

## 1 – SCHEME DETAILS

|                              |  |                                  |                      |
|------------------------------|--|----------------------------------|----------------------|
| <b>Project Name</b>          | T0015 –TCF City Centre Cycling/Cross City Bus Scheme | <b>Type of funding</b>           | Grant                |
| <b>Grant Recipient</b>       | Sheffield City Council                               | <b>Total Scheme Cost</b>         | £21,001,062          |
| <b>MCA Portfolio</b>         | Travel and Transport                                 | <b>MCA Funding</b>               | £21,001,062          |
| <b>Programme name</b>        | Transforming Cities Fund                             | <b>% MCA Allocation</b>          | 100%                 |
| <b>Current Gateway Stage</b> | OBC Refresh  | <b>MCA Development costs</b>     | £1,577,327 (granted) |
|                              | Note: Original OBC approved in 2021                  | <b>% of total MCA allocation</b> | 7.5%                 |

## 2 – PROJECT DESCRIPTION

*Is it clear what the MCA is being asked to fund?*

**In June '21 the MCA approved the OBC for the City Centre Scheme with a value £14.3m and awarded development funds of £1.4m to progress to FBC. Since that time the project has suffered a number of setbacks and increasing costs and as a result revisions to scope.**

**The project has now progressed with procurement having completed RIBA3 stage and final prices due imminently. Given the slippage in timescale and increasing value, the project has been assessed as an OBC with MCA approval to follow the current Assurance Framework.**

The scheme will include the permanent relocation of public transport from Pinstone Street, with the creation of high-quality transport hubs on Rockingham Street and Arundel Gate to reflect the changing nature of the city centre. The relocation of buses and general traffic from Pinstone Street will create a pedestrian friendly environment and allow the introduction of a cycle route to the economic and leisure core whilst providing important cross city links to other radial routes.

The works will utilise the international acclaimed materials used on the Grey2Green project and ensure that a coherent street scene and public realm is achieved, further adding to the sense of place for the City and aligning to the principle aims of the Future High Street Fund bid scheme on Fargate.

A kerb free pedestrian route for people travelling from High Street/Church Street to the Town Hall Square, Peace Gardens, Barkers Pool, Tudor Square and the Heart of the City II (HOTC2) will be created with widened footways where possible, to make it easier, more welcoming and safer for pedestrians.

The proposals also include a number of bus priority measures (including bus gates) to reduce through traffic using Arundel Gate, Furnival Gate, and Rockingham Street. This will ultimately provide operational benefits for bus operators and users whilst also reducing severance caused by city centre traffic. These will all be constructed to be enforceable with appropriate signage and CCTV operation.

Following on from the implementation of the Emergency Active Travel Fund (EATF) Tranche 1 work, the temporary hostile vehicle mitigation measures (HVM) will be replaced with permanent, less intrusive measures as part of a comprehensive on-going management of risk for the city centre.

The applicant has provided a clear description of the project and has provided accompanying images to show where the scheme will take place. The project funding will be used for:

- Construction of outputs;
- Any remaining design fees;
- Project management fees;
- Traffic management fees;
- Statutory undertakers costs;
- Residual risk and contingency;
- Monitoring and evaluation; and
- Comms and engagement.

### 3. STRATEGIC CASE

#### *Options assessment*

#### *Is there a clear rationale for the selection of short-listed options and the choice of the Preferred Way Forward?*

The case for change identifies how the project will improve the transport connectivity in the area for walking and cycling users and the rerouting of the bus network. The project also aligns with the wider regeneration/other initiatives that are taking place in Sheffield.

The rationale for intervention for public sector funding is demonstrated by three market failures: public goods, negative externalities and positive externalities. The case also indicates that the scheme will address these market failures by:

- Improving the reliability of bus services
- Improved public realm within the City Centre and a new event space at the top of Fargate.

The applicant has provided 8 objectives to how it will measure the success of the project. Further information in the appendix document (monitoring and evaluation) provides clarity that all aspects of SMART have been covered. There is a clear alignment of the objectives for the project and the MCA's aims.

|  |   |              |
|--|---|--------------|
|  | The applicant has considered a number of different options including a realistic Do Minimum, Preferred Option and two alternative options. The preferred option will generate a number of wider benefits to the city centre and aligns with other projects/programmes of work being undertaken.   |              |
| <i>Statutory requirements and adverse consequences</i>   | <p><i>Does the scheme have any Statutory Requirements?</i></p> <p>No specific statutory consents required for the scheme, the works are entirely within the adopted public highway and do not require planning permission. There will be a series of Traffic Regulation Orders to change how the highway is purposed. These will follow all statutory consultation processes.</p> <p><i>Are there any adverse consequences that are unresolved by the scheme promoter?</i></p> <p>No unresolved issues have been identified as part of our review of the business case.</p> |              |
| <i>FBC stage only – Confirmation of alignment with agreed MCA outcomes (Stronger, Greener, Fairer).</i>  | The applicant has reviewed the outcomes set out in the SEP and have discussed how they apply to the project (if applicable). The key outcome for this project is greener: Drive forward environmental sustainability to achieve our net-zero carbon target by 2040. In particular: carbon emissions and car usage (reduction) are two objectives which are the priority of the project. Some of the other objectives support the wider development of the area such as the Future High Streets Funding.   |              |
| <b>4. VALUE FOR MONEY</b>  |   |              |
| <b>Monetised Benefits:</b>   |   |              |
| <b>VFM Indicator</b>   | <b>Value</b>  | <b>R/A/G</b> |
| <i>Net Present Social Value (£)</i>  | Initial: £4.38m<br>Adjusted: £11.3m   |              |
| <i>Benefit Cost Ratio / GVA per £1 of SYMCA Investment</i>   | Initial 1.35<br>Adjusted 1.90   |              |
| <i>Cost per Job</i>  |   |              |
| <b>Non-Monetised Benefits:</b>   |   |              |
| <i>Non-Quantified Benefits</i>   | Regeneration – Slight Positive  |              |
| <b>Value for Money Statement</b>   |   |              |
| <p><i>Taking consideration of the monetised and non-monetised benefits and costs, and the uncertainties, does the scheme represent value for money?</i></p> <p><b>The statements below are those of the consultant appointed to assess the project based on the information provided at this stage. Their further comment and recommendations are set out at then end of this section.</b></p> |   |              |

The applicant has considered a wide range of benefits as part of the value for money assessment. This is consistent with HM Treasury's Green Book and DfT's TAG Guidance. This includes the use of AMAT, TUBA, VURT and B£ST. The different approaches taken account for economic, environmental and social impacts (both benefits and disbenefits).

From reviewing both the OBC and accompanying appendix documents, the assumptions used to forecast each of the benefits seem reasonable and are based on the best information available. AMAT provides the largest proportion of benefits (walking and cycling) with the toolkit provided as part of the submission.

The uplift in cycling has been calculated using a disaggregate mode choice model based on TAG values that has been used to calculate the demand uplift (14.3%) as a result of the improved cycling infrastructure.

The uplift in walking has been assumed to be 35%, this is based on findings from a similar project delivered in Sheffield.

The appraisal period used for the scheme varies by benefit type:

- Active Travel 30 years;
- Urban Realm 20 years;
- Blue-Green Infrastructure 10 years; and
- Highway and Public Transport 60 years.

All appraisal periods and assumptions are considered appropriate for the type of intervention and align with DfT's TAG Guidance.

The applicant has considered both the monetised and non-monetised impacts associated with the project. The BCR also takes into account both the capital costs and also the maintenance costs. Based on the assessment undertaken, the project will generate an adjusted **BCR of 1.9 indicating Medium value for money category under DfT classifications.**

The benefits of the project consist of the following elements:

- Overall Analysis of Monetised Costs and Benefits(AMCB): £16.938m
- Wider Impacts: £0.00m
- VURT Public Realm: £3.370m
- B£ST Health: £0.985m
- B£ST Public Amenity: £2.375m
- B£ST Recreation, Education and Water: £0.151m
- Present Value of Benefits (PVB): £23.819m

AMAT produces the largest benefit (shown in AMCB) of £18.259 million. The overall AMCB is reduced by some disbenefits from other modes of travel through commuting time.

Overall, the non-monetised benefits will have minimal impact on the overall BCR of the project.

The applicant has included 20% Optimism Bias within the assessment which is the stated level at FBC stage. Given this project is in reality at a late OBC stage, this could have been increased but has had little impact on the overall assessment.

The business case and appendix G2 make reference to sensitivity testing but the impact on the initial and adjusted BCR are not currently known and should be included in the FBC update.

At FBC stage, the applicant should look to see if additional information could be provided for any of these benefits.

**For the FBC, it would be helpful if the applicant could provide a clearer breakdown of each benefit type. Based on the information provided it was not initially clear what elements were being classified as part of the initial BCR vs adjusted BCR. Through the clarification process, additional information was provided to help with our assessment, and this could be expanded further at FBC stage. Also, the impact of sensitivity testing on both initial and adjusted BCR should be provided.**

**For the economic costs of the maintenance costs, it would be helpful if the applicant could show the steps within appendix G2 to provide some assurance over method (2.2.21). Having recreated the calculations, we can see the values stated in the BCR are almost identical and we are happy the applicant has calculated these correctly.**

**We would also recommend that ALL output files from transport work are provided for verification. The AMAT toolkit was provided which provides reassurance over a large proportion of the benefits, but it is not possible to 100% verify all numbers in the economic case.**

## 5. RISK

*What are the most significant risks and is there evidence that these risks are being mitigated?*

| No. | Risk                         | Likelihood (High, Med, Low) | Impact (High, Med, Low) | Mitigation  | Owner               |
|-----|------------------------------|-----------------------------|-------------------------|---|---------------------|
| 1   | Unexpected Utilities' costs. | Med                         | High                    | C2 and C3 stats records checks have been carried out. A GPR survey has been carried out of key areas. Trial holes have confirmed the depth of stats at key areas. | SCC Project Manager |

|   |  |      |      |  |                     |
|---|--|------|------|--|---------------------|
|   |  |      |      | However there is still a risk of funding stats where they are not expected, and / or at the incorrect depth.<br><br>This may result in delays or increased costs. A contingency budget has been allocated.             |                     |
| 2 | Failure to secure necessary Traffic Regulation Orders. Critical TRO's are point closures, and movement restrictions.   | Low  | High | Strong evidence and justification for the requirement of the TRO's for the project.  | SCC Client          |
| 3 | Higher than expected HVM costs.  | Med  | High | The contractor is continuing to design this element and design out where possible the need for expensive utility diversions associated with the foundations. However there remains a risk that this cost will be high. | SCC Project Manager |
| 4 | Unexpected ground conditions (i.e. area of hard dig, tram tracks etc).   | High | High | Contingency allocated  | SCC Project Manager |
| 5 | Logistical difficulties associated with the works taking place in a busy city centre environment. Interface with other developments or in the projects in the area may cause delays or programming difficulties. | High | High | On going works with stakeholders to ensure that the programme and phasing it works is robust   | SCC Project Manager |

The key risks summarised above and also within the risk register highlight the key risks associated with the project. The mitigation factors are clear as to how for most of these but the risk of unexpected utilities costs needs to be closely monitored. There currently are no mitigation factors in place to deal with any delays and this may need to be factored into project milestones

*Do the significant risks require any contract conditions? (e.g. clawback on outcomes)*

No immediate risks which require specific conditions at this stage

*Are there any significant risks associated with securing the full funding for the scheme?*

n/a

*Are there any key risks that need to be highlighted in relation to the procurement strategy?*

The applicant has acknowledged that there might be some cost inflation during the process which means that further funding may be requested. During the clarification process, it was made clear to the funder that post FBC any cost overruns will need to be paid by the applicant without compromising outputs/outcomes or asking SYMCA for extra funding. The applicant has included a prudent allowance for risk in the project costs.

## 6. DELIVERY

*Is the timetable for delivery reasonable?*

The delivery timetable and milestone dates seem reasonable, but the applicant will need to update some for the FBC stage in line with final procurement.

*Is the procurement strategy clear with defined milestones?*

The process required to procure the works is clearly stated in the business case however, further information about the timescales and giving definitive dates could be added to the response.

*What is the level of cost certainty and is this sufficient at this stage of the assurance process? Has the promotor confirmed they will cover any cost overruns?*

The risks of the project have been quantified and included as part of the cost estimates. Whilst 16.8% QRA value seems reasonable for this type of scheme it is not very clear as to why the applicant has ticked 95% as the costs are not based on full tendered pricing. This has no overall impact on the cost estimates and our assessment.

The applicant has confirmed that they will cover all cost overruns as part of the clarification process without any changes to outputs/outcomes.

*.Has the promoter demonstrated clear project governance and identified the SRO? Has the SRO or other appropriate Officer signed of this business case?*

Appendix J to the business case provides details on roles and responsibilities of key groups and individuals within the programme structure, including the Programme Sponsor. The OBC itself would benefit with a short summary of the arrangements for business case purposes and this may also be updated at FBC stage to reflect the latest project developments.

*Has public consultation taken place and if so, is there public support for the scheme?*

In 2021, there was significantly stronger support for the project with 63% of responses positive compared against 27%. However, updated results from 2024 show that there the feedback from public consultation is mixed with 71% of businesses providing neutral or did not provide feedback. The applicant refers to 17% positive feedback but reviewing appendix M4 this only shows “neutral” and “negative” responses. This shows an even split between the two categories.

SYMCA should confirm with the applicant if there is any additional documentation to show more recent support for the project or whether they would like further consultations to reaffirm support for the project.

*Are monitoring and evaluation procedures in place?*

A detailed Monitoring and Evaluation Plan has been provided.

## 7. LEGAL

*Has the scheme considered Subsidy Control compliance or does the promotor still need to seek legal advice?*

The applicant has considered Subsidy Control and considers that the project falls outside the scope on the basis the: a) The infrastructure being funded via the Project will be open for public use and b) Contractors involved in the Project will receive no such advantage – their remuneration will be at market rates. All contractors will be commissioned in accordance with the Council’s internal procurement rules and procedures and, where applicable, the relevant procurement laws.

This seems reasonable.

## 8. RECOMMENDATION AND CONDITIONS

|   |   |
|---|---|
| <b>Recommendation</b>                                   | Approval of OBC and proceed to FBC (see conditions) |
| <b>Payment Basis</b>                                    | N/A   |
| <b>Conditions of Award (including clawback clauses)</b> |   |

Conditions to be addressed for FBC

- Ensure the initial and adjusted BCR are clearly broken down to show which components feed into each.
- Ensure that the output files for all benefits are provided. This is to provide verification about all economic and social benefits.
- Analysis to support sensitivity testing to be provided.
- Quantified outcomes provided for public transport journey time and reliability improvements and all other outstanding outcomes (perception surveys etc)
- Outputs and outcomes to be consistently and accurately reported across all documents, including the Business Case, Monitoring and Evaluation plan and the Appendix A
- Additional data to show more recent support for the project.