
Report to
Cabinet

18 October 2005

Report of
Chief Executive

Title
Transport Innovation Fund Submission

1 Purpose of the Report

Further to the West Midlands Local Transport Plan commitment to investigate demand management, the Government have invited local authorities to bid for the new Transport Innovation Fund, TIF. This report seeks endorsement of the West Midlands Transport Innovation Fund submission to the Government, submitted in conjunction with the other West Midlands Metropolitan Authorities.

2 Recommendations

The Cabinet are asked to:

Approves the Transport Innovation Fund submission of the West Midlands Metropolitan Authorities(appended to this report), as agreed by the West Midlands Joint Committee on 7 October 2005

3 Information/Background

- 3.1 The Government has established a Transport Innovation Fund (TIF) to give incentives to develop and deploy smarter, innovative, local and regional transport strategies. Funding has been earmarked by the Department for Transport to support initial scheme development by local transport authorities. In July 2005, City Council agreed to the West Midlands Local Transport Plan containing a specific section on congestion (reproduced in Appendix A). The West Midlands Local Authorities have combined to develop a submission for this initial funding. The focus of the submission is to undertake a Feasibility Study to assess future levels of congestion and examine a range of solutions, including public transport improvements and investigations into road pricing.
- 3.2 “The Future of Transport” White Paper (July 2004) set out the Government’s intention to establish a Transport Innovation Fund (TIF) to give incentives to develop and deploy smarter, innovative, local and regional transport strategies. Money from the TIF will become available from 2008/09. The resources available through the Fund will be subject to such pressures as may emerge in other areas of transport spending over time. However, over the period covered by the Department for Transport’s (DfT) long-term funding

guideline, the Fund is forecast to grow from £290 million in 2008/09 to over £2 billion by 2014/15.

- 3.3 As a precursor to the TIF, the DfT has earmarked £18 million during the period 2005/06 to 2007/08 to support initial proposal development by local transport authorities. Bids for funding to support this work have to be made by 7 October 2005, with a decision from the DfT as to who has been successful expected in November 2005. The TIF offers an opportunity to bid for pump priming funding to undertake an initial feasibility study.
- 3.4 The provisional West Midlands Local Transport Plan submitted in July 2005, stated that “The West Midlands deserves a world-class transport system that meets the needs of local people and that reflects the significance of our position at the heart of the country. Ignoring congestion is not an option if the West Midlands is to stay competitive and see jobs and housing grow. It is time to start looking longer term at all the potential solutions to our traffic problems.”

4 Proposal and Other Option(s) to be Considered

- 4.1 Following on from the LTP, the West Midlands Metropolitan Authorities and the West Midlands Passenger Transport Authority have combined to prepare and present a submission (Appendix B) for funding from the Transport Innovation Fund to the Government, by the 7th October deadline. The focus of the bid is to undertake a Feasibility Study to assess future levels of congestion and analyse a range of comprehensive options, including flexible road pricing and necessary public transport measures. This means we must manage the demand for travel in a way that supports the increased levels of activity that successful regeneration will bring. TIF is a shared initiative over a number of years, requiring close work with the Government. At each stage of work we will take stock, discuss and consult and ensure we are clear about implications before proceeding to further stages. We will be proactive about engaging with politicians, stakeholders and the public alike to improve the profile of these issues.
- 4.2 The bid refers to funding for the first phase of the feasibility study with a proportion of this to be funded locally via the Passenger Transport Authority. Government guidance requires that bidding authorities find 50% of total feasibility study costs. Total study costs are expected to be between £1m to £1.2m. This could mean a West Midlands “local contribution” of up to £0.6m.
- 4.3 Leaders of the seven West Midlands authorities are clear that no innovative proposals for demand management could move forward without both a clear understanding of the implications of any proposals and significant support for West Midlands public transport initiatives from the DfT. Continued negotiations on these issues with DfT will follow the submission of the bid. The West Midlands has already ruled out a London-style congestion charge which is a flat-rate (£8/weekday) charge for drivers to enter the London’s city centre. We will be investigating whether there are other possible measures to tackle congestion, including road pricing, which would work in the West Midlands.
- 4.4 The 2005 Provisional LTP identifies that there are a range of approaches to demand management and sets out some conditions that would need to be satisfied before any form of road pricing could be considered. These are:
 - Any schemes must improve and not detract from the region’s competitiveness.
 - Appropriate transport alternatives must be significantly funded and coming on stream to provide choice.

- The factors affecting the conurbation's ability to deliver quality bus services must be addressed
- There must be discussions about possible ways of hypothecating of revenues for reinvestment in transport in the WM.
- The innovation and knowledge base of the West Midlands should be fully utilised in taking any initiatives forward.

The Provisional LTP also identifies that any solutions must:

- Take account of any national road pricing scheme(s), given the West Midlands proximity to key motorways and its place at the heart of the country's road network.
- Be integrated with the overall transport strategy for the conurbation.
- Be consistent with the conurbation's economic growth, regeneration and social inclusion strategies and align with regional transport strategies.

- 4.5 The Feasibility Study will be overseen by Leaders, the PTA and the West Midlands Planning and Transportation Sub-Committee, supported by Chief Executives. Stakeholder and public debate on tackling congestion is seen as a vital part of the process.
- 4.6 The Government has made clear that the Transport Innovation Fund is the only source of significant additional transport funding over the next ten years or so and a successful bid appears the only way of being eligible for a share of this funding.

5 Other specific implications

5.1

| | Implications (See below) | No Implications |
|---|-------------------------------------|----------------------------|
| Area Co-ordination | | ✓ |
| Best Value | ✓ | |
| Children and Young People | | ✓ |
| Comparable Benchmark Data | | ✓ |
| Corporate Parenting | | ✓ |
| Coventry Community Plan | ✓ | |
| Crime and Disorder | | ✓ |
| Equal Opportunities | | ✓ |
| Finance | ✓ | |
| Health and Safety | | ✓ |
| Human Resources | | ✓ |
| Human Rights Act | | ✓ |
| Impact on Partner Organisations | | ✓ |
| Information and Communications Technology | | ✓ |
| Legal Implications | | |

| | Implications (See below) | No Implications |
|---|-------------------------------------|----------------------------|
| Property Implications | | ✓ |
| Race Equality Scheme | | ✓ |
| Risk Management | | ✓ |
| Sustainable Development | ✓ | |
| Trade Union Consultation | | ✓ |
| Voluntary Sector – The Coventry Compact | | ✓ |

5.2 **Best Value**

Any proposals taken forward following any feasibility study would need to take into consideration best value principles.

5.3 **Coventry Community Plan**

The Coventry Community Plan has transport as one of its key themes.

5.4 **Financial Implications**

Government Guidance requires that bidding authorities find 50% of initial proposal development costs. For the total Feasibility Study costs, of between £1m and £1.2m, this could be up to £600,000. It has been provisionally proposed, subject to formal agreement, that the costs of the Feasibility Study will be met from Passenger Transport Authority finances, and therefore represents no call on Birmingham City Council resources. Approval of the West Midlands Transport Innovation Fund submission entails no commitment to future spend without further approval/evaluation of the Feasibility Study.

5.5 **Main Risk Management and Equality Impact Assessment Issues (if any):**

The Feasibility Study will be overseen by Leaders from the West Midlands Metropolitan Authorities, supported by the Chief Executives.

5.6 **Sustainable Development**

Tackling congestion is an important part of achieving sustainable development.

6 **Timescale and expected outcomes**

6.1 If the bid is successful there are likely to be continued discussions with the Department of Transport about the approach to the study.

We are expecting some revenue from Government before Christmas 2005.

| | Yes | No |
|---|-----|----|
| Key Decision | √ | |
| Scrutiny Consideration (if yes, which Scrutiny meeting and date) | | √ |
| Council Consideration (if yes, date of Council meeting) | | √ |

List of background papers

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Papers open to Public Inspection

Description of paper

Location

WEST MIDLANDS METROPOLITAN AUTHORITIES
TRANSPORT INNOVATION FUND BID

1 BACKGROUND AND SUMMARY OVERVIEW

The transport infrastructure of the West Midlands needs to support the ongoing successful regeneration of the metropolitan area. The growth and development of the West Midlands and UK economy will be damaged if we do not tackle the growing congestion we face. This will also impact on the wider region – not just the metropolitan area. This means we must manage the demand for travel in a way that supports the increased levels of activity that successful regeneration will bring.

The 2005 Provisional LTP identifies that there are a range of approaches to demand management and sets out some conditions that would need to be satisfied before any form of road pricing could be considered. These are:

- Any schemes must improve and not detract from the region's competitiveness.
- Appropriate transport alternatives must be significantly funded and coming on stream to provide choice.
- There must be discussions about possible ways of hypothecating of revenues for reinvestment in transport in the WM.
- The innovation and knowledge base of the West Midlands should be fully utilised in taking any initiatives forward.

The Provisional LTP also identifies that any solutions must:

- Take account of any national road pricing scheme(s), given the West Midlands proximity to key motorways and its place at the heart of the country's road network.
- Be responsive to local conditions in the conurbation both in terms of location and time of day.
- Be integrated with the overall transport strategy for the conurbation.
- Be consistent with the conurbation's economic growth, regeneration and social inclusion strategies and align with regional transport strategies.
(Source: WM LTP 2005)

Congestion is recognised as a serious problem in the area. In July 2005 local surveys showed that drivers rate congestion as the second most important issue – after crime, but ahead of health, education, housing etc., and a further household survey in 2001 identified that 64% of all travellers identified congestion as the most major transport issue. Work undertaken for the 2005 Provisional LTP has estimated that traffic levels are likely to rise by 15% between 2001 and 2011 and peak hour travel times could increase by 25%-35% within this period. This will clearly have an impact on the economic, environmental and social well being of the area.

Following the Government's announcements in July it is recognised that the projected funding levels for the LTP Integrated Transport Block grant and the Regional allocation for major schemes fall significantly short of what is required to support the transport need of the area. Hence the West Midlands District Authorities recognise the need to seek additional capital funds to tackle congestion through the Transport Innovation Fund or through funds that could be generated and/or hypothecated through some form of road pricing.

The Local Authorities have already identified key transport infrastructure projects, which they believe are required to support the economic regeneration of the conurbation and support the adopted spatial strategy of the region. Such projects include the development of the Metro network, the redevelopment of New Street Station and enhancements to the stations at Wolverhampton and Coventry, improvements in access to Birmingham International Airport including additional motorway capacity.

Conurbation authorities are keen to take forward a partnership with the Department for Transport to take advantage of the opportunity that TIF provides. As part of the TIF bid, West Midland Authorities are committed to a bold transport strategy that confronts the challenge of congestion and underpins the region's ambitious strategy for growth and would include, amongst a range of measures, investigating the role of flexible road user charging, (including costs and benefits).

Specifically, the TIF bid proposes an in-depth feasibility study, which will identify current and predicted levels of traffic congestion within the conurbation and examine a comprehensive range of options for tackling this. The study will include exploration of the potential for undertaking pilot project(s) in the West Midlands to examine the longer-term option of flexible road pricing and to investigate complementary transport measures. The feasibility study will combine technical work with continued consensus building - we will be proactive in engaging with politicians, stakeholders and the public alike, at the appropriate time - within the conurbation.

2 THE APPROACH

The objective of this TIF bid is to address the negative effects of congestion and to investigate and identify more effective ways of tackling congestion which will bring economic, environmental, social benefits to the region.

In considering congestion the West Midlands Authorities recognise that:

- There are no quick fixes
- Focussed and sustained attention is required in order to tackle it
- This will need to take place over a long period of time
- It requires close working with Government and Government support for what West Midlands is seeking to achieve
- TIF is a staged initiative over a number of years. Work in the West Midlands will look at the way we think about and tackle congestion. It will produce a new transport strategy for the period beyond 2011 and the current LTP programme.
- At each stage of work we will take stock, discuss and consult and ensure we are clear about implications before proceeding to further stages. We will be proactive about engaging with politicians, stakeholders and the public alike to improve the profile of these issues.

FINAL BID DOCUMENT – 7 OCTOBER 2005

- During the conduct of this work transport improvements will continue to be implemented. The Local Transport Plan submitted provisionally in July will be in its final form by March 2006 and will provide the basis for further transport investment.

3 THE FIRST STAGE

The brief attached to this outline sets out the work and assumptions that would be fed into the first phase of the overall project. It is envisaged that the work associated with this phase would largely be undertaken in the period November 2005 to June 2006. It has been estimated that the cost of this work would be £1.2m. Of this sum the Authorities would be prepared to contribute 50% as set out in the brief.

4 CONCLUSION

The seven West Midlands Metropolitan Authorities, Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall, and Wolverhampton, and the West Midlands Passenger Transport Authority have been working closely on transport developments for the last three years. We have worked closely with the Department for Transport to ensure that our regional objectives are in line with those of national government. This bid reflects our desire to have measured, considered and effective management of congestion which maximise the economic and environmental benefit to the region and the country as a whole.

**WEST MIDLANDS METROPOLITAN AREA
Transport Innovation Fund**

BRIEF

Phase 1 - CONGESTION WEST MIDLAND PILOT FEASIBILITY STUDY

For the sake of clarity this outline technical brief relates to the undertaking of a 'Feasibility Study' in the period September 2005 to June 2006.

1 OBJECTIVE OF FEASIBILITY STUDY September 2005 to June 2006

To identify current and predicted future levels of traffic congestion within the conurbation and to examine a comprehensive range of options for tackling the problem. This will include the potential for undertaking a West Midland pilot project(s) to examine the longer-term option of developing some form of flexible road pricing mechanism to assist in the management of traffic demand across the whole of the West Midlands Metropolitan area.

2 KEY ASSUMPTIONS

It is proposed to apply to DfT for 'TIF funding' to support an initial feasibility study which would be completed by June 2006. The likely costs of this would be £1.2m as set out in section 7 of this bid This might then lead to a further bid to support a West Midland pilot study in the initial round of TIF Funding during the autumn of 2006. At this stage it is difficult to estimate the costs of this phase but, depending on the shape of the second phase, this could be £3m.

The Feasibility Study proposal has been put together on the basis of the following key assumptions:

- The Study would adhere to the initial pre-conditions for further work as set out in the Provisional LTP
- The feasibility study is to examine all practical forms of demand management – road pricing to be one mechanism within it
- The feasibility study would be designed to develop a range of options rather than one preferred strategy, potentially applying different approaches to different areas to reflect local problems
- Initial participation of the public in any initial West Midland trial road pricing initiatives that may emerge would be voluntary
- Schemes should aim to be self-financing and provide good value for money of the West Midlands. Any charge must not be seen as additional taxation and there must be a clear link between any surplus funds created (after operating costs) and reinvestment into the transport infrastructure.
- There must be a commitment from DfT to support enhanced public transport provision as part of any West Midland pilot, particularly the required improvements to public transport quality and capacity
- DfT would provide "Fast track" decisions in respect of proposed transport infrastructure investment within the area where such measures are specifically aimed at reducing congestion.
- The feasibility study would be undertaken in close and open partnership between, the individual West Midlands Metropolitan districts represented by the West

- Midlands Leaders Group, PTA/Centro, the Highways Agency and the Department for Transport.
- Any options agreed to be carried forward into any West Midland pilot study are likely to require long-term partnership arrangements between the West Midlands Metropolitan Districts, the PTA /Centro, transport operators, other authorities in the West Midlands Region, the Highways Agency and the Department for Transport.

3 KEY ISSUES

The key issues to be explored, initially in Phase I are as follows:

1. To have a clear understanding of current and future congestion levels and to develop the philosophy, principles and locations of any West Midland pilot demand management study, including how trials would be complementary to other transport investments and local and regional strategies.
2. The development of demand management strategies considering all possible options
3. Approaches to securing public and 'stakeholder "buy in" through information, consultation and involvement
4. The technical feasibility of reliable "black box" satellite navigation or other technological developments, and the associated highway technology to control any form of road pricing together with consideration of "back room" and enforcement processes
5. Administrative responsibility and arrangements for incentives in relation to road tax, insurance, and any other financial incentives; legislative changes and exploring opportunities for local sourcing of research, technology and employment creation.
6. Defining the "supporting measures" that would need to be developed in parallel to ensure that realistic travel choices were available, particularly bus based solutions
7. Impact assessments on local and regional economies particularly the competitiveness of our area and also allied impact outcomes including environment, health and social equity
8. The forward planning and timing of any arrangements associated with a full West Midland pilot study and of a national scheme

This task list is defined in more detail in the next section with a sub section relating to each element of the feasibility study. The final report of the feasibility study needs to identify solutions to any problems raised in any of these areas, for discussion by the Department for Transport and the seven Metropolitan District Councils, PTA/Centro in the West Midlands

4 DETAILED STUDY REQUIREMENTS

(In the subsequent sections the main text outlines the objectives of each element whilst the sections in italic provide further technical ideas and comments together with a first indication of how the work would be procured and what the costs might be. Essential to the success of the overall study will be a detailed plan with milestones setting out the

integration stages of the different streams of work. This process will be the role of the project manager, described later in this document.)

4.1 Planning, Principles And Locations

This section of the study is the most significant and will be the basis for a number of the other elements. It needs to explore:

- current and forecast levels of congestion by time, location and vehicle type including local highways and the trunk road and motorway network
- the range of principles which could be applied to the West Midlands metropolitan area in terms of congestion management e.g. application to bottlenecks at peak travel times, motorway congestion, key location related blockages, corridors, areas etc
- mapping of possible locations with assessment of possible impact not only on those roads immediately affected but surrounding knock-on effects, possible "rat-runs" etc.
- likely traffic and modal shift impact of a range of options
- analysis of overall strategy

This sub project would involve the use of PRISM transport model which already has the range of data bases and transport modelling techniques which would be needed to take this sub project forward. As it stands the model has the capability to consider different cost equations although insufficient calibration of the deterrence parameters have been undertaken to assess their accuracy with any confidence. (For instance it is likely that different income groups would respond differently to the same price and there may be a different impact between a charge which has to be paid each time travel is made – such as a Toll Charge – to the impact of a charge which is paid by monthly direct debit. The inclusion of the M6 Toll and its recent changes in the price structure could provide a base from which further analysis could be undertaken. Additionally some form of stated preference surveys may be required. For instance it is not clear whether the impact of travel decisions of making a daily payment – such as the London system, would be the same as a having a charging system in the car that levied a direct debit cost on a monthly basis.

Implications for modal shift are important in terms of provision of adequate public transport capacity. Additionally there is work to be undertaken to develop a 'peak spreading' sub model which is already programmed for this autumn which already has an agreed budget of £100k. (As traffic congestion rises traveller's first option is to slightly change their travel times and hence there is a tendency for peak traffic conditions to spread over a longer period)

Mott MacDonald, who operates PRISM on behalf of the West Midlands and the Highways Agency also has direct access to ITIS travel time data through out the whole of the conurbation. This would enable travel speeds be assessed by time of day and also variations in speeds could be measured as a proxy for disturbance and delays. Motts also holds the conurbation's traffic flow database.

PRISM would be utilised to test alternative strategies and their impact on the level of congestion on both the local and trunk road both at a West Midland pilot stage

and in any fully adopted approach. This work will be an expansion of the work that is already being undertaken to support the submission of the provisional and final LTP.

Process

It is likely that this sub project would use the PRISM model and be undertaken by Mott MacDonald (in partnership with Atkins and Faber Maunsell who also provide resources to the joint application team) as an extension of the current contract which can be undertaken without competitive tender at previously agreed staff hour rates. It is proposed that preliminary work would commence in September with a 'stated preference' study – or library search – of reaction to charging and study to validate the model against cost changes.

Cost of work likely to be £200k - £300k excluding the £100k already committed work associated with the peak spreading sub model

4.2 Overall Congestion Management Strategy

To produce a strategic overview of the full range of mechanisms available to enhance demand management. Key areas of exploration to include:

- increased local authority influence over public transport operators and better integration between modes.
- assistance with alternative green travel plans, flexible hours of employers' and schools, home working and other demand reduction measures etc
- innovative road pricing techniques, not following the London Cordon model
- parking availability and pricing

This sub project would be to research and define the widest range of demand management options that currently exist which could complement any form of costing/road user charging (which is considered in more detail in other work packages). The work would include collating information from other sources, including from international experience, and should cover what is generally referred to as 'smart options' or soft measures. The sub project would consider issues such as changing school and retail trading hours and would look at options for changing work and business practises.

This task would also consider the potential benefits of incorporating Statutory Bus Quality Contracts into the package of measures that might be a part of the overall strategy.

Process

This would be a small consultancy project potentially utilising the resources of a University designed to review existing research in the field. No primary research would be undertaken but it is possible that the study might recommend further work in a subsequent stage – such as stated preference relating to say changing school hours.

Study cost is not likely to exceed £50k

4.3 Public Information, Consultation And Involvement

Fundamental to any future West Midland pilot would be the full public understanding of the pilot and its operation. Any trial would need to involve some element of voluntary participation by the public in acquiring a 'black box' within their vehicle in exchange for "a benefit" or "reward". Employer stakeholders would need to be fully involved in the study. It is proposed that any feasibility study would need to include:

- project planning of key stages of public consultation
- identification of key stages of seeking public involvement in the pilot
- identification of key processes and timing of evaluation of public perceptions of the pilot, both of West Midlands residents and businesses and those outside or visiting the West Midlands
- communications and media issues
- management of the contacts with key stakeholders through the feasibility study project

Managing communications with external audiences is a critical aspect of the project.

*The feasibility study would need to identify key audiences and channels, and communications tasks, and draft **a staged communications strategy for engagement**. The objective will be to lead and manage the debate, and as well as to draw key stakeholders into the process through the Stakeholder Reference Group (see section 6).*

This strategy for public consultation / involvement at each stage of the potential West Midland pilot project would need to be developed as an early output of the feasibility study. Initially, priority should be given to understanding public attitudes to congestion, its impacts and measures to tackle it, including road pricing. The work would develop the studies undertaken last year for DfT. It might also be practical to make use of a number of 'people's panels' that already exist in a number of Authorities. One of the objectives going forward should be to assess future attitudes against a baseline. It is recognised that considerable work has already been undertaken by and for the DfT in these areas and it is proposed that information would be shared between parties.

The strategy also needs to include tactics for targeting of local people living or travelling in areas likely to be affected by potential pilot(s), as well as more general information to the wider conurbation population.

The communications strategy should be produced early, which would be consistent with the approach already taken in respect of TIF and demand management in the LTP.

Process

It would be possible to utilise Fishburn Hedges for part of this role to include being responsible for managing contact with third parties through the Stakeholder groups and the wider reference group. But their work would need to be closely linked to a joint working group of DfT, HA and metropolitan authority communications staff. The work would also produce a strategy for managing the public involvement around any move towards a significant pilot exercise.

Cost £100k

4.5 Technical Feasibility

The study would seek to understand existing research and developments within the technical area of various demand management charging systems:

- Survey of existing technologies and their application to existing congestion management schemes, back office management systems and enforcement
- Costs of acquiring and operating systems
- Identification of possible gaps in technology and possibilities for associated research or sourcing within the region

There is an expanding range of technical solutions coming through the research and development arms of international organisations and it would seem important that the Project has a full understanding of these ideas and their different impacts. The starting point would be the work undertaken for DfT's feasibility study of 2005 and the work undertaken within the DIRECTS project.

Any consideration of technical solutions must include issues such as 'back room' support systems and enforcement which cannot be divorced from the definition of the overall approach. It is these two issues that, in London, have proved more costly than expected.

Considerable knowledge of different systems already exists in London – where recently they have commissioned two international teams to develop beacon technology, and in Edinburgh, where they have a detailed back office specification drawn up with costs and formal tenders which they would be prepared to make available at no cost.

This sub project should also consider the costs (capital; and revenue) of any equipment and the technological resources needed to deliver any of the system, as this will be an important element of identifying and prioritising options.

It is known that many of the key players in this field have recently submitted a bid to DTI for a major research project to explore many of these issues. If that area of work was to be funded by DTI then there could well be areas of work that could be shared. (Several of the leading West Midlands Consultants and industry groups are known to be associated with that bid.)

Process

Most of the information would be collated by the Project Management Group through the project including exercises such as visiting DIRECTS, receiving information for suppliers and liaison through DfT with other bodies including TfL. Towards the end of the task a small project from a consultancy might be helpful to collate and present the information.

Cost £10 - 20k

4.6 Administrative Arrangements

This section needs to examine the detailed business processes between central government, local government, agencies and relevant businesses to enable the financial incentives and electronic vehicle tracking/charging mechanisms to operate. This should include details of:

- which organisations are best placed to take on these responsibilities
 - a) at the West Midland pilot stage
 - b) in the long-term
- how it would work, including how any 'tax incentives' could be ring fenced to local users
- how would systems be procured
- responsibilities and risks
- existing West Midlands based technologies and employers who could be involved in the pilot
- likely West Midlands partner academic institutions
- identification of employment opportunities related to any pilot proposals and how to ensure that West Midlands residents have the first opportunity to take up the employment opportunities
- likely set up costs, and long-term revenue costs
- legislative and regulatory requirements
- the need for secondary legislation and public inquiry
- long-term costs eg to government, motor manufacturers etc
- costs of any compensation required to geographical areas suffering any predicted or unpredicted negative consequences in West Midland pilot phase.

Inputs of the technical costs could be provided as an output from Sub Project 4. However this sub project would concentrate on administrative arrangements, legal ownerships and responsibilities, advance funding, ongoing costs and revenues. The project would also need to advise on the current legislative framework and of any changes that were likely to be required. This is likely to require close working with DfT solicitors.

The task would also need to consider the Local Authorities' responsibilities under section 17 of the Crime and Disorder legislation to ensure that any system minimised the risk for new criminal activity. In addition personal privacy needs to be considered to take account of human rights cases.

If equipment is to be fixed to vehicles then international conventions and European standards would need to be considered. Some work is already being undertaken within the European directorates and it will be important to engage with this work so as to both understand it but also to be able to influence it. This work would also need to be undertaken in conjunction with DfT.

Consideration would also need to be given to issues such as compatibility with Regional Spatial Strategies, Local Planning Frameworks etc. and the need or otherwise for Strategic Environmental or Sustainability Assessments.

A key part of this project would also be to examine how the funding to deliver the enhanced package of transport measures could be created and delivered involving issues such as PFI, PPP, special purpose vehicles etc. Specifically the Task should examine how innovative funding arrangements in line with the third aspect of TIF could be developed.

It is recognised that any scheme to be developed in the West Midlands might provide opportunities for the research and development of technologies within the area. A number of the authorities have specific motor industry specialisms and experience, Birmingham, Coventry and Solihull, in particular and could give consideration to how this aspect of the project should be developed. Clearly a range of academic institutions and the RDA, AWM also have expertise. It is also known that the Lunar Society (Transport and Motor Industry Sub Group) has already picked up the concept and has organised a preliminary meeting to share ideas.

Process

It is not proposed to commission specific consultancy work in these areas as part of the feasibility study although the issues would be considered within the studies and ideas, concepts and questions would be gathered along the way. Specifically areas of joint working with academic institutions and manufacturing companies will be identified

Some resources of the Project Management team would be utilised in discussions around some of these issues.

4.7 Supporting Measures

Any demand management measure will need to be supported by enhanced transport infrastructure provision and/or improved management arrangements. Hence it would be important to identify the extent of supporting infrastructure that would be required to be developed in parallel with the implementation of any scheme. As different types of schemes may be focused on different locations, time periods or journey purposes the level and type of supporting measures may differ between options.

In particular improvements to public transport quality and capacity will be needed and the options here may be a combination of both infrastructure provision and

operational management which might include rail franchising arrangements, or bus quality contracts.

Part (a) Infrastructure

Whilst the West Midlands currently has a general consensus of what our investment priorities are (based around the £1bn package) these will need further adaptation to dovetail with particular demand management packages. In London considerable effort was put into ensuring appropriate packages of measures were in place to provide alternative public transport services and to address particular impacts. For instance traffic engineering works were undertaken to increase the capacity of routes around the cordon and many additional bus services were provided. The range of schemes that currently form the LTP package are likely to be essential foundations to the overall policy objectives of any of the emerging strategies. It is envisaged that PRISM would be used to support this analysis. It is important that this work would define the key projects that would be taken forward for further TIF funding as part of the future major bids designed to reduce congestion impacts.

Part (b) Operations

Changes in operating conditions of the public transport systems through Statutory Quality Bus Contracts and rail franchising arrangements would need to be considered as a way of improving the service provision and providing supporting measures. The task would need to expand and draw on work already being considered within Authorities for how such approaches could be introduced.

Process

This sub project will need to look critically at current policies and priorities for the conurbation and would therefore be best carried out through an independent Consultancy study. The main part of the work would need to consider which interventions would best suite the adopted strategy(s). This will need to be tested through PRISM and hence it is expected that lead consultant would need to work in partnership with Mott MacDonald.

It is suggested that CENTRO would lead on the issue of Statutory Quality Bus Contracts based on their existing work.

Cost £200k - £300k shared between lead consultant and PRISM

4.8 Impact Assessment

Studies 1 and 2 would encompass the assessment of the possible economic impacts on businesses, residents and visitors in the immediate and surrounding areas as well as the impact on associated issues such as social equality, health and the environment.

The impacts of changing levels of congestion on the ability to deliver the region's spatial and economic strategies would be important. This information can be cross related to how congestion in certain areas might impact on regeneration or other policy issues.

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This sub project should consider the impact of any proposal on people, businesses and the environment and needs to be set against the objectives set out in the LTP as the pre-conditions for the development of these concepts.

The assessment would need to consider the positive and negative aspects of the demand management principles. It would need to consider the costs to frequent users of the network who were unable to change travel patterns as well as the benefits to them that would arise from the reduced congestion and improved reliability. Also the assessment would need to consider the impacts that would arise from the secondary measures such as the enhanced transport measures that would be funded as part of the overall package. In particular issues such as increased costs to freight operators would need to be compared with reduced travel time and improved reliability.

Political leaders and the business community are very clear that the competitiveness of the area should be a major issue in determining the nature of any pilot project within the West Midlands and work would need to be undertaken to define "competitiveness" and identify appropriate approaches to measuring it in conjunction with key stakeholders.

The impact on people should consider issues of equity and who might pay and who might benefit. The analysis should be across all sectors of the community by employment groups/status, salary, age (including students and retired), ethnicity and location.

The impact on businesses should include job creation/retention as well as the economic impacts on businesses, which would need to be considered by type (office/administration, manufacturing, warehousing, etc). Special consideration should be given to specialist interests such as small businesses, tourism, including business visits, and Airports. The project would build on the work undertaken as part of the initial Charging Development Partnership work of 4 years ago when ECOTEC undertook a specific study of how charging systems might impact on various types of business. The sub project should also consider potential changes in the level of agglomeration (the benefits arising from having business closely located due to better access to labour and services and a greater sharing of knowledge).

The strategic environmental impact assessment should cover all of the aspects that DfT would require to be carried out within NATA appraisals.

The work to be carried out in this task would be based around broad strategies and impacts and more detailed assessments would be required as scheme designs become more refined. However this task would be engaging stakeholders such that approaches to the methodology and issues to be covered in subsequent assessments would be well understood.

Process

The impact assessments all require quite different disciplines and no single organisation would be able to undertake the work without the formation of a consortium of interests. Hence consideration would need to be given to the alternative approach of appointing separate contracts. The work would need to be based on traffic outputs from the PRISM work of Project 6.

Cost: studies are likely to cost £30k – £50¹²k each.

4.9 Forward Planning

Once there is a greater understanding of technical and operational requirements and capabilities, a detailed forward and project plan is required which in addition to technical detail will need to consider impact of relevant events and developments in the area over the period of any West Midlands pilot and beyond e.g. the potential involvement of the West Midlands in pre Olympic training camps. This should include:

- pre preparation and development
- public consultation and involvement
- technological development
- lead in for fitting of vehicle technology and set up of administrative arrangements
- lead in for transport related capital investments
- any related legislative or regulatory requirements

The task would establish the scope for the next phase of TIF pump priming exercise and would refine the resources that would be required.

Process

No separate consultancy would be defined for this work but the project management team would draw together ideas and as part of the final reporting process and establish the requirements, resources and timescales for Phase II tasks.

5 GOVERNANCE ARRANGEMENTS (Refer to Chart in Appendix 2)

5.1 Steering Group

The study would be overseen by the Leaders of the West Midlands Metropolitan Authorities with the support of their Chief Executives, closely linked to the Chairman of the Passenger Transport Authority and the Director General of Centro. It is recommended that a lead Leader is designated to be a clear link with the Leaders Group and a sounding board for the chairing Chief Executive. Strong reporting lines would be established between a Lead Chief Executive and the Chair of CEPOG with the groups to ensure a two way flow of information and policies.

Reporting to the Leaders/Chief Execs Groups a Steering group should be established. This should be chaired by one of the West Midlands Chief Executives who would report to the West Midlands Leaders Group on a regular basis. The Chair of that group should be designated as the Senior Responsible Officer – SRO. That Group should also consist of representatives of:

- Chair/Vice Chair of CEPOG
- DfT
- GOWM
- Highways Agency
- Centro.

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In addition the Client Manager/Project Manager and a representative of Fishburn Hedges would be in attendance.

The terms of reference of the Steering Group would be to:

- establish overall approaches, objectives and strategy
- empower the Project Management Group to deliver the technical work
- oversee liaison with other Stakeholders
- monitor and review progress
- sign off final recommendations.

It should be clear that this is a group that steers and directs the project as well as retaining ownership. It is not a group specifically designed to get 'buy in' from other stakeholders which should be seen as a separate (albeit a very important) aspect of the work.

5.2 Expert Panel

It is proposed to establish an 'expert panel' that would be able to take an over view of the project and provide advice direct to the Steering Group and Leaders. It is proposed to invite a well known and respected professional to chair such a group which is likely to consist of 3 or 4 other key individuals.

Process

The Expert panel would probably consist of 5 individuals from a range of backgrounds eg academic, business and they might meet 4 times with additional tasks for the chairman. Each would be appointed on an individual basis.

5.3 Project Management Group

Reporting to the Steering Group there would need to be a Project Management Group. It is proposed that the Chairman of the Project Management Group would be the Chair of CEPOG.

This group would be the technical representatives of the key players who would be responsible for actually ensuring that the work was undertaken, consultants appointed, reports prepared, etc. The Group would also provide the organisational aspects of the linkages with wider interests and groups.

The Project Management Group should consist of technical representatives of:

- West Midland Authorities
- Centro
- DfT
- HA

This group has intentionally been set up as small in size as it is important that it consist of individuals who have the ability and capability to direct the technical work. Although the Project Manager would have overall responsibility for delivering the project as authorised by the Steering Group the Project Management group may divide some of the responsibilities between themselves.

It is likely that the DfT will establish a coordination group – as it did at the time of the initial work into Road pricing - and the Project Management Group would need to provide a linkage with that group.

5.4 Client Manager/Project Manager Role

This will be a pivotal role and needs to be someone who has proven Project Management skills, a working knowledge of Consultants, has the trust and respect of his/her colleagues and has the time available. It is envisaged that this role will consist of a 'Client Manager' designated from within the officer group of the West Midlands supported by additional resources provided through a consultancy contract.

Critical to the success of the study will be the co-ordination and integration of the separate strands of work.

Process

A consultancy contract would be tendered for a Project Management resource who would work very closely with the Client Manager to establish project briefs, tender and commission the work and manage the projects and the outputs. The project would need to commence in advance of the confirmation by DfT of the TIF bid and would need to run through to June.

Cost: £100k for the external commission and an equivalent cost for in-house resources

5.5 Third party Involvement

There are a host of other stakeholder interests and organisations that must be engaged and managed throughout the process. Broadly speaking, there are two key tasks with stakeholders:

- a) Through engagement and consultation, to stimulate debate amongst stakeholders
- b) To involve stakeholders in technical and planning work in so far as this affects them or their member organisations, or if they have expertise or experience to offer

Hence it is proposed that there should be a key 'Stakeholders Reference Group' and then there should be a 'Wider Reference Group'.

The **Stakeholder Reference Group** would have the role of acting as a sounding board for the direction set for the project and the proposals as devised by the Steering Group and Project Management Group. It should be established, comprising only key contacts from priority organisations and would be expected to meet on a regular basis.

This Stakeholder Reference Group might include:

- AWM
- Regional Assembly/LGA
- West Midlands Business Transport Group
- Chambers of Commerce
- Environmental representatives

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- AA / RAC Foundation
- Public transport operators
- Freight representatives
- BIA
- NEC
- and others to be decided.

This process would probably be managed through Fishburn Hedges linked to the communications officer team who would be able to apply an 'independent' management of the process from the Project Management team.

The **Wider Reference Group** would have a role of seeking to impart information and gain buy in from a much wider sector of the community. It is likely to meet less often but once again it would seem appropriate that the process and organisation of that group should be managed through Fishburn Hedges and the communications officer team

The Wider Reference Group might include those groups that already form part of the Stakeholders reference group plus:

- Adjacent Local Authorities – District and Shire
- Chamber of Commerce – West Midlands and Coventry
- Institute of Directors
- Small Business groups
- Taxi organisations
- Representation from Disability groups
- Environmental Groups
- Transport groups
- Police
- Other emergency services
- City Centre Management organisations and their marketing arms
- Civic society and representative local community groups
- Motor Industry research and manufacturing
- Universities

In addition to the groups set up directly by the Project it will be important to ensure adequate linkages with **existing groups** on both a technical and political level. These will include groups such as:

- Regional Assembly
- Regional Transport Partnership
Regional Advisors Group
- STIG
- Regional Transport Group

6 Timescales for feasibility Study

The draft timeline for the feasibility study is to be:

- Submission of Phase 1 Feasibility study TIF bid – 7th October

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- Procurement process for consultants to take place immediately after the bid submission
- Some initial work to commence immediately
- DfT bid decision late November/early December
- Main study to commence in January
- Final report of feasibility Study in June 2006

This is illustrated in the flow chart at the end of the document. It is recognised that this timetable is challenging but we believe it is achievable within the timeframe presented.

7 Costs of Study

Based on the outlines shown above the work of the feasibility study is likely to cost between £1m – £1.2m, say £1.2m with contingencies.


| Element | Budget | Local contribution |
|--------------------------------------|-------------------------|--------------------|
| Planning principles and locations | £300 - £400k | £100k |
| Congestion management strategy | £50k | |
| Public Information | £100k | £100k |
| Technical feasibility | £20k | |
| Administrative arrangements | nil | |
| Supporting measures | £200 - £300k | |
| Impact assessments | £120k | |
| Forward planning | nil | |
| Expert panel | £30k | |
| Project management | £200k | £100k |
| Use of PRISM Model | | £100k |
| Cash contribution from West Midlands | | £200k |
| | | |
| Total | £1,020 – £1,220k | |
| Say | £1,200k | £600k |

Out of this sum the Authorities are seeking a grant from DfT for a sum of £600k and would contribute a further £600k from their own resources through a mixture of already committed elements, resources and cash contribution as described above.

Contact points for information:

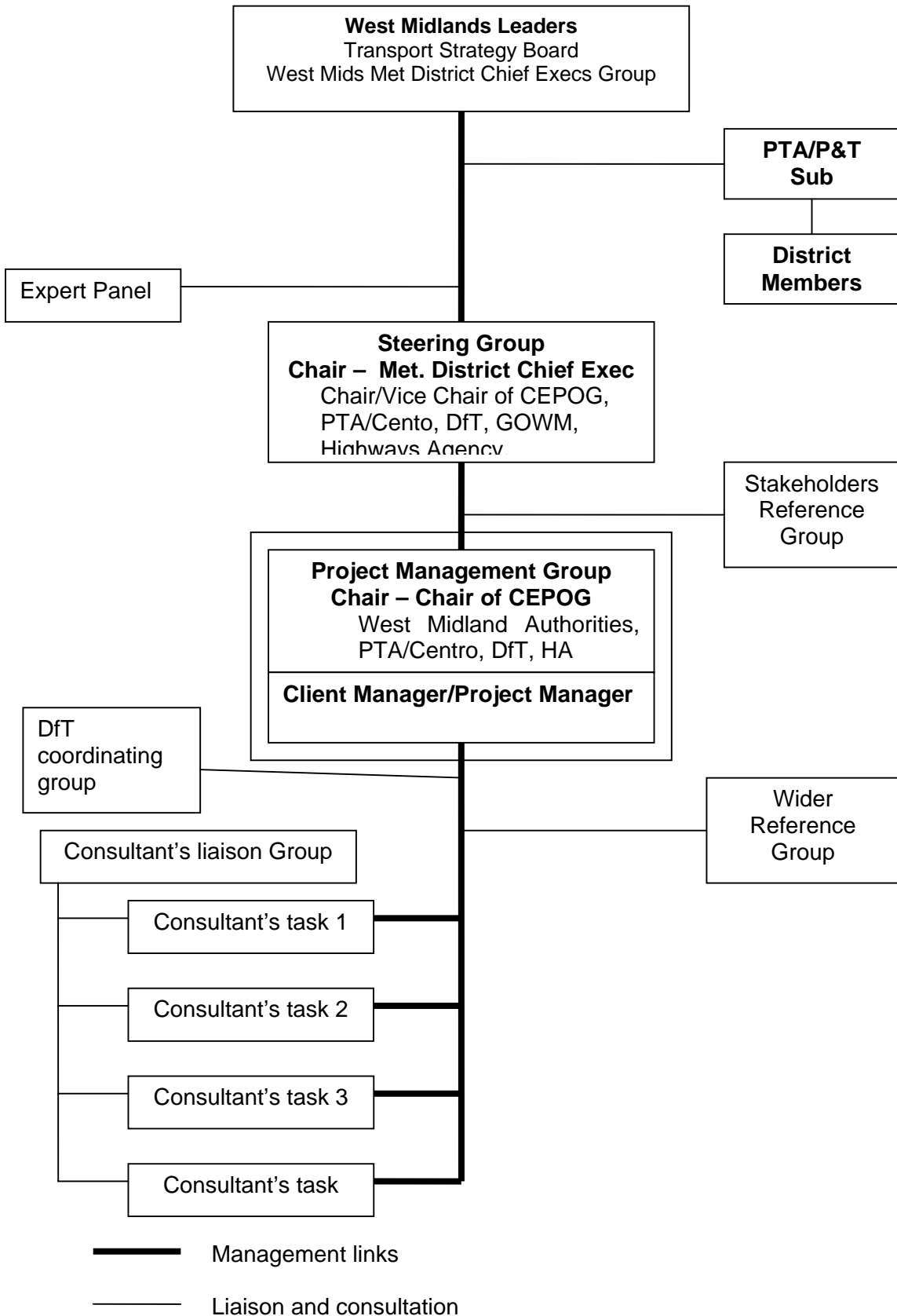
Stella Manzie, Coventry City Council/WMPTA
Derrick Anderson, Wolverhampton City Council
Tom Magrath, Chair of CEPOG
Colin Eastman, Coventry City Council

PHASE 1 PROJECT TIMESCALE

DfT bid approval


| Task | | Aug | Sept | Oct | Nov | Dec | Jan | Feb | March | April | May | June | |
|------|-------------------------------------|-----|------|-----|-----|-----|-----|-----|-------|-------|-----|------|--|
| 1 | Identification of congestion | | | | | | | | | | | | |
| 2 | Review of demand management options | | | | | | | | | | | | |
| 3 | Consultation and involvement | | | | | | | | | | | | |
| 4 | Technical feasibility | | | | | | | | | | | | |
| 5 | Administrative arrangements | | | | | | | | | | | | |
| 6 | Supporting Arrangements | | | | | | | | | | | | |
| 7 | Impact assessments | | | | | | | | | | | | |
| 8 | Forward Planning | | | | | | | | | | | | |
| 9 | Reporting | | | | | | | | | | | | |

| | |
|--|-----------------------|
| | Study |
| | Preparation for Study |
| | On-going work |
| | |



Proposed Governance Structure