

Chapter 12 FUNDING IMPLICATIONS

Introduction

- 12.1 The Council has described in chapter 5 its capital expenditure plans in the years to 2008/09. This chapter deals with the funding implications. The Council intend to ensure that the capital schemes in chapter 5 and the revenue spending detailed in table 12.1 offer the best value for money in terms of transport priorities and targets. The LIP assumes a broadly similar level of expenditure in the years 2009/10 to 2011/12 but the Council would be able to deliver more progress if higher levels of Borough Partnership funding were to be provided in the next TfL Business Plan.
- 12.2 The aggregate cost of the programmes of work from Chapter 5 is shown in the first section of table 12.1. Bridge strengthening is an expensive programme but the sums are dictated by the costs of schemes that have reached the top of a London wide ranking process. Part of the London Bus Priority total relates to schemes that TfL's London Bus Priority Network team have asked the Borough to include. One major improvement scheme for Tolworth that, if approved under TfL's area based schemes process would cost over £2m, is listed in its own right under town centres. The area based schemes in general, and the Tolworth scheme in particular, have a high level of uncertainty around their ultimate capital costs and the probability that they will be implemented. This is a by-product of a perfectly sensible new approach adopted by TfL to help it assess and compare competing bids. In essence the justification in principle for such schemes is assessed as a first step. If they are felt by TfL to have sufficient merit then funds will be provided to accurately develop the scheme design and assess the true cost of implementation as the basis for a bid. If and only if that bid is approved will TfL fund or help fund the scheme. Therefore cost estimates shown in table 12.1 for area based schemes are only rough estimates and it is possible that no expenditure will actually ensue. The Council would not be able to fund such schemes from its own resources alone.
- 12.3 The second section of table 12.1 shows the approximate cost of major annual or recurring programmes of work which are covered by revenue expenditure. The third section of the table shows the funding sources that combine to cover the aggregate cost of the programmes and schemes listed. In most cases the Council provides a best estimate based on current trends and knowledge of forthcoming development possibilities etc. The Council has not set budgets for the full Local Implementation Plan period so the level of Council spending is indicative only. The parking account surpluses are affected by several factors which makes forecasting difficult. In general it is felt that the trend of increased compliance

with on-street parking controls will lead to a slight decline in the on-street surplus. This could be reversed if the Mayor were to raise penalty charges during the period to 2008/09. Off-street surpluses are not expected to increase because the Council has observed increased elasticity in response to tariff rises. In Kingston town centre there is a danger that increasing charges will yield no net increase in revenue. At the same time the costs of operating the car parks rise broadly in line with inflation.

12.4 Outturns on the various funding sources will no doubt differ from the forecasts in table 12.1 but, by using a central estimate for the contribution from each source, the Council would anticipate that differences broadly cancel each other out and the total funding line will prove robust.

12.5 Section 106 contributions are obtained based on UDP policy RES8 and UDP policy T22 which states:

“The Council will where appropriate enter into agreements with developers whereby they make financial contributions commensurate with the transport impact of the development to support improvements to sustainable forms of transport (e.g. public transport, cycling, walking) and associated initiatives, public car parking facilities (e.g. lighting, security) parking controls, traffic management issues and park & ride initiatives.”

In the last 6 years the average cash income from these contributions was £530,000 but there is considerable year to year variation. In addition there were contributions in kind where for instance developers designed and built transport infrastructure enhancements into their projects. Forecasting these two forms of contribution is very difficult and the Council has adopted an assumption that the cash income will, as a minimum, continue to match the recent average. Actual annual totals will depend on agreements concluded with developers of successful development applications. In kind contributions are likely to be very extensive if Hammerson's proposals for Kingston Town Centre are approved.

12.6 The council's net revenue expenditure budget for 2005/06 is £167.8 million and is provisionally set at £178.5m in 2006/07 and £188.3m in 2007/08. Of the 2005/06 revenue total, £14.3 million is transport related. Turning to capital spending, the overall major works budget for transport in 2005/06 is £12 million (compared with £11.5 million in 2004/05). It is worth stating that this Borough funds a well above average share of its spending from its own resources with 41% of its budget raised by local tax (the average in London being 28%).

12.7 The spending proposals and funding sources follow (on the next pages):

Table 12.1: Spending Proposals and Funding Sources

Topic description	Year of delivery			
	05/06	06/07	07/08	08/09
FIRST SECTION: CAPITAL PROGRAMMES/SCHEMES				
Principal Road Maintenance	430	591	450	375
Busy Bus Routes Maintenance on non-principal Roads	0	241	100	0
Council funded Maintenance on non-principal Roads	1765	2000	2000	2000
Street Lighting	550	500	550	600
Bridge Strengthening	423	526*	557	799
Local Safety schemes	305	325	405	100
20mph Zones	223	590	495	320
Education, Training and Publicity	49	86.5	89	91
Walking	105	721	545	320
Cycling - LCN+	152	365	435	425
Cycling - Non LCN+	119	392	420	450
Bus Stop Accessibility	250	299	300	300
Local Bus Priority	20	1682	925	355
Town Centres	935	505	300	0
Tolworth Town Centre (above £2m scheme)	50	300	1040	1550
Streets for People	0	80	490	340
School Travel Plans (Safer Routes to School)	43	419	405	410
Travel Awareness	60	91	194	197
Freight	0	80	50	50
Regeneration	1830	80	0	150
Controlled Parking Zones	350	20	20	0
Local Area Accessibility	105	516	54	127
Station Access	741	195	0	0
Air Quality	0	20	70	90
Total Capital Costs	8505	10624.5	9894	9049
SECOND SECTION: ONGOING REVENUE PROGRAMMES				
Highway Maintenance	1700	1750	1800	1860
Street Lighting and services	880	910	935	960
Drainage, surveys, design and structures	500	515	530	550
Traffic management and road safety	1150	1185	1220	1260
Sustainable transport etc	270	300	345	400
Parking Management (on + off street)	7460	7650	7840	8030
Capital charges (interest + repayment)	7150	6800	6500	6100
Concessionary fares	4070	4100	4200	4350
Highways and Transport payroll costs	2630	2700	2780	2865
Total Revenue Costs	25810	25910	26150	26375
Combined Costs Total	34315	36534.5	36044	35424

	Year of delivery			
	05/06	06/07	07/08	08/09
THIRD SECTION: FUNDING SOURCES				
Council Tax plus formula spending share (FSS) of RSG	14500	15000	15500	16000
Note: FSS Specifically identified to Highway Services is £5,142 in 2005/06.				
Gross Parking Revenue	9960	10000	9900	9800
Revenue Support Grant (see row 1)				
Section 106	530	530	530	530
BSP	3426	7376**	6567	5596
Other TfL	50	240	200	200
SRB / ODPM	0	0	0	0
Business Improvement Districts or equivalent	110	95	95	95
Private Finance Initiative	0	0	0	0
Prudential Borrowing	4900	3200	3200	3200
Income from rechargeable highway work	530	550	565	580
Other	420	100	150	150
Total Sources	34426	37091	36707	36151

* RBK is the lead Borough for the London wide Bridge Condition Index Project. It recovers all the costs of this Project via its BSP award but that sum is not included in the LIP since almost all the survey work takes place outside RBK.

** Entry is £630k below 2006/07 BSP bid because recompense for the Bridge Condition Index Project is not included in the Local Implementation Plan.

12.8 The Council can not realistically expect the BSP bids to be funded in full so the total sources currently exceed the total costs in table 12.1. The Council receives its BSP funding from a London-wide pot which has been set within the TfL Business Plan as follows:

Year	2005/06	2006/07	2007/08	2008/09	2009/10
Total BSP funding £m	155	150	151	150	152

If the pot were split equally, regardless of size, each Borough could expect about £4.5m per annum. However the split will be made using a 'needs based' approach combined with an assessment of the value for money justification of proposed schemes and their contribution to achieving the Mayor's transport targets.

RBK is a small Borough and generally an affluent one. Because of the success of past transport policies it probably has fewer transport problems than the average London Borough. It will therefore be especially reliant on a strong transport strategy and well justified scheme bids to achieve a reasonable share of BSP funding in future. It would also hope that TfL will bear in mind that RBK does not benefit from expenditure on the tube system, nor major schemes planned in the Thames Gateway area. In consequence the Borough is especially dependent on adequate funding for 'local transport' measures, notably to improve bus, cycling and walking facilities and services. There is a case for saying that outer London boroughs in this position should be treated favourably during allocation of Borough Spending Plan funds in order to compensate for their inability to benefit from Tube investment or other projects focussed on central and East London.

