



Transport Innovation Fund Pump Priming Criteria - Round 2

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Introduction

1. In the July 2004 White Paper, '*The Future of Transport*' ¹, the Secretary of State announced the creation of the Transport Innovation Fund (TIF). The Fund will support:
 2.
 - the costs of smarter, innovative local transport packages that combine demand management measures, such as road pricing, with measures to encourage modal shift, and better bus services;
 - local mechanisms which raise new funding for transport schemes; and
 - regional, inter-regional and local schemes that are beneficial to national productivity.
2. This guidance sets out our approach to the first of these objectives, setting out the criteria we intend to use to assess bids for pump priming to support scheme development. It supersedes and replaces the guidance '*TIF Pump Priming Round 1: criteria*' ², which was published in July 2005 and should be read in parallel with the guidance on the operation of the Transport Innovation Fund; '*Transport Innovation Fund: Guidance January 2006*' ³.

Background

3. The TIF represents a new approach by the Department for Transport (DfT) to the allocation of some of its budget. Through the TIF, resources will be directed towards the achievement of two high priority objectives - specifically tackling congestion and improving productivity. The principle underlying the TIF is that resources should be allocated on the basis of an assessment of how these objectives can be most effectively and sustainably met. The provision of pump priming funding only applies to congestion TIF schemes.
4. Money from the TIF will become available from 2008/09. The Fund is forecast to grow from £290 million in 2008/09 to over £2 billion by 2014/15. At this stage, we have not taken a view on how much of this pot will be made available to meet either congestion or productivity objectives. The allocation of funding between these objectives will depend on the quality of the schemes considered through each entry point. However, we have announced that ultimately up to £200 million per annum will be made available to support TIF schemes involving demand management each year between 2008/09 and 2014/15, if suitable packages are developed by local authorities. If high quality schemes to a higher value emerge then further funding may be made available. However, the resources available through the Fund will be subject to such pressures as may emerge in other areas of transport spending over time.
5. *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. This would have negative impacts on both quality of life and on the economy. Local road pricing schemes are also important in order to pilot technology and systems and to inform the decisions on the development of national road pricing in the longer term.
6. We recognise that the development and appraisal of such packages will be a complex and costly process for many local authorities. That is why the Government decided to offer a limited number of local authorities some financial assistance with scheme development in advance of substantive congestion TIF funding. In July 2005 it was announced that up to £18 million was set aside between 2005/06 and 2007/08. The first allocations were made to seven areas in November 2005. This guidance covers the second allocation of funding.
7. The guidance explains the basis on which DfT intends to allocate this pump priming funding for the second round and sets out the information that will be required from local authorities intending to bid. The guidance applies both to authorities considering putting forward new proposals and to authorities who successfully obtained funding in the first round of pump priming and who wish to apply for further funding.
8. The development of TIF packages is highly resource intensive and the Department is keen to keep the number of pump priming authorities which we are supporting in this work manageable, and ensure that we can work closely and effectively with all of them. Therefore we would only expect to be able to fund **a small number of additional authorities** over and above those who have previously been allocated funding. The exact number will depend on the nature and quality of the bids that are received.
9. The process for allocating pump priming funding is separate from the process of allocating the main TIF. Full guidance on the TIF was published in January 2006. It is not necessary to have had a successful pump-priming bid in order to apply for funding to the TIF through the congestion entry point. Nor does a successful pump-priming bid offer any guarantee of success in a bid for main TIF scheme funding.

10. There may be further opportunities to bid for pump priming funding at a later date, but no decision has yet been taken and it should not be assumed that further funding opportunities will be available. If it is decided that there will be any subsequent rounds criteria will be published at that time. Subsequent guidance may vary from that provided in this paper.

¹ Available from the Department for Transport web site at <http://www.dft.gov.uk/pgr/strategy/whitepapers/fot/>

² Available from the Department for Transport web site at <http://www.dft.gov.uk/pgr/strategy/tif/transportinnovationfundpumpp5602>

³ Available from the Department for Transport web site at <http://www.dft.gov.uk/pgr/strategy/tif/transportinnovationfund>

The DfT Approach

11. The Department is interested in supporting the development of proposals for congestion TIF schemes both because of their potential to deliver improvements in their local area and because of the opportunity that they offer to develop good practice which could be shared more widely. We therefore intend to offer pump priming funding to a range of schemes, in authorities with a range of different characteristics.
12. Proposals must have the potential to meet the criteria for main TIF funding for congestion schemes as set out in the guidance published in January. More details on the criteria that will be applied for this round of pump priming is at paragraphs 25-33 below.
13. 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 Local Transport Plan capital system. Projects which are innovative in purely technical terms (such as new traffic management systems) should seek to secure funding through that route.

Type of place

14. 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.
15. We therefore propose to assess proposals in 3 broad categories:
16.
 - 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.
16. Authorities should be aware that, in assessing bids, we are likely to take account of the extent to which they will add something new to the mix of schemes which we are already funding through the first round of pump priming funding either in terms of the kind of area covered by a scheme, or innovative use of pricing to tackle congestion and related problems.

17. This means that schemes will be assessed in part by whether they will contribute to a better balanced or more complete full set of schemes, covering a mix of conurbations, sub-regions and smaller areas.
18. Eligibility for pump priming funding is limited to local authorities in England.

Funding available and conditions of funding

19. The amount of funding to be made available through this second round process will be up to Â£9 million. Almost all funding will be available in 2007/08 but a small amount of funding - up to Â£500k - is likely to be available in 2006/07.
20. The amounts to be allocated will depend on the quality of the bids submitted. We may not allocate all funds if we consider that schemes which can be funded for a less than the total available have the potential to meet the objectives set out at paragraphs 25-33 below and reserve the right to make no allocation if no schemes meeting the criteria sufficiently are put forward. We are primarily interested in the quality of the bid and we may decide to offer bidders pump priming funds to a lesser value than their bid or to change the profiling of the bid across 2006/7 and 2007/8. The department reserves the right to ask bidders to reconsider these aspects of their bid following submission.
21. 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 will not necessarily represent the same percentage contribution in each case for each category. Bidders will need to make a very persuasive case for larger DfT contributions.
22. 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 that it has secured. We will require recipients of funds to share their experience and lessons learned with other authorities.

Objectives of the congestion TIF

23. We are looking to support the development of schemes which have the potential to meet the criteria for congestion TIF schemes set out in Chapter 2 of the January 2006 guidance. These objectives are summarised at Annex A. Bids for pump priming will be assessed on the basis of their potential to lead to schemes that meet the objectives of the main TIF fund.
24. We intend to give priority and offer the bulk of the main congestion TIF funding to schemes involving introduction of road pricing, although we may, by exception, consider bids involving Workplace Parking Levy.

Information sought for pump priming bids and key dates

25. We are making some revision to the information we are requiring from authorities bidding for this second round of funding, compared with the information sought for the first round. The information that we will require from authorities putting forward new proposals differs slightly from those that will apply to authorities who successfully obtained funding in the first round of pump priming and who wish to apply for further funding.
26. Bidders putting forward **new proposals** should address the following issues as a minimum, using each indented bullet (denoted by a letter (a) - (k)) as a heading.
27. The four fundamental elements that any bid must demonstrate are:

- a. that there is a significant current or emerging congestion problem and that the package has the potential to tackle it effectively
 - b. the proposal includes consideration demand management measures which are a step change from those approaches currently used by the bidding authorities;
 - c. the proposal is new (i.e. it has not received significant Government funding already)
 - d. all appropriate stakeholders are involved (Districts, bus operators, Highways Agency etc)
28. Any bids that do not display these characteristics will not be successful.
29. All bids that display these elements will then be assessed against the following criteria (the criteria may not be given equal weight):
- e. how well the proposal fits with the Local Transport Plan/local transport strategy, and any additional benefits the scheme could bring to the strategy
 - f. the public transport ideas and potential for public transport patronage growth and modal shift;
 - g. the extent to which the scheme fits with the Government's strategic aims and objectives for road pricing, through improved understanding of scheme design, technology, implementation and operation;
 - h. the extent of coverage of the scheme proposed. (We expect, all other things being equal, to give priority to schemes which cover a larger part of the local transport network);
 - i. how innovative the scheme is, and the potential for the ideas/approaches to be transferred elsewhere;
 - j. what are the long term financial impacts of the scheme and does the scheme have the potential to become self-funding; and
 - k. how long would it take for a successful TIF scheme to get up and running, including different timescales for different parts of the package if necessary.
30. Authorities should feel free to use maps to demonstrate the area or areas over which their schemes could cover, including any relationship with new or improved public transport, if they feel it would help explain their ideas more clearly.
31. Bidders who were successful in obtaining funding in the first round of pump priming and who wish to apply for **further funding** should also address the issues mentioned above, using each indented bullet (denoted by a letter (a) - (k)) as a heading). However they will **not** have to demonstrate that their proposal is new and should therefore indicate under the heading of (c) that they have been in receipt of previous pump priming funding.
32. **In addition** they should also set out in their bid:
- l. details of their current programme for TIF pump priming work including evidence that the funds that were allocated in the first round of pump priming are being spent effectively and in ways that offer good value for money;

m. an indication of the further work that could be completed beyond this should further funding be made available.

33. **All authorities** should also include in their bids:

n. the name of the authority (or authorities) submitting the proposal (making clear whether it is a joint proposal covering more than one authority);

o. the amount of funding (or, in the case of bidders for further funding, the **additional** amount of funding) sought in each of 2006/07 and 2007/08 from DfT for scheme development and the contribution this represents to total development costs, and how it will be used;

p. the names of the signing Officers or Members;

q. an initial proposition for the governance arrangements that would be put in place to manage the bid should it be successful;

r. the names of both a policy and a communications contact for DfT to liaise with about the bid or bidding process (including e-mail addresses).

s. a brief assessment of their current capacity to carry out transport modelling, the models available to them and a suitable contact (including e-mail address).

t. confirmation that the authority is happy for the Department to put the bid into the public domain.

34. Authorities should send copies electronically to DfT (e-mail: congestion.tif@dft.gsi.gov.uk) and their regular Government Office transport contact by **31 July 2006**. An overall timetable for the process is attached at Annex B.

Contact

35. Questions relating to this guidance should be directed to congestion.tif@dft.gsi.gov.uk, or to Steve McFarlane (020 7944 6120).

Annex A - Congestion TIF - Assessment of strategic fit

1. All proposals and full business cases for congestion TIF will be assessed for strategic fit against the following criteria:
2.
 - a) their potential to be effective in tackling a current or emerging congestion problem, so that transport can promote wider economic growth, social inclusion and environmental objectives, in a sustainable way;
 - b) the extent to which the scheme fits with the Government's strategic aims and objectives for road pricing, through improved understanding of scheme design, technology, implementation and operation;
 - c) the extent to which they combine effective demand management with better public transport, especially bus service improvements, in mutually supportive packages;

- d) the potential of ideas/approaches to be transferred elsewhere;
- e) the potential for public transport patronage growth;
- f) the extent of coverage of the scheme proposed. We expect to give greater weight to schemes where the impact of the scheme could bring benefits across a wide geographical area;
- g) the long term financial impacts of the scheme.

Annex B - Timetable for Decisions

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|--------------|--|
| May 2006 | Guidance on second round pump priming funding issued. |
| 31 July 2006 | Deadline for receipt of bids from local authorities for second round pump priming. |
| October 2006 | Decisions on successful bidders for second round pump priming. |

The timing of further rounds of any further rounds of pump priming, should there be any, is still to be decided.