

DATE: 21st December 2018

SUBJECT: Transforming Cities Fund – Tranche 1 bid

REPORT OF: Managing Director (Transport Operations)

EXECUTIVE SUMMARY

The purpose of this report is to seek approval to submit a Tranche 1 bid for funding from the Transforming Cities Fund on 4th January 2019, in order to give the region an opportunity to secure additional funding of up to £10m for transport investment.

RECOMMENDATIONS

The Head of Paid Service for the North East Combined Authority, with agreement from the Head of Paid Service at the North of Tyne Combined Authority, is recommended to approve submission of a Transforming Cities Fund Tranche 1 bid on the deadline date of 4th January 2019.

1. Background

The aim of the Transforming Cities Fund (TCF) is to improve productivity and spread prosperity through investment in public and sustainable transport in some of the largest English city regions. The total value of the fund, which is entirely capital funding, is £2.45 billion.

- 1.1 £1.1bn of the fund has already been allocated to existing Mayoral Combined Authorities on a per capita basis. The remaining funding is available to the ten shortlisted and two additional city regions over a five-year period to 2022-23. The north-east is one of the ten shortlisted city regions.
- 1.2 Funding will be allocated via two tranches. Tranche 1 will focus on early delivery of schemes that can begin in this financial year and Tranche 2 will be used for longer term programmes. Only the 10 city regions originally shortlisted are eligible to bid for a share of the £60m available under Tranche 1 and each area can bid for up to £10m. A sizeable local contribution is required for each proposal and schemes will be viewed more positively if they can secure a contribution from the private sector.
- 1.3 The deadline for Tranche 1 submissions is 18:00 on Friday 4th January 2019. Successful city regions are due to be announced in February 2019 and are expected to commence work on schemes before the end of the financial year.
- 1.4 Schemes are expected to support the local economy, facilitate economic development and reduce carbon emissions and they must provide value for money, be deliverable and affordable. They should also support the proposals being developed for the Tranche 2 application.

The Department for Transport (DfT) will assess schemes against the bid's cross-cutting priorities of:

- Encouraging the use of new mobility systems and technology as part of the Grand Challenge on the Future of Mobility
- Tackling air pollution and reducing carbon emissions
- Delivering more homes
- Improving access to work and delivering growth
- Increasing the use of apprenticeships and improving skills.

Schemes that are able to demonstrate their potential for early delivery may be prioritised over those that are due to complete at a later date.

2. Proposals

Working in conjunction with the seven local authorities in the region, and with Nexus, a programme of schemes has been developed which are compliant with the DfT's guidance and which can be grouped into 2 overarching packages:

- Theme 1 – Cycling schemes linking employment sites, Metro stations and city centres. This package will make travel by foot or bicycle a more

attractive alternative for many journeys, cutting car trips, improving air quality and boosting public health

- Theme 2 – public transport and reliability upgrades. This package will deliver schemes that speed up journeys on key bus corridors, tackling congestion, aiding reliability and cutting pollution associated with queueing traffic.

2.1 The overarching themes are then broken down further in to five packages:

- Cycling schemes to Newcastle package
- Public Transport and Reliability Upgrades Package
- Barras Bridge Scheme
- Cycle schemes to key employment sites
- Cycle links to Sunderland package.

2.2 A separate application form has been produced for each of the five packages.

2.3 Work to deliver all the schemes selected can begin in this financial year and all of them will support the larger set of measures to be delivered in Tranche 2.

3. Reasons for the Proposals

This proposal is intended to ensure that the region is able to submit a bid for Tranche 1 funding that is compliant with the demanding timescale, and the bid guidelines, prescribed by the DfT.

4. Alternative Options Available

Option 1 – to submit the bid on 4th January 2019

Option 2 – not to submit a bid

Option 1 is the preferred option, to ensure the region has the opportunity to secure a share of up to £10m of the £60m funding available.

5. Next Steps and Timetable for Implementation

The application will be submitted on 4th January 2019. A decision is expected in February. A report will be presented to the Joint Transport Committee on 22 January informing the committee about the bid that has been submitted and considering the approach to dealing with the over-programming in the current bid and for progressing schemes in the event that the amount of TCF grant allocated is less than the £10m that has been bid for.

6. Potential Impact on Objectives

The aim of the Transforming Cities Fund is to improve productivity and spread prosperity, which complements the aims of the Strategic Economic Plan. The proposal aims to improve access to better jobs and unlock housing sites, which links to the aims of the Strategic Economic Plan. Funding will also be used to improve air quality and reduce carbon emissions.

7. Financial and Other Resources Implications

The five schemes that have been submitted cost £23.9m in total and with £13m of match funding identified at this stage this leaves £10.901m to be funded. The maximum amount of grant that could be bid for is £10m. Various options were considered to reduce the grant request to £10m. Given the shortage of time for a further revision of the schemes to be submitted on 4th January the approach that is proposed is to submit a Bid for £10m of grant, with £0.901m of over-programming which will be resolved locally by additional match funding being identified or by cost savings. This approach has been discussed with DfT by Mike Scott. Ideally additional match funding should be identified to help strengthen our chances of securing the maximum £10m that we have bid for.

The bid requires confirmation from the S73 Officer about several funding issues including the availability for matching funding, confirmation that cost overruns will be managed locally and that there will be no request to DfT for further funding to meet additional scheme costs. It is important that the financial risk of individual projects are taken by each individual local authority as opposed to any costs having to be met by the JTC or NECA as the accountable body for the JTC. Confirmation that individual councils will take this risk has been received from each of the councils for their schemes. On that basis I was prepared to sign the bid as the S73 officer of NECA.

8. Legal Implications

The legal (principally state aid and procurement) implications of the bid have not yet been considered. It is anticipated that these can be satisfactorily addressed either before or at the point of investment.

9. Key Risks

The most significant risk is failure to submit the bid by the deadline date of 4th January 2019, which would mean that the region will lose out on the opportunity to obtain up to £10m in funding for 2018/19.

Individual scheme promoters are completing risk registers for their specific schemes and ability to complete schemes on time was a key factor taken into account when assessing schemes to be included in our TCF submission. Each authority has agreed to be responsible for and to manage the financial risks of their own scheme elements.

10. Equality and Diversity

There are no specific equality and diversity implications arising from this report.

11. Crime and Disorder

There are no specific crime and disorder implications directly arising from this

report.

12. Consultation/ Engagement

The regional Heads of Transport Group have been closely involved in the development of schemes to be included in the TCF Tranche 1 application.

Regular updates on the TCF have been provided to Economic Directors and Chief Executives, whilst a report was also provided to the last meeting of the Joint Transport Committee on 18th December.

13. Other Impacts of the Proposals

No specific impacts.

14. Appendices

None.

15. Background Papers

The region's successful TCF Expression of Interest is available here:

<https://northeastca.gov.uk/documents/neca-transforming-cities-application-pdf/>

16. Contact Officer(s)

16.1 Philip Meikle, Nexus Transport Strategy Director, philip.meikle@nexus.org.uk

Tel: 0191 2033241

Rachelle Forsyth-Ward, Senior Specialist Transport Planner, Regional Transport Team rachelle.forsyth-ward@northeastca.gov.uk

Tel 0191 2116445

17. Sign Off

- 17.1
- Head of Paid Service, North East Combined Authority: ✓
 - Head of Paid Service, North of Tyne Combined Authority: ✓
 - Monitoring Officer: ✓
 - Chief Finance Officer: ✓

18. Glossary

18.1 DfT – Department for Transport

TCF – Transforming Cities Fund