Department for Transport

Local Sustainable Transport Fund - Guidance on the Application Process

January 2011

The Department for Transport has actively considered the needs of blind and partially sighted people in accessing this document. The text will be made available in full on the Department's website. The text may be freely downloaded and translated by individuals or organisations for conversion into other accessible formats. If you have other needs in this regard please contact the Department.

Department for Transport
Great Minster House
76 Marsham Street
London SW1P 4DR
Telephone 0300 330 3000
Website www.dft.gov.uk

© Crown copyright 2010

Copyright in the typographical arrangement rests with the Crown.

This publication, excluding logos, may be reproduced free of charge in any format or medium for non-commercial research, private study or for internal circulation within an organisation. This is subject to it being reproduced accurately and not used in a misleading context. The copyright source of the material must be acknowledged and the title of the publication specified.

For any other use of this material, apply for a Click-Use Licence at www.opsi.gov.uk/click-use/index.htm, or by e-mail licensing@opsi.x.gsi.gov.uk

Contents

Introduction..... 4
Scope of the Fund..... 7
Assessment Criteria..... 13
Application Process..... 18

Introduction

1. The Government has announced, as part of the Local Transport White Paper, the creation of a Local Sustainable Transport Fund ("the Fund") to help build strong local economies and address the urgent challenges of climate change. It reflects the Government's core objectives of supporting economic growth by improving the links that move goods and people and meeting its commitment to reducing greenhouse gas emissions.

2. The Fund represents a stage in the Government's move away from specific grants to provide local authorities the freedom to develop the targeted transport packages that address the particular transport problems in their areas. Our aim is to facilitate best practice in the delivery of a wide range of sustainable transport packages. The Fund presents an opportunity for authorities to capture the benefits from previous demonstration projects and identify how those benefits can be transferred and brought to life in their own particular areas.

3. The purpose of the Fund is to enable the delivery by local transport authorities of sustainable transport solutions that support economic growth while reducing carbon. These solutions will be geared to supporting jobs and business through effectively tackling the problems of congestion, improving the reliability and predictability of journey times, enabling economic investment, revitalising town centres and enhancing access to employment. They should at the same time bring about changing patterns of travel behaviour and greater use of more sustainable transport modes and so deliver a reduction in carbon and other harmful emissions. The Fund also provides the opportunity to take an integrated approach to meeting local challenges and to delivering additional wider social, environmental, health and safety benefits for local communities.

4. It will be for local transport authorities, working in partnership with their communities, to identify the right solutions to meet the economic and environmental challenges faced in their areas.

5. The Department plans to make £560 million available to the Fund over the 4 year period to 2014-15. The funding will comprise both resource and capital.

Who is eligible to apply to the Fund?

6. Any English local transport authority outside London – County Councils, Integrated Transport Authorities, Metropolitan District Councils and Unitary Authorities – can apply for funding. Applications can cover geographical areas that cut across local authority boundaries in which case one transport authority should be identified as the lead authority with others as partner authorities.

7. In metropolitan areas, the Department will expect an application to come from the ITA unless it is agreed by partner authorities that applications should be made directly by the respective Metropolitan District Council or Councils.

8. As there are separate transport funding arrangements covering London and the devolved administrations, local authorities in London, Scotland and Wales are not eligible for funding, but it is open to them to seek to work in partnership with neighbouring bidding authorities. Other external partners should be separately identified in the application.

9. Bids relating to National Parks could be taken forward by a single local transport authority or as a joint application in cases where National Parks span more than one local authority. In all cases, bids should be led by the relevant local transport authority and endorsed and delivered in partnership with the National Park Authority (see page 20 for further details on collaborative bids).

Community participation and partnership working

10. The Department attaches importance to a wide spectrum of community participation in decision-making and delivery, with local authorities drawing on the ideas and expertise of the community and voluntary sector[1] and realising co-funding opportunities with the private sector and other external organisations including transport operators. The Department will treat positively in the assessment process those applications which have the support of community interests and incorporate plans for partnership working, including with the private sector. Applications are expected to include a local contribution towards the costs.

11. This guidance covers the scope of the Fund and the criteria against which applications will be assessed. It also sets out the application

[1] This incorporates Voluntary, Community and Social Enterprises (VCSEs) , including charities, social enterprises, cooperatives and mutuals both large and small.

process, including the expected timetable for receiving proposals and announcing decisions.

Scope of the Fund

12. The Government is keen to support initiatives which address at a local level the urgent challenges of revitalising local economies and tackling climate change. The Department recognises that packages of measures, rather than individual measures in isolation, are best able to deliver greater benefits. Package solutions will vary markedly across different types of area. It will be for local authorities, working with their communities, to identify and design solutions which bring together the right combination of measures, deliver the greatest benefits and secure those benefits beyond the Fund period. Authorities should look holistically at their areas to identify key barriers to economic growth and carbon reduction. Cleverly targeted, modest investments can bring disproportionate benefits. Local authorities should consider how those benefits can be sustained without the need for ongoing financial support beyond the Fund period.

13. The challenges faced by local communities and the solutions required will vary according to the local physical and economic geography (e.g. the size of the settlement, the location of business, services and housing) and the volume and types of journeys made to and from and within their areas. For localised short-distance journeys, there is a clear opportunity to influence the choices made and to make public transport and walking and cycling the most attractive sustainable travel options. For journeys involving a variety of routes to and from suburban areas and rural hinterlands, the options will vary according to local circumstances and potentially involve a wide range of measures, from improvements to bus or community transport services, greater use of park and ride facilities, better use of the transport network through traffic management initiatives, the promotion of ‘wheels to work’ schemes, and encouraging increased car occupancy. For longer, inter-urban journeys, the options may be more limited and involve making rail and express bus or coach services the mode of choice for more people.

14. The Fund is not designed to support major infrastructure or service enhancements in relation to inter-urban journeys. Local circumstances and the needs of local communities should drive the solutions that come forward to the Fund.

What sustainable transport measures might be appropriate?

15. A wide range of approaches have been adopted at a local level in developing sustainable transport initiatives that improve access to employment, stimulate local economies and secure carbon reductions:

- Town-wide packages incorporating workplace and school travel plans, schemes that support car clubs and car sharing, walking and cycling, improved public transport and better marketing have been the priorities in some areas.
- Many authorities have been keen to promote better traffic management by encouraging a smooth flow of traffic on their local road networks and making best use of the existing infrastructure.
- Some local authorities have focused on an area wide park and ride system coupled with parking controls and extended cycle and pedestrian networks.
- Many places have educated road users to behave more safely and implemented highways safety engineering, including measures to improve conditions for pedestrians, cyclists, motorcyclists, the disadvantaged, children and young people.
- Others have based their strategy around developing high quality sustainable transport corridors, smart and/ or integrated ticketing schemes, real time bus information, variable message signing and website travel information.
- A smaller number of places have developed 20 mph zones or pedestrian priority zones, limiting vehicular access in the most congested areas of towns and cities.
- Some authorities have worked with local business and freight operators on the development of freight consolidation centres and relaxing restrictions on delivery times to reduce the level of lorry traffic and the impact of air quality in their areas.
- Others have sought to find ways to ensure local vehicle fleets are cleaner and cut down on idling in air pollution hotspots.

16. It is for local authorities to decide what tools and evidence they draw upon in designing solutions and ensuring their implementation achieves the desired effects. The Department has developed practical guidance on designing projects which seek to enable behaviour change. This includes a logic mapping guide and an information pack which outline the core principles to consider when developing new projects.

The logic mapping guide is available at:
http://www.dft.gov.uk/pgr/evaluation/evaluationguidance/logicmapping/

The behaviour change information pack is available alongside this document.

These resources are not mandatory, but local authorities may find them useful in designing and developing package proposals that deliver long term benefits.

17. Packages could include for example the following measures:

Encouraging modal shift (by considering holistically the end-to-end journey experience and initiatives to improve integration between travel modes, for example better travel information, smart and integrated ticketing or personalised travel planning, improving public transport and cycling and walking initiatives).	**Managing demands on the network** (including the provision of park and ride facilities, car clubs and car sharing schemes and the development of freight consolidation centres).
Better traffic management (incorporating more efficient signal times, junction improvements designating red routes, 20 mph zones, cycle lanes or quality bus corridors, pedestrian zones, and better management of street works and incidents).	**Improving access and mobility** (through work based and school travel plans, replacing short car journeys, cycling and walking, improvements in street design or the provision of facilities, community transport, demand responsive services and bringing services to communities).

18. Other measures that reduce congestion, lower carbon levels and reduce the need or demand for travel should also be considered. These could include supporting businesses or business parks in promoting flexible or home working, developing facilities for ICT solutions that reduce the need to travel – such as virtual office hubs, or increasing the opportunities for car sharing to reduce travel in peak times. The Department is committed to expanding the use of ICT and other solutions that reduce the need to travel, and will soon be publishing a joint document with business representatives setting out our combined commitment to alternatives to travel.

19. There is no limit on the types of measures that might make up a package proposal save that the Fund will not support major rail,

passenger transport or road infrastructure enhancements, which would be more appropriately funded from other sources. Proposals could though include measures that complement and add value to a major rail, passenger transport or road scheme that is in the process of being delivered or for which funding approval has been confirmed.

Funding available

20. Final decisions on the amount of funding for any specific authority will be made in the light of the quality of the proposals put forward. However, the following funding has been set aside over the next 4 financial years:

£m	2011-12	2012-13	2013-14	2014-15	Total
Resource	50	100	100	100	350
Capital	30	40	60	80	210
Total*	80	140	160	180	560

* This Fund will also support Bikeability training in each financial year with £11 million set aside in 2011-12. The level of Bikeability funding from 2012 – 15 has yet to be determined. The following projects will be funded in 2011-12 only, in order to maintain momentum on sustainable travel whilst local authorities prepare their proposals:

- £13 million for Links to Schools, Bike Club and walking to school initiatives;
- £1 million for Transport Direct cycle journey planner; and
- £250,000 to take forward business to business initiatives on alternatives to travel.

21. The Government wishes to support as many local transport authorities (and their partners) as possible through the Fund. It is anticipated that in many areas the proposed packages will encompass a range of small-scale measures ("small projects"). Most of the proposals supported by the Fund will be small projects requiring a contribution of up to £5 million in total over the period 2011-12 to 2014-15 and a mixture of revenue and capital support consistent with the funding profile set out in the table above.

22. For other areas, typically but not necessarily covering a broader geographical area, the proposed packages may be of a larger scale ("large projects") requiring a contribution from the Fund of over £5 million in total and up to an upper threshold of £50 million over the Fund period.

The Department expects to support a smaller number of large project proposals.

23. The Department recognises that local authorities will be at different levels of readiness to apply to the Fund. The process and timetable for handling bids to the Fund has therefore been designed to not only deal with bids coming forward of different complexity and scale but allow bids to come forward within different timeframes. The application process set out in a later section of this guidance explains the options available to authorities in submitting proposals to the Fund.

Assessment Criteria

24. The Fund is expected to support a range of different types of sustainable measures across different types of areas. Decisions on proposals will be taken on how far they meet the following assessment criteria.

25. The criteria for the Fund include the **policy objectives** that the package proposals are expected to meet. **Proposals must meet both of the following objectives** and assessments will be made of the extent to which bids deliver against each of the criteria:

- support the local economy and facilitate economic development, for example by reducing congestion, improving the reliability and predictability of journey times or enhancing access to employment and other essential services;
- reduce carbon emissions, for example by bringing about an increase in the volume and proportion of journeys made by low carbon, sustainable modes including walking and cycling.

26. Proposals which in addition meet some or all of the following objectives will be favourably considered in the assessment process:

- help to deliver wider social and economic benefits (e.g. accessibility and social inclusion) for the community;
- improve safety;
- bring about improvements to air quality and increased compliance with air quality standards, and wider environmental benefits such as noise reduction; and
- actively promote increased levels of physical activity and the health benefits this can be expected to deliver.

27. The criteria also cover the **value for money, deliverability and affordability** of package proposals. **Proposals must meet all of the following criteria** and the more a bid delivers against each criterion, the better its chances of success:

- represent good value for money and deliver additional benefits over and above those already planned in Local Transport Plans and/or funded from alternative sources;
- be financially sustainable with benefits enduring beyond the Fund period without further DfT support, with plans, where appropriate, for any guaranteed local authority and/or external funding support;
- incorporate a credible delivery plan with realistic milestones for progressing the different elements to completion on time and within budget;
- be affordable in relation to the overall funding available and the Government's wish to maximise the number of bids it can support;
- include a commitment to make a local contribution towards the overall costs. This might include relevant resources from the local authority's formula grant, European funding, funding from a health body, funding received as part of section 106 agreements or other development related funding, Lottery funding, contributions from transport operators or civil society or private sector organisations or other sources.

28. Proposals which also demonstrate the following characteristics will be favourably considered in the assessment process.

- have the support of a range of community interests; and
- incorporate plans for partnership working in the design and delivery of solutions with external bodies, which could include the private sector community and voluntary sector organisations and transport operators.

Meeting the Policy Objectives

29. Bids to the fund will need to set out the specific outputs that will have been delivered through the package measures by the end of the Fund period (i.e. 2014-15) and demonstrate how these outputs will meet the criteria set out in paragraphs 24 to 28 above. The assessment will consider how far the package proposals are mutually supporting and clearly demonstrate that their implementation will deliver economic, carbon and wider benefits over and above those already planned and/or funded from alternative sources.

30. The Department will consider in particular, in relation to the challenge of supporting economic growth, the strength of the evidence of the expected impacts on levels of congestion, average delays and variability in journey times and the outcomes on access to employment and services and attracting business investment. On reducing carbon emissions, the assessment will consider evidence of expected changes in overall vehicle mileage, carbon savings from improved traffic flow, average journey lengths and the number of trips by different modes.

31. The assessment will also take into account evidence of the package proposals delivering wider economic, safety, environmental and health benefits. This could be in the form of expected impacts in facilitating regeneration and business and housing growth; on levels of air quality, particularly in areas exceeding air quality standards; on levels of physical activity and the consequential effect on health and levels of obesity; and the number of people killed or injured in transport accidents.

Value for Money

32. Value for money will be a key consideration in the assessment process. The measures brought together in a bid package need to maximise the overall benefits and seek to identify all the positive and negative impacts.

33. Small project proposals seeking a contribution from the Fund of up to £5 million in total over the Fund period will not be required to provide a cost benefit analysis but will have to describe the likely impact of the scheme on transport users and the local community. Local authorities can draw on their own evidence or use the results from recent similar packages of measures implemented elsewhere to explain the impacts and benefits expected from their bid proposals. The application form contains a number of commonly used metrics (e.g. the number of trips per annum by different modes) which bidders can use to describe the impact of their proposals. It is open to authorities to use other or additional metrics to reflect the nature of their proposals.

34. DfT will assess the value for money of small projects using information submitted by bidders along with information held by the Department e.g. evidence on the health benefits of cycling. DfT will expect all proposals to offer good value for money. Consideration will be given both to the cost effectiveness of proposals (e.g. unit costs) and the likely overall scale of benefits and their deliverability.

35. For larger projects seeking a contribution of over £5million in total from the Fund, there will be a two stage assessment process. The first stage

will require bidders to submit initial proposals using the same application form as for small projects. The best performing proposals (assessed against all criteria) will then be invited to submit a business case. This will include an economic case developed in line with DfT's appraisal framework (currently NATA). In recognition of the likely varying size of proposals and the planned timescales for announcing successful bids, DfT will wish to apply a proportionate approach to appraisal. This will involve promoters working with the Department to identify the most significant impacts and focusing appraisal effort on these.

Financial Requirements

36. The Department wishes to see local commitment to the proposed package. All bids must therefore include a local financial contribution towards the overall costs of the measures put forward. Bids must identify whether the local contribution will come from local authority sources or external partners such as health authorities and the private sector, including transport operators. The greater the overall local contribution towards the costs and the more the contribution is from the private sector and other external organisations, the more positively the bid will be considered in the assessment process.

37. The proposals will need to explain how the measures will be viable and benefits maintained and sustained beyond the period of the Fund without further long term DfT financial support. Where the measures are not expected to become fully financially viable in the short term, the basis for provision to be sustained after the Fund period should be explained and the expected local authority and/or external sources of future funding support stated and quantified.

38. Payment of grant will be made quarterly in arrears. Claims will be made by submitting quarterly claim forms to the Department.

39. Responsibility for estimating and controlling all project costs lies entirely with the bidding authority or authorities. The Department will not consider any requests for increased funding.

Deliverability

40. Proposals must be able to demonstrate that they have a sound implementation strategy for delivering each component of the package.

41. Applications should detail how implementation will be managed within the local authority and clearly identify the roles, responsibilities and the level of involvement of any partnership bodies in the delivery process.

There should be a clear statement of senior level support from any partner organisations.

42. All applications should include a short summary of the key risks to delivery and planned measures for managing those risks.

43. Large projects (over £5 million) invited to submit full business cases may be asked to develop a delivery plan and/or risk register setting out how they will address the specific delivery issues and risks associated with their project.

44. All applications should also include output milestones, to measure progress towards delivery of the package components to time and budget over the period to be covered by the funding. These milestones should be measures that local authorities readily identify with in monitoring progress on a local transport project and the many strands within it. The Department will, in assessing proposals, consider how far the proposed milestones are both ambitious and realistic. In submitting grant claims to the Department, authorities will be expected to set out progress against relevant milestones and other key deliverables for that period.

Evaluation

45. The Department and local authorities have a shared interest in evaluating over time the effectiveness of the Fund and measuring post implementation the impact on economic growth and levels of carbon reduction and other benefits secured from different types of measures taken forward. For DfT, it will inform future funding decisions; for local authorities it will add to the evidence of which combination of measures are the most effective in specific circumstances and help them design better interventions in the future.

46. The Department will be carrying out this evaluation towards the end of the Fund period, but will require the support of local authorities from the outset in providing baseline and monitoring data relating to the specific transport challenges in their area; for example current measures of congestion problems, levels of air quality, volume and proportion of journeys by different modes and road accident data. This data should form part of the evidence base already available to local authorities and used to drive the development and delivery of their Local Transport Plans.

47. The Department will consult successful authorities in due course about the design of an evaluation framework to ensure it meets both DfT and local needs.

Application Process

48. The same application form should be used for bids for small projects and initial proposals for large project packages. Applicants should complete all sections of the form and this should be accompanied by any necessary supporting material.

49. All applications to the Fund will be assessed against the criteria set out in paragraphs 24 to 28 of this guidance. As part of the assessment process, DfT plans to seek the views of a small group of independent advisors with sustainable transport and relevant wider experience.

50. The application process provides for a number of bidding opportunities for local authorities according to whether the bid is for small and/or larger project packages. A chart illustrating the bidding opportunities and the indicative timetable for decisions on small and large projects can be found on the DfT website alongside this document.

51. In general, only one bid will be allowed for each transport authority. However, we are keen to encourage innovative and collaborative proposals coming forward and will therefore entertain additional collaborative bids in the following areas:

Joint Applications

52. In the case of an authority wishing to be part of a joint bid along the lines set out below and wishing to bid alone, the authority should discuss with the Department as soon as possible whether both applications will be eligible. The Department does not want to penalise those authorities who are willing to engage in programmes spanning a number of local authority areas.

53. Authorities may wish to submit a joint application with other authorities. This could take a number of forms:

- A joint application with a neighbouring authority, to cover a particular geographic area. For example a city, with a unitary authority, may wish to apply jointly with its surrounding county or a group of authorities may wish to bid together to reflect a travel to work area or a particular leisure or retail destination.

- One authority may wish to be the lead authority in a bid covering a large number of other authorities for an initiative that runs along similar lines in many places. For example, a programme aimed at encouraging children to walk to school, or to encourage job seekers to use public transport when they obtain a job, could be handled in this way, so that the same resources and approach were used in many authorities, and possibly that the programme had one manager, or management team, covering many different geographic areas. These areas could be adjacent, or could be in different parts of the country.
- Places of a similar type may wish to apply together if they feel their transport issues are similar – so there could be a market towns application, coordinated by a lead authority, or one that was aimed at a number of villages.

Applications relating to National Parks

54. Applications relating to National Parks must be led by the relevant transport authority. Bids could be taken forward by a single local transport authority or as a joint application in cases where National Parks span more than one authority. In all cases, bids should be endorsed and delivered in partnership with the National Park Authority.

Small Projects

55. Bids for small project packages seeking a contribution of up to £5 million in total over the Fund period should be comprehensive but should be no longer than 20 pages in total (including any further supporting material).

56. For those authorities wishing and able to make an early submission to the Fund, bids and supporting material should be submitted by 18th April 2011 (Tranche 1). DfT aims to announce the outcome of these bids by the end of June and to issue to successful bidders a conditional offer letter setting out the terms and conditions for Fund support for the agreed package of work.

57. For those authorities who do not expect to have a fully developed package proposal finalised by 18th April 2011, expressions of interest need to be submitted by 6th June 2011 for Tranche 2 of the Fund. This will enable the Department to ensure a fair and equitable distribution of funding across each of the bidding rounds. Expressions of interest should be made by completing sections A and B of the application form. Bids and supporting material would then need to be submitted by 24 February 2012 (Tranche 2). Decisions on these bids would be announced by May 2012 along with conditional offer letters to the

Large Projects

58. For large project proposals, seeking a contribution from the Fund of over £5 million in total and up to an upper threshold of £50 million over the Fund period, there will be a two stage assessment process with initial proposals submitted by 6th June 2011. Initial proposals should be submitted using the same application form and should also be no more than 20 pages long. DfT aims to announce by the end of July 2011 which large project bids have been shortlisted and invited to develop their business cases. The shortlisting of a large project proposal would not guarantee that the bid will be supported. Decisions on full package proposals would be announced by June 2012. DfT may fund bids wholly or in part where there are package elements which clearly demonstrate greater value for money.

59. For those authorities planning to submit a large project package and expecting by 18th April 2011 to have key components sufficiently developed as to be able to provide the value for money and other information identified in this guidance, it would be open to them to also submit by 18th April 2011 for early decision a bid for these components up to a maximum of £5 million over the Fund period. Bids for key components of large project package proposals will need to be justified in their own right and will be considered against the same assessment criteria as for all other bids to the Fund.

60. Final decisions on these key component bids would be announced by the end of June 2011. A successful key component bid would not guarantee that a full package bid to the Fund would be shortlisted for the development of a full business case or subsequently supported through the Fund.

Submission of Bids

61. Three hard copies of bids and supporting material should be submitted to:

LSTF bids
Department for Transport
3/27 Great Minster House
76 Marsham Street
London
SW1P 4DR

An electronic copy should also be submitted to lstf@dft.gsi.gov.uk

62. Local authorities should in submitting their bids to the Department also confirm where their proposals appear on their website.

Enquiries

63. If you have any questions about this guidance, including clarification on the information and appraisal requirements for bids to the Fund, please contact the following officials in the Department for Transport, based on the region in which your authority is based:

Richard Walker (North East,Yorkshire & Humberside)
RichardH.Walker@dft.gsi.gov.uk / Tel 020 7944 6106

Carl Sutcliffe (West Midlands, East Midlands, South West)
Carl.Sutcliffe@dft.gsi.gov.uk / Tel 020 7944 4683

Alan Irving (North West)
Alan.Irving@dft.gsi.gov.uk / Tel 020 7944 4878

Maureen Pullen (South East, East)
Maureen.Pullen@dft.gsi.gov.uk / 020 7944 8016

Or in writing to the address above.

64. The Department will be holding workshops for authorities interested in submitting applications. These workshops will be aimed at officers preparing applications. The dates and venues are as follows:

Cambridge – Monday 7 February 2011
Derby – Wednesday 9 February 2011
London – Thursday 10 February 2011
Bristol – Monday 14 February 2011
York – Thursday 17 February 2011

We expect that there will be a high demand for places, so we would ask local authorities to keep the number of staff they send to a minimum, and for each authority to only attend one workshop. More information about the workshops will be available shortly.

65. DfT will not be able to advise on the merits or otherwise of emerging proposals in the period up until submission of bids. For large project proposals to the Fund, further guidance on the appraisal process will be

made available to selected authorities invited to work up their business cases.

Department for Transport

January 2011