managed to secure a total of £8 million to fund

improvements to the high speed train network across Europe, £2 million of which has been allocated to Reading (Thames Valley and Europe, 2005).

The £1 million of TEN-T funding was also obtained with support from external organisations. The Europe Division of the DfT helped to secure this funding allocation for the development of the concourse design and the business case of the station upgrade (Thames Valley and Europe, 2005).

Reading Borough Council are in the process of submitting a Major Scheme funding bid which will contribute towards the funding of this large-scale infrastructure project.

Reading has already successfully implemented a number of phases of the study, and it is anticipated that the upgrade will be completed in March 2008 (Thames Valley and Europe, 2005). The longer term strategy will be dependent upon whether regeneration and redevelopment proposals are made to the Council.

B.2 UK Central Government Funding

Case Study B1: Prudential Borrowing – London Transport Infrastructure

Transport for London (TfL), as detailed by the LGA, have undertaken a significant amount of Prudential Borrowing to assist the expansion of their underground, tram and bridge infrastructure. This mechanism has been of particular use to London as they are able to borrow capital resources against fares, which are currently in excess of £2 billion per annum.

Case Study B2: Prudential Borrowing – Darlington Surface Quality

Darlington has managed to secure £2.6 million through Prudential Borrowing for investment in the 'Let's Get Cracking' programme of improvements to the appearance of surface conditions of footpaths, verges, and roads. The road network in Darlington used to have some of the worst conditions in England but the additional funding secured has resulted in significant improvements which have been reflected by Darlington moving up to the top quartile (DfT, 2006b).

Case Study B3: Central Government Funding – Strathclyde Airport Rail Link

The Strathclyde Partnership for Transport is the Regional Transport Partnership (RTP) for the West of Scotland. The Partnership, which is funded by the Scottish Executive, commissioned consultations in 2001 to investigate the possibility of building a direct rail link between Glasgow Central and Glasgow Airport.

Expansion experienced at Glasgow Airport is expected to double in the next 25 years, and with congestion becoming an increasing problem the rail link has been proposed to support excess demand, improve access to the airport, make journey times more predictable, and boost the economic vitality of the region.

A route has now been chosen which offers the best balance between practicality and affordability. It is proposed that four trains an hour will operate on the route with the journey taking approximately 16 minutes.

The project was expected to be completed in 2008, although owing to numerous delays (some caused by objections to the scheme) has been in the planning stages for the past 15 years and is now due to be completed in 2010.

The Scottish Executive provided SPT with £3.3 million for the preliminary design and engineering works. The total scheme cost was expected to be £160million (in 2004 prices), but it is now estimated that, owing to delays, costs could reach £210 million. Scottish Executive have agreed to be the principal funder of the costs, and 'Visit Scotland' have also supported its development, however they

require SPT to explore all possible options for contributions to the project. This has added further delays to project implementation and required an Economic Business Case to be made to explore likely sources of funding. The business case has focused upon those who would voluntarily contribute towards the scheme as a result of the associated benefits (such as the DfT, Glasgow City Council, and Scottish Enterprise), and those who will benefit directly from scheme implementation, such as BAA and Network Rail.

The development of the project has been assisted significantly by the fact that political interest and support has been consistent. The Scottish Executive have committed themselves to providing funding, regardless of delays, from initial concept to construction. This has been particularly significant in the viability of the project as projects, particularly given the unsuitability of a number of funding sources where timescales of the funds did not complement those of the scheme.

Case Study B4: LTP Revenue Allocations – Buckinghamshire Highway Maintenance

Buckinghamshire is one of many County Councils who are experiencing a lack of revenue funding for necessary highway maintenance programmes. Buckinghamshire would like to develop a number of initiatives and improvements to enhance their networks but the relative lack of revenue funding means that it looks unlikely that they will have sufficient finance to enable them to keep proposals, as outlined in their LTP, operating efficiently.

The Prudential Borrowing mechanism could be used as a means to supplement funding availability, but Buckinghamshire perceive that the payback rate of £90,000 for every £1 million borrowed could effectively cripple the finances of the County Council. The case of Buckinghamshire serves to highlight the reliance of transport schemes on LTP allocations and the need to make a strong internal case for transport (Johns, D, 2007).

Case Study B5: Major Scheme Allocations – Norwich Town Centre Public Transport Scheme

Norwich City Council were successful in obtaining funding from the DfT's Major Scheme funding stream for large scale improvements to the provision of public transport in the town centre. Allocations of £9.553 million were made between 2003 and 2005 (DfT, 2004b) to;

- Help finance a new bus station;
- Enhance a public transport interchange at Norwich Railway Station;
- Implement bus priority measures between the railway station and the new bus station;
- Enhance a number of on-street bus interchanges across the town centre.

Further to the Major Scheme funding awarded by the DfT, Norwich was also successful in securing match funding for the Railway Station Interchange and ticket vending machines from the EU CIVITAS QUEST (Quality Energy Supporting Sustainable Transport) project.

The project team for the scheme is comprised of Norfolk Council P&T, consultant partner Mott Macdonald, Norwich City Council Conservation, Jefferson Sheard Architects, English Heritage, Network Rail, and 'one' Anglia – the primary train operator serving Norwich. The team was assembled to enable the extensive experience of each partner with passenger interchange projects from different sectors to be drawn upon. The diverse skill base of the team served to enhance the proposals for the public transport improvements.

The number of partners involved did increase the amount of time taken to generate and gain approval of the design proposals. The input of each partner, along with wider public consultations which took place, were however deemed to be a key element in determining the suitability of proposals.

A number of bus priority measures and highway works were completed in 2003 and 2004. Measures implemented included contra-flow bus lanes (which generated time savings of 2 minutes per journey) and highway schemes between key developments and the new bus station. Highway schemes

implemented include footway widening, enhanced crossing provision, and the remodelling of a large junction to improve navigation for buses, taxis and cyclists.

Some of these highway schemes were financed by a S106 Agreement. The developers of a development at Chapelfield agreed to fund a number of measures designed to enhance the infrastructure and environment for pedestrians and cyclists in several areas across the town centre (Norwich City Council, 2004).

A number of improvements made to on-street bus interchanges were completed under the Councils advertising contract with Adshel. Adshel replaced 28 existing bus shelters and provided updated facilities in their place, including real time bus information displays, on-street ticket vending machines, touch screen information points, and consistent provision of raised kerbs. Norwich City Council's Conservation Officer also managed to negotiate for Adshel to finance a high quality contemporary design for the bus shelters and related street furniture under their existing contract.

Case Study B6: Local Authority Business Growth Incentive (LABGI) – Taunton Deane Business Improvement (BID) Bid

The LABGI grant is not ring-fenced, and as such it can be used to help finance a wide range of local authority activities. An increase in business rates in Taunton Deane resulted in the award of £138,170 to the Council for 2006/2007. £20,000 of this allocation was used to pay for the service of experienced consultants to help support a Business Improvement District (BID) bid that went on to be successful. Development of the BID required a minimum of 75% of eligible businesses to vote in favour of the submission, and the expertise of the consultants, financed by the LABGI grant, helped to attain the support of local businesses (Taunton Deane Borough Council, 2006).

Case Study B7: Prudential Borrowing – Reading Area Transportation Strategy

Reading in Berkshire has become one of the UK's fastest growing urban centres, and as such significant transport challenges have arisen. A number of new development proposals for the next 20 years are in the process of being considered, and Reading Borough Council therefore formed a partnership with a consultancy (Peter Brett Associates) to develop a transport strategy for Reading designed to:

- Provide alternatives to the private car;
- Manage demand for travel; and
- Improve management of the transport networks.

The Reading Area Transportation Study was commissioned which detailed proposals for the effective movement of people across Reading and the surrounding areas. The Study contained extensive transport planning and modelling approaches to identify a number of potential solutions to the problems faced by Reading.

This scheme was funded by Reading Borough Council (50%) and also by Prudential Borrowing and developers of GreenPark and the proposed Kennet Valley Park (50%).

B.3 Government Agencies and Organisations Funding Sources

Case Study D1: Aggregates Levy Sustainability Fund Grant - The Bath and North East Somerset (B&NES) Cycling Strategy

B&NES' LTPs outline a commitment to promoting walking and cycling as a means to reduce energy use, pollution and traffic congestion and improve health and safety by reducing conflict. Part of their walking and cycling strategy is to define, safeguard, develop and enhance primary cycle networks,

such as the National Cycle Network. Their LTP complements national Cycling and Walking Strategies, and they have set targets to enhance the networks. The improvement of the cycle and pedestrian environment includes construction of a shared-used cycleway, 'The Colliers Way,' which is part of the National Cycle Network 24.

Route 24 of the NCN, 'Colliers Way,' extends from the Dundas Aqueduct on the Kennet and Avon Canal to Frome in Somerset on the South coast via various cycle networks. The route re-uses lengths of former railway lines which are connected by quiet country lanes. It is a shared-use route, to be used by cyclists, pedestrians, wheelchair users and horse riders. Upon completion of the route 11.1 miles of the total length of the 19 miles will be on completely traffic-free routes.

Partners in the project include B&NES, Somerset County Council, Mendip District Council, and Sustrans.

Funding for the project has been acquired from a wide range of sources. The route, costing just over £2m, attracted in excess of 25 different funding sources, ranging from £250 to £250,000. Sources included neighbouring local authorities, DfT grants, New Opportunities Fund, £77,171 from the Aggregates Levy Sustainability Fund, £102,000 from Hanson Aggregate, (ALSF) grants, parish councils and arts councils (not a full list).

Use of the Aggregates Levy Fund has resulted in a number of problems, one of which is the requirement that funds need to be used within the year of the grant being made. In 2003 funding from the Countryside Agency Aggregates Levy Fund required the money to be spent by April 2004, which resulted in funds not being spent as efficiently as they could have been. The nature of the surrounding area of the NCN24 has also caused phasing issues – for example bird nesting and badger activity in the vicinity has to be taken into consideration.

A further problem which resulted from use of funds from the Aggregates Levy was the amount of effort required to complete an application versus the likely outcome or benefit. In some instances new business cases needed to be prepared, and applications needed to be tailored to the funding source. In terms of the Aggregates Levy Sustainability Fund, for example, they were not interested in hearing about the benefits of the national cycle network, only about the impact on local people. This can be hard in terms of cycling as it can be difficult to quantify the benefits. In general this approach taken by BANES to only apply for sources of funding where the benefits were commensurate with the amount of effort and resources required to apply, had a positive impact upon the scheme resources.

The general lack of availability of funding for cycling schemes has had an impact on the project at all stages. The result has been the stretching of existing funds to complete as much of the cycleway as possible. This has ultimately resulted in a lower quality of scheme in some cases, which ultimately poses higher maintenance (revenue) implications for the future. This in itself is another major problem, as revenue to maintain off-highway cycleways is difficult to achieve. However, Sustrans has been successful in securing a DEFRA grant for bank and hedgerow trimming, which will last for 10 years. Additional sources will need to be identified to maintain benches, information boards, and eventually the surfacing of the route (although this should last approximately 15 years). There are also concerns such as vandalism, particularly upon leaving the Radstock area, which will have implications for revenue funding.

The relative lack of funding for soft transport schemes has been exacerbated by the fact that funding for cycle improvements can fluctuate with political commitment. The general difficulties in obtaining funding have in fact resulted in the cycle route being planned for completion in mid 2007, two years later than originally planned. The delays in obtaining funding have also resulted in the scheme costing a lot more than expected.

Case Study D2: Countryside Council for Wales Partnership Grant - Glamorgan

The Vale of Glamorgan Council was successful in obtaining a revenue grant to the value of approximately £73,000. Awarded by the Countryside Council for Wales (CCW) the annual grant is a continuous programme which enables a number of countryside and environmental schemes to progress within Glamorgan.

The bid submitted by the Council was formulated to complement the themes of sustainable living, enhancing quality, improving accessibility, and enabling others, as championed by the CCW. The successful bid will support the delivery of a number of schemes designed to enhance access, the landscape, and biodiversity.

Most of the projects funded by the grant will be delivered by the Vale of Glamorgan Council, but some of the grant will be channelled to other conservation organisations. The use of external organisations to implement some of the projects assisted in the attainment of match funding, all of which is made 'in kind' in the form of staff and volunteer time (Vale of Glamorgan Council, 2007).

Case Study D3: Local Strategic Partnerships - Hampshire

Hampshire County Council is recognised as a transport Centre of Excellence in Integrated Transport Planning for partnership working. Their LSP views transport issues as being of importance, and as such their Progress Reports make reference to LSPs. They have found that working with LSPs has led to a number of benefits, particularly when viewing transport in its wider context, for example in relation to social inclusion and sustainability.

Hampshire's Transport Plan progress Report (2003) details that LSPs are becoming a '*focus for coordinating all key partnerships and provid[ing] a mechanism for achieving community ambitions that no single organisation could achieve on its own.*' The result has been that transport concerns have become increasingly integrated with community strategies.

There have been concerns that the LSPs could have played a larger part in coordination of transport and community, and Hampshire continues to recognise the need for increasing engagement of the LSP in relation to transport issues. There appears to be scope for more partnership working. In Hampshire there is a heavy reliance on the car, particularly for commuting, and with Stagecoach and the Strategic Rail Authority (SRA) members of the LSP there is enhanced potential for joint planning. A need has also been identified to create links between transport and health and crime policies.

The performance of LSPs has varied across districts in Hampshire. In Eastleigh, for example, transport issues are a high priority in their community planning process, with both congestion and public transport being identified as 'major issues.' Accessibility is a cross-cutting theme around which the LSP Community Strategy will be developed. Transport has not, however, been identified as being a major issue by the Southampton LSP. Unlike other districts it has yet to examine its role within the wider strategic planning of the area.

Case Study D4: English Heritage – Tower Hamlets Council

Tower Hamlets adopted a Street Design Guide in 2002 to act as a guideline by which to enhance streetscapes within the Borough. The Guide, which focuses on improving the environment through enhanced urban design quality, incorporates the principles of a number of documents which promote best practice design guidelines. These include the principles advocated in 'Streets for All,' an English Heritage produced guidance document.

English Heritage, along with the Commission for the Built Environment (CABE) have supported the development of the 'Tower Hamlets Street Design Guide' framework, which develops streetscape design and management principles at a more local level. English Heritage has also offered Tower Hamlets 'significant' additional support by way of a number of grants to be used to carry out street improvement works within specific Conversation Areas (Tower Hamlets Council, 2001; Tower Hamlets Council, no date). Their support is a result of Tower Hamlets' desire to use the existing heritage of the borough as a tool and catalyst for environmental improvement and regeneration.

Case Study D5: English Heritage – Footway Maintenance

The Town Council of a small market town has successfully applied for funding from English Heritage to undertake a programme of works to improve the pedestrian environment around an ancient motte towards the centre of the town. The site has been subject to erosion and the maintenance scheme, which commenced in April 2007 and was due for completion in September 2007, has been planned to provide steps and a path around the base of the monument.

The project value was £12,000. English Heritage funded the majority and the rest was covered by the Town Council. The work is the latest phase in a number of improvements which have been made in recent years to the boundary of the site. This phase involves the repair of eroded sections, the provision of steps, and the construction of a path around the base of the monument. The scheme has been designed to enhance public access and safety on the site and has included the provision of on-site interpretation material (Halehill, 2007).

Case Study D6: Forestry Commission – Shropshire Woodland and Health Pilot

Shropshire County Council and Mayfair Community Centre have introduced a programme designed to encourage people to walk in their local woodland. The programme, which is designed primarily to improve people's health, was part funded by the Forestry Commission by way of a grant under their Woodland and Health Pilot. The Forestry Commission has awarded a total of £300,000 between 2003 and 2007 under its Woodland and Health pilot ('Active Woods'), which is aimed to encourage people, particularly those living in areas of health deprivation, to improve their overall fitness levels by enjoying their local environment.

The project was based on a 16 acre site within the Shropshire Hills, an Area of Outstanding Natural Beauty. The grant has been used to develop walking trails, resurface paths, replace steps, improve disabled access, and train 'walk leaders' in the area. Funding also went towards the development of a 'Walking for Health' information pack, a visitor leaflet and information boards. The promotion of the new facilities was also funded by a week long 'Walking for Health Festival' (Forestry Commission, 2007b).

Case Study D7: Forestry Commission Scotland – Stirlingshire Cycle Routes

The Scottish branch of the Forestry Commission has funded a number of cycle trails in the Loch Ard Forest, near Aberfoyle. New routes were constructed on 16 miles of forest road as part of the Forestry Commission's Active Woods campaign, the aim of which is to make people aware of the ways in which local woodlands can be used to support active lifestyles.

The routes, which have been designed to take in a number of vantage points to encourage cyclists, are suitable for both novice and experienced cyclists. They have been clearly signposted and are well connected with a number of car parks to encourage leisure cyclists to make use of the new facilities (Forestry Commission, 2007a).

Case Study D8: Scottish Natural Heritage – Ben Lomond Footway Maintenance

The Ben Lomond mountain in Loch Lomond is a popular destination for visitors. The landscape is, however, subject to considerable erosion. Scottish Natural Heritage have helped to fund maintenance work which is required in order to enhance safe access to the area.

Owing to years of high usage there are numerous cracks within the footpaths which measure up to 25 metres in length. Professional volunteers, along with volunteers and National Trust staff, have worked to repair and maintain such footways, but it has cost £400,000 since 1988. Scottish Natural Heritage has covered most of this cost.

Further maintenance support has also been obtained through the 'Scotland's Mountain Heritage' project, which is an initiative run by Scottish Natural Heritage, the Heritage Lottery Fund, and the National Trust. Ben Lomond now has a team of three men who implement best practice in path

management. The fund is a pilot designed to contain the impacts of erosion, which are particularly prevalent at higher altitudes (Loch Lomond and The Trossachs National Park, 2004).

B.4 Charitable Organisations and Trusts Funding Sources

Case Study E1: National Lottery Funding - Beverley Community Transport

£160,016 of Big Lottery Funding was received to support a community transport scheme that was serving relatively isolated rural villages surrounding the area of Beverley. The money was spent on expanding their minibus service to encompass a ten-mile radius around Beverley. The aim of the scheme was to improve independence and reduce exclusion caused by the lack of transport provision in the rural area (Big Lottery Fund, 2005). This cash award given to develop the service was one of 28 as part of a £3.3 million cash award to tackle disadvantage across the Yorkshire and Humber region.

Similar programmes have been funded by the Big Lottery Fund in Aylesbury Vale and across Humberside, North West Leicestershire, Humberside, and the East Midlands (Big Lottery Fund, 2005).

Case Study E2: Waterways Trust - Droitwich Canals Restoration

The Droitwich Barge Canal and Droitwich Junction Canal are undergoing restoration as part of a £11.5 million project - £1 million of which will be funded by the Waterways Trust. The rest of the funding is coming from Heritage Lottery Fund State One support (£4.5 million), and Advantage West Midlands (£5 million) (Waterways Trust, 2006a).

The scheme will involve linking the Worcester and Birmingham Canal with the River Severn, thereby enhancing the accessibility and integration of the waterways. The project will also involve upgrading the walkways around the canal route, and creating a new link under the M5. It is envisaged that the scheme will lead to urban and rural regeneration, generating an economic benefit and enhancing recreational amenities for the community (Waterways Trust, 2006a).

Case study E3: British Heart Foundation Research Funding – South London Cycle Path Research Project

The British Heart Foundation (BHF) granted the University of Bristol nearly £100,000 to investigate whether improving environmental factors, such as cycle paths, will encourage a modal shift from car to bicycles. The focus of the project was on school children and commuters and the implementation and integration of new cycle and walking routes. The study also compared the amount of physical activity that users of private cars and public transport undertook in relation to those who cycled and walked.

The effect of enhanced walking and cycling facility provision on physical activity was evaluated in relation to a new cycle path in Earlsfield, South London. The project served to illustrate the value of increasing the number of cycling and walking projects to improve health levels (BHF, 2003)

Case study E4: Sustrans, National Forest Organisation, Environmental Charities, Woodland Trust and County Council – Recreational Cycling Development in Leicestershire

The Recreational Cycling Development Team in Leicestershire County Council has successfully drawn on a number of funding sources to enhance and promote their cycle network. Rural schemes in Leicestershire focus upon recreational cycling owing to its large potential for development within the County.

The team have been successful in improving bridleways along a range of routes in the County to make them compatible with an increase in cycling. Funding has been forthcoming from Sustrans, the National Forest Organisation, Environmental Charities, the Woodland Trust, and the County Council via their grants scheme. This funding has been used to provide a number of routes with high quality surfacing.

Leicestershire has been successful in obtaining funding from a number of sources owing to the extent to which they tailored funding applications to funding criteria. Some applications, for example, emphasised the health angle of the scheme, others the environment, and others focused on disabilities. This enabled them to maximise the available funding for the routes.

Development of the routes has required extensive stakeholder consultation. Users of the bridleways, such as pedestrians and horse riders were consulted, although it was only when consulting and co-ordinating works with Sustrans that communication, in some instances, became problematic. Other barriers which manifested themselves at various points included a lack of consistent political support for the schemes (CTC, 2005).

Case Study E5: Garfield Weston Foundation – National Byway

The Foundation provided the National Byway Initiative with £20,000 to contribute towards the completion and maintenance of its cycle routes. It is also anticipated that the funding will be used to help create educational programmes to raise awareness and promote the cycle routes. The National Byway is comprised of 4,000 miles of leisure cycle routes around Britain. The majority of the routes are on rural roads and have been designed to coincide with a number of places of historic interest. The routes have been designed to specific standards and the grant has been allocated to ensure that they are maintained to this level (Garfield Weston Foundation, 2007).

B.5 Private Sector Funding Sources

2.3 Case Study F1: Private Finance Initiative – UK Street Lighting

Street lighting is a common example of a PFI contract as it requires maintenance and periodic replacement. Local Authorities apply to central government for PFI credits to allow the implementation and risk of replacement street lighting to be handled by those best placed to handle it, usually a private company. This allows the local authority to accelerate the implementation of new and upgraded street lighting as the private company invest large sums up front and assume the risks of implementation. The local authority can repay these periodically and reduce risk because the repayments are fixed to a maximum and dependent upon performance.

Recent PFI Street Lighting contracts have been implemented by the London Borough of Islington (£14m), Manchester CC (£34m), Newcastle & North Tyne (£44m), Stoke MBC (£23m) (DfT, 2005a).

The Manchester City Council street lighting PFI scheme was awarded under a 25 year contract to Amey, who will take responsibility for management, design, installation, maintenance and repair of the city's lighting. Essentially Amey will run street lighting for the Council, including the capital costs of replacing 40,000 of the city's 56,000 lamp columns, at a quicker rate than could be provided for by the Council. An outside contractor in a PFI contract also brings in expertise (that may not be available at the Council), and takes on the financial risk of implementing the contract.

In North Tyneside, capital for replacing 80% of street lighting in the area was secured through a PFI contract which comprised a consortium of Scottish and Southern Electricity, SEC lighting services and the Royal bank of Scotland. Funding from these companies was vital as ordinary replacement schemes could have taken an estimated 140 years to complete the scheme.

PFI was particularly successful in this instance as it allowed the specifications of the lighting to be met. Much time was spent deliberating over the most appropriate lighting units and there was a large

set of criteria to be met. WRTL had to increase their production capacity to meet the 60,000+ lamps that would be needed over five years.

Government investment has recently been made available for street lighting as 15 local authorities in England will be able to use £694 million of PFI funding for new and improved street lighting (Blackpool, Cambridgeshire, Coventry, Croydon/Lewisham, Cumbria, Hampshire, Harrow, Northamptonshire, City of Nottingham, Oldham, Rochdale, Sheffield, Southampton, and West Sussex) (DfT, 2006a).

Case Study F2: Private Finance Initiative - Wiltshire Sustainable Measures

Wiltshire County Council (WCC) used PFI to finance sustainable transport in the region, with the primary aim being to make improvements to the transport infrastructure in the A350 corridor to improve access to employment in the region. WCC explored the potential of using PFI when considering the options for regeneration in the corridor between the M4 and the A303. They undertook consultations to assess the potential of using PFI to identify more sustainable options to the problem, as opposed to the traditional road based schemes associated with PFI (Dean and Swabey, 1998).

Case Study F3: Private Finance Initiative - Light Rapid Transit in Nottingham

The Nottingham Express Transit is the first light rail scheme to be procured through the PFI. It forms a key component of the City Council's integrated transport strategy, providing an attractive alternative to car use (The 4Ps, 2006). The company 'Arrow Light Rail Ltd' was formed to design, build, fund, operate and maintain the Express Transit service which is owned by six partners. The promoters of the scheme, Nottingham City Council and Nottinghamshire County Council, gave Arrow Light Rail Ltd a PFI for a period of 30.5 years, which is the largest local authority PFI contract that has ever been dealt (Nottingham Tram Consortium, 2005).

The tram system was opened in March 2004, 16 years after planning and construction had begun. Construction began in 2000 when the £179m PFI deal was negotiated and its success has been lauded as being largely due to the public private partnership that promoted the idea and raised the revenue (Nottingham Express Transit, 2004).

Details of the contractual negotiations are not available but the scheme has been widely regarded as a success story. It is recognised as a high quality public transport service which has supported the sustainable development of Nottingham and improved quality of life. The service runs every six minutes and provides a fast, frequent, reliable and modern tram service which is run on electricity. Within its first year of usage patronage was over 4 million which grew to 9.7 million in 2006. Since its introduction congestion has reduced by 9% which is due in part to the fact that 30% of tram passengers use the park and ride option. Direct impacts include a boost of £100m for the East Midlands economy, £60 million of work going to 99 East Midlands companies working on the project, £2.9 million of spending through the creation of 800 jobs to build and maintain the tram system, and £34 million in construction value. The potential to use the tram system to further reduce deprivation is being explored (EMRA, 2006).

Case Study F4: Planning Obligations - Milton Keynes Tariff System

The Milton Keynes South Midlands Strategy established growth in the region up to 2016 to deliver just less than 35,000 new homes and jobs to match. A substantial amount of the housing is intended to be built on third party land and not on public sector land, a contributory factor in setting up the tariff (Hamilton, 2005).

The tariff is an enhanced Section 106 package. It has been calculated through detailed work with the partners involved, particularly the council and the council's current supplementary planning guidance. Negotiations have also been made with all of the land owners and developers in a loose consortium known as Milton Keynes Forward. The Master Plans for the east and west Expansion Areas were used

as the basis for calculating the costs of growth. This has involved costing up the schools, roads, open space and all other elements of growth.

It is anticipated that the tariff will raise approximately £310 million over a 10 year period. The tariff is set at £18,500 per dwelling and a similar/comparable sum for employment floor space. In addition to this sum, 30% of the development has to meet the council's requirement for affordable housing, and developers are required to provide land for schools and other community facilities. Therefore the real cost per dwelling is in fact much higher than £18,500, closer to £30,000.

The developers are required to pay 10% of their commitment for each phase on detailed planning consent. Once they are on site they are required to pay a further 15%, and the final 75% is paid on a quarterly basis as each phase of the development is completed (Hamilton, 2005).

Table 8: Breakdown of Tariff Expenditure (Hamilton, 2005)

Sector/Infrastructure	Tariff Expenditure
Transport	£111,150,000
Healthcare	£23,520,000
Higher Education	£19,980,000
Other (minor)	£16,200,000
Schools and Education	£63,200,000
Landscape and Open Space	£43,900,000
Leisure and Community	£15,050,000
Social Care	£5,540,000
Waste	£4,020,000
Libraries and Lifelong	£3,720,000
Cultural	£3,600,000
Crematoria and Burial Grounds	£1,080,000

A number of local authorities are currently supporting an East-West rail link between Oxford and Milton Keynes that could also be funded by such a tariff on housing development within five or ten miles from the route. The lowest cost option, as estimated by Steer Davies Gleave, is currently £134million (based on 2007 figures). It has been suggested that based upon current growth predictions a housing development the tariff could contribute £100million towards the total cost (LTT, 2007c). A report produced by the EWRC proposes that a rail link along this corridor would have a number of benefits for the housing growth area thereby justifying a contribution by way of a 'zonal' tariff. It is anticipated that the project will be implemented in 2011 after which data housing developments within five or ten miles of the route would be subject to the tariff (LTT, 2007c).

Initial estimates suggest that the tariff is likely to be set at £1,500 per dwelling. The EWRC report appears to indicate that developers would support the imposition of this tariff. To obtain the maximum benefit from the scheme the railway would need to be operational before the housing developments have been completed. This would, however, require forward funding, for example from English Partnerships or Network Rail, with construction costs re-couped inline with the rate of housing development. The next stage will be to include the scheme within the South East's Regional Spatial Strategy (LTT, 2007c).

Case Study F5: Planning Obligations - Surrey Horley Housing Development

Development work is planned for the town of Horley, including the building of 2,600 homes in the town (the Horley Masterplan) and investment to revitalise the town (Horley revitalisation project). Horley was identified as one of a number of areas of interest for large scale housing developments by the Government during the 1990s. The Horley Masterplan proposes to build two new neighbourhoods at Meath Green and Langshott comprising of up to 2,280 new homes. Another 320 homes are proposed for brownfield sites within the town.

Negotiations have resulted in agreement to the level of developer contributions to be secured through Section 106 and Section 278 agreements. It is intended that this funding will help to deliver a wide ranging package of infrastructure and services both through direct provision and contributions. All contributions will be secured through legal agreements that will be delivered as part of a rolling programme over a 5 to 7 year period. The majority of funds will be capital with an additional £6 million of revenue funding being offered for the operation of a bus service over a 10 year period.

Horley Infrastructure Provision Supplementary Planning Guidance (SPG) Document (Reigate and Bansted Borough Council, 1999) states what is required in terms of contributions from the developers of the 2,600 properties. Capital costs of the core Fastway corridor within Surrey should be contributed, e.g. Longbridge Roundabout to Massetts Road/Victoria Road, which are necessary to facilitate major development in Horley. Developers are also expected to fund the capital costs of corridor extensions from Horley Town Centre to each of the proposed North West and North East sector developments. This includes measures to assist the movement of buses, including bus priority measures, bus only movements, intelligent bus priority at signalised junctions, high quality bus stops with shelters, seating with real time passenger information displays, and bus boarders.

Public Transport Information Terminals (one in the N.E. sector, two in the N.W. sector, town centre and railway station) will be funded by the developers, including annual maintenance for the construction period or 10 years, whichever is longer.

Revenue costs of the bus service are to be funded by the developers, as are some of the costs relating to the purchase of new vehicles. Improvements are to be made at Horley Railway station to increase accessibility for disabled and other passengers not able to cope with stairs. Other improvements to the bus and rail interchanges are also required, including sheltered bus stops, car/taxi pick up and set down, RTPI and general refurbishment. To ensure that the new developments are sustainable, cycle and pedestrian routes from the development area to the town centre and other key destinations are necessary.

The total contribution to be made per dwelling is £18,728, which includes providing contributions to; public transport, cycle and pedestrian network, highway works, recreation and leisure, education and community facilities, amongst other services. More detailed financial summaries of the transport work to be undertaken are outlined in table below.

Table 9 Infrastructure Financial Summary 2003 (all figures in £m unless otherwise stated)

Transportation	Total cost	Cost to developers	Cost to Surrey County Council	Notes
Quality bus route (Fastway Core Route) Gatwick to Horley town centre	1.85	0.84	0.9	Surrey County Council portion funded via LTP 0.1 contribution from BAA Gatwick
Quality bus route (Fastway Non-Core Route) town centre works and route to the NW and NE sectors	1.54	1.54	0	
Information improvements for Fastway in Horley	0.63	0.58	0.10	Surrey County Council portion funded via LTP

Cost of running Fastway in Horley over 10 years	4.87	4.37	0.5	
Cycling and pedestrian facilities	0.94	0.94	0.0	
Horley Station improvements	0.65	0.19	/	Cost to Surrey County Council depends on contributions from Railtrack and planning gain
Highway works		100%		All highway works to be funded by developers

Where improvements or provision is for the town centre or other community facilities benefiting the whole community rather than solely the new developments, developers have been asked to contribute 29% of the costs. This is due to Horley's population being increased by approximately a third by the new development (Sanderson, 2006).

Surrey County Council agreed to fund the infrastructure for a Fastway bus service, a guided bus service running from Crawley to Horley, in advance for one year pending reimbursement from developers at a later stage. Developer contributions for the service were only to be provided when the first 100 properties in the new development were occupied. Surrey County Council decided to launch the service in October 2005, although delays in the construction of the development resulted in revenue implications. The revenue shortfall has been exacerbated as a result of low demand owing to the lack of residents. The revenue costs of running Fastway are £330,000 per year and whilst the development consortia have agreed to contribute towards the operating costs for a 10 year period, but with developer contributions being tied into the S106 Agreement they cannot be released before the development is underway. Revenue support is, however, particularly important in the early years before the service becomes established and develops a customer base.

Case Study F6: Developer Contributions, Sustrans Grants, LTP Allocations – Delivery of Cycle Policy, Southampton City Council

Southampton City Council have been successful in securing funding for cycling improvements of between £400k and £600k each year from 2002 to 2004. Funding has been obtained from LTP allocations, developer funds, and grants from Sustrans. This has been possible only as a result of the supportive political climate within the Council which has seen 25% of the integrated transport budget being allocated to the delivery of the Councils cycling policy.

The mixture of capital and revenue funds which have been forthcoming from these sources have gone towards the formation of a Cycle Forum which meets 6 or 7 times a year to discuss cycling proposals and exchange ideas. It has seen relationships between the Council and cyclists increase, and has underpinned the City Councils partnership approach towards promoting cycling. The Forum is attended by stakeholders including the City Council, Sustrans, the CTC, police, cycle retailers, local employers, local cyclists, and local cycling campaigners.

Other cycling projects which the funding has contributed towards include the provision of cycle facilities, implementation of travel plans, promotion of cycling, and the forging of links with schools, health care facilities and the police (CTC, 2004).

Case Study F7: Transport Development Area – Blackpool North

The Blackpool North Transport Development Area (TDA) site, which comprises most of the Talbot Gateway, was identified by Blackpool Council as the location for a high density mixed use development to incorporate a number of transport interchange facilities. This 'edge of city centre' redevelopment site currently includes a bus station, train station and car parking provision, but it is anticipated that the TDA site will be developed to incorporate tram, train, bus, coach and taxi

facilities. Public car parking will also be provided on the site. A number of enhancements will subsequently need to be made to the transport infrastructure to transform the formerly under-utilised and poorly integrated transport interchange area.

Blackpool Council aim to transform the site into a '*prestige transport gateway for the north of the town centre.*' They stated that all proposals had to:

- Address the travel and parking needs of the development;
- Help improve the distribution of traffic around the town centre;
- Take into account the need for enhanced access to other town centre public car parking;
- Help facilitate the removal of unnecessary traffic from the town centre;
- Are consistent with the Council's proposals for pedestrian, cyclist and public transport priority.

As with all sustainable mixed-use developments office developments are being planned to be located in close proximity to the Blackpool North Railway station, and all land uses sited to maximise the potential for public and private transport provision.

Blackpool Council have partnered with the private sector and landowners in order to draw on their expertise in the provision of high quality, innovative design (Blackpool Borough Council, 2002).

In recognition of Blackpool's need for regeneration, a successful bid was made in 2001 for European Objective 2 funding. The area was subsequently designated an 'Economic Development Zone' which led to the preparation of a Masterplan by consultants EDAW and Jerde to assist in developing a long-term planning framework.

The Council is currently awaiting feedback regarding a decision from Government regarding a 2005 Major Scheme funding application which would be used to modernise the existing tramway infrastructure and vehicles. It is likely that developer contributions may also be sought to secure the provision of improvements to transport infrastructure.

Proposals may also seek to obtain funding from a Section 38 Agreement with the Highway Authority. A new link, and possibly a new section of highway, may be needed in order to optimise capacity of North-South distributor roads across the site. It is proposed that any such enhancements would be financed via a Section 38 Agreement.

It has been recognised that ongoing revenue implications of maintaining the public realm will need to be addressed. It has been stated that materials and their finishes will be specified so that servicing and maintenance can be carried out as easily and to as high a standard as possible. Blackpool Council also recognise that contributions will need to be made to the cost of maintenance, and that the management status of some areas will need to be reviewed (Blackpool Council, 2006).

Case Study F8: Private Finance Initiative – Birmingham's Highway Maintenance

Birmingham City Council successfully bid for PFI credits to invest in addressing necessary highway repair backlogs. Birmingham have been awarded £588 million in PFI credits to contribute towards a £2.7 billion contract to resurface (estimated to cost £300 million in the next five years alone), and where necessary replace, sections of Birmingham's highways and related infrastructure. The contract includes the replacement of 85,000 streetlights and the repair of 400 structures. This represents an increase from £379 million that ministers improved for Birmingham in 2003. This will result in central Government paying £1.18 billion to Birmingham over the next 25 years.

It has taken the Council 6 years to seal the contract with the DfT, although the Council have found the additional negotiations to be 'worthwhile.' The amount of time taken to reach a decision has been attributed in part to the need to include funding to cover insurance costs involved in transferring the work to a private contractor, and the need to incorporate the cost of repairing latent defects into the contract. Both of these conditions necessitated lengthy negotiations. It is anticipated that work will begin in April 2009 (Baker, L. 2007).

Case Study F9: 'Manage and Operate' Partnership... – Nottinghamshire Highways Partnership

Nottinghamshire County Council formed a Nottinghamshire Highways Partnership (NHP) to assist in the delivery of improvements to their road network. Formed in 2004 the partnership consists of three local authorities (Ashfield and Mansfield District Councils, and Broxtowe Borough Council) which will undertake highway work on the behalf of Nottinghamshire County Council. This partnership will replace previous highway agreements.

The NHP was extended in 2006 to include Tarmac National Contracting as an external highway construction partner. This partnership has involved Tarmac National Contracting entering into a 10 year contract to deliver a number of highway improvements valued at between £80 and £100 million. Highway works planned include surface renewal, footway edging, kerbing and drainage along with traffic management schemes, and the design and management of further initiatives.

The contract was set for a 10 year period in order to enable all partners to fully commit to the partnership and to develop and research innovative approaches to highway maintenance and management at both a local and strategic level, whilst achieving benefits for the longer term.

Tarmac National Contracting will provide both revenue and capital funding to Nottinghamshire County Council and will also add considerable value to the partnership in terms of enhanced resources, capabilities, skills and expertise in the delivery of highway programmes.

To date (September 2007) Tarmac National Contracting have provided approximately £10 million towards both maintenance and capital programmes. The result has been improvements in efficiency and the implementation of best practice, in part owing to the private industry commercial expertise of Tarmac National Contracting. Common objectives were set out and agreed upon at the outset of the partnership, and progress towards them has resulted in the majority of Key Performance Indicators set for the first year of the contract having been achieved.

Success of the partnership has been attributed in part to the extensive programme of 'change management' that was entered into so as to effectively manage the partnership formation. Staff of all levels were involved in the process in order to establish efficient communication channels and define clear roles and responsibilities. This has been a continuous process which was initiated by a number of workshops to develop a set of shared values, behaviours and processes, extensive staff training, and the establishment of performance criteria and objectives to be used as reporting tools (Marshall, R., 2007).

Case Study F10: Partnership Working - Dorset County Council

Dorset County Council has tackled the revenue shortfall for highway improvement schemes by providing highway services in partnership with the two boroughs of Christchurch, and Weymouth and Portland. This 'asset management' based partnership was formed several years ago in order to strengthen links between authorities and enhance the condition of highways.

The contract stipulates that boroughs will answer and address public enquiries and concerns, and will undertake minor improvement works, such as salting of roads, footpath maintenance, and minor road repairs. The County Council will instead be responsible for the larger-scale maintenance and improvement works.

This approach has reduced the burden on each partner, and has assisted long-term planning. The County Council has also found that it has made it easier to accurately forecast budget and understand the impact of pending more or less on improvements (Johns, D. 2007).

B.6 Innovative Funding Sources

Case Study G1: Section 106 Agreements - Greater Bristol Transport Improvements

Bristol has been highly successful in securing additional funding during the first LTP period. It managed to secure resources equivalent to approximately 30% of their 2001 – 2006 LTP allocation. The biggest source of revenue was from developer contributions which, by way of Section 106 Agreements, generated £14.1 million in revenue (DfT, 2006b).

Bristol's Showcase Bus Routes are an example of a transport project which managed to secure funding from developer contributions. The Showcase bus services have a number of features which are designed to improve reliability, the quality of the vehicles and related infrastructure, and increase frequency and priority.

The first Showcase Bus Route (Henbury to Harcliffe) was launched in December 2003 and has been deemed a success in terms of reliability and patronage gains. Lessons learned from the first route were then used to improve the way in which funding arrangements were made for the second route, which will run along the A420 and the A431. Whilst this route is implemented a Major Scheme Bid is being put together for the 10 additional routes within the vicinity.

Ninety-five percent of the funding for the first route came from LTP allocations, First Bus provided upgraded buses costing £2.2 million, and the rest was obtained from developer contributions. Funding of the second route will be obtained in a similar manner.

To try and effectively manage some of the challenges faced that are associated with being a 'capital rich, revenue poor' authority, Bristol City Council formed a separate team to deal with the revenue implications of the Showcase Bus Routes. A high degree of maintenance and revenue is required to support the services, some of which can be difficult to predict, such as revenue implications of dealing with vandalism and real time information provision. When combined with the uncertainty of revenue allocations year on year planning is made particularly difficult. As a result high quality materials are being used in the construction of the second route with an aim to reduce maintenance requirements in the long term. Bristol City Council is also renegotiating their agreements with ADSHEL to obtain revenue from renting advertising space at bus shelters.

Steps have also been taken to avoid delays which were encountered during the implementation of the first route as a result of objections to the scheme. The first scheme was affected by the uncertainty of local businesses, and as a result the consultation process has been dramatically enhanced to encourage stakeholder involvement. Further delays are also caused as a result of LTP funding allocations (both capital and revenue) not always being allocated until four or five months into the year. It is only in April that the team will know the exact amount of the allocation and with 5 months of the annual cycling having passed it can be difficult to ensure that allocated funds are spent effectively for the remaining period. The local authority is also penalised if they do not spend allocations before the end of the annual cycle with the result being that the local authority have had to purchase infrastructure upfront, before they are required. If a three year planning horizon could be identified then survey work, planning, scheme justification and implementation could be carried out more effectively.

This problem has been exacerbated further by the nature of developer contributions as they are often received 'as and when' making it difficult to rely upon them for implementation. As a result the funding received from developers will be used to finance additional enhancements as opposed to fundamental elements of the scheme.

Case Study G2: Land Value Tax in Edinburgh

For many years there has been the talk of the reintroduction of passenger services on Edinburgh's freight only South Suburban railway. The line runs from Waverley-Portabello to Morningside, Haymarket and back to Waverley. E-rail believes that a service could be introduced by harnessing the uplift in land values from developments that are adjacent to the line (Price, 2003). E rails role is to

approach sites owners around a potential transport location and an assessment is carried out into the uplift in property value that would occur if transport improvements went ahead. The site owner is then asked to agree to provide a certain amount of funding, based on the calculated uplift and that planning permission is granted for the transport project.

Case Study G3: Land Value Tax - Jubilee Line Extension

Riley (2002, in Wetzel, 2005) calculated the total land value increase that arose within a 1,000 yard radius of the JLE extension. He found that these land values alone increased by £13 billion when construction cost £3.5 billion. Riley suggests that some of this wealth should have been collected by the government in order to fund the project. An independent study carried out by Transport for London, also estimated that between 1992 and 2002 the JLE caused land values to rise by £2.8 billion close to two of the 11 new stations (Southwark and Canary Wharf). The extension could have been paid for by the land value increase, but instead it was paid for from taxation (with the exception of two small contributions). One of these contributions was from the owners of Canary Wharf to the value of £180 million – only a fraction of the amount that they gained as a result of the transport investment. Other developers and landlords along the route did not, however, contribute anything despite having seen the value of their properties double, and in some cases quadruple.

Case Study G4: Congestion Charging - Durham

The Durham congestion scheme works by restricting traffic into its World Heritage Site centre during certain periods of day; drivers are charged £2 to exit the area using a similar method as cars exiting a car park. The operation is administered by a car parking company, NCP.

The objectives of the scheme are;

- Improved pedestrian safety.
- Improved access for the disabled.
- Enhance the World Heritage Site, whilst
- Preserving the viability of the Peninsula as a working part of the City Centre.

This is achieved in part by the road user charge which is used to discourage unnecessary vehicular traffic in the historic town centre. Revenue from the scheme is used to fund a Shopmobility scheme and a Cathedral bus.

The first toll imposed on motorists in the UK was in the city of Durham, primarily for environmental reasons to protect the city's historic core. Durham's £2 toll scheme is more limited than the later implemented London Congestion Charge (see case study G5), but its introduction is evidence of the value Durham places on its built environment. Alistair Darling, the Secretary of State for Transport, approved the plan to charge motorists £2 each time they exit an area including the city's castle and cathedral.

Up to 3,000 motorists a day use the only road into the historic part of the city, near a loop of the River Wear on which the imposing cathedral stands in a World Heritage site. The road also reaches homes, businesses, parts of Durham University and the Chorister School. The same road, Saddler Street, which is wide enough for only one car at a time, is also used by 13,000 pedestrians a day, rising to 17,000 on a Saturday, which creates conflict between pedestrians and drivers, causing safety concerns.

Rising bollards, already in place, are linked to a ticket machine and control the traffic flow. The machine is being monitored by CCTV cameras and linked to an intercom system. Exemptions allow residents and their visitors, as well as mopeds and disabled drivers, to leave Saddler Street without charge but drivers who do not pay or fail to produce an exemption permit face a £30 'excess charge'.

A monitoring report for the scheme (Durham County Council, 2003) reveals an 85% decrease in vehicular traffic and a 10% increase in pedestrian activity. The revenue generated as a result of the scheme will be used towards funding a new bus service to the cathedral and Shopmobility project providing scooters for disabled people.

Case Study G5: Congestion Charging - London

In February 2003, London's congestion charging scheme became operational. The scheme covers 1,580sq km of central London, and requires motorists to pay £8 for entering and driving in the zone between 07:00 and 18:30 on weekdays. The main aim of the scheme was to reduce congestion within the central city area, however, the scheme also generates revenues, which will be invested in transport in London for the next 10 years (Dix, 2006).

Monitoring has revealed the success of the scheme, not only in reducing delays within the zone by around 30% compared to pre-charging conditions in 2002, but in reducing the number of accidents (estimated it is responsible for saving between 40 and 70 accidents per year compared to the background trend), and improving air quality through reducing emissions of NO_x and PM₁₀ by 16%. Extensive research has also shown that there has been a broadly neutral effect on overall business performance within the zone (Dix, 2006).

Table 10 below outlines the predicted costs and revenues for the scheme between 2000 and 2008 (Litman, 2006).

Table 10: Predicted costs and Revenues for the London Congestion Charging Scheme (Adapted from Litman, 2006).

	Total (NPV)	Per Operating Year	2004/05 Projected Costs
Start up costs	£180m	£35m	
Operating costs	£320m	£46m	
<i>Total Cost</i>	<i>£500m</i>	<i>£100m</i>	<i>£92m</i>
Charge revenues	£690m	£138m	£118m
Penalty revenues	£110m	£22m	£72m
<i>Total annualised revenue</i>	<i>£800m</i>	<i>£160m</i>	<i>£97m</i>

Since the scheme was implemented, the actual revenues from charges have been much lower than expected, with higher penalty charges. The projected budget for 2004/05 stated the expected revenues to be £190m (£118m in charge fees and £72m in fines). The overhead expenses were expected to be 92m, resulting in £97m net revenue.

A preliminary assessment of costs and benefits of the scheme were undertaken by TfL at the end of 2003. The assessment revealed that the scheme yielded an annual net benefit of around £50m (TfL, 2003).

Table 11: Preliminary estimates of quantifiable costs and benefits (TfL, 2003)

Annual Costs	£m
TfL Administration	5
Scheme Operation	90
Additional Bus Costs	20
Chargepayer compliance costs (telephone costs)	15

Total	130
Annual Benefits	
Time savings to car and taxi occupants, business use	75
Time savings to car and taxi occupants, private use	40
Time savings to commercial vehicle occupants	20
Time savings to bus passengers	20
Reliability benefits to car, taxi and commercial vehicle occupants	10
Reliability benefits to bus passengers	10
Vehicle fuel and operating savings	10
Accident savings	15
Disbenefit to car occupants transferring to public transport etc	-20
Total	180
Net annual benefit	50

Revenue costs are paid for by the scheme, and additional revenues raised are used for transport in London, in addition to creating the benefits outlined above. Litman (2006) has outlined some of the ‘winners’ and ‘losers’ of congestion charging schemes in Table 12 below:

Table 12: Congestion Charging Winners and Losers (Litman, 2006)

Winners	Losers
<ul style="list-style-type: none"> • City Centre bus users • All public transport users (due to increased funding for improvements); • Taxi riders and drivers; • Motorists with high value trips; • Most city centre businesses; • Overall city productivity; • Pedestrians and cyclists 	<ul style="list-style-type: none"> • Motorists with marginal value trips; • City centre businesses that depend on low-cost weekday car access; • Residents and motorists in border areas who experience spill over impacts; • City centre parking revenue recipients.

It is as a result of the potentially negative impact that the congestion charging scheme is perceived to be having on a number of motorists and businesses in and around the charging zone that the future of the scheme could be threatened. A number of campaigns for the office of Mayor of London have stated that, should they be elected, they will ‘review’ or in some cases ‘scrap’ the congestion charge and look instead to alternative ways in which to solve London’s transport problems. It is largely because of such public acceptability concerns that more road pricing schemes, which have the potential to provide a significant revenue stream, have not yet been implemented (LTT, 2007a).

Case Study G6: Road Tolling - Trondheim

Road pricing has been implemented in three of Norway’s main cities, one of which is Trondheim. Trondheim’s road tolling system was implemented in 1991 making it the first of its kind in the world.

Trondheim has a ‘toll ring’ that surrounds the downtown area of the city which consists of 20 toll booths and 35 lanes. The charge applies between 6am to 6pm, with the price varying between \$0.62 and \$1.56 depending on the time of day, i.e. peak or non-peak, and the size of the vehicles (large vehicles pay double) (ProGRESS, 2006; VTPI, 2006). Eighty percent of drivers pay the charge via an electronic card system, whilst the remainder pay by cash or magnetic strip cards (VTPI, 2006).

Since implementation, inbound traffic has declined by 10% during tolling periods, although the actual decrease of traffic has been minimal as there has been a corresponding rise of nine percent in the amount of traffic entering Trondheim outside the hours where the toll is in place, weekends and evenings ((ProGR€SS, 2006; VTPI, 2006). The road pricing scheme has been accompanied by a seven percent increase in weekday bus patronage, although it is hard to determine to what extent this is due to improvements to the public transport network which have been undertaken since the road tolling scheme was implemented (ProGR€SS, 2006; VTPI, 2006).

Revenue raised from the tolling system is earmarked for The Trondheim Package. The Trondheim Package is an investment scheme which aims to provide a 'sustainable road network' along with public transport, safety and environmental measures. Eight-two percent of the packages funding is used for road building (ProGR€SS, 2006; VTPI, 2006).

The success of the scheme is reflected in the national interest that the tolling system has generated. The main attraction is the fact that such road pricing allows the negative externalities caused by the traffic, such as congestion, pollution and accidents, to be internalised (ProGR€SS, 2006).

Case Study G7: Advertising Revenue – London Transport Improvements

In 2005, TfL announced a new contract with outdoor advertising specialist Clear Channel. The 10-year contract covers the sale of media space and the maintenance and design of street furniture across half of TfL's London-wide bus shelter portfolio. It is expected that the contract will treble the annual revenue that TfL currently receives from the business. The extra income that is generated will be used to fund further improvements to London's transport system (TfL, 2005).

Case Study G8: Business Improvement District – Kingston Transport Improvements

The first BID was implemented in 2004 in Kingston-upon-Thames for a 1% business rate supplement in order to raise £4 million of additional funding for improvements to a shopping area.

Case Study G9: Impact Fees – Cambridge Transport Infrastructure

In 2000 two Area Transport Plans (ATPs) for Cambridge were put together to identify what extra transport provision would be required to enable large scale development. They set out how individual development sites in the area should contribute towards the fulfilment of that transport infrastructure. This form of area-based assessment of the public cost imposed by development designs and costs the transport network required to support the proposed development. The cost of the transport upgrade required which is expressed in terms of a fee per trip per day, calculated at £229, is based upon the expected number of generated trips within the zone. Cambridge states that any development that generates more than 100 person trips per day is eligible to make the related payments (Enoch et al, 2005).

Case Study G10: Workplace Parking Levy – Nottingham Transport Improvements

Nottingham City Council volunteered to be one of the first Local Authorities to introduce a Workplace Parking Levy. The levy was designed as part of a programme of transport integration to manage congestion and provide revenue for a modern, efficient transport system. Specifically councillors identified the levy as being the best mechanism to enhance the local contribution towards Phase 2 of the Nottingham Express Transit (NET) light rail scheme. The DfT announced in 2006 that it would contribute £437million as a PFI credit (75% of project costs) towards the light rail system. The remaining 25% has to be raised by Nottingham city and county councils and they feel that the best way of doing this is by implementing a WPL.

The Workplace Parking Levy was due to be introduced in 2003 but Nottingham is still in dialogue with stakeholders, notably owners of local businesses who are concerned about the potential impact of a Workplace Parking Levy. It is expected that the levy will be implemented in 2010. They are

currently trying to reach a consensus over the details of the levy and are looking into the implications of the Workplace Parking Levy in relation to the LTP2. Further delays have been caused owing to the need for the levy to be tied in with discussions for the light rail scheme that it has been designed to part fund. The timetable for implementation has subsequently had to be revised (Choose Nottingham, 2006).

Nottingham CC intend to kick-start the Levy by TIF pump-priming funding, which will allow the collection of revenue via the monetary charges received from local businesses paying the Workplace Parking Levy. This revenue will be used to further fund public transport improvements and existing schemes. Initial consultation and research funding was provided by the City Council.

In Nottingham the charge will be billed to employers for £185 per car parking space per year (rising to £350 by 2014 when the light rail scheme is planned to be implemented). It is down to the employer as to whether or not they charge their employees. It is anticipated that the levy will raise £5.6million for public transport in its first year, rising to £12million once the charge increases to £350. Operating costs are expected to be approximately £1 million per annum (2010 prices) and implementation costs in the region of £5.3million. The overall economic assessment of the levy shows a benefit:cost ration of 2.7:1 which, in relation to the DfT's appraisal system, makes it a high value for money investment.

All areas within the boundaries of Nottingham city will be covered by the levy. Exemptions to the levy will apply for people with disabilities, small businesses, emergency vehicles, motorcycles, scooters, mopeds and bicycles. Companies that implement commuter plans will also receive a discount (Enoch, 2001).

The WPL is generally considered to be more attractive than a congestion charge because the levy has low set-up and operating costs, and can be implemented quickly to deliver funding. It is largely as a result of acceptability to local employers, however, that more local authorities have not made use of their workplace charging powers as set out in the Transport Act 2000. The Derbyshire and Nottinghamshire Chamber of Commerce believe that the levy will make Nottingham a less attractive place for employers, particularly for cost-sensitive high-tech manufacturing and service sectors. Such concerns have highlighted the need to ensure that related transport improvements are tangible.

The susceptibility of such schemes to political will are reflected in the fact that whilst Labour supports the levy the Conservatives are opposed to it, and the Lib Democrats would want to review the scheme and compare its benefits to other alternatives (LTT, 2007b).