

# **NORTH EAST COMBINED AUTHORITY**

## **Delegated Decision Report**

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**DATE:** 28 February 2019

**SUBJECT:** Award of Consultancy Framework Contract to Support the Development of Transforming Cities Fund Bids for the North East

**REPORT OF:** Monitoring Officer

### **EXECUTIVE SUMMARY**

The purpose of this report is to approve the award of a consultancy framework contract to AECOM, who won a mini competition conducted through Lot 10 of the “NEPO Framework for Construction and Engineering Consultancy Services”.

### **RECOMMENDATIONS**

The NECA Monitoring Officer is recommended to approve the award of this framework consultancy contract to AECOM.

## **1. Background**

- 1.1 In March 2018 the Department for Transport (DfT) launched a Call for Proposals for city region authorities wishing to obtain capital funding from its Transforming Cities Fund (TCF). The TCF has been established to fund capital infrastructure works that will deliver transformational benefits to sustainable and public transport users.
- 1.2 In September 2018 the North East (Northumberland, Tyne and Wear and County Durham) was one of ten city regions shortlisted to submit bids for funding from TCF during 2019. In December 2018 two further city regions were added to this shortlist. Across the 12 bidding authorities there is £1.22bn of capital funding available.
- 1.3 In November 2018 the Chancellor of the Exchequer announced in his budget statement that an opportunity to bid for Future Mobility Zone status would be added to the TCF process. Up to three Future Mobility Zones (FMZs) will be established during 2019, adding to the zone already established in the West Midlands. £90m of TCF funding has so far been allocated by DfT to the FMZs.
- 1.4 A resources plan, with an associated funding plan, has been prepared that will allow the Regional Transport Team to submit high quality bids for the Tranche 2 and FMZ funding competitions. This resources plan is located at Appendix 1. An element of this resources plan is to commission a transport consultant to support the Regional Transport Team's work.

## **2. Proposals**

- 2.1 A consultancy framework specification was developed that sought skills and experience in three key areas:
- The production of an economic appraisal for the North East's TCF Tranche 2 capital programme bid and the North East's FMZ bid;
  - Assistance with the production of the five case business case for the TCF Tranche 2 capital programme bid, and the North East's FMZ bid; and
  - The production of an economic narrative to support the business case for the North East's TCF Tranche 2 capital programme bid.

Full details of the specification for this framework are available at Appendix 2.

- 2.2 The consultancy framework contract was tendered using the Lot 10 of the "NEPO Framework for Construction and Engineering Consultancy Services". This lot provides access to firms that are expert in transport planning and public transport support. Tender submissions were evaluated on the basis of 60% Quality and 40% Price. The evaluation of submissions has been completed and the preferred bidder is AECOM, based on Newcastle Quayside.

## **3. Reasons for the Proposals**

- 3.1 The reason for this proposal is to provide the Regional Transport Team with access to expertise in key areas of work required to deliver strong and compelling

submissions in relation to the TCF Tranche 2 capital programme bid and the TCF Future Mobility Zone bid.

#### **4. Alternative Options Available**

- 4.1 The alternative would be to undertake this work in-house within the Regional Transport Team. However this is a highly specialised area of work where the RTT does not have the necessary skills and experience. The consequence of the alternative would therefore be to submit inadequate bids for TCF funding and potentially miss out entirely or partially on important funding for the North East's transport network.

#### **5. Next Steps and Timetable for Implementation.**

- 5.1 The notification or intention to award will be issued on Friday 1<sup>st</sup> March. A ten-day ALCATEL period will then commence in order that unsuccessful bidders can lodge any comments or questions. Assuming no delays emerge from any comments during the ALCATEL period, the contract will then be awarded to AECOM on Monday 11 March 2019 and a kick-off meeting will be arranged shortly after.

#### **6. Potential Impact on Objectives**

- 6.1 A successful TCF bid will attract considerable additional funding to the North East's transport network, increasing the use of public transport, increasing the use of sustainable transport and reducing reliance on the private car for more trips. These impacts will have a positive effect on the economic, social and environmental objectives set out in our Strategic Economic Plan, North East Transport Manifesto and our Local Transport Plans. The funding will also assist in delivering the local air quality improvements required in order to meet worldwide transport emissions targets.

#### **7. Financial and Other Resources Implications**

- 7.1 A costed plan has been developed to enable the resources available to the Regional Transport Team to be boosted, so that a strong and compelling bid for TCF funding can be submitted. Appendix 1 sets out the main components of this plan and provides details of the approved approach to funding these additional resources.

A recruitment process for the RTT is ongoing, assistance from NECA's Human Resources department is helping to deliver this process, which includes opportunities for short terms secondments.

#### **8. Legal Implications**

- 8.1 There are no specific legal implications arising from this contract award. The award is based on standard terms and conditions prepared by NEPO for this framework that affords the NECA considerable protections from legal risks.

**9. Key Risks**

- 9.1 The principal risk associated with this work is that the bid for funding from DfT via TCF proves unsuccessful. The recruitment of an experienced and skilled consultant team to assist the RTT will mitigate this risk and maximise the prospects of receiving the funding requested.

**10. Equality and Diversity**

- 10.1 A successful TCF bid will enable a broader range of public transport and sustainable transport options to be available to more people in the North East. The specific needs of people with mobility problems will be considered during the design phase of each scheme within the package to ensure that equality of access is achieved and enhanced. The safety and security requirements of vulnerable people will also be considered during this design phase to ensure that a diverse range of people from across our communities can enjoy the benefits of the resulting investment.

**11. Crime and Disorder**

- 11.1 No implications.

**12. Consultation/ Engagement**

- 12.1 The contents of the report at Appendix 1 have been subject to consultation with Chief Executives, Economic Directors and Heads of Transport from all seven local authorities in the North East and Nexus. This contract has been awarded in line with the requirements of that report.

**13. Other Impacts of the Proposals**

- 13.1 It is likely that a successful TCF bid will have significant beneficial impact on the businesses of transport operators, key employment sites and employers in the North East. In addition it is likely that improved access to educational opportunities will be delivered. Finally, greater use of sustainable and public transport modes will lead to improved health outcomes for people living and working in the North East.

**14. Appendices**

- 14.1 Appendix 1 – TCF Resources Paper  
Appendix 2 – Scope of Consultancy Framework

**15. Background Papers**

- 15.1 None

**16. Contact Officer(s)**

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### 17. Sign Off

- 17.1
- Head of Paid Service: ✓
  - Monitoring Officer: ✓
  - Chief Finance Officer: ✓

### 18. Glossary

18.1 None.

**APPENDIX 1 – TCF RESOURCES PLAN**

### Transforming Cities Fund Tranche 2 Bid Regional Transport Team Resource Requirements

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#### Introduction

1. This note sets out the proposals for temporarily boosting resources within the Regional Transport Team, in order to provide sufficient capacity to deliver to DfT a Future Mobility Zone bid in May 2019, a Tranche 2 Transforming Cities Fund bid to the Department for Transport in draft form in June 2019, and a Tranche 2 bid in final form by the end of November 2019 (these dates are subject to confirmation when DfT guidance is issued in January 2019).
2. The current duties undertaken by the Regional Transport Team are set in paragraph 4 to 35 in **Appendix 1**. The resources available to the Regional Transport Team to deliver these duties are set in paragraph 2 of **Appendix 1**. It is considered that these resources are all already fully committed in order to undertake the duties set out in the appendix.

#### Transforming Cities Fund Requirements

3. The Transforming Cities Bid imposes an additional time-limited set of duties on the Regional Transport Team. These are as follows:
  - a. TCF Tranche 1: a bid for Tranche 1 funding of up to £10m to deliver public transport and sustainable transport schemes that can be quickly commenced before the end of March 2019. The key requirements of this element of work are:
    - To produce a Tranche 1 bid for TCF by the deadline of 4 January 2019.
    - To respond to any subsequent queries and clarifications prior to the award of funding in February 2019. To date this has been a considerable exercise in itself, as the DfT has queried in some detail the rationale, costing and economic appraisal of our schemes and packages.
    - To co-ordinate the prioritisation of the Tranche 1 funding allocation from DfT, in conjunction with the Department for Transport, the seven constituent local highway authorities, the three local transport authorities and the two combined authorities (and the Joint Transport Committee).
    - To co-ordinate the delivery of the Tranche 1 programme of schemes, responding to queries from DfT and local stakeholders as they arise and reporting progress to the Joint Transport Committee.
  - b. Future Mobility Zone: we will prepare a TCF Future Mobility Zone (FMZ) bid that will contain on a mixture of capital and resource investments aimed at consolidating the benefits of the capital investment programme and attract new users to public transport and sustainable travel modes. Our understanding is that the FMZ bid deadline will be May 2019, in advance of the capital infrastructure bid. The FMZ bid is likely to involved significant spend in 2019/20, drawing down the £110m allocated to TCF for that municipal year. The key requirements of this element of work are:
    - To develop the proposals that have emerged from Nexus' new mobility service early market engagement exercise, and produce a coherent set of recommended actions that meet with DfT guidance on FMZs.

- To present those proposals to key stakeholders and ensure their buy-in in advance of submitting our FMZ proposal in March/April 2019.
  - To liaise with suppliers and potential partners in order that the FMZ bid is developed in a way that is practical and deliverable, within a cost envelope that is well understood.
  - Prepare all necessary application forms and supporting materials (details of which are not yet known) by the submission deadline.
  - Prepare for, manage and undertake the subsequent “pitch” to DfT that is envisaged in the Summer prior to FMZ zone status being announced.
  - Develop and recruit a delivery team to enact our proposals when we achieve FMZ status.
- c. TCF Tranche 2: the Regional Transport Team will co-ordinate and prepare a TCF Tranche 2 capital bid that will be based on a series of transformational infrastructure interventions in the North East. The TCF capital bid will require that a programme-level outline business case will be developed for all the Tranche 2 schemes in combination. Outline business cases may also be required for each component scheme, especially those with a capital cost above £20m. These will be led and usually funded by the scheme promoter, although the Regional Transport Team has established a fund and a call-off consultancy arrangement that scheme promoters can draw down if they wish to develop their business cases. The key requirements of this element of work are:
- Assemble a long list of potential schemes, packages and interventions from local authority partners.
  - Devise and enact a method for sifting these potential schemes in order to ensure that the best proposals are included in our Transforming Cities bid.
  - Liaise and consult with stakeholders and decision makers in relation to the outcome of the long list sifting process.
  - Assemble the shortlisted schemes into coherent thematic packages that meet the requirements of the Tranche 2 guidance and provide transformational benefits to people travelling by public transport and sustainable transport modes.
  - Manage the progress made by scheme promoters for each shortlisted schemes, ensuring that design and assessment milestones and deadlines are agreed and met for all schemes.
  - Research, record and keep up to date the financial implications for each scheme and each resultant package, ensuring that the finances for the whole TCF programme are tracked constantly and that the overall ask from DfT, the availability of match funding and the availability of third party funding is monitored and understood.
  - Work with scheme promoters to ensure the accuracy and quality of financial information is maintained, and ensure that the management of costs and the application of optimism bias is applied consistently an appropriately across all schemes.



- Using the information provided by scheme promoters, produce package-level and programme-level business cases for investment that include the five cases required by HM Treasury Green Book guidance. This considerable task is not simply cutting and pasting information provided by scheme promoters, it will require the careful production of an overall narrative for the programme and setting out the agglomerated strategic, commercial, financial and management cases for the entire programme, and for city region-wide packages within that programme.
- Closely manage and guide transport economics consultants that will be tasked with producing the economic case for the programme, using available analysis tools and bespoke methodologies as appropriate to assess the component schemes on a consistent basis, identify the additional compound benefits arising from city region-wide packages of measures, identify further compound benefits arising from the assembly of the whole programme and developing a compelling economic appraisal for the entire programme.
- Manage the flow of data and information that will be received from scheme promoters and generated by the project itself, ensuring that information is compiled and stored in a consistent way and available for mapping that will support the business case.
- Prepare the necessary application forms that will accompany the programme-level business case. The scale of this task is yet to be fully understood pending publishing of DfT guidance, but based on recent experience is likely to be considerable and complex.
- Arrange, host, lead and minute meetings with scheme promoters, stakeholders and partners, preparing all necessary papers and briefings in advance of each meeting.
- Manage the co-creation process with DfT, ensuring that the complex requirements across all shortlisted schemes are fully understood and expressed to DfT as part of the programme development and appraisal process. Once the draft programme level bid is submitted in June, undertake and co-ordinate intensive and detailed discussions with DfT to answer questions, enhance our proposals and provide a final submission to DfT by the November deadline.
- Provide a strong influencing role on DfT and other key decision makers, being a regular presence in DfT's offices and maintaining positive dialogue throughout the bidding process.
- Analyse and understand the legal issues that will arise from the programme, including but not limited to railway regulatory issues, highway regulatory issues and state aid considerations.
- Produce clear and high quality documentation for our bid submission, business cases and associated printed and online materials.
- Provide project management and project administration input in order that all of the above tasks are enacted efficiently and planned effectively.
- It is likely that once published, the DfT's guidance will also impose further demands on the regional transport team that have not yet been anticipated, and will need to

be resourced. A small allowance of extra resource will need to be made to cover for this eventuality.

### Additional Resource Capacity

4. In order to meet the above requirements, additional capacity is required within the Regional Transport Team that has a broad set of skills to cover a wide range of requirements:
  - Transport planning, business case production and transport economics;
  - Stakeholder management at national, regional and local levels;
  - Programme management and control;
  - Document production and design;
  - Data management;
  - Financial, legal and regulatory advice; and
  - Day to day administration with supporting equipment, online resources and office space.
5. Given the limitations on spare resources available within the existing Regional Transport Team, additional capacity will be temporarily required. It is proposed that the resources needed to fulfil this additional capacity are compiled through a combination of full time and part-time secondments from within current local government employees in the North East. Any such appointment would only be made with the express permission of the secondees' line manager and would be compensated by the Regional Transport Team budget so that a backfill replacement can be resourced.
6. Where it is not possible to attract a suitable candidate through local authority secondment, the secondment of resources from transport consultants will be considered, alongside the potential for temporary external appointments.
7. The scale of additional capacity required is to some extent governed by the scale and complexity of the programme of schemes and packages to be put forward in the TCF Tranche 2 bid.
8. Two scenarios have been considered:
  - **A low resource scenario** where the Tranche 2 programme is comprised solely of three well-developed regional public transport schemes, with a small amount of supporting investment in sustainable transport around main stations; and
  - **A high resource scenario** where the Tranche 2 programme is comprised of a varied mixture of high-cost investments in rail, bus, walking and cycling infrastructure in different localities, which will need to be assembled into coherent and transformational investment packages then developed and analysed at that package level, as well as at the overall programme level.
9. A variety of individual roles have been considered in order to meet the RTT's additional capacity requirements in each scenario. These roles are described in the following paragraphs along with an estimate of their required input for each resource scenario.

10. **Project Lead:** the Project Lead role is responsible for strategic leadership of the entire bid process and taking a lead on stakeholder management, interaction with DfT officials and lobbying for a successful bid. The project leader will also contribute to managing the economic consultants, and take the lead on developing the FMZ bid. *This role is a full-time requirement from January 2019 to November 2019 in both the low resource and high resource scenarios.*
11. **Transport Planning:** the transport planning role is responsible for developing all aspects of the bid and programme level business case through liaison with scheme promoters across the North East on a day to day basis and production of reports, technical notes and contributions to draft and final bid documents. The role will also require a considerable amount of liaison with DfT on technical transport planning and transport economics matters. The transport planning resource will lead on providing a client steer to consultants and specialists engaged by the bid team. The resource will have knowledge of economic appraisal and WEBTAG, in order that it can manage the economic consultants retained by the team. *For the high resource scenario this function will require two full-time transport planners from February/March 2019 to November 2019. For the low resource scenario this function requires one full-time transport planner from February 2019 to October 2019.*
12. **Programme Management:** a project management resource is required to co-ordinate and manage all timescales, deliverables and milestones across each scheme and each scheme promoter. The programme management resource will also prepare progress reports and analysis for regular scheme promoters' meetings. *For the high resource scenario this function will require one full-time project manager from February 2019 to October 2019. For the low resource scenario this function requires one part-time project manager working 3 days per week from February 2019 to October 2019.*
13. **Financial Management:** a senior-level finance resource is required that will collate the financial information required to support the bid, liaise with finance colleagues at each of the eight partner local authorities (the LA7 and Nexus), manage and monitor match funding arrangements and provide specialist advice on funding of major infrastructure and revenue projects. *For the high resource scenario this function will require one full-time finance officer from February 2019 to October 2019. For the low resource scenario this function requires one part-time finance officer working 2 days per week from February 2019 to October 2019.*
14. **Legal and Regulatory Advice:** a qualified legal resource is required to provide advice on all legislative aspects of delivering the programme and liaising with legal colleagues at each of the eight scheme promoters. The resource requires good knowledge of highways legislation, railway legislation and state aid considerations. *For both the high resource scenario and low resource scenarios this function will require one part-time lawyer working 1 day per week from February 2019 to November 2019.*
15. **Stakeholder Management:** an experience stakeholder and communications resource is required to provide liaison and communication with all stakeholders. The post will need to combine stakeholder management skills with experience of working on transport projects. *For the high resource scenario this function will require one part-time stakeholder manager working 3 days per week from February 2019 to October 2019. For the low resource scenario this function requires one part-time stakeholder manager working 1.5 days per week from February 2019 to October 2019.*
16. **Data and GIS Management:** an experienced GIS operator able to produce maps and plans that present complex data from a wide range of sources in an easily assimilated format. *For the high resource*

*scenario this function will require one part-time GIS officer working 2 days per week from March 2019 to September 2019. For the low resource scenario this function requires one part-time GIS officer working 1 day per week from March 2019 to September 2019.*

17. **Project Administration:** a project administrator is required to make all necessary day to day arrangements for the production of the bid, such as arranging meeting and travel, taking notes and preparing minutes at meetings, assisting in compiling information for bid documents and business cases and signing off invoices from suppliers. *This role is a full-time requirement from February 2019 to October 2019 in both the low resource and high resource scenarios.*
18. **Equipment:** the above resources will require equipment that will allow the team involved in the bid to work efficiently while undertaking their duties at a variety of locations. The team will require an office base for the duration of the programme, until September 2019 at least. This office base will need to accommodate up to six people and offer all necessary office support functions (printers, copiers, wifi, front desk services, etc). The team will also need to be provided with computing facilities. Some of the roles in the core team will involve regular if not constant travel across the region, so lightweight laptops and office-based printing facilities will be required. It is vital that the team is able to work on documents and share them on a constant basis, in order to work in an agile manner during a compressed and busy programme. It is recommended that separate email accounts and cloud storage space are provided for the team, as existing systems can be cumbersome and restrictive. Slack software is proposed to organise team communication through various channels. A web domain would also need to be purchased to facilitate the email accounts.
19. **Consultancy Support:** a requirement for specialist consultancy support has been identified in four areas:
  - **Economic Appraisal Consultancy:** this role is two-fold. Firstly, a consultant is required to advise on the development of an overall economic appraisal of the package of schemes put forward in the Tranche 2 bid. Secondly, the consultant may be required to provide a call-off arrangement to prepare economic appraisals for scheme promoters, where those promoters do not have the capability or resources to manage such a task.
  - **Business Case and Engineering Call-off:** there is likely to be peaks in workload when the core team will require support from specialists in developing certain aspects of the business case for the Tranche 2 bid. The team will also require specialist advice on highways and railway engineering matters so that an independent view on the engineering aspects of candidate schemes in the package can be provided.
  - **Document Production and Design Support:** it is anticipated that the team will require support from time to time to produce a range of documents, leaflets, maps, plans and schedules that will support the programme, especially around the production of the final Tranche 2 bid document and business case. Some of these skills could be procured from partner local authorities, others may require assistance from an external agency.
  - **Economic Narrative:** the Transforming Cities Fund bid will need to make a compelling case for why the transformational proposals in the package of schemes will have a significant beneficial impact on various aspects of the economy, thus complying with Guidance and Government policy. It is proposed that an independent piece of work is commissioned to produce this narrative. This is

a distinct piece of work from the highly technical work to develop the economic appraisal set out above.

### Support for Scheme Promoters

20. Transport officers have expressed some concerns about the availability of capacity with the local highway authorities to be able to carry out the detailed design work that may be needed for some schemes to be included in the Tranche 2 programme. This should become clearer when the shortlisting of potential bids have been completed. Consideration of how any additional specialist capacity can be sources and funded may be required.
21. In readiness for this, a further £250,000 of Tyne and Wear funding has been identified for the Regional Transport Team, which can be allocated to support scheme promoters that wish to develop individual schemes for inclusion in the Tranche 2 package. The Regional Transport Team will commission a call-off consultancy arrangement that provides access to scheme design and scheme assessment skills, which promoters of individual schemes can draw down. Alternatively, promoters can access the funding directly and purchase their own consultancy support. All of the work undertaken using this funding will be focussed on readying schemes for inclusion in the programme level outline business case, so some quality standards and pro formas will be developed by the Regional Transport Team.

### Resource Costs

22. The potential costs of the high resource and low resource scenarios are set out in the table below, based upon the estimates provided in proceeding paragraphs. The table does not include the funds allocated within Tyne and Wear to support scheme promoters, as set out in paragraph 21.

Role	High Resource Scenario					Low Resource Scenario				
	FTE	Start	End	Days	Estimated Cost	FTE	Start	End	Days	Estimated Cost
Project Lead	1	Jan-19	Nov-19	240.0	£ 82,800	1	Jan-19	Nov-19	240.0	£ 82,800
Transport Planner 1	1	Feb-19	Nov-19	220.0	£ 49,500	1	Feb-19	Oct-19	195.0	£ 43,875
Transport Planner 2	1	Mar-19	Nov-19	200.0	£ 25,000					£ -
Programme Management	1	Feb-19	Oct-19	195.0	£ 34,125	0.6	Feb-19	Oct-19	117.0	£ 20,475
Financial Management	1	Feb-19	Oct-19	195.0	£ 43,875	0.4	Feb-19	Oct-19	78.0	£ 17,550
Legal and Regulatory Advice	0.2	Feb-19	Nov-19	44.0	£ 8,800	0.2	Feb-19	Nov-19	44.0	£ 8,800
Stakeholder Management	0.6	Feb-19	Oct-19	117.0	£ 20,475	0.3	Feb-19	Oct-19	58.5	£ 10,238
Data and GIS Management	0.4	Mar-19	Sep-19	62.0	£ 9,300	0.2	Mar-19	Sep-19	31.0	£ 4,650
Project Administration	1	Feb-19	Oct-19	195.0	£ 21,450	1	Feb-19	Oct-19	195.0	£ 21,450
Office Space and Equipment					£ 17,330					£ 17,330
Consultancy Support					£ 100,000					£ 60,000
					£ 50,000					£ 30,000
					£ 35,000					£ 21,000
					£ 20,000					£ 20,000
<b>TOTAL</b>					<b>£ 517,655</b>					<b>£ 358,168</b>

23. The resulting funding envelope for each scenario, adding a small contingency and rounding adjustment, is **£0.525m for the high resource scenario** and **£0.364m for the low resource scenario**. Discussions have been conducted with the Heads of Transport Group for the North East and a consensus has been achieved that this funding envelope is a reasonable starting point for developing a bid team resource,

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while understanding that the team will need to grow and shrink as the details of the work to be undertaken at various stages of the process are fully understood.

### Resource Funding

24. The paper sets out an indicative Transforming City Bid budget ranging from between £0.364m and of up to £0.525m, which have been rounded up to including an element of contingency. The bids themselves are likely to amount to £200m or more, with a hope of securing c £110m to £150m+ of grant funding. The bid development costs discussed in this report are therefore up to c 0.33% to 0.48% of the potential grant that could be secured.
25. There are several options for earmarking the funding to create this budget. Given the nature of the activity there needs to be the opportunity to be able to fund the majority of this funding as 'revenue' rather than 'capital' funding until the outcome of the bid and the ability to capitalise some advance costs are known.
26. A simple approach would be to seek an equal contribution from funding relating to each of the seven councils – of between £52k and up to £75k each – from Durham and Northumberland and between £260k and £375k from Tyne and Wear. An alternative is to include an element of funding flexibility, which would reflect shortlisting of projects and the outcome of the funding bid. For example half the funding provided on an equal basis and the other half (£37.5k) – as a contribution which could be adjusted to reflect the level of grant funding to be requested/secured for each of the three areas (Durham, Northumberland and Tyne and Wear) once the shortlisting of the bids or the outcome of the bid is known. There was some support for part of the cost being adjusted to reflect the potential benefit in this way. There was support for treating costs in Tyne and Wear as a county level cost.
27. A number of different funding opportunities may be available to help fund the cost of the bid preparation and these are summarised below and discussed in the following sections. At this point the illustration assumes an equal share of costs and potential benefits. A range of costs are shown reflecting the two differing cost options.

	Durham £000		Northumberland £000		Tyne & Wear £000		Total £000	
DfT Revenue Grant (secured)	5	5	5	5	25	25	35	35
Regional Transport Team	14	14	14	14	72	72	100	100
Contribution from LGF (January LEP Board approval needed)	14	14	14	14	72	72	100	100
Revenue underspend/savings in 2018/19 Transport Budgets, or Contributions from LTP allocations	} 19 42 }		} 19 42 }		} 60 31 60 146 }		} 129 290 }	
<b>Total</b>	<b>52</b>	<b>75</b>	<b>52</b>	<b>75</b>	<b>260</b>	<b>375</b>	<b>364</b>	<b>525</b>

Contributions have been rounded up to whole pounds, which results in a small contingency.

28. Costs in 2018/19 could be funded from the existing area wide funding sources outlined above. A specific funding decision could be taken about additional local contributions in 2019/20 at the point when the shortlisting of schemes is complete.

### **DfT Revenue Grant**

29. The Department for Transport provided £50k of revenue grant for the Tranche 1 bid, of which around £35k should be available for the Tranche 2 bid. We are continuing to seek a contribution from DfT towards the bidding costs of the larger TCF bids, although no additional funding has yet been confirmed. If more DfT grant is secured it will reduce the balancing contributions needed from authorities.

### **Contribution from Local Growth Fund (LGF)**

30. An in principal LGF grant contribution of £200k was agreed as a match funding contribution towards a SUD Transport bid. The SUD Sustainable Transport Bid was not submitted and has potentially been overtaken/subsumed by the TCF bid. After discussion with LEP officers, it is proposed to take a report to the North East LEP Board in January to confirm that the £200k can be used to support the TCF bid, of which up to £100k could be used to contribute to the TCF bid, with the balance being available to match fund the TCF Tranche 1 programme.

### **Regional Transport Team Budget**

31. It has been suggested that a contribution be made from the existing proposed Regional Transport Team Budget for 2019/20. A provisional assumption of a £100,000 contribution is now proposed, subject to consideration and comment of the Regional Transport Officers, Economic Development Officers and Chief Executives.

### **Tyne and Wear Local Authority contributions**

32. A contribution of £60k is proposed to be allocated from the Tyne and Wear Transport revenue budget, funded mainly by an underspending in 2018/19 and a small contribution from this budget in 2019/20. A contribution of up to £146k is proposed to be released from the LTP grant allocation to Nexus. Accounting arrangements will enable this to be treated as a 'revenue' grant if required. The five Tyne and Wear Local Authorities will need to agree the use of these Tyne and Wear Transport funds for this purpose. In addition, Nexus had initially identified that £275k of LTP funding was available for supporting bid costs. With £146k needed to fund the costs now identified this would leave £129k of LTP funds to support additional scheme development work in Tyne and Wear. The CFO of NECA has identified the opportunity to top this up to £250k using NECA Tyne and Wear reserves of £121k. This would be available to support any additional development activity in Tyne and Wear that was needed once the shortlisted schemes have been identified.
33. No additional contributions from Tyne and Wear local authorities would be needed to cover these central bid development costs.

### **Durham / Northumberland Contributions**

34. Once the makeup of the shortlisted bids is clearer, and the outcome of the bid for LGF funding is confirmed, Transport Officers and Treasurers from Durham and Northumberland would be asked to make a specific proposal as to how their contribution would be funded. e.g. from revenue budget underspending in 2018/19 and or a contribution from LTP funding in 2018/19 or 2019/20. This is currently illustrated at between £19k and £42k (out of £52k to £75k) would be funded, but would be adjusted to reflect a share of the shortlisted TCF bid and could be subsequently adjusted to reflect the

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final share of the grant that is awarded, so if funding for these areas was below the average then no additional contributions may actually be required.



### Appendix 1 Regional Transport Team – Activities and Resources

#### Summary

1. This report outlines the current workload of the Regional Transport Team.

#### Background

2. The Regional Transport Team consists of 9 full time employees and an officer from Durham who provides support two days per week. The team is responsible for a number of functions, both statutory and process in nature, with a varied and increasing workload.
3. Three of the posts within the team are externally funded.

#### Strategy development, monitoring and Implementation

##### Strategic Economic Plan Refresh

4. The Regional Transport Team are responsible for the development of the 'Transport and Digital Connectivity' section of the North East Strategic Economic Plan (SEP). As part of the involvement in the SEP the team:
  - Project manages the Local Growth Fund transport programme,
  - Provide regular updates on delivery of the Transport and Connectivity programme,
  - Attend SEP meetings with LEP officers and,
  - Contribute to the transport sections of the SEP refresh.

##### Production of a North East Transport Plan

5. The Joint Transport Committee (JTC) is required by statute to produce a North East Transport Plan. The Regional Transport Team are undertaking pre-work, including data gathering, cleansing and research ahead of the preparation of this plan. The commence of writing in earnest is scheduled for this year after consultation with LA7 Chief Execs and Leaders.

##### Low Carbon Strategy

6. The Regional Transport Team are involved with development of a Low Carbon Strategy. The team have requested that the strategy provides:
  - An estimate of Electric Vehicle (EV) ownership across the region that will rely on public charging infrastructure;
  - A High level Ultra Low Emission Vehicle (ULEV) roadmap to 2030 for the north east;
  - An assessment of grid impacts of EV charging infrastructure by collaborating with the District Network Operators (DNO), Northern Power grid.

7. The team is a member of the Low Carbon Strategy Working Group which consists of energy officers from all seven local authorities, the LEP and the consultants Element Energy.

### **Co-ordination of bids and regional initiatives**

8. The Regional Transport Team has an on-going role in the co-ordination of joint funding bids or initiatives and respond often to smaller scale calls. SUD and Horizon 2020 are likely opportunities which are coming up.

#### **Go Ultra Low**

9. The Regional Transport Team developed a bid to the £35m Office for Low Emission Vehicles (OLEV) 'Go Ultra Cities' opportunity resulting in £1.5m of funding being secured for the construction of an electric vehicle filling station in Sunderland city centre. The team also developed a £1.5m bid to the ERDF to further extend this initiative with complementary Electric Vehicle charging infrastructure being delivered across the region. Both bids were successful and the project is being managed by a dedicated project manager who sits within the Regional Transport Team and is 100% funded by ERDF monies.

#### **OLEV Ultra-Low Emission Taxi Infrastructure Scheme**

10. The Regional Transport Team (RTT) on behalf of the North East submitted an EOI to OLEV's Ultra-Low Emission Taxi Infrastructure scheme funding opportunity and on 14th September it was announced that the North East had been successful in receiving full support to submit a funding bid. Following the announcement, the team has produced and submitted a regional bid comprising of a £673,000 capital infrastructure investment focusing on delivering electric vehicle charging units across the region.
11. The outcome of the submission is expected early 2019.

#### **European Funding**

12. The team monitors European funding opportunities, liaising with partners as required to examine the potential for bids that would benefit the region. Most recently, meetings have been held with Newcastle University in relation to the Horizon 2020 programme and further meetings are planned.

### **Transport for the North**

13. The statutory status of Transport for the North came into effect on the 1st April 2018. As a result, TfN is now a Sub National Transport Body. To enable duties to be effectively discharged, a governance review has been completed, including the formulation of a Board, scrutiny functions and the transfer of Rail North into TfN.
14. The development of Transport for the North's work requires considerable input from the Regional Transport Team. Appendix A outlines the current organisational arrangements.
15. The Regional Transport Team provides representation at:
  - TfN Strategic Transport Plan Programme Board (monthly),
  - TfN Strategic Development Corridor Project Boards (x2) (bi monthly),
  - TfN SDC Technical Analysis Group (bi monthly),

- TfN Strategic Highways Group (quarterly),
- TfN Freight Steering Group (ad hoc),
- DfT and Highways England's A66/A69 Strategic Study (ad hoc),
- TfN Future transport workstream (ad hoc).

16. Attendance at the above meetings requires travel across the north.
17. Strategic rail, finance and smart travel matters are currently attended to by Nexus officers.
18. The Regional Transport Team delivers regular briefings and reports on all TfN matters to senior officers and elected members.

### **Strategic Highways**

19. The Regional Transport Team work on behalf of the region to input into the planning and development of the Strategic Road Network (roads managed by Highways England) and the newly defined Major Road Network (MRN). This involves working with partners from across the region to take their priorities and working through TfN, Highways England and the Department for Transport to build business and evidence cases to secure funding for important schemes in the region.
20. Recently the Regional Transport Team has played a significant role in lobbying for key roads in the north east to be incorporated in the government's MRN, including access to the region's ports, connections to Consett and Blyth and Washington.

### **Programme Management**

#### **Go Ultra Low North East**

21. As mentioned in 4.2, the £3m Go Ultra Low North East programme is managed by the Regional Transport Team. A project manager within the team is tasked with delivering the programme which consists of Electric Vehicle (EV) charging infrastructure being installed across the region and an EV filling station being built in Sunderland. The project manager post is 100% funded by ERDF.
22. In order to promote the infrastructure and increase awareness, a comms plan is being produced and a range of activities, including SME engagement, are being delivered. The project manager in the Regional Transport Team is responsible for procuring consultants to progress these activities and overseeing delivery.
23. The project manager provides the Ministry for Housing, Communities and Local Government with regular progress updates. The project manager is also responsible for submitting claims to MHCLG, dealing with queries and maintaining documents required for audit purposes.

#### **Local Growth Fund Transport Programme**

24. The Regional Transport Team plays a significant role in the programme management and co-ordination of the transport schemes that are funded via the Local Growth Fund (LGF). The LGF Transport Programme consists of 17 schemes, including a package of 15 LSTF capital schemes, with a total cost of

approximately £143m, £83.4m of which is funded by the Local Growth Fund. The overall package of schemes is profiled over the financial years 2015/16 to 2020/21.

25. The Regional Transport Team project manages the transport programme (in liaison with NELEP colleagues). As part of this role the team provides representation at the LEP's Technical Officer Group meetings, the LGF Operational Group Meetings and the LEP's Annual Review with government. The team also liaises with independent assessors to ensure that business case reviews are carried out to the required timescales and are responsible for producing update papers and approval requests for Heads of Transport Group, Economic Directors, Joint Transport Committee and the LEP Board.
26. As part of the LGF Transport Programme the team is required to liaise with scheme promoters from all seven local authorities and Nexus, the LEP, DfT and the Department for Business, Energy and Industrial Strategy (BEIS) to ensure delivery of the current programme as part of the wider LGF package.
27. The Strategic Transport Advisor post within the Regional Transport Team is 100% funded by LGF.

#### **Go Smarter Programme**

28. The team manage the Go Smarter website and are responsible for adding and removing content where appropriate. The team also manage the Go Smarter Business Network.

#### **Rail**

29. The team represents the region at a number of rail meetings including the East Coast Main Line Authorities' Consortium (ECMA), North East Rail Management Unit, Joint Transport Group and Rail North, to ensure our aspirations for faster and more frequent services to the north east and investment in our rail infrastructure are met. Officers from the Regional Transport Team also attend East Coast Mainline All Parliamentary Rail Group meetings.

#### **Freight**

30. The team chairs and oversees the North East Freight Quality Partnership, working with over 200 private sector operators (running more than 2,600 vehicles) and a range of other stakeholders to raise standards, improve safety and environmental performance, and cut the costs of moving freight in the region.
31. The team also represent the region on the FORS Governance and Standards Advisory Group and the FORS Executive Group, working with public authorities and private sector fleet operators nationally to raise standards through the FORS (Fleet Operators Recognition Scheme) programme.

#### **Infrastructure Working Group**

32. The Regional Transport Team sits on the informal Infrastructure Working Group which is chaired by the LEP. The team supports work with the National Infrastructure Commission, including the formulation of a response to the Infrastructure Assessment and roundtables. The group is currently developing concepts for an infrastructure platform.

#### **Air Quality**

33. The team attends the weekly meetings of the Air Quality Working Group, which is studying how best to meet the government's directive to address air quality exceedances in parts of the region. As well as

participation in meetings, this has also included assistance with bids and review of study outputs as well as attendance at public consultation events.

### **Secretariat support and representation at meetings**

34. The team continue to provide support and co-ordinating functions in a number of other areas:

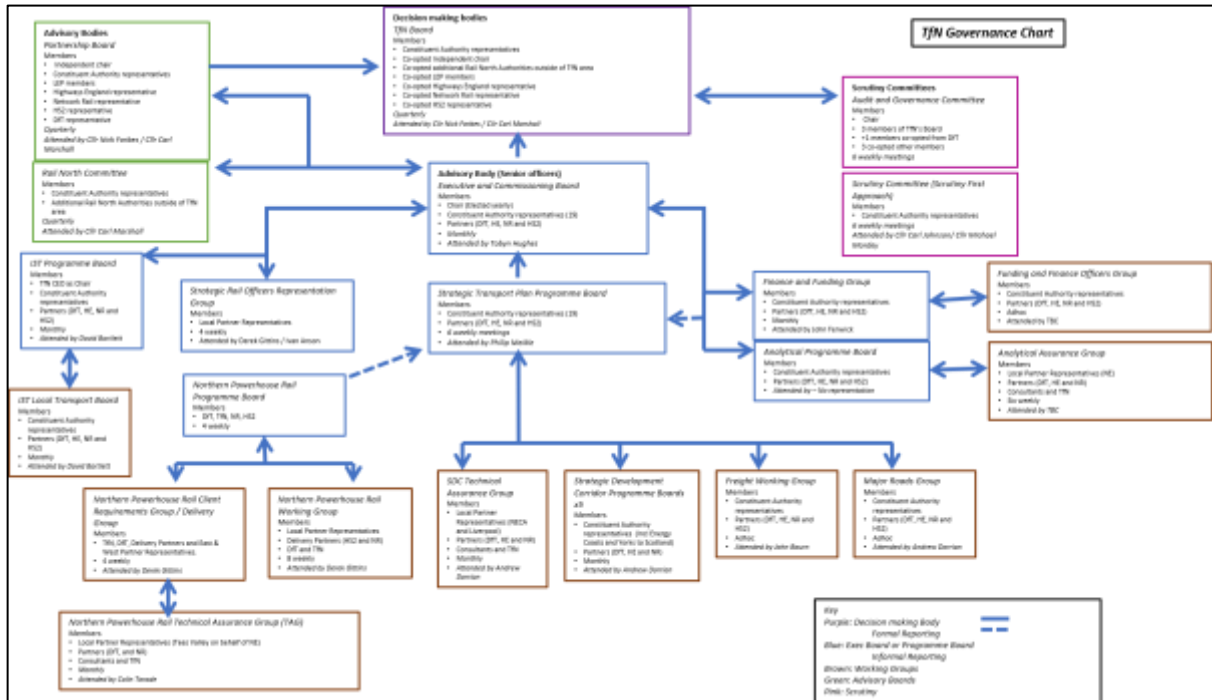
- Production of papers for Heads of Transport Group, Economic Directors, Chief Executives, the Joint Transport Committee, LEP Board, LEP Technical Officers Group and other groups when required,
- Secretariat to the Heads of Transport Group and the four sub-groups,
- Secretariat for East Coast Main Line Authorities (ECMA) (the team receives external funding for this role),
- Chairs and oversees the North East Freight Quality Partnership,
- Secretariat for the Tyne and Wear Local Access Forum
- Chairs the North East Smart Travel Initiative (NESTI) Programme Board,
- Attendance at the Urban Transport Group (UTG) Active Travel Group,
- Attendance at the Urban Transport Group Urban Freight Working Group,
- Attendance at the Urban Transport Group Taxi and PHV Reference Group,
- Attendance at the Urban Transport Group, Strategic Highways Group,
- Attendance at Local Government Technical Advisers Group (North East),
- Representation at the Central and Local Government Information Partnership – Transport Statistics sub-group.

### **Additional activities of the Regional Transport Team**

35. The team also:

- Leads on the development of future regional funding bids and identifies potential bidding opportunities, including recent successes in securing funding to reduce emissions from bus fleets,
- Responds to strategic consultations and calls for evidence (aviation, buses, roads, rail, National Infrastructure Commission etc.) on behalf of the region,
- Acts as a key NECA and NBOT contact for the DfT, Highways England, HS2 and Network Rail,
- Working with DfT and partners on future transport technologies,
- Liaises with our main regional stakeholders for example Newcastle International Airport Limited, ports and rail operators.

# NORTH EAST COMBINED AUTHORITY Delegated Decision Report



## **APPENDIX 2 – TCF CONSULTANCY SCOPE**

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**Transforming Cities Fund Tranche 2 Bid – RTT Consultancy Support**

**ITT Schedule 1**

**Specification**

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**Introduction**

1. In March 2018 the Department for Transport (DfT) launched a Call for Proposals for city region authorities wishing to obtain capital funding from its Transforming Cities Fund (TCF). The TCF has been established to fund capital infrastructure works that will deliver transformational benefits to sustainable and public transport users.
2. In September 2018 the North East (Northumberland, Tyne and Wear and County Durham) was one of ten city regions shortlisted to submit bids for funding from TCF during 2019. In December 2018 two further city regions were added to this shortlist. Across the 12 bidding authorities there is £1.22bn of capital funding available, most of which is available during a Tranche 2 bid for funding between 2020 and 2024.
3. In November 2018 the Chancellor of the Exchequer announced in his budget statement that an opportunity to bid for Future Mobility Zone status would be added to the TCF process. Up to three Future Mobility Zones (FMZs) will be established during 2019, adding to the zone already established in the West Midlands. £90m of TCF funding has so far been allocated by DfT to the FMZs.
4. The NECA Regional Transport Team (RTT) will be leading the production and submission of TCF bids on behalf of the constituent North East local authorities and transport delivery partners. Additional temporary capacity is being added into the RTT in order that it can prepare the best possible bid for TCF monies. This temporary additional capacity is being delivered through full-time secondments, part-time secondments and consultancy support.
5. This note describes the consultancy support that the RTT will require in order to complete the required work. It is likely that the precise specification and milestones for this work will evolve over time, not least once the formal guidance on bidding for Tranche 2 and FMZ funding is published.
6. The RTT needs to procure sufficient consultancy support capacity to deliver to DfT:
  - a draft FMZ bid in April 2019 and a final FMZ bid in May 2019;
  - a Tranche 2 TCF bid in draft form in June 2019; and
  - a Tranche 2 TCF bid in final form by the end of November 2019.

**Workstream 1: Transport Economics Consultancy Support**

7. The RTT requires expert technical support that will prepare an Economic Case for the Outline Business Case that will be produced for the programme of packages and schemes submitted to DfT as our TCF 2 Tranche bid. Support is also likely to be required for the economic appraisal elements of our FMZ bid.



8. The consultant will be required to prepare an economic appraisal for the Tranche 2 programme. The appraisal will need to comply with WEBTAG, and with specific guidance issued by DfT and the RTT in relation to TCF. It is likely that the transport schemes and packages will be presented in varying stages of development, some will have a full economic appraisal prepared while others will still be at a conceptual stage and require an outline economic appraisal to be produced. The consultant will be required to devise and enact a methodology to draw together the various appraisals into a single, compelling economic appraisal and economic case that considers the agglomerated benefits of the programme as a whole, as well as its individual component schemes.
9. The North East also proposes to submit a Future Mobility Zone proposal for TCF. It is possible that an economic case for this FMZ bid will also be required, subject to receipt of Government guidance regarding the FMZ process.
10. The consultants will be required to complete all the work set out above to a high standard. The consultant will also be required to attend regular progress meetings with the RTT and the North East Heads of Transport Group. The consultant will also be required to attend and contribute to co-creation meetings with DfT throughout the Tranche 2 and FMZ bid development processes.
11. At present the precise composition of the Tranche 2 programme is not known, therefore it is not reasonable to require a fixed fee quote. Instead, the work will be commissioned in packages using agreed day rates. The first package will be to produce an overarching methodology for preparing the programme level economic case, as described in paragraph 8. This approach will allow flexibility to refine the precise work required on the Tranche 2 programme, and individual schemes and packages within that programme, as further guidance and shortlisting decisions are made available.

## **Workstream 2: Design and Business Case Development**

12. The RTT requires a call-off arrangement to assist in preparing an outline business case for the TCF Tranche 2 programme bid and the TCF FMZ bid. The RTT is assembling an in-house team to prepare much of the business case and supporting bid documents (other than the economic case, as set out above).
13. A call-off arrangement is required to provide two types of top-up resources as the business case is developed - discrete tasks that will be commissioned from time to time; and short term secondments of suitably qualified individuals into the RTT team. The skills that may be required span the full range of tasks associated with producing a programme-level business case – strategic transport planning, engineering support (highways, technology, rail/light rail, cycling and walking) and procurement/commercial advice. Consultants should explain their broad experience across a range of disciplines that could contribute to this work.
14. In addition, the RTT is proposing a further call-off arrangement that will enable scheme promoters to develop designs, cost estimates, delivery plans, demand forecasts, appraisals and business case for individual schemes that will be included in the North East's TCF Tranche 2 programme. The consultants will be prepared to produce these outputs for what may be a wide range of different types of public and sustainable transport schemes.

15. Work will be commissioned in packages using agreed day rates. This will allow flexibility to refine the precise work commissioned as further guidance is made available and individual work package needs become apparent.

**Workstream 3: Economic Narrative**

16. As part of the strategic case for the TCF Tranche 2 programme, the RTT wishes to commission a compelling and evidence-led economic narrative that sets out a high level vision of how the future economy of the North East will be enabled and improved by the investments proposed in the TCF Tranche 2 programme.
17. This economic narrative will be wide ranging, encompassing the latest thinking in terms of the links between transport investment and local economies. It will provide a compelling case for why investing in our Tranche 2 programme will deliver national and regional economic goals in the context of existing and future economic opportunities and pressures.
18. Although led by the call-off consultant, this economic narrative work is suitable for a sub-consultant from the think-tank sector. We would encourage consultants to work with such a think-tank to produce this work package.
19. This work will be commissioned on a fixed fee basis with a set of day rates agreed for any further work. Consultants should clearly state what they, and their chosen sub-consultants, will produce for their fixed fee quote. Attendance at up to three project meetings should be included in this fixed fee, as should the production and presentation of the economic narrative at up to 2 high level meetings with regional and Government officials.