Enterprise M3 Board meeting

24 September 2020

Capital funding for the Future Towns Mobility Demonstrator

University of Southampton – Item 9c

Board members are asked to:

AGREE that approval is given to provide a grant of £960k from the Local Growth Fund to fund the Future Towns Mobility Demonstrator project which will act as a pilot for three interlinked schemes seeking to drive footfall into our town centres as part of the economic recovery plan.

1. Background

1.1 The Future Towns Mobility project emerges from a request from Enterprise M3, in a letter sent 9th June 2020, to existing LGF projects. Part of the rationale behind that letter to already contracted projects was to maximise fast economic impact, deliverability, efficient use of team capacity and maintenance of high standards of due diligence, by building on existing contractual arrangements and partner relationships.

1.2 The letter asked for proposals to extend and/or accelerate current projects which would have a fast impact on restarting the local economy as it emerged from lockdown and would help stimulate a rapid longer-term recovery and renewal.

1.3 The Future Towns Mobility project is a response to that letter and represents a practical, timely and swift implementation of the existing EM3-funded Future Towns Innovation Hub, which is being built on the University of Southampton Science Park at Chilworth in Test Valley.

1.4 The grant request of £960k is 33% of the original project value of £2.96million. Board approval is required as the approval level for PMG is 20% of the original project value. PMG agreed the project in principle at their meeting on 10th September and provided full approval on 17th September following receipt of additional detail on matched funding.

2 The Project – Future Towns Mobility Demonstrator – University of Southampton (UoS)

2.1 The retail, hospitality and recreation sectors account for a large proportion of economic activity and safeguard many thousands of jobs in the EM3 LEP area; these sectors are also among the most severely affected by the COVID-19 pandemic with footfall remaining low due to consumers being unwilling to endure the perceived health risk of attending crowded areas and the inconvenience of waiting in long queues. Action is required to restore consumer confidence otherwise it is highly likely that the “new normal” could involve massive job losses.

2.2 This capital-intensive research and development pilot will stimulate a clean, low carbon economic recovery in these sectors through helping people to develop confidence to safely

and efficiently go back to shop and undertake leisure activities as lockdown measures ease. The pilot project is composed of three schemes

- rapid road space re-allocation (S1)
- implementation of a micro-mobility pilot (S2)
- development of the Smart Shopper app (S3)

2.3 Basingstoke, the largest town in the EM3 LEP area, will be used as a demonstration location. The growth of the town over the years has led to diverse mobility and transport needs; however, access to services, the town centre and key places of employment is predominantly done by car, as the town lacks the necessary infrastructure to facilitate an attractive walking and cycling experience. This means that Basingstoke offers a "clean slate" environment, on which a variety of solutions can be trialled, with successful interventions then being rolled out and deployed in other towns in the EM3 LEP area, where appropriate.

2.4 Rapid road space re-allocation (S1) recognises that maintaining a social distance of 1 or 2 metres is likely to be desirable by people but the challenge of doing this in public spaces is difficult, particularly where pavements are not wide enough or traffic flow does not allow for this. Experiments will be conducted to assess the effectiveness of reallocation of road space using temporary structures to permit more use of active travel (cycling and walking) and to prevent an increase in car use. Measures to be considered include the closure of some roads to cars and the provision of additional road space for cyclists and pedestrians. Some pilot schemes are already planned in Basingstoke and under the proposed work a number of appropriate sites and corridors will be selected for implementation, making use of relevant prioritisation tools.

2.5 The micro-mobility pilot (S2) builds on the opportunities for renewal, for doing things differently, as part of a green recovery in a post-COVID-19 economy. An e-bike and e-scooter leasing scheme will be set-up, launched and monitored, offering mid- to long-term rentals (by the week). The aim is to promote the benefits of e-bikes and e-scooters to existing and potential new e-cyclists and e-riders in order to support and encourage them to consider buying their own (as a "try-and-buy" opportunity) in future. The implementation will focus on Basingstoke's "golden triangle", the area formed by the town centre, the Basingstoke and North Hampshire Hospital and the Chineham business park, which offers a diverse set of users including key workers, residents and commuters

2.6 Development of the Smart Shopper app (S3) seeks to use digital technology to enable return to the high street by avoiding crowding and excessive queuing in retail, hospitality and recreation establishments. The app will allow people to anonymously register their intention to attend one or more locations at an approximate non-binding timeslot in advance. Together with other relevant data, such as real-time road traffic, pedestrian footfall and car park occupancy, Smart Shopper will be able to predict crowding levels during different times in order to assist consumers to plan ahead and notify them of locations which may be more crowded than they would wish. This will allow people to consider where they go and when and avoid overcrowding. As Basingstoke town centre has free WiFi, it will be possible to monitor the number of people in real-time.

2.7 In the short term, the project will enable consumers to avoid queues and crowded places, and access personal, active, lower carbon transport on safer, widened routes. This will help raise customer confidence and support local commerce. In the longer term, this form of

mobility, combined with the road space re-allocation, will connect different commercial and public service hubs across the town leading to a greater sense of vitality and belonging to "one town".

2.8 Expert evaluation and modelling will be carried out by the University of Southampton Transport Research Group throughout the project and will provide an understanding of what does and does not work well in this pilot. This will result in a valuable solid evidence-based blue-print to support a local economic recovery and renewal strategy that can be "stepped-up" without risk to other towns in the region.

2.9 The project will be co-ordinated by the Future Towns Innovation Hub (FTIH) in close partnership with:

- Transportation Research Group (TRG), University of Southampton (UoS)
- Basingstoke and Deane Borough Council (BDBC)
- Hampshire County Council (HCC)
- WSP Group (WSP)
- Centre for Towns (CfT)

Project costs

2.10 The project is costed at £960k which represents a third (33 %) of the original £2.96m Enterprise M3 invested in the £10m Future Towns Innovation Hub.

2.11 The cost breakdown is as follows:

Activity	Cost £k
S1 Rapid reallocation of road space	225
S2 Micro mobility pilot	270
S3 Smart shopper app	240
Design and implementation support	225
TOTAL	960

2.12 Costs comprise capital costs, contractor costs, app development, implementation of all schemes including awareness raising and promotion and staff costs for monitoring and evaluation.

2.13 Through discussion with Basingstoke & Deane Borough Council and Hampshire County Council, matched funding of £125k has been identified. This comprises

- Cash spend of up to £50,000 to support the project with funding to cover the costs of delivering some of the measures that will be identified as part of the demonstrator project and feasibility and viability testing. This includes making permanent changes to the highway or maintaining the "smart shopper" application.
- In-kind match funding of over £50,000 from BDBC (one FTE) and £25,000 from HCC (0.5 FTE) based on the estimated amount of time staff members from HCC and BDBC will spend on the project to cover activities such as project management and coordination, procurement and contract management, monitoring and evaluation and engagement with local partners and businesses.

2.14 The Future Towns Mobility Demonstrator should be viewed as an extension of the Future Towns Innovation Hub. The project is a practical implementation of the vision of the Future Towns Innovation Hub and is a real-world demonstrator that seeks to drive innovation and learning. The original Future Towns Innovation Hub is a £10.26m project that received £2.96m of Enterprise M3 Local Growth Fund money with a matched funding contribution of £5.8m from the University of Southampton and £1.5m from Research England. The matched funding for this project was 71% of the total project cost. If the figures for the two projects are utilised, 66% overall match is available for the original project and the additional demonstrator.

Activity	EM3 funding £m	Match funding £m	% match of total project cost
Future Towns Innovation Hub	2.96	7.3	71
Future Towns Mobility Demonstrator	0.96	0.125	10
TOTAL	3.82	7.425	66

Project outputs

2.15 The following project outcomes are expected

- appropriately redesigned road sites in Basingstoke that will promote safe and socially-distanced travel to key destinations in the town, hence facilitating access to retail, hospitality and recreation activities.
- real-life pilot demonstrator of micro-mobility leasing in the UK
- useable app for controlling space in town centres
- demonstration of best practice for rollout to other Enterprise M3 locations

2.16 According to the Institute of Fiscal Studies there are 12,600 jobs in the retail, hospitality and recreation sectors in the Basingstoke area – 14.7% of the area's workforce. Initial analysis by the Centre for Towns estimates that, unless drastic action is taken, based on current trends 35% of the pre-COVID-19 demand could be lost after a period of 12 months. In addition, restrictions on movement and a shift to home delivery and consumption will reduce demand in the town centre even further, putting 50-65% of Basingstoke's 12,600 retail, hospitality and recreation jobs at direct risk.

2.17 According to the Centre for Towns, this stimulus has the potential to save 50% of the current level of employment, which corresponds to safeguarding 6,300 jobs (this figure is being reviewed for appropriateness). However, it is anticipated that these measures will help support economic recovery. In addition, boosts to commercial activity will result as more people swapping cars for bikes or scooters leads to higher spend per visit (i.e. cyclists, including e-cyclists, tend to spend more money in town centres than drivers). Furthermore, the proposed measures are expected to have a significant impact on the local economy beyond the retail, hospitality and recreation sectors by promoting low-carbon mobility solutions.

2.18 A final report documenting the project's achievements and the findings obtained in terms of impacts, along with an executive summary, will be submitted to EM3 after all the implementation and evaluation work has been completed. The write-up will extend beyond the end of the project (March 2021) with an anticipated delivery of July 2021.

3 Due Diligence

3.1 Two forms of due diligence have been undertaken on this project; firstly, a review was undertaken by the internal Enterprise M3 team and secondly with AECOM. Both reviews highlighted some areas of concern and resulted in the University of Southampton providing a very detailed written response.

3.2 In line with the due diligence process, it is anticipated that the following conditions will form part of the funding agreement letter

- Provision of a guarantee that the University of Southampton will cover potential cost over-runs to ensure each scheme is delivered
- Formal commitment from each of the delivery partners on their 'in-kind' match funding contributions and actual cash contributions.
- Provision of 'scheme specific' economic appraisals once their full scope has been determined.

4 Conclusions and Recommendations

4.1 In the short term, this demonstrator project is intended to trial three schemes that will enable consumers to avoid queues and crowded places, and access personal, active, lower carbon transport on safer, widened routes. This will help raise customer confidence and support local commerce. In the longer term, this form of mobility, combined with road space re-allocation will connect different commercial and public service hubs across the town leading to a greater sense of vitality and belonging to "one town".

4.2 The project will also introduce opportunities to reduce carbon emissions and improve air quality by trialling alternatives to car usage; and establish greater connectivity between Basingstoke's constituent districts enhancing access to commercial and leisure units. The pilot will undergo professional evaluation with a view to adapting and rolling out in other towns, as appropriate.

4.3 Subject to approval, the project can commence in September/October and all capital spend will have been completed by March 2021. A final evaluation report on the project will be available no later than July 2021.

4.4 The University of Southampton have responded quickly and practically to the request for projects that support the economy recovery of our area. Swift implementation of these three schemes as a pilot project focussed on Basingstoke will allow Enterprise M3 to understand what could work more widely for the benefit of the whole area.

Sue Littlemore
17 September 2020