

<b>DECISION-MAKER:</b>	CABINET COUNCIL
<b>SUBJECT:</b>	ADDITION OF TRANSPORT FUNDING TO THE CAPITAL AND REVENUE PROGRAMMES
<b>DATE OF DECISION:</b>	13 NOVEMBER 2012 14 NOVEMBER 2012
<b>REPORT OF:</b>	THE DIRECTOR OF ENVIRONMENT AND ECONOMY
<b>STATEMENT OF CONFIDENTIALITY</b>	
None	

### **BRIEF SUMMARY**

This report asks Members to accept new funding from several new sources and add the funding to the capital and revenue programmes for transport with authority to spend. The additions are programmed over the next three financial years starting in 2012/13.

### **RECOMMENDATIONS:**

#### **CABINET:**

Cabinet recommends Full Council to:

- (i) Accept grant funding from the Local Sustainable Transport Fund (LSTF) of £9.013M split between Capital £7.193M and Revenue £1.819M over the following three years 2012/13 to 2014/15. Total awarded to Transport for South Hampshire (TfSH), £17.839M;
- (ii) Accept a further LSTF allocation of £330K to deliver Real Time Information (RTI) Phase 4 capital works in 2012/13;
- (iii) Accept grant funding of £50K from Better Bus Area Fund (BBAF) to fund Capital expenditure of £40K in 2012/13 and Revenue expenditure of £10K in 2012/13;
- (iv) Add to the Environment and Transport Capital Programme, Integrated Transport, £7.193M; phased £0.610M in 2012/13, £4.584M in 2013/14 and £1.999M in 2014/15, in order to deliver transport measures across the City funded by LSTF grant (see Appendix 1);
- (v) Add to the Environment and Transport Capital Programme, Integrated Transport, a further £330K of LSTF allocation to deliver Real Time Information Phase 4 capital works in 2012/13. (see Appendix 1);
- (vi) Add to the Environment and Transport Capital Programme, Integrated Transport, £40K of Better Bus Area Fund (BBAF) towards transport measures across the City in 2012/13 (see Appendix 1);

- (vii) Add to the Environment and Transport Capital Programme, Public Realm, £1.392M of Public Realm Section 106 contributions phased £142K in 2012/13, £302K in 2013/14 and £948K in 2014/15 in order to deliver the Centenary Quay public realm (see Appendix 1);
- (viii) Add to the Environment and Transport Capital Programme for Integrated Transport, £910K of Strategic Transport Section 106 contributions phased £80K in 2012/13, £410K in 2013/14 and £420K in 2014/15 towards developing transport measures across the City (see Appendix 1);
- (ix) Approve to spend, in accordance with Financial Procedure Rules, schemes and projects totalling £9.865M to the Environment and Transport Capital Programme for Integrated Transport, phased £1.202M in 2012/13, £5.296M in 2013/14 and £3.367M in 2014/15 funded as detailed in Appendix 1 on schemes as detailed in Appendix 2 and Appendix 3;
- (x) Approve the addition of £428,000 to the 2012/13 revenue estimates of the Environment and Transport Portfolio funded by government grant (LSTF and BBAF) and to note that further additions of £894,000 to the 2013/14 and £507,000 to the 2014/15 revenue estimates will be formally made as part of the preparation of those financial years' budget; and
- (xi) Note that Southampton will play a lead authority role for the delivery of a South Hampshire Smartcard for Public Transport, Legible Cities projects procured by SCC as lead authority for TfSH from LSTF Funding including developing a joint back office as agreed at TfSH Joint Council committee 25/09/2012, for which a scheme of £5M is included in the proposed capital programme, contained within the total addition to the capital programme of £9.865M.

**COUNCIL:**

It is recommended that Council:

- (i) Accept grant funding from the Local Sustainable Transport Fund (LSTF) of £9.013M split between Capital £7.193M and Revenue £1.819M over the following three years 2012/13 to 2014/15. Total awarded to Transport for South Hampshire, £17.839M;
- (ii) Accept a further LSTF allocation of £330K to deliver Real Time Information (RTI) Phase 4 capital works in 2012/13;
- (iii) Accept grant funding of £50K from Better Bus Area Fund (BBAF) to fund Capital expenditure of £40K in 2012/13 and Revenue expenditure of £10K in 2012/13;
- (iv) Add to the Environment and Transport Capital Programme, Integrated Transport, £7.193M, phased £0.610M in 2012/13, £4.584M in 2013/14 and £1.999M in 2014/15 in order to deliver transport measures across the City funded by LSTF grant (see Appendix 1);

- (v) Add to the Environment and Transport Capital Programme, Integrated Transport, a further £330K of LSTF allocation to deliver Real Time Information Phase 4 capital works in 2012/13 (see Appendix 1);
- (vi) Add to the Environment and Transport Capital Programme, Integrated Transport, £40K of Better Bus Area Fund (BBAF) towards transport measures across the City in 2012/13 (see Appendix 1);
- (vii) Add to the Environment and Transport Capital Programme, Public Realm, £1.392M of Public Realm Section 106 contributions phased £142K in 2012/13, £302K in 2013/14 and £948K in 2014/15 in order to deliver the Centenary Quay public realm (see Appendix 1);
- (viii) Add to the Environment and Transport Capital Programme for Integrated Transport, £910K of Strategic Transport Section 106 contributions phased £80K in 2012/13, £410K in 2013/14 and £420K in 2014/15 towards developing transport measures across the City (see Appendix 1);
- (ix) Approve to spend, in accordance with Financial Procedure Rules, schemes and projects totalling £9.865M to the Environment and Transport Capital Programme for Integrated Transport, phased £1.202M in 2012/13, £5.296M in 2013/14 and £3.367M in 2014/15 funded as detailed in Appendix 1 on schemes as detailed in Appendix 2 and Appendix 3;
- (x) Approve the addition of £428,000 to the 2012/13 revenue estimates of the Environment and Transport Portfolio funded by government grant (LSTF and BBAF) and to note that further additions of £894,000 to the 2013/14 and £507,000 to the 2014/15 revenue estimates will be formally made as part of the preparation of those financial years' budget.
- (xi) Note that Southampton will play a lead authority role for the delivery of a South Hampshire Smartcard for Public Transport, Legible Cities projects procured by SCC as lead authority for TfSH from LSTF Funding including developing a joint back office as agreed at TfSH Joint Council committee 25/09/2012, for which a scheme of £5M is included in the proposed capital programme, contained within the total addition to the capital programme of £9.865M.

## **REASONS FOR REPORT RECOMMENDATIONS**

- 1 Various new sources of funding have been secured for transport schemes. These include Section 106 contributions, the majority of which are for transport relating to the Centenary Quay development and capital funding associated with a recent successful funding bids to the to the DfT Local Sustainable Transport Fund, Regional Growth Fund and Better Bus Area Fund.

## **DETAIL (Including consultation carried out)**

### **Centenary Quay**

- 2 The Centenary Quay developers have made early payment of some of the Section 106 transport contributions. This totals £1.392M and now needs to be added to the Capital programme with authority to spend, so that the Woolston District Centre and other transport schemes identified in the Centenary Quay Transport Assessment can be delivered.
- 3 The addition of Section 106 planning obligations follows the agreement and acceptance of planning applications which in themselves incorporate extensive local consultation and acceptance by the Planning and Right of Way Panel. The detail of scheme design will also be subject to the creation of a project board including local councillors and a meaningful community engagement process.

### **Integrated Transport**

- 4 The addition of funding is also required following successful bidding to the Local Sustainable Transport Fund (LSTF) and the Better Bus Area Fund (BBAF) by Transport for South Hampshire (TfSH). The LSTF bid for £17.839M funding was well received by Government and was one of only two to receive a full sum allocation. The BBAF scheme cost is £7.339M across the TfSH area, with £4.477M DfT funding contribution
- 5 The funding bids were developed by a bid team involving Transport for South Hampshire (TfSH) authorities at the time of the bid (Southampton, Portsmouth and Hampshire) and Public Transport Operators in partnership with relevant external stakeholders and numerous Council officers and departments. Internally, colleagues from Finance, Economic Development, Education and Highways have been involved in designing the measures and programmes of work which have then been presented to MBoD, the Head of Finance, the Portfolio Holder and the Director for Environment and Economy before submission.
- 6 Externally the bids have been developed in partnership with Public Transport Operators, who are contributing significant sums as match funding; the Chamber of Commerce, Business Solent, the University of Southampton, Southampton Connect, the LEP, PCT and NHS. Close engagement with School and Colleges which has resulted in the creation of a new transport forum for school and colleges, which is actively delivering significant costs savings for bus travel to further education and enhanced travel plans.
- 7 Key schemes to be funded include:
  - A regional public transport smart ticketing initiative for South Hampshire initially concentrating on buses and ferries;
  - Enhanced role out of Real Time Information and associated bus priority as part of Bus Punctuality Task Force;
  - Initial phases of the North of Station interchange scheme;
  - A “super cycle highway” route from the east of the City to Central Station as well as other cycle related infrastructure identified through the Southampton cycle survey;

- A Job Centre Plus initiative designed to help people into work;
- Improved Bus Infrastructure through the Legible Bus Networks Initiative;
- Additional elements of the “MyJourney” smarter choices initiative in partnership with other TfSH authorities;
- Through BBAF we will also deliver Wifi on 565 buses, internal refurbishment of 140 buses, next stop displays/announcements and improved LED lighting on 500 buses across South Hampshire.

Appendix 3 includes an assessment of scheme values and expected outputs and outcomes.

- 8 The development of a business case for a Sustainable Distribution Centre is underway and involves extensive market testing with potential customers (partners include Hammersons, freight haulage companies, hospitals and universities).
- 9 In order to take advantage of economies of scale and procurement efficiencies, Southampton City Council will be the lead delivery authority for the delivery of a South Hampshire Smartcard. Additional project management resource is being recruited to allow this to happen, and is a fixed-term post funded by the LSTF.

#### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- 10 An alternative option is not to accept the funding for one or more of the elements seeking approval to add to the programme with authority to spend.
- 11 In terms of the successful bid funding the risks associated with accepting the funding have been minimised by taking certain actions including:
- Use of fixed term staff contracts only to put in place delivery capacity
  - Use of partnerships with others who will deliver elements of the project including SUSTRANS and the University of Southampton
  - Match funding commitments have been made from the Local Transport Plan or Section 106 funding. We have an indicative settlement letter from the DfT for future years LTP funding and Section 106 funding payment has already been received
  - Some projects have been designed to be self funding in future years and others can operate at reduced funding level to maintain impact
  - Delivery in partnership through Transport for South Hampshire
- 12 The Housing and Communities Agency requested that the authority take early payment of Section 106 contributions relating to Centenary Quay Development. Failure to authorise spending of this funding will mean that the transport impacts of the development will not be mitigated. If approval to spend these monies were not approved, then the transport measures to support the Centenary Quay development and address its transport impacts of £1.392M, would not be delivered.

## RESOURCE IMPLICATIONS

### Capital/Revenue

- 13 The following table details additional capital funding of £9.865M to be added to the Environment and Transport capital programme, phased over three years.

<b>CAPITAL £'000's</b>	2012/13	2013/14	2014/15	Total
LSTF	610	4,584	1,999	7,193
LSTF (RTI)	330	0	0	330
BBAF	40	0	0	40
Public Realm Section 106 (CQ)	142	302	948	1,392
Strategic Transport Section 106	80	410	420	910
<b>TOTAL</b>	<b>1,202</b>	<b>5,296</b>	<b>3,367</b>	<b>9,865</b>

Council is requested to add and approve to spend, in accordance with Financial Procedure Rules, schemes and projects totalling £9.865M to the Environment and Transport Capital Programme for Integrated Transport and Public Realm, phased £1.202M in 2012/13, £5.296M in 2013/14 and £3.367M in 2014/15 as detailed in Appendix 2 and Appendix 3, and summarised below.

<b>Block £000's</b>	Additional Funding 2012/13	Additional Funding 2013/14	Additional Funding 2014/15	Total of Additional Funding All Years
Accessibility	21	99	0	120
Active Travel	195	388	387	970
Public Transport	238	4,097	1,612	5,947
Network Management	526	20	20	566
Public Realm	222	692	1,348	2,262
<b>GRAND TOTAL</b>	<b>1,202</b>	<b>5,296</b>	<b>3,367</b>	<b>9,865</b>

All Projects in the programme are managed through the corporate Project Management System, "PM Connect" which help ensure the financial and timely delivery of individual projects within the overall programme. All projects will have an approved Project Initiation Document prior to commencement of works.

- 14 The following table details additional revenue funding of £1.829M to the Environment and Transport Portfolio, phased over three years.

<b>REVENUE £'000's</b>	2012/13	2013/14	2014/15	Total
LSTF	418	894	507	1,819
BBAF	10	0	0	10
<b>TOTAL</b>	<b>428</b>	<b>894</b>	<b>507</b>	<b>1,829</b>

- 15 The following table details additional revenue expenditure of £1.829M to be added to the Environment and Transport Portfolio, phased over three years.

<b>REVENUE £'000's</b>	2012/13	2013/14	2014/15	Total
Travel: A Better Connected South-Hampshire	418	894	507	1,819
Transport Operations (working with Operators)	10	0	0	10
<b>TOTAL</b>	<b>428</b>	<b>894</b>	<b>507</b>	<b>1,829</b>

The sum of £428,000 is to be added to the 2012/13 revenue estimates of the Environment and Transport Portfolio, whilst it is noted that further additions of £894,000 to the 2013/14, and £507,000 to the 2014/15 revenue estimates, will be formally made as part of the preparation of those financial years' budget.

- 16 The funding for LSTF and BBAF will be released to the Authority quarterly in arrears. Relevant settlement letters and assurances from the DfT (as in Appendix 4) and Hampshire County Council (the lead financial authority for the LSTF and BBAF bids), as in Appendix 5 and Appendix 6 respectively, have been received and are sufficient to give confidence that the funding can be added to the Capital and Revenue programmes.
- 17 The conditions of LSTF and BBAF funding require that it is spent on the schemes included in the bid and in accordance with the profile of spend stated in the bid. Failure to do so may mean that funding would need to be given back. To ensure this does not happen, many of the schemes in the bid have already been designed or are well advanced. The risk of having to hand back funding is low. The bid has also been carefully crafted to ensure that what we have put forward is deliverable in the timeframes specified and that appropriate resources are in place.
- 18 There are staffing implications associated with the delivery of schemes which will be funded. In all cases where this requires the Authority to recruit new capacity, this will be done using fixed-term recruitments that do not go beyond the period of funding. The estimated revenue costs of this are £41K in 2012/13, £86K in 2013/14 and £90K in 2014/15. The posts will be funded directly from the new LSTF funding source and so will place no burden on staff revenue budgets. Any severance costs will be funded from the revenue grant.

- 19 The schemes to be funded have been developed in accordance with bid criteria which required that the proposals within the bid should not create any ongoing liabilities and that they should maintain their effectiveness beyond the funding period. As a result, the schemes have been crafted to create positive revenue outcomes for the Council, yet still allow for ongoing effectiveness beyond the period of funding. Some feature in approved budget saving proposals. For example, the enabling of the modernisation of the Real Time Bus Information system allows a significant reduction in the revenue costs associated with running this system. Similarly, the replacement of our concessionary fares back office with a modern system and the sharing of this facility with Portsmouth and Hampshire, allows for small economies of scale to be gained. The capital improvement to be funded will improve decaying infrastructure and will be designed to have on balance, lower maintenance costs than the infrastructure they replace.

### **Property/Other**

- 20 No property issues apply as a result of the recommendations in this report. Individual schemes funded by the addition of funding may have property implications but these are expected to be positive rather than negative.

### **LEGAL IMPLICATIONS**

#### **Statutory Power to undertake the proposals in the report:**

- 21 Individual schemes may have legal issues. These will be addressed in the detail design phases of each scheme.
- 22 The Section 106 agreement for the Centenary Quay development is subject to a renegotiation. The current agreement is inflexible as it has been over-specified against individual scheme elements. Agreement has been reached that the wording will be relaxed to allow for better scheme delivery. This is the subject of a further report to the Planning and Rights of Way Panel.
- 23 State Aid Implications have been dealt with through the BBAF project by offering all operators the ability to express an interest in the scheme and the project has proceeded on that basis.

#### **Other Legal Implications:**

- 24 None

### **POLICY FRAMEWORK IMPLICATIONS**

- 25 The funding bids were included as a critical part of the Local Transport Plan 3 strategy. Success means that the LTP3 aspirations can be delivered.
- 26 The funding is designed to address two critical issues including reducing carbon from transport and supporting economic growth. These core objectives are also key themes of numerous corporate policies. The acceptance and delivery of the scheme is therefore a significant enabler of the Community Strategy, the Local Transport Plan and the Local Development Framework. In addition many of the schemes will support educational and training opportunities and healthier lifestyles. It is therefore in support of many of our education and health policies.



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### **SUPPORTING DOCUMENTATION**

**Non-confidential appendices are in the Members' Rooms and can be accessed or line**

#### **Appendices**

1.	Sources of Funding
2.	Detailed 3 year Programme
3.	Capital scheme costs and expected outcomes and outputs
4.	DfT Grant Award Letter dated 13 July 2012
5.	Letter from HCC confirming SCC allocation of LSTF dated 6 September 2012
6.	Letter from HCC confirming SCC allocation of BBAF dated 1 October 2012

#### **Documents In Members' Rooms**

1.	LSTF Bid Document - Executive Summary
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#### **Equality Impact Assessment**

Do the implications/subject/recommendations in the report require an Equality Impact Assessment to be carried out.	<b>No</b>
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#### **Other Background Documents**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1. LTP3 – Implementation Plan	This document is available by contacting Travel & Transport Policy team leader

**Equality Impact Assessment and Other Background documents available for inspection at:**

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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