

Report to: West Yorkshire Combined Authority

Date: 10 October 2019

Subject: **Transforming Cities Fund**

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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 The purpose of this report is to provide an update on the TCF Strategic Outline Business Case which is required to be submitted to Government on 28 November. This report seeks approval to delegate the final submission of the November bid to the Managing Director, in consultation with the Chair of Transport Committee.

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.

- 2.2 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’. Small bids for investment of up to £2.2m in Kirklees and York were approved by Government in September 2018.
- The 12 shortlisted non mayoral regions (which includes Leeds City Region) are ‘allocated’ £1.28billion over a 5-year period to March 2023 and these areas are able to bid for a share funding – the Tranche 2 ‘big bids’ through submission of a Strategic Outline Business Case by 28 November 2019.
- There is a separate £90 million TCF fund requiring a separate bid for the Tranche 3 - ‘Future Mobility Zones’.

Big Bids & the Strategic Outline Business Case

- 2.3 The DfT guidance sets out that the big bid Strategic Outline Business Case (SOBC) 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 2.1.

Table 2.1 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"> • Improving capacity on commuting trips, access to employment / development centres • Reduce Carbon Emissions • Value for Money <ul style="list-style-type: none"> • Benefits to bus users • Benefits for walking and cycling • Deliverable by 2023 • Be Financially Sustainable to DfT • Match Funding Maximised 	<ul style="list-style-type: none"> • Social Value <ul style="list-style-type: none"> • Eg support Skills/Apprenticeships • Improve accessibility • Directly support housing delivery • Improve Air Quality • Integrates with Future Mobility Grand Challenge • Prioritised as part of Stage 1 TCF submission • Links to Prioritised TCF Corridors

- 2.4 On behalf of the Leeds City Region, the West Yorkshire Combined Authority submitted a SOBC to the DfT, as draft, on 20 June 2019 for a significant share of the £1.28billion available to the 12 shortlisted areas. The Executive Summary of the draft June Leeds City Region SOBC submission is included in **Exempt Appendix 1**.

- 2.5 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 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.

- 2.6 The DfT guidance sets out that the final SOBC submissions must be made by 28 November 2019 through co-development with the DfT. Grant approval would be made by March 2020, with all TCF funding to be spent by March 2023.
- 2.7 The DfT guidance requires the Strategic Outline Business Case to be published on the Combined Authority website upon submission on 28 November. In order to enable submission of the SOBC, this report seeks to delegate approval to submit the TCF SOBC to the Managing Director, in consultation with the Chair of Transport Committee.
- 2.8 The DfT received draft SOBC submissions in June from the 12 shortlisted non-mayoral areas. The feedback received from the DfT around the June submission has been positive, with clarifications. The development of the November bid documentation is on-going, with close partnership working between the Combined Authority and District Partners. Based on the feedback received from the DfT and the known gaps in the draft bid in June, the key areas for development between June and November submissions are to:
- Complete the economic appraisal for the packages and programme. 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.
 - Ensure all schemes within the programme to reach a level of detail to enable consideration and assessment at Decision Point 1, which is the first stage of the Combined Authority's Assurance Framework.
 - Address the detailed clarification points raised by DfT on the June submission.
 - Reach an agreed position regarding bus operator contributions
 - Fine tuning of the funding packages, based on the latest scheme information
 - Ensure a clear approach to monitoring and evaluation.
- 2.9 To support the development of the bid, on 1 August, the Combined Authority unlocked £3m in funding from the WY+TF Transformational Fund to 'pump-prime' development work, to ensure that the Combined Authority, District Partners and the schemes are 'TCF delivery ready'. This funding will support

development work for the November submission as well as development work on the programme of schemes for the next 12 months.

- 2.10 The risks associated with our submission are set out in **Exempt Appendix 2**. The list of schemes included within the June submission is included in **Exempt Appendix 3**. Based on the development work outlined in paragraph 2.8, it should be noted that the information in Exempt Appendix 3 is in the process of being refined ahead of the November submission.

3. Clean Growth Implications

- 3.1. A key priority of the Leeds City Region TCF SOBC is to support carbon reduction and meet our climate change ambitions through delivery of public transport and sustainable travel projects.

4. Inclusive Growth Implications

- 4.1. A key priority of the Leeds City Region TCF SOBC is to support Inclusive Growth through targeting investment in those communities in greatest economic need.

5. Financial Implications

- 5.1. The DfT has made a contribution of £50,000 to the development of TCF. This has been used on consultancy support to develop the June SOBC submission, the small TCF submissions and the May 'Future Mobility Bid'. The use of the West Yorkshire + Transport Fund, Transformational Fund, is ensuring we are able to put forwards the strongest possible bid, and be 'TCF delivery ready'.
- 5.2. 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.

6. Legal Implications

- 6.1. 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.
- 6.2. 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, in accordance with TCF guidance.
- 6.3. 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.”

7. Staffing Implications

7.1. There are no staffing implications directly arising from this report.

8. External Consultees

8.1. No external consultations have been undertaken.

9. Recommendations

9.1. That the Combined Authority delegates approval to submit the TCF SOBC to the Managing Director, in consultation with the Chair of Transport Committee.

10. Background Documents

10.1. There are no background documents referenced in this report.

11. Appendices

Exempt Appendix 1 – Executive Summary of June SOBC submission

Exempt Appendix 2 – Key Risks

Exempt Appendix 3 – Packages within each TCF funding scenario