

<b>DECISION-MAKER:</b>	CABINET		
<b>SUBJECT:</b>	FUNDING FLEXIBILITIES FOR TRANSPORT INITIATIVES		
<b>DATE OF DECISION:</b>	18 JANUARY 2010		
<b>REPORT OF:</b>	CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT		
<b>AUTHOR:</b>	Name:	Frank Baxter	Tel: 023 80832079
	E-mail:	frank.baxter@southampton.gov.uk	

#### **STATEMENT OF CONFIDENTIALITY**

Not applicable.

#### **SUMMARY**

The report seeks approval to implement a new process that will allow greater funding flexibility for financing transport studies and initiatives. In order to do this Members are asked to approve the implementation of a funding swap between local transport plan capital funding with on street car parking revenue funding.

#### **RECOMMENDATIONS:**

- (i) To agree to the principle of swapping Local Transport Plan capital funding with On Street Car Parking Account revenue funding in order to fund transport studies and initiatives.
- (ii) To approve the addition to Environment and Transport Portfolio's revenue estimates of a Transport Initiatives Feasibility Study budget of up to £195,000 in 2009/10 and up to £500,000 in 2010/11, funded by contributions from the On Street Car Parking Account.

#### **REASONS FOR REPORT RECOMMENDATIONS**

1. Our current funding processes do not allow the council to undertake important transport initiatives using Local Transport Plan Capital Funding. Current practice for funding such work is not formalised or clearly defined. There is a need to identify revenue funding for such initiatives. The new processes being proposed in this report embrace the new project management process being implemented across the Council and will systematically test value for money before committing to a project. This will lead to a capital programme which is directly and demonstrably linked to our priorities as an authority.

#### **CONSULTATION**

- 2 Not applicable.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 3 To continue with the existing process of undertaking feasibility has been considered and rejected. This is because it does not allow the flexibility required to meet new challenges facing the city. In addition an audit review of funding feasibility studies questioned the existing mechanism for funding studies where no capital asset is likely to result.

## DETAIL

4. The City now faces new challenges. They include:
- the need to undertake large scale feasibility works in advance of major schemes
  - Local Transport Plan 3 guidance requires that local transport plans should have a minimum of three year capital programmes as opposed to annual
  - to implement the principles of the new capital programme management system, PM connect, into the management of the capital programme. This requires that certain procedures and scheme gateways are adhered to.
  - an internal audit of the transport feasibility and scheme selection process associated with the Local Transport Plan (LTP) has identified programme management deficiencies. The proposals in this report seek to address these deficiencies by formalising the approval process for studies and ensuring that there are records of the decision and need for a scheme.
5. To undertake proper feasibility studies to ensure cost-effective capital spend in future years, the 2009-2010 Capital Programme has been reduced in order to allow a capital to revenue swap. This has made £195,000 revenue funding potentially available for studies. It is also proposed that a similar swap of £500,000 take place in the 2010-2011.
6. The amount of the swap possible depends on the size of the respective programmes and income from on street parking. It will not always be possible or necessary to swap funding in every year. Therefore, the intention is to swap funding as the opportunity and the need arises.
7. The benefit of doing so are:
- Schemes will be better designed and more likely to achieve desired outcomes;
  - The City will be able to fund studies that do not have a capital asset at the end;
  - Contributions to fund revenue expenditure will be taken as and when required, up to the agreed amount, to give flexibility in the programming of work;
  - It will be possible to create revenue recourses for funding large schemes namely major scheme business cases such as the strategic access to Southampton study;
  - It will reduce pressures on future years budgets for funding major scheme work by allowing the financial impact of large year spends to

be spread over a number of years;

- The City will be able to resource revenue initiative like road safety campaigns, travel awareness and smarter travel towns from LTP funding rather than locally raised sources; and
- The council currently borrow funding in order to pay for car park infrastructure improvements. The use of LTP funding will reduce the councils borrowing requirement for car park infrastructure. This will lead to reduced interest rate payments and savings to the On Street Car Parking Account.

8. The swap will not necessarily result in reduced infrastructure on the ground as the proposed changes formalise a process which takes place informally at the moment. In addition, revenue funding can be spent on capital schemes if required.

### **Management of Feasibility Studies**

9. Most revenue feasibility studies will be under the delegated authority limit. Delegated authority powers will be used to authorise the addition of revenue budgets on a study by study basis. As a result Members will retain broad control of the overall scale and direction of the feasibility programme and priorities for studies but in a proportionate way to the level of the feasibility funding requirement.
10. The highways Capital Programme Board (chaired by the Director of Environment and attended by the Environment portfolio holder) meets on a monthly basis to manage the capital programme. It has ratified the setting up of a new board called the Feasibility Board. The feasibility board has no approval authority but is responsible for recommending to the Capital Programme Board what feasibility studies should be supported and which schemes should be recommended for approval.
11. The process means that the development of the programme and undertaking of studies will be compliant with the new project management toll to be implemented in all parts of the Council, called PM Connect. This will be used to access bids for feasibility funding against a number of policy agendas and LTP objectives and targets, deliverability and affordability considerations. It will also be possible to manage the feasibility studies in light of a longer term indicative programme so that priorities between schemes can be managed. The benefits of this approach include:
  - better and more targeted schemes being implemented;
  - the reduction in abortive or unnecessary development work;
  - a strategic overview of the programme and better investment decisions; and
  - a process by which bigger and more complex schemes can be developed.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

12. The 2009-2010 Capital Programme has been reduced in order to allow a capital to revenue swop. This has made £195,000 revenue funding potentially available for studies. It is also proposed that a similar swap of £500,000 take place in 2010-2011. The proposed capital to revenue swap will lead to increased funding flexibility and an improvement in the way funding for schemes is managed.
13. Capital schemes that were originally to be funded, directly or indirectly, by contributions from the On Street Car Parking Account revenue funding will now be funded from Local Transport Plan capital funding. These include Traffic Signals, Parking Information Signs and the Multi Storey Car Park Refurbishment Programme.

### **Revenue**

14. The On Street Car Park Account funding will now be used to create a Transport Feasibility Study budget within Environment and Transport Portfolio's revenue estimates of £195,000 in 2009/10 and £500,000 in 2010/11. As the total revenue activity exceeds £200,000, Financial Procedure Rules require that the increase in expenditure budgets is approved in a report to Cabinet. In future years, the level of revenue funding for feasibility studies will be determined, as part of the budget setting process.

### **Property**

15. The undertaking of feasibility studies will help to identify property issues associated with scheme at an early stage in the development process. This may help in reducing abortive work and in identifying deliverability issues for scheme earlier on in the development process allowing better decision making and more timely resolution of property issues.

### **Other**

16. None

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

17. Scheme feasibility studies are undertaken in accordance with a variety of statutory powers and duties. In each case, prior to undertaking the study, officers will be required to satisfy themselves that they have the legal power to undertake the study in question, whether under scheme specific Acts or s.2 Local Government Act 2000 subject to having prior regard to the provisions of the Council's Community Strategy.

### **Other Legal Implications:**

18. Funding originally derived from the On street parking account is subject to restrictions in relation to the use of any surplus. The use of any surplus is governed by Section 55 of the Road Traffic Regulation Act, 1984 which specifies that the surplus may be used for:-

- making good to the General Fund for any deficits incurred in the On-Street Parking Account during the previous four years; or
- meeting the cost of the provision and maintenance of off-street car parking in the Borough, or in another Local Authority. (In 2001 the Council Cabinet agreed that further off-street public parking could be considered unnecessary in the light of the funded proposal to build Seven Kings car park and the absence of any proposals for new parking facilities in the District Centres or the remainder of the Borough).

19. If, however, it is considered unnecessary or undesirable to provide further off-street parking in this area, the surplus may then be used to fund any of the following:-

- public passenger transport services;
- highway improvement works;
- highway maintenance; or
- the costs of anything that has the approval of the Mayor of London and which facilitates the implementation of the Mayor's transport strategy.

Any unspent surplus in the accounts has to be carried forward in the account or allocated to fund future spending projects. Any unspent project money has to be returned to the account.

#### **POLICY FRAMEWORK IMPLICATIONS**

20. There are no policy framework implications

#### **SUPPORTING DOCUMENTATION**

**Non-confidential appendices are in the Members' Rooms and can be accessed on-line**

#### **Appendices**

1.	None
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#### **Documents In Members' Rooms**

1.	None
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#### **Background Documents**

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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**Background documents available for inspection at:**

**KEY DECISION? YES**

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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