

### 1 – SCHEME DETAILS

<b>Project Name</b>	Mass Transit – Concession End and Renewal	<b>Type of funding</b>	DfT (capital)
<b>Grant Recipient</b>	SYMCA	<b>Total Scheme Cost</b>	£581.5m
<b>MCA Executive Board</b>	TEB/MCA	<b>MCA Funding</b>	£101.041m
<b>Programme name</b>	CRSTS	<b>% MCA Allocation</b>	95%
<b>Current Gateway Stage</b>	SBC	<b>MCA Development costs</b>	£4.344 Development Costs £8.605m Early Works £12.95m Total
		<b>% of total MCA allocation</b>	13%

### 2 – PROJECT DESCRIPTION

This project will fund the replacement of tram vehicles, tram tracks, and traction current supply and will modernise the depot and passenger facilities for the Supertram mass transit system in South Yorkshire.

Supertram was built in the early 1990s and has been operated by a subsidiary firm of Stagecoach under a concession agreement for the period April 1997 to March 2024. Stagecoach provide routine maintenance of the system as part of the agreement, however the infrastructure and vehicles are owned by SYPTE and are reaching the end of their economic life.

£105.95m of the full project cost has been allocated to date from the CRSTS fund and other available funding. Approval is sought to spend £12.95m of the approved CRSTS allocation to fund urgent work on the tram tracks and renew some of the vehicles and to develop the OBC for submission to the DfT in 2023/4.

### 3. STRATEGIC CASE

<i>Project rationale</i>	There is a sound rationale for the project. Supertram has been in operation for over 30 years, and the application states that large parts of the traction control system are now obsolete and are no longer being manufactured, whilst others do not comply with
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	<p>current regulations. These assets are publicly-owned, and replacing and upgrading the infrastructure will ensure the continuation of the mass transit public transport system.</p> <p>An Asset Survey in 2017, a Rail Wear survey in 2021, the 2022 Vehicle survey and emerging findings from the 2022 Infrastructure survey have been cited as evidencing a need for tram, track and traction current supply replacement on the basis of safety as further deterioration past 2024 could result in tram services being discontinued due to reduced reliability and safety on the tram network.</p> <p>This project would fund urgent repairs on the tracks and upgrade the traction current supply and some vehicles in the short term with the early release of development costs prior to an OBC submission to the DfT.</p>
<i>Strategic fit</i>	<p><i>Complete Annex 1 at the end of this form.</i></p> <p>This project has clear alignment with the SEP and Transport Strategy objectives for connecting residents and businesses to economic opportunity. In comparison to bus services, which are largely powered by fossil fuel, the tram emits no roadside pollutants and therefore makes a positive contribution to air quality. The tram serves a considerable proportion of disadvantaged wards and provides level boarding access for wheelchair users and people with limited mobility therefore making a positive contribution to inclusion and widening opportunity.</p> <p>30% of Sheffield's businesses and 190,000 people reside within walking distance of a tram stop. Complimentary schemes are in development under the TCF programme to build additional Supertram Park and Ride sites at Parkgate and Magna in Rotherham. This will increase the catchment area of the tram to incorporate residents and businesses from the Rotherham district.</p>
<i>Proposed outcomes</i>	<p>The most significant output is the doubling of tram passenger boardings from 1m to 2m between 2024 and 2042. Accounting for population growth and the two additional Park and Ride stops in Rotherham from the two complimentary TCF schemes, this level of increase does not appear unreasonable in an 18 year period. However, it would be beneficial to see data on the current level of tram boardings and the rate of increase in tram boardings between 1997 and 2022 to provide additional context.</p> <p>The application states in section 2.4 that the project will reduce journey times and also identifies in section 3.1A time savings for commuters, non-business and business users. It is unclear how these time savings will be generated ie. are the time savings as a result of newer tram vehicles breaking down less than existing rolling stock? Are the time savings a result of speed restrictions being in place currently due to the level of deterioration on the track? Are the time savings a result of traction current supply affecting the speed at which trams can travel.</p>
<b>4. VALUE FOR MONEY</b>	
<p>FLUTE has been used to assess the economic value of scheme (+1).</p> <p>The project appears to offer good social value return and a Distributional Impact Assessment has been conducted on passenger accessibility for vulnerable groups. It would be advisable to try and quantify the number of people who work on tram maintenance but who are not directly employed by Supertram to capture the additional social value impact on employment outside of the 357 people directly employed.</p>	

There are disbenefits from the project to bus and rail operators of an estimated £5m per annum.

## 5. RISK

### *Have the key risks and mitigation of these been identified?*

The five biggest risks appear to have been identified covering incorrect costs estimates (including inflation), insufficient resources, reduced patronage, the fixed date for concession end and changes to scope. These have been rated as mostly high for both likelihood and impact. The mitigation measures are sensible, however, rather than just obtaining updated estimates of costs and patronage forecasts, additional mitigation measures should include the £17.6m contingency and risk budget that has been identified by the applicant in Appendix A.2 and details of how marketing and communications activity could promote the tram to non-users.

As some of the components of the network are now obsolete and no longer manufactured, a further significant risk could be technology procurement or operational failure in regards to procuring replacement component parts that work with the system that is in place.

## 6. DELIVERY

The Concession End date for Stagecoach to run Supertram is stated in section 2.1 as March 2024 but the milestones for statutory requirements, procurement and the Full Business Case submission to DfT are stated as Q2 and Q3 2024/25. It would be helpful to understand in the narrative the reasons why these dates are beyond the Concession Agreement end date, how the dates could be brought forward and how the applicant proposes to operate the tram system in the period from April 2024 and works commencing.

The project is a key deliverable of the approved CRSTS programme for South Yorkshire.

The project appears to be compliant with current Subsidy Control rules and does not constitute State Aid.

## Annex 1 – Strategic Policy Fit

To what extent does the project meet the MCA’s strategic objectives as set out in the of the MCA Corporate Plan 2021-22?

Outcome	Strategic Objective	R/A/G Rating	Comments
<b>Stronger</b> Achieve sustained good growth, underpinned by productivity gains that exceed the UK average	<b>Leading an economic transformation by:</b> 1. creating not just a bigger economy but a better one: higher-tech, higher skill, and higher-value - backing wealth and job creators	A	Higher education institutions are more accessible by students by tram than by bus so there is a slightly positive contribution to supporting higher skills.
	2. enabling businesses to survive, adapt and thrive and be more innovative and resilient as we come out of the pandemic and resulting economic downturn	R	Not applicable to this project.
	3. stimulating local economies by investing in the infrastructure, transport and digital capabilities to create jobs and transform places	G	This project represents a direct investment in transport infrastructure and public transport service provision.
<b>Greener</b> Drive forward environmental sustainability to achieve our net-zero carbon target by 2040	<b>Leading a green transformation by:</b> 4. decarbonising our economy, regenerating the natural environment and accelerating Net Zero Carbon transition	A	As the tram does not emit roadside pollutants in the way that other vehicles do there is a positive contribution from the project to air quality. However, without a modal shift of passengers from other vehicles to the tram or tram extension, it will likely have a neutral effect on Net Zero transition.
	5. capitalising on technological and scientific capabilities to improve the resilience and quantum of clean energy supply, storage, distribution and usage	R	Not applicable to this project.
	6. revolutionising transport, getting South Yorkshire moving by foot, bike, bus, tram and train	G	The tram provides a more sustainable method of mass transit than fossil-fuelled buses. Without the project, carbon emissions are estimated to increase at an imputed social cost of £20,000 per annum as a result of people travelling by car or by bus.
<b>Fairer</b> Unlock prosperity by eliminating the wage gap and health inequalities	<b>Leading a wellbeing and inclusion transformation by:</b> 7. raising quality of life, reducing inequality, and widening opportunity for South Yorkshire people	G	The tram serves a considerable proportion of disadvantaged wards and provides level boarding access for wheelchair users and people with limited mobility therefore making a positive contribution to inclusion and widening opportunity.

between South Yorkshire and the national average	8. equipping people to contribute to and benefit from economic prosperity	<b>G</b>	<b>The tram provides a means of connecting residents to economic opportunity in terms of education and employment, particularly those who reside in disadvantaged wards.</b>
	9. supporting people to improve their skills, get back to work, remain in or progress in work, or set up in business and thereby accelerate social mobility	<b>R</b>	<b>Not applicable to this project.</b>

## 8. RECOMMENDATION AND CONDITIONS

<b>Recommendation</b>	To approve the SBC and release of Early Capital and Development Costs
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<b>Payment Basis</b>	
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<b>Conditions of Award (including clawback clauses)</b>
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Clarifications raised below to be covered in the OBC submission.

1. The application states in section 2.4 that the project will reduce journey times and also identifies in section 3.1A time savings for commuters, non-business and business users. At OBC please provide clarity on how these time savings will be generated.
2. It would be advisable to try and quantify the number of people who work on tram maintenance but who are not directly employed by Supertram to capture the additional social value impact on employment outside of the 357 people directly employed.
3. It would be helpful to provide in the narrative the reasons why the milestones for statutory requirements are beyond the Concession Agreement end date, how the dates could be brought forward and how the applicant proposes to operate the tram system in the period from April 2024 and works commencing (Concession End arrangements are for consideration at MCA on 18/10/22).