

Chapter 12: Funding Implications

Contents	Page Number
Introduction	566
Major Schemes	566
Core Proposals	567
Large Capital Proposals	569

List of Tables	Page Number
Table 12.1: TFL's Business Plan 2005/06 – 2009/10	569
Table 12.2: Summary of LIP Funding – Core Proposals	570
Table 12.3: Summary of LIP Funding – Large Capital Proposals	572

Introduction

- 12.1 The LIP Guidance (TfL, 2004) requests that boroughs include an overall annual summary of the expected financial implications of their LIP. This is expected to equal the total of the costs and funding sources identified in the proposal forms ('Form 1s'); and categorise the main costs. The summary should also identify major annual or recurring programmes of projects (e.g. maintenance of principal roads). All individual capital items of greater than £2m should be itemised, reflecting TfL's business case threshold. Tables 12.2 and 12.3 below provide the summary of LIP funding. The format of these tables is based on a template provided by TfL. The information presented in the tables reflects the situation at the time of writing.
- 12.2 Assumptions made regarding income and costs are set out below. To summarise the financial implications of the LIP proposals, these have been grouped into three broad categories:
- Major schemes;
 - Core proposals'; and
 - Large capital proposals.

Major Schemes

- 12.3 Major schemes (also referred to as 'strategic transport schemes') are schemes that are of regional or sub-regional importance, such as the Thames Gateway Bridge. In general, these projects will be largely pursued and funded by others through a number of mechanisms. Direct financing from the Council is highly unlikely given the (scale of) schemes involved in comparison to the Council's resources. Chapter 3 sets out a list of major schemes that include the East London Transit and the Docklands Light Railway extension to Dagenham Dock. Major schemes will not be funded through the LIP Funding process and therefore the costs and income are not included in Tables 12.2 and 12.3. Appendix 2 gives indicative costs where known.
- 12.4 For example, major rail schemes are likely to be funded through a combination of Government grant/credit support; fares and other revenues in association with some form of private sector engagement (e.g. a concession arrangement); from rail industry/TfL budgets. The East London Transit (Phase 1) is being funded through Government grant to TfL from the ODPM Community Infrastructure Fund (CIF). Thames Gateway Bridge will be funded through a combination of Government PFI credits (£200m) and a concession arrangement with the private sector where private capital borrowing will be serviced through tolls revenue. Bus services will be tendered (and subsidised if necessary) by TfL, with fares revenue covering costs.
- 12.5 The Council will support major schemes generally by virtue of its role and powers as a statutory planning and highways authority. Mechanisms could include:

- Through inclusion of the scheme in statutory and other policy frameworks and documents for which the Council is responsible;
 - Through lobbying and other support initiatives e.g. giving evidence at public inquiries;
 - Safeguarding the scheme;
 - Negotiating s106 contributions;
 - Progressing any scheme as part of a wider development package;
 - Tailoring its own capital programmes to support any scheme e.g. highways works;
 - Facilitating and bringing together partners and contributors to schemes.
- 12.6 However, this does not necessarily rule out any direct financial support from the Council. But such support is likely to be considered on a one by one basis and not as an ongoing commitment that could be anticipated in this LIP.
- 12.7 The main area for direct Council involvement is in respect of the LIP proposals as set out in Chapter 5. To discuss the financial implications of the LIP proposals, we have grouped these into 'core proposals' and 'large capital proposals'. Table 12.2 below sets out the costs and income relating to the delivery of the core proposals, whilst Table 12.3 sets out the costs and income relating to the delivery of the large capital proposals.

Core Proposals

- 12.8 The core proposals relate to essential on-going activities such as maintaining the borough's roads in a good state of repair and improving road safety. The Council must implement these proposals in order to fulfil essential duties such as maintaining roads in a good state of repair and to achieve the 14 statutory targets for implementation of the Mayor's Transport Strategy ('LIP statutory targets').
- 12.9 The main sources of identified capital funding for the core proposals are the Council ('capital receipts' in Table 12.2) and TfL ('LIP Funding' and 'Other TfL' in Table 12.2). The Council allocates funding to proposals through its capital programme, which it regularly reviews. The amounts of funding indicated in Table 12.2 reflect the Council's current capital programme. Subsequent reviews of the capital programme may lead to an increase or decrease in council funds allocated to the core proposals. Currently the Council does not generate any net parking revenue. The temporary loss of parking spaces during the redevelopment of Barking Town Centre could lead to a decrease in parking revenue over the next few years. The Council will invest any net parking revenue into transport schemes.
- 12.10 In recent years, the Council has contributed roughly 60 per cent of the income needed to carry out its core activities (e.g. road maintenance), with TfL contributing the remainder (roughly 40 per cent). Table 12.2 shows an increase in costs relating to core activities. This increase is related to TfL's advice to boroughs to identify all deliverable proposals in relation to transport, in order for these to be considered by TfL for funding (i.e. TfL wanted to know well in advance how much money boroughs would be requesting).

- 12.11 To meet this projected increase in costs will require increased council funding as well as increased funding from TfL. Project managers will bid internally for additional council funds. The LIP proposals have been prioritised so that funding is directed to proposals with the highest priority. As in past years the Council will seek funding from TfL to help carry out essential activities.
- 12.12 Based on TfL's Business Plan 2005/06 – 2009/10 and indications given by TfL, the level of funding awarded annually by TfL is unlikely to change significantly between 2006 and 2010. Whilst the LIP recognises that the overall amount of TfL funding for boroughs is unlikely to change, there is a potential to increase Barking and Dagenham's share of the funding, which has been amongst the lowest in London in recent years. The Council believes that Barking and Dagenham should be a priority for investment given that the borough is forecast to see a large increase in the number of homes and residents between now and 2025 (around 25,000 new homes and 60,000 new residents), which will put pressure on the transport system.
- 12.13 To address the risk of TfL funding not increasing significantly, the Council has prioritised its proposals. Proposals that have a direct impact on the LIP targets have the highest priority. When bidding to TfL for money, the Council will indicate what level of priority it has assigned to its proposals, to assist TfL in allocating resources where most needed. Lower ranking proposals may have to be delayed until funding is secured through the next bidding round, or they may still be implemented as planned if 'under spend' (e.g. under spend from other boroughs' allocations) or other funds become available.
- 12.14 Tables 12.2 and 12.3 distinguish, in 'Sources', between LIP funds that Transport for London has already allocated or committed via its annual settlement, and 'future' LIP funds for which the Council will bid. Table 12.2 also distinguishes between borough specific proposals and partnership proposals put forward by TGLP on behalf of the borough.
- 12.15 The Council submits bids via TGLP for proposals that can provide economies of scale or that have a sub-regional nature. Table 12.2 only includes TGLP proposals that relate directly to Barking and Dagenham. Proposals that relate directly to Barking and Dagenham are proposals that the Council will implement itself (as opposed to another TGLP borough), or proposals that will take place in the borough. The justification for not including all TGLP proposals is that firstly, not all are relevant to the delivery of the Mayor's Transport Strategy in the borough and secondly, there is a risk of 'double-counting' if the same proposals appear in different LIPs.

Table 12.1: TfL's Business Plan 2005/06-2009/10

£m	05/06	06/07	07/08	08/09	09/10	Total 05/06-09/10
Capital	107	101	101	98	99	506
Revenue	48	49	50	52	53	252
<i>Total</i>	<i>155</i>	<i>150</i>	<i>151</i>	<i>150</i>	<i>152</i>	<i>758</i>

Large Capital Proposals

12.16 'Large capital proposals' are defined here as individual projects that require over £1m of capital funds over the duration of a project. Whilst their delivery is not critical to achieving the LIP targets, they will support the implementation of the Mayor's Transport Strategy and other mayoral strategies, and will help to meet and possibly surpass the LIP targets. The delivery of these proposals is however critical to the regeneration of the borough.

12.17 Whilst the Council will take a lead role in implementing the large capital proposals, their implementation will require considerable funding from external bodies. The main identified sources of external funding for large capital projects are the Department for Communities and Local Government (DCLG), formerly the ODP, the European Union (EU), the London Development Agency, the London Thames Gateway Development Corporation (LTGDC), and developer contributions. TfL is also a potential source of funding via its 'Area Based Schemes' programme.

12.18 The LTGDC is a relatively new but key agency that will affect transport infrastructure progress and funding in the Thames Gateway London area. As a first priority, the LTGDC is currently preparing its Regeneration Framework. Not least, that will set out key priorities for investment and development, and timescales. The LTGDC will decide all major planning applications within its area (which includes London Riverside) and will control any associated Section 106 contributions.

12.19 Whilst the Council has bid successfully in the past for funds from bodies such as the DCLG and the EU, it is recognised that the amount of funding that is available from external sources can fluctuate and be subject to competing demands other than transport schemes. Government programmes also come and go, often vary in scale, and may be subject to competitive bidding where the likelihood of success is uncertain.

12.20 The Council will bid to TfL for funds to contribute towards the costs of its proposals for Barking Town Centre and Dagenham Heathway. The funding for both projects is under review and the amounts shown in Table 12.3 are indicative only. The amounts that the Council will actually bid for are likely to be significantly lower in recognition of the shortage of TfL funds; to bridge the gap between the costs and income set out in Table 12.3, the Council will explore other sources of funding. If insufficient funding is secured, the Council will explore various options which could include deferring implementation until such time as funds become

available (TfL funds or other funds such as council funds); or modifying the proposals to fit within the available funds.

12.21 With regard to Section 106 contributions, it is impossible to predict with any accuracy how much money they will provide, as they are entirely dependent on development proposals coming forward. As indicated above, the LTGDC will have control over Section 106 contributions associated with major planning applications.

Table 12.2: Summary of LIP Funding – Core Proposals

Year of Delivery	2005/06	2006/07	2007/08	2008/09
	£000s	£000s	£000s	£000s
Accessibility	70	50	200	50
Accessible Transport	0	0	5	0
Bus Priority	1050	730	550	1200
Bus Strategy	0	0	15	0
Bridge Strengthening	34	125	125	675
Bus Stop Accessibility	110	158	200	200
LCN+	128	93	247	110
Non LCN+	0	0	310	400
Cyclist Training	15	35	75	80
Cycle Parking	15	15	25	45
TGLP Cycle Linkages - NCR 13	0	0	40	40
Controlled Parking Zone	10	0	75	60
Air Quality Management	0	25	53	50
Traffic and Transport Noise Reduction	0	0	25	25
Education Training and Publicity	18	9	43	41
Local Safety Schemes	1435	453	865	950
Monitoring Strategy	0	0	10	0
Local Development Framework	0	0	0	0
Regeneration Area Schemes	0	110	0	0
Structural Maintenance of Principal Roads	885	700	1525	1600
Maintenance and Repair of Non-Principal Roads	3398	3000	4000	4000
Wayfinding Signage	0	0	0	25
Review of Congestion Bottlenecks	0	0	0	0
ELT Complementary Measures	0	0	0	0
Safe Transport	0	650	230	0
Traffic Growth Reduction	0	0	0	0
Parallel Initiatives	0	0	0	25
Station Access Programme	250	450	350	150
School Travel Plans	107	180	373	350
Travel Awareness	80	40	70	70
TGLP Travel Plan Co-ordinators	35	35	35	36
TGLP Travel Plan Promotional Budget	15	20	22	22
Workplace Travel Plans	0	20	27.5	32.5
Walking	0	48	130	170
Rights of Way Improvement Plan	0	0	10	0

20mph Zones	210	165	250	270
Total Costs	7,865	7,111	9,886	10,677

Year of Delivery	2005/06	2006/07	2007/08	2008/09
	£000s	£000s	£000s	£000s
Capital Receipts	4,468	3,791	4,743	4,448
Net Parking Revenue			TBD	TBD
Revenue Support Grant				
Section 106			TBD	TBD
LIP Funding - Allocated/Committed	3,347	3,005		
LIP Funding - Future			4,846	6,131
TGLP LIP Funding - Allocated/Committed	50	55		
TGLP LIP Funding - Future			97	98
Other TfL		200	200	
SRB/DCLG				
Business Improvement Districts or equivalent				
Private Finance Initiative				
Prudential				
Borrowing				
Other		60		
Total Sources	7,865	7,111	9,886	10,677

Table 12.3: Summary of LIP Funding – Large Capital Proposals

Year of Delivery	2005/06	2006/07	2007/08	2008/09
	£000s	£000s	£000s	£000s
City to Sea Pedestrian and Cycle Routes	0	0	505	500
Beam Valley (Collier Row to the River Thames) Pedestrian and Cycle Routes	0	0	0	300
Castle Green to River Thames Pedestrian and Cycle Routes	0	0	150	150
Roding Valley Way and Cycle Routes	0	240	0	0
Dagenham Spine Cycle Route and Footpath	0	0	200	149
NE Thames Cycle Route	0	55	270	275
Tree-lined Streets	0	0	0	500
Barking Town Centre Movement Strategy	675	1,060	1,850	535
Cycleways and Pedestrian Routes in Parks (Green Corridors)	0	0	722	250
Access Route Provision for Lymington Fields	0	2,128	3,472	0
Dagenham Heathway Public Realm Improvements	46	709	2,887	2,081
Dagenham Dock Infrastructure	5,000	5,000	8,000	0
Dagenham Dock Station	0	3,000	0	0
A1306 Environmental Improvements	188	0	0	0
Total Costs	5,909	12,192	18,056	4,740
Capital Receipts	46	1,569	1,600	TBD
Net Parking Revenue				
Revenue Support Grant				
Section 106		1,098	200	TBD
LIP Funding - Allocated/Committed				
LIP Funding - Future			2,657	3,040
Other TfL	288	495	2,127	1,700
SRB/DCLG	5,575	5,128	3,472	TBD
Business Improvement Districts or equivalent				
Private Finance Initiative				
Prudential				
Borrowing				
EU		3,000	TBD	TBD
London Development Agency		902	8,000	TBD
Other				
Total Sources	5,909	12,192	18,056	4,740

*DCLG = former ODPM