

**Improved Mechanisms for Funding of Local
Transport: DISTILLATE Funding Project Research
Report**

by C Brannigan, A Binsted and N Paulley

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Funding Project Research Report**

Version: Final

by C Brannigan, A Binsted and N Paulley (TRL Limited)

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Tools for Integrated Local LAnd use, Transport and
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Executive Summary

Identifying and obtaining appropriate funding for both capital investment and for operation is a recognised barrier for the ability of local authorities to effectively plan and implement transport and land-use schemes. This issue has been addressed within the UK DISTILLATE (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.

The DISTILLATE Funding Project sought to identify and examine the barriers faced by local authorities when identifying and using funding for transport and land use projects. Its key objectives have been to:

- Build on the work of the scoping study through exploring practice within our case studies and extensively reviewing available literature;
- Understand the funding procedures which affect transport and land use projects and how these procedures affect project design and implementation;
- Develop improved methods for dealing with different funding barriers and suggest how issues should be handled during the planning stages;
- Understand how constraints relating to funding provision may affect the project's outcomes;
- Produce a toolkit and guidance document encapsulating these findings and the resulting recommendations.

To fulfil these objectives the DISTILLATE Funding Project has produced three formal deliverables. These are as follows:

1. Local Transport Funding Toolkit for Local Authorities
2. Local Transport Funding Guidance for Funders of Transport Schemes
3. Local Transport Funding: An Assessment of the Implications of Funding Restraints

These Products were created based upon five primary research activities:

- 'Organisational Behaviour and Barriers' Survey (2006 and 2007)
- Local Transport Funding Literature Reviews (2005, 2006 and 2007)
- Local Authority Funding Case Study Report (periodically updated)
- DISTILLATE funding workshop (2006)
- Local Authority Consultation (2008)

This research report discusses how the research was conducted and the methodology underpinning the Products. The report also provides an overview of the research findings as detailed in the resultant publications.

Research activities have provided evidence that local authorities are becoming increasingly adept at obtaining and managing both capital and revenue funding and that constraints are being viewed constructively, with barriers seen as ways in which transport departments can gain more focus. The barriers do, however, remain, and whilst there is evidence that their impacts are being managed more effectively it seems inevitable that they will continue to skew the transport and land use schemes being delivered.

The Funding Project research has also shown that many local authorities still do not have experience of using what are widely considered to be relatively traditional funding sources, such as private funding, some central Government funding streams, or European funding. A number of local authorities are also not aware of the availability of a wide range of innovative funding sources, such as BIDs, local authority business grants, or Work Place Parking Levies. Consultations have highlighted that local

authorities are aware that their knowledge of the availability of funding sources is limited, but that resourcing issues do not make it feasible to allocate the staff time to expand their awareness. It is these local authorities whose scheme delivery is likely to be impacted the most by the numerous funding barriers that DISTILLATE has found to be associated with traditional sources of funding, and who would benefit most from responses from the funders of transport and land use schemes to the barriers identified.

Whilst case study research has identified that there are many examples of good practice where local authorities have employed numerous approaches to try and manage some of the potentially negative implications of funding mechanisms it needs to be recognised that the barriers are externally driven. Therefore, unless the organisations that provide funding for transport and land use projects are aware of the issues faced by local authorities then they will remain constrained by the external framework in which decisions crucial to local transport networks will need to be made.

An increasing body of literature, driven in part by the end of the first round of Local Transport Plans (LTPs) and the publication of prominent reports such as the Lyons Inquiry and the Eddington Review, is suggesting that central Government policy is not providing a framework which is conducive to overcoming funding barriers effectively overcome. Such literature focuses upon the potential for structural reforms of local government to strengthen the role of local authorities, and to separate capital and revenue budgets. DISTILLATE research reinforces the potential benefits of such a move, which would give local authorities more control over the funding process and remove some of the barriers which are currently constraining effective scheme design and delivery.

In the long-term relatively large-scale shifts will be needed in the way in which funding is provided, but in the short-term there are a number of relatively straight-forward changes which could be made by funders to enhance the effectiveness of the transport solutions which are delivered. It could be of benefit to undertake further research to engage with funding providers and to determine the feasibility of implementing some of the suggestions, such as increasing the extent to which funding decisions are based upon the provision of detailed local information.

1 Introduction to the Research

1.1 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 (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.

This report is the report detailing the research undertaken as part of the DISTILLATE Funding Project, which has examined transport and land use funding mechanisms and issues associated with them. Please see the website for more details of the DISTILLATE programme: www.distillate.ac.uk.

1.2 Objectives

The DISTILLATE Funding Project sought to identify and examine the barriers faced by local authorities when identifying and using funding for transport and land use projects. Its key objectives have been to:

- Build on the work of the scoping study through exploring practice within our case studies and extensively reviewing available literature;
- Understand the funding procedures which affect transport and land use projects and how these procedures affect project design and implementation;
- Develop improved methods for dealing with different funding barriers and suggest how issues should be handled during the planning stages;
- Understand how constraints relating to funding provision may affect the project's outcomes;
- Produce a toolkit and guidance document encapsulating these findings and the resulting recommendations.

1.3 Project Products

The DISTILLATE Funding Project has produced three formal deliverables:

1. Local Transport Funding Toolkit for Local Authorities
2. Local Transport Funding Guidance for Funders of Transport Schemes
3. Local Transport Funding: An Assessment of the Implications of Funding Restraints (Discussion Note)

1.3.1 Local Transport Funding Toolkit for Local Authorities

The main Product 'Local Transport Funding Toolkit for Local Authorities' (Binsted and Brannigan, 2008b), is a guidance document in the form of a Toolkit aimed at transport planning professionals within local authorities in the UK. The Toolkit will enable local authorities to address the implications of using different sources of funding by providing an overview of funding barriers, possible solutions and potential funding sources available to help finance a variety of local transport schemes.

This Toolkit aims to help transport practitioners in both identifying alternative sources of funding to traditional approaches, and highlighting potential pitfalls at an early stage. The Toolkit also contains a range of case-studies that demonstrate experience of these funding barriers and ways in which the issues have been overcome in practice.

The Toolkit has been based upon evidence 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 the DISTILLATE project (Hull and Tricker, 2006a; Hull, Tricker and Hills, 2006b) was also instrumental in helping to identify the issues faced by local authority practitioners.

1.3.2 Local Transport Funding Guidance for Funders of Transport Schemes

The second Product, 'Local Transport Funding Guidance for Funders of Transport Schemes', (Binsted and Brannigan, 2008a) is a guidance document aimed at the bodies that fund transport and land use schemes. The deliverable informs those involved in the provision of finance to local authorities of some of the recurring concerns which have been identified throughout the consultation and research activities of the DISTILLATE Funding Project. The guidance document provides stakeholders with an overview of the barriers faced by local authorities which have been shown to compromise the effectiveness of the delivery of transport and land use projects. The potential implications that each of these funding barriers may have upon both the projects that they are helping to finance and upon the local authority itself are outlined within the guidance, and where appropriate suggestions are given of ways in which the relevant funding mechanisms may be improved. It is envisaged that this document will be used by the private sector, the voluntary and charitable sectors, and by all levels of government.

1.3.3 Local Transport Funding: An Assessment of the Implications of Funding Restraints (Guidance Document)

Building upon evidence obtained from the DISTILLATE Funding Project research activities by surveying a number of transport officers within local authorities this publication examines the implications of various funding barriers to the delivery of transport schemes, and the wider ramifications. It serves to highlight the way in which funding sources can distort planned schemes. This guidance document also provides recommendations, aimed at both local authorities and the funders of transport schemes, based on key factors which consultations highlighted as potentially distorting transport schemes. The findings can be addressed within the second deliverable (Local Transport Funding Guidance for Funders of Transport Schemes) to ensure that funders of transport schemes are fully aware of the implications identified.

1.4 Linkages with Other DISTILLATE Projects

The results of the 'Organisational Behaviour and Barriers' project survey questionnaires have been used to inform the Funding Project reports. The focus of the Funding Project was steered by the initial Organisational Behaviour Project questionnaire administered to local authorities in 2004, and subsequent surveys have served to expand the evidence base of the Funding Project and been incorporated in deliverables. Findings of the 'Improved Effectiveness in Organisational Delivery' Project have also been incorporated. This project has developed Good Practice Guidelines on the role of communication, management and good governance to facilitate better cross-sectoral working, which have been particularly useful in informing our research into the partnership mechanism, which can be used to obtain funding.

The Funding Project also has links with DISTILLATE the Option Generation Project, as each of the deliverables provides their audience with alternative ways to overcome funding barriers related to particular funding sources.

1.5 Content

This document details how the DISTILLATE Funding Project research was conducted, and gives an overview of the research findings. The report is divided into the following five sections:

- **Methodology** which details the research activities that we carried out to inform the three DISTILLATE Funding Project deliverables.
- **Overview of funding issues and barriers** summarises the main issues that local authorities face when trying to identify, obtain and use funding for transport and land use schemes.
- **Impacts of funding and funding barriers on transport schemes** gives an overview of the implications that the funding barriers identified can have upon transport and land use schemes.

- **Addressing funding barriers** details ways in which research suggests that funding barriers could be effectively managed or overcome by local authorities. It also outlines recommendations to the providers of funding regarding ways in which they could remove some of the barriers faced by local authorities.
- **Conclusions and further research** outlines the main conclusions that can be drawn from the research and suggests ways in which further research can build upon the findings of the Funding Project.

2 Methodology

A number of research activities have been undertaken to provide an evidence base with which to inform the formal project deliverables. The primary research activities are as follows:

- ‘Organisational Behaviour and Barriers’ Survey (2006 and 2007)
- Local Transport Funding Literature Reviews (2005, 2006 and 2007)
- Local Authority Funding Case Study Report (periodically updated)
- DISTILLATE funding workshop (2006)
- Local Authority Consultation (2008)

Each of these activities are discussed in more detail below, along with details of ways in which the research findings have been disseminated.

2.1 Research activities

2.1.1 ‘Organisational Behaviour and Barriers’ Surveys

The project began with an analysis of a DISTILLATE-wide questionnaire that was administered to local authorities in 2004. The questionnaire addressed all elements of the DISTILLATE project, and for the purpose of the Funding Project the data was collected to identify the funding mechanisms used for projects, and to determine the broad impacts that funding arrangements would have upon implementation. The survey produced an outline of the problems and issues that affect the delivery of transport and land use schemes.

The Organisational Behaviour and Barriers Project undertook three rounds of consultation. The first was a questionnaire that was administered to local transport planners in 2004 about the barriers to the delivery of sustainable transport solutions. This was followed by a number of interviews that were undertaken with local transport planners and their local counterparts in 2006 who worked in public health, environmental strategy, land-use planning, and local authority corporate policy units. The purpose of this second phase was to enhance knowledge of the barriers to sustainable transport solutions and methods of cross-sector working. The final stage took the form of a repeat questionnaire survey of local transport planners towards the end of 2007 to revisit the barriers experienced by local authority officers. The questions asked of local authority officers are set out in Appendix A.

The findings of these surveys have been key to informing and shaping the direction and content of the Funding Project deliverables.

2.1.2 Local Transport Funding Literature Reviews

Three literature reviews were conducted during the course of the project. These literature reviews were direct inputs to each of the formal deliverables. They identified and discussed literature relating to the funding, planning and implementation of transport and land use projects. The first literature review was conducted in 2005, followed by updates in 2006 and 2007.

The reviews were conducted via an online search of relevant literature, along with a search conducted via the TRL Library KnowledgeBase database. The study team also drew upon existing knowledge for references from other sources.

The focus of the literature reviews was on the UK, but some literature and case studies were sourced from Europe and internationally where it was deemed that they could provide an insight into the way in which constraints faced by transport practitioners in the UK could be alleviated. International experience of funding was also incorporated so as to ensure that the DISTILLATE project kept abreast of developments in research and practice elsewhere.

Owing to the nature of the subject, all searches were focused upon recently published literature.

2.1.2.1 2005 Literature Review

This literature review incorporated the survey results from the 2004 Organisational Behaviour and Barriers Project questionnaire to expand upon the original scoping study. It focused on public, private and public-private funding mechanisms being used to fund transport, and examined the best circumstances in which to use these sources of funding. More innovative funding mechanisms that are being used by local authorities were also discussed, such as road user charging, land value tax, and work place parking levies. This review was supplemented by case study examples which were identified within the literature.

2.1.2.2 2006 Literature Review

Following on from the literature review that was released at the end of 2005 this review provided an updated overview of the funding mechanisms that could be utilised by local authorities when funding local transport. Transport and land use funding sources are continually in flux, which necessitated a further review. The evidence base was structured around six sections; EU funding sources, UK government funding streams and sources, regional funding sources, funding available from trusts, charitable organisations and government departments, innovative funding mechanisms, and the use of private finance, namely PFI and planning obligations.

2.1.2.3 2007 Literature Review

This review was a final update which provided an overview of reports and research that had been recently published in relation to funding mechanisms for transport and land use projects. Despite the short time that had elapsed since the previous literature review a number of related documents came to the fore. This is largely owing to the fact that 2006 was a significant year for local government, particularly because it marked the end of the first round of Local Transport Plans (LTPs). The Lyons Inquiry was completed and published, the Department for Communities and Local Government (DCLG) produced a white paper detailing the future role, functions and structures of local authorities, and the Eddington Review, which considers the relationship between transport and productivity, was published. A number of other key documents were produced as a result of the first round of LTPs, which commenced in April 2001, which enhanced our understanding of the potential advantages and disadvantages associated with a range of funding mechanisms.

This review provided an invaluable insight into impact that recent policy documents are likely to have on the future of transport funding.

2.1.3 Local Authority Funding Case Study Report

A key element of the DISTILLATE project is the use of local authority case studies to investigate and demonstrate the range of issues associated with the use of funding for transport and land use projects. Five case studies were selected for analysis within the Funding Project. In order to provide an insight into the impact of funding upon the delivery of different project types a relatively diverse range of case-studies were selected. These are:

- Bath and North East Somerset: Cycling Strategy and Colliers Way (NCN Route 24);
- Bristol City Council: Showcase Bus Routes;
- Sheffield City Council: City Centre Redevelopment;
- Strathclyde: Glasgow Airport Rail link; and
- Surrey County Council: Infrastructure provision for Housing development.

Key local authority staff involved in the design and delivery of these projects were interviewed on an unstructured basis throughout the project in order to fully explore their experience of the types of funding used and their impact upon scheme design and delivery.

Work on the case-study report began in 2004, and updates were made periodically up until 2007 in order to enable an enhanced understanding of the problems and issues being faced at various points of design and delivery. The case study report (see Appendix B) includes a description of each case study, an overview of the funding issues faced, and an analysis of lessons that can be learnt from their experience with funding. Some of the findings have been highlighted in this report to demonstrate their contribution to understanding issues identified.

2.1.4 *DISTILLATE Funding Workshop*

A number of the DISTILLATE case-study partners along with other transport practitioners from local authorities, research institutes and consultancies attended workshops held in 2006 and 2008. Attendees included delegates from the DfT and the HA.

The first project workshop, held in October 2006, was designed to help raise awareness of the project and to disseminate research findings, but the key aim was to enhance our understanding of the practical constraints imposed by funding mechanisms. We also used this as an opportunity to explore the potential implications of each of the constraints. The day was also key in enabling us to ensure that our research remained focused on emerging needs, and that it remained applicable to local authorities.

In order to obtain the maximum information possible the day was structured around both presentations and focus groups. Members of the Organisational Delivery and Funding Project DISTILLATE teams presented research findings and gave a background to the research project. A number of transport planners from the case-study authorities also gave presentations based on their experiences of various sources of funding in relation to a range of transport projects. They also demonstrated the applicability of our research ideas, the feedback from which enabled us to gauge the wider applicability of our findings and helped to shape the direction that the research would take.

The afternoon session of the workshop saw the delegates split into three groups. Each group discussed one of three funding-related topics, followed by a second session with a further three topics. These were as follows:

- Local authority barriers;
- Funding barriers;
- Partnerships;
- Revenue Funding;
- Capital Funding; and
- Innovative funding mechanisms.

The outcome of these discussions was fed into each of the Funding Project deliverables. A copy of the discussion notes has been included in Appendix C.

2.1.5 *Local Authority Consultation*

The Funding Project sought to consult with stakeholders on a regular basis. Case study local authorities were contacted throughout the research project in order to provide updates on the implications of various funding mechanisms and to discuss other issues faced, both negative and positive, in relation to funding.

Meetings were also organised with the DfT and case-study partners at various stages of the project in order to discuss the project and obtain feedback. Findings resulting from these discussions were used to help steer the direction of the project and the nature and content of each of the deliverables. Regular meetings with the DISTILLATE steering group¹ also served this purpose.

¹ The DISTILLATE Steering group was made up of Local Authority officers, DfT, Transport Scotland and consultants.

As outlined previously workshops were designed as a means to consult with a range of interested parties for whom the deliverables are intended. They were also used as an opportunity to encourage local authorities to take away the Funding Toolkit, apply it to their work and to provide feedback.

In addition to the general consultation activities, local authorities were contacted specifically regarding the third deliverable, Local Transport Funding: An Assessment of the Implications of Funding Restraints (Discussion Note). Telephone interviews were conducted with six local authorities exploring how funding procedures and sources may impact upon schemes, strategies and their implementation, to supplement the information gained from the other DISTILLATE research activities outlined above. Although a script was not used for the interviews, an interview topic guide was developed, which included the following questions prompting discussion regarding potential funding distortions:

Strategic Overview:

- What sources of funding has your local authority used to help finance transport projects?
- Has the availability of funding had an impact upon the type of projects that you deliver/LTP strategy?
- Have revenue-based schemes been substituted for more easily-funded capital works?
- Have capital projects not been delivered as a result of revenue shortages?
- Have revenue-based schemes not been delivered, but substituted for more easily-funded, although perhaps more costly or less effective capital works?
- Have projects which have been more complex to deliver not gone ahead but been replaced with projects with relatively short lead times (but which may be less effective)?

Specific Project Details:

- Are you able to think of any instances where the source of funding use has any impacts other than positive upon scheme design or delivery?
- Do you know of any schemes that have not been implemented as a result of poor availability of funding?
- Are you aware of any schemes that have been delivered, but which have led to the scheme being altered as a result of funding pressures/requirements?
- Are you aware of any schemes that have been taken forward, but whose effectiveness has been compromised in order to obtain funding?

2.2 Development of the Project Products

2.2.1 Local Transport Funding Toolkit for Local Authorities

This guidance document has been based upon the first two of the three ‘Organisational Behaviours and Barriers’ surveys, the three versions of the local transport funding literature review, the local authority funding case study report, and the funding workshop. The findings from each of these research activities were reviewed to identify the funding barriers that are faced by local authorities when designing and implementing transport schemes. The results were also analysed to identify ways in which local authorities have, or could, overcome and effectively manage these funding barriers. Where possible funding barriers, and sources of funding that could be used to alleviate the barrier, were considered in relation to different types of transport schemes. This analysis was supplemented by a discussion of funding sources, the type of schemes that they can be used for, and the potential benefits and disadvantages of using each source. The literature reviews and consultation activities also provided a range of case-studies which demonstrate some of the funding barriers and/or solutions in practice. These have been referred to extensively throughout the Toolkit to complement the theoretical content of the report.

Table 1 below shows how the research activities outlined in Section 2.1 were used to develop the Toolkit.

Research activity	Input to the Toolkit
Organisational Behaviour and Barriers surveys	The survey responses gave an overview of the funding barriers experienced by local transport planners and of their general experience, both positive and negative, with a wide range of revenue and capital funding sources. Respondents were also asked to consider improvements that they would like to be made to the funding process. The responses identified issues that were faced by local authority practitioners and provided a basis upon which to conduct the subsequent literature reviews.
Literature reviews	The literature search was conducted by a search of TRL's Knowledge Base ² and a review of literature available online. Literature was critically examined to identify barriers to obtaining funding and the impact of different funding strategies and contractual arrangements on the design and implementation of transport projects. The review provided details of the public, private and innovative funding sources that are currently used to fund transport schemes, as well as those that could be used in the future.
Local authority case study research	Consultations with the five local authority case study partners were used to enhance our understanding of the practical issues associated with various sources of funding. The differing experiences of local authorities provided an insight into the relative advantages and challenges associated with the use of numerous funding sources. The consultations, which were conducted by telephone, e-mail, face-to-face and via presentations, highlighted the local authority response to funding barriers and the effectiveness of different management strategies employed. The findings of the consultations were integrated throughout the Toolkit to complement theoretical discussions. They were also included in Appendix B as case studies, and as such were cross referenced throughout the document.
Funding workshop	Presentations from local authority officers at the workshop provided an update on the case study material gathered previously. Breakout discussion topics were also selected based upon areas where there were gaps or inconsistencies in the literature. Topics of discussion included barriers to obtaining funding, revenue funding and partnership working.

Table 1: Research activities used to inform the Toolkit

In order to determine the effectiveness of the Toolkit it was necessary to elicit feedback from local authority transport practitioners. A workshop in January 2008 was therefore used to disseminate the findings of the Funding project and to obtain feedback from transport practitioners and consultants. A number of local authority delegates volunteered to test the Toolkit over the weeks following the workshop and their feedback of the tool was incorporated in subsequent amendments to the Toolkit. Feedback was also obtained from the DfT, whose response led to revisions being made to the Toolkit to enhance its utility to end users.

² TRL's Library and Information Centre has collections of published materials in the form of books, periodicals, conference proceedings, standards, statistics, guidance notes and several thousand TRL Research Report. It also has access to numerous databases including TRIS and ITRD.

2.2.2 *Local Transport Funding Guidance for Funders of Transport Schemes*

This Guidance document was also based upon the first two of the three ‘Organisational Behaviours and Barriers’ surveys, the three versions of the local transport funding literature review, the local authority funding case study report, and the funding workshop. The document is a response to the funding barriers and issues that have been identified by research activities, and as such it is based heavily upon the barriers outlined in the Toolkit and the ways in which local authorities are seeking to overcome them. The document was produced by reviewing research findings from the perspective of the funders of transport and by using the findings to highlight ways in which transport practitioners could be assisted in avoiding some of the negative implications associated with identifying, obtaining, and using funding. Table 2 below shows how the research activities outlined in Section 2.1 were used to develop the Guidance document.

Research activity	Input to the Guidance for Funders
Organisational Behaviour and Barriers surveys	The surveys identified the experience of numerous local authorities with various sources of funding, which gave an insight into the negative impacts that funding processes have had upon transport schemes. This enabled us to infer ways in which funders of transport schemes could help alleviate some of the barriers faced and to identify areas in which it would be most effective to implement change.
Literature reviews	The literature reviews identified factors that have compromised the delivery and effectiveness of transport schemes, and which local authorities would therefore benefit from being modified. Later versions of the literature reviews reflected an increased awareness of the problems faced by local authorities with research reports and policy drivers recommending ways in which the funding process could be restructured to increase its effectiveness. These recommendations were considered when formulating the Guidance.
Local authority case study research	The practical experience of local authority case study partners was used to highlight the potential implications that sources of funding can have, and thereby the positive impact that reviewing funding processes could have upon scheme delivery. The experience of local authorities was also important in enabling us to consider ways in which the funding processes could be improved.
Funding workshop	Delegates at the funding workshop provided practical examples of how funding barriers could impact upon transport schemes. This demonstrated the potential impact that a revision of funding mechanisms and contractual arrangements could have upon the effectiveness of transport schemes.

Table 2: Research activities used to inform the Guidance for Funders

The DfT was approached to comment on the Guidance document and to validate its utility to the funders of transport schemes. Their feedback was considered when making final amendments to the Guidance.

2.2.3 *Local Transport Funding: An Assessment of the Implications of Funding Restraints*

This Guidance has again been based on the research activities identified in the previous sections, but supplemented by further in-depth structured consultations with the local authority partners. These were designed to determine the implications of using, or attempting to use, the various funding sources identified in earlier stages of the research. The literature reviews provided a basis upon which to develop the Guidance document, but the evidence base was primarily the other research activities which explored the practical implications of funding sources and processes. Table 3 below shows how the research activities outlined in Section 2.1 were used to develop the Guidance document.

Research activity	Input to the Guidance Note
Organisational Behaviour and Barriers surveys	The surveys asked respondents to consider the positive and negative implications that funding sources have had upon scheme delivery. Local authorities were also asked to consider whether funding sources have ever delayed schemes or hindered the achievement of scheme objectives. Responses were fed into this Guidance note.
Literature reviews	The implications of funding processes and funding sources upon transport networks were found to have been the focus of very little research. A review of the literature identified did, however, highlight a number of implications that could arise from the funding process. These were incorporated in the Guidance note, and were also used as a basis upon which to develop the discussion note that the local authority consultations were structured around.
Local authority case study research	The variety of case studies used throughout the project demonstrated a number of negative implications that arose directly from conditions imposed by the funders of transport schemes. These were referred to throughout the Guidance document.
Funding workshop	The contributions of local authority transport practitioners and consultants made during both of the workshops held were reviewed to identify implications that had been experienced in relation to the funding process.
Local authority consultation	In depth consultations were conducted with local authorities to explore some of the implications identified by other research activities and to fill gaps in knowledge. The structured discussions provided details of practical experience of funding processes, which were featured heavily within the Guidance.

Table 3: Research activities used to Assessment of Funding Restraints

2.3 Dissemination

The primary means of dissemination was the project workshops detailed above, which were held in both 2006 and 2008 and were instrumental in raising awareness of our work across a wide range of local authorities and consultancies.

To date a paper was presented at the 11th World Conference on Transport Research (WCTR) in 2007, and the three products are being issued as TRL Published Project Reports.

A session dedicated to DISTILLATE and associated projects is in the planning stages for Transport Practitioners Meeting 2008, and an abstract has been submitted to the 2008 European Transport Conference.

Negotiations are also currently underway regarding a Special Issue of a journal to be dedicated to DISTILLATE-related papers.

The DISTILLATE Organisational Delivery Project was responsible for developing a web-based decision-making tool. The tool is aimed at local authority practitioners, who are asked to answer a set of questions regarding a scheme or strategy, and are subsequently presented with a list of recommended DISTILLATE products (guidance and tools) according to their needs. It is anticipated that this decision-making tool will be available on the Local Transport Planning Network (LTPN) website, and therefore aid in the future dissemination of DISTILLATE products.

3 Overview of Funding Issues and Barriers

The Funding Project research and consultation activities have identified a range of institutional, technical and political issues which have created barriers to the effective delivery of transport and land use projects. The recent publication of a number of key policy drivers, such as the Eddington Review (2006) and the Lyons Inquiry (2007), has reinforced the significance of these barriers to the delivery of land-use and transport projects. These barriers are briefly summarised below.

3.1 Organisational constraints of a lack of staff time and resources

The resource intensive nature of identifying, 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. This 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 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 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.

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.

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

3.2 Dealing with high levels of funding uncertainty

The funding process is imbued with a degree of uncertainty which can make effective long-term planning problematic. DISTILLATE research has shown that this is a criticism that can be levelled at the vast majority of funding sources and which has considerable implications for scheme design and delivery.

The main source of both capital and revenue funding for local transport projects in England is the LTP process. The process by which these awards are allocated can, for example, make effective long-term planning difficult. Local authorities are informed of their allocation as an Integrated Transport Block from central government each December and a political process is then undertaken within the Local Authority to allocate the funding across service areas. It is therefore not until April that the transport department are informed of the exact amount of their allocation. Local authorities who took part in the first survey conducted by the DISTILLATE Organisational Behaviour and Barriers project stated that one of the main improvements that local authorities would like to see is greater certainty of funding availability. These authorities outlined that greater certainty at an earlier stage of the *'likelihood, level and availability of funding would make... decisions easier.'* Preference for rolling 10 year guideline allocations or the ability to carry funding forward from one year to the next was expressed (Hull, A. and Tricker, R., 2006a).

The uncertainty in relation to funding provision stems largely from the requirement for funding to be bid for with no guarantee that the proposed scheme will be approved. Even if funding bids are approved then there can also be uncertainty over whether funding will be available to ensure the effective operation of the asset or service over its lifetime. There is also no guarantee of how long it will be until funding is made available.

Uncertainty is further increased as a result of competition for funding becoming more fierce. The DfT, for example, is receiving many more requests for Major Scheme allocations. Given that preparation for a Major Scheme bid can cost millions of pounds the lack of certainty of whether a scheme will be

approved can in some instances act as a barrier to applying for funding. The assessment of schemes for their suitability for private finance can be equally resource intensive and have the same concomitant risk.

3.3 Overcoming the constraints of narrow leadership interests and political will

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 delegate at the 2006 funding workshop stated that a previous manager wanted to focus on developing their European image and, as such, tended to favour the use of 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. Consultations with Strathclyde Passenger Transport (SPT) have highlighted how instrumental consistent political support can be to financing schemes and their successful implementation. 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 can make 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 owing to the risk of development going elsewhere. This can be an obstacle to increasing levels of private finance which have the potential to make a significant impact upon local transport initiatives.

3.4 Complementing the technical capabilities of tools and officers

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. Local authorities can therefore benefit from recruiting staff with expertise from the private sector, or forming partnerships to complement the skills and resources of the local authority.

3.5 Effectively managing partnerships

The formation of partnerships can be instrumental in the ability of local authorities 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, 2005). The need for partnership working, both to attain funding and to increase integration between transport and 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.

3.6 Addressing the ‘capital-rich revenue-poor’ mismatch

One of the key barriers to the effective delivery of transport and land-use schemes is the mismatched availability of capital and revenue funding. This issue has been widely documented, particularly since the end of the first LTP period, and it has continually been identified throughout the DISTILLATE project as a key barrier to the effective delivery of transport projects. A research study commissioned by the DfT into the first round of Local Transport Plans; ‘*Long Term Process and Impact Evaluation of the LTP Policy*’ (2006) suggests that as a result it is becoming increasingly difficult to fund maintenance for infrastructure. A lack of revenue funding was outlined by all stakeholders as being a ‘*pressing*’ issue. 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 arising from Prudential Borrowing. Commission for Integrated Transport (2005) identified that 75% of local authorities are dissatisfied with the level of revenue funding available to them as it has not matched the increased provision of capital funding. CfIT’s 2005 review of capital and revenue funding for transport details that increases in capital funding have outstripped increases in revenue funding raising issues over how the operation, servicing and maintenance of new capital assets will be funded.

A questionnaire which was disseminated to stakeholders as part of the DISTILLATE project (Hull et al, 2006b) highlighted that the poor availability of revenue funding for public transport schemes is a particular concern because unless such schemes are viable in business terms funding is not granted. The absence of examples of where public transport interventions have worked compounds this problem.

The capital-rich revenue-poor 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 DfT’s 2004 Standard Spending Assessment (SSA) found that 84 of the 106 authorities and districts surveyed spent less than the allocated SSA amount on transport, with revenue funding having been transferred to other services (DfT, 2005). CfIT published a review of capital and revenue funding for transport in 2005 which identified that there was a correlation between the performance of a Local Authority and whether their transport allocation was being diverted to other areas. This highlights the impact that revenue short falls can have upon the provision of transport services.

3.7 Effectively managing the potentially adverse impacts upon local transport priorities of funding streams which relate to national transport priorities

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. A DISTILLATE report which explored barriers to sustainable transport solutions as experienced by stakeholders (Hull et al, 2006b) identified that many of the participants were critical of the LTP policy framework with respondents commenting on the sometimes undesirable effects of priorities set out by central Government at the national level for the development of LTPs. Local authorities are penalised financially if they miss targets, and therefore LTP strategies must focus upon delivering targets developed by central Government. One participant was also anxious that national policy priorities had an overemphasis on roads and other infrastructure-based transport schemes, and that the government focus upon tackling congestion can make it more difficult to deliver more sustainable transport schemes. Transport officers from one local authority stated that they were unable to support transport schemes which would enhance local quality of life and economic development because they did not correlate well with the key priorities of central government. Policy officers also regarded funding streams which had to be bid for as an aspect of government centralisation. It was felt that the eligibility criteria for such funding did not represent local objectives and concerns thereby undermining the bottom-up approach advocated by LTPs.

3.8 Overcoming the difficulties relating to funding ‘soft’ transport schemes

‘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, are likely to have a range of potential benefits but such benefits can 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.

The DISTILLATE Deliverable A2 (Hull et al, 2006b), which reports on barriers to sustainable transport solutions, reported on concerns of transport planners who felt that the government focus upon roads in national policy priorities, and on tackling congestion, was making it more difficult to embed sustainability into schemes. Concerns were also raised regarding the increasing emphasis on the '*value management*' of schemes, which require transport planners to justify scheme selection on the basis of cost. This problem is compounded by the fact that respondents experience poor availability of resources for the design of alternative transport schemes and modes as opposed to availability for traditional road based schemes.

Case study: Bath and North East Somerset Council

The implementation of a cycle/shared use route case-study which is currently being constructed by DISTILLATE case-study partner BANES demonstrates how a relatively low cost 'soft' transport scheme has struggled to obtain funding. The result has been that wide ranges of funding sources have had to be applied for to complete the route. The NCN Route 24, which cost just over £2 million, required 25 different funding sources to be identified ranging in value from £250 to £250,000. Sources of funding obtained include the Countryside Agency, the Wyvern Trust, the Arts Council, Coloroll and Asda developer contributions, DfT grants, SWERDA grants, Somerset County Council, and BANES (not a full list). Each funding application required different business cases to be constructed, each focusing upon different benefits. The key benefits which it is anticipated would arise from this scheme however, such as enhanced security, health benefits and physical fitness, tend to be undervalued in relation to the more easily quantifiable time and cost savings that other schemes may provide.

4 Impacts of Funding and Funding Barriers on Transport Schemes

The funding barriers detailed in the previous section have a number of wide-reaching implications to both transport and land use schemes funded and to the local authorities who implement them. Local authorities employ a range of mechanisms to help manage some of the negative impacts that result from funding barriers. Many of the barriers are however inherent to the funding process and the conditions imposed by funders. It is therefore of paramount importance that funders of transport and land-use schemes are made fully aware of the effect that barriers faced can have upon scheme design and delivery. The key implications that may be experienced by local authorities are outlined below.

4.1 Schemes do not go ahead

As highlighted by Merseytravel during consultations there will always be a compromise when it comes to implementing transport schemes, and it is inevitable that not all schemes will be implemented. DISTILLATE research activities have however identified that a number of elements inherent in the funding process have a direct impact upon whether or not schemes go ahead. This can be an implication of a number of elements of the funding process, including:

- Relatively poor availability of revenue funding (and related constraints on staff time available for identifying, bidding for and managing funding and delivering projects);
- Necessity to meet funding stream bidding criteria;
- Uncertainty of the bidding process;
- The wide range of different bidding mechanisms;
- Difficulty in quantifying scheme benefits;
- Lack of suitably skilled staff (i.e. to establish and maintain partnerships);
- Lack of political will (i.e. reluctance to jeopardise developments by pressing for S106 Agreements).

Case study: Bath and North East Somerset Council

The BANES National Cycle Network Route 24 case study is an example of a project where decisions on which sources to bid for were based upon the effort required to complete an application versus the likely benefit. The result of this was that relatively few applications were turned down, but that funding streams which could have provided significant levels of funding were not bid for. The DEFRA Rural Enterprise Scheme, for example, would have required the completion of a new business case, which was deemed to be too resource intensive to be worthwhile. This is linked to another issue identified, namely that the inherent risk involved in the bidding process and the initial financial outlay, which cannot be recovered, can form a barrier to obtaining finance for schemes that could have large implications for local transport networks but that may not otherwise go ahead. The House of Commons Transport Committee (2006) found that between 5 and 15% of total scheme costs are being spent without the proposal receiving any guarantee of funding. Costs can be particularly high when new business cases need to be prepared and when it is difficult to quantify the benefit of schemes. A transport practitioner who attended one of our workshops highlighted the fact that the uncertainty regarding the success of bids could also contribute towards schemes not going ahead by jeopardising sources of funding commitment from elsewhere. The assessment of schemes for their suitability for private finance can be equally resource intensive and involve the same concomitant risk.

A key consequence of this implication can be that local transport networks and progress towards government objectives may suffer as a result of transport or land use schemes not being delivered.

4.2 The type of scheme that is funded

From a strategic level one of the most fundamental impacts that funding provision can have is upon whether or not a certain type of scheme goes ahead, which makes it liable to have a particularly pronounced impact upon the nature of local transport networks. This implication can arise from elements of the funding process, including:

- Relatively poor availability of revenue funding;
- Necessity to meet funding stream bidding criteria;
- Constraints imposed on how resources from some sources can be spent;
- Phasing of funding provision;
- Lack of political will;
- Difficulty in quantifying scheme benefits;
- Uncertainty of developer contributions.

There is an increasing amount of concern being expressed that these considerations are resulting in LTP frameworks being overlooked in favour of funding streams which focus upon central UK and EU governmental objectives. The House of Commons Transport Committee has referred to such funding pots as '*a form of central Government micromanagement of local transport planning*' (2006). Particularly vulnerable to the impacts that funding mechanisms can have are:

4.2.1 Public transport services

The findings of both a questionnaire issued to local authorities as part of the DISTILLATE project and a subsequent funding workshop indicated that the lack of available revenue had particular implications upon the provision of socially necessary public transport services. Revenue is largely unavailable for bus services that are not viable in business terms, which can mean that many services are not provided and that innovative passenger transport schemes may not be pursued because whilst the capital requirements can be funded the revenue implications cannot. Public transport projects can also be jeopardised by political pressures. Local government can be particularly sensitive to levels of taxation and the long lead time of public transport projects, which can mean that other types of project are ultimately favoured. Consultations with BANES Council reflected the experience of many other local authorities, which is that even if they are successful in bidding for funding to support bus services such funding sources come with a time limit and once the funding has run out the revenue costs need to be covered by another source. The relative shortage of revenue funding can mean that services are then discontinued or severely curtailed, and that all of the benefits of the original scheme are lost. Rural bus schemes in particular are prone to not breaking even at the end of the funding period, which jeopardises continued provision. A similar issue can be experienced in relation to revenue payments from developer contributions; they tend to be of a short term nature, and the future of schemes that they support can be jeopardised when the funding stops.

4.2.2 Smarter Choices and other 'soft' transport schemes

The relative lack of revenue funding can also have implications for the ability of local authorities to finance school and workplace travel plans. Local authority respondents to the DISTILLATE-wide questionnaire disseminated at the beginning of the research project in 2004 indicated that the relatively poor level of revenue funding has meant that implementation of more innovative revenue dependent schemes has been hindered. These concerns were echoed in a second questionnaire that was issued in 2006, at a DISTILLATE funding workshop and in recent consultations with local authorities, all of which identified that there were insufficient resources available for the design of innovative or alternative transport projects, particularly for 'soft' transport schemes, such as walking and cycling, compared with those available for more traditional transport schemes like road building. Discussions with local authorities identified that an increasing amount of projects are revenue based, such as those based upon 'smarter choices,' and that financing these projects has been a challenge.

4.2.3 Maintenance schemes

A lack of funding for maintenance schemes is another implication of the relatively poor availability of revenue funding, with the result being that maintenance schemes may be replaced by capital works for which funding is more readily available. A 2005 report commissioned by the DfT and undertaken by Atkins, along with discussions during a DISTILLATE funding workshop, highlighted that the increasing difficulty that local authorities are faced with when maintaining infrastructure can result in schemes that require a high degree of revenue funding being cancelled.

4.2.4 Road user charging

The perceived public acceptability of certain policy interventions, such as congestion charging and workplace parking levies, is key in determining whether schemes are implemented. The implication of not financing such schemes can be wide-ranging, particularly as demand restraint measures, such as road pricing, have the potential to generate large amounts of revenue and can therefore support the implementation of a number of other schemes. Merseytravel are a PTE who wanted to bid for the Transport Innovation Fund owing to the vast amounts of finance available. The political reaction to the need to include a road user charging element in the bid to be awarded funding however meant that the bid had to water down road user charging proposals, and on this basis their application was unsuccessful and their access to the largest source of funding outside of the LTP process was denied.

Case study: Merseytravel PTE

Merseytravel is a PTE whom we consulted with that has made the choice of which schemes to deliver based upon European funding criteria. The funding pot dictated that it would part fund a major infrastructure project delivered within a two year period. The scheme that was implemented was therefore chosen on the basis of which would be the most eligible for match funding, and equally which would be deliverable within the specified timescales. Scheme prioritisation was in this case based largely upon the availability of funding as opposed to local need.

4.3 Details of schemes may be altered

There is a considerable amount of overlap between this implication and that relating to the type of scheme that's funded as details of transport and land use schemes are likely to be altered along the lines outlined above. Consultation with local authorities has however suggested that it is an implication that is also worth referring to in its own right as it can be a specific implication of a number of elements of the funding process, including:

- Relatively poor availability of revenue funding;
- Necessity to meet funding stream bidding criteria;
- Constraints imposed on how resources from some sources can be spent;
- Phasing of funding provision;
- Funding criteria;
- Partnership working;
- Cost increases;
- Scheme delay;
- Uncertainty of developer contributions.

Case study: West Yorkshire PTE

West Yorkshire have had experience of downgrading scheme specification when funding availability necessitated a change in scheme design. The local authority had to alter the specification of station enhancements and public interchange schemes in the past, and as a result elements of the schemes to enhance information provision and accessibility were not implemented. They reported that the result can be that the project is transformed into something quite different from what was originally specified. This can have numerous impacts, the most obvious being that it can reduce the cost effectiveness of the investment, as discussed below.

4.4 Reduced cost effectiveness of investment

This can be an implication of a number of elements of the funding process, including:

- Relatively poor availability of revenue funding (can undermine the effectiveness of capital investment or result in revenue schemes being substituted for more easily funded capital works);
- Necessity to meet funding stream bidding criteria;

- Constraints imposed on how resources from some sources can be spent;
- Constraints imposed on when resources can be spent;
- Uncertainty over long term allocation and availability of resources;
- Uncertainty of developer contributions.

This implication is frequently discussed in relation to the extent to which these factors can hinder the achievement of scheme objectives and that the benefit and value of the investment is eroded.

Case study: Bath and North East Somerset Council

Funding streams can also impose constraints in relation to the way in which funds are spent, which again may not correlate with need and necessitate less effectual application. Some of the funding obtained from SWERDA by BANES to assist construction of a cycle path could only be used in relation to derelict land, for example, which resulted in inefficiencies. The BANES case study also serves to highlight how the relative lack of flexibility regarding when funding can be spent can also reduce the effectiveness of investment. Consultations with the Council identified how the phasing of funding and associated restrictions dictated how work was carried out. A funding allocation that they obtained from the Aggregates Sustainability Levy in 2003, for example, needed to be spent by April 2004. If the cycle route could have been constructed in more manageable sections, as opposed to officers trying to get as much of the scheme completed by April 2004, then the quality of the resultant scheme would have been greater. Longer planning horizons would have been of particular benefit for BANES given the environmentally sensitive context of the route, which imposed additional restrictions. This case study also provides an example of how inadequate funding provision can result in available funds being stretched and the scheme specification downgraded accordingly, thereby decreasing the quality of the scheme and increasing future revenue implications.

Case study: Surrey County Council

Surrey County Council was left out of pocket as a result of relying on developer contributions to finance a Fastway bus scheme. The developer agreed that once the first 100 properties in a new development were occupied they would finance the public transport project; however Surrey County Council made the decision to finance the scheme in advance of completion of the development. The housing development was delayed and this resulted in Surrey having to support a bus scheme which was not financially viable and which was serving a development with no residents. Had the housing development not experienced technical delays this revenue support could have been instrumental in encouraging more sustainable travel behaviours of residents, but as a result of the uncertainty of when funds from a S106 Agreement would be made available it could have been more effectively invested elsewhere.

4.5 Delays to scheme delivery

This can be an implication of a number of elements of the funding process, including:

- Relatively poor availability of revenue funding;
- The partnership working process;
- Cost increases;
- Inadequate planning;
- Lack of suitably skilled staff (i.e. in relation to partnership working);
- Uncertainty of the bidding process;
- Amount of detail required in the production of bids;
- Phasing of funding provision;
- Uncertainty of and lack of control over developer contributions.

One potential consequence of delay to scheme delivery is that the local needs and priorities that a scheme was designed to address may have changed by the time of delivery. Another is that schemes need to be devised outside of the LTP.

4.6 Cost of scheme can increase

There is a lot of overlap between this implication and that of the previous section because when delay is experienced this often has a direct impact upon the cost of a scheme. Similarly increases in cost can result in delay as local authorities seek to identify ways in which the shortfall can be funded. There are also parallels between this implication and those relating to the need to change all or part of a scheme, as most changes to specification have cost implications.

Cost increase can result from a number of elements of the funding process, including:

- Delays to delivery;
- Inadequate planning;
- Lack of suitably skilled staff;
- Lack of advance funding;
- Phasing of funding provision;
- Necessity to meet funding stream bidding criteria;
- Relatively poor availability of revenue funding;
- The partnership working process.

Case study: Strathclyde Partnership for Transport

The significance of the cost implications that can result from schemes being delayed can be evidenced from experience of case study partner Strathclyde Partnership for Transport (SPT) in relation to the Glasgow Airport Rail Link. The SPT is in the process of developing a direct rail link between Glasgow Central and Glasgow airport and the project was expected to be completed in 2008, although owing to numerous delays the scheme has now been in the planning stages for 15 years and is due to be completed in 2010. In 2004 the total scheme cost was estimated at £160 million, but it is now expected that, as a result of delays, costs could reach £210 million. Government Scotland (previously the Scottish Executive) continues to support the project but on the condition that SPT explore all possible options for financial contributions to the project. This has caused further delays to implementation and incurred further costs.

4.7 Positive implications

When discussing the potentially negative implications that can arise from the funding process it is also important to reflect upon the many positive implications, some of which are detailed below:

- Access to large amounts of both capital and revenue;
- Partnership working;
- Enhanced focus provided by funding criteria;
- Longer term funding allocations.

The diverse range of funding opportunities that are available to local authorities is continuing to increase, which should have a further positive impact upon the implementation of transport and land use schemes.

Case study: Sheffield City Council

Sheffield City Council stated that the formation of the partnership Creative Sheffield (and formerly Sheffield One) was fundamental to obtain and manage their funding package. Partners have remained engaged throughout, and members have contributed negotiation skills, commercial expertise, risk management and entrepreneurial flair. Sheffield City Council have raised doubt over whether they would have had the resources or expertise to progress the scheme at the necessary pace.

5 Addressing Funding Barriers

The Funding Project has explored ways in which the funding barriers could be overcome by local authorities, as detailed in the Funding Toolkit.

Consultations undertaken as part of the research for deliverable E3 illustrated how local authorities are becoming more adept at managing some of the barriers faced, and as such they are increasingly able to overcome some of the potential negative implications relating to funding mechanisms. There is also evidence that enhanced awareness and experience of funding sources is leading local authorities to put systems in place for contingency should any problems be encountered.

Many of the funding barriers identified are inherent to the funding process and so are not capable of being effectively managed by the actions of the local authority alone. The guidance document for the funders of transport schemes has been produced in recognition of this, and it suggests ways in which the funders of transport and land use projects could make it easier for local authorities to overcome the barriers that they face in the funding process. Consultations also identified how funding bodies are evolving to enable more effective delivery of local transport schemes. A sentiment expressed by numerous local authorities, for example, was that the longer term allocations now provided by the DfT have been fundamental in programming, designing and delivering projects more effectively. Stockport Metropolitan Borough Council was one of several bodies consulted with who are now able to adopt a much more integrated approach to scheme delivery and a far stronger long term planning cycle owing to the enhanced certainty of funding from the LTP.

This section summarises a number of approaches that have been adopted to help alleviate the impact of funding barriers as identified by the DISTILLATE Funding Project research activities.

5.1 How can local authorities overcome the organisational constraints of a lack of staff time and resources?

- Documents that provide guidance and bring funding sources together in a single point of reference, such as the Funding Toolkit, will help to free up staff time and identify ways in which additional revenue can be raised to help cover costs.
- Feedback from the funding workshops identified that some auditors itemise staff time as intellectual property and class it as a capital resource, which enables some staff time spent on bids to be recouped.
- Local authorities can use funds which can be earmarked for reinvestment into the transport network, such as road user charging, developer levies and tax incremental finance, to support applications for other sources of funding. Such revenue can be used to enable Prudential Borrowing, for example, 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.
- The formation of partnerships can be a way of transferring the burden, as consultation with case study partners has shown. Staff time and resources are required to ensure that local authority staff have the expertise to successfully set up and manage partnerships, but they can also be crucial in securing funding.

Case study: Sheffield City Council

In the case of the redevelopment of Sheffield city centre an Urban Regeneration Company (URC) formed of Sheffield County Council, Yorkshire Forward and English Partnerships was established to obtain a funding package of around £100 million to invest in the regeneration of the city centre. This case study serves to highlight the crucial role that partnerships can play in securing funding. The clearly 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 outcomes of lengthy negotiations were favourable, and the management of all of the different funding streams was also a complex task and one which Sheffield City Council may not have had the resources to finance on its own.

5.2 How can local authorities deal with high levels of funding uncertainty?

- Local authorities could spend more time tailoring funding applications to funding criteria rather than applying for more numerous funding pots.
- Documents that provide guidance and provide a greater understanding of the range of sources of finance available, such as the Funding Toolkit, can help to increase the probability of funding being attained.
- Increasing levels of private investment in transport schemes could help to alleviate some of the uncertainty experienced in relation to bidding for funding pots.
- Local authorities could identify the potential to form legally binding agreements with developers to provide a steady revenue stream over an agreed period to overcome issues associated with the often sporadic allocations.
- Local authorities could identify other methods of providing a continuous source of funding, such as investigating the potential for introducing some form of taxing or charging. Research activities have highlighted that advertising revenue is effective as a continuous sources of funding.

Case study: Leicestershire County Council

Leicestershire County Council maximised their access to finance for enhancing and promoting their cycle network by carefully selecting which agencies to apply to.

Case study: Milton Keynes Forward

A planning obligation based tariff system implemented in Milton Keynes by Milton Keynes Forward, a consortium of land owners and developers, will provide approximately £310 million of revenue over a ten year period. 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. In addition developers are required to provide some supporting infrastructure, making the real cost per dwelling closer to £30,000.

Case study: Transport for London

TfL have announced a ten year contract with Clear Channel in 2005 which covers the sale of media space and the maintenance and design of street furniture across half of TfL's London-wide bus shelter portfolio. The extra income generated will be used to fund further improvements to London's transport system (TfL, 2005).

5.3 How can local authorities overcome the constraints of narrow leadership interests and political will?

- The nature of the concern is likely to vary considerably between local authorities, and so different approaches will need to be undertaken to address these issues within local authorities.
- Local authority management could be made more aware of the range of funding sources which are available to them and the extent to which they can help to fund specific transport projects. This could help to broaden the scope of leadership interests.

Case study: Bath and North East Somerset Council

Consultation with case study partner Bath and North East Somerset Council in relation to the construction of Colliers Way (Route 24 of the National Cycle Network) identified that the project was subject to fluctuations in political commitment. This has been attributed to delays in the scheme, and increased difficulties in obtaining funding, but the barrier was overcome by applying for funding from a wide range of sources. The route, which cost just over £2 million, was funded from over 25 different sources, ranging in value from £250 to £250,000, as a result of the general lack of availability of funding for cycling schemes.

5.4 How can local authorities complement the technical capabilities of tools and officers?

- The formation of partnerships with either the public or private sector can increase the skill base that local authorities have to draw upon and lead to a pooling of expertise. Partnerships between the public and private sector are often perceived as being complementary as 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.
- Local authorities should train staff to enable them to more effectively identify opportunities for forming partnerships and for successfully managing them.

Case study: Norwich City Council

Norwich City Council formed a partnership with Mott Macdonald, Norwich City Council Conservation, Jefferson Sheared Architects, English Heritage, Network Rail, and 'One' Anglia, the primary train operator serving Norwich, to help deliver public transport schemes funded by the DfT's Major Scheme funding stream and the EU CIVITAS QUEST grant. Large scale improvements made included the delivery of a new bus station, an enhanced interchange at Norwich Railway Station, implementation of enhanced bus priority measures, and a number of on-street bus interchanges across the town centre. The team was assembled to enable the extensive experience of partners from different sectors with passenger interchange projects to be drawn upon. The diverse skill base of the team ultimately served to enhance the proposals for the public transport improvements (DfT, 2004 and Norwich City Council, 2004).

Case study: Hampshire County Council

Hampshire County Council is recognised as a transport Centre of Excellence in Integrated Transport Planning for partnership working and they have experience of working with Lisps, which has led to a number of benefits. The formation of Lisps within their districts has had the particular benefit of enabling transport to be viewed within its wider context, such as in relation to social inclusion and sustainability. The result has also been the realisation of numerous synergies and an increasing integration of transport concerns within community strategies. The performance of Lisps has varied across the districts within Hampshire, but progress is positive and there are plans to enhance their scope, with the County Council seeking to enhance links between transport, health and crime policies (Hampshire County Council, 2003).

5.5 How can local authorities address the 'capital-rich revenue-poor' mismatch?

- Enhancing awareness of what 'revenue' costs can be capitalised by auditors.
- Making stronger internal cases for transport investment to reduce the likelihood of allocations being diverted to other service areas. CfIT (2005) have stated that the importance of transport revenue spending could perhaps be detailed in relation to the delivery of wider corporate and community objectives.
- Seeking to establish partnerships with revenue-rich partners, such as bus operators.
- Investing in high quality materials to reduce revenue implications.
- Identifying opportunities to jointly procure services.
- Supplementing LTP allocations.
- Increasing awareness of the alternative sources of funding that are available and the extent to which they can bridge the gap between capital and revenue expenditure.
- Increasing levels of private investment to supplement revenue allocations.

5.6 How can local authorities effectively manage the potentially adverse impacts upon local transport priorities of funding streams which relate to national transport priorities?

- Seeking to enhance locally generated revenues, as these provide the most flexibility in terms of investment decisions. Road user charging schemes, land value taxes, Business Improvement

Districts (BIDs) and developer contributions or agreements can all generate income which can be invested directly into the local community.

- Determining the scope to tailor funding acquired from other sources, such as Regional Development Agencies, charities and trusts, to local conditions rather than central government sources.
- Investigating potential for Prudential borrowing as this does not require local authorities to seek the consent of central government for transport schemes.

Case study: London Borough of Kingston Upon Thames

The London Borough of Kingston Upon Thames established the first UK BID in 2004 and subsequently raised £4 million of additional funding for transport improvements to a shopping area by way of a 1% business rate supplement (London Development Agency, 2004).

Case study: Nottingham City Council

Negotiations are currently underway in Nottingham for the implementation of a Workplace Parking Levy, which has also been identified as an innovative means to raise finance locally. It is expected that the levy will be implemented in 2010 when employers will be charged £185 per car parking space per year (due to rise to £350 by 2014). It is anticipated that the levy will raise £5.6 million for public transport in its first year, rising to £12 million once the charge increases to £350 (LTT, 2007).

5.7 How can local authorities overcome the difficulties relating to funding ‘soft’ transport schemes?

- Identifying ways in which soft transport schemes can be incorporated into a package of measures, which may enhance likelihood of obtaining funding.
- Referring to documents that bring available funding sources together, such as the Funding Toolkit, to help ensure that funding opportunities are not missed. Funding providers for soft transport schemes tend to be particularly diverse. The Toolkit contains details of authorities who have financed soft schemes from a variety of sources, including English Heritage, Scottish Natural Heritage, the Waterways Trust, the Heritage Lottery, the Woodland Trust, Sustrans and the National Forest Organisation.
- Seeking to negotiate the financing of soft transport schemes via developer contributions.
- Tailoring funding applications to the funding source being applied to. Prepare business cases to maximise likelihood of success, but also consider whether the benefits will be commensurate with the amount of effort and resources required to apply.

Case study: Surrey County Council and Southampton City Council

To ensure that new developments were sustainable DISTILLATE case study partner Surrey stipulated that developers would need to finance cycle and pedestrian routes from the development area to key destinations, such as the town centre. As detailed in the Funding Toolkit Southampton City Council are another authority who have also successfully managed to secure funding for cycling improvements from developer funds.

5.8 How can local authorities more effectively manage partnerships?

- Fostering recognition that partnership working can be used as a mechanism to obtain funding and to deliver transport and land use projects to time and to budget. Consultations with local authorities throughout the DISTILLATE project have shown how many practitioners have a negative view of partnership working, and efforts should be made to alter this perception by clearly outlining the benefits.
- Providing staff with the necessary training and experience to establish and effectively manage partnerships. Research has highlighted that skills such as negotiation and mediation, which are not always developed by transport practitioners, are key to their management.
- Ensuring that mandatory requirements and performance standards are clearly defined and that the distribution of responsibilities and accountability is agreed at the outset.

- Establishing a clear and consistent view of a common problem, and developing an appreciation that a joined up approach is the most effective way to solve the problem.
- Obtaining support for the partnership at all levels and putting appropriate systems and support networks in place to help ensure that even if key personnel leave the authority then the necessary resources and commitment will remain in place.

6 Conclusions and further research

Research undertaken throughout the DISTILLATE project highlights the range of barriers which local authorities face when identifying and obtaining funding for transport and land use projects. These barriers have a number of implications, each of which has been shown to undermine the ability of local authorities to effectively deliver schemes that have been designed to fulfil locally defined needs and priorities.

Research activities have provided evidence that local authorities are becoming increasingly adept at obtaining and managing both capital and revenue funding and that constraints are being viewed constructively, with barriers seen as ways in which transport departments can gain more focus. The barriers do, however, remain, and whilst there is evidence that their impacts are being managed more effectively it seems inevitable that they will continue to skew the transport and land use schemes being delivered. The Funding Project research has also shown that many local authorities still do not have experience of using what are widely considered to be relatively traditional funding sources, such as private funding, some central Government funding streams, or European funding (Hull et al, 2006a). A number of local authorities are also not aware of the availability of a wide range of innovative funding sources, such as BIDs, local authority business grants, or Work Place Parking Levies. Consultations have highlighted that local authorities are aware that their knowledge of the availability of funding sources is limited, but that resourcing issues do not make it feasible to allocate the staff time to expand their awareness. It is these local authorities whose scheme delivery is likely to be impacted the most by the numerous funding barriers that DISTILLATE has found to be associated with traditional sources of funding, and who would benefit most from responses from the funders of transport and land use schemes to the barriers identified.

Whilst case study research has identified that there are many examples of good practice where local authorities have employed numerous approaches to try and manage some of the potentially negative implications of funding mechanisms it needs to be recognised that the barriers are externally driven. Therefore, unless the organisations that provide funding for transport and land use projects are aware of the issues faced by local authorities then they will remain constrained by the external framework in which decisions crucial to local transport networks will need to be made.

An increasing body of literature, driven in part by the end of the LTP1 period and the publication of prominent reports such as the Lyons Inquiry and the Eddington Review, is suggesting that central Government policy is not providing a framework which is conducive to overcoming funding barriers effectively overcome. Such literature focuses upon the potential for structural reforms of local government to strengthen the role of local authorities, and to separate capital and revenue budgets. DISTILLATE research reinforces the potential benefits of such a move, which would give local authorities more control over the funding process and remove some of the barriers which are currently constraining effective scheme design and delivery.

In the long-term relatively large-scale shifts will be needed in the way in which funding is provided, but in the short-term there are a number of relatively straight-forward changes which could be made by funders to enhance the effectiveness of the transport solutions which are delivered. It could be of benefit to undertake further research to engage with funding providers and to determine the feasibility of implementing the suggestions made in E2, such as increasing the extent to which funding decisions are based upon the provision of detailed local information.

It would be of interest to determine the extent to which funding providers are already aware of the barriers that their funding process creates, and whether any feedback from local authorities is activity sought. Consultations could identify ways in which funding bodies may already have tried to implement changes, either along the lines of those suggested by E2 or otherwise, and any associated successes or failures. An analysis along these lines could also determine whether funding bodies themselves are constrained by externally driven factors, which could limit their ability to adjust the way in which they operate.

DISTILLATE research activities have often shown that an enhanced awareness of the increasingly diverse range of sources of funding that are available to help finance transport and land use projects

would be of great use to local authorities. The Funding Toolkit has been designed to address this need, and feedback received to date has been encouraging, but research informing its development has highlighted the rate at which sources of funding and their eligibility criteria change. It would therefore be of benefit to undertake periodical updates of this tool to reflect the volatile nature of the funding climate. Once the Funding Toolkit has been published more comprehensive feedback can be obtained from local authorities, which can also be used to enhance the utility of the tool to local authorities and to help ensure that updates that succeed the current deliverable will develop and build upon the success of the original.

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Appendix A – Organisational Barriers Surveys – Funding Questions

This Appendix contains details of the questions that were asked of local authority transport planners in both the 2004 and 2007 questionnaire surveys.

6.1 2004 Questionnaire Survey (A1)

4 Funding, phasing and implementation

Your authority may use a number of funding streams to finance the delivery of transport schemes and strategies.

39 In your experience, has access to, or use of, any of the following **funding sources** ever *delayed* scheme delivery?

(Please choose ONE answer from the scale below for each source by placing a cross in the appropriate box)

	Yes	No	Funding source not used
Authority's own capital resources (e.g. local taxation, special levies)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Challenge Funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
European Union Objective One/Two	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Transport Plan (LTP) settlement (Basic Credit Approval)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private Finance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section 106 agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section 56 Grant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Regeneration Budget (SRB)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supplementary Credit Approval (SCA)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transport supplementary grant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other local regeneration funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others (PLEASE SPECIFY)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

40 What *sizes* of scheme are funded by the funding sources you use (in Question 39, above)?

(Please choose AS MANY sizes as apply from the scale below for each funding source used by placing a cross in the appropriate box(es))

	Small schemes (under £100,000)	Medium-sized schemes (£100,000 - £5m)	Large schemes (over £5m)
Example	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Authority's own capital resources (e.g. local taxation, special levies)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Challenge Funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
European Union Objective One/Two	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Transport Plan (LTP) settlement (Basic Credit Approval)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private Finance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section 106 agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section 56 Grant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Regeneration Budget (SRB)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supplementary Credit Approval (SCA)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transport supplementary grant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other local regeneration funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others (PLEASE SPECIFY)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

41 In your experience, has the **use** of the following funding sources ever *hindered* the **achievement of scheme objectives**?

(Please choose ONE answer from the scale below for each source by placing a cross in the appropriate box)

	Large hindrance	Some hindrance	No hindrance	Funding source not used
Authority's own capital resources (e.g. local taxation, special levies)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Challenge Funding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

European Union Objective One/Two	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Transport Plan (LTP) settlement (Basic Credit Approval)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private Finance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section 106 agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section 56 Grant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Regeneration Budget (SRB)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supplementary Credit Approval (SCA)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transport supplementary grant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other local regeneration funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others (PLEASE SPECIFY)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....				
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....				

42 Please indicate any particular **positive or negative impacts** on scheme delivery that have arisen from the use of the funding sources identified in Question 41, above...

43 What **improvements** do you consider could be made in the **phasing** of scheme implementation?

Sources of revenue funding may also be used in the delivery of transport schemes and strategies.

44a Please list any **sources of revenue funding** used for the delivery of transport schemes in your authority...

44b What **difficulties** with revenue funding do you consider affect the implementation of schemes in your authority, if any?

45a Are you *aware* of any of the following more **innovative sources** of potential funding for transport?

45a Are you *aware* of any of the following more **innovative sources** of potential funding for transport?

(Please choose ONE answer for each source by placing a cross in the appropriate box)

	Aware	Not Aware
Business Improvement Districts	<input type="checkbox"/>	<input type="checkbox"/>
Business rate levy	<input type="checkbox"/>	<input type="checkbox"/>
Buy-in charge	<input type="checkbox"/>	<input type="checkbox"/>
Fare increases	<input type="checkbox"/>	<input type="checkbox"/>
Freehold charge	<input type="checkbox"/>	<input type="checkbox"/>
Land value taxation/ site value rating	<input type="checkbox"/>	<input type="checkbox"/>
Local authority business grant incentive	<input type="checkbox"/>	<input type="checkbox"/>
Local sales tax	<input type="checkbox"/>	<input type="checkbox"/>
National motoring tax	<input type="checkbox"/>	<input type="checkbox"/>
Planning gain	<input type="checkbox"/>	<input type="checkbox"/>
Road user charging	<input type="checkbox"/>	<input type="checkbox"/>
Transport development areas	<input type="checkbox"/>	<input type="checkbox"/>
Workplace Parking Levies	<input type="checkbox"/>	<input type="checkbox"/>

45b Would you *consider using* any of these sources?

(Please choose ONE answer from the scale below for each factor by placing a cross in the appropriate box, AND whether you would like to know more)

Have already used	Are considering using	Would not use	Would like to know more
-------------------------	-----------------------------	------------------	-------------------------------

<i>Example</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Business Improvement Districts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business rate levy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buy-in charge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fare increases	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Freehold charge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Land value taxation/ site value rating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local authority business grant incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local sales tax	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
National motoring tax	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Planning gain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Road user charging	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transport development areas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Workplace Parking Levies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

45c If you have used any of the potential funding sources mentioned in Question 45b, please provide some information on the **scheme type** they have been used for...

6.2 2007 Questionnaire Survey (A2)

4 Funding, phasing and implementation

Your authority may use a number of funding streams to finance the delivery of transport schemes and strategies.

27 In your experience, has access to, or use of, any of the following **funding sources** ever *delayed* scheme delivery?

(Please choose ONE answer from the scale below for each source by placing a cross in the appropriate box)

	Yes	No	Funding source not used
Authority's own capital resources (e.g. local taxation, special levies)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
European Union Objective One/Two	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Funding from charitable organisations (e.g. Big Lottery Fund etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Funding from Government Agencies (e.g. Natural England, English Heritage etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated transport block grant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Transport Plan (LTP) settlement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Major scheme projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prudential Borrowing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section 56 Grant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section 106 agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others (PLEASE SPECIFY)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

28 What *sizes* of scheme are funded by the funding sources you use (in Question 39, above)?

(Please choose AS MANY sizes as apply from the scale below for each funding source used by placing a cross in the appropriate box(es))

	Small schemes <i>(under £100,000)</i>	Medium-sized schemes <i>(£100,000 - £5m)</i>	Large schemes <i>(over £5m)</i>
Authority's own capital resources (e.g. local taxation, special levies)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
European Union Objective One/Two	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Funding from charitable organisations (e.g. Big Lottery Fund etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Funding from Government Agencies (e.g. Natural England, English Heritage etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated transport block grant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Transport Plan (LTP) settlement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Major scheme projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private Finance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prudential Borrowing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section 56 Grant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section 106 agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others (PLEASE SPECIFY)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

29 In your experience, has the **use** of the following funding sources ever *hindered* the **achievement of scheme objectives**?

(Please choose ONE answer from the scale below for each source by placing a cross in the appropriate box)

	Large hindrance	Some hindrance	No hindrance	Funding source not used
Authority's own capital resources (e.g. local taxation, special levies)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
European Union Objective One/Two	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Funding from charitable organisations (e.g. Big Lottery Fund etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Funding from Government Agencies (e.g. Natural England, English Heritage etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Transport Plan (LTP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

settlement				
Private Finance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prudential Borrowing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section 56 Grant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Section 106 agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others (PLEASE SPECIFY)				
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....				
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....				

30 Please indicate any particular **positive or negative impacts** on scheme delivery that have arisen from the use of the funding sources identified in Question 32, above...

Sources of revenue funding may also be used in the delivery of transport schemes and strategies.

31a Please list any **sources of revenue funding** used for the delivery of transport schemes in your authority...

31b What **difficulties** with revenue funding do you consider affect the implementation of schemes in your authority, if any?

32a Are you *aware* of any of the following more **innovative sources** of potential funding for transport?

(Please choose ONE answer for each source by placing a cross in the appropriate box)

	Aware	Not Aware
Business Improvement Districts	<input type="checkbox"/>	<input type="checkbox"/>
Business rate levy	<input type="checkbox"/>	<input type="checkbox"/>
Buy-in charge	<input type="checkbox"/>	<input type="checkbox"/>
Fare increases	<input type="checkbox"/>	<input type="checkbox"/>
Freehold charge	<input type="checkbox"/>	<input type="checkbox"/>
Land value taxation/ site value rating	<input type="checkbox"/>	<input type="checkbox"/>
Local authority business grant incentive	<input type="checkbox"/>	<input type="checkbox"/>
Local sales tax	<input type="checkbox"/>	<input type="checkbox"/>

National motoring tax	<input type="checkbox"/>	<input type="checkbox"/>
Planning gain	<input type="checkbox"/>	<input type="checkbox"/>
Road user charging	<input type="checkbox"/>	<input type="checkbox"/>
Transport development areas	<input type="checkbox"/>	<input type="checkbox"/>
Workplace Parking Levies	<input type="checkbox"/>	<input type="checkbox"/>

32b Would you *consider using* any of these sources?

(Please choose ONE answer from the scale below for each factor by placing a cross in the appropriate box, AND whether you would like to know more)

	Have already used	Are considering using	Would not use
Business Improvement Districts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business rate levy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buy-in charge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fare increases	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Freehold charge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Land value taxation/ site value rating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local authority business grant incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local sales tax	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
National motoring tax	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Planning gain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Road user charging	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transport development areas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Workplace Parking Levies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

32c If you have used any of the potential funding sources mentioned in Question 32b, please provide some information on the **scheme type** they have been used for...

Appendix B – Case Study Overview

Colliers Way Cycle Route (NCN24) and B&NES Cycling Strategy – Funding and Phasing

Background to the Case Study Area: Bath and North East Somerset

Bath and North East Somerset (B&NES) Council runs from the outskirts of Bristol, south into the Mendips and east to the Southern Cotswolds and Wiltshire border. It is 220 square miles in area, two thirds of which is green belt. Approximately half of the area's 170,000 population lives in the City of Bath. In addition, Keynsham is the largest town in North East Somerset (16,000). Important residential and commercial centres are also located at Midsomer Norton and Radstock in the South (20,000).

Transport issues in the region are heavily influenced by its close proximity to the City of Bristol. The A4 is the main corridor in the region, which runs between Bath and Bristol, both of which are key employment centres. Commute distances within the region are generally relatively low. In 2001, the cycle mode share for journeys to work in BANES was 2.43%. Twenty-two per cent of the population did not own a car or van, and 33% owned 2 or more cars or vans.

As a unitary authority, the council is charged with the delivery of all local authority services, from education and recycling to planning and social services, libraries and roads (B&NES, 2004).

LTP 2001/06

B&NES' first Local Transport Plan was developed in 2000 and sets out the council strategy for 2001 to 2006. The Council's vision states: "*We want Bath and North East Somerset to be recognised as a place which has a vibrant economy, cultural diversity and a world class environment; and for everyone who lives, or works in, or visits, the area to be able to share these benefits.*" In order to achieve this vision the council's objectives are to:

- Ensure a world class environment;
- Promote the local economy; and
- Ensure that everyone has the opportunity to share in the benefits of the area.

LTP2 – 2006/07 to 2010/11

The Local Transport Plan for 2006/7 to 2010/11 was prepared jointly by Bath and North East Somerset, Bristol City Council, North Somerset Council and South Gloucestershire Council. It focuses on the Government's four shared priorities of congestion, road safety, air pollution and accessibility. When tackling congestion, the plan aims to make improvements to public transport, widen mode choice and manage traffic flows to reduce congestion and increase efficiency. Careful traffic management and enhancing the environment for pedestrians and cyclists is the approach taken by the plan to address road safety issues. When dealing with air quality problems across the area, the plan is focused on area wide measures to reduce congestion, the encouragement of environmentally sustainable modes and more localised traffic management measures at pollution hotspots. Finally, the plan hopes to identify and address accessibility problems with the aid of service providers in the region (B&NES *et al*, 2006).

Introduction to the Project: Cycling Strategy and Routes Implementation

DISTILLATE Project E is focuses primarily on the funding and implementation of 'The Colliers Way', a shared-use cycleway which is part of National Cycle Network 24 (NCN24). This document also looks at the implementation of the Bath and North East Somerset Cycling Strategy.

The Bath and North East Somerset Cycling Strategy

The local planning authority promotes walking and cycling to reduce energy use, pollution and traffic congestion and improve health. The 'vision' of their Cycling Strategy, as outlined in their Joint LTP with Bristol City, North Somerset and South Gloucestershire Councils, is to define a safe and attractive road environment supplemented by off-road routes. They are focusing upon encouraging people to cycle to school and to work. The joint strategy builds upon the success of B&NES' previous cycling strategy which sought to enhance primary cycle networks, such as the National Cycle Network and to promote cycling. Their joint LTP complements the national Cycling and Walking Strategies,.

The key principle behind the National Cycling Strategy is to create partnerships between public, commercial and voluntary sectors across the country. Bath and North East Somerset, as the local Unitary Authority, therefore has a major role to play in setting the local framework. The local strategy follows the framework model outlined in the National Cycling Strategy, but has also modified each of the objectives where necessary to reflect the local history and cycling needs in B&NES.

The strategy aims to deliver a four-fold increase in the current level of cycling within a generation, whilst simultaneously achieving the overall goals of Safety, Security, Accessibility and Sustainability which complement B&NES' planning and transport policy which is based on the principles of sustainable development. B&NES are giving priority to transport programmes which improve alternative modes of travel to the car, such as public transport and walking and cycling. They want to develop such programmes in partnership with local authorities, transport providers, Government agencies, commercial employers and the public which correlates with the key principles of the National Cycling Strategy.

The priorities of B&NES' joint cycling strategy are as follows:

- Congestion: reduce car use and increase cycling, particularly for short journeys and during peak times.
- Road Safety: implementation of traffic management measures, reallocate road space to cyclists, encourage reduced traffic speeds.
- Accessibility: enhancing social inclusion via making facilities and services more easily and safely accessible by bike.
- Air Quality: encouraging a modal shift towards cycling from driving, particularly for short journeys which emit the most pollution.
- Other Quality of Life Issues: primarily wider health issues.

A number of policy mechanisms are required to achieve the above objectives and targets. These mechanisms must be integrated, but can be broadly described as programmes of:

- Engineering (cycle audit, cycle networks, cycle routes, high standards, cycle priorities, cycle route maintenance, protecting access, developing contributions, disused railway lines, monitoring demand, public transport, access for all, cycle parking availability);
- Encouragement (reducing road danger, reducing theft, cycling and business, cycling and schools, promoting cycling);
- Education (training adults and children);
- Enforcement (policing), and
- Enabling (information, staffing and funding).

The ERCDT noted that progress towards the previous B&NES cycling strategy had been hampered owing to an insufficient skill base amongst the staff devoted to the Strategy. They also deemed that Inadequate resources were employed to monitor cycle usage. B&NES have since made use of consultants to train staff in cycle design, review and audit.

Approximately £5,000 a year in capital funding is received by B&NES for cycle parking. LifeCycle (formally CycleWest) have previously provided funding for cycle parking. Alternative funding sources

for various elements of the strategy have been identified by local groups. The Chew Valley route is currently seeking funding from Sport England.

Cycle Routes and the Colliers Way

There are a number of cycle routes that cross Bath and North East Somerset. These include the Bath to Bristol Railway Path, Avon Cycle Way, parts of the National Cycle Network (NCN), including the Colliers Way. It was decided that DISTILLATE Project E should concentrate on Colliers Way as a case study.

The Route

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 will be connected by quiet country lanes. It is a shared-use route, to be used by cyclists, pedestrians, wheelchair users and horse riders. The main aims of the project are:

- To encourage walking and cycling as sustainable transport for recreation and utility trips, and as a healthy alternative to car travel;
- To contribute to the economic welfare of Frome and Radstock, and other settlements close to the path through encouraging cycle tourism, building on the proven popularity of the National Cycle Network route 4 on the Kennet and Avon canal towpath;
- To restore for public use the derelict stretches for the former railway lines and to manage peripheral land for wildlife; and
- To aid the restoration of the Radstock to Frome railway (B&NES, NCN and Sustrans, 2001).

From Dundas to Monkton Combe the path follows the route of the old Hallatrow to Limpley Stoke Branch Line. Between Midford and Radstock the Route follows the old Somerset and Dorset Railway so as much of the track as possible is off-road. At Radstock the Colliers Way links with the Greenway and from Radstock to Great Elm it follows the old Radstock to Frome Branch Line. At Great Elm the railway is operational, carrying stone from Whatley Quarry to the national rail network so the Route currently proceeds into Frome mainly using quiet country lanes. At the other end of the route a new cycle path has been constructed along the River Frome.

On completion of the activities detailed in the Business Case, 11.1 miles of the total length of the 19 miles will be on completely traffic-free routes.

Bath & North East Somerset are taking a lead on the construction of the route through their employment of a Project Co-ordinator. Other partners include Somerset County Council (SCC), Mendip District Council (MDC) and Sustrans (who take the lead on land negotiation issues). As of early 2006, only two stretches of the route remain to be completed.

Implementation and Funding

The route has been constructed by Bath and North East Somerset. Sustrans owns a great deal of the land (through their sister charity Railway Paths Limited), or has been an important player in acquiring land for the route. The Business Plan for 'The Colliers Way', prepared in 2001, set out the proposed capital and revenue costs for the route. These are summarised in Table B1 and B2 below.

Table B1: Capital and Revenue Costs: The Colliers Way

Capital Costs (2002 – 2005)	
Land Acquisition	£120,285
Works	£1,137,050
Total Capital Costs	£1,257,335
Revenue Costs (2002 – 2005)	

Design and Project Management Fees @10%	£113,705
Arts	£98,000
Land Fees	£13,365
Mapping	£20,000
Monitoring	£7,500
Cycle Stands and Large Signage	£6,000
Total Revenue Costs	£258,570
Contingency 5%	£56,853
TOTAL COSTS	£1,572,757

Table B2: Matched Funding Secured and Required

	Total (2002 – 2005)
Local Authority	
B&NES	£130,000
Project Manager	£25,000
SCC	£28,562
Project Manager	£12,500
MDC	£25,000
Project Manager	£12,500
Other Sources	
NR Regeneration	£69,000
Sustrans	£133,650
Arts	£45,000
NOF	£150,000
Countryside Agency Rural Transport Partnership	£70,137
Hanson Aggregate	£102,000
Totals	£803,349
Shortfall	£769,408
HLF?	£84,550
SWRDA?	£684,858

At the time the business case was prepared, the estimated total cost of the project was £1.572m. £0.8m of this total was secured, with a £0.68m shortfall. It was anticipated at the time that the shortfall would be made up from SWRDA and HLF. SWERDA did in fact agree to their proposed grant, but the HLF grant did not succeed. The final cost of the project was actually £2.045m, £0.473m over the anticipated project costs. Table B3 below details the funding sources and contributions (as of March 2006).

Table B3: Final Costs for Colliers Way (NCN24)

Funding Source	Contribution
SWERDA Derelict Land Grant (in principle offer)	£554,000
SWERDA Uplift	£55,400
DfT Grant for Frome work	£70,000

DfT funding for Radstock work	£70,000
DfT grant for Midford Viaduct	£132,500
BT Contribution	£7,500
Countryside Agency – Rural Transport Programme	£42,629
Countryside Agency – ALSF	£184,218
NOF	£194,507
Millennium Commission Signing	£1,000
Somerset County Council	£28,562
Somerset County Council Schools Grant	£20,000
SCC Aggregates Levy Sustainability Fund Grants (2)	£77,171
SCC – Community Access Fund Grant	£1,368
MDC – Contribution to project management	£18,250
MDC – Contribution for Construction of Cattle Market to Welshmill	£43,426
MDC – Rodeden Meadows Resurfacing	£25,000
B&NES	£216,390
B&NES Commitment for Midford to Wellow in future capital programme	£250,000
Kilmersdon Parish Council	£250
Wyvern Trust (LCCS)	£9,750
Wyvern Trust Second Grant	£10,000
Councillor Michael St Johns Councillor Grant	£3,500
Arts Council Grant	£39,000
Contribution in Kind (free or discounted supply rates from quarry)	£15,250
Coloroll and Asda Developer Contributions	£82,025 (estimated)
TOTAL	£2,151,696

The Business Case was prepared primarily by Sustrans, using their costings, in conjunction with B&NES. It is the opinion of the Project Co-ordinator that the funding shortfall was mainly due to two reasons:

- The Business Case did not contain sufficient engineering input to adequately cost and de-risk the work; and
- A considerable amount of the design and construction was managed by a different organisation (B&NES) to the one responsible for performing the costing (Sustrans). The approach by B&NES is to design to a higher standard than Sustrans would use. Also, the council is much more sensitive to public risk issues than Sustrans.

A significant sum has been gained for public art along the route; £98,000. This was received from two sources, the Arts Council and SWRDA. Information boards, simplicity benches and other features have been implemented along the route to enhance the derelict landscape. However, it has not been easy to spend this money. In a number of cases, objections to proposed features have been made, making it difficult to implement some features, despite them being on derelict land.

- Some of the funding received from DfT was allocated for the National Cycle Network access for schools.
- The SWRDA funding for derelict land can only be used for just that, derelict land. Therefore funding could not be used for certain uses.

- DEFRA rural enterprise scheme – was very effort-intensive and required a new business case to be prepared
- Landfill Tax Credit from the Wyvern Trust – had previously invested a lot in cycling projects and initially seemed reluctant to fund further cycling schemes. Fortunately they agreed to contribute further to the scheme.
- Innovative by linking to Public Rights of Way.
- More money invested at the feasibility stage regarding who would be constructing it and the construction standard – would provide more accurate costings
- Commitment is needed from all partners
- Have recently applied for Rural Renaissance Funding – focusing on the development of tourism in the local area, which may include identifying and advertising accommodation, conducting local seminars for businesses, producing guidebooks and maps. The Rural Renaissance application process is very time consuming, due to the excessive need for economic justification.
- After initial reservations by cyclists and walkers, use by horses, where safe to do so, seems to have settled down.
- Whatley/Vobster parishes had approximately £600,000 between them to compensate the local communities for significant expansion of Whatley Quarry. The application by B&NES (an out of area council) was not successful. It may have been better for the application to have come from a more local source (Parish Council or Mendip District Council).
- Delay to the implementation of the scheme is directly related to the insufficiency of funding and the process of obtaining funds.
- Rural renaissance funds – the Somerset round is not in synch with the West of England round. Phasing issues. Means that there can be very long waits between applying for funding and hearing the outcome.
- Currently bidding to RDA for £70,000 over two years for a tourism co-ordinator. Going to a panel at the end of this month. If unsuccessful role won't be able to be funded.
- Could be capital funding issues in the future. Somerset Council isn't as supportive as B&NES owing to their nature – BANES is directly responsible for their own network whereas Somerset currently aren't. Somerset also have more geographical remoteness. Future funding for the NCN will partly depend on what happens to local government. Currently unsure as to whether it will become a unitary with Mendip.
- Somer Valley Wheels – this is supervised cycling instruction which is being funded by Awards for All (lottery) on the NCN
- BANES have been very generous in their transport plan but their support was initially costly as a condition of them helping to provide revenue funding was dependent upon the NCN being built to certain (high) standards.
- A Two Tunnels bid worth £1.8 million is currently being put together by Sustrans for lottery funding. Success will depend upon a people's vote in the autumn. Should it be successful it will enable the cycle route to be extended.
- Would like a cycle hire development project to be funded at Radstock but needs support. Feasibility could increase if tourism officer role funded by the RDA. Too risky to expect private sector to fund/come naturally.
- Sustrans Volunteer Rangers are on the route
- Continual problems over land negotiations

Barriers and funding issues – Funding Sources

A number of issues regarding obtaining funding and funding sources were identified. The number of partners involved in the implementation of the Colliers Way route, in addition to achieving the funding

for the scheme, was identified as an aspect that can hinder the process due to the organisational aspects involved.

Lack of Funding

The Colliers Way cycle route was completed in mid 2007, two years later than was originally planned. This is considered to be a direct result of insufficient funding at the outset which is in part owing to the time taken to obtain funding. Some of these problems stemmed from the Business Case being prepared without all of the costs having been considered. The scheme in reality has cost a lot more than expected, and finding the funding to meet this shortfall has caused delays in the implementation process.

Some of the problems with obtaining funding for cycling improvements and routes stem from the fact that despite there being many benefits to cycling schemes they can be hard to quantify, which can make it difficult to obtain and compete for funding from some sources. This problem is exacerbated by the fact that there is a general shortage of funding for cycle improvements which fluctuates with political commitment.

Owing to the resource intensive process of applying for funding B&NES concentrated on applying from funding sources which were the most likely to provide grants. As a result relatively few of their applications were turned down. Decisions on which sources to bid for were based on the effort required to complete an application versus the likely outcome/benefit. For example the DEFRA Rural Enterprise Scheme required a whole new Business Case to be prepared, which would have consumed valuable time and resources with perhaps little return. Each application that B&NES made was tailored to the funding source which whilst increasing their chances of success was very time-consuming. For example as a result of criteria for the Aggregates Levy Sustainability Fund (Somerset County Council) the application was tailored to the benefits of the cycle route to local people, rather than talking about the cycle network at a national level. Some funders also have a requirement for schemes to be 'innovative.' This can also incur a great deal of time and effort.

Phasing of Funding

Some funding sources work on an annual basis whereby they require allocated funds to be used within the year of the grant being made. For example, B&NES obtained funding from the Countryside Agency Aggregates Levy Fund in 2003 and were then driven to spend the money by April 2004. In hindsight the money was not spent as efficiently as it could have been had the restrictions not been in place. It would have been more effective to break the work down into more manageable sections over a longer period rather than rushing to get as much completed as possible.

There are additional considerations and pressures linked to the funding and phasing of transport projects, particularly when there are requirements to spend allocations by a certain date. Due to the nature of the Colliers Way scheme, the Countryside and Wildlife Acts have also created additional phasing issues. Bird nesting, for example, is an important issue, and therefore clearance work could only be undertaken between September and February so as not to disturb the birds during their nesting period. Additionally, in areas where there are badgers within the vicinity, works cannot involve the closing of sets or disturb the land close to the sets between July and November without a permit. These restrictions can often mean that advance work and careful planning is necessary.

Further delays were incurred as a result of numerous Planning Objections that were lodged against B&NES in response to parts of the scheme. Greater involvement of the community and stakeholders from the beginning of the process may have alleviated some of the problems faced and been beneficial to the smooth running and implementation of the scheme. Consultation with stakeholders and the community was not as great as it could have been however, and objections raised ranged from public art to horse lobbies.

Revenue Funding

As with the majority of transport projects the identification of revenue funding for the maintenance of the shared use cycle way has been a consistent problem. Sustrans was successful in securing a DEFRA grant for bank and hedgerow trimming to cover costs for a period of 10 years. However other sources

need to be identified to maintain benches, information boards, and the surfacing of the route (although this should last for approximately 15 years before needing significant maintenance). There are also concerns that problems such as vandalism, particularly upon leaving the Radstock area, will have implications for revenue funding.

As mentioned previously a problem inherent in cycling projects is that the benefits of cycling schemes can be relatively hard to quantify. This can make competition for revenue funding particularly fierce, especially for this project as revenue funding for off-highway cycleways can be difficult to achieve.

The general lack of revenue funding is of greater concern where there has been a lack of availability of funding for implementation of the project from the outset. Where funds are limited capital can be stretched to complete as much of the route as possible. This results in a lower quality of scheme and ultimately higher maintenance costs in the longer term.

Funding Retention

Following completion of the cycle route B&NES are now tasked with obtaining the 5% of funding which SWERDA retained. The process whereby B&NES can claim this funding requires district auditors to be employed to check through numerous project files. A lot of specific details are required, which can be difficult owing to the fact that the project team has now largely disbanded. SWERDA need to know that the funding awarded has been spent responsibly but as with the initial bidding and appraisal process this is a very resource intensive process which can serve to erode some of the value of the funding.

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Bristol: Showcase Bus Routes

Background to the Case Study Area: City of Bristol

The City of Bristol is located in the South West of England. The population was measured at 380,615 in 2001. 28.8% of the population have no car or van, whereas 24.6% have 2 or more cars or vans.

Introduction to the project: Showcase Bus Route

Bus services and their routes that have been targeted for comprehensive improvement are known as 'Showcase Bus Routes' (BCC, 2005a). Bristol City Council, in partnership with the local bus company, is undertaking a variety of route improvements over the next 5 years. Voluntary agreements between the Council and the bus company commit both parties to providing these improvements. Improvements included in the development of showcase bus routes are:

- Raised pavements to ease access on and off buses;
- Real time information at each stop, providing details of approaching buses;
- Audio information to assist visually impaired people;
- New bus lanes;
- New bus shelters;
- New and enhanced traffic signals to give bus services priority;
- Restricted parking and loading regulations to help reduce congestion;
- Better timetable information including information at every stop along the route;
- Better promotion of the service;
- New low floor, environmentally friendly buses.

The showcase schemes also aim to improve the bus service itself with:

- Better reliability;
- Faster journey times;
- Greater frequency;
- Better quality vehicles;
- Better quality shelters;
- Clear information; and
- Better ticket pricing and availability for trips involving more than one bus journey.

Background to the Bristol Showcase Bus Routes

There are three elements to this case study; past, present and future. The first Showcase Bus Route (76/77 Henbury to Harcliffe) was launched in December 2003. The second route, between A420 at Kingswood and A4018 Whiteladies Road (east to west service), is currently being implemented, and Bristol City Council are in the process of putting together a Major Scheme Bid (MSB) for 10 additional routes within the vicinity to be implemented over the next few years.

First Showcase Bus Route – Route 76/77, Henbury to Harcliffe

Bristol's first showcase routed runs north south across the city. The upgrade to a showcase route has included the review of parking and loading restrictions to standardise the hours of operation, physical

space requirements and signing and road marking. The aims of BCC in implementing this route were to:

- Minimise delays to public transport particularly in the morning and afternoon peak times;
- Reduce delays to all vehicles;
- Provide adequate loading/unloading facilities for all shops and businesses along the route;
- Provide short stay parking spaces for customers of local businesses;
- Provide parking for residents, given the need for short stay parking spaces as well; and
- Introduce restrictions which are consistent, easy to understand and easy to enforce, and that meet the needs of residents and businesses.

BCC have investigated the potential of prohibiting parking and loading along the route between the hours of 0700 and 1000, and 1600 and 1830 Monday to Friday to allow the effective operation of bus lanes.

This first Showcase bus route has been a success for Bristol since it was launched in 2003. Significant gains in reliability have been achieved, and patronage has increased by approximately 12%. An estimated 1,200 cars per week have been removed from the A38 as a result of motorists switching from their cars to the improved bus service, and an increase in cycling has also been reported, between 9 and 40% on different sections of the route.

There was some initial opposition to the scheme from businesses located along the proposed route. Traders feared that with tougher parking restrictions, there would be a reduction in trade. However, since implementation, these concerns have been dispelled as it has continued to be a successful shopping area, as well as being successful in attracting new business investments (Tesco Metro opened recently).

Second Showcase Bus Route A420/A431

The second showcase bus route runs from the centre to Kingswood/Hanham, along the A420 and A431. The first route has provided BCC with a number of lessons learnt which have been employed in scheme implementation. Primarily, a more holistic approach has been taken to this second route. This includes public rail connectivity, cycle enhancements, raised kerbs etc.

A key focus of the second route is quality, in particular, the quality of materials. Through the use of high quality materials, the maintenance requirements are reduced in the long term. This has included the weather proofing of shelters, and Real Time Passenger Information (RTPI). The first route used BCC's existing supplier, whereas bespoke design is being considered for the second route.

Whereas problems and delays were encountered in the implementation of the first route due to uncertainty of traders and local businesses, BCC has worked hard from the start to advertise the benefits to minimise these disruptions. A partnership has been formed with the Bristol East Side Traders (BEST) and match funding has been offered to provide enhancements for the shops and surrounding streetscape, so traders are realising the benefits for themselves.

Bus stop surveys have been undertaken to identify the key benefits of the routes. RTPI was identified as being the key to the routes success. Accessibility and safety improvements that have been implemented in the first route were also responsible for patronage increases, including an increase in blind passengers, who may previously have not felt able to travel by bus. There have been gradual increases from many different groups. Sustrans also produced a retail study sheet, proving an impartial view on who is using the buses to get to the city centre. This, and other studies, is helping to convince traders and businesses that the Showcase Bus Routes are a positive step. The major shopping centre is currently being redeveloped, including the destruction and rebuilding of a large number of shops. This may affect patronage in the interim, but shows that there are other factors in the city that may influence passenger numbers.

The consultation process used for the second route has also changed dramatically. For the first route, people were invited to attend one outdoor meeting, which, in hindsight, did not provide the best platform for airing views in an organised manner about the scheme. For the second route, BCC have

hired a shop for the duration of the consultation period, where all views can be considered in a more inclusive environment. Stakeholders are involved right from the start of the process.

Major Scheme Bid – Future Showcase Bus Routes

BCC are currently preparing a Major Scheme Bid (MSB) for ten further Showcase Bus Routes, eight of which will go into the city centre. It is envisaged that the scheme for Greater Bristol will amount to £42 million, with First Bus contributing £18 million for new vehicles. The total bid will therefore cost £60 million. The proposed routes include the following:

1. M32 Priorities
2. A4018 Bristol to Cribbs Causeway
3. Bristol to Cribbs Causeway via Parkway and North Fringe
4. A4 Bristol to Bath
5. A432 Bristol to Yate
6. A37 Bristol to Norton Radstock
7. A4174 Avon Ring Road
8. A370 Bristol to Weston-super-Mare
9. A369 Bristol to Portishead
10. A367 Bath to Norton Radstock

Councils of Bath & North East Somerset, Bristol City Council, North Somerset and South Gloucestershire Council in partnership with First Group has developed the Greater Bristol Bus Network Major Scheme

Funding Issues

Bristol City Council has been responsible for the implementation of the infrastructure, including shelters, signalling, cycling enhancements, RTPI etc. The total for this was £3.5 million. Of this total, 95% was funded through LTP allocation (Integrated Transport). The remainder was from developer contributions along the route. First Bus has been responsible for the purchase of the new buses, costing £2.2 million. The same arrangement exists for the second Showcase Bus Route. However, BCC have estimated costs for the infrastructure and route enhancements to cost £5 million. Some of the funding issues identified during the implementation of the first Showcase Bus Route are discussed in more detail in the following sections.

Revenue/maintenance

Revenue funding is a major consideration and problem. Bristol City Council, like many others, is capital rich and revenue poor. A separate team has to deal with the revenue implications of such as scheme. Maintenance agreements are now being drawn up, although the revenue implications are often unknown, due to the incident of vandalism, RTPI costs etc. There is a high degree of maintenance and ongoing revenue required to support the Showcase Bus routes, including weather proofing shelters, removing graffiti, signalling, road markings etc. All of this is necessary if the routes are to be successful in continuing to attract passengers. However, local authorities are unsure of their revenue allocation year on year, which makes it difficult to plan. The amount received depends on the council tax set, which may not be until July. In some cases, there may not be any maintenance on a route for up to a year, due to missed revenue allocation.

BCC have tried to overcome some of these maintenance revenue problems through ensuring the use of quality materials for the second Showcase bus route. They are also renegotiating on their agreements with ADSHEL. A certain amount of rent revenue is created for advertising space at bus shelters. This revenue can be used to maintain the shelters, including weatherproofing and removal of graffiti. However, in some circumstances, the combination of advertising on the shelter may detract from the purpose it has been designed for, and may deter waiting passengers from seeing approaching buses,

reducing visual splays etc. Build outs rather than raised kerbs are being implemented, which help to retain the position of the bus in traffic. The pedestrian footprint is also retained within the pavement area, whilst the shelter provides security.

LTP Allocations

The way in which LTP funding is allocated is perceived to be creating a barrier for local authorities. In December of each year, local authorities are informed of their allocation as an Integrated transport Block from Central Government. A political process is then undertaken within the local authority. It is only then in April that the team will know the exact amount of the allocation. Therefore, 5 months have passed in the annual cycle, presenting a problem in ensuring the money is spent effectively for the remaining period. This is considered to be a major barrier to implementation, as local authorities are penalised if the allocation is not spent. A longer term work plan is viewed as being necessary to effectively implement and fund schemes. This process has resulted in BCC having to buy supplies (e.g. traffic light poles) upfront, well before they are required. Bidding is undertaken at current process, but due to price escalation and inflation, the bidding price doesn't often reflect the actual price of the scheme, even when a contingency is built in. A three-year profile would be much more suited, to allow for survey work, planning, scheme justification, followed by implementation.

Key Performance Indicators (KPIs) are announced halfway through the year, which puts additional pressures on local authority funding and implementation. Contractors are subsequently in high demand (for example, as all dropped kerbs are to be implemented by a certain date). If they were evenly distributed, they would be easier to achieve.

Developer Contributions

The developer contributions are currently negotiated on a case by case basis. No current formula exists, and BCC use an index linked to 1993 Park and Ride. Developer contributions are received 'as and when', which means BCC cannot rely fully upon them for implementation. Contributions have subsequently been used to further enhance critical stops along the route. The trigger for getting developer contributions is often the occupation of the land, so the local authority cannot rely on developer contributions (5-year rule). The extra money, if gained, will be used for additional enhancements rather than fundamentals.

Initial consultation is taking place on the second showcase bus route following on from the success of the first. Key features of the proposed new bus routes include: New bus lanes;

- New bus priority measures, including 2 km of dedicated bus lanes and upgrades to traffic signals to make buses more reliable and reduce journey times for passengers,
- Improvements to existing off-street car parks along the route to make it easier for motorists to park for shops at Church Road and Lawrence Hill,
- A substantial upgrade of pavements and landscaping along a key section of Church Road to make it a more attractive shopping centre,
- Better bus stops including raised kerbs to help disabled passengers board buses and improved passenger information, including electronic 'Real Time' displays at many stops,
- New pedestrian crossings and facilities for cyclists.

What we can Learn from These Funding Issues

In this case problems with funding in the case of the first showcase route can be improved before the development of the second route occurs. The council can be more realistic over the final cost of the route, public consultation will be improved. However, the Council has stated that their relationship with First Bus Company will remain the same.

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Sheffield: City Centre Redevelopment

Background to the Case Study Area:

The City of Sheffield is located in South Yorkshire. The population of the city in 2001 was recorded at 513, 234. 35.7% of the population have no car or van, whereas 21.5% of the population have 2 or more cars or vans.

The South Yorkshire Forum vision for South Yorkshire has the overarching aim: 'to build a balanced, diverse and sustainable high growth economy in South Yorkshire by 2010, recognised as a growing European centre for high technology manufacturing and knowledge based services, and offering opportunities for the whole community by:

- Enabling radical restructuring of the region's economic base;
- Unlocking the potential of all the region and ensuring the inclusion of all parties in the economic growth;
- Achieving a radical step change in the region's skills, education and training base;
- Substantially enhancing competitiveness of businesses in the region and positively stimulating new activity and removing barriers to change;
- Enhancing the Region's Communication and Information Technology infrastructure and skills base; and
- Ensuring the infrastructure and environment facilitates the achievement of the vision.

The main challenge has been recognised as supporting the achievement of the vision for social and economic regeneration in a sustainable way.

The South Yorkshire Local Transport Plan has been produced jointly by the four Districts of Barnsley, Doncaster, Rotherham and Sheffield, along with the South Yorkshire Passenger Transport Executive (SYPTX). LTP1 set out the objectives for the 5 year period 2001 to 2006 and how the region will meet the targets. The wider objectives of the LTP were:

- Improving and protecting the environment;
- Improving transport to areas of poor accessibility, and job creation as an integral part of regeneration;
- Providing a genuine choice of travel mode;
- Meeting the needs of the socially and physically disadvantaged;
- Reducing the need to travel while improving the efficiency of the transport system;
- Improving safety for all travellers; and,
- Ensuring the safe and efficient movement of goods and people.

The South Yorkshire LTP for 2006-2011 (LTP2) has been prepared by the SY LTP Partnership (consisting of Barnsley MBC, Doncaster MBC, Rotherham MBC, Sheffield City Council, South Yorkshire Passenger Transport Executive and South Yorkshire Passenger Transport Authority). The aims of the new schemes within the LTP document are to provide:

- Freer flowing local roads;
- More, and more reliable, buses;
- Demand responsive transport services to provide accessibility to all areas and all communities;
- The potential of existing and new technology;
- Joined up transport and land use planning which minimises congestion;
- Increased use of school travel plans, workplace travel plans and personalised travel planning; and
- A culture, and an improved local environment, where cycling and walking are seen as attractive alternatives to car travel.

The SY LTP also sets out what local transport hopes to achieve during the period to support South Yorkshire's social and economic generation in ways which minimise environmental impact (SY LTP Partnership, 2006).

Introduction to the Project: City Centre Redevelopment

The Urban Regeneration Company (URC) responsible for spearheading Sheffield's renaissance from its inception in 2000 until the end of 2006 was Sheffield One, a partnership of Sheffield City Council, Yorkshire Forward and English Partnerships (Sheffield1, 2005) Sheffield One, which was only designed to exist for seven years, was superseded by Creative Sheffield in 2007.

Sheffield One was tasked with focusing on the regeneration of the city centre. Its mission statement was '*to develop Sheffield city centre as a vibrant and attractive European city and a driver of regional economic growth and competitiveness*'. Their initial baseline study focused on economic conditions in the city, revealing key challenges and opportunities, including deprivation and social exclusion; the property market; the retail, leisure and cultural offer; and the transport system. Creative Sheffield is a City Development Company who have subsequently been tasked with continuing the work of Sheffield One to enhance economic development across the city. They are continuing to lead on the implementation of the Masterplan developed by Sheffield One (Sheffield First Partnership, 2006).

The Masterplan for Sheffield City Centre was launched in February 2001 to guide the city centre over the subsequent 10 to 15 years. Each of the major projects detailed in the plan are integral to the overall success in achieving sustainable investment and growth. There are a number of key challenges and opportunities for the city centre highlighted within the plan, including:

- The economy, including social exclusion;
- The property market;
- The retail, leisure and cultural offer; and
- The transport system.

Seven projects (strategic priorities) are identified within the plan, which are: The Heart of the City, the New Retail Quarter, City Hall/Barker's Pool, E-Campus, Castlegate, Sheffield Station and an Integrated Transport Strategy.

Sheffield City Centre had been suffering as a result of economic restructuring. Forty per cent of jobs had been lost within a decade, especially in the steel and coal industries. The Meadowhall out of town shopping development also contributed to undoing 10 years of growth in the centre.

The role of transport and access is considered crucial, and therefore emphasis has been placed on providing a choice of modes and rerouting through traffic. The existing layout of the city is considered difficult to navigate by all modes, due to:

- Poor gateways into the city centre;
- Number and location of existing car parks, many of which are small in size;
- Disparate signing system which is illegible and presents a confusing message;
- Scale of the city centre streets, that produce barriers to movement;
- Differing levels of quality of public transport infrastructure across the city;
- Lack of connectivity between the city's primary features.

The key aims of the range of proposed transport improvements are to:

- Create a high quality, safe and pedestrian dominated city core;
- Continue to divert through traffic away from the city centre;
- Refocus the public transport system and enhance passenger facilities significantly;
- Improve the legibility of the city centre through vehicular, pedestrian and tourist signing;
- Develop a series of high quality car parks, appropriately priced and located, to encourage growth; and

- Improve key gateways into the city centre.

A number of the key transport schemes and improvements are described in more detail below.

Major improvements are being made to Sheffield's railway station, including extensive public realm improvements at Sheaf Square. This is the area immediately outside of the station, on route to the city centre. Water cascades and a 'Cutting Edge' sculpture are 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 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.

Sheffield has a challenging hilly topography, with little flat land, therefore being quite difficult to get a mental image of the town. The inner relief road has taken 10 years so far, convinced that it was essential to remove through traffic from the Eastern area. Not creating capacity, transferring capacity, enabling the town centre to be redesigned with access loops, facilitating in and out movements, and putting through traffic onto by-passes.

Tackling public realm issues is also an essential element of regeneration. The philosophy was to remove existing barriers to access, provide better information and improve public transport, including trams, buses and interchanges.

Funding and Implementation

Funding for this suite of projects has been a very complex issue, with a range of national, regional and local agencies contributing funding towards different parts of the overall strategy. As a result a key challenge has been identifying sources of funding and juggling resources obtained from a number of sources.

The formation of Sheffield One has been fundamental in obtaining the package of funding necessary to support the town centre redevelopment. Their clearly defined role enabled them to focus upon pursuing and exploiting a range of funding opportunities. Sheffield One has also been responsible for preparing bids for funding and also for mediating negotiations between groups, such as between funders and developers. This has been key to the success of the projects in a number of ways, for example by engaging with partners to minimise risk. The success of Sheffield One in overcoming barriers to most efficiently utilising funding could have been greater, for example if dialogue had been more open between Sheffield One and planners, but its expertise has served to greatly increase the effectiveness of funding. For example Sheffield One arranged for Objective 1 funds to be paid directly rather than via Sheffield City Council, therefore considerably improving cash flow (European Institute for Urban Affairs, 2007). They also provided much of the commercial expertise and pushed for more entrepreneurial private sector partners.

Another major issue that was identified during the course of this project was the lack of advance funding to get things done. For example, not being able to purchase land for schemes in advance at a lower price and then recoup the cost from reselling the surplus when land values had risen as a result of the schemes; capturing value for the public benefit. Sheffield One nevertheless played an important role in obtaining forward funding, which was crucial to the getting the project off the ground and providing the necessary momentum behind phases. English Partnerships provided some of the forward funding to help cover initial upfront costs (such as those associated with land acquisition). This outcome entailed lengthy negotiations with expertise required to draw up the agreement whereby English Partnerships would recoup their investment at a later date via property sales and interest charges. Sheffield City Council would not have had the resources, nor perhaps the necessary expertise, to enable the schemes to progress at the pace enabled by formation of the partnership.

A funding package of around £100 million has been assembled. This has been secured through a variety of funding mechanisms and sources, including Objective 1, Round 6 of the Single Regeneration Budget, Yorkshire Forward and English Partnerships mainstream funding and Local Transport Plan (LTP) funding. A breakdown of major schemes and costs is given in Tables B4 and B5 below. It is also hoped that in the future the private sector will make a significant contribution by way of Section 278 contributions to the cost of new interchanges and related improvements.

Table B4: Sheffield LTP Major Schemes and Funding Sources

Funding Source	Funding Amount	Scheme
LTP Funding	£55.99m	Completion of the Inner Ring Road
SRA	£6.43m	Sheaf Square (Exterior Station Improvements)
Objective 1		
SRB6		
Rail Companies		
Objective 1	£6.44m	Integrated Transport Strategy
SRB6	£1.66m	
LTP Supplementary	£17.22m	
Sheffield City Council	£0.1m	

Table B5: Summary of Funding Sources

Funding Source	Amount
Single Regeneration Budget (SRB)	£1,485,000
Objective One	£5,598,000
Sheffield City Council	£132,000
Sheffield City Council LTP	£11,931,000
South Yorkshire Passenger Transport Executive (SYPTTE)	£4,318,000
Other Public	£333,000
Private	£1,953,000
Total	£25,750,000
Total Secured	£21,603,000
Total Outstanding	£4,441,000

£35 million of Objective 1 funding was secured for the city centre to develop a strong and sustainable economy, as Objective 1 recognises the strategic importance of Sheffield City Centre as an economic driver for the sub-region.

Table B6 provides a full breakdown of costs and funding sources for each of the scheme elements. Other sources of funding that were drawn upon include the Heritage Lottery, Millennium Commission, Arts Council, and the Strategic Rail Authority.

Managing all of these sources of funding has been a complex task. The eligibility rules, match funding requirements and monitoring arrangements have all required careful management.

Table B6: Funding for Transport – Sheffield City Centre (November 2005)

	SRB	O1	SCC	SCC LTP	SYPT E LTP	Other Public	Private	Total Funding	Funding Secured	Shortfall
City Centre Roads										
Townhead St							251	251		251
Div St / Dev St				1600				1600	1600	
Charter Row 1	500	903		854				2257	2257	
Charter Row 2										
Furnival Sq								1253	1253	
Eyre St		182		1071				2535	2535	
Arundal Gate 3/Norf St	447	452		1104				2003	2003	
Arundal gate 4/ Charles St		160		407				567	567	
Granville Sq		739		1109				1848	1848	
Matilda St/Shoreham/Gran St		508		2144				2652	2652	
Harmer Lane / Sheaf St Final				453				453	453	
Central and Midi Interchanges										
Central		362			2638			3000	3000	
NRQ Midi Int							708	708		708
Arundal Gate Midi Int	150	136			667			953	943	10
Castlegate Midi Int							534	534		534
Midi Interchanges										
Flat St	50	53			80			183	183	
Eyre St					101			101	101	
Moorfoot					234		200	434		434
Sheaf Square										
Commercial Street				50	54			104		104
Wicker					88			88		88
Snig Hill				21	114			135	114	21
High St / Fargate				14	73		200	287	73	214
West St				11	19			30	19	11
Leopold St				30	133			163	133	30

Car Parks										
West St Car Park										
Eyre St Car Park										
Connect Sheffield										
Design	100		132	686	72	35		1025	938	8787
VMS and Static		143		349		197		1980	546	1434143
		4								4
Pedestrian		100		300	45	101	60	606	385	515515
	1485	559	132	11931	4318	333	1953	25750	21603	4441
		8								

Objective 1 Funding

Objective 1 is one of the three priority objectives of the European Structural Funds. As one of the neediest areas of the European Union South Yorkshire was designated as an Objective 1 area and was therefore eligible for the highest level of structural funding. Areas with this designation are entitled to receive the highest level of grants from the EU on condition that their national Governments also invest and help to attract more money from private investors. Objective 1 funding aims to promote the development and structural adjustment of regions whose development is lagging behind the European average.

In South Yorkshire, the Objective 1 programme is a £1.8 billion investment programme. South Yorkshire is one of Europe's poorer areas with fewer businesses and fewer and less well-paid jobs than other regions. It was designated as an Objective 1 area at the Berlin Summit in 1999. The programme was launched in South Yorkshire in July 2000, and runs to the end of 2006.

Objective 1 funding has therefore featured highly in the financing of Sheffield's Masterplan, particularly in the Transport Strategy, totalling £5,598,000 in contributions. This source of funding was particularly beneficial as it was fundamental to fill in 'gaps' in funding. This was crucial during the early stages of the projects where the private sector could not be expected to take the risks associated with investment at this stage.

From the beginning of 2007 this source of finance has not be available to Creative Sheffield. Following the entrance of accession countries to the EU and the gradual improvement of Sheffield's economy Sheffield has ceased to be a European Objective 1 region. A number of challenges are therefore beginning to emerge as Sheffield strives to adjust from being a heavily grant based city to one which needs to compete to obtain funding. The aim is for the project to eventually reach the stage where the project can continue based solely on private funding, but it is unclear as to whether this stage has yet been reached.

SRB6

The Deputy Prime Minister announced on 9 March 2001 a new package of measures for the Regional Development Agencies, including giving them more flexibility in the way they use uncommitted funding. There will be no more national rounds of the SRB. RDAs will meet their commitments to SRB rounds 1-6 from Single Programme (Single Pot) resources which began in April 2002.

The SRB, which began in 1994, brought together a number of programmes from several Government Departments with the aim of simplifying and streamlining the assistance available for regeneration.

SRB provides resources to support regeneration initiatives in England carried out by local regeneration partnerships. Its priority is to enhance the quality of life of local people in areas of need by reducing the gap between deprived and other areas, and between different groups. It supports initiatives that build on best practice and represent good value for money. The types of bid supported differ from place to place, according to local circumstances. To obtain funding, organisations have to demonstrate that their bid meets one or more of the eligible objectives: for example, the Round 6 Bidding Guidance provided for:

- improving the employment prospects, education and skills of local people;
- addressing social exclusion and improving opportunities for the disadvantaged;
- promoting sustainable regeneration, improving and protecting the environment and infrastructure, including housing;
- supporting and promoting growth in local economies and businesses; and
- reducing crime and drug abuse and improving community safety.

Schemes aimed at tackling the problems faced by communities in the most deprived neighbourhoods are also normally expected to include the following four key objectives.

- tackling worklessness;
- reducing crime;

- improving health; and
- raising educational achievements.

SRB partnerships are expected to involve a diverse range of local organisations in the management of their scheme. In particular, they should harness the talent, resources and experience of local businesses, the voluntary sector and the local community. Schemes can offer support to build the skills and confidence of the local community so that they can play a key role in the regeneration of their areas.

The SRB is administered at regional level by the Regional Development Agencies and, in London, by the London Development Agency.

Under rounds 1-6 1027 bids have been approved, worth over £5.7 billion in SRB support over their lifetime of up to 7 years. It is estimated that these will attract almost £8.6 billion of private sector investment and help to attract European funding. The SRB is expected to involve over £23 billion from all sources of funding.

Funding Issues

The redevelopment of Sheffield City Centre has highlighted a number of issues related to funding. Most fundamentally the project has highlighted the crucial role that partnerships can play in securing public funding. The issue of the amount of preparatory work required to bid for funding, such as Objective 1 and the Single Regeneration Budget, was evidenced during this project but their ultimate role in helping to bridge gaps from funding shortfalls when private finance was not forthcoming made them integral to the success of the project. The securing of resources from these funds was enabled largely by the role of Sheffield One, which were delivery-oriented, unimpeded by statutory responsibility and bureaucracy, and were dedicated to communicating with partners.

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Strathclyde Partnership for Transport: Airport Rail Link

Background to the Case Study Area: Strathclyde and Strathclyde Partnership for Transport

The Strathclyde Partnership for Transport is the Regional Transport Partnership (RTP) for the West of Scotland. It is one of seven RTPs that have been set up under the 1968 Transport Act. The Strathclyde Partnership for Transport has recently taken over the roles and responsibilities of Strathclyde Passenger Transport authority and executive, also incorporating WESTRANS.

Strathclyde Partnership for Transport Authority has 20 members, and is funded by the Scottish Executive. There are 12 councils within the Authority's designated area, which covers a bigger geographical area than any other Transport Authority and has the largest regional rail network outside of London. The Strathclyde rail network covers 334 route miles, serving nearly 180 stations and transporting 43 million passengers a year. As a result of large scale investment Strathclyde now has the largest commuter network in Britain outside London, and the most reliable regional railway system in the UK.

West Scotland is an area of extreme contrasts, from the conurbation of Glasgow and its surrounding towns to sparsely populated rural areas in Lanarkshire, Ayrshire and Argyll. With a population of 2.2 million, west central Scotland accounts for almost half of Scotland's population and covers one fifth of its mainland area. The variety and distribution of settlements present a challenge in the provision of public transport.

Strathclyde's public transport strategy, formulated in 2000, sets out a 20 year vision for transport. The Strategy states that the SPT aims to 'make integrated transport a reality in the west of Scotland by continuing to promote and develop efficient and attractive public transport that supports the community, economy and environment of west central Scotland.'

This vision is based upon three main goals which are to attain; a sustainable economy, social inclusion, and an improved environment. These are closely related to the objectives of the Scottish integrated transport white paper. Objectives which have been set out to attain these goals are;

- Land use integration;
- Public transport integration;
- Safety and security on public transport;
- Information provision;
- Social inclusion and accessibility;
- The attainment of a modal shift.

SPT state that one their biggest challenge is the need to make public transport more attractive, safer and more sustainable to promote economic growth and connect communities. The Authority, in partnership with local authorities, delivers schemes to help integrate the way that services are delivered and to improve the quality of public transport. The Glasgow Rail Link is an example of such a scheme, which has been designed to alleviate congestion on the M8 and accommodate the projected growth to over 15 million passengers by 2030 at Glasgow International Airport.

In 2001 the Scottish Executive commissioned consultants to investigate the possibility of building a rail link to Glasgow airport. The Glasgow Airport Rail Link (GARL) will be a direct rail service from Glasgow Central to Glasgow Airport.

The need for such an initiative is evident as demand at Glasgow airport has been rapidly increasing and is further expected to double in the next 25 years. Congestion on the M8 had also become an increasing problem, and so the rail link was proposed to support excess demand, improve access to the airport, and make journey times more predictable.

The 2001 census indicates that 57% of households in Glasgow have no access to a car, which is a low level of car ownership and points to a significant dependence on public transport in Glasgow. The rail link would considerably increase accessibility to the airport for this section of the population, and

would contribute towards the attainment of a more sustainable modal split amongst those who are car owners as the service will be of a high quality; fast, safe and reliable. The current use of public transport to and from Glasgow airport is low (8%).

Glasgow is a major nodal point in the Scottish transport system and the GARL could further increase accessibility in the City and turn Glasgow into Scotland's flagship airport. It will make Glasgow the first city in Scotland to have a direct rail link to its airport as well as to two other international airports. The Authority hopes that this will result in considerable economic benefits.

Direct rail links are thought to enhance the city's profile and boost the economic vitality of the whole region. An airport rail link is hoped to allow Glasgow to compete with other major European cities in terms of business, inward investment, and leisure tourists. It will also allow increased services across the region, such as to Renfrewshire, Ayrshire and Inverclyde as well as opening the airport up to destinations in the north east of the country, such as Aberdeen.

Studies into a potential airport rail link began over 15 years ago and a route has now been chosen which offers the best balance between practicality and affordability. The chosen route will operate from Glasgow Central station to the airport terminal, stopping at Paisley Gilmour Street station (the airport's largest source of employees). This route has evolved from extensive work undertaken for the SPT, the Scottish Executive, and BAA Plc (the owner of Glasgow Airport).

Four trains an hour will operate on the proposed route, with the journey will taking approximately 16 minutes, stopping briefly at Paisley Gilmore Street station.

For the scheme to go ahead, nine kilometres of track will need to be upgraded between Glasgow and Paisley and an additional two kilometres of new track will also be required to create a spur line running east of Paisley Street James station towards the terminal building. It is hoped that these upgrades to the existing track will also result in improved accessibility and services to the national rail network as a whole. The increased track will certainly allow for more services to operate on lines to Ayrshire and Inverclyde. It is this level of connectivity that is envisaged to have strategic benefits for the whole of Scotland. The extra capacity will be even more necessary if the current proposals for new housing in Ayrshire are approved, which will put increased pressure on transport links to Glasgow, and whilst consultation has been limited in this area, it also seems that an improvement in capacity could have a positive effect on freight movement.

Increased platform capacity will be required at Glasgow Central station. It is unlikely that a dedicated platform for the Glasgow Airport services will be feasible, but there are proposals to extend Platform 11a at Glasgow Central station. A whole new station will be required at Glasgow Airport. The current preferred location for the airport station is between the southern face of the Terminal building and a new multi-storey car park on the first floor. The design of the station will have to take into account the constraints of working within a very busy airport, and airport station will need to be integrated with the terminal building in a way which does not hinder future airport development.

There is a desire to have the service commence in a 'well designed, modern and attractive railway station, which is fully integrated with the airport.' It would require sufficient travel information for passengers (preferably with flight information displayed on trains) and clean reliable trains with extra room provided for luggage. The facilities at Central Station should also be of a high standard, i.e. with facilities to allow passengers to check in for their flight on arrival at the railway station. The Scottish Council for Development and Industry also propose that there should be landscaping along the route of the rail link to improve the view so as to enhance passengers perception of Scotland as a 'high quality location to live and work.'

The Scottish Council for Development and Industry have suggested that interconnectivity across the region and the whole of Scotland could be improved if an inter-operable ticketing system was introduced, using smart cards, which could enhance the ease of interchange between modes of transport, including buses and the underground.

The project will be carried out in partnership with local authorities concerned and is expected to be completed in 2008.

Project Timescales

The Glasgow Airport Rail Link (GARL) has been in the planning stages for the past 15 years. In 2002, planning for the scheme became serious, with the completion of a number of consultant reports.

Strathclyde Passenger Transport received £3.3 million from the Scottish Executive for the preliminary design and engineering works. These funds expected to cover the initial Bill preparation work. It was initially expected that the Bill would be submitted to Parliament in May 2005. Owing to delays experienced the Bill was finally submitted on 9th January 2006. The Bill was heard in February 2006 with objections received by the start of April 2006. On 21st June 2006, the initial determination of the bill was that GARL should pass through to the consideration phase. This will be followed by the confirmation of Private Bill by Royal Assent (the powers to build the scheme) in early 2007. If Royal Assent is awarded, it is expected the final design and completion of the scheme is expected to take 33 months, with scheme completion in 2010.

Table B7: GARL Project Timescales

15 years	2002	January 2006	Feb 2006	April 2006	June 2006	Early 2007	2009/10
Planning – identifying the need for an airport rail link	Obtained money from the Scottish Executive (£3.3m) for the preliminary design and engineering works, initial Bill preparation	9 th January – Bill submitted to Parliament (original date May 2005)	Bill heard	Objections by the start of April	Bill passes to consideration stage (21 st June)	Confirmation of Private Bill by Royal Assent – Powers to build scheme. Approval in principle – design of scheme (risk management)	If Royal Assent is granted, expected that it will take 33 months to complete the final design/build scheme

Funding the Scheme

- Formal public consultation was undertaken in early 2005. 3,000 individuals and organisations were involved in the process. 82% support from those who responded to the consultation. 81% preference viaduct to cross St James playing fields.
- Stakeholders in the project:
- Scottish Executive, Network Rail, BAA, Glasgow City Council, Renfrewshire Council
- 8.2mppa in 2003 to 15mppa in 2030.

How will the scheme be funded?

The scheme is expected to cost £160m (in 2004 prices). It will be a publicly funded project. Scottish Executive (SE) will be the principal funder of the scheme costs, providing that Strathclyde Passenger Transport (SPT) explores all possible options for contributions to the project. Breakdowns of expected capital expenditure (CAPEX) are detailed in Tables B8 and B9 below.

It should be noted that these figures are subject to change over time for a scheme of this size. Therefore the figure presented in the tables in this report should be viewed as estimates.

Table B8: Stage Three Capital Cost Summary by Category (Faber Maunsell, 2005)

Category	Total Cost (£'000s)
General Civils / building work	3,797
Structures	24,797
Airport Station	12,593
Railway Civils	1,542

OLE	6,795
Signalling	8,676
Telecoms	1,970
Track	15,218
Land, compensation and mitigation	14,146
Sun-total	80,434
Other cost allowances	36,431
TOTAL	124,995

Table B9: Stage Three Capital Cost Summary by Location (Faber Maunsell, 2005)

Location	Total Cost (£'000s)
Airport Station and Branch Line	73,096
Main line three track	21,687
Wallneuk junction improvements	24,285
Glasgow central station	5,827
TOTAL	124,895

In addition to the capital expenditure, maintenance and running costs have also been estimated for the scheme. These are outlined in Tables B10 and B11.

Table B10: Annual Maintenance Costs (Faber Maunsell, 2005)

Description	Track	Signals	OLE	Structures	Total
Branch Line Twin Track	73.9	67.1	26.6	55.5	223
Main Line Shields - Arkleston	99.8	93.5	38.0	0.9	232.2
Main Line Wallneuk Junction	135.6	64.3	38.6	0	228.5
Glasgow Central Station	4.4	6.5	1.1	1.0	13

Table B11: Renewal Costs (£000's) (Faber Maunsell, 2005)

Option	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40	Year 45	Year 50	Year 55	Year 60
Airport Track	141	650	650	141	0	1693	141	1056	0	790
Branch Twin Track	0	0	0	516	0	160	0	0	0	516
Shields to Arkleston	0	0	0	0	0	648	0	0	0	0
Shields Track	1279	1061	1848	1936	0	1061	1279	2016	0	2988
Shields Signals	0	0	182	664	0	0	0	182	0	664
Shields OLE	0	0	0	0	0	1478	0	0	0	0
Wallneuk Junction Track	1446	118	2866	2188	0	1189	1446	2866	0	3376
Wallneuk Junction Signals	0	0	238	6870	0	0	0	238	0	6870
Wallneuk Junction OLE	0	0	0	0	0	2673	0	0	0	0
Central Station Track	0	0	0	0	0	0	0	27	0	0
Central Station Signals	0	0	0	43	0	0	0	0	0	43

OLE	0	0	0	0	0	122	0	0	0	0
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In previous stages, costs derived by SKM have been used. However, in the third stage, the costs of operating the airport services have been estimated under the following headings:

- Rolling Stock Costs;
- Energy Costs;
- Crewe Costs;
- Airport Station Costs; and
- Infrastructure Maintenance and Renewal Costs

The table outlines cost by Faber Maunsell and SKM (FM costs exclude infrastructure renewals as they have been covered elsewhere).

The Economic Business Case explores the likely sources of funding. There are two main categories of contributors:

- Those who will voluntarily contribute to the scheme, usually to gain the benefits of being associated with such a scheme. Contributions may not always be financial, but could include advertising or technical contributions. Likely contributors include Visit Scotland, DfT, Scottish Enterprise, Glasgow City Council and Renfordsire Council.
- Those who will benefit directly from scheme implementation. This includes BAA and Network Rail. The construction of the scheme will involve the use of BAA land at Glasgow Airport. SPT are currently in negotiations with BAA to determine potential funding. However, BAA is a private company and therefore has to justify any contributions to shareholders. Network Rail will benefit through the upgrading/maintenance of certain sections of track.

The Economic Business Case has been created for the scheme which details all the costs, and change in costs over time. It is very important to manage current and future costs of the scheme. There may be significant costs incurred if the project approval timescales slip further – Risk Management approach. (Green Book – managing the risks)

With regards to the length of time taken to obtain funding for the scheme, the funding for the initial design and engineering works took 6-8 months from the Scottish Executive. However, there are many factors to consider in the success of progressing a scheme or obtaining funding. The campaign ‘Visit Scotland’ has supported the development of the airport rail link scheme. SPT suggests that obtaining funding generally relies on two components:

- Political Interest/Support – which must be consistent over time, a political champion is needed; and
- Technical Interest – Schemes such as the GARL can be in excess of 20 years including the initial concept, design, legal processes and finally construction, where as a directors time span within an organisation may only be 10 years due to a change in officers. Therefore, consistency is required. SPT has had this consistency.

A partnership between SPT and other groups/bodies has not been necessary in order to obtain the funding. The only conditions attached to the funding have come from the Scottish Executive. SPT are required to explore all possible contributors to the scheme.

Whilst identifying funding sources for the GARL, SPT were not turned down for any sources of funding but found that they were not eligible. For example, certain EU funding sources were not suitable as the timescales did not match up with those of the scheme. However, this source of EU funding has moved from major transport projects to supporting environmental enhancements. There may be potential to gain funding for certain elements of the scheme (station enhancements etc) in the future.

It is anticipated that the Glasgow Airport Rail Link (GARL), due to cost £160m at 2004 Quarter 4 prices, will be built in 2008 and cost up to £210million (MacDonnell, 2006).

References

- MacDonell, H (2006) *Scottish Rail Projects Facing Two Year Delays*, The Scotsman, 17th March 2006. Found at URL: <http://news.scotsman.com/index.cfm?id=418382006>
- Faber Maunsell (2005) Stage 3 Final Scheme Development Report: Volume 1 main Report, Strathclyde Passenger Transport. Found at URL: <http://shandwick.fs-server.com/spt/uploaded/ufile467.pdf>
- Discussions with John Halliday, Neil Sturrock and Angela Wood (all Strathclyde Partnership for Transport).

Surrey: Housing

Background to the Case Study Area:

The county of Surrey is located in the South East of England, to the South West of London. The county council is responsible for social services, libraries, schools, adult education, birth/marriage/deaths registrations, trading standards, roadworks, fire and rescue and emergency planning.

The county council consists of 11 borough and district councils (responsible for a range of services, including planning applications, council housing and benefits, council tax, recycling, abandoned vehicles, environmental health and rubbish collections) which include Elmbridge Borough Council, Epsom and Ewell Borough Council, Guildford Borough Council, Mole Valley District Council, Reigate and Banstead Borough Council, Runnymede Borough Council, Spelthorne Borough Council, Surrey Heath Borough Council, Tandridge District Council, Waverley Borough Council; and Woking Borough Council.

Introduction to the project: Housing

The provision of housing in Surrey is a key issue, and has been highlighted for this study as an interesting case study. It is particularly interesting for this study due to the funding being obtained from innovative or alternative sources.

Sustainable Communities in the South East (ODPM, 2002) sets out the challenge for housing supply in the South East, which are as follows:

- To provide for the region's growing population. The region is one of the fastest growing with population growth of nearly 5.7% between 1991 and 2000 compared with 3.7% nationally;
- To turn around the trend in house completions. Completions are too low; they dropped to 22,900 per annum dwellings by 2000, 18% below the figure indicated by Regional Planning Guidance;
- To improve the match between housing needs and provision. There is a substantial mismatch between housing needs and the type of housing being built. For example, while there is a substantial increase in the number of single person households, new development are more often for houses with three-to-four bedrooms or more;
- To make better use of land. Despite being one of the most densely populated regions, land is used inefficiently; overall the region has among the lowest average density rates for new dwellings in the country.

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.

There has been much opposition to the proposal, initially when the council opposed the allocation of 2,600 houses in Horley in 1999. A Public Examination took place followed by the publishing of a panels report in 2004. The Horley housing allocation was endorsed, but not reduced. This was because the panel agreed that the 2,600 figure was still likely to be achieved through a combination of increased densities and adjustments of the precise areas to be used for development.

Infrastructure Provision for the Development

The County Council is committed to securing infrastructure and service improvements for the benefit of future and existing Horley residents. This includes passenger transport improvements, highways works, education centres and increased town centre community services. A major part of this provision is the extension of Fastway, which runs from Crawley to Gatwick. The service includes links to Horley and its new housing development.

The Fastway scheme is one of the committed LTP schemes and is a key element of the Horley Masterplan infrastructure package, which is aiming to secure a 20% mode shift of peak hour traffic. Fastway will provide a high quality bus service between Horley, Gatwick and Crawley, featuring extensive bus priority including bus lanes, priority for buses at traffic signals, and in certain parts of Crawley, segregated guided-bus only lanes. Real Time Passenger Information (RTPI) will also be available.

The north east section of the bus service will serve Horley and the new development. It was originally intended that Fastway would be completed in three phases by 2005. However, this is now not the case. Phase one between Crawley and Gatwick was completed in 2003 and the first services began operating in September 2003. The improvements in Surrey are split into two parts; core route (county boundary with West Sussex to town centre) and non-core route (town centre to North East and North West Horley). This last link in the service has been operational since October 2005, and was officially launched in February 2006.

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. The scope of the financial package and level of developer contributions is set out in Table B12 overleaf.

Horley Infrastructure Provision Supplementary Planning Guidance (SPG) Document (Reigate and Bansted Borough Council, 2006) 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 the following:

- Public transport;
- Cycle and Pedestrian Network;
- Highway Works;
- Recreation and Leisure;
- Riverside and Green Chain;
- Education;
- Community Facilities; and
- Other Services.

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.

Table B12: Infrastructure Requirements and Developer contributions

Infrastructure/Service	Description	Developer Contribution
Passenger Transport	Fastway bus service infrastructure Cost of running Fastway over 10 years Dial a Ride Horley Station Improvements	£10.5m
Highway Works (off-site)	Access roads and junction improvements Traffic calming Cycling and pedestrian facilities	£10.5m
Education	Primary education Secondary education Post 16 provision	£10m
Town Centre Community Services	New library and community information centre Youth provision	£1m
TOTAL		£32m

More detailed financial summaries of the transportation work to be undertake, including costs for developers and Surrey County Council are outlined in Tables B13 and B14.

Table B13: Infrastructure Financial Summary 2003 – Horley Transportation (SCC, 2003a) (all figures are in £m)

Transportation	Total Cost	Cost to Developers	Cost to Surrey CC	Notes
Quality Bus Route (Fastway Core Route) Gatwick to Horley Town Centre	1.85	0.84	0.9	Surrey CC 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 CC portion funded via LTP
Cost of Running Fastway in Horley over 10 years	4.87	4.37	0.5	Negotiating position
Cycling and Pedestrian Facilities	0.94	0.94	0.0	
Horley Station Improvements	0.65	0.19	*	Cost to Surrey depends on contributions from Railtrack and planning gain.
Highway works		100%		All highway works to be funded by developers

Table B14: Infrastructure Financial Summary 2005 – Horley Transportation (SCC, 2005b) (all figures are in £m)

Infrastructure	Total Cost	Total Developer Contribution	Cost to Surrey CC	Notes
Fastway Bus Route Longbridge	2,409,634	1,295,502	1,114,132	Surrey contribution made

Roundabout (50%)						up of LTP grant
Traffic Signal Maintenance (50%)	124,928	67,165	57,763			
Fastway Bus Route A23/Masseyys Road (29%)	602,409	187,845	414,564			
Traffic Signal Maintenance (29%)	52,053	16,232	35,821			

The infrastructure and services will be secured through legal agreements and will be delivered as part of a rolling programme over the next 5 to 7 years. The majority of funds will be capital, with approximately £6m required as revenue support for the Fastway quality bus service over 10 years beginning in 2005. SCC has agreed to fund in advance the Fastway infrastructure (£1.8m) and running costs for one year pending reimbursement from developers at a later stage.

Fastway is primarily funded through the LTP as a major scheme. SCC is party to a legal agreement with West Sussex County Council, Gatwick Airport Ltd and Metrobus to facilitate and fully operate the scheme.

With regard to the core route improvements, improvements are planned at the A23 Longbridge Roundabout and A23/Massetts Road Junctions, and minor works at the Povey cross road junction. There are four sources funding the costs of improvements:

- Department for Transport (DfT) LTP major scheme capital settlement for Fastway;
- Section 106 contributions from developers of the NE and NW sectors;
- BAA Gatwick as part of their commitment to Fastway Improvements; and
- Surrey County Council LTP Settlement.

The split of funding sources is outlined below:

Source	Longbridge Roundabout	A23/Massetts Road Junction	Povey Road	Cross	Totals
DfT (Fastway LTP account)	£671,000	£257,375	£21,300		£950,475
Horley Developers	£836,480	£115,638	£9,750		£961,688
BAA Gatwick	£100,000				£100,000
SCC LTP/DfT	£64,680	£25,738			£90,418
TOTALS	£1,672,960	£398,750	£30,870		£2,102,581

The developer contributions will only be received once the first 100 or so properties in the new development are occupied. As a result of this and delays to the Master Plan it is unlikely that developer funding contributions will be available until mid 2006.

With regard to the non-core route improvements, agreements have been reached (in principle) that the remainder of the works in Surrey will be fully funded by developer consortia progressing the two major housing developments.

The development consortia have agreed in principle to contribute towards the operating costs of the Fastway service for a 10 year period (approximately £4.37m). Revenue support is particularly important in the early years in the period where it is becoming established and building up a reputation and patronage base in Horley. AS housing become occupied it is expected that patronage will rise, improving the viability of Fastway in Surrey. However, problems exist; as with the capital funding, the developer contributions are tied into the S106 agreement, and therefore cannot be released until the first 100 properties are occupied (approximately £300,000 a year is required to run the service).

Three options were available for consideration in delivering Fastway in Horley as a result of the Master Plan delay and delayed release of S106 funds. These were:

1. SCC could fund up front the Section 106 contributions that may be recouped from the development consortia, assuming the developments come to fruition;
2. Delay the delivery of Surrey's core route infrastructure by 1 year for completion in 2006; or,
3. Delay the delivery of Surrey's core route infrastructure once certainty is gained on the delivery of the Horley Master Plan.

Surrey County Council finally opted to choose Option 1, and fund the infrastructure implementation and improvement until developers have begun to build on the land.

Funding Issues

It is important for the project to separate capital and revenue funding, as each has different drivers. Innovative funding is a big interest for Surrey country council and thinking outside of transport to secure money from other sectors, for example, the Horley Master Plan.

This is important in the context of meeting the need for housing expansion in Surrey and trying to find ways to fund essential infrastructure in advance of housing development to ensure that movement is non-road based. As Surrey is a pioneering authority with Private Finance Initiative (PFI) (£65m street lighting contract) it may wish to act as a leading authority in sharing good practice.

The Horley project is a good case study to choose as it has interesting problems/issues related to funding. Surrey is taking an innovative approach to funding transport links to and within the housing development. A pilot tariff-based system is being used. Surrey Country Council has paid for the links themselves, and will be paid back by the developers of the housing development once the housing has been completed (through the tariff system). However, many delays have been incurred in the process as a result of awaiting approval for the Horley Masterplan.

Problems encountered for other transport services are mainly related to revenue funding, as difficulties are experienced when trying to fund non-commercial transport schemes. A planned major transport scheme in the area is the 'fast way' project, which is a guided bus service running from Crawley to Horley. No other transport links to the area are currently planned, although there are other existing services within Horley.

A funding gap exists for the North East sector housing at Horley, in that SCC have not received any developer contributions. The revenue costs of running Fastway are £330,000 a year. The county council may have to subsidise Fastway if the building of the development is delayed any further

Delays in the building the development has been due to technical difficulties rather than problems with funding sources. The 10 years of revenue support started in 2005, and this will not change, despite potential delays in building the development. Therefore, if the development is delayed significantly, there may be future issues surrounding revenue deficits at the end of the support period if patronage has not reached the levels to cover revenue costs.

Problems have arisen with contributions for the planned educational establishments. It is now planned that there will be one school rather than two, but improvements made to existing ones, so contributions have had to be renegotiated.

Developer contributions are expected to cover 100% of the costs directly associated with the Horley development. Horley has expanded by one third, so contribution for new community facilities are taken from developers at 29%.

References

- SCC (2003a) *Horley Master Plan Annex 1: County Council Infrastructure Financial Summary*, Informal Executive 18th November 2003, Surrey County Council, UK
- SCC (2003b) *Horley Master Plan: Part II Officer Report to Executive*, Surrey County Council, UK

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- SCC (2006) *Fastway Website*. Found at URL: www.fastway.info
- Reigate and Bansted Borough Council (2006) *Horley Infrastructure Provision Supplementary Planning Document, Draft version prepared for executive*; January 2006, Reigate and Bansted Borough Council, UK
- ODPM (2002) *Sustainable Communities in the South East: Building for the Future*. Found at URL: <http://www.communities.gov.uk/documents/communities/pdf/143669>
- Discussions with Paul Sanderson (Surrey County Council)

Appendix C – Funding Workshop

This Appendix contains details of the Funding Workshop held on the 19th October 2006.

Presentations

All presentations are available on the website www.distillate.ac.uk

Overview of the DISTILLATE Programme and Projects

Overview of the DISTILLATE Funding Project, primarily focused on the funding of transport schemes/projects. The presentation discussed what activities the Funding Project had undertaken, and the Funding Toolkit (main output of the project).

Three presentations followed about experience of funding:

- A representative from Bath and North East Somerset Council (B&NES) discussed the Colliers Way multipurpose route (cycling, walking, horse riding in parts) and the issues related to funding the scheme. Key issues that arose were the number of sources used to complete the route, the time taken to prepare bids to obtain funding, and the lack of revenue funding to maintain the route in the future.
- A representative from Surrey County Council (SCC) provided a case study on the delivery of the Fastway bus service extending to Horley and the proposed development of housing to the north east and north west of the town. Key issues included developer contributions, and how Surrey dealt with delays to housing implementation and the implications for the funding of the Fastway service.
- A representative from Yorkshire Forward (YF) looked at the plans to expand rail capacity in the Leeds City region.

A DfT representative gave a presentation on the funding of the second local transport plans, including where transport stands in Government spending, levels of LTP funding, transport capital and integrated transport block.

Overview of DISTILLATE Organisational Delivery Project, with particular reference to work on partnerships, why they are needed and what makes them work.

Breakout Discussion Sessions

Key issues discussed in the 6 breakout sessions are summarised on the following pages.

Topic 1: Local Authority Barriers

The main barrier was identified as being the availability of staff time. One man stated that for a scheme which cost approximately £23million it cost around £150,000 to put the bid together necessary for application for funding. The scale of the bidding document was such that it was over a hundred pages longer than their LTP.

There was a general consensus that due to insufficient revenue funding staff time has to be charged to capital. It was estimated that 30% of the time spent working on a project is staff time. If this staff time cannot be charged to the project then there are huge implications – the scheme may not even be able to get off the ground without it.

The extent to which the staff resource can be converted to capital recharge appears to depend in part upon the leniency of auditors. Whether the auditors are soft or hard can depend upon what they are willing to allow authorities to capitalise.

Non availability of staff time was an issue as many authorities cannot justify employing full-time staff on the off-chance that they might be able to identify and attain additional funding. This risk is heightened by the uncertainty of bidding for funding. If work isn't won then the problem will be doubled as staff that has been paid for will be sitting around with nothing to do.

The element of risk was also discussed from a different perspective. If staff time, and other resources, is put towards developing a scheme which the DfT then decides that they don't want to go ahead with then a lot of money is lost.

Authorities mentioned that they are sometimes able to capitalise staff time by referring to it as 'intellectual property.' Similarly if individual members of staff have their own rates, determined by their 'skills,' then these skills can be charged for. Here the discussion drifted to the current general skill shortage in this area.

If there is no money available to pay for staff time then they simply cannot be employed. This is given as a key example as to why it is sometimes impossible to identify appropriate funding sources. Looking around at what types of funding are available often can't be justified. Authorities recognise that it is a short-sighted approach to abandon searching for funding due to a lack of immediately available funds to cover this activity but they simply cannot afford to fund an officer. Being able to pay the wages of a funding officer is particularly hard due to the fact that the search for funding can't really be capitalised – this is largely because the scheme often hasn't been started at this point.

Another point mentioned was that more capital funding is available every year but there are less and less people available to apply for this capital and to carry out the work.

The opportunity to bring more people in via partnerships was discussed but it was stated that they could be quite 'cumbersome' and slow to deliver. A common finding was that it is often hard for their organisation, as well as the organisation(s) with which they are partnering, to get past their own agendas. The authorities recognised that partnerships can effectively share the same goal, but that the fact that each party has individual objectives is very hard to get past. Another barrier caused by partnerships that was mentioned was that if personnel within the partnership change, particularly key personnel, then it can be made even harder to maintain and pursue shared objectives. An extreme example given to illustrate the point was that if a group manager was replaced and the new member of staff came in with their own ideas of different approaches that needed to be taken, then the partnership working could easily be undermined.

In terms of partnership it was also mentioned that there could be concerns regarding the sharing of information, most notably in case ideas were 'stolen,' or adopted as the partners own.

The ease/difficulty of local authorities working with districts and the ease of convincing districts that money should be spent on transport schemes was discussed. It was mentioned that there is no requirement for money received from S106 to be spent on any particular cause, and that although county councils are statutory consultees district councils were not required to take their opinion into account when making the decisions regarding how these funds will be spent. It was suggested that this problem might not be as much of an issue in unitary authorities.

The enhanced effectiveness of projects where engineers and planners work together was highlighted. It was stated that it was possible for Directors of Development to ignore other directors, and so it is better to appoint directors who have a responsibility for both the engineering and planning aspects of a scheme. It seems that due to their nature unitary authorities may have a more holistic approach in this respect.

There was a general dissatisfaction registered regarding how capital and revenue funding is allocated. It was noted that the provision of transport has implications for all services yet this is not reflected in the proportion of the budget that it receives. Further to this an example was given of where between 80 to 90% of complaints received in an authority were related to transport infrastructure, i.e. the condition of pavements, but that rather than addressing these concerns funding seemed to be constantly spent on issues which are more likely to get politicians re-elected.

An inconvenience which was mentioned was the incorrect perception of other organisations, such as NGOs and the voluntary sector, of transport funding. It was stated that such organisations often regard the amount of funding that local authorities receive from Government (approx £7.5m) as being extremely large. As such they have an expectation that there should be enough money available for them to have what they feel is a small amount to spend on their own transport projects. As was mentioned in earlier presentations however the reality is that there can be approximately £12 per head of the population within the authority for spending on transport projects.

It was detailed that the source of funding attained and where an authority sought funding from could vary based upon factors such as who the organisations director is as well as by political will at the time. An example of this was given by Bristol CC. The city of Bristol wanted to develop their 'European' aspect, and as such the transport department looked to European sources for funding for transport projects. After their Director changed then so did the main sources of funding pursued.

It was mentioned that it is the decision of the individual as to whether it is worth applying for EU funding as it often depends upon being able to raise the match funding. It is also down to the individual who makes the funding decisions to decide whether or not it's worth applying for the funding as there is often a requirement to spend time travelling around the EU to disseminate information about the project, i.e. via European workshops.

Topic 2: Funding Barriers

It was mentioned that different tier authorities have different operating practices, and both want to be unitary as their financial regime was seen as preferable. The new White Paper is expected to create problems (the reasons for this were not expanded on at the time, this may require further research).

Within local authorities there are different opinions as to how money should be spent depending upon different political motives. Money comes into an authority as one block (formula spending grant) based upon its needs and assumed council tax income. The individual councils are then responsible for the division of this cash and it at this point where individual services (schools, street cleaning, and transport) either get enough funding for the tasks they wish to undertake or they do not.

A change in political bodies can create problems, particularly where support is required to back particular schemes. However, it was also mentioned that political attitudes should not affect monetary allocation if it is allocated on a needs basis. The effect of political change is that projects may be either delayed or altered to fit within the terms of office of different councillors, and this timescale may not fit with funding timescales.

The largest funding barrier identified is revenue funding. Opportunities for capital funding are restricted in LTP2, but revenue is still the largest problem. It was discussed whether the revenue pot was too small overall, or if too much of it is being diverted away from the transport budget to use within other sectors in local authorities. The problem manifests itself with transport departments being in a position to provide new facilities, but then having no ongoing budget to maintain them.

It was noted that local authorities must spend revenue and capital cash on different things. This is checked by auditors, and if the auditor is more lenient then there is an opportunity to fund some items from the capital budget which might ordinarily be funded from the revenue budget. Unfortunately there is no clear PSA guidance on what is revenue and what is capital which makes this extremely difficult. It was noted that the DfT tend to leave this issue alone so as not to worsen the situation. Some attendees suggested that examples of more lenient auditing could be used in any Distillate output to indicate how the line between revenue and capital funding could be altered.

Alternative methods of obtaining revenue were discussed, including revenue from car parking charges etc which could perhaps be obtained permanently via S106 agreement. It was suggested that an alternative method was to fund a revenue pot for maintenance as part of the capital expenditure and this was generally considered as a good system.

Large local authority schemes require a large business case to be made (under S56). This business case can then be used in the attempt to attract other funding. Unfortunately the initial outlay of such business cases can be in the region of £1M which in itself is a large undertaking for local authorities. It was also mentioned that the TIF application process was too complex and that even if funding is available, getting the appropriate staff to apply and spend it is a problem.

An example of Europe was given, where there is a tendency to fund schemes to include maintenance for a period of up to 30 years. This matches the earlier suggestion that ongoing maintenance charges could be included as part of the initial capital charge for new works. European transport departments also tend to build to aspirational levels of use rather than the minimum (as in the UK).

It was questioned whether we should be arguing for a simplified planning process in order to reduce the costs involved for local authorities, and further to this it was questioned whether there are too many agencies involved and if this slows the process.

Therefore in conclusion the funding barriers appear to be:

- Political motivations can channel block funding away from transport projects or may influence the timing of projects to limit this effect;
- Revenue funding is generally in short supply;
- There is confusion regarding how the fine line between revenue and capital can be altered by accountants;
- Obligations on local authorities (via the planning process) for large business cases for projects are restrictive and applying for cash from different bodies can be overly complex.
- England doesn't include ongoing maintenance costs in capital expenditure works as with other European countries.

Topic 3: Working in Partnerships

A differentiation was made between having a good working relationship with other local authorities and actually working well with local authorities.

Partnership was recognised as being about collaboration and communication – stimulating dialogue between different organisations and exchanging ideas. Accessibility planning was given as a good example of a shared approach which has resulted in shared agendas, i.e. between transport and education.

It was mentioned that the relationship does not need to be formal, but that a 'memo of understanding' is essential for partners to work together effectively, along with having a 'common goal.' The importance of having a formal contract before any money is spent was also reiterated. A tendency was noted for public sector organisations (not local authorities) to spend money straight away without waiting for a contract.

The importance of considering the power relationship within a partnership was mentioned.

It was stated that a lot of grant funders like to see partnerships (group of councils and the voluntary sector) applying for transport funding. City Council delegates were not all as positive about partnerships however, with one referring to them as being almost like an external threat.

It was said that the joint LTP has made local partnership working easier. This was primarily put down to the fact that big blocks of funding needed to schemes off the ground would not have been given without officers working together. Many challenges were also discussed, however.

One challenge in partnerships was identified as being convincing all of the partners involved in the scheme that they have the same goals. Emphasis was also placed upon the fact that the partnership could be problematic if organisations were working together with a primary purpose of access to funding. Funding was described as being a useful way of attaining funding a strategy but that partnerships should not be based upon a need to attain funding.

A potential problem which was raised was that if an agency sets up a partnership it could be problematic getting them to relinquish control. One solution given of how control could be shared was by the partners collectively employing a neutral partner to lead/as the Secretariat. One potential pitfall of employing a neutral partner was mentioned in relation to the fact that the requirements, i.e. ensuring delivery of a LTP, may be beyond the scope of that persons responsibilities. There can also be issues regarding the actual neutrality of the co-ordinating partner. While they are often tasked with providing an independent overview they remain employed and paid for by a certain organisation.

When asked of experiences of partnerships one delegate found it easier to deal with private sector partners in a partnership as they found it easier for the private sector to identify how they can benefit from the partnership.

Conclusions:

- Partnerships are essential to deliver government policy and pull down funding
- Need a reason for their existence beyond the money
- Partnerships work differently at scheme and strategy levels.

Topic 4: Revenue Funding

The need for political support at the initial stages of a project was noted. A more definite method of ensuring that projects were undertaken were to have them outlined within the corporate strategy because senior members of the council are held to account for them.

The line between what might be considered as revenue funding and capital funding was often blurred by some authorities. Some authorities have the attitude that capital cash can be used for one-off soft measures.

It was considered that the “whole cost accounting” in 2007 for TAMP (Transport Asset Management Plan), which will spell out the benefits of revenue spending levels (CSS are completing guidance for this). This will help to ensure that councillors recognise the financial benefits of adequate revenue funding and allocate it accordingly.

It was noted that London appears to manage revenue well and this is because London is directly funded and that the transport budget is only for transport and is not hived off to other political priorities.

Several methods of raising revenue were noted, including parking charges and the Wellbeing scheme where local authorities could charge for a service and then utilise the revenue stream.

Revenue funding from advertising, such as bus shelters and roundabouts was available. This occurs where local authorities enter into arrangements with bus shelter/advertising companies where the advertising company is obliged to install and regularly maintain a bus stop in return for advertising rights. Generally no money would be exchanged, therefore this is revenue funding in kind.

Local authority attendees stated that developer contributions are good but are generally of a short term nature and that it was difficult to convince companies on the receiving end of S106 arrangements to agree to provide revenue over a long period rather than short-term payments. Some schemes (such as shuttle buses) are funded by local business (such as Tesco), but this is not permanent and problems arise when the funding stops.

Revenue from multitudinal sources was seen as a time consuming process (which would restrict the ability of local authorities to chase such funding due to the costs of manpower involved, although methods of reducing this process were not discussed.

The PFI system could be extended, however at present the scheme was too bureaucratic which would limit its accessibility.

Topic 5: Capital Funding

The discussion began by delegates from authorities listing sources of funding that they use. These included PFI (to the value of £580 million), Sustrans, Lottery funding, the Countryside Agency, New Opportunities, Aggregate Levy funding, and heritage funding. Private finance was attained both directly and via developer contributions. It appeared that more innovative methods of attaining funding had not been explored largely due to the time consuming nature of identifying sources of funding other than those normally used. It was stated

that it would be a 'luxury' to be able to identify less conventional funding sources and that it was not feasible to free up staff to research and pursue such sources.

Sustrans does not have a good reputation, amongst the people within the group, with regard to it being a source of capital funding. It was stated that they tend to fail to deliver what they promise and so the attendees said that they would either not reuse Sustrans, or approach them with extreme caution. The main problem with Sustrans was attributed as being the difference in philosophies and agendas between LAs and Sustrans. The only way in which the authorities would use them again was if they had to – for example Sustrans own a lot of land, and so to attain land and licenses for land then Sustrans have to be approached.

A problem also noted in relation to the Heritage fund was that the funding criteria changed half way through a project that they were funding, and so there were difficult project implications.

In general the charity sector was not often used to attain capital funding by the people in the workshop. The sector had the perception of being too 'difficult' to deal with.

There was a greater willingness to attain capital funding from a wider range of sources for small schemes as there are more pots available to draw from.

The discussion determined a number of factors that funding sources would be assessed against:

- 1) Staff time (influences what sources will be pursued)
- 2) Likelihood of success
- 3) Requirement for match funding to be attained
- 4) Whether the LA can apply by themselves or whether they would need another (non-transport) partner (i.e. Landfill Tax Credits are only available to non-transport organisations, so when applying for this source of funding it is necessary to form a partnership)
- 5) Who the money would be given to (i.e. in a partnership would the funding, if successful, be transferred to the County, Borough, NGO, etc.?) – can affect how attractive a source of capital funding appears to a certain member of the partnership
- 6) Partners. An attendee noted that they have had to pull out of a project with an NGO, for example, because they operate differently. NGOs and the charity sector were examples of partners who operated in a different way and so, for example, did not understand that they could not change their plans/approach half way through just because it seemed like a good idea
- 7) Many projects have long lead-in times (designing the project, for example, can take a considerable amount of time), but some sources of funding require monies given to be spent within a specified, often short-term, amount of time. It was mentioned that this was an issue with the TIF. This can have implications on the projects which are carried out. The representative from Yorkshire Forward, for example, stated that they decided to go ahead with a project with a rail component for the sole reason that it would have a shorter lead-in time than other projects – some of which would have required three years modelling but could have been more effective.
- 8) Stability of the ground rules. Some funding sources can be difficult to predict.

Developer contributions were outlined as being one of the most risky sources of funding, primarily due to the fact that the government often try and reallocate some of the funds which are attained to be spent upon transport projects. It was also noted that developers are often not keen on this source of funding for the same reason. There is a worry that they will have to pay out twice – the initial contributions to the Government, and then possibly to the Highways Agency if the money is spent elsewhere but upgrades to the transport infrastructure still need to be carried out.

Committed sums from developers were discussed. It was stated that it can be hard to agree how long funding is given for from these sources, and also what indices will be used. The longest that a LA present had managed to secure committed/revenue expenditure for was 10 years (Paul Millen), but he is pushing to extend it to 15 to include maintenance for buses. Capital funding from this source was outlined as being available either as a lump sum, payments at specified intervals, or payments at different development phases.

There was a widespread consensus that if a collective authority or city agree that a project would be of benefit then they should be able to attain funding on this basis as opposed to having to invest time and money into justifying exactly what benefits will be attained. i.e. what % reduction in respiratory illnesses will be achieved by an improvement in air quality. If it can be proved that air quality will be improved by a scheme then there's a feeling that it shouldn't be necessary to quantify it exactly.

It was agreed that the health sector was the worst to do business with – at the local, but primarily the national, level. The problem is largely the extent to which they are driven by their own specific targets. If a transport project will, for example, improve health but do not deliver specific elements of the health sectors targets then they won't release any funding for the scheme.

A delegate consultant felt that there are a lot of opportunities to generate innovative funding – particularly given our growing understanding / analytical approach to the identification of the impact of transport on land values. It was felt that if this can be understood then increases in land values can be recouped more easily – clearly some will benefit and others lose.

It was suggested that valuing land would be a costly process as the data collection required to identify variations in land value from area to area would be extensive. On top of this it was mentioned that there was a danger that the level of analysis required would become increasingly complex. It was countered that information about how costly this process would be was not yet available.

Another potential complication was the issue of how the land value would be captured, and the danger that land would not be developed after infrastructure was put in.

A further concern, supported by a number of delegates, was that it may be difficult to attain a consensus about evidence that is used to support an increase in land value tax. It was stated that technical methods can in the end come down to negotiation.

It was acknowledged that there would be extensive data collection and modelling required for all schemes. A delegate consultant stated that it would take £1m of work to get, and justify, a major scheme. Now that they will have to fund 25% of the capital value as well it was felt that it has now become nearly prohibitive for any authority to put forward a major scheme to the DfT – particularly with the complexity of TIF on top of this. The ratios are all wrong.

It was also felt, however, that some issues of land valuation could be relatively simplistic – if a new piece of infrastructure was implemented then land value would increase.

Topic 6: Experience of Innovative Funding Mechanisms

The use of the parking charges in London to help set up the congestion charge was discussed. Problems of using parking charges were, however, also mentioned, for example in relation to the risk of councils becoming dependent upon parking revenue, the creation of tensions and unintended outcomes.

One CC created a working group to look at the issue of innovative funding, although it has since fallen by the wayside. It examined a tariff based system of Transport Impact Supplements for small scale housing development. The scheme, which requires developers to pay a certain amount towards funding transport related infrastructure, has not proved very popular with the industry. There was a general consensus that districts are happy with S106.

The use of TIF as a source of funding was discounted by shire counties because of its emphasis on congestion.

Comments on Future Development of the Funding Toolkit

A prime concern was that the toolkit should be geared towards transport planners as opposed to finance departments.

It was stated that in some instances the LA have attained a significant amount of funding for a promising project, but that they still need to identify ways in which to get just a few £million as a 'top-up.' They would welcome ways to find out specifically how to attain the relatively small top-up amounts of funding (*could this be addressed by LAAs?*)

A need was identified to outline 'tricks of the trade' within the toolkit – things that other Authorities have learnt from experience with various funding sources. It was noted that there could be a problem with this however. As discussed in Session One Topic One it was mentioned that staff time, for example, was a lot easier to capitalise if auditors were lenient. Dissemination of such tips within the toolkit could, however, alert auditors to this and result in a 'toughening up' of the process which could disbenefit authorities.

It was also mentioned that it would be useful to include different bids for funding, both those that had been successful and those that had failed, as well as examples of projects from continental Europe.

It would be particularly useful for the toolkit to outline how the use of capital for revenue projects could be maximised.

The Local Authorities present would like the DISTILLATE team to approach a central organisation, such as the DfT, to help ensure dissemination of this good practice when it is published.