

**TRANSPORT BOARD**

**30th August 2019**

**TRANSFORMING CITIES FUND – UPDATE**

**Purpose of Report**

This report provides an update on the progress in developing the final strategic outline business case (SOBC) for Sheffield City Region's Transforming Cities Fund (TCF) submission due on 28<sup>th</sup> November 2019, with a focus on the feedback from the Department for Transport (DfT) on the draft SOBC submission in June 2019.

**Thematic Priority**

Secure investment in infrastructure where it will do most to support growth.

**Freedom of Information and Schedule 12A of the Local Government Act 1972**

The paper will be available under the Combined Authority Publication Scheme

**Recommendations**

That members of the Transport Board:

- Note the feedback from the DfT on the work undertaken to date on the Strategic Outline Business Case;
- Note the required tasks and key deadlines in advance of the November submission of the Full Business Case.

**1. Introduction**

- 1.1** In September 2018, Sheffield City Region (SCR) were confirmed as one of ten places across the country to have been shortlisted for the next phase of TCF. Subsequently a further two areas have been added to the shortlist. The requirement was to submit a draft strategic outline business case (SOBC) to the Department for Transport (DfT) by the 20<sup>th</sup> June 2019 (before submission of the final business case in November 2019) for consideration as part of a £1.22bn funding pot.
- 1.2** The SCR bid includes three types of schemes:
- **Public Transport** – a series of infrastructure improvements across the strategic transit corridors aimed at improving the performance of the public transport network, principally journey time, punctuality and reliability, within and between the main urban centres and the identified growth locations
  - **Active Travel** – drawing on the Local Cycling and Walking Infrastructure Plan (LCWIP) and the recent appointment of an Active Travel Commissioner to start developing a network of active travel routes, taking advantage of the relatively low commuting distances across the SCR at present

- **Rail** – enhancing accessibility to/from and at rail stations within the SCR and interventions that support connectivity to HS2/ Northern Powerhouse Rail touchpoints so that the rail network can become a viable alternative to the private car for those taking advantage of the significant economic growth opportunities.
- 1.3** The draft Strategic Outline Business Case (SOBC) submitted in June included three funding scenarios for the four-year programme as requested by DfT – these are labelled ‘Low’ (£183m), ‘Medium’ (£204m) and ‘High’ (£227m). All of the values allow for 5% inflation across the funding period and 10% for risk.
- 1.4** Written feedback on the draft SOBC has now been received from the DfT, this will shape the work required for the submission of the Final SOBC, due on 28<sup>th</sup> November 2019.

## **2. Proposal and justification**

- 2.1** The formal written feedback on the draft SOBC was received from the DfT on 5<sup>th</sup> August 2019. Particular points to note are as follows:
- The strategic case is clear in setting out existing and developing assets within SCR, with links to improving productivity and the Industrial Strategy – it is very positive that there is a clear thread running from this bid to SCR’s strategic transport priorities, the LIS, TfN strategy and the Industrial Strategy
  - In general, the focus on transport poverty is very interesting and has a positive link to MHCLG’s developing ‘Stronger Towns’ agenda. Much of SCR is rural and the bid successfully sets out how its polycentric geography means that some local areas are entirely disconnected from areas where growth is taking place
  - The objectives of the programme are clearly set out, along with the context behind the strategic case – the evidence presented is strong and well used
  - It would strengthen the overall strategic case if the ‘supporting housing delivery’ TCF objective could be brought out
  - The schemes are clearly defined at the South Yorkshire level and some data is provided on issues in the specific corridors – further detail is required at the corridor level ahead for the November submission
  - Clear prioritisation and sifting process followed with evidence provided
  - The draft has put forward a good mixture of different bus interventions aimed at specific local problems with the aim of modal shift. However, the benefits of individual interventions are not clear and a summary of scheme costs and benefits would be helpful, along with evidence of support for the package by operators
  - In presentation, it would be good to see some overlays of mapping
  - There is no direct evidence of stakeholder support in the SOBC apart from references to previous public consultations and earlier workshops – it would be helpful to include letters of support from stakeholders and results from public consultations to directly evidence stakeholder/public views
  - All three packages appear to offer ‘High’ VfM at present, although there is substantial uncertainty around both baseline and demand uplift for active travel schemes in particular
  - A good range of impacts have been identified at this stage, although for non-active travel schemes these are qualitative. The potential disbenefits to motorists from the reduction of road space should be captured for November. Further work should also explore the interdependencies between modes to avoid double counting impacts
  - Appraisal should be improved by use of fully validated multi-modal model for November
  - Further work on the financial case is to be completed on 3rd party contributions, quantified risk, long-term sustainability etc for November
  - Further work is required to establish the detailed programme management arrangements
  - A stakeholder communications strategy will be required for the November submission and clarity on whether stakeholder interests have been mapped

- A reasonable start has been made on setting out a procurement strategy, but this requires further development and confirmation ahead of the November submission – each local authority should have a clear plan for how each of their interventions will be procured.
- 2.2** In summary, the written feedback was positive, with the level of detail in the draft being appropriate for the stage the business case was at. The main issue is the need to enhance the Economic Case for the Final SOBC with clear evidence of programme benefits. This will require additional data collection, discussions with the DfT on the assumptions for how the active travel schemes are to be appraised and more details of the public transport schemes to be modelled using the SCR Transport Model (SCR TM). In addition, the submission will require an enhanced management case illustrating a strong governance proposition for the implementation of the programme.
- 2.3** More specifically, the public transport interventions need to be developed to a level of detail by early September at the latest, so that they can be modelled for the end of September to feed into the revised Economic Case. They should also have had a level of engagement with the bus operators to understand their support by this point. This is now the critical part of the forward programme.
- 2.4** A face-to-face meeting with DfT Officers to discuss the written feedback took place on the 12<sup>th</sup> August 2019. Additional information on timing was offered at this meeting. A decision on the bid is expected by the start of March 2020, with shortlisted areas presenting their bids to the TCF Programme Board in December 2019/January 2020. Funding for the programme will cease at the end of March 2023 and so all interventions should be complete by this point.
- 2.5** The TCF Project Board has agreed a work programme through to the submission of the Final SOBC, with the following key tasks on a month-by-month basis:
- August
    - Develop public transport proposals in more detail (working with bus operators) to enable them to be appraised in the SCR TM
    - Address issues with appraisal of active travel elements
    - Determine each Local Authority's procurement strategy
    - Develop stakeholder communications plan
  - September
    - Update Strategic Case
    - Appraise all elements of the package, using modelling tools agreed with DfT
    - Confirm programme management and governance arrangements post-SOBC
  - October
    - Local Authority approvals for their elements of the bid and local contributions
    - Gather evidence of support from stakeholders
    - Update SOBC
    - Prepare for SCR governance meetings (including TB meeting on 25<sup>th</sup> October 2019)
  - November
    - Project Board sign-off of Final SOBC
    - Transport Board meeting to review Final SOBC
    - MCA meeting to approve Final SOBC
    - Final SOBC submission (28<sup>th</sup> November 2019).
- 2.6** The work programme in section 2.5 includes programme management and governance tasks that will help with excellent programme delivery assuming a successful TCF bid. Options include adapting the current LGF change control process slightly, including

reviewing delegated financial authority within the TCF programme. Any recommendations for approval will be presented to the appropriate MCA meeting for decision.

- 2.7** The SCR continues to speak to other shortlisted bidders to share good practice and ensure consistency in any discussions with the DfT. A concern from the larger city regions is that the smaller single/dual authority bids will be easier to understand, are more focussed, feel easier to deliver and could be perceived as being more transformational (albeit on a smaller scale). This will need to be something that is taken up with the DfT – along with improving the strength of the (already good) updated Strategic Case.

### **3. Consideration of alternative approaches**

- 3.1** Progress report, so not applicable

### **4. Implications**

#### **4.1 Financial**

The costs of developing the draft strategic outline business case were managed from within existing resources.

However, the DfT have provided a £50,000 revenue grant to help cover some of the costs in developing the strategic outline business case further. Following on from DfT feedback, it is proposed that this allocation is used to fund the transport modelling required to confirm the public transport benefits of the programme, additional cycle counts to improve the baseline of active travel schemes and GIS support to improve the presentation. Any commissions would be based on current standing orders.

#### **4.2 Legal**

No specific legal implications at this stage of the process.

#### **4.3 Risk Management**

Consistent with the development of a five-case business case, a risk analysis has been produced which highlights both global programme risks and individual project risks. This is monitored and updated by the Project Board.

#### **4.4 Equality, Diversity and Social Inclusion**

The SCR Transport Strategy includes an Equalities Impact Assessment as part of the Integrated Assessment. It is expected that equalities and diversity issues will be considered in the delivery of schemes in each package.

### **5. Communications**

- 5.1** The Transforming Cities Fund has already attracted a substantial level of media interest, and therefore a proactive approach to communications is proposed. The current work programme includes the development of a communications plan to ensure that there is co-ordination and consistency on timing, key messages, statements and media used between all partners (four district highways authorities, PTE and MCA) in the TCF bid. This work will be undertaken by the MCA Executive Team.

### **6. Appendices/Annexes**

- 6.1** None

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: