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| **Cheshire & Warrington Local Transport Body** |

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| **Date of Meeting:** | Friday 6 April 2018 |
| **Report of:** | Roy Newton |
| **Subject/Title:** | Transforming Cities Fund |
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1. **Report Summary** 
   1. The Government announced, as part of the Autumn Budget 2017, the creation of the £1.7bn Transforming Cities Fund ('the Fund'), **for capital investment** in transport to increase productivity and spread prosperity through investment in public and sustainable transport in some of the largest English city regions. The Fund will be focused on internal city movements.
   2. For Mayoral Combined Authorities with an existing, directly-elected Mayor, half of the Fund has been allocated on a devolved, per capita basis with the freedom to invest on their strategic transport priorities. These authorities are ineligible to bid for additional funding.
   3. On 13 March the Department for Transport published a call for proposals. The Fund will be allocated by a competitive process aimed at identifying the city regions with the strongest case for investment. The initial sift will look at evidence of support from organisations such local employers, research institutions, transport providers and housebuilders. The government will **select up to ten city regions** to work with to co-develop packages of schemes. These will be competitively assessed against each other with funding awarded to the proposals which demonstrate the greatest improvements to productivity and offer the best value for money. The level of funding to be awarded will be decided by the Secretary of State.
   4. The Government will not define city regions. Local authorities may wish to bid jointly where a clear 'city region' can be defined. Proposals which are largely rural will not be accepted. Proposals will be accepted from County Councils, Combined Authorities, and Unitary Authorities. As the Fund is seeking to support the largest city regions, the application form will look for evidence of high workday as opposed to residential populations. City regions with workday populations **above 200,000 people** will therefore score more strongly. Deadline for bids is 2359 on **Friday 8 June 2018**.
   5. The profile of the funds available is:

|  | **2018 / 19** | **2019 / 20** | **2020 / 21** | **2021 / 22** | **Total** |
| --- | --- | --- | --- | --- | --- |
| Capital (£m) | 60 | 110 | 160 | 510 | 840 |

1. **Recommendation**
   1. The Local Transport Body is asked for views on the call for proposals for the Transforming Cities Fund and to ask the Transport Advisory Group to consider potential proposals in more detail and report back to the next meeting of the LTB.
2. **Background**
   1. The Government announced, as part of the Autumn Budget 2017, the creation of the £1.7bn Transforming Cities Fund ('the Fund'), with the aim of driving up productivity and spread prosperity through investment in public and sustainable transport in some of the largest English city regions. The Fund will be focused on intra-city connectivity, making it quicker and easier for people to get around – and access jobs in – some of England’s biggest cities. As part of the National Productivity Investment Fund, the Transforming Cities Fund will provide additional capital investment for productivity enhancing programmes. It also supports the Industrial Strategy, taking a place-centric approach to delivering investment in English city regions.
   2. For Mayoral Combined Authorities with an existing, directly-elected Mayor, half of the Fund has been allocated on a devolved, per capita basis with the freedom to invest on strategic transport priorities, whether they be for light rail, bus rapid transit, cycling, or other public and sustainable transport improvements.
   3. The remainder of the Fund will be allocated by a competitive process aimed at identifying the city regions with the strongest case for investment – be they by size, levels of congestion, strategic vision for change and local support. The government will then select up to ten city regions with whom we will co-develop packages of schemes. These will then be competitively assessed against each other with funding awarded to the proposals which demonstrate the greatest improvements to productivity and offer the best value for money. The level of funding to be awarded to shortlisted city regions will be agreed by the Secretary of State after these proposals have been fully scrutinised.
   4. The Fund will also support the Future of Mobility Grand Challenge, one of four Grand Challenges established in the Industrial Strategy to improve people’s lives and the country’s productivity and put the UK at the forefront of the industries of the future.1 It will help city regions harness the opportunities presented by extraordinary innovation in engineering, technology and business models to tackle their connectivity challenges.
   5. The government will make £840 million available over the four year period to 2021-22. The funding will be entirely capital. The funding profile is:

| **Competitive Fund** | **2018 / 19** | **2019 / 20** | **2020 / 21** | **2021 / 22** | **Total** |
| --- | --- | --- | --- | --- | --- |
| Capital (£m) | 60 | 110 | 160 | 510 | 840 |

1. **Eligibility**
   1. The Fund aims to improve intra-city transport in the largest urban areas. Proposals will be accepted from English local transport authorities outside London – County Councils, Combined Authorities, and Unitary Authorities. As the Fund is seeking to support the largest city regions, the application form will look for evidence of high workday as opposed to residential populations. City regions with workday populations **above 200,000 people** will therefore score more strongly in the first section.
   2. In recognition that functional city geographies do not always reflect local authority boundaries, with the exception of combined authorities, the Government will not define these city regions. Local authorities may wish to bid jointly where a clear 'city region' can be defined. This may be where a city has substantial suburban hinterland in a neighbouring authority. However, proposals which are largely rural in character will not be accepted.
   3. As they have received automatic allocations, the six Mayoral Combined Authorities (Liverpool City Region, Tees Valley, Greater Manchester, West of England, Cambridgeshire and Peterborough and the West Midlands) are ineligible to bid for additional funding.
2. **Stakeholder participation and private sector support**
   1. The Department expects bidding city regions to consider local stakeholder and private funding to maximise the value of the investment in the area. Whilst the initial sift will look at evidence of support from organisations such local employers, research institutions, transport providers and housebuilders, shortlisted city regions will be able to strengthen their proposals if additional funding can be raised through local contributions or private investment.
3. **Process**
   1. A two stage process for those involved in competitive process:
      * Phase 1 – a call for proposals followed by a sift of up to 10 city regions based on the merits of the application form
      * Phase 2 – co-development between the short-listed cities and the Department to develop a package of schemes to be assessed
   2. Government is seeking to make a small number of large investments to drive up connectivity to centres of employment. The first stage of the competition will therefore seek evidence of the case for investment, wider fit with other stakeholders and investment pots, and the ambition of a city to improve certain routes.
   3. The initial competition will not seek proposals for specific schemes but looking for packages of proposals that could:
      * deliver transformative improvements in connectivity
      * show investment in interlinked schemes
      * make use of relevant legislation and work with local transport providers to create improved user experiences
      * work with research institutions and industry and seek to implement new technology
   4. Phase 1 requires completion of application form (Annex to main document). This is based around 3 key themes against which each proposal will be selected:
      * Definitions and Challenges – background situation and context/scope of issues/challenges
      * The Who and Where – identification of corridors/places for investment and why/who affected
      * The Ambition for change – similar to Strategic Case element of OBC (Links to objectives, demonstration of support, alignment with existing priorities and funding, links to wider long-terms plans and spatial strategies).
   5. Phase 2 will involve collaborative working with the Department to develop packages of proposals.
      * Emphasis on Business Case approach in terms of development
      * Assessed via a competitive ‘Challenge’ process, where packages will be scrutinised according to WebTAG appraisal methodologies across the five cases as outlined in HM Treasury Green Book guidance
4. **Added Value**
   1. Bidding city regions will need to consider local stakeholder and private funding options to maximise the value of investment in their areas. The initial sift will need to provide evidence of support from stakeholders. Short-listed city regions will strengthen their proposals if additional funding can be raised through local contributions or private investment.
5. **Application Process**
   1. The Annex to the main document contains the application form. All bids should be submitted electronically to TCFproposals@dft.gsi.gov.uk no later than 2359 on Friday 8 June 2018.
   2. Once a bid is submitted, a version excluding any commercially sensitive information must be published on the bidders own website(s) within two working days of submitting the final bid to the Department. The Department reserves the right to deem the business case as non-compliant if this is not adhered to.