

**PROPOSED RESPONSE TO GOVERNMENT REQUEST FOR COMMENTS ON
PROPOSALS TO SET UP AN URBAN TRANSPORT CHALLENGE FUND**

To: **Cabinet**

Date: **25 May 2010**

From: **Acting Executive Director: Environment Services**

Electoral division(s): **Countywide**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose: **To consider the proposed response to the Department for Transport's (DfT) request for comments on proposals to establish an Urban Challenge Fund.**

Recommendation: **Cabinet is recommended to:**

i) To approve the response set out in Appendix A of this report to the Department for Transport's request for comments on proposals to establish an Urban Challenge Fund.

ii) Delegate to the Lead Member for Growth, Infrastructure and Strategic Planning in consultation with the Acting Executive Director: Environment Services, the authority to agree any minor textual changes to the joint responses to the consultation following consideration by Cabinet.

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1. BACKGROUND

- 1.1 In October 2009 the County Council agreed to submit a Package and Funding Proposition (the Proposition) to Government setting out a three stage process for continued work on Cambridgeshire's Transport Innovation Fund (TIF) proposals. This work was expected to culminate in December 2010 with the submission of a full Business Case for the TIF package.
- 1.2 It was envisaged that a response to the Proposition from the Department for Transport (DfT) would be received prior to the end of December 2009. On Tuesday 2 March 2010, the DfT announced the end of the Congestion TIF programme, and its replacement with an 'Urban Challenge Fund' (UCF), and that Cambridgeshire and Reading (the other contender for TIF funding) had received letters relating to their TIF bids.
- 1.3 The Department for Transport has requested consultation comments on the proposals for UCF by 6 June 2010. At this stage, the details of how the UCF could work are extremely thin and so the proposed consultation response is also general in nature.

2. THE URBAN CHALLENGE FUND

- 2.1. The Urban Challenge Fund, which could replace Congestion TIF, has been noted in the Government consultation document as requiring "...*Local Authorities to be bolder and more innovative in developing transport strategies.*"
- 2.2 The consultation proposes that money from the fund would be available to support packages which deliver a wide range of transport improvements. The aim of the UCF would be to "*deliver clear and measurable benefits for urban areas in terms of:*
 - *enhanced mobility through offering people wider choices for their journeys;*
 - *reduced congestion and increased journey time reliability;*
 - *better health as a result of improved safety and much greater levels of walking and cycling;*
 - *streets and public spaces which are enjoyable places to be, where exposure to harmful emissions is reduced and where quality of life is transformed*
 - *improved safety; and*
 - *reduced level of carbon emission from transport.*"
- 2.3 The consultation also states that urban transport planning must be embedded in broader economic and spatial planning.
- 2.4 It is notable that Cambridgeshire's Congestion TIF proposals would deliver against most, if not all of the aims noted above. Unlike TIF, there appears to be no firm requirement for Congestion Charging or alternative fiscal demand management in the new fund. However, there is a strong emphasis on innovation, challenge, demand management and value for money.
- 2.5 Cambridgeshire appears to be well placed through its work on TIF and the Greater Cambridge Delivering a Sustainable Transport Study (DaSTS), and

through its wider work on the growth agenda, should it choose to submit proposals under the new fund.

- 2.6 Funding for the UCF would be top sliced from the Department for Transport's budget following the next Comprehensive Spending Review. It is unclear how much funding would be available, but the indications are that for any individual authority, funding would be significantly less than for TIF.
- 2.7 Members of the Cambridge City, South Cambridgeshire and Cambridgeshire County Council Joint Transport Forum have considered and formed the response to the UCF proposals outlined in Appendix A. If Cabinet agrees the response, it would be submitted to Government as representing the views of all three authorities.

3. SIGNIFICANT IMPLICATIONS

3.1 Resources and Performance

Funding for transport in future years is likely to be particularly tight following the next Comprehensive Spending Review. The Urban Challenge Fund may provide an opportunity to bring in further funding for measures to address the transport demands of growth to supplement other funding available. This will be particularly important to address environmental issues and maintain the economic vitality and viability of the Cambridge area. However, should the fund be top sliced from existing funding streams, there may actually be no additional funding overall that is available. If this is the case, the benefits of this proposal will be limited, although it would further emphasise the importance of Cambridgeshire making a strong case for the funding. This point is made in our response to Government.

3.2 Statutory Requirements and Partnership Working

The UCF guidance makes it clear that joint working between authorities will be an important element of the process as will strong governance. This is already being developed between the Councils through the Joint Transport Forum.

3.3 Climate Change

One of the stated aims of the UCF is to focus more on environmental issues than did the TIF programme. There are some key impacts on the emission of gases that contribute towards climate change that can be secured from the way we travel and changes to that. One of the key drivers of the UCF programme will be to encourage more sustainable means of travel. Investment for this however, is critical and the outline proposals are not clear on how much investment will be available.

3.4 Access and Inclusion

Transport is an essential contributor to inclusion and access to services by all of our communities. The level of funding available through UCF and requirements for its use will have a significant impact on these points.

3.5 Engagement and Consultation

The following bullet points set out details of significant implications identified by officers

- The response has been formulated with significant input from Cambridge City and South Cambridgeshire District Council Members through the Joint Transport Forum (JTF).
- Work to develop a package of measures for a possible Cambridge focussed bid if the UCF is taken forward would be in partnership with the City, South Cambridgeshire and Cambridgeshire Horizons through JTF.
- The proposed response has also been shared with Huntingdonshire, East Cambridgeshire and Fenland, and recommends that the definition of Urban should include Market Towns and growth areas.

Source Documents	Location
Urban Challenge Fund http://www.dft.gov.uk/pgr/regional/localauthorities/funding/fundingstreams/urbanchallengefund/	A-wing, 2nd Floor, Castle Court, Shire Hall, Cambridge
Discussion Document http://www.dft.gov.uk/pgr/regional/localauthorities/funding/fundingstreams/urbanchallengefund/discussion/	
Press Release http://nds.coi.gov.uk/clientmicrosite/Content/Detail.aspx?ClientId=202&NewsAreaId=2&ReleaseID=411725&SubjectId=36	
Ministerial Speech http://www.dft.gov.uk/press/speechesstatements/speeches/khan20100302	
Ministerial Statement http://www.dft.gov.uk/press/speechesstatements/statements/khan20100302a	

Appendix A: Proposed response to the proposal for an Urban Challenge Fund

Introduction

Following the announcement on 2 March 2010 of the setting up of the Urban Challenge Fund, this document sets out the initial comments of Cambridgeshire County Council, Cambridge City Council and South Cambridgeshire District Council (the Councils) on the UCF.

Firstly, the Councils were disappointed that the Proposition submitted by the County Council under the Transport Innovation Fund (TIF) was not agreed by the Department for Transport. This could have met many of the wider objectives set out for the UCF, notwithstanding the relatively narrow focus nationally of the Congestion TIF programme. It is appreciated, however, that the work undertaken to develop the Cambridgeshire TIF proposals would give the Councils a good basis to work from for any bid under UCF.

Secondly, and before commenting on any of the published detail on the UCF, there does not appear to be clarity as to what UCF is, or what it will be able to achieve. This is perhaps in large part due to the current budget position and the uncertainty that will therefore remain until after the next Comprehensive Spending Review (CSR). Transport Authorities do not know what their future capital allocations for Integrated Transport and Maintenance will be beyond 2010/11, or what funding may be cut from current Regional Funding Allocations for major schemes.

The Councils therefore consider that if UCF moves forward, it should be in conjunction with revised and detailed proposals informed by the next CSR, in order that an informed view can be taken of the merits of UCF in the context of what seems likely to be a very difficult funding position overall for transport.

Cambridgeshire Context

The Councils welcome the opportunity to comment on the UCF proposals and the principle of providing funding for innovative and challenging transport strategies. The critical point for an area such as Cambridgeshire is the need for transport funding to accompany the growth that is taking place.

The economic success of the Cambridge sub-region is very important to the national economy. Effective housing delivery and transport solutions are essential elements to enable the full potential of the area to be realised.

While the travel patterns of Cambridge residents compare well with much of the country in terms of choice of sustainable modes, the average distance commuted in Cambridgeshire is around double the national average, and there are large parts of Cambridge's workforce that do not or cannot afford to live in the city. This contributes to increased vehicular mileage and to congestion in and around the city.

Current and planned growth on sites with the greatest potential to minimise the need for travel should help address this, but will not succeed without an investment in the transport solutions to enable the increased local transport demand to be met sustainably and to minimise additional congestion. Without such investment, the continued economic success of the area and its contribution to growth in the national economy will be under threat.

Much work has been and continues to be undertaken to identify and develop strategies to provide the transport needs of Cambridge and the surrounding area. Through the TIF programme, a package of around £500M investment in infrastructure and services around the city to enable it to successfully accommodate planned growth was identified.

Further work is ongoing through the Greater Cambridge DaSTS study to consider what further measures will be needed in the wider sub-region. Work is also being undertaken to identify the extent to which transport capacity will constrain the long term growth of Cambridge, and what would be required to enable such growth. The Councils have been proactive in engaging with growth, and development plans focus major development on sites that have greatest potential to minimise the need for travel and give best opportunity for travel by sustainable modes.

The Councils have with Cambridgeshire Horizons, our Local Delivery Vehicle, been relatively successful in bringing in funding to address growth issues through initiatives such as the Growth Areas Fund, Housing Growth Fund and Community Infrastructure Fund. We have also been able to bring in significant funding or future commitment of funding from development to address the needs of growth.

However, even with this investment, available funding has not kept pace with development. This is placing increasing strain on the transport systems in the area and risking degrading the environment and impeding the development of the local economy. Cambridgeshire's current and projected deficit in transport infrastructure is also putting at risk the delivery of the major growth strategy planned for the Cambridge sub-region and the county as a whole. Additional funding to assist with this is necessary and would be welcomed.

Urban Focus

The Councils seek clarification regarding the definition of 'urban area'. We recognise that some transport issues are specific to the built-up areas of cities and larger towns and these need to be tackled as a priority in their own right. However it is clear that many issues apply far beyond urban boundaries. We note that the widening of the objectives from TIF's tight focus on congestion gives the UCF greater relevance to a wider geographic area than just the larger urban areas where congestion tends to occur. For example, climate change impacts cannot be meaningfully addressed without tackling rural vehicle mileage, much of which is associated with trips to urban areas.

We therefore suggest that the definition should include the travel to work area of the town or city in question and also suggest that smaller market towns and growth areas should be considered for the Fund.

It is requested that DfT clarify whether an urban area would need to be a minimum size to qualify for the Fund.

Funding

The Councils seek clarification about the split between capital and revenue funding. It is recommended that revenue funding be made available as part of the fund. This would be particularly useful in supporting or kick-starting bus services, and for smarter choices measures.

The discussion note gives no indication regarding when funding would be available. Clarification on this matter is needed to help authorities develop their LTP3 policies and delivery plans.

The Councils are also concerned as to whether pump-priming funding would be available to fund the preparation of bids. This was the case with TIF and allowed thorough work in this area to be conducted.

Objectives

The objectives of the UCF as stated differ from the Delivering a Sustainable Transport System (DaSTS) objectives that have formed the basis of policy guidance in recent past, including for third Local Transport Plans (LTP3). It would be preferable for consistency to be maintained between UCF and other policy guidance, particularly as the overall thrust of two sets of objectives (DaSTS and UCF) is very similar. It is requested that any future iteration of UCF refers back to the DaSTS objectives.

However, the wider focus of the UCF, including the environment, health and the economy is welcome. Furthermore, we support the aims to deliver clear benefits in terms of enhanced mobility, reduced congestion and improved reliability, better health, improved safety and reduced levels of carbon emissions. The Councils seek clarification as to whether these benefits would be prioritised or weighted in the assessment of bids for funding.

The Integrated Transport Block funding for transport authorities has traditionally been the main source of capital funding for small scale investment in new transport infrastructure by Transport Authorities, under the Local Transport Plan process. It is recommended that the DfT considers whether more detailed guidance on how this funding could be used most effectively to achieve the outcomes that the UCF desires would be appropriate, with or without the UCF.

Partnership working

We welcome the increased importance placed on partnership working with other local authorities and partners such as the NHS and feel this is essential in order to bring about a step change in transport delivery.

The authorities welcome the approach set out in the discussion document to use the Fund to help lever in funds from developers and Primary Care Trusts. To allow this to occur, however, it is important that guidance be issued by the Department of Health and other government departments to help encourage and facilitate this process.

Decision making process

The discussion document states that Government expects cities and authorities seeking access to the fund to put in place stronger decision-making and delivery arrangements. The Councils welcome the principle of this but seek clarification about what is meant by stronger decision-making and delivery arrangements and what form of arrangement might be acceptable.

Links to third Local Transport Plans

We agree with the need to build on strategies and implementation plans of developing LTP3 and would welcome the opportunity to deliver our LTP more quickly than is currently planned.

In addition, we support the focus of the Fund on sustainability, smarter choices and the close integration with land use planning.

Format of a bid for UCF funding

The discussion document states that to be eligible, authorities would need to offer clear strategies that incorporate ambitious targets for a wider range of outcomes than just congestion, together with the local leadership and tight governance needed to make this a reality. However, there is no information about how authorities would make a bid, the type of information that would be required or what level of funding would be available. This knowledge is essential in order for authorities to develop a bid of the right nature and scale as well as commencing discussions regarding securing partner funding.

The Councils would welcome clarity about how future bids would be assessed. It is important therefore that more detailed criteria and any proposed scoring system be published.

Challenge

The authorities support the concept of including a wide range of challenging transport measures and initiatives. It would be useful for the DfT to define what is meant by 'challenging measures' and whether the DfT would support a particular type of measure or intervention more strongly.

Incremental approach

The proposed incremental approach of the Fund which would be linked to outcomes and targets appears sensible and is supported.