

TRANSPORT BOARD

25/10/19

INTEGRATED TRANSPORT BLOCK 2019/20 PROGRAMME REVIEW UPDATE

Purpose of Report

To present Board with the outcome of the Integrated Transport Block (ITB) 2019/20 programme review commissioned through Transport Executive Board (TEB), advise of the projected year-end financial position and present TEB's recommendations for use of funding which is not expected to be spent within the financial year.

Thematic Priority

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

Freedom of Information

This paper does not have any exemptions under [Part II of the Freedom of Information Act 2000](#).

Recommendations

Board are recommended to agree the proposal from TEB for the deferral of ITB funding for five projects that require this to complete works in 2020/21 and for further work to be done to develop options for the other projected unspent allocations and future business case development funding.

1. Introduction

- 1.1** The ITB is an annual allocation paid by DfT for delivery of local transport capital interventions. The settlement is paid to SCR and then distributed to the four South Yorkshire local authorities and SYPTE for delivery.
- 1.2** In May 2019 SCR requested a review of the 2019/20 ITB allocation. This looked at four areas; strategic contribution, internal audit review findings, deliverability and capacity to re-allocate funding to alternative uses. The review was conducted by the LTP Central Team and presented to TEB in July.
- 1.3** The outcome from July's report was an agreement that a follow up review should be completed providing further scrutiny to the higher risk projects, with this to be presented back to Board at the end of quarter two. Board agreed that any funding that is identified for re-allocation through this process should be placed in a central pot and options for use of it presented to this Board for consideration.
- 1.4** The full ITB programme has been reviewed again by the LTP Central Team in consultation with Strategic Transport Group and project sponsors. This has re-evaluated the projected spend and delivery profiles for the year and produced a revised year-end position for each individual project.

- 1.5** It is important to note that while every effort has been made to ensure the year-end projections are accurate it is not possible to guarantee these figures and they could be subject to change over the remainder of the year. Project conditions are continually evolving and factors outside the ITB programme delivery will influence the outturn position. For example, variations in the resource requirement for TCF; if the commitment required is lower than expected capacity to commit to ITB will increase, if the TCF requirements increase resources for ITB are likely to be reduced.

2. Proposal and justification

- 2.1** The latest position is that across the ITB programme there are eight projects where the full annual allocation is not expected to be spent within this financial year. Five of these projects have identified that planned works will complete but are going to be deferred into 2020/21. The other three projects have identified that the original planned works will no longer complete, resulting in an unused allocation which could be considered for alternative purposes.

- 2.2** The projects with deferred completion are listed below:

- **BMBC Cycling Package – Projected unspent allocation £359k**

The planned works are for interventions on the A61 corridor which is also within the TCF submission so ITB funded works have been added as match to the TCF package. Resources for 2019/20 are committed to TCF development so the sponsor's preferred option would be to defer the ITB allocation for delivery in 2020/21.

- **Rotherham Local Safety Schemes – Projected unspent allocation £80-100k**

Commitment of resources to TCF development is expected to result in reduced spend against this allocation. The sponsor's preferred option would be to defer this amount and add it to the 2020/21 ITB programme to be used for the delivery of two potential traffic light-controlled crossings, one on Great Eastern Way and one on A629 Wortley Road, the latter of which is at Detailed Design stage.

- **SCC Network Management Programme – Projected Unspent allocation £100k**

The allocation is the ITB contribution to the larger funding package for the Inner Ring Road. The other funding sources have time specific grant conditions whereas ITB can be carried forward. This means the ITB allocation will be the last funding source to be used on the Inner Ring Road scheme. If there is delay to the scheme it will not be used until 2020/21 but will still be required so SCC's preferred option is to defer the allocation into next year and retain it for its current planned purpose.

- **SYPTE Smart Ticketing – Projected unspent allocation up to £135k**

The carry forward from activity from the previous will be delivered and the allocation spent, the remaining activity which has slipped as a consequence is being reviewed but may not be delivered within 2019/20. SYPTE's preferred option would be to carry this forward into the next financial year for the full original planned works to continue.

- **BRT Modelling – Projected unspent allocation £40k**

This is a contractual requirement from DfT, however it requires modelling input from SCR and current priorities (e.g. TCF, Mass Transit) may mean this work slips into the next financial year. The SYPTE proposal is to retain the funding for defrayal in 2020/21.

2.3 The original planned activities within the other allocations will now not be completed. The values attached to these, reasons for the spend forecast and the lead sponsor's alternative proposal for use of this funding are listed below:

- SYPTE Design Work for Future Years – Projected unspent allocation £70k

Design resources have been committed to TCF resulting in the projected unspent figure. This amount could potentially be used as match for TCF schemes where the estimated final cost has increased, to keep the TCF external funding element within the parameters of original estimated costs.

- SYPTE Rails Schemes – Projected unspent allocation £70k

The ITB funded works that were originally planned as part of the AfA submission are also relevant to the station works within the TCF bid. SYPTE's proposal would be to defer the allocation works and re-assign the works as additional TCF match in 2020/21.

- SYPTE Life Cycle Works – Projected unspent allocation £75k

SYPTE have identified £300k from the original Life Cycle Works for re-allocation to Transforming Cities Fund schemes. This would leave £75k unspent against Life Cycle Works, this is unallocated at moment but as work progresses on TCF it may be an option to cover further TCF requirements.

2.4 In addition to the proposals put forward by the current project sponsors there has also been an option generated to use the funding as a central resource for developing major scheme business cases. This, for example, could be for interventions identified through the Transport Strategy Implementation Plans.

2.5 The new Sheffield City Region Transport Strategy was adopted in early 2019 and the thematic Implementation Plans for this are being developed with a view to finalising these in early 2020. The plans will include identification of interventions required to deliver the strategic aims but these interventions will not be restricted by current known allocations. To achieve the ambitions of the plans will therefore require additional funding to be secured, sources for funding business case development are very limited so all opportunities for supporting this need to be investigated.

2.6 This alternative proposal is therefore that any retained ITB is applied as central resource to develop these business cases. Funding would be re-allocated to specific projects to either be delivered under the ownership of the lead delivery partner or by Sheffield City Region depending on the details of each project.

2.7 It was also proposed that in developing the draft 2020-21 ITB programme the allocations should be reviewed for alignment with the implementation plans and consideration given to utilising some of the settlement for the development of strategic schemes identified in the plans. The development of these business cases could further provide an opportunity to lever in additional external funding for the region. This deployment of the ITB would be subject to compliance with DfT grant conditions.

2.8 The recommendation made by Transport Executive Board was to support the deferral of the five allocations where the planned activity will now be completed in 2020/21. For all other projected unspent 2019-20 allocations Board have requested further specific information to be developed on the alternative proposals, the opportunities they provide and potential implications. This will be presented back to a future TEB for consideration. Options for use of the 2020-21 ITB settlement will also be presented to TEB for review.

3. Consideration of alternative approaches

- 3.1 The deferral requests could be declined and the allocations added to the central resource considerations. This approach is not recommended as the original works will still need to be completed next year so alternative funding sources will have to be identified. If other funding is used to meet these commitments the capacity for that source to deliver other interventions will be reduced.
- 3.2 Another approach is to do nothing and not make any changes to the current programme. DfT grant conditions do not prohibit the carry forward of ITB from one year to another so there would be no external penalties resulting from an unspent allocation. The benefit of this would be that current sponsors would retain greater flexibility to respond to fluctuations in programme profiles, however it would also mean that an opportunity to create new programme outcomes could be missed.
- 3.2 The 'do-nothing' approach is not recommended as the review process has identified there is a proportion of available funding that is not expected to be used for its original purpose, investigating this option further will clarify if there is an opportunity for alternative use.

4. Implications

4.1 Financial

Processes for administration of any central resource which may be established will need to be defined and DfT grant conditions for ITB adhered to.

4.2 Legal

ITB is not governed by formal funding agreements and so there are no legal implications resulting from any deferral or re-allocation of funding.

4.3 Risk Management

On an ongoing basis ITB programme and project risks are managed through the existing LTP governance regime. The outcome of this process will be incorporated into this regime.

4.4 Equality, Diversity and Social Inclusion (Equality Act - Public Sector Equality Duty)

All relevant legislation has been considered in development of the current ITB projects and alternative proposals.

5. Communications

- 5.1 No external communications would be required as a result of this paper. Internal communication to the project sponsors of the decision following Transport Board will be the responsibility of the LTP Central Team.

6. Appendices/Annexes

- 6.1 None required

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