

Bath & North East Somerset Council

MEETING:	Planning, Transport and Environment Policy Development & Scrutiny Panel	
MEETING DATE:	26 th July 2011	EXECUTIVE FORWARD PLAN REFERENCE:
TITLE:	Bath Transport Package – Best & Final Bid to DfT <i>(This report is an amended version of the document issued to Council on 14th July 2011)</i>	
WARD:	Various	
List of attachments to this report:		

1 THE ISSUE

- 1.1 By the 9th September 2011 the Council has to submit a Best & Final Bid to DfT for the funding of the Bath Transport Package (BTP). The Council meeting on 14th July is the last opportunity to amend the transport policy to reflect what is likely to be included in the Best and Final Bid.
- 1.2 Following the Comprehensive Spending Review Department for Transport (DfT) have indicated that they wish to reduce costs, enhance value and improve deliverability of major transport schemes. DfT also wish to increase Local Authority contribution. In January DfT requested an 'expression of interest' from the Council for the Bath Package which proposed removing some parts of the package. Following recent Council elections further work has been undertaken to reduce the cost of the Package. This has resulted in the removal of the BRT and the A4 P&R from the BTP. The removal of these proposals are departures from the Council's existing transport policy as set out in the Joint Local Transport Plan.

2 RECOMMENDATION

The Cabinet agrees that the following elements of the BTP should not be included in the Best & Final Bid to DfT and that these changes to the BTP are recommended to Full Council on 14th July 2011:

- 2.1 The Bus Rapid Transit Segregated Route.
- 2.2 The A36 Lower Bristol Road Bus Lane.
- 2.3 The A4 London Road Lambridge Bus Lane.
- 2.4 New A4 Eastern P&R (1400 spaces), plus bus lane priority on the A4/A46 slip road.
- 2.5 And in addition reduce the size of the P&R expansion at Newbridge.

As a result the BTP would comprise of the following elements:

- 2.6 Upgrades to bus stop infrastructure on 9 service routes, including real time passenger information.
- 2.7 Expansion of Odd Down P&R by 250 spaces, of Lansdown P&R by 390 spaces and of Newbridge P&R by 250 spaces on a suitable alternative.
- 2.8 Variable Message signs on the main approaches to Bath, and within the city centre.
- 2.9 City centre works: High Street improvements and timed access restrictions (currently ongoing).
- 2.10 Works to support BWR including a bus rapid transit system serving the site.
- 2.11 As a result of the above the Cabinet agree to formally withdraw the CPOs agreed at its meeting on 3rd September 2008 and subsequently served to allow for the implementation of the BTP. The Cabinet agree and recommends to Full Council that the Council contribution towards the BTP would be no more £17.8m as set out in section 3 below. The schemes costs as recommended in this report have been reduced from £58.8m to £34.3m.
- 2.12 Cabinet agree and recommends to full Council that the final submission to DfT be approved by the Strategic Director Service Delivery and Chief Executive in consultation with the portfolio holder, the S151 officer and monitoring officer, and with a report back to cabinet only if necessary notably if there is a material change in the financial costs or scope of the scheme which go beyond the parameters set out in this report.
- 2.13 Cabinet recommend to full Council additional borrowing of £3M to fully finance the costs of the Council contribution of up to £17.8M with an additional annual revenue cost of approximately £190K which will need to be included in revenue budgets for future years following completion of the scheme.
- 2.14 Cabinet note the revenue reversion risk as set out in paragraph 3.3 and the potential need to fund the costs of project work on aspects of the scheme which are no longer going ahead from reserves with the appropriate financing to be dealt with in a later report to cabinet and Council as appropriate and if the need arises.

In addition the Cabinet agrees and recommends to Full Council to instruct officers to:

- 2.15 work on alternatives to Bathampton Meadows P&R, possibly involving rail, as part of our future Transport Strategy
- 2.16 work with the Highways Agency to improve signage on the A46 to direct more traffic to an extended Lansdown Park and Ride
- 2.17 talk to Wiltshire Council about measures to remove some of the through traffic along the London Road and other cross border transport issues
- 2.18 evaluate measures to remove HGVs from London Road - this 10% of traffic creates 40% of the pollution

- 2.19 examine how we can obtain substantial "modal shift" from the private car to rail in recognition of potential for rail expansion with the electrification of the GWR and the awarding of an extended rail franchise
- 2.20 evaluate options to address the problems caused by a lack of affordable home to school transport
- 2.21 consider measures to make the whole area much more cycle friendly - we have already secured Govt funding through the Regional Sustainable Transport Fund to link Batheaston to NCR 4 on the canal towpath, thereby taking many cyclists off the London Road and encouraging others to get out of their cars and cycle into Bath.

3. **FINANCIAL IMPLICATIONS**

- 3.1 In January this year the Council submitted an 'expression of interest' to DfT which indicated that we would be prepared to make a local contribution for the BTP of £17.8m and this was subsequently earmarked in Council budgets as part of the budget setting report 2011/12. The Council contribution is included at this level within the current approved Capital Budget (Hard Coded and Italics) and included the revenue implications of the borrowing costs which are estimated to be £657,000 per annum. There is one exception to this which is set out in paragraph 3.3 below. In submitting our Best & Final Bid later this year the Council needs to reconsider the amount of its own contribution in the light of the significantly reduced scope and cost of the project i.e. without the BRT and A4 P&R. The context also includes the substantially reduced levels of Government capital grants available since the last national Comprehensive spending Review together with the increase in the level of competition for the available monies. Further detail is set out in the report.
- 3.2 As is indicated above DfT have emphasised that the projects in the Development Pool are in a highly competitive process where DfT wants to fund as many schemes as they can but can only do so if Local Authorities maximise their contributions. At a meeting with the Leader and Don Foster MP, Norman Baker Parliamentary Under Secretary of State for Transport, indicated his expectation that the local funding contribution to be committed in the Best & Final Bid would match the figure already stated in the Expression of Interest i.e. £17.8m. It is for the Council to decide what contribution to offer to DfT and given the reduced scope of the project (and net reduction in cost to DfT) a reduced Council contribution of less than £17.8m might be acceptable however this would appear to increase the risk of DfT rejecting the funding bid.
- 3.3 In the event of DfT not approving the scheme there would be a potential revenue reversion risk of commitments to date of up to £6.5m. This is a worst case scenario. There is a revenue reversion risk of up to £3.8m due to the deletion of the A4 P&R and the BRT (£1.3m & £2.5m respectively). Any revenue reversion would immediately fall as a charge to the Council's general fund balances which would then have to be repaid, if not financed through alternative means, from the annual Council budget over a period of not more than three years.
- 3.4 The scheme previously included a self financing element in respect of the new park and ride. The exclusion of this from the scheme to be submitted to the DfT means that there is less revenue available to support borrowing costs. The net impact of this is that £3M of capital expenditure requires additional revenue support in the region of £190K per annum based on a Council contribution of £17.8M.

3 CORPORATE PRIORITIES

- *Promoting the independence of older people*
- *Improving life chances of disadvantaged teenagers and young people*
- *Sustainable growth*
- *Improving the availability of Affordable Housing*
- *Addressing the causes and effects of Climate Change*
- *Improving transport and the public realm*

4 THE REPORT

- 4.1 Following the comprehensive spending review DfT confirmed that they wished to continue to fund the BTP by placing it within a 'Development Pool' with other projects. The number of projects was significantly increased earlier this year following submission of Expressions of Interests. (There is about £1bn available with all scheme costs in the pool totalling £1.5bn). There will be no other source of capital funding for Transport Improvements of this scale until the next Comprehensive Spending Review commencing 2015/16. Key to obtaining DfT approval will be the affordability of the project, its appraisal (value for money) and deliverability. Finally DfT have emphasised the competitive nature of this bidding round and are seeking to reduce the size of their contribution by increasing other sources particularly from Local Authorities.
- 4.2 The first stage of this review culminated in the Expression of Interest to DfT in January 2011. This excluded the A36 Bus Lane and Lambridge Bus lane from the BTP. The costs of these elements outweigh the benefits they deliver, and their removal will improve the benefit cost ratio for the remaining BTP. The A36 Bus Lane is a part of a long standing improvement line, which it is recommended we continue to protect through planning policy, and can be implemented in the future should resources allow. The Lambridge Bus lane was particularly expensive (£1.2m for 190 metres) due to diversion of statutory services and the need to build an extension to the Lambrook Culvert. While the loss of this small bus lane is regrettable it is not considered justifiable in the current financial climate.
- 4.3 **BRT:** DfT have continued to challenge all elements of schemes especially when they are particularly expensive. The new administration has indicated their wish to delete the BRT from the BTP. The removal of the BRT segregated route which was subject to most objections would greatly improve the deliverability of the reduced BTP, a key DfT criteria. It would also reduce the cost of the project significantly. As a result the P&R service would have to continue to use the existing route along the Newbridge Road. This would reduce the reliability of this service and increase journey times as traffic levels increase. However DfT have now published new forecasts on which projects in the Development Pool will have to be modelled. This indicates that traffic levels will not grow as fast as previously predicted (as a result of the current economic downturn) and the running the P&R on Newbridge Road would not adversely impact on the benefit cost ratio for the BTP as a whole.
- 4.4 **Newbridge P&R expansion:** The original BTP proposed that Newbridge P&R should be doubled in size from 500 to 1,000 spaces. Last year an application to register some of the land on which this expansion would take place as a Town and Village Green (TVG) was made. The Inspector's report into this informal hearing is expected to be published soon and will then be considered by the Council's Public

Rights of Way Committee. If this land is registered as a TVG it will prevent the implementation of the full expansion of the P&R. However as indicated above in paragraph 4.3 growth forecasts have been revised by DfT and a smaller expansion of the Newbridge P&R (less than the original 500 new spaces) would meet the likely demand in the short to medium term. The original expansion of Newbridge P&R also included a new traffic signal controlling access to and from the site. This required acquisition of a small parcel of land. However, should a negotiated settlement not be reached, a slight modification to the scheme design would allow implementation without acquisition of 3rd party land, and without material affect to operations or scheme benefits. It is recommended that this element is retained within the bid, on the assumption that CPO is not pursued for its delivery.

- 4.5 **A4 P&R site:** The site was selected after a thorough review of the alternatives and remains a deliverable location for this much needed facility. The new administration has indicated their wish to delete this element from the BTP. Its deletion from the BTP at this time might raise questions from DfT (and others) on the Council's core strategy for delivering economic and housing growth on key brown field sites in the city itself. There is a risk that DfT might, as a result, not fund the remaining elements of the project. However, given the relatively small amount of DfT funding required for the remaining elements, if the facility is not included, in our bid we might still be successful in December. Alternative P&R sites are being considered but it is not possible to include a credible or deliverable option within the bid in the very short timescale remaining.
- 4.6 **Bus Lane A4/A46 roundabout:** in the absence of the A4 P&R it is not clear that the bus lane on the A4/A46 roundabout can be justified as a stand alone proposal and it is not recommended to be included in the package.
- 4.7 **Third Party contributions:** The BTP assumed 2 sources of local contributions firstly £2.2m from BWR and secondly £2.9m from the P&R operator by way of new buses. We will still need the contribution from Crest Nicholson to help provide a public transport solution to the development of this key site to reduce its impact on the local road network. The alternative transport interventions will need to be agreed with Crest Nicholson to secure these funds.
- 4.8 The contribution by way of new buses may now need to be reviewed. The reduction in the growth in the number of P&R spaces from 2,400 to 870 as now proposed may not allow this element of the project to be delivered. In addition there were a number of improvements to the highway proposed particularly in the city centre to assist in implementing the cross city P&R service which we need to review in developing our Best & Final Bid to DfT. This may further reduce the cost of the project.
- 4.9 **Deliverability and timescale:** The recommendations set out above presents an opportunity to implement the BTP **without the need for CPO or public inquiry**. This not only allows the BTP to be offered to DfT as a project 'ready to go' for which full approval could be given it but it would also significantly reduce costs to the Council by avoiding direct costs of CPO and inquiry, and the inflationary cost of delaying construction. The cost of the CPOs themselves would be avoided and earlier delivery would also avoid risks from inflation. These costs are estimated at £1.5m for a medium delay, excluding the baseline costs of construction.

5 RISK MANAGEMENT

- 5.1 DfT have made clear that they cannot afford all the projects within their Development Pool and that Local Authorities are in a competition for a limited amount of funding. Key criteria for DfT are the deliverability of the project, its benefit cost ratio and its affordability. The project has been significantly reduced in scope to comply with these criteria but there remains a risk that the project has changed to such an extent that it may not attract DfT funding.
- 5.2 As mentioned in paragraph 5.5 above we are reviewing the options for a new P&R to the east of the city. Sites have been considered in the past and one of the major constraints on locating a P&R further from the city is that operating cost will rise while patronage will fall, reducing revenues. In any event the development of a new P&R would need to be funded by the Council, without DfT support, as we cannot identify a deliverable site for this bid other than the previously approved site on the A4. In addition we would need to seek further planning permission(s) and acquire any such site.

6 EQUALITIES

- 6.1 We have provided to DfT an assessment of the Social and Distributional Impact of the proposed BTP albeit with the A4 P&R included. This gives an assessment of the impact on the package on low income and/or vulnerable groups. We will have to review this assessment when submitting our Best & Final Bid to DfT in September.
- 6.2 The initial assessment showed that the BTP will continue to provide improved access to the city for those on low incomes by improvements to the bus network. The expansion of P&R sites will improve access from rural areas to the city and its facilities.

7 RATIONALE

- 7.1 The transport problems faced by the City of Bath are well known. The Council has for many years implemented a policy of reducing traffic entering the city by providing P&R facilities while reducing the availability of parking in the city itself. The BTP, albeit in its reduced form, will continue this successful policy by expanding P&R facilities which are often at capacity. In addition the development of Showcase Bus routes as part of the package will continue to develop a high quality public transport network within the city.

8 OTHER OPTIONS CONSIDERED

- 8.1 The major option currently available to the Council is to retain the A4 P&R and associated bus lane within the BTP. The inclusion of this element would bring additional P&R capacity back up to over 2,200 for the city as a whole allowing projected demand to be met. These elements can be delivered without CPO or other statutory procedures. This would significantly reduce the amount of traffic entering the city from the east along an existing heavily congested corridor. It would also allow more city centre car parks to be redeveloped as part of the Council's core strategy. Removing the A4 P&R proposal reduces the cost of the project by £5.5m.

9 CONSULTATION

9.1 Cabinet members; Section 151 Finance Officer; Chief Executive; Monitoring Officer

9.2 The BTP has been the subject of considerable consultation over the last 3 years or more since DfT gave it initial approval in October 2007. Detailed discussions have been undertaken in developing the bid since the elections in May with Cabinet members. An informal workshop was held in June to discuss options taking the project forward.

10 ISSUES TO CONSIDER IN REACHING THE DECISION

10.1 Resources; Property;

11 ADVICE SOUGHT

11.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	Peter Dawson x 5181
Sponsoring Cabinet Member	Councillor Symonds
Background papers	<ul style="list-style-type: none">• Major Scheme Business Case (MSBC) for BTP• Council approval March 2006 for submission of (MSBC)• Planning approvals & supporting documents• Expression of Interest• JLTP2 & 3
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