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# Transport Innovation Fund Pump Priming Criteria - Round 1

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## Introduction

1. "The Future of Transport" White Paper (July 2004) set out the Government's intention to establish a Transport Innovation Fund to give our delivery partners incentives to develop and deploy smarter, innovative, local and regional transport strategies. The Fund will:
2.
  - support the costs of smarter, innovative local transport packages that combine demand management measures such as road pricing with modal shift and better bus services;
  - support innovative mechanisms which raise new funds locally;
  - support the funding of regional and local schemes that are beneficial to national productivity.
2. This paper sets out our approach to taking forward the first of these objectives, including the criteria we intend to use to provide pump-priming funding in support of scheme development. It should be read in parallel with a separate information paper on the development of TIF more broadly, which is also being published today.

## Background

3. The Future of Transport White Paper identified the risk that, despite effective policies to promote smarter choices and network management, without radical measures, including more effective demand management, road congestion will spread over time to longer periods in the day, and to more road users. The Road Pricing Feasibility study, which was published in parallel with the White Paper, identified targeted local congestion charging schemes as an important step on the road to future national decisions about road user charging.
4. In that context, we wish to work alongside forward thinking authorities and areas to help them put in place packages which tackle local congestion problems. We will be prepared to use resources from the Transport Innovation Fund to support packages which combine radical schemes to tackle congestion.
5. We recognise that development and appraisal of such packages can be a complex and costly process for many authorities. We have therefore decided to offer a limited number of local authorities some financial assistance with scheme development, in advance of decisions on substantive TIF funding. This "pump-priming" funding will be available from 2005/06 until 2007/08.
6. This paper explains the basis on which DfT intends to allocate this pump-priming funding and seeks some further information from local authorities in order to inform the allocation process. The process for allocating pump-priming money is separate from the process of allocating substantive TIF funding. More detailed guidance on how we expect to allocate this will be published by the end of 2005, and will include a process for assessing the productivity impacts of schemes, which will be one of the criteria we will use to allocate substantive TIF funding when it becomes available from 2008/09.
7. We are not at this stage seeking a firm commitment from local authorities at this stage to implement particular schemes. An offer of pump priming is not a guarantee of substantive TIF funding, nor is absence of pump priming intended to exclude LAs from bidding for TIF.

## The DfT Approach

8. We are interested in developing TIF schemes both because of their potential to deliver improvements in their local area and because of their potential to develop good practice which could be shared more widely. We are therefore aiming to offer pump priming funding to a range of schemes, in authorities with a range of different characteristics.
9. Schemes must have the potential to meet the national criteria for TIF schemes with a particular focus on how authorities might combine demand management and better public transport to tackle congestion. More detailed information on our criteria is at paragraph 14 below.
10. We do not intend to provide pump priming for the development of mainstream capital projects on a freestanding basis which might more appropriately be funded through the LTP capital system, informed by advice from the regions as part of the Regional Funding Allocations exercise. Projects which are innovative in purely technical terms (such as new traffic management systems) should seek to secure funding through this route.

## Type of place

11. We recognise that it is difficult to compare the challenge/circumstances of say a major conurbation, a small market town or historic city, national park or group of urban centres. DfT wants to support development of appropriate packages in different circumstances, but also needs to take account of the potential to make a difference at the national level.
12. We therefore propose to assess proposals in 3 broad categories:
13.
  - Individual smaller towns and smaller cities, and other generators of traffic such as airports or national parks;
  - Groups of towns or cities together in an area or region, where the innovation is a scheme covering more than one centre;
  - Major conurbations.
13. We have not yet taken a view on how many schemes we will fund in each category, though we expect the bulk of our pump priming funding to be used to support the development of large scale schemes in large places (see also paragraph 14 (f) below).

## Scheme characteristics

14. In considering which authorities will receive pump priming funding, we intend to use the following criteria, which draw on the proposed criteria for TIF itself:
15.
  - a) We would expect all proposals to have the potential to be effective in tackling congestion, so that transport can promote wider economic growth, social inclusion and environmental objectives;
  - b) We are particularly looking for packages of schemes which combine effective demand management with better public transport, especially bus service improvements;
  - c) By "demand management", we mean use of pricing and other levers to influence the volume or pattern of road travel. Although we recognise their potential benefits, for the purposes of this fund we are looking for schemes which go beyond so-called "soft" demand management (eg travel planning, car sharing) and embrace harder edged measures such as road user charging, workplace parking levy or innovative parking controls. All other things being equal, we will give preference to road user charging schemes over those which incorporate workplace parking levies, and in turn prioritise these over those which incorporate other forms of parking control;
  - d) Where packages include improvements to bus services, they will need to indicate the potential for bus patronage growth (identifying specific targets where appropriate) and demonstrate how this will be secured, taking account of previous experience with, and future plans for, measures such as quality partnerships. Where packages involve the intention to apply for the Secretary of State's approval of a Quality Contract scheme, the steps taken so far in developing the case for the scheme, and the timetable envisaged for taking the scheme forward, should be described. If the package involves substantial capital expenditure on bus priority measures this should be indicated with the intended source of funding
  - e) Where the demand management is in the form of parking control, we would expect proposals to demonstrate the potential to exceed current best practice benchmarks and to go beyond policies which are already in Local Transport Plans;

- f) In comparing schemes within each of the "place" categories set out in para 12, we will take account of the extent of coverage of the scheme proposed. We expect to give greater weight to schemes where the proposed demand management measures cover more of the local transport network, and where the impact of the scheme could bring benefits across a wide geographical area;
- g) We expect schemes which would develop/implement ideas/approaches that could be transferred elsewhere to score higher;
- h) We intend to give priority to schemes which offer the potential to become self-financing over time, although we will not exclude schemes which do not; where plans are based on the assumption that enhanced bus services will be fully commercial the extent to which this has been discussed with potential operators should be indicated; if on the other hand subsidy of routes is envisaged this should also be outlined;
- i) We will take into account the extent to which the local authority has benefited from previous financial support from Government for the development of the scheme elements now being submitted for pump priming funding.

## **Conditions of funding**

- 15. DfT's contribution to scheme development in most cases is likely to be no more than 50%, but our actual contribution will depend on the number and quality of proposals, and it will not necessarily represent the same percentage contribution in each case or for each category.
- 16. Our intention is to run a second round in 2006/07 for authorities who were not successful/did not bid in 2005/06.
- 17. In return for funding, we will be seeking from authorities a report on the way in which the money has been spent, and the benefits it has secured. We will require recipients of funds to share their experience and lessons learned with other authorities.

## **Additional information sought**

- 18. We have already asked local authorities to submit outline proposals with their provisional LTPs in July 2005. To inform our assessment, it would be helpful if authorities which have not already done so could submit to their Government Office contacts a formal bid for funds, which should arrive by 7 October. As well as a description of how the proposed scheme meets the characteristics set out at paragraph 14, the bid should include the following information:
- 19.
  - the name of the authority (or authorities) submitting the proposal (making clear whether it is a joint proposal covering more than one authority);
  - the nature of the transport problem being addressed;
  - the elements of the proposed TIF scheme;
  - the funding sought in each of 2005/06, 2006/07 and 2007/08, the contribution this represents to total development costs, and how it will be used;
  - the likely timescale for scheme delivery, if a subsequent bid for substantive TIF funding is successful;
  - the role of other stakeholders, including other transport delivery agents (including bus operators) and neighbouring local authorities, in taking forward the scheme;
  - agreement to report back to DfT on how the pump priming money has been spent and what it

has achieved.

**Department for Transport**  
**July 2005**

## **Annex: Timetable for decisions**

**July 2005:** Guidance on pump priming funding issued

**7 October 2005:** bids for round 1 pump priming funding sought from Local Authorities

**End November 2005:** DfT issues first round of decisions on pump priming funding

**November/December 2005:** Guidance for full TIF bids issued

**March 2006:** Local authorities include outline scheme bids with their final LTPs

**June 2006:** More detailed bid information due

**September 2006:** DfT announces decisions on TIF funding from 2008/09.

The timing of further rounds of pump priming and substantive funding is still to be decided.