

**HIGHWAYS & TRANSPORTATION
SCRUTINY COMMITTEE
CABINET**

**17 AUGUST 2006
24 JULY 2006**

**CENTRAL LEICESTERSHIRE LOCAL TRANSPORT PLAN 2006 to 2011
3 CITIES/3 COUNTIES TRANSPORT INNOVATION FUND PUMP-PRIMING BID**

Report of the Corporate Director of Regeneration and Culture

1. Purpose of the report

1.1 This report explains the proposal to submit a Transport Innovation Fund (TIF) Pump-priming Bid to fund a regional transport study into current and potential future congestion on the highway network, in the context of the Central Leicestershire Local Transport Plan (CL LTP) and the Long-term Transport Strategy. The report seeks Cabinet approval to submit a bid and to commit match funding from the Integrated Transport Capital Allocations from 2006 to 2009 to pay for the study should the Bid be successful.

2. Summary

2.1 The CL LTP concludes that congestion is not now and will not be severe enough over the next five to ten years to introduce a radical solution such as road pricing. The CL LTP (paragraph 26.20) concludes that it would be prudent to continue research into the impacts of the growth in traffic, particularly in connection with regeneration and housing growth.

2.2 The Government is making funds available to Local Authorities, through the TIF, to help funding transport studies researching congestion and solutions to address increasing congestion that include the option of road pricing. The 3 Cities and 3 Counties Group (Leicester City Council, Leicestershire County Council, Derby City Council, Derbyshire County Council, Nottingham City Council and Nottinghamshire County Council) have confirmed their intention to submit a "second round" congestion theme Pump-priming Bid by writing to the then Secretary of State for Transport on 21st February 2006. The 3 Cities and 3 Counties Leaders and Chief Executives confirmed their support to submit the Bid at their meeting on 3 July 2006.

2.3 Nottingham City Council have led the preparation of the Bid on behalf of the 3 Cities and 3 Counties and the supporting partners, the East Midlands Development Agency, the East Midlands Regional Assembly and the Highways Agency. The preparation of the Bid is on programme to meet the submission deadline of 31st July 2006 to the Department for Transport (DfT). The latest version of the summary of the bid document is included at Appendix A.

3. Recommendations

3.1 **Highways & Transportation Scrutiny Committee** is asked to note this report.

3.2 **Cabinet** is recommended to:

- a) approve Leicester City Council as a partner in the 3 Cities and 3 Counties TIF Pump-priming Bid due to be submitted to the DfT in late July 2006.
- b) approve the Council providing its share of the match funding for the pump-priming study from the Local Transport Plan Integrated Transport capital programmes 06/07, 07/08 and 08/09 should the Pump-priming Bid be successful
- c) note that this bid does not commit the City Council to the introduction of any particular congestion reducing scheme

4. Financial and Legal Implications

Financial

4.1 The estimated cost of the study is £3.5m to be spent over the financial years 06/07, 07/08 and 08/09, with 50% (£1.75m) to be provided by the DfT and the balance provided by matched funding from the 3 Cities and 3 Counties Group Authorities.

4.2 If the Pump-priming Bid is submitted and is successful this report commits the Council to funding its share of the match funding. The City Council's share of the match funding could be of the order in £150,000. This figure will be finalised once all partners and their funding contributions are agreed. The funding would be met from the Integrated Transport capital allocation for years 06/07, 07/08 and 08/09.

Financial information: Martin Judson extension 7390.

Legal

4.3 The Traffic Management Act 2004 places a Network Management duty on local authorities to keep traffic flowing and Section 16 (1) states "It is the duty of a local authority to manage their road network with a view to achieving as far as may be reasonably practicable having regard to there other obligations , policies and objectives , the following objectives:

- a) securing the expeditious movement of traffic on the authority's road network; and
- b) facilitating the expeditious movement of traffic on road networks for which another authority is the traffic authority."

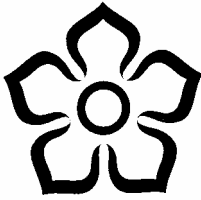
4.4 The aim of the expeditious movement of traffic implies a network that is working efficiently without unnecessary delay to those traveling on it. The Act defines the action that an authority may take in performing the duty as including anything that would contribute to the more efficient use of the network, or that would avoid, eliminate or reduce congestion or disruption.

4.5 By approving Leicester City Council being a partner in submitting the 3 Cities and 3 Counties Pump-priming Bid and approving the Council provide its share of the match funding for the Pump-priming study then should the bid be successful, this will assist Leicester City Council in complying with its duty in managing it's road network under the above Act.

Legal information: Alison Mapp Legal Services, x 7059.

5. **Author:**
Mark Wills
Head of Transport Strategy
Ext 8933
email Mark.Wills@leicester .gov.uk

Key Decision	Yes
Reason	Capital Expenditure over £1 million
Appeared in Forward Plan	Yes
Executive or Council Decision	Cabinet



Leicester
City Council

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SUPPORTING INFORMATION

1. Background

Central Leicestershire Long Term Transport Strategy

- 1.1 Our longer-term transport strategy is driven by Leicester's community strategies, local plans and plans for economic, social and physical regeneration and growth. These plans see Leicester as a thriving, modern city where people can live, work and enjoy a range of indoor and outdoor leisure facilities. The biggest single challenge for the longer-term transport strategy is to facilitate all of the additional movement that will flow from the regeneration of the city while controlling congestion, improving accessibility, safety and air quality. The proposed strategy focuses on the development of an improved public transport network in tandem with a series of demand management measures across the city, backed up by a package of improvements to pedestrian and cycle routes, along with better signage and improved public realm.

Central Leicestershire - Tackling Congestion

- 1.2 Despite anecdotal stories and common parlance all the evidence shows that congestion problems in Central Leicestershire are not now, and will not be, severe enough to warrant radical action in the next 5 to 10 years. The principal highway network performs well with some localised congestion hot spots. In general terms the key radial routes into the City are operating at capacity between 8am – 9am with spare capacity in the shoulder hours of 7am – 8am and 9am – 10am. This situation is again reflected in the evening peak. There is no evidence of peak spreading, for instance, the shoulder hours have not got busier in recent years. However, the performance of the network is sensitive to both planned (eg utility works, bridge repairs) and unplanned (eg accidents, broken down vehicles) events. Having reviewed “do nothing” and “radical measures” options during the preparation of the Central Leicestershire Local Transport Plan (LTP) officers concluded that the current strategy, focussed on improving bus services, including the provision of further park and ride services, and managing demand for travel by car, continues to give the best value for money outcomes for Central Leicestershire for the second LTP period.

- 1.3 Looking beyond 2011 our research indicates that it would be prudent to continue to research and identify measures that would mitigate an increase congestion in the future. The LTP (paragraph 26.2) set out Leicester's commitment to work with the DfT to use any funds that may be made available from the Government's Transport Innovation Fund to further study the effects of growth in travel, including air quality considerations, and options for managing and dealing with the effects of this growth.

The Regional Context

- 1.4 The 3 Cities are predicting high levels of growth from housing. A 3 Cities and 3 Counties New Growth Point proposal has recently been shortlisted by Government. This proposal has been initiated because of the predicted housing market growth – an increase of 25% over existing Annual Build Rates. If successful, this will give access to Government funding for the necessary measures to ensure that growth does not cause more congestion. Further work on employment land may be taking place on a 3 City basis. All Cities in the sub-region have major physical regeneration, business growth and retail development plans, and a joint 3 Cities Local Enterprise Growth Initiative bid is being prepared to increase rates of enterprise and self employment. Close collaboration between the 3 Cities and 3 Counties is fully supported by Government Office and the Regional Development Agency, and will ensure that congestion management measures in Leicester are replicated throughout the 3 Cities. In addition predictions for NEMA by 2030 are that:

- Employment will increase by 295% - but non-operational functions will be encouraged to locate in the three conurbations
- passenger numbers grow from 4.5m today to between 12m and 14m
- Cargo to increase from 290,000 tonnes today to around 2.5m tones
- Annual regional income generated by Airport-related employment will rise by approximately £1.2bn (583%)

All this growth will clearly have a major impact locally, regionally and nationally on transport demand and congestion. Whilst the New Growth Point proposal is not dependant on the success or otherwise of a TIF Pump-priming Bid, the two initiatives are both addressing transport infrastructure needs for the region in the medium and long terms.

Transport Innovation Fund – securing long-term future funding

- 1.5 The Transport Innovation Fund is a single funding “pot”, but with two distinct points of entry

- one for local transport packages involving demand management measures (congestion schemes)
- and the other for schemes which contribute to national productivity (productivity schemes).

Through the congestion entry point the DfT are seeking bids for effective demand management proposals as part of wider packages of interventions to tackle congestion at a regional or local level. The process by which Local Authorities bid for funds is similar to that for Major Schemes but with an additional optional stage – *TIF Partnership* – through which DfT and Local Authorities can work closely together prior to a programme entry bid. The DfT see this as important given that the demand management measures being developed, such as road pricing, will tend to be ground-breaking and have a significant national dimension.

1.6 Central government has made it clear that road pricing cannot be implemented in a single, national 'big bang' and is pursuing a pathfinder approach with local authorities, so that over a period of a few years a sizeable city / region pathfinder scheme can demonstrate, at scale, the role that road pricing can play. TIF Pump Priming is the manner by which these schemes will be supported and all six of the local transport authorities in the East Midlands '3 Cities' sub-region and a number of other active partners have developed a Pump Priming bid because they recognise:-

- congestion is a major and increasing constraint on business competitiveness, community and social growth and environmental improvements;
- planning and housing growth projections identified in the 3 Cities Growth Point Bid and Local Enterprise Growth Initiative (LEGI) plus planned expansion of NEMA will place more strain on overloaded infrastructure unless measures are co-ordinated across the '3 cities' sub-region and LTP2 proposals accelerated and strengthened by robust and innovative transport interventions;
- partner authorities recognise they have limited scope and capability to address the congestion issues that are likely to be arise by the time of LTP3 (and beyond) without considering significant interventions such as road pricing and an objective evidence base is crucial to determining the right interventions
- planning in a holistic way for the development of integrated transport across the sub-region for the next 10 to 15 years needs to be started as soon as possible so that thorough assessment can be given to the various options and their impact.

1.7 The productivity entry point for TIF funding is for national, inter-regional, regional, inter-urban and – exceptionally – local packages and schemes that would generate substantial and sustainable benefits for national (and potentially international) productivity. The DfT have made it clear that they do not expect regeneration schemes, for example in Leicester's city centre, to qualify for this tranche of funding. The Department will shortlist potential candidates from across England, taking into account the views of the Regional Development Agencies, and then work with the appropriate delivery agents to draw up business cases. The EMDA submitted their proposals on 31st March 2006. The proposals included the following infrastructure schemes;

- A46 Newark to Widmerpool dualling
- freight gauge clearance Felixstowe/Peterborough-Nuneaton
- new direct rail service Nottingham-Leeds
- faster Midland Main Line rail services Derby, Nottingham, Leicester and Sheffield to London St Pancras
- faster Nottingham – Birmingham rail service
- Corby – London Rail

1.8 Money from the TIF Pump-priming funds has been available from 2006/07. Successful round 1 bidders; Birmingham, Durham City, Greater Manchester,

Newcastle, Bristol and Shrewsbury are now accessing these funds. The DfT are now looking for a further 2 or 3 pilot areas for round 2 and advise that there could be around 18 potential bidders. The DfT has shown a particular interest in the Three Cities sub-region because of the close transport and economic links between the three conurbations. The Fund is forecast to grow from £290 million in 2008/09 to over £2 billion by 2014/15. Up to £200m per annum will be made available to support congestion TIF schemes between 2008/09 and 2014/15.

2. Submitting a “Congestion TIF Schemes” Pump-priming Bid

2.1 The DfT are seeking bids which contribute to the achievement of the demand management objectives set out in the Future of Transport White Paper, and to the Government’s objectives on road pricing. The DfT are seeking bids for effective demand management proposals as part of wider packages of interventions to tackle congestion at a regional or local level.

2.2 The DfT issued further guidance setting out their requirements of a second round Pump-priming TIF Bid at the end of May 2006. The deadline for submission of a Bid is 31 July 2006. In line with the TIF guidelines if the 3 Cities and 3 Counties Pump-priming Bid is successful it would fund the development of a business case for a smarter, innovative sub-regional transport package combining demand management measures, such as road pricing across the ‘3 Cities’ Sub Region

3. The 3 Cities and 3 Counties Pump-priming TIF Bid ***Progress in preparing the Bid***

3.1 The 3 Cities and 3 Counties Group set out their intention to submit a Bid in their letter to the then Secretary of State for Transport, Alistair Darling, following his visit to the East Midlands on 21st February 2006. Since then Nottingham City Council has led the preparation of the Bid document and together with the other Cities and Counties has secured support from partners including the Highways Agency, East Midlands Development Agency and the East Midlands Regional Assembly. District Councils and other key stakeholders such as bus companies will be informed of progress during July. Preparation of the Bid document is on programme for submission by the end of July.

What comprises the TIF Pump-priming Bid?

3.2 The scope of the Pump Priming Bid is, from late 2006 until early 2008, to:

- Provide an objective evidence base on the location, scale, duration and timing of congestion in the sub-region taking into account the impact of significant regional plans such as the Regional Spatial Strategy (RSS), Regional Economic Strategy, NEMA Masterplan, Local Enterprise Growth Initiative (LEGI) and the ‘3 cities’ Growth Point Bid.
- Improve and integrate LTP, DfT, HA transport computer models in use as appropriate to ensure information can be used consistently and confidently regionally and nationally. Thus providing better quality information to any ‘3 City’ Sub-Region Models
- Use satellite based technology (GNSS) to test and confirm the above analysis, and at the same time assess the effectiveness of the technology’s coverage
- Agree Priority Action Areas, routes or networks
- Identify existing measures and services that could be enhanced to assist in reducing congestion in the Priority Action Areas

- Identify and model the impact of a range of road pricing scenarios in the Priority Action Areas, including the business impact and testing of price and other elasticity with these scenarios;
- Identify additional infrastructure investment and alternative transport services needed to optimise any pricing scheme in order to gain the full benefits and necessary support for the sub-region's pricing proposals;
- Undertake a comprehensive Business Engagement and Competitiveness Impact programme and associated Public Communications Strategy for the project
- Agree the key elements that could be included as part of a potential (future) main TIF bid submission; and incidentally
- Help develop any further measures that may support continuous improvement in assessing congestion.

It is not within the scope of the bid to explore the range of different methods of registering vehicles entering charging zones / cordons, nor the methods of collecting payments – these are all seen to necessarily sit within a national framework. Therefore, the bid is limited to the advanced modelling of congestion and the impact upon it of a range of existing, new and integrated interventions. The latest version of the summary of the bid document is included at Appendix A.

4. Financial and Legal Implications

Financial

- 4.1 The estimated cost of the study is £3.5m to be spent over the financial years 06/07, 07/08 and 08/09, with 50% (£1.75m) being provided by DfT and the balance provided by matched funding from the 3 Cities and 3 Counties Group.
- 4.2 If the Pump-priming Bid is submitted and is successful this report commits the Council to funding its share of the match funding. The City Council's share of the match funding could be in the order of £150,000. This figure will be finalised once all partners and their funding contributions are agreed. The funding would be met from the Integrated Transport capital allocation for years 06/07, 07/08 and 08/09.
Financial information: Martin Judson extension 7390.

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- 4.3 The Traffic Management Act 2004 places a Network Management duty on local authorities to keep traffic flowing and Section 16 (1) states "It is the duty of a local authority to manage their road network with a view to achieving as far as may be reasonably practicable having regard to their other obligations, policies and objectives, the following objectives:
- a) securing the expeditious movement of traffic on the authority's road network; and
 - b) facilitating the expeditious movement of traffic on road networks for which another authority is the traffic authority."
- 4.4 The aim of the expeditious movement of traffic implies a network that is working efficiently without unnecessary delay to those traveling on it. The Act defines the action that an authority may take in performing the duty as including anything that would contribute to the more efficient use of the network, or that would avoid, eliminate or reduce congestion or disruption.

- 4.5 By approving Leicester City Council being a partner in submitting the 3 Cities and 3 Counties Pump priming bid and approving the Council provide its share of the match funding for the pump priming study then should the bid be successful, this will assist Leicester City Council in complying with its duty in managing its road network under the above Act.
Legal information: Alison Mapp Legal Services, x 7059.

5. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities	NO	
Policy	YES	The study supports the national, regional and local policies identified in paras 1.1 to 1.4 of this report
Sustainable and Environmental	YES	The study will look at how to help implement the Council's environmental policies
Crime and Disorder	NO	
Human Rights Act	NO	
Elderly/People on Low Income	YES	The study will indirectly provide information relating to accessibility to services for all including the elderly and people on low income

6. Risk Matrix.

Risk	Likelihood L/M/H	Severity Impact	Control Actions (If necessary/or appropriate)
Failure to approve submission of the Bid and approve match funding	L	H	<ul style="list-style-type: none"> • Regular meetings with DfT, GOEM • Regular meetings between 3 Cities/3 Counties, EMRA, EMDA, Highways Agency (Leader/Chief Executives, Transport Directors, Technical Officers) • Cabinet Member briefings

7. Background Papers – Local Government Act 1972

- Transport White Paper “The Future of Transport: a network for 2030” – July 2004
- Central Leicestershire Local Transport Plan 2006 to 2011
- Central Leicestershire Local Transport Plan 2006 to 2011 - Report to Council 16th march 2006
- Letter to the Secretary of State for Transport from the 3 Cities and 3 Counties Group (Leaders) 21st February 2006
- Three Cities Partnership Transport Innovation Fund (TIF) Pump Priming Bid July 2006

8. Consultations

- 8.1 There have been regular meetings including 3 Cities and 3 Counties Transport Directors, their technical officers, and representatives from the Department for Transport, Government Office for the East Midlands, East Midlands Regional Assembly, East Midlands Development Agency and the Highways Agency. District Councils, transport operators, business representative groups and other

stakeholders across the sub-region are and will be informed of the development of this Pump Priming bid. The approach is to inform these stakeholders about the project and assure them that they will be involved at relevant stages going forward into the project. Indications are that such a project is seen as a sensible precursor to any proposals going forward regarding sub-regional transport policy, planning and road pricing – indeed it is felt by some that such work is needed regardless of the central government's encouragement and the availability of TIF.

9. Report Author

Mark Wills
Head of Transport Strategy
Ext 8933,
email Mark.Wills@leicester.gov.uk

Appendix A

Three Cities' Transport Innovation Funding (TIF) Pump Priming Bid

Introduction

Central government has made it clear that road pricing cannot be implemented in a single, national 'big bang' and is working with local authorities, so that over a period of years a sizeable city / region scheme can demonstrate the role of road pricing. Cities have been challenged by the Government to look hard at how their futures may be secured through robust assessment of congestion and ways to overcome it. London has introduced a successful road pricing scheme; Birmingham, Manchester, Newcastle and Bristol are working with the government on their Road Pricing options. The '3 Cities' sub-region has been asked to do the same.

TIF Pump Priming is the manner by which these proposals will be supported and all six of the local transport authorities in the East Midlands' '3 Cities' sub-region and a number of other active partners have developed a Pump Priming bid because they recognise:

- congestion is a major constraint on economic development, business competitiveness, community and social growth and environmental improvements as recognised in the Regional Economic Strategy (RES);
- that government sees road pricing as a key policy tool to assist with congestion;
- projected growth in the Regional Spatial Strategy will exacerbate congestion levels and place more strain on overloaded infrastructure; this will be further impacted by
 - '3 Cities' Growth Point Proposal
 - '3Cities' Local Enterprise Growth Initiative (LEGI) Proposal
 - planned expansion of NEMA
- the increasing constraints of the Regional Funding Allocation process on the Highways Agency programme and Local Authority promoted Major schemes could be significant;
- the financial outlook and prospects for national sources of transport capital and revenue expenditure through Local Transport Plans and Private Finance Initiatives presents a further challenge; and
- holistic planning of integrated transport across the sub-region for the next 10 to 15 years needs to be started now so thorough assessment can be given to the various options and their impact.

In response to this situation the partners plan to introduce appropriate pricing intervention schemes to tackle congested parts of the sub-region subject to:

- the availability of appropriate, comprehensive road pricing technology and associated processes, preferably to a national standard;
- obtaining government agreement to fund, with appropriate financial input from the partners, the necessary comprehensive improvements in public transport, as well as 'smarter choices' and information systems investments;
- gathering substantial evidence of progress elsewhere in road pricing, so that a '3 cities' scheme is seen as part of a national picture; and
- pricing being applied only to those parts of the sub-regional network where it is the partner's objective, evidence based assessment that congestion is or will be at unacceptable levels and where 'smarter choices' alternatives are properly in place.

Scope of Project

From late 2006 until early 2008, to:

- reach an objective consensus on the location, scale, duration and timing of congestion in the sub-region taking into account the impact of significant regional development plans. From this Priority Action Areas, routes or networks can be agreed;
- identify the business and economic impact of congestion at present and as projected
- collect detailed data on current congestion using satellite based technology and at the same time assess the effectiveness of the technology's coverage in the areas identified;

- Improve and integrate the existing Local Authority, DfT and HA data and models currently in use thus providing better quality information to any '3 City' Sub-Region Models
- identify existing measures and services that could be enhanced to assist in reducing congestion;
- identify and model the business and economic impact of a range of road pricing scenarios
- research, pilot and identify the requirements and management processes needed to aggregate traffic data and provide high quality interfaces to transport authorities and drivers
- identify additional infrastructure investment as well as additional and alternative transport information services needed to optimise any pricing scheme
- undertake a comprehensive Business engagement and communications programme and associated Public communications programme
- agree the key elements to be included as part of a potential (future) main TIF bid submission;
- help develop any further measures that may support continuous improvement in assessing congestion.

The proposal does not aim to reduce the number of trips that people make, by charging to use the road - this would impact economic development. Rather, this proposal seeks to enable more of those trips to be taken on public transport by providing sufficiently attractive alternatives for drivers to achieve the desired shift.

The financial details are likely to be subject to further negotiations with the DfT as the scheme is assessed but at this stage it is envisaged that the Bid will seek a contribution of £1.865m from the Government towards the cost of this work. The partners have already invested or planned to invest in considerable amounts of or traffic monitoring and modeling which is an essential precursor to the work outlined in the bid.

Benefits

There is no doubt this will add something new and innovative to the mix of schemes already funded through the DfT's first round of pump priming.

It will be delivered through a unique and innovative partnership initiative linking local transport plans with national and regional programmes at the sub-regional level and developing a possible proposal for delivery over the next 5 to 15 years. It will bring

- Transport policy, data and modeling alignment over and above existing and emerging requirements, by taking account of anticipated housing, business and airport growth.
- A sub-regional model of the range of demand management measures that may be required.
- Better understanding of the way new technologies can be applied to obtain traffic data which can improve modeling and enable information services to drivers
- Carefully co-ordinated plans for NEMA that link land development and local transport infrastructure provision (buses, trams, rail and road) and in a timely manner
- New insights into developments and other impacts such as
 - smart choices or travel plans across the sub-region,
 - the assessment of road safety issues,
 - managing air quality and low emission zones,
 - enhancing traffic signals by utilizing real time information;
- The sub-region will gain an understanding of the impact on business growth and effectiveness of any pricing schemes.

If this bid is successful, the Pump Priming funds will be used to provide a rigorous, defensible and objective evidence base of present and future congestion problems across the region, identified at national, regional and local levels.

Communications

During the 2 months since the publication of the guidelines for this round of TIF Pump Priming all essential partners have been engaged and there has been active support for the Bid.

District Councils, transport operators, business representative groups and other stakeholders across the sub-region have been informed of the development of this Pump Priming bid. Our approach is to inform these stakeholders about the project and assure them that they will be involved at relevant stages in the project.

Indications are that such a project is seen as a sensible precursor to any proposals going forward regarding sub-regional transport policy, planning and road pricing – indeed it is felt by some that such work is needed regardless of the central government’s encouragement and the availability of TIF.