



Department for
Transport

Community Infrastructure Fund: Round 2 **Bidding Guidance**



Department for
Transport

Community Infrastructure Fund: Round 2 **Bidding Guidance**

Department for Communities and Local Government
Eland House
Bressenden Place
London SW1E 5DU
Telephone: 020 7944 4400
Website: www.communities.gov.uk

© Crown Copyright 2008

Copyright in the typographical arrangement rests with the Crown.

This publication, excluding logos, may be reproduced free of charge in any format or medium for research, private study or for internal circulation within an organisation. This is subject to it being reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown Copyright and the title of the publication specified.

Any other use of the contents of this publication would require a copyright licence. Please apply for a Click-Use Licence for core material at www.opsi.gov.uk/click-use/system/online/pLogin.asp or by writing to the Office of Public Sector Information, Information Policy Team, St Clements House, 2-16 Colegate, Norwich NR3 1BQ. Fax: 01603 723000 or email: HMSOLicensing@opsi.x.gsi.gov.uk.

If you require this publication in an alternative format please email alternativeformats@communities.gsi.gov.uk

Communities and Local Government Publications
PO Box 236
Wetherby
West Yorkshire
LS23 7NB
Tel: 0870 1226 236
Fax: 0870 1226 237
Textphone: 0870 1207 405
Email: communities@capita.co.uk
or online via the Communities and Local Government website: www.communities.gov.uk

April 2008

Product Code: 07 SCGO 5130

Contents

Introduction	4
Objective	4
Funding	4
Scope	5
Prioritisation of schemes	6
Eligibility	7
Preparatory costs	8
Applications	8
Appraisal of information submitted by promoters	9
Full business case appraisal	9
Indicative methodology for assessing a scheme's economic case	10
Indicative timetable	10
Further information	11
Contacts	11

Introduction

1. The Housing Green Paper, *Homes for the future: more affordable, more sustainable* (published July 2007), announced £300m would be available for a second round of the Community Infrastructure Fund (CIF2) in the Growth Areas, Growth Points and Eco-towns. This is in addition to the £732m Growth Fund available from Communities and Local Government (funding awards announced December 2007).
2. CIF is a joint Communities and Local Government and Department for Transport fund. Funding awards will be made by Communities and Local Government, but decisions on which schemes to be supported will be made by ministers in both departments (the 'dual key' process).

Objective

3. CIF is designed to complement mainstream transport funding, uniquely linking the provision of funding for transport infrastructure to the delivery of housing. CIF will fund the type of schemes that are vital locally to unlocking large housing development sites, enabling the acceleration of housing development and improving the sustainability of major locations of housing growth.

Funding

4. The Government announced in the Thames Gateway Delivery Plan, published November 2007, an allocation of £100m from CIF2 to invest in 13 proposed local transport schemes in the Gateway, with the remaining £200m available to the other Growth Areas, Growth Points and Eco-towns. There will be no apportionment of funds between Growth Areas, Growth Points or Eco-towns. Funds will be awarded on the merits of the schemes put forward.
5. The first round of CIF funded a range of small to medium sized transport schemes including road improvements, railway station enhancements and improved facilities for public transport, cycling and walking. Awards for funding ranged from £600,000 upwards, with the average award totalling £8m. A full list of the schemes that were awarded funding in Round 1 can be found on the Communities and Local Government website.
6. CIF is a capital grant allocation. No revenue funding is available through CIF.
7. Funding will be awarded for a fixed amount and will be for a time limited period. Funding will be available during the period 1 April 2008–31 March

2011, but given the appraisal timetable we anticipate that most projects will be funded during 2009–10 to 2010–11, with the majority of spend occurring in 2010–11. Successful bidders will be expected to show how they plan to manage risks and mitigate against any scheme delays or increase in costs. Scheme promoters will be on risk for any increase in scheme costs.

8. Unlike Growth Funds, CIF2 funding will be specific to the scheme, and successful bidders will not be able to transfer CIF2 funds to other projects or priorities.

Scope

9. The geographical scope of CIF2 is limited to schemes in the three newer Growth Areas (Milton Keynes-South Midlands, London-Stansted-Cambridge-Peterborough, and Ashford), the 29 existing Growth Point partnerships, and any successful second round Growth Points or Eco-towns. In exceptional circumstances, schemes outside the geographic scope of CIF2 may be considered for funding. This will only be the case where the scheme will deliver additional housing growth in the Growth Area or Growth Point, for example, by supporting sustainable travel between housing in growth areas and job opportunities.
10. Only local transport authorities (or bodies eligible for receipt of grant under section 31 of the Local Government Act 2003) are eligible to apply for CIF funding. However, where Local Delivery Vehicles exist we would expect them to co-ordinate, bids locally, and to support any bid for funding. All bids should, however, be submitted by the relevant local transport authority.
11. We would expect bids submitted to be in support of, and in accordance with, the Programmes of Developments prepared by Growth Areas and Growth Points. This does not exclude other schemes being submitted, where a case can be made for them (eg reflecting new priorities since preparation of the Programme of Development). For Eco-towns and successful second round Growth Points we would expect any bids to support their Eco-town/Growth Point application, and any emerging Programme of Development.

Second round Growth Points and Eco-towns

12. Government is currently considering bids for second round Growth Points and expects to make an announcement on successful bids shortly. At that stage successful second round Growth Points will be invited to submit Expressions of Interest.
13. Government is also considering bids for Eco-towns and expects to announce a shortlist of schemes that have been selected for further review shortly. At

that stage, local authorities with shortlisted bids in their area will be invited to submit Expressions of Interest for schemes relating to the proposed Eco-town scheme, although we would anticipate that any such schemes would be seeking funding towards the end of the funding period. Consideration of any CIF2 schemes from LAs with proposed Eco-towns is subject to the outcome of the review exercise.

East of England

14. Bids will be welcome from those places in the East of England (Chelmsford, St Edmundsbury, Dacorum, Welwyn Hatfield and St Albans) where Communities and Local Government proposes to bring them into the Growth Areas programme, subject to the final East of England RSS. This is on the basis of the housing targets set out in the Proposed Changes to the East of England Plan. Those targets are still only proposals, with final decisions on the RSS still to be made by the Secretary of State, taking account of the public consultation. Final decisions on growth areas support are subject to the housing targets set in the final RSS. Consideration of any CIF2 schemes from these places is therefore dependent on the outcome of the final RSS.

London Opportunity Boroughs

15. Communities and Local Government will be consulting shortly on its new approach to allocating Growth Funds through Programmes of Development. This consultation will cover which London boroughs outside Thames Gateway and the LSCP growth area should be eligible for support from the Growth Fund. Given the timetable for appraising CIF2 schemes, bids from the existing London Opportunity Boroughs of Barnet, Brent, and Islington will be welcomed. However, any successful Expressions of Interest from those boroughs will only be progressed past EOI stage if their status as an Opportunity Borough is confirmed after the consultation exercise.
16. Communities and Local Government expects to respond to the consultation exercise before the summer and will confirm at that stage any other boroughs to be designated as an Opportunity Borough. Any such boroughs will at that stage be invited to submit Expressions of Interest for CIF2. Appraisal of any schemes that come forward from these boroughs will therefore be running on a later timetable to other CIF schemes, and consequently final funding decisions may also be later, reducing the overall time available in which to deliver schemes. All CIF2 schemes must complete by 31 March 2011 so deliverability will be a key consideration for any schemes coming forward from any new Opportunity Boroughs.

Prioritisation of schemes

17. Regional Assemblies and Regional Development Agencies (Transport for London in the case of London) have been asked to jointly submit to Communities and Local Government/DfT a list of the schemes being submitted from their region, in order of priority, so that this can be taken into account as part of the process for determining which schemes should be invited to submit a full business case. This will, however, only be a guide and Government reserves the right to re-prioritise schemes which it believes would better meet the aims of the fund. Scheme promoters should therefore ensure that Regional Assemblies/Regional Development Agencies/TfL are aware of any potential schemes coming forward.
18. As the Milton Keynes-South Midlands growth area covers three regions, we will also be seeking the views of the MKSM Strategic Transport Board on their priorities for the sub-region.

Eligibility

19. To be eligible for funding, the following criteria should be met:
 - Schemes must be within the geographic scope of CIF2.
 - Bids must be for capital expenditure only.
 - Bids for funding should not normally be made in respect of schemes which are currently included in the Regional Funding Allocation or for which full or provisional approval has been given for LTP funding, except to the extent that the bid relates solely to the material acceleration of the scheme.
 - Schemes should be ready to spend in the period 1 April 2008 – 31 March 2011, and must be able to be completed by 31 March 2011, or have agreed third party funding to cover any costs incurred beyond that period.
 - For schemes with on-going subsidy costs it should be made clear how such costs will be met in future. Promoters will also be expected to undertake the risk of any unexpected requirement for ongoing subsidy arising.
 - In addition to commitments in relation to ongoing subsidy, bids for rail schemes will need to demonstrate that there will be, at most, a limited detrimental effect on current service patterns and the current and future franchises.
 - CIF2 bids must be developed in accordance with the principles of sustainable development and sustainable communities. The link to additional housing development for each scheme will need to be established as part of the overall appraisal process. Evidence will be required to demonstrate how schemes unlock additional housing development.

20. Bids can be made for either the whole cost of a scheme or for a contribution towards the total cost. Bids are welcome for schemes which attract other sources of funding. Highlighting other potential funders will not be interpreted as a lesser need for CIF contribution.
21. Packages of smaller-scale infrastructure schemes for particular Growth Area localities where development is to be concentrated, and which are not already being funded through s106 process, are encouraged.
22. Bids for schemes that unlock housing development, while promoting sustainable methods of transport are particularly encouraged.

Preparatory costs

23. Funding is available to cover up to 50 per cent of eligible preparatory costs which are incurred by successful schemes after the scheme has been formally approved by Ministers. Unsuccessful bids at either the EOI or business case stage will not be eligible for any reimbursement of preparatory costs
24. Business cases should therefore identify separately where preparatory costs need funding should Ministers decide to fund their scheme
25. Eligible preparatory costs are defined as costs for detailed design and procurement where those costs can be capitalised.

Applications

26. As with CIF1, CIF2 will consist of a two stage bidding process:

Stage 1 – Expression of Interests

27. Scheme promoters complete Expression of Interest form and submit by e-mail to Communities and Local Government/DfT, copied to the relevant Government Office. Schemes should be supported by the relevant transport authority, the Local Delivery Vehicle (where one exists) and other agencies, such as the Highways Agency, Network Rail and the relevant Train Operating Company. Scheme promoters should ensure Regional Assemblies and Regional Development Agencies are aware of an intention to submit an Expression of Interest for a scheme, so it can be included in the regional prioritisation exercise. Regional Assemblies and Regional Development Agencies submit to Communities and Local Government/DfT an agreed list of regional schemes in order of priority.

Stage 2 – Full Business Case

28. Government announces which Expressions of Interest are to be worked up into a full business case. Scheme promoters prepare full business case and submit to Government. Further discussions on detailed appraisal issues will be held as needed with scheme promoters.

Appraisal of information submitted by promoters

29. The Expression of Interest form is designed to give us the information we need to select those schemes to be taken forward for full business case. Appraisal of Expressions of Interests will be carried out by Communities and Local Government, Department for Transport and the relevant Government Office. The appraisal will consist of a combined assessment of strategic fit, deliverability and value for money.
30. If schemes are selected to be taken forward for full business case, detailed scheme appraisal will take place at that stage. Progression to Business Case stage does not guarantee that the scheme will be recommended for approval.

Full business case appraisal

31. At the full business case stage, a more in-depth analysis of the scheme's strategic fit, deliverability and economic case will inform decisions on funding. The required level of appraisal for schemes invited to be worked up for full business case should be proportionate to the size of the scheme. Further guidance on the appraisal process will be made available when Government invites business cases to be worked up.
32. At the full business case stage we will also be seeking comments on schemes from Statutory Environmental Consultees, as well as other organisations such as English Partnerships. We would expect schemes coming forward to have already considered any environmental implications and for the Statutory Environmental Consultees to have been consulted on the scheme.

Indicative methodology for assessing a scheme's economic case

33. Experience from the first round of CIF suggests that many (although not all) eligible schemes will support both an element of housing that could not be delivered without the implementation of the transport scheme as well as an element of housing that could be delivered irrespective of whether the transport scheme is implemented (though with reduced sustainability if the scheme does not go ahead). We currently envisage a 2 part assessment of the impacts of each proposed scheme, as follows:
- **Part 1: For trips arising from planned residential development that is fully dependent upon part or all of a proposed scheme (i.e. where the development could not go ahead without the scheme):** an assessment will be made of the impact the additional trips associated with that development have on existing users on the transport network as well as the other benefits and costs arising from the new development.
 - **Part 2: For trips arising either from planned or existing residential development that is not fully dependent on the scheme (i.e. where the scheme mitigates the effects that the new housing development would have on the transport network), or from dwellings that already exist:** a standard benefit/cost ratio consistent with webtag methodology will apply¹. This means that development-related traffic is considered in both the do-minimum (ie assuming a situation without the transport investment) and the do something (with the investment) scenario.

Indicative Timetable

March 2008	Launch of CIF2 bidding guidance
21 April 2008	Deadline for receipt of Expressions of Interest for Growth Areas and Growth Points
16 May 2008	Deadline for receipt of prioritisation of schemes by Regional Assemblies/Regional Development Agencies
July 2008	Announcement of selected schemes to be taken forward to full business case
October 2008	Deadline for submission of full business cases
February 2009	Announcement of successful schemes

¹ For more information please see www.webtag.org.uk/index.htm

Further Information

34. For an indication of the types of schemes funded in the first round of CIF, a summary can be found on the Communities and Local Government website at the following links. Your Government Office contacts should also be able to advise you on the type of scheme that will be suitable:

Milton Keynes-South Midlands CIF schemes

www.communities.gov.uk/housing/housingsupply/growthareas/growthareasby/miltonkeynessouth/casestudies/communityinfrastructurefund/

London-Stansted-Cambridge-Peterborough CIF schemes

www.communities.gov.uk/housing/housingsupply/growthareas/growthareasby/londonstanstedcambridge/casestudies/communityinfrastructurefund/

Contacts

35. For guidance on potential schemes or the bidding process, please contact your relevant Government Office contact in the first instance. Please also copy any Expressions of Interest to your GO contact.
36. Contacts at Communities and Local Government and Department for Transport on CIF, and for submission of Expressions of Interest are:

Communities and Local Government

cif2@communities.gsi.gov.uk

Department for Transport

cif2@dft.gsi.gov.uk

37. All documents related to CIF2, including bidding guidance and Expression of Interest form can be found on the web at

www.dft.gov.uk/cif2

www.communities.gov.uk/growthareas