

TRANSPORT THEMATIC BOARD

25th October 2019

TRANSFORMING CITIES FUND BID SUBMISSION

Purpose of Report

This report provides an update on the progress of the Transforming Cities Fund bid for the City Region and sets out the process for the submission of the bid itself.

Thematic Priority

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

Recommendations

That members of the Transport Board:

- Note the update on the progress of the Transforming Cities Fund bid for the City Region
- Provide comment on the content of the bid
- Confirm support for Officers to proceed to finalisation of the bid document for submission to the MCA and Department for Transport, sharing the final draft with Transport Board members in advance when available.

1. Introduction

- 1.1 In September 2018, Sheffield City Region (SCR) were confirmed as one of the areas across the country to have been shortlisted for the next phase of the Transforming Cities Fund (TCF). The requirement was to submit a draft business case to the Department for Transport (DfT) by the 20th June 2019, followed by submission of a final business case by 28th November 2019, for consideration as part of a £1.22bn funding pot.
- 1.2 The draft business case developed and submitted by the SCR bid was focused around three types of intervention:
- **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.

These types of intervention were themselves based around three broad economic corridors set out in the original TCF Prospectus approved in July 2018:

- River Don
- Dearne Valley
- AMID.

1.3 The draft business case included three funding scenarios as requested by DfT – labelled ‘Low’, ‘Medium’ and ‘High’ – comprising the following levels of DfT funding over the four year programme up to 2022/23:

- Low - £183 million
- Medium - £204 million
- High - £227 million.

1.4 Feedback on the draft business case was received from the DfT in July and August 2019, and through a process of co-development with DfT Officials, a final business case is currently being prepared in preparation for the submission in November.

2. Proposal and justification

2.1 The formal feedback on the draft business case was generally positive, including:

- There is a clear thread running from the bid to SCR’s strategic transport priorities, the Local Industrial Strategy, the Transport for the North Strategic Transport Plan and the Industrial Strategy.
- The focus on transport poverty is very interesting and has a positive link to MHCLG’s developing ‘Stronger Towns’ agenda.
- 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.
- A clear prioritisation and sifting process has been followed with evidence provided.
- All three packages appear to offer ‘High’ VfM at present, although there is uncertainty around both baseline and demand uplift for active travel schemes.
- A good range of impacts have been identified at this stage, although for non-active travel schemes these are qualitative.

2.2 However, areas for the final business case to concentrate on included:

- 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.
- The benefits of individual interventions are not clear and a summary of individual bus schemes, costs, and benefits would be helpful, as well as evidence of support for the package by operators.
- There is no direct evidence of stakeholder support apart from references to previous public consultations and earlier workshops.
- Further work should explore the interdependencies between modes to avoid double counting impacts.
- The overall appraisal should be improved by use of fully validated multi-modal model.
- Further work on the financial case is to be completed on third party contributions, quantified risk and long term sustainability.

- Further work is required to establish the detailed programme management arrangements.
- Each local authority should have a clear plan for how each of their interventions will be procured.

2.3 This feedback has been used, along with a period of co-development with DfT Officials, to develop the final business case. There has also been significant input from the four Local Authorities and SYPTTE, collectively developing the components of the bid through a Task & Finish Group that has met regularly over the last four months. SCR Officers have also provided external review of the benefits and costs of the bid's components.

2.4 The updated TCF programme has been designed to be cohesive as well as aligning to wider activity (including Future High Streets, National Productivity Investment Fund, Local Growth Fund and Housing Infrastructure Fund bids), supporting transformational uplift to facilitate sustainable economic growth and housing delivery. The significant schemes that are included within the current bid are set out for each corridor in Appendix 1.

2.5 The latest draft of the Strategic, Commercial and Management Cases are provided in Appendices 2, 3 and 4 respectively. The significant changes made to the Strategic Case from the previous submission are highlighted in red text, addressing the first three bullet points in paragraph 2.2. The Commercial and Management Cases are substantially new documents and address the last three bullet points.

2.6 The new SCR Transport Model has been used to model the impacts of individual bus schemes and to reflect interdependencies between modes, with bus operators involved in the refinement of the proposed schemes themselves. Additional baseline surveys have been undertaken to improve the robustness of the appraisal of active travel schemes.

2.7 Both of these processes are allowing revised Economic and Financial Cases for the three funding scenarios to be developed, addressing the final two bullet points in paragraph 2.2. A verbal update on the latest position will be provided at the meeting, however, the latest work on further appraisal indicates the following revised bid over the four years:

- Low - £190 million
- Medium - £200 million
- High - £230 million.

These values include for 5% inflation across the funding period and an allowance for risk drawn from a quantified assessment of the risks identified in the risk register.

2.8 It should be noted that the interventions listed in Appendix 1 represent the 'High' value TCF package and so is the SCR's ambition for this funding pot. Depending on the actual award, some of the above interventions may not progress at this stage, and each one will need to pass a value for money assessment prior to implementation.

2.9 The Board's views on the content of the bid would be welcomed. Board members are invited to confirm that they are content with the development of the bid to date and that Officers can now prepare the final business case ready for approval at the MCA meeting on 18th November 2019. Transport Board members will receive a final draft copy for comment in advance of the MCA meeting.

3. Consideration of alternative approaches

3.1 Option 1: Increase the total value of the business case submission
The submission already contains a 'Low', 'Medium' and 'High' funding scenario. It is possible to increase the total value in all three scenarios, however following discussions

with DfT this is not recommended based upon the highly competitive process expected, and the formal feedback on the draft business case highlighted a need to prioritise further, if possible, which has been done. The figures presented are therefore seen as a pragmatic but ambitious range of schemes.

- 3.2 Option 2: Decrease the total value of the business case submission**
As above, reducing the total amount requested may also have the impact of negatively affecting the chances of success i.e. due to the competitiveness of the process, DfT may use it as an opportunity award less funding if presented with a viable opportunity to do so.

4. Implications

4.1 Financial

The costs of developing the outline business case have been managed from within existing resources, including a £50k revenue grant from the Department for Transport.

In advance of submission of the SOBC to the MCA, work will continue on the financial case – which will include confirmation of the level of the local contribution to the programme from project sponsors as well as their commitment to any ongoing revenue support.

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 programme-level risk register has been produced by the Project Board and individual project risks have also been identified through this process. The bid values include a quantified allowance for these risks.

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** A communications plan has been developed as part of the final business case, demonstrating a proactive approach to communications in this case. A media statement will be issued following the MCA meeting, and updates shared online and on social media.

6. Appendices/Annexes

- 6.1** Appendix 1 – SCR TCF Programme – ‘High’ Funding Scenario
Appendix 2 – Revised Draft TCF Strategic Case
Appendix 3 – Revised Draft TCF Commercial Case
Appendix 4 – Revised Draft TCF Management Case

Report Author **Mark Lynam**
Post **Director of Transport, Infrastructure and Housing**
Officer responsible Mark Lynam
Organisation **Sheffield City Region**
Email mark.lynam@sheffieldcityregion.org.uk
Telephone 0114 2203445

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: n/a