



SCOTTISH EXECUTIVE

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Circular No: 4/2002

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Chief Executive, Convention of Scottish Local Authorities
Clerk to the Strathclyde Passenger Transport Authority
Heads of Transportation, Scottish Local Authorities

Dear Colleague

CAPITAL ALLOCATIONS: PUBLIC TRANSPORT FUND PROJECTS COMMENCING IN 2003-2004

Purpose

1. This Circular announces the procedures for local authorities and the Strathclyde Passenger Transport Authority (SPTA) to apply to the fifth and final round of the Public Transport Fund as part of the capital allocation arrangements for projects commencing in 2003-2004. Future arrangements for supporting transport authorities' capital public transport projects will be announced in the autumn.

Background

2. The Public Transport Fund exists to assist local authorities in providing value for money enhancements to our public transport networks.

3. The Fund will continue to operate as part of the capital allocation system and awards made from the Fund will continue to be additional to the block capital allocations a Council receives for all its services. Bids for 2003-2004 must be set within the context of the Local Transport Strategy for the area and **it is a pre-requisite for acceptance of schemes that they contribute towards the strategy objectives**. Scottish Ministers will put particular emphasis on projects which contribute to the Vision set out within *Scotland's Transport: delivering improvements* and which have partnership contributions (from the private sector). **Therefore bids which tackle congestion at key points on the Scottish Transport network or which deliver step change improvements in local transport will be given greater priority.**

Public Transport Fund (PTF)

4. Eligible projects will continue to be limited to those which have the **primary** aim of encouraging the use of public transport, reducing road traffic volumes, improving local environments, promoting social inclusion and accessibility and working towards meeting statutory targets for air quality. Such projects could incorporate measures to facilitate cycling and walking as sustainable modes of transport. Where new commercial or residential developments are planned Scottish Ministers wish to encourage the provision of public transport links that will be operational as soon as the development opens.

5. Authorities were informed last year of allocations for Cycling, Walking and Safer Streets (CWSS) projects in 2002-03 and 2003-04. Authorities can also submit a bid for a CWSS project to the PTF providing it meets the *de minimis* criterion. However, it should be clearly demonstrated that such a CWSS bid is for measures that local authorities would not be expected to undertake through the separate CWSS allocation. Roads projects are not eligible (local authorities may, of course, choose to fund roads projects from their block capital allocations if they so wish, and the CWSS resources are to be seen as additional to the day-to-day improvements to walking and cycling which can be brought about through maintenance projects).

6. The PTF remains a fund for capital project costs. Ministers expect promoting authorities to make arrangements to meet the revenue consequences of PTF projects. However, Ministers will take revenue costs borne by authorities into account when deciding on the level of capital contribution the authority should make.

7. The Department does not intend to provide a specific definition of what constitutes a “project”. However it is expected that in general a proposal should consist of identifiable, discrete projects with a common coherence such as a park and ride site and associated bus priority measures. Packages involving a group of smaller schemes may be eligible but only if they are **clearly identified as closely relating to one another** and that it is clear that each is intended to enhance the overall value of the integrated public transport programme and in helping to meet the transport needs of the area.

8. Over recent years a number of authorities have asked about the eligibility of particular types of spend. To clarify some of these issues the following types of measure have been considered as **ineligible** for PTF funding in the past and this will continue to be the case:

- revenue costs (see para 6)
- parking control measures (except where needed to enforce bus priority measures, eg traffic regulation orders for busways)
- costs of local authority staff
- measures which benefit all traffic without giving priority to public transport
- traffic calming measures that are not directly required to make the proposed public transport improvements work
- variable message signs to improve traffic flow
- motorcycle parking

9. This list is not intended to be exhaustive and if local authorities are uncertain about the eligibility of a particular project, queries should be addressed to the contacts listed at paragraph 38.

10. The *de minimis* limit remains at £500,000 for the total cost per project.

Number of bids

11. Whilst each local authority plus the SPTA is only permitted to make one application per year to the PTF for a capital infrastructure project, authorities can also submit a separate bid to the Preparation Pool for preparatory work for projects which require further detailed development work. Further details are set out in paragraph 28.

12. Where an authority takes the lead in a cross boundary project on behalf of a voluntary Transport Partnership then the authority in the lead for the joint project will also be permitted to submit a bid of its own.

13. In addition, there may be occasions where an authority will wish to present a project that may involve some cross boundary work in another authority's area. Such projects will normally be regarded as the lead authority's project. The co-operation of the other affected authority(ies) will not prejudice its/their right to submit a bid in its/their own right to the PTF. Again, if local authorities are uncertain about the details of a particular project, queries should be addressed to the contacts listed at paragraph 38.

14. Bids made by local authorities in respect of projects within the SPTA's area will need to be made with the support of SPTA given the SPTA's responsibility for securing public passenger transport services within its area. This will also ensure that any bids are consistent with the overall public transport strategy for that area.

15. Projects which seek funding over more than one financial year will be eligible (but a 3 year spread of funding is the maximum acceptable period unless there are exceptional circumstances). Whilst projects which require 100% funding from the PTF would not necessarily be ruled out, Scottish Ministers will give particular emphasis to those projects which have partnership contributions and local authorities will be expected to have explored options for taking forward the project on a partnership basis - particularly in relation to attracting private finance and where appropriate working in co-operation with neighbouring authorities and transport operators. Councils and the SPTA must indicate what level of funding they were prepared to contribute from their own resources.

16. Local authorities will need to demonstrate that their projects contribute towards the objectives of their and, where appropriate SPTA's, Local Transport Strategy. Projects will be appraised against the 5 criteria for assessment of transport investment: economy, integration, safety, environmental impact and accessibility. Projects should be appraised using the Scottish Transport Appraisal Guidance (STAG). It is recognised that the costs in developing a bid to a satisfactory stage can be significant and as a general rule of thumb the amount of appraisal work needed will increase with the size of the project in cost terms. (Any queries on the appraisal work which the Department expects authorities to undertake should be made to the appropriate contact listed under paragraph 38.)

Cost estimates for major projects

17. Scottish Ministers recognise that authorities will not be able to provide definitive costs for projects and that estimated costs will therefore be provided. Authorities will also be expected to accept the risk of cost increases in projects and to set out in their bids how they propose to manage such risks.

18. Scottish Ministers have decided that for rail projects, major transport interchanges and other major schemes authorities should be able to provide cost estimates to the following standard:

- An outline project scope developed and major elements of work and options identified;
- An outline programme developed;
- Costs based on visual inspections and estimates of elements of work specific to that project (not just on costs of similar projects)

19. This is broadly in line with Level 2 of Railtrack’s approach to costing rail projects and the general principles extend to other major projects.

20. If authorities are in any doubt about whether their project falls within this category then they should consult the contact listed at paragraph 38.

21. If a project receives approval but the authority subsequently experiences a significant cost increase as final costs are determined, Scottish Ministers would expect the authority to revisit the value for money assessment and Scottish Ministers reserve the right to withdraw the Section 94 consent.

Project Presentation

22. To assist the assessment of bids it is essential that the following information is provided up front in a bid document.

23. An executive summary of what is being proposed. It is essential that this summary is drafted in a clear and concise way.

24. A detailed breakdown of how much money is being sought from the PTF, broken down by financial year. For instance for a fictional bus priority project:

	2003-04 (£)	2004-05 (£)	2005-06 (£)
Design work for Corridor 1 – total cost			
Authority contribution			
3 rd party contribution			
PTF requested			
Physical works for Corridor 1			
Authority contribution			
3 rd party contribution			
PTF requested			
Signalisation of junction X on Corridor 1			
Authority contribution			
3 rd party contribution			
PTF requested			

Traffic regulation orders for Corridor 1 Authority contribution 3 rd party contribution PTF requested			
Total cost for Corridor 1 Authority contribution 3 rd party contribution PTF requested			

25. Similar tables should be produced for each subsequent corridor or additional measure and a summary of the total cost figures for the measures reproduced in the Executive Summary, eg:

Total cost for Corridor 1 Authority contribution 3 rd party contribution PTF requested			
Total cost for Corridor 2 Authority contribution 3 rd party contribution PTF requested			
Total project cost Authority contribution 3 rd party contribution PTF requested			

26. The relationship between the component parts of a proposed package of measures should be clearly set out in order to identify core components and extra's.

Cycling, Walking and Safer Streets Projects

27. The arrangements put in place for CWSS projects will continue to be administered as ring-fenced sums to local authorities. Local authorities will continue to be required to submit a programme of works that they propose to carry out to the Scottish Executive. Once satisfied that these works are for CWSS projects the Executive will release the capital allocation. The Executive will continue to monitor the impact of this investment.

Preparation pool

28. Scottish Ministers wish to retain the Preparation Pool. We appreciate that future arrangements for supporting transport authorities' capital public transport projects will not be finalised until later this year. However, we wish to retain the ability to support the preparation of particularly suitable projects that may in turn be considered for funding when new arrangements are in place. We continue to expect authorities to devote reasonable resources to preparing bids. We would expect to see authorities making a significant contribution to the cost of the preparatory work and would expect authorities to have explored options for taking forward the project on a partnership basis. **Priority will be given to projects which tackle congestion at key points on the Scottish Transport network or which deliver step change improvements in local transport.**

29. Authorities should note the existing Executive support for the Scottish Strategic Rail Capacity Study (previously known as the Central Scotland Rail Capacity Study) and enhancements to the Central Scotland Traffic Model (CSTM3) to create the Transport Model for Scotland. Bids that duplicate or include a significant element of overlap with these emerging studies will not be eligible for support from the preparation pool of the PTF.

30. Authorities should appreciate that a successful bid to the preparation pool does not automatically guarantee success in any future bidding process nor does support for initial work necessarily lead to full funding support for the project. Authorities will bear in mind that this is the final round of the PTF and that future arrangements for supporting transport authorities' capital public transport projects will be announced in the autumn.

31. Authorities may make one bid to the preparation pool and this bid is additional to main bids to the PTF described at paragraph 11.

Integrated Transport Fund

32. Authorities will be aware that following Spending Review 2000, the Executive established a new Integrated Transport Fund. There will be no bidding process to the ITF; the Scottish Executive will make awards to priority, strategic projects that fit in with Scottish Executive priorities.

Future arrangements for supporting transport authorities' capital public transport projects

33. This will be the final round of the Public Transport Fund as a challenge fund. Scottish Ministers appreciate that the bidding process imposes a burden on authorities and wish to move to a more regular dialogue between officials in developing transport projects. Options for future arrangements for supporting transport authorities' capital public transport projects are currently being considered and an announcement will be made in the autumn.

Timetable

34. **Ten copies** of bid documents should be submitted to the Department at the address given in paragraph 38 by **Monday, 12 August 2002**.

35. Applications will be assessed, taking into account the views of CoSLA and consulting SPTA where appropriate, with the aim of Scottish Ministers announcing successful projects by the end of October 2002.

Action Plan

36. It is important that in submitting bids to the Public Transport Fund authorities carefully consider the timing of the projects in relation to the funding requirements in a given financial year: there have been a number of recent examples where the projected timetable has proved much too optimistic with consequent slippage in the funding required. Consequently if slippage does occur in a project, authorities will be expected to deal with any financial consequences themselves. Short action plans will need to be submitted to the Department by authorities for any successful bids, before the start of financial year 2003-2004, together with an assurance that the project will proceed. Short factual monitoring reports about successful projects must be submitted on a quarterly basis each year to the Department. These reports should include the authority's quarterly update on the management of the project and should identify monthly spend, estimated cost and time to completion. As this information is a normal part of project management we do not expect this to impose any significant extra burden on authorities. Failure to progress a project as outlined in the action plan or failure to provide accurate and timely monitoring reports is likely to incur a sanction, either immediately or subject to the opportunity to remedy the failure.

37. Successful authorities are expected to include in publicity for the project that it is being assisted by the Scottish Executive's Public Transport Fund.

Enquiries

38. General enquiries on the content of this Circular, including funding issues, should be made to:

Damian Sharp
Scottish Executive Development Department
Transport Division 2
2-E (Dockside)
Victoria Quay
0131 244 7098

Specific enquiries about CWSS projects should be made to:

Elizabeth McNeill
Scottish Executive Development Department
Transport Division 3
2-D (Dockside)
Victoria Quay
0131 244 0866

Specific enquiries on the appraisal procedures should be addressed to:

Paul McCartney
Scottish Executive Development Department
Economics, Advice and Statistics Division
3-G
Victoria Quay
0131 244 0883

Yours faithfully

Damian Sharp
Head of Public & Rural Transport Branch