

CABINET MEMBER FOR HIGHWAYS AND TRANSPORT – CLLR R TONGE

HIGHWAYS AND TRANSPORT SERVICE

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REFERENCE: HT- 006-12

LOCAL SUSTAINABLE TRANSPORT FUND - BID APPLICATION

Purpose of Report

1. To seek approval for the submission of a bid to the Department for Transport's (DfT's) Local Sustainable Transport Fund (LSTF) to improve Wiltshire's rail offer.

Background

2. In January 2011, the Government issued a new White Paper on transport entitled 'Creating Growth, Cutting Carbon – Making Sustainable Local Transport Happen'. As part of this White Paper, the Government announced the new LSTF. Detailed guidance on the application process for the LSTF was issued by the DfT in February 2011. The overall purpose of the LSTF is "...to enable the delivery by local transport authorities of sustainable transport solutions that support economic growth while reducing carbon". Other key points of the guidance include the following:
 - £560 million available as resource (revenue) and capital funds over a four year period to March 2015.
 - Proposals which also deliver wider economic, social and environmental benefits (e.g. accessibility, safety, air quality and health) will be favourably considered.
 - Bids need to represent good value for money, be financially sustainable, demonstrate a credible delivery plan, be affordable, include a local contribution towards the overall costs and be locally supported.
 - Packages of complementary transport measures seen as most appropriate.
 - Two bid levels and two tranches.
 - Local transport authorities able to submit one sole bid, lead on one joint bid and partner a number of joint bids.
3. During March 2011, a number of stakeholders and other interested parties were asked for their suggestions for potential sole bids; these suggestions were presented to the Wiltshire Transport Alliance meeting on 14 April 2011. The Council's Cabinet then informally discussed the two best options at meetings in April and May prior to an expression of interest, 'Improving Wiltshire's Rail Offer', being submitted to the DfT on 6 June 2011 (available from <http://www.wiltshire.gov.uk/local-sustainable-transport-fund-expression-interest.pdf>).
4. As set out in the expression of interest, the bid package is proposed to have three main elements and a projected total cost of £5.75 million:
 - (i) Support for improved rail services on the Salisbury/Westbury to Swindon line.
 - (ii) Interchange improvements at Wiltshire's railway stations.
 - (iii) Supporting smarter choices measures.

Table 1: LSTF spending profile

£m	2011/12	2012/13	2013/14	2014/15	Total
Revenue funding bid	0.000	0.750	0.750	0.750	2.250
Capital funding bid	0.000	0.500	0.750	0.750	2.000
Local contribution	0.000	0.500	0.500	0.500	1.500
Total	0.000	1.750	2.000	2.000	5.750

Note: These figures are subject to change in the final bid application.

5. As shown in Table 1, the total amount of funding sought from the DfT is £4.250 million. The local contribution of £1.500 million is planned to be made up of a mixture of in-kind contributions (e.g. officers' time and support from local organisations), Local Transport Plan funding and developer contributions. In addition to the above, the Council purchased former railway land adjacent to Melksham station in 2009 at a cost of some £650,000.
6. During the summer the Council met with a number of organisations, including the DfT, to discuss the bid proposal. This resulted in the Council commissioning its term consultants, Mouchel, in November 2011 to develop the bid for submission by 24 February 2012.
7. In terms of joint bids in which Wiltshire was a participant, the tranche one bid, 'ITSO Smart Ticketing throughout all South West England' was successful and awarded funding by the DfT in June 2011. The tranche two joint bid, 'Sustainable Transport Solutions for England's two newest National Parks', being led by Hampshire County Council, will be submitted by 24 February 2012. It should be noted that the council has only committed in-kind officers' time to both these joint bids.

Main Considerations for the Council

8. Mouchel (in conjunction with The Railway Consultancy) have undertaken their work in two stages, with the first stage being made of three threads:
 - Stage 1 – Options assessment
 - Thread 1 – Rail service feasibility and costs
 - Thread 2 – Rail service demand forecasting
 - Thread 3 – Consideration of complementary measures
 - Stage 2 – Preferred option development

Rail Service Feasibility and Costs (Stage 1 - Thread 1)

9. In terms of operational planning, four key issues were considered by Mouchel:
 - Line capacity (particularly on the single-line section through Melksham).
 - Junction capacity (e.g. at Thingley Junction to the west of Chippenham).
 - Capacity of reversing points (e.g. at Salisbury).
 - Utilisation of resources (e.g. rolling stock and train crew).
10. In assessing these issues, Mouchel met with Network Rail and also made use of previous work undertaken by both The Railway Consultancy and Network Rail to ascertain available train paths on the Salisbury/Westbury to Swindon line.

11. Overall, while there are difficulties associated with operating a train service on the Salisbury/Westbury to Swindon line, many of these only become severe at train frequencies of one train per hour or more. In conclusion therefore, Mouchel found that:

“...whilst detailed planning will be necessary, there do not appear to be any ‘show-stoppers’ which may prevent the operation of an additional two-hourly rail service between Swindon and Salisbury”.

12. In order to establish a robust picture on train service feasibility and costs, First Great Western (the incumbent Greater Western franchisee), South West Trains (operator of train services from Salisbury to London, Exeter and Southampton) and GOCO (a potential open access operator between Westbury and Birmingham) were asked during December 2011 to submit expressions of interest in providing a two-hourly service between Salisbury/Westbury and Swindon. In the event, only First Great Western and GOCO submitted responses (it should be noted that these responses are indicative and confidential in nature; they are therefore subject to change by the respective companies and are not detailed in this report).
13. In January 2012, GOCO submitted their track access contract application to Network Rail and the Office of Rail Regulation for the running of a two-hourly service between Westbury and Birmingham (Moor Street).

Rail Service Demand Forecasting (Stage 1 - Thread 2)

14. There are two significant issues associated with forecasting the demand for an improved Salisbury/Westbury to Swindon train service. Firstly, the base data is relatively weak due to inconsistencies in historic ticket sales data. Secondly, the extent of the change to the train services is so large that normal forecasting procedures (which are based on marginal changes to services) are not ideal.
15. Nevertheless, the use of a variety of information enabled Mouchel to produce the following demand forecasting estimates for a Westbury to Swindon train service:
 - Low (short-term demand): 45,000 passengers per annum
 - Medium: 90,000 passengers per annum
 - High (long-term demand): 120,000 passengers per annum.
16. Based on the above, it is forecast that overall revenue cost would be between £220,000 and £600,000 per annum.

Consideration of Complementary Measures (Stage 1 - Thread 3)

17. The third thread of Mouchel's work involved assessing and determining which complementary measures (i.e. interchange improvements and smarter choices measures) would best fit with the objectives of the LSTF and the bid.
18. As a first step, an assessment was made of all Wiltshire's rail stations to identify those which should be the main focus for complementary measures:
 - Chippenham
 - Melksham
 - Salisbury
 - Trowbridge
 - Warminster
 - Westbury
19. Station audits were then undertaken at the above stations to identify key transport and access issues. To complement this audit work and other research, key stakeholders were invited to contact Mouchel to give their thoughts on transport and access issues connected with any of the rail stations in Wiltshire. The outputs from this issues identification process were then subject to a two stage options assessment which

ranked each option and then, for those selected options, provided commentary on indicative costs and deliverability timescales.

Conclusion to Stage 1 – Options Assessment

20. Due to the nature of the bid (as far as officers are aware, only one other LSTF bid includes a significant train service element) and the complications caused by GOCO's track access contract application and the ongoing Greater Western refranchising process, discussion with the DfT on the findings of Mouchel's rail focussed work was vital. This discussion took place on 13 January 2012. The outcome of this meeting, together with further information from First Great Western, led to the development of the bid as outlined below.

Preferred Option Development (Stage 2)

21. At the time of writing this report, officers are working with Mouchel to finalise the bid application for submission by 24 February 2012.
22. As per the expression of interest submitted in June 2011, the total value of the project and the bid to the DfT will be £5.750 million and £4.250 million respectively, the difference being made up with a local contribution of £1.500 million (see **Appendix 1**). In terms of the £4.250 million bid, this is split approximately 63% revenue and 37% capital which matches very closely with the DfT's overall LSTF funding split of 62.5% revenue and 37.5% capital.
23. The train service element of the project is based on a service between Westbury and Swindon of eight trains per day each way (approximately two-hourly). It should be noted, however, that given GOCO's track access contract application and the Greater Western refranchising process, the train service element of the project may be subject to change. The DfT acknowledges this and accepts that the Council will need to further engage with the DfT, Greater Western franchise bidders and/or GOCO if the bid is successful.
24. Significantly, as per a ministerial written statement by Theresa Villiers MP on 28 February 2011, the funding for the improved service would need to be locally sourced for three years before the DfT would consider incorporating it within the franchise (this approach, detailed in the 'Conditions Relating to the Funding of New or Enhanced Services Promoted by Local Bodies' was endorsed by the DfT at the meeting on 13 January 2012). As the most likely start date for the service is May 2013 (based on the timescale for the commencement of the new Greater Western franchise), local funding would therefore be required to support the service from the end of the LSTF period in March 2015 until April 2016.
25. To support the improved Westbury to Swindon service as well as other current train services, a variety of complementary measures are being proposed as part of the project including, in outline, the following:
 - Increased cycle parking and walking/cycling route improvements in and around Chippenham, Melksham, Salisbury, Trowbridge, Warminster and Westbury stations.
 - Support for bus service improvements: alterations to the Melksham town bus service to better serve the rail station; reintroduction of a Warminster rail station to Longleat bus service; and the extension of Amesbury to Salisbury buses to the rail station.
 - Parking improvements and the opening of a northern entrance at Melksham rail station.

- Implementation of a bus-rail interchange at the northern entrance of Salisbury rail station and traffic management measures in the vicinity of the station.
 - Introduction of a bike hire scheme and electric charging points at Chippenham, Salisbury and/or Trowbridge.
 - Better travel information (e.g. signage and real time information) and use of travel planning initiatives (e.g. marketing, station travel plans and personalised travel planning) at Chippenham, Melksham, Salisbury, Trowbridge, Warminster and Westbury to encourage a greater take up of sustainable transport modes (e.g. walking, cycling and public transport).
 - Limited funding pot for improvement measures at the smaller rail stations in Wiltshire.
26. While the rail service element of the project will require a one year subsidy beyond the LSTF period, the bus service improvements are expected to at least break even by March 2015 and therefore to require no ongoing Council subsidy. Where ongoing revenue support is required for other elements of the project, this is anticipated to be addressed through developer contributions.
27. Notification of the outcome of the bid is expected to be received from the DfT in May 2012. If the bid is successful, another report will be submitted to the Cabinet Member seeking formal approval to proceed with the project and agreement on the amount and most appropriate source of any Council funding required.

Environmental Impact of the Proposal

28. The bid application will detail the broad environmental impact of the project. If the bid is successful, it will provide additional funding to be invested in sustainable transport options which should help reduce carbon and air pollution emissions.

Equalities Impact of the Proposal

29. The bid application will detail the broad equalities impact of the project. If the bid is successful, it will provide additional funding to be invested in sustainable transport options which should increase the opportunity for those people without access to a car to travel to jobs and key services and facilities.

Risk Assessment

30. A summary of key delivery risks and planned measures for managing those risks is required to be included within the bid application.

Financial Implications

31. Approval of the bid by the DfT in May 2012 would secure up to £4.250 million of extra grant funding for investment in sustainable transport over the period to March 2015. This funding would be paid as resource and capital grant, one quarter in arrears on the basis of the expenditure profile set out in the bid application. There is no opportunity to carry forward any unspent funds into subsequent financial years.

32. It is proposed that the Council's commitment to the £1.500 million local contribution will be made up of £0.300 million of LTP capital funds and circa £0.100 million of revenue funding (made up of officer time to facilitate the development and delivery of the project). It is anticipated that the remaining part will be made up of developer contributions towards sustainable transport measures (secured through Section 106 legal agreements and the proposed Community Infrastructure Levy) and monetary and in-kind contributions from local stakeholders and partners.

33. The profiled split of the Council's £1.500 million contribution is set out below:

Funding Source	2012/13 (£m)	2013/14 (£m)	2014/15 (£m)	Total (£m)
LTP Capital	0.100	0.100	0.100	0.300
Revenue Funding	0.033	0.033	0.033	0.100
Developer Contributions	0.367	0.367	0.367	1.100
Total	0.500	0.500	0.500	1.500

34. The potential requirement of the LTP capital budget for the 3 year period has been built into the LTP Programme and will form part of the LTP Programme Annual Cabinet Member Report.

35. The revenue funding will be made up of "in kind" contributions of officer's time. The salary budgets for these officers have been built into the 2012/13 budgets and so this element will not be an additional cost requirement on budgets, it will be the diversion of officer's time from their day to day tasks onto the DfT bid.

36. The Developer Contributions have yet to be formally identified and agreed at the point of writing this report. Officers are confident that the £1.100 million will be able to be secured over the 3 year period through new and specific legal agreements for sustainable transport improvements on sites in Salisbury, Westbury, Warminster, Trowbridge, Melksham and Chippenham. Should it appear that the £1.1 million is not going to be achievable, considerations would have to be given to cutting elements of the scheme within the project. The situation regarding the securing of developer contributions represents a risk to the Council and would require regular updates should the bid be approved.

37. As set out in paragraph 24, locally sourced funding will be required to support the rail service from April 2015 to April 2016. As the incumbent franchise operator, First Great Western has provided a subsidy figure for 2015/16 of £159,000 (2011 prices). However, given the indicative nature of this figure, the fact that it is subject to the formal approval of First Great Western's board and the current uncertainties with regard to the train service element of the project (due to GOCO's current track access contract application and the ongoing Greater Western refranchising process), this subsidy amount may be subject to change. To restrict the Council's liability in these circumstances, the bid application will specify a cap on the Council's contribution to the rail service post March 2015 of £250,000. The source of the capped contribution has yet to be identified and should the bid be approved would require budget to be identified and earmarked for this purpose.

38. The LSTF bid application does not commit the Council to providing a contribution to the project. If the bid is successful, a further report will be submitted to the Cabinet Member seeking formal approval to proceed with the project and agreement on the amount and most appropriate source of any Council funding required.

Legal Implications

39. There are no legal implications as a direct result of this proposal. If the bid is successful, a further report, to include any legal implications, will be submitted to the Cabinet Member seeking formal approval to proceed with the project.

Options Considered

40. A number of stakeholder suggestions were considered prior to the submission of the expression of interest in June 2011. Following station audits, engagement with stakeholders and other research, Mouchel assessed a number of train service and complementary options prior to the development of a preferred bid option.
41. Failure to submit a full bid application by 24 February 2012 would not enable the Council and relevant local communities to benefit from a potential £4.25 million of Government grant funding.

Reason for Proposal

42. To gain approval for the submission of a bid application to the DfT's LSTF fund by the deadline of 24 February 2012.

Proposal

43. That the Cabinet Member for Highways and Transport:
- (i) Approves the submission of the Local Sustainable Transport Fund bid, 'Improving Wiltshire's Rail Offer', to the Department for Transport prior to the deadline of 24 February 2012, and delegates completion of the application form to the Service Director for Highways and Transport.
 - (ii) Notes that if the bid is successful, a further report will be submitted to the Cabinet Member seeking formal approval to proceed with the project and agreement on the amount and most appropriate source of any Council funding required.

The following unpublished documents have been relied on in the preparation of this Report:

'Development of Wiltshire Council's LST Bid – Threads 1 and 2 (rail services), Mouchel, January 2012

'Development of Wiltshire Council's LSTF Bid – Thread 3 (complementary measures)', Mouchel, January 2012