



Tyne and Wear Integrated Transport Authority

Meeting to be held on Thursday 25 July 2013 at 10.00 am in a Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

Membership: Curran, Errington, Green, Green, Hobson, Hodson, Lambert, Lott, Maughan, McCarty, McElroy, Miller, Smith, Stone, D Wood and P Wood

Contact Officer: Victoria Miller (0191) 211 5118 victoria.miller@newcastle.gov.uk

This agenda is available at www.twita.gov.uk

SUPPLEMENTAL AGENDA

	Page
11. Investment in local major schemes in the North East	1 - 6

This page is intentionally left blank



DATE: 25 July 2013

SUBJECT: Investment in local major schemes in the North East

REPORT OF: Clerk to the ITA

PURPOSE OF REPORT

This paper sets out the process undertaken to produce the prioritised programme of local major schemes for delivery in the 2015–19 period resulting in the programme outlined in para 1.2. It describes the support to the North East Local Transport Body in making this decision and the framework within which schemes have been promoted and assessed.

RECOMMENDATIONS

Members are asked to note the report.

BACKGROUND DOCUMENTS

Copies of all documents referenced in this paper are available from the contact officer.

CONTACT OFFICERS

Graham Grant graham.grant@twita.gov.uk 0191 211 6011

IMPACT ON OBJECTIVES

To support economic development and regeneration	Positive
To address climate change	Positive
To support safe and sustainable communities	Positive



1 Executive Summary

1.1 At its first meeting on 16th July 2013 the North East Local Transport Body (“the Board”) agreed a prioritised programme of local major schemes representing a significant investment in the North East’s economic infrastructure. This process is an opportunity for the North East to determine its own priorities for investment, replacing a centralised bidding system. However, the process remains heavily constrained by an assurance framework agreed with Department for Transport (DfT), and approved by the LA7 local authorities and a Delegated Committee of the ITA. Looking forward, the government is proposing that these funds be incorporated within a Single Growth Fund. As a transition into those arrangements, the government has confirmed that the Board should nevertheless identify priorities for investment under the current arrangements.

1.2 At the time of producing papers (in-line with the requirement that the meeting of the Board was held in public) the financial envelope and time period were still to be confirmed, so the Board was invited to prioritise investments based on an indicative allocation specified by the government, amounting to £46.7 million. The nature of major capital projects means that a degree of over-programming is appropriate, of up to 30%. Taking this into account, the recommended programme amounted to £58.1 million as follows (the figures in brackets reflect their ‘ask’ from the LTB):

- South Shields Transport Hub (£9.3m);
- Sunderland Low Carbon Zone (£8.0m);
- A1058 Coast Road (£7.9m);
- A167 Park and Ride – Eighton Lodge (£6.7m);
- A194 / A185 – The Arches junction (£5.8m);
- Horden Sea View Rail Station (£4.5m);
- A189 / A191 Haddricks Mill roundabouts (£4.4 m);
- A19 / A194 / A1300 Lindisfarne roundabout (£3.5m);
- A189 / B1318 Blue House roundabout (£2.8m);
- A167 Cowgate junction (£2.7m); and
- Newcastle Central Metro station (£2.5m).

The Board also identified an additional scheme – the Sunderland Strategic Transport Corridor phase 3 (£40.5m) – to be considered for prioritisation within any



wider funding that may become available in the future.

- 1.3 Confirmation of the financial envelope and time period has now been received from government with most Local Transport Bodies across the country receiving 1/3 less funding than was indicatively assigned – and with additional funding to be accessed through a competitive process as part of the Single Local Growth Fund (details of which are awaited). In recognising that the programme outlined in para 1.2 reflects a deliverable programme with high policy fit the Board has prioritised to its indicative allocation and will seek to access additional funding to ensure the whole programme is delivered.

2 Background information

- 2.1 In order to successfully receive devolved funding from the Department for Transport (DfT) for local major schemes the Board has to first satisfy all the requirements defined by government in the guidance document for Local Transport Bodies (LTBs)¹. The Board has received written confirmation that the membership, governance and working arrangements, and scheme prioritisation process (parts I and II respectively) as outlined in its assurance framework² satisfy all the requirements. Part III – programme management and investment decisions – awaits formal agreement but written feedback from DfT suggests this will be forthcoming in a short time subject to minor additions.
- 2.2 This means the Board was in a position to agree its prioritised scheme programme by the end of July deadline set by government. To inform its decision the Board used the advice provided by the LA7 Chief Executives, the LA7 Economic Directors and the Senior Officers Transport Advisory Group (SOTAG)³ (supplemented by independent technical verification). The process that underpins the advice received by the Board will now be summarised in this paper, with the full information available online at www.newcastle.gov.uk/neltb or on request.

¹ <https://www.gov.uk/government/publications/guidance-for-local-transport-bodies>

² Available online at www.newcastle.gov.uk/neltb, Parts I and II have been ratified.

³ NELTB assurance framework: section 9, terms of reference for each group are in Annex B



3 The prioritisation process

3.1 In order to be eligible for consideration as part of this process schemes have to pass certain criteria specified by DfT, and as set out in the assurance framework. These criteria⁴ include that schemes must:

- be considered to have a strong policy fit and low risk to delivery within the funding period;
- request at least £2.5M, and provide a local contribution that would normally be at least 10% per scheme; and
- obtain a value for money (benefit : cost ratio) score using the DfT's established methodology (the WebTAG⁵ system) of at least 2.0.

3.2 Early in the process guidance was issued to prospective scheme promoters on the types of evidence that are likely to support the policy criteria adopted (section 15 of the assurance framework), and to support scheme promoters in providing evidence on value for money and deliverability (sections 16 and 17 respectively). Information submitted by scheme promoters about potential schemes was verified by independent technical specialists commissioned and managed by SOTAG to ensure rigour and data quality. Both the information provided and its appraisal was developed in accordance with the guidance published in WebTAG at the time of its submission.

3.3 This enabled the development of a programme of schemes that offer the North East strong policy fit combined with a low risk to delivery within the funding period. The officer groups outlined in para 3.2 have been involved throughout this prioritisation process⁶. All short listed schemes have committed local contributions and, using WebTAG methodology, each offers the North East area at least double the benefits to the costs. Some schemes which were being considered for prioritisation through local major schemes funding have been successful in securing funding from other sources and hence have been withdrawn from this process.

⁴ Full details on criteria can be found in Part 2, section 14 of the NELTB Assurance Framework

⁵ WebTAG is the DfT's guidance on the conduct of transport studies including advice on the appropriate appraisal for major highway and public transport schemes (<http://www.dft.gov.uk/webtag/>).

⁶ Full details can be found in Part 2, section 13 of the NELTB Assurance Framework supplemented by Annex C



4 Development of a recommended programme

- 4.1 The indicative financial package made available constrained the Board from prioritising all those schemes that have fulfilled the criteria. The Sunderland Strategic Transport Corridor Phase 3 scheme met all deliverability and value for money criteria and exhibited a high policy score. However as a large project requiring £40.5m contribution it was not currently possible to accommodate the necessary funding for this project within a prioritised list without excluding a number of other beneficial schemes.
- 4.2 Officers therefore explored a number of options for securing funding for this project over the medium term. The Board were therefore asked to identify this as a potential additional major scheme to be considered for prioritisation within any wider funding that may become available, and following an assessment of affordability at a later stage.

5 Next steps

- 5.1 The agreed package of prioritised schemes will be submitted to DfT and scheme promoters will commence further work on all prioritised schemes. Each scheme will have to advance through various 'gateways' before full approval is granted⁷. Individual business cases will be developed and brought back to the Board for approval. Scheme promoters will hold public consultations on all schemes as part of this process.
- 5.2 The development of this prioritised list has been subject to tight timescales. In line with the Board's recognition of the importance of transparency and local engagement officers will ensure there is a process to allow proper public comment on the prioritisation process and outcome – full details of which will be made available on the Board's webpage www.newcastle.gov.uk/neltb by the end of July.
- 5.3 Finally, announcements in the Spending Review 2013 outline that in future this funding stream will be incorporated within the Single Growth Fund; guidance on which is expected before the summer recess. The Board will need to consider in due course how its own responsibilities as a Local Transport Body, and the transition to a Combined Authority, impact on the prioritisation of transport schemes, alongside priorities for other investments in economic development. There may also be opportunities for co-investment through the north east's EU funding programme.

⁷ Full details on the process are found within Part III of the assurance framework (referenced in para 3.1).

This page is intentionally left blank