
INTERREG PROJECT – RELEASE OF FUNDING

Responsible Cabinet Member - Councillor David Lyonette, Transport Portfolio

**Responsible Director - Richard Alty,
Assistant Chief Executive (Regeneration)**

SUMMARY REPORT

Purpose of the Report

1. To advise Cabinet members on progress in securing Interreg, ERDF funding and to seek approval to release funding for the delivery of the work packages for which Darlington has been allocated ERDF funding. These are:
 - (a) Work on an enhanced development framework, with additional funding to develop a better understanding of the implications of spatial planning policies on planning for transport. This will assist in the production of the Local Development Framework.
 - (b) The development and implementation of measures improving access to Bank Top Station, particularly for sustainable travel modes, as well as the needs of car users.
 - (c) The delivery of an integrated package of travel marketing and information.
 - (d) Work on developing a smart card for use on public transport, as an access control for secure cycle parking and employer parking (eg car sharing spaces).

Summary

2. The funding bid was submitted in May 2008, with the title “Boosting Advanced Public Transport Systems” – BAPTS . The programme includes 10 partners covering seven countries with a total value of Eu 16.028m which translates to £13.031m (at current rate of 1.23 Eu/£).
3. We have now received formal notification that the bid has been conditionally approved and that a conditional offer of ERDF funding has been made to the BAPTS partnership.
4. Darlington has been provisionally allocated 0.763m Euros across four work packages with a total estimated cost of 1.704m Euros. The balance of funding will be provided through match funding by the Council and its partners.

Recommendation

5. It is recommended that Cabinet:

- (a) Agree to Darlington's participation in the 'BAPTS' partnership; and release the funding 'subject to the completion of negotiations and documentation on the basis indicated in the main report.
- (b) Authorise the Assistant Chief Executive (Regeneration) to complete negotiation of a partnership agreement with the City of Bielefeld;
- (c) Authorise the Borough Solicitor to complete the legal documentation for the partnership agreement.

Reasons

6. The recommendations are supported by the following reasons:

- (a) Participation in the BAPTS programme will secure £523,900 in funding (at an exchange rate of 1.42 Euros to the pound) for the delivery of a programme of work packages designed to better understand and plan for the impact of new developments on transport, to improve travel choices, encourage use of sustainable travel options and help to reduce traffic congestion.
- (b) Raise the profile of Darlington within Europe and the European Commission.

**Richard Alty,
Assistant Chief Executive (Regeneration)**

Background Papers

No background papers were used in the preparation of this report.

Owen Wilson : Extension 2444
cc

S17 Crime and Disorder	It is considered that the Darlington 'BAPTS' work package on improving security through the use of smart cards for cycle parking, and access to car sharing spaces would contribute to the reduction of crime and disorder.
Health and Well Being	Work to improve travel choices and levels of active travel will help contribute to the health and well being of residents.
Sustainability	Work to improve travel choices and to better understand the impact of spatial planning on transport will support the Council's objectives to encourage sustainable travel
Diversity	Work to improve travel choices would potentially benefit all member of the community, particularly those disadvantaged through reduced levels of mobility.
Wards Affected	Implementation of the Darlington 'BAPTS' work packages would potentially impact upon residents from all wards.
Groups Affected	Potentially all residents, though particularly those residents/groups more reliant on public transport, walking and cycling or their everyday mobility.
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework.
Key Decision	This is a key decision.
Urgent Decision	This report does not require an urgent decision.
One Darlington: Perfectly Placed	<p>The implementation of the Darlington elements of the BAPTS programme will contribute to:</p> <p>Prosperous Darlington, through improving travel choices and access to and within Darlington.</p> <p>Greener Darlington by encouraging sustainable travel.</p> <p>Safer Darlington by improving security for cycle parking.</p>

MAIN REPORT

Information and Analysis

7. Darlington's strategy for managing the transport network and tackling traffic congestion is to deliver a package of measures focusing on:
 - (a) Making the most efficient use of the existing transport network, through better traffic management and improvements to the highway network.
 - (b) Improving public transport, through investment in infrastructure and partnership working with bus and rail operators to promote service improvements.
 - (c) Reducing unnecessary travel by car, by encouraging travel behaviour change, particularly where this has clear benefits for health, cost savings to the individual and reduced congestion on our roads.
 - (d) Providing for those without access to a car and /or with lower levels of mobility, for example through subsidised bus services and support for flexible travel options such as taxi vouchers.
8. The Darlington work packages delivered through the "BAPTS" will support continued investment in encouraging travel behaviour change, bring new investment to improving travel options, particularly to/from Bank Top Station and help to fund work on better understanding and planning for the transport implications of spatial planning decisions.

Background to "BAPTS" partnership

9. In December 2007 officers were approached by Tees Valley Joint Strategy Unit who had been contacted as part of a North West Europe-wide search for possible partners in a trans-national transport-related project.
10. Consultants initially appointed by the City of Eindhoven were seeking partners for a project called "Boosting Advanced Public Transport Systems" – BAPTS, under the North West Europe Interreg IVB programme.
11. Owing to local political conditions, the City of Eindhoven was not in a position to act as lead partner, however, the City of Bielefeld offered to take their place as lead partner retaining the services of the consultant appointed by Eindhoven to pull together the bid.
12. The bid was submitted in May 2008. The programme includes 10 partners covering seven countries with a total value of Eu 16.028m which translates to £13.031m (at current rate of 1.23 Eu/£).
13. We have now received formal notification that the bid has been conditionally approved subject to the removal of some elements of the proposed work programme, including Darlington's proposal to install real time public transport information at key locations throughout the Borough.
14. Darlington has been provisionally allocated 0.763m Euros across four work packages with a total estimated cost of 1.704m Euros. The balance of funding will be provided through

match funding by the Council and its partners.

15. The Darlington work packages that have been approved by Interreg IVB NWE Programme Steering Committee are :

- (a) Work on an enhanced development framework, with additional funding to develop a better understanding of the implications of spatial planning policies on planning for transport. This will assist in the production of the Local Development Framework and associated transport strategies.
- (b) The development and implementation of measures improving access to Bank Top Station, particularly for sustainable travel modes, as well as the needs of car users. (This would complement the Station Travel Plan work about to commence).
- (c) The delivery of an integrated package of travel marketing and information.
- (d) Work on developing a smart card for use on public transport, as an access control for secure cycle parking and employer parking (eg car sharing spaces).

16. It is anticipated that the BAPTS partnership bid will be formally approved and a contract letter issued to the City of Bielefeld by the middle of October.

Funding

17. The total cost of the four Darlington work packages is £1.19m. The funding is awarded on a match funding basis with ERDF grant rate of 44.4% and will be paid in Euros. The bid has been submitted using an exchange rate 1.42 Euros/£ giving a maximum value for the projects of 1.704 Euros and a grant income of £523,900 (at the above exchange rate).

18. We have based our calculation of the total ERDF grant on an exchange rate of 1.42 Euros to the pound, the current exchange rate is around 1.23 Euros/pound. This allows some contingency for strengthening of sterling against the Euro.

19. Existing, secured funds of £402,000 cover the matched funding costs of three of the four Darlington work packages. These include staff time, Single Programme funding, Cycling England, Local Motion (2008/9) and Local Transport Plan funding over the period 2008-2011. The work package on development of a Smart Card has £82,000 in secured match funding, but still requires formal confirmation of up to £160,000 in additional funding for the installation of smart card readers on buses. Should this element of the funding not come forward then officers will scale back this work package, and, if appropriate, seek to re-direct some of the ERDF grant to Darlington's other work packages or to work programmes being delivered by our BAPTS partners. Table 1 details the funding that we will be able to show as a match for the ERDF grant, note that some of this includes existing staff salaries and a claim against Local Motion initiatives being delivered in the current financial year. All of the amounts in Table 1 are within either approved revenue budgets or external capital funding offered by the funders and released by Cabinet. The LTP capital forms a small part of the overall £8.9M programme for 2008/9 to 2010/11 considered by Cabinet in March 2008 and is an important component in leveraging in the Interreg funding which in turn allows Local Motion-type activities to continue.

Table 1

Source of Match Funding	Amount (£)
Cycling Demonstration Town	35,000
Local Development Framework (Core Costs)	12,000
Local Motion 2008/9	106,040
LTP (Work Place Travel)	62,000
LTP (Cycling and Walking)	80,000
Salaries (Split between transport policy and planning divisions)	129,065
Single Programme (Connections Study)	60,000
Total	484,105

20. The lead partner will be the City of Bielefeld which took over the lead partner role from Eindhoven and have borne the project development costs. Bielefeld will act as the accountable body, will enter into a contractual agreement with the European Commission and be responsible for submitting ERDF claims on behalf of all the project partners.
21. As one of the project partners, Darlington will be required to enter into a partnership agreement stating that we will comply with the ERDF rules and supply the City of Bielefeld with the all of the information they need on Darlington's element of the programme, in order to fulfil their role as the lead partner.
22. Although the Lead Partner is exposed to more risk than the other partners, there are a number of risks of being involved with a trans-national project. The most significant of the risks is that the Council incurs costs and spends money on a project, which is subsequently found either to be ineligible, or for which payment is not subsequently received from the accountable body.
23. The Council has experience of the financial and operational management arrangements specific to previous ERDF projects. In order to mitigate the risks, robust ERDF compliant systems and procedures will be established from the outset. An auditor will also be appointed at the outset to ensure that the Council's procedures, systems, records and project activity meet ERDF requirements and to check each claim prior to submission to Bielefeld. Audit costs for each partner and for the whole programme are included in the funding package for the BAPTS programme.
24. A number of previous ERDF projects have experienced problems either at the end of the project or following a later evaluation which led to ERDF grant being clawed back. ERDF is known as a funder of last resort. This means that despite offers being made on a percentage contribution basis, any savings on project cost are savings to ERDF. This means that a project with a budget of £1m with ERDF contribution of 50% is only guaranteed the 50% contribution if the project costs £1m. Should the total expenditure be less then the ERDF grant payable will be the difference between the actual expenditure and the original funding shown as the match.
25. This rule will apply within the BAPTS project, across the whole programme. However should one partner reduce their expenditure below the level they were originally allocated, there is an opportunity for other partners to increase their expenditure, so long as this is on an eligible project, and to claim more ERDF funding than originally allocated. The precise arrangement for managing this process, should it arise, will be written into the partnership

agreement.

Other Obligations

26. In order to participate in trans-national information and knowledge sharing the Council will be obliged to host a partnership meeting at some time over the three year programme. Each meeting will take a similar format, with one day comprising a study tour and/or seminar and one day where all partners meet to discuss programme management.
27. Darlington has been asked to host the first partnership meeting, scheduled for the 3–5 November 2008. This will be a technical meeting, in which Officers from each BAPTS partner will have an opportunity to share knowledge and identify common work strands. The meeting will also include a half day session on the financial aspects of the programme management. This will be an important opportunity to raise the profile of Darlington, and the Council with our European partners.
28. As host of the first meeting, more officers and members of the Council will have an opportunity to meet with members of the BAPTS partnership, early in the project, than would be possible if the meeting were hosted by one of the other partners.
29. There is also potential for exchange of staff or student placements within the BAPTS partnership. At this stage it is not proposed that Darlington commits to participating in a staff exchange or secondment scheme.

Outcome of Consultation

30. Consultation with local residents, business representatives, schools, colleges, special interest groups and community organisations will be an integral element of the work on implementing the work packages within the BAPTS programme.
31. Members of the Transport Forum and Local Motion Reference Group will also be consulted on the delivery of specific measures within Darlington's four BAPTS work packages.