

**Report to:** Transport Committee

**Date:** 10 May 2019

**Subject:** **Transforming Cities Fund**

**Director:** Alan Reiss, Director of Policy, Strategy and Communication

**Author(s):** Tom Gifford

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	3

## 1. Purpose of this report

1.1 To set out the approach, ahead of submission for the:

- Tranche 2 'big bid' Transforming Cities Fund Strategic Outline Business Case which must be submitted in draft form by 20 June 2019; and the
- Future Mobility Zone Transforming Cities Fund Expression of Interest which must be submitted by 24 May 2019.

1.2 Both of which are central to contributing to the Combined Authority's core aims of enabling inclusive growth, boosting productivity, delivering 21<sup>st</sup> century transport and enabling clean growth.

1.3 The process is set out this public report. The public report is accompanied by a number of confidential appendices which set out the content and risks associated with the forthcoming bids.

## 2. Information

2.1 As part of the Government's Industrial Strategy and the National Productivity Investment Fund, the Transforming Cities Fund (TCF) aims to drive up productivity through improved connections between urban centres and suburbs. To do this, the Transforming Cities Fund provides a significant opportunity to invest in infrastructure to improve public and sustainable transport connectivity in some of England's largest cities.

### *Stage 1*

2.2 On 8 June 2018, West Yorkshire Combined Authority submitted the stage 1 TCF submission on behalf of the Leeds City Region ("LCR"). The contents of the LCR stage 1 submission were developed through a series of workshops, one-to-ones and committee meetings with members and officers from across the City Region. The stage 1 submission was also shaped by existing and ongoing work, such as the Leeds City Region Connectivity Strategy, and TCF is an opportunity to deliver interventions which are on the emerging pipeline as identified through the inclusive growth corridor plans.

2.3 The LCR Stage 1 submission was required to be published online and is available through the web-link below<sup>1</sup>. The LCR stage 1 submission focused around three themes:

- Strand 1: Transforming connectivity on four corridors in greatest need (these are a subset of the corridors of greatest economic need identified through the LCR HS2 Connectivity Strategy).
- Strand 2: Creating eight Transformed 21st Century Gateways (plus a number of smaller locations).
- Strand 3: Transforming mobility for future generations (which to a degree also cuts across Strands 1 & 2).

2.4 In September 2018, the DfT confirmed that the Leeds City Region was one of twelve areas successfully shortlisted by Government and is therefore able to submit bids for Stage 2.

2.5 With the scope and geography now agreed, through Stage 2 the detailed proposals within each strand need to be developed. DfT have advised that in the development of stage two submissions, successful city regions will work with DfT to develop scheme specific proposals.

2.6 On behalf of the Leeds City Region, the West Yorkshire Combined Authority is able to submit three tranches of bids:

### *Stage 2 - Tranche 1*

2.7 Individual 'small bids' (up to £10m) were submitted on 4 January 2019, following officer and member workshops in late 2018, for:

- Bradford Forster Square – Delivering the Masterplan.

---

<sup>1</sup> <https://www.westyorks-ca.gov.uk/transport/transforming-cities-fund/>

- Kirklees Cycling and Walking Early Gateway Transformation Package.
- Leeds City Region Clean Bus Corridors and Accessibility Improvement Package.
- York Station Gateway Cycle Route Enhancements.

2.8 On 13 March 2019, as part of the Spring Statement, the Combined Authority was notified that two of the tranche 1 bids – Kirklees Cycling and Walking Early Gateway Transformation Package and York Station Gateway Cycle Route Enhancements – were successful. These packages amount to £2.2 million.

2.9 Headline feedback on the tranche 1 submission has been provided from DfT so far. Key points are as follows:

- Schemes put forward through TCF must demonstrate clear additionality where linked to existing funding programmes.
- The transport outcomes (e.g. benefits to Bus, Walking and Cycling) of scheme proposals in TCF must be very clear – in particular where gateway projects are being put forward

2.10 The DfT have set out that they want to work much more collaboratively with promoters for the 'big bid' and officers are working to ensure the feedback from the Tranche 1 submission is taken into account. For example, an assessment framework has been implemented to enable monitoring of the development of schemes, and to ensure that the schemes that are coming forward for Tranche 2 fit with both TCF and Combined Authority Transport Strategy objectives. Co-development with DfT is already happening through monthly progress meetings and a recent DfT officer site visit which encompassed a meeting at Calderdale's offices and visiting a number of bus services, plus Halifax, Bradford as well as Elland Road P&R.

#### *TCF Grant Awards to Date*

2.11 Transforming Cities Fund is a £2.45 billion capital only fund, of which:

- £1.1 billion has been grant awarded to 6 Mayoral Combined Authorities (the grant award was based on a per capita basis). For example, the West Midlands have already received £341million through TCF, as a result of having a mayoral devolution deal
- The 12 shortlisted non mayoral regions have already submitted 'Tranche 1' bids and been successful in being awarded shares of the £60m through the 'small bids' (as set out in paragraphs 2.8-2.11)
- The 12 shortlisted non mayoral regions (which includes Leeds City Region) are 'allocated' £1.28billion over a 5-year period to 2022-23 and these areas are able to bid for a share funding – the Tranche 2 'big bids' (see paragraphs 2.15 onwards)
- There is a separate £90 million TCF fund requiring a separate bid for the Tranche 3 - 'Future Mobility Zones'. (see paragraphs 2.36 onwards)

2.12 If the available £1.28billion were allocated on a per capita basis, the Leeds City Region would receive in the region of £300m through TCF. However there are no guarantees that this level of funding will be made available by the DfT to

Leeds City Region as a result of the competitive bidding process which the shortlisted non-mayoral areas must follow. The risks associated with the big bid are set out in Appendix 2.

*Stage 2 - Tranche 2 (the 'big bid')*

- 2.13 The guidance for Tranche 2 has now been published by the Department for Transport<sup>2</sup>. It sets out that a Strategic Outline Business Case (SOBC) can be submitted by the Combined Authority (on behalf of the Leeds City Region) to the DfT, as draft, by 20 June 2019. Final submissions are to be made by 28 November 2019. The SOBC is for a share of the £1.28billion available to the 12 successful non-mayoral areas, to be spent on 'capital only' and in full by March 2023.
- 2.14 The DfT guidance sets out that the submission needs to be for a coordinated package of proposals, which deliver transformed local public transport. The key elements of the DfT Criteria are summarised in Table 2.2.

**Table 2.2 DfT Criteria for 'big bid' inferred from guidance document**

Essential Criteria <i>(i.e. schemes 'must' support)</i>	Desirable Criteria <i>(i.e. schemes should support)</i>
<ul style="list-style-type: none"> <li>• Improving capacity on commuting trips, access to employment / development centres</li> <li>• Reduce Carbon Emissions</li> <li>• Value for Money               <ul style="list-style-type: none"> <li>• Benefits to bus users</li> <li>• Benefits for walking and cycling</li> </ul> </li> <li>• Deliverable by 2023</li> <li>• Be Financially Sustainable to DfT</li> <li>• Match Funding Maximised</li> </ul>	<ul style="list-style-type: none"> <li>• Social Value               <ul style="list-style-type: none"> <li>• Eg support Skills/Apprenticeships</li> </ul> </li> <li>• Improve accessibility</li> <li>• Directly support housing delivery</li> <li>• Improve Air Quality</li> <li>• Integrates with Future Mobility Grand Challenge</li> <li>• Prioritised as part of Stage 1 TCF submission</li> <li>• Links to Prioritised TCF Corridors</li> </ul>

- 2.15 The DfT anticipates receiving 12 draft SOBC submissions in June from the 12 Shortlisted non-mayoral areas. Each will be scrutinised by the DfT and feedback will be provided in order to inform the final SOBC submissions in November. Whilst the SOBC does not need to be fully completed, the strategic case (covering fit with existing policies, approach to shortlisting and narrative of the SOBC) are anticipated to be completed. The DfT have highlighted that the economic appraisal is not expected to be finalised for the draft submission in June.
- 2.16 This is a competitive bidding process and the guidance sets out that funding will be awarded to proposals which best meet the strategic objectives of the fund

<sup>2</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/786857/transforming-cities-tranche-2-applications.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786857/transforming-cities-tranche-2-applications.pdf)

and demonstrate strong value for money. The DfT have also highlighted that whilst business cases will be considered 'in the round', the greater the overall local contribution towards the costs and the more the contribution is from the private sector and other external organisations such as private transport operators, the more positively the business case will be considered in the assessment process. The risks associated with our submission are set out in **Appendix 1**.

- 2.17 The guidance sets out that the economic appraisal for the SOBC should be consistent with Web TAG principles but should be carried out in a proportionate way. It also reiterates that as with Growth Deals, schemes should be at least "High" VfM (i.e. with a Benefit Cost Ratio of 2:1), and if not, then they should only be developed in exceptional circumstances which are clearly identified. Each scheme will require a VfM statement.

Draft Vision & Narrative for the 'big bid'

- 2.18 The draft vision for the Leeds City Region TCF submission is set out in **Appendix 2**.

TCF Tranche 3 – 'Future Mobility Zone'

- 2.19 Department for Transport announced the bidding process for Future Mobility Zone funding in March 2019. £90 million funding has been made available to the 19 areas which have been successful in the first stage of TCF bidding process. £20m of this funding was awarded to the West Midlands as part of the Budget announcement last year. Details regarding the Future Mobility Zone can be found in **Appendix 3**.

### **3. Financial Implications**

- 3.1 The DfT has made a contribution of £50,000 to the development of the stage 2 submission. This will support the development of the various bids as part for stage 2. This is being used on consultancy support to develop the economic case for the 'big bid' and the 'Future Mobility Bid'.
- 3.2 No budget allocations have been set by Government for the money available to the 12 successful Stage 2 regions. Allocations for the 12 successful authorities including Leeds City Region will be developed through the Stage 2 co-production phase with the Department for Transport.
- 3.3 Devolved City Regions (such as Manchester, Liverpool and Tees Valley) are not required to 'bid' for any of this funding and instead have been allocated/devolved funding on a per capita basis.

### **4. Legal Implications**

- 4.1 On 13 December 2018, the Combined Authority delegated authority to Transport Committee to oversee and submit both the 'big bid' and the 'Future Mobility bid' and to utilise member working groups to develop the detailed scope and specification of the bids.

- 4.2 As this is a competitive bidding process, the details of the submission are confidential until the submission is deposited in November 2019 at which point the bid submission will be published on the Combined Authority website.
- 4.3 The information contained in **Appendices 1,2 and 3** have been identified as exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendix as exempt outweighs the public interest in disclosing the information as publication could prejudice current and future negotiations.”

## **5. Staffing Implications**

- 5.1 The development of the TCF submissions has required significant internal resource, which has been led by the Combined Authority’s Transport Policy and Strategy team, with significant input from district partners. Some elements of the bid (in particular the economic analysis has been undertaken by external consultants Mott MacDonald).

## **6. External Consultees**

- 6.1 The Transforming Cities Fund has been developed in partnership with District partners.

## **7. Recommendations**

- 7.1 That Transport Committee notes the risks associated with the Tranche 2 ‘big bid’ set out in Appendix 2.
- 7.2 That Transport Committee endorses the approach for the Tranche 2 ‘big bid’ outlined in Appendix 1 and notes that there are further member working groups and conversations with Leaders around the finalised scope, ahead of submission of the draft SOBC submission to DfT officers on 20 June.
- 7.3 That Transport Committee endorses the approach that an Expression of Interest be submitted for a Future Mobility Zone for region by 24 May 2019 as outlined in **Appendix 3**.

## **8. Background Documents**

Transforming Cities Fund: Supplementary Guidance for Shortlisted City Regions for Tranche 2:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/786857/transforming-cities-tranche-2-applications.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786857/transforming-cities-tranche-2-applications.pdf)

Future Mobility Zones Fund call for outline proposals guidance:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/784621/future-mobility-zones-call-for-proposals.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/784621/future-mobility-zones-call-for-proposals.pdf)

## **9. Appendices**

Appendix 1: Roadmap to submission of the 'big bid' & Risks and Challenges associated with the big bid

Appendix 2: Draft Vision and Narrative for the 'big bid'

Appendix 3: Draft approach for the Future Mobility Zone bid