



Executive Summary - TIF Business Case Guidance

This document is intended for local authorities interested in using demand management to tackle congestion.

It offers high level advice on how local authorities can seek funding from the congestion element of the Transport Innovation Fund (TIF) to support demand management schemes, and supporting measures. It is accompanied by more detailed guidance, aimed at those developing the schemes, which explores issues around scheme design and congestion TIF in much more depth.

When the TIF was announced in 2004, Ministers made it clear that they wanted to see innovative solutions to congestion problems, involving demand management measures. The guidance explains how authorities can bid, the sorts of bids we want to see, and the approach we are taking to the bidding process.

We have based things as far as possible on the conventional major schemes processes; these should all be familiar to authorities.

What we are looking for

We are looking for packages of measures that incorporate demand management and together form a coherent anti-congestion strategy. As we said in the guidance published in January 2006 we are most likely to fund packages that involve road pricing, but we may, by exception, be prepared to consider bids involving a Workplace Parking Levy. The demand management scheme will be accompanied by a package of supporting measures. Some of these may be infrastructure based (junction improvements, improved bus priority, better network management, possibly light rail, possibly road schemes), some may be aimed at changing behaviour (such as smarter choices, bus subsidy). However, we will need to see that all support the demand management scheme and reinforce its effectiveness.

The Government is currently looking at the feasibility of introducing a national road pricing scheme around the middle of the next decade. In advance of that, it is keen to learn from local schemes - the insight from these will be invaluable in considering whether a national scheme is possible or desirable. So in deciding whether to fund any local schemes, we will be looking at their compatibility with the national framework we are developing and with the Government's wider aims and objectives for national road pricing.

When considering funding packages, we are looking in particular for those that:

- Are an effective way of addressing a local congestion problem;
- Have the potential for early implementation of the demand management scheme, so we might learn lessons by the middle of the next decade;
- Could bring benefits across a wide geographical area;
- Offer high value for money;
- Seek investment on a scale proportionate to the impacts of the demand management scheme.

The speed at which a package, and particularly the road pricing scheme, can be delivered will be an important factor for us. We hope that a first small scheme might be implemented around 2010/11 (if it gains the necessary approvals), and a larger scheme following a couple of years later. Much later, and the value of the evidence from these in terms of consideration of a national scheme will be greatly diminished. All other things being equal, we will be more likely to support **pricing schemes that offer benefits across a wide geographical area than those that cover a small area.**

It is worth mentioning one thing we are not looking for. We are not looking to force any authority to introduce a scheme against its will. All the evidence shows that road pricing can be an essential tool in tackling congestion - particularly when backed up by the right improvements to alternatives - but it is not the right answer everywhere. We will only support pricing schemes if they are the right solution to a town or city's problems, and if they form a coherent package to tackle congestion.

We are publishing detailed guidance on road pricing alongside this guidance, setting the framework for scheme design and operation as well as providing lots of detailed advice to help those designing schemes.

Developing the package

Authorities are best placed to find the right solutions for local problems. Nonetheless, when seeking funding from the TIF, there are a few things to bear in mind.

Value for money will always be a key consideration. We have a duty to spend taxpayers' money wisely, and expect only to fund packages that offer high value for money. We will want to be satisfied that each element within the package adds something to it - some elements will directly support the pricing schemes, others will not. We will not fund anything within a package that offers poor value for money unless the LA can demonstrate how it adds something to the package as a whole.

We will also need to be satisfied that **the package is proportionate to the scale of the pricing scheme.** A pricing scheme will cause some people to change the time of their journeys, some others might choose to car share. Others still will make their journeys by public transport instead - and it is for these journeys that the public transport improvements will be needed; packages must demonstrate that the complementary transport improvements being sought are proportionate with the expected scale of change brought about by the pricing scheme.

We will expect authorities to consider the full range of options open to them to support any demand management scheme - behavioural (e.g. smarter choices), financial (e.g. bus subsidies) as well as those focusing on new infrastructure. The TIF can provide revenue resources as well as capital, but only very small amounts are likely to be available. In any event, our expectation is that long-term revenue support from DfT will not be required to support packages (authorities can, of course, opt to use their own resources).

Funding & finance

Authorities will need to set out clearly their plans to fund and finance their proposals. We will be expecting significant local contributions towards the costs of packages - and the bigger the local contribution, the greater the authority's chance of success. The local contribution can include private sector contributions, and we will expect authorities to seek as much from the private sector as they can.

The TIF is finite - around £200m p.a. has been earmarked for congestion schemes (c£1.4bn in total) - although Ministers have made clear that they will consider making more funding available if a sufficient number of high quality and higher value schemes emerge. Nonetheless, we would not expect to fund any individual package that was larger than the total amount that has been set aside for congestion TIF schemes.

Deliverability

We will need to be satisfied that authorities have appropriate arrangements in place to deliver their proposals on time and to budget. We will want to see demonstrations of how bidders will ensure progress, how stakeholders will be consulted, how delivery partners will be brought in and kept on board, and how clear and strong leadership and accountability will be maintained throughout. We anticipate legislation being brought forward to offer authorities the chance to amend their current structures and powers - bids will need to consider whether any such changes would be needed.

Working with DfT

We strongly encourage all authorities considering bidding to contact DfT at an early stage to discuss how best to take the work forward. DfT has experience and expertise across a range of areas, and can provide technical and policy guidance to authorities. We want to ensure that authorities can develop strong, robust bids that can make real differences to congestion in our towns and cities.

For related documents, pages and internet links, see the column on the right.