



Department
for Transport

Local Pinch Point Fund - Guidance on the Application Process

January 2013

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1. Introduction

1. As part of the 2012 Autumn Statement the Government announced the creation of a Local Pinch Point Fund (“the Fund”) worth £170m to remove bottlenecks on the local highway network which are impeding growth. The Fund reflects the Government's strong commitment to supporting economic growth by tackling barriers on the local highway network that may be restricting the movement of goods and people. The Fund is intended to secure immediate impacts on growth and is therefore aimed at those schemes that can be delivered quickly, with the Department's funding contribution (in the form of capital) only available in financial years 2013-14 and 2014-15.
2. The Department has already made substantial funding available to support growth and reduce carbon, for example through its Local Sustainable Transport Fund, Local Major Schemes programme and the highways maintenance and Integrated Transport block grants. The Department has also made significant contributions to the cross- Departmental Regional Growth Fund and Growing Places Fund.
3. The Highways Agency's Pinch Point Fund is already unleashing growth potential by tackling congestion constraints on the strategic road network. The £217m from previous rounds is removing bottlenecks and keeping traffic moving on England's motorways and major 'A' roads, with the potential to deliver more than 300,000 new jobs and 150,000 new homes. The Autumn Statement announced a further £100m for the Highways Agency's Pinch Point Fund.
4. The Department for Transport's discussions with local authorities, Local Enterprise Partnerships, business groups and other Government Departments strongly indicate that further targeted investment in local road networks could similarly boost growth.
5. This Fund is in addition to a number of complementary funding streams available to support economic growth. These include the Local Infrastructure Fund, to be administered by the Department for Communities & Local Government, details of which is expected to be published in due course.

Who is eligible to apply to the Fund?

6. Any English local transport authority or local highway authority outside of London can apply for funding. Applications can cover geographical areas that cut across local authority boundaries in which case one transport authority should be identified as the lead authority with others as partner authorities.
7. Transport for London (TfL) will be able to bid for up to £10m of the Fund, on behalf of London. The decision on whether and how much to allocate to London within this overall cap of £10m will depend on the quality of bids from TfL and elsewhere.
8. As there are separate funding arrangements for the devolved administrations, local authorities in Scotland and Wales are not eligible for funding, but it is open to them to seek to work in partnership with neighbouring English bidding authorities.
9. The Department is not setting a cap on the number of bids from an individual promoting authority but authorities should focus their efforts on the quality of bids submitted rather than the number. Depending on the overall number and quality of bids received from across the country, the Department reserves the right to restrict the number of awards to two per promoting authority.

Role of Local Enterprise Partnerships (LEPs) Local Transport Bodies (LTBs) and other partners outside of London

10. The Department envisages LEPs playing a significant role in influencing transport priorities to support economic growth. In many areas, LEPs are already playing an active role in helping to prioritise and facilitate transport and transport-related investment, for example by providing advice on priorities for the Highways Agency's Pinch Point Fund and the allocation of Growing Places Fund.
11. Given the strong growth focus of this Fund, and our need to ensure that the limited resources are focussed where they will have the greatest growth impact, it would be beneficial although not essential due to the timescales for submitting applications, for the relevant LEP to be involved in the submission of bids.
12. In many areas, work is progressing on the establishment of Local Transport Bodies (LTBs), to identify local major scheme priorities and prepare for the devolution of Local Major Scheme funding from 2015. Where an LTB is established, either formally or in 'shadow form', this could replace the role of the LEP envisaged above.

- 13.** Where provided, we will take the views of the LEP or LTB into account as part of the assessment of bids. Whilst not compulsory, bids will be strengthened if there is LEP or LTB endorsement which, for example, carries a statement, with evidence, outlining why the bid is supported - such as jobs potentially created or sites unlocked. Where there is more than one bid from a LEP area, it would also be helpful (though again, not essential) for the LEP/LTB to rank the bids in order of growth significance.
- 14.** Applications from organisations other than local transport authorities or local highways authorities - such as lower tier local authorities, National Parks, Development Corporations or Urban Regeneration Companies - must be led by the relevant transport or highway authority. Bids should be taken forward by a single local transport/highway authority. Where bids span more than one authority area, a lead authority should be identified. In all cases, bids should be endorsed and delivered in partnership with relevant partners.

2. Scope of the Fund

Types of Project

15. The Fund is designed to promote economic growth through the rapid deployment of schemes that remove transport barriers or prevent the emergence of new transport barriers. Eligible schemes should be those that provide new or improved links to key economic sites (such as an Enterprise Zone, development site or urban employment centre), or which tackle congestion or address the condition of highway structures that are near to the point of becoming a barrier to access. Investment need not be restricted to roads and can include investment in cycling and bus infrastructure to help reduce congestion on road networks and/or demonstrate the links to growth. The DfT funding must only be used for expenditure that qualifies as capital.
16. We envisage that potential projects could fall into two categories, with the vast majority falling into the first category given the delivery timescales for investment:
 - small schemes requiring DfT funding of between £1m and £5m; and
 - by exception, large schemes requiring DfT funding above £5m but no more than £20m. **Bidding authorities should be aware that there will be a presumption against bids over £10m unless they are of truly exceptional value.**
17. To ensure strong local commitment, promoters will need to contribute at least 30% of total scheme costs. More details of this are set out in Chapter 3.
18. Schemes should address congestion or provide or improve access to key economic sites through solutions that can be delivered quickly, particularly where they:
 - improve access to a development site that has the potential to create jobs and housing;
 - improve access to urban employment centres;
 - improve access to Enterprise Zones; and
 - address the condition of structures which, if left unresolved, could impose restrictions that cause congestion, restrict access or lead to lengthy diversions (more on this below).

19. All bids will also need to demonstrate additionality, i.e. that DfT funding is not simply being used to replace other sources of funding which have, or would have, been provided. The Department will also take into account interactions with other central Government funding streams and rules. For example, for DfT-funded local authority major schemes to be delivered in the 2010 Spending Review period, the DfT has already agreed a maximum departmental contribution and will not allow the Pinch Point Fund to substitute for local or third party contributions.

Small schemes (DfT funding £1m to £5m)

20. The Department will apply proportionate appraisal requirements for schemes of this size. Further details are set out in Chapter 3.

Large schemes (DfT funding £5m to £20m)

21. Schemes within this category are comparable to a Local Major Scheme. Given the Fund's aim to ensure quick delivery and stimulate growth, we expect these to be submitted as an exception. In practice it would mean that promoters have a business case that is already at an advanced stage of development and the scheme has all necessary statutory powers in place or sufficiently advanced, to allow delivery within the timescales of the Fund. **If you have a potential scheme in this category and are unsure of whether to apply for funding, please contact the Department (see Section 4 for named contacts) at the earliest opportunity to discuss whether your scheme would meet the Fund criteria.**
22. Schemes over £5m will also have to comply with the requirements of the Department's local major scheme programme and scheme promoters must be prepared to submit a Wehtag compliant major scheme business case in support of their scheme.

Structural Maintenance Schemes (small or large)

23. The Department recognises there may be areas on the local highway network where highway structures (bridges, tunnels, retaining walls etc) could be in a relatively poor condition due to issues such as increasing age, severe weather, general deterioration or where they are subject to heavy traffic flows. This can mean that they are either under threat of, or already have, weight restrictions imposed by the relevant highway authority or Network Rail and in the longer-term risk full closure. This can cause serious problems, for example, traffic congestion and, in the more extreme cases, diversions to traffic that may adversely affect the local economy or hinder growth. Chapter 3 and the application form set out details of the information required for these schemes.

Funding available

- 24.** Final decisions on the amount of funding for any specific scheme will be made following an appraisal of the bids received. However, the following funding has been set aside over the next two financial years:

Capital	FY 2013-14	FY 2014-15	Total *
£million	70	100	170

* Up to £10m for London projects, subject to quality of bids

- 25.** This funding is 100% capital and therefore can be used for scheme construction costs and land acquisition. The Department will not fund scheme preparatory costs, sunk costs or Part 1 Claims under the Land and Compensation Act 1973 - these costs will rest entirely with the scheme promoter.
- 26.** Funding will be allocated to successful bidders over two financial years - 2013/14 and 2014/15. There will be no facility for the Department's funding to slip beyond the end of March 2015 and the Department will not be liable for any cost overruns or delivery slippage. Any additional costs over the Department's agreed maximum contribution will be the responsibility of the promoter. We would expect any bid to include a Section 151 Officer letter confirming the promoting authority accepts this liability.
- 27.** The application process set out in a later section of this guidance explains the requirements for submitting proposals to the Fund.

3. Assessment Criteria

Essential criteria

- 28. The Department's assessment of the bids will be consistent with the Transport Business Case process covering strategic, financial, economic, commercial and management cases. These sections are set out in the application form, with further guidance therein.
- 29. The Department reserves the right to fast track decisions on a limited number of schemes based on the quality of bids received and the potential for early delivery.
- 30. Given the objectives of the Pinch Point Fund, particular attention will be given to the following factors.

Strategic and economic cases

- 31. All bids will need to demonstrate a clear link to growth, for example by demonstrating a link to jobs created or housing development secured by the scheme, with an estimate of the Gross Value Added (GVA) impact.
- 32. For bids which will provide new or improved access to employment sites, evidence will be required of the link between the proposed scheme and specific employment sites or clusters, Enterprise Zones, development sites, housing sites, or an urban centre that offers particular growth/ employment opportunities.
- 33. Bids relating to congestion relief should also demonstrate the congestion benefits that the scheme will deliver, for example the impact that the scheme will have on traffic conditions, journey times and reliability, and how this will benefit growth.
- 34. For bridges and structures, decisions will be based on factors such as the importance of the structure to the local economy and the adverse effects failure to upgrade will have on the local economy and growth. Promoters will therefore need to provide information which supports these factors including on the importance of the route; existing, or likelihood of, imminent weight restrictions; lengthy existing or potential diversionary routes, and/or details of work which will need to be undertaken within the next two years if restrictions are not to be imposed.

Value for Money

35. Value for money will be a key consideration in the assessment process. The scheme proposed in the bid needs to maximise the overall benefits and seek to identify all the positive and negative impacts.
36. Small project bids (i.e. with a DfT contribution of less than £5m) will be expected to provide a description of the impact of the scheme, along with a description of the key risks and the modelling approach. Promoters will be required to complete a [Scheme Impacts Pro Forma](#) which summarises the impact of proposals against a number of metrics relevant to the scheme objectives. It is important that bidders complete as much of this table as possible as this will be used by DfT – along with other centrally sourced data – to form an estimate of the Benefit Cost Ratio (BCR) of the scheme.
37. An [Appraisal Summary Table](#) will also be required for each bid to demonstrate that the full range of impacts has been considered. We would expect this to be proportionate for small schemes (e.g. qualitative assessments on impacts that are neutral/marginal). This is particularly important for road schemes where issues around severance, air quality etc can be an issue for specific schemes.
38. The Department will assess the value for money of small bids using information submitted by bidders. The quality of the analysis provided on scheme impacts will be assessed and may be a material factor in determining whether a scheme is selected. It will be the responsibility of the bidding authority to convince us in the bid (and supporting material) that the analysis is fit-for-purpose. We would expect all proposals to offer high value for money but will consider bids with lower vfm if the wider benefits are significant.
39. Large project bids (i.e. DfT contribution of more than £5m) are required to submit a full appraisal of the scheme in line with [WebTAG Guidance](#).

Financial Requirements

40. Promoters will have to demonstrate a strong level of local commitment to the scheme, both in terms of the priority afforded to it for growth and the commitment to ensure delivery as soon as possible. A local contribution of at least 30% of scheme costs must be included in the bid. This can be made up of both local authority and other third party funding. Evidence of funding and support from the private sector would further strengthen the evidence that the scheme has a demonstrable link to growth and jobs.
41. Local contributions could include third party funding or the provision of land in-kind (although this will need to be supported by a letter from independent valuer to verify the true market value of the land). Bid applications must identify the source of the local contribution and explain how the funding has been secured. We would expect to see a letter from the promoter's Section 151 Officer confirming that the authority has the available funds to meet the

total local funding contribution. As the Fund is a competitive process, the greater the overall local contribution towards the cost of the scheme, and the more the contribution comes from the private sector and other external organisations, the more positively the bid will be considered in the assessment process.

42. Responsibility for estimating and controlling all project costs lies entirely with the bidding authority or authorities. The Department's agreed contribution will be the maximum that the scheme will receive and the Department will not be able to provide any funding beyond 31 March 2015 nor will it entertain any contribution to cost increases that may arise.

Deliverability

43. The Fund is designed to tackle the most pressing and immediate barriers to growth and as such we expect the funded interventions to have an immediate impact on the ground. Scheme deliverability is therefore of paramount importance and bids should demonstrate that the scheme will be delivered as soon as possible, with supporting evidence.
44. Subject to other criteria in this guidance being met, schemes that can demonstrate the potential for early delivery may be prioritised over schemes which are expected to complete towards the end of this period. Statutory powers, if required, should either be in place or be sufficiently advanced to allow delivery in this timeframe. Procurement is also important and proposals that involve lengthy procurement processes may struggle to meet the delivery timeframes of this Fund. Where bridges and structures are involved the process for securing any necessary rail possessions, road closures or other statutory permissions should be clearly set out. All bids should contain a clear timetable for delivery.
45. The Senior Responsible Owner for the project should be identified and details of the project management arrangements should be provided. All applications should include a short summary of the key risks to delivery and planned measures for managing those risks.

Desirable criteria

46. Where other factors not mentioned above also have particular relevance to proposed schemes, these should be captured in scheme applications. These could relate to benefits to road safety, bus services, sustainable modes and accessibility. We would expect these benefits to be evidenced in your bid. For example, the anticipated reduction of road accidents or increase in the use sustainable transport modes.

47. As a key objective of this Fund is to deliver economic growth it would be useful (but not essential) if scheme promoters could demonstrate support for any schemes from the relevant LEP or LTB (where set up) so as to show that it is an agreed growth priority and enjoys strong local business support.
48. Where there is more than one bid from a LEP area, it would also be useful (but not essential) if LEPs/ LTBs could rank the bids in order of growth significance.

Monitoring of scheme impacts, evaluation and benefits realisation

49. Bidders will be expected to commit to monitor/evaluate the impact of the scheme once implemented. As part of the application process promoters will be expected to provide details on the likely benefits and how they will be measured and reported. A fuller evaluation may also be required for large schemes, depending on their size and scale.

4. Application Process

50. There is one application form available for both large and small projects bidding into this Fund which is annexed to this document. Applicants should complete all sections on the form and any necessary supporting material (as set out in the application form) should be annexed and clearly referenced in the bid document itself.
51. All applications to the Fund will be assessed against the criteria set out in Chapter 3 of this guidance.
52. As stated in Chapter 1, applications for funding are welcomed from any English local transport authority or local highway authority - County Councils, Integrated Transport Authorities, Metropolitan District Councils and Unitary Authorities. In the case of London, Transport for London (on behalf of themselves or London Boroughs) can bid for up to a maximum of £10m.
53. **The deadline for submitting bids is 5pm on 21 February 2013.** Decisions on successful bids will be made as soon as possible.

Submission of Bids

54. One hard copy and a CD version of each bid and supporting material should be submitted to:

Steve Berry
Head, Highways Maintenance Branch
Local Transport Funding, Growth & Delivery
Department for Transport
2/14 Great Minster House
33 Horseferry Road
LONDON
SW1P 4DR

An electronic copy via email should also be submitted to:
steve.berry@dft.gsi.gov.uk

55. Local authorities should also publish the applications on their websites and provide the weblink to the Department.

Enquiries

- 56.** If you have any questions about this guidance, including clarification on the information and appraisal requirements for bids to the Fund, please contact the following officials in the Department for Transport's Engagement Teams, based on the region in which your authority is based:

Margaret Jackson (Head of Northern Engagement Team)
margaret.jackson@dft.gsi.gov.uk / Tel: 0113 283 6677

Elizabeth Charlton (Head of West Midlands, East Midlands, South West Engagement Team)
Elizabeth.charlton@dft.gsi.gov.uk / Tel: 0121 678 8726

Lee Sambrook (Head of South East and East Engagement Team)
Lee.Sambrook@dft.gsi.gov.uk / Tel: 020 7944 6136

For advice on bids relating to bridges and structures:

Steve Berry (Head of Local Highways Maintenance)
Steve.berry@dft.gsi.gov.uk / Tel: 020 7944 6097

Paul Hersey (Local Highways Maintenance)
Paul.hersey@dft.gsi.gov.uk / Tel: 020 7944 6334