

NORTH EAST JOINT TRANSPORT COMMITTEE
RECORD OF DELEGATED DECISION BY OFFICER

1. Subject of Decision

Transforming Cities Fund Tranche 2 – Grant Funding Agreements (A167 Birtley to Eighton Lodge Cycling Scheme GA09)

2. Delegation Reference (Refer to Meeting Minute Number or Delegation Scheme in the Constitution or Decision Notice)

Minute number 93, recommendation iii and iv of the Transforming Cities Fund Tranche 2 – Grant Funding Agreements paper presented at the Joint Transport Committee meeting held on 15/03/2022.

This decision has been delegated to one or more officer(s) under:

(a) A specific express authorisation was given to the Proper Officer for Transport by the Joint Transport Committee on 15.03.2022 to make and enter into appropriate contracts in relation to each project after specified consultation.

(b) a general authorisation to take such decisions **and**, the effect of the decision is to:

(i) grant a permission or licence;

(ii) affect the rights of an individual; or

(iii) award a contract or incur expenditure which, in either case, materially affects the Authority's financial position.

3. Name and Title of Decision Maker

Tobyn Hughes
Proper Officer for Transport for the North East Joint Transport Committee
Managing Director, Transport North East
Tobyn.hughes@transportnortheast.gov.uk

4. Details of any Conflict of Interest and any Dispensation granted in respect of such Interest

None.

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5. Executive Summary

This delegated decision will approve and allocate funding from the Transforming Cities Fund Devolved Pot to the Gateshead Borough Council, A167 Birtley to Eighton Lodge Cycling scheme following successful appraisal in accordance with the Transport Assurance Framework.

It was necessary to expedite approval of the scheme in order to meet the construction programme outlined within the scheme Business Case within Transforming Cities Fund timelines.

Delegated authority was sought from the Joint Transport Committee for the Transport North East Managing Director, in consultation with the Section 73 Officer and Monitoring Officer, subject to successful appraisal of the scheme Business Case and due diligence in line with the Transport Assurance Framework, to approve the scheme and enter into a Grant Funding Agreement with Gateshead Borough Council.

6. Decision(s)

6(a) Provide and enter into a Grant Funding Agreement with Gateshead Council for £3,825,000 from the TCF Devolved Pot allocation for the A167 Birtley to Eighton Lodge Cycling Scheme.

6(b) If Exempt or Confidential, please provide a reason:

N/A

7. Alternative options considered

There is no viable alternative option which would result in the delivery of the Birtley to Eighton Lodge Cycling scheme and the expenditure of all associated Transforming Cities Funding in the required timescales.

8. Reasons for the Decision(s)

The Business Case for the A167 Birtley to Eighton Lodge Cycling scheme has come forward with appraisal successfully concluding on the 6th January 2023.

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The programme for the delivery of the scheme is on a critical path, Gateshead Council have scheduled works to commence in January 2023, funding is required to enable Gateshead Council to meet the programme of works outlined in the scheme Business Case. The decision will ensure NECA can enter into a Grant Funding Agreement (GFA) for the delivery of the scheme in a timely manner.

The Decision will approve up to £3,825,000 from the Transforming Cities Fund Tranche 2 Devolved pot for the delivery of the A167 Birtley to Eighton Lodge Cycling scheme and enable officers to progress and sign a grant funding agreement.

9. Contact Officer

Jonathan Bailes
Head of Funding and Programmes
Jonathan.Bailes@transportnortheast.gov.uk

10. Date of Publication

To be completed by Democratic Services

11. Date of Call-In Deadline

To be completed by Democratic Services

12. Implementation Date

To be completed by Democratic Services

Signature of the Decision maker



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Please return the following to Emma Reynard in Democratic Services (emmareynard@gateshead.gov.uk) **within 2 working days of the decision having been taken.**

- A Word version of the completed Delegated Decision report
- A Word version of the completed Delegated Decision Record
- A scanned PDF version of the completed and signed Delegated Decision Record

The Delegated Decision will be published by Democratic Services within three working days of it being taken, and it will then be open to call-in for a further five working days.

Decisions must not be implemented until the call-in process is completed. Democratic Services officers will advise report authors and decision makers of the relevant deadlines for call-in.

INFO NOTE

A167 CYCLEWAY ROUTE IMPROVEMENTS FULL BUSINESS CASE

SUMMARY REPORT

IDENTIFICATION TABLE

Client/Project owner	Transport North East
Project	A167 Cycleway Route Improvements Full Business Case
Title of Document	Summary report
Type of Document	Info Note
Date	05/01/2023
Reference number	IRC049
Number of pages	5

1. SUMMARY REPORT

1.1 Introduction

- 1.1.1 SYSTRA has conducted a review on behalf of Transport North East (TNE) of the Full Business Case (FBC) for the A167 Cycleway scheme (GA09). These comments are based on the FBC dated November 2022 (received 30/11/22) and revised documents received 20/12/22. A completed Red-Amber-Green (RAG) assessment of the FBC with respect to the five cases has been produced, and accompanies this review.
- 1.1.2 Reporting on the Full Business Case will contain reference to key elements and issues within each of the five cases and will make recommendations for scheme business case progression or improvement.

1.2 Headline Comments

- 1.2.1 The A167 Cycleway Route Improvements scheme forms part of the package of transport improvements shaping the Transforming Cities Programme for the North East, with funding available from the Transforming Cities Fund (TCF).
- 1.2.2 The scheme scope is for a series of improvements to the A167 Cycleway Route, which forms the Great North Cycleway and part of the NCN725 route, between Birtley and Low Fell. Although some cycling infrastructure exists already on parts of the route, provision is patchy and the infrastructure does not meet a consistent standard or quality.
- 1.2.3 The strategic case for the scheme is broadly sound with identification of problems, objectives and option auditing, as well as making use of available data. It would be useful if the scheme objectives were made 'SMART' via the addition of specific targets for the scheme.
- 1.2.4 Although a summary of stakeholder engagement is provided within the strategic case, it would be useful for more detail to be provided for example the number of responses received during the public consultation exercise, and the demographic profile of respondents.
- 1.2.5 The economic case makes use of the DfT's Active Mode Appraisal Toolkit (AMAT). The data collection and economic appraisal processes are both clearly explained, with reasonable and justified assumptions made where appropriate.
- 1.2.6 The reported BCR for the core scenario is 1.54 over a 20-year appraisal period, which constitutes 'medium' Value for Money (VfM).
- 1.2.7 Various sensitivity tests have been undertaken, including a +/-25% change in active mode users, as well as the exclusion of pedestrian benefits. The sensitivity tests return BCRs between 1.16 and 1.93, with only the '-25% change' sensitivity tests pushing the BCR into the 'low' VfM category.
- 1.2.8 The Transport Economic Efficiency (TEE) benefits included within the Analysis of Monetised Costs and Benefits (AMCB) are evidently from the congestion benefits within AMAT. We would expect the TEE and Public Accounts (PA) tables to also be provided.
- 1.2.9 Copies of the scheme AMATs have been provided, which show that the May 2022 version of the AMAT tool has been used (the most recent version available during preparation of the

FBC). Moreover, the AMATs provided are consistent with the inputs described within the EAR.

- 1.2.10 The overall capital cost for the scheme is £4.649m. With regards to optimism bias, a 20% optimism bias level has been used in line with TAG guidance.
- 1.2.11 It is noted that maintenance of the cycle lane will fall within the Council's annual maintenance programme, and so no specific maintenance costs are requested.
- 1.2.12 The TCF ask is £3,825,500 which includes the capital costs and risk, representing 82% of the total scheme costs. The local match funding is made up of a Gateshead Council's local contribution of £560,826.47 and a private contribution from National Highways of £263,473.
- 1.2.13 One aspect of the scheme (GA09/01 A167 Stone Trough to Eighton Lodge) includes a 0% risk layer applied to reflect that construction has been completed.
- 1.2.14 The National Highways contribution is solely funding one aspect of the scheme (GA09/03 Eighton Lodge roundabout). The costs have included a higher risk level (44% optimism bias) to reflect that component being at OBC stage. As requested additional detail has been provided within the financial case clarifying that feasibility funding was previously received and the council are in the process of securing funding for detailed design and construction. It has been noted that as the element is fully funded by National Highways there is no implication to TCF or council resources if funding isn't secured. This aspect of the scheme has not been included within the economic assessment.
- 1.2.15 The construction costs have been independently reviewed, with the initial costs prepared by the Council's Engineering Services team and reviewed by the Council's Streetscene service who are undertaking the construction. Confirmation is also provided that the Council accepts the responsibility for meeting any overspend above the TCF allocation.
- 1.2.16 A Quantified Risk Assessment (QRA) has not been undertaken due to the overall scheme value remaining under the £5million threshold. In its absence, a 15% level of risk has been applied to the scheme cost estimate due to the fluctuating costs of materials in the current economic climate, as well as the 20% optimism bias used in the economic assessment. The 15% risk level has been maintained from the previous OBC. The 15% risk layer is deemed appropriate with construction due imminently.
- 1.2.17 However, we note that no sensitivity tests on cost have been undertaken – although most other TCF schemes have included capital cost sensitivity tests, we note that the high level of risk assumed due to inflationary pressures should negate the need to perform such tests.
- 1.2.18 As with other TCF schemes, the procurement strategy uses an in-house delivery approach using Gateshead Council's Streetscene team. The approach has been confirmed to be the correct procurement approach and confirmation is provided confirming the internal construction team have the resources and capacity to complete the work. Moreover, as this project is being designed and implemented in-house, all associated commercial risks will remain with the Council.
- 1.2.19 A detailed construction programme has been presented showing the implementation timescales envisaged to be an on-site start in January 2023 with construction scheduled to finish by August 2023.

1.3 Conclusion

- 1.3.1 The business case presented is TAG compliant, with the economic assessment reflecting medium value for money (BCR of 1.54) when considering the core monetised benefits. Supporting sensitivity tests show that the BCR remains above 1.16 in all considered scenarios.
- 1.3.2 The preferred option of the scheme has been adequately developed and detailed costs are included, apart from GA09/03 Eighton Lodge Roundabout which is explained in more detail in para 1.2.14 of this report.
- 1.3.3 An initial assurance review highlighted some minor clarifications that would be beneficial, and the crucial changes have been actioned within the revised documents received in December 2022.
- 1.3.4 The required approvals are in place including confirmation of resource availability and Section 151 officer sign off. This confirms that the council can deliver the scheme and that the Council would cover any cost increases. It was noted that the values included on the Section 151 officer letter that the private and local match values differed between the letter and financial case. This was clarified due to the LTP funding received originally from an external source being included within the private match rather than local. **The TCF contribution nonetheless was correct.**
- 1.3.5 Given the above, the approved scheme could be considered for the requested funding from the Transforming Cities Fund allocation for the North East.

Version	Name		Position	Date	Modifications
1	Author	Jacqueline Hart	Senior Consultant	05/01/2023	
	Checked by	Jacqueline Hart	Senior Consultant	05/01/2023	
	Approved by	Amy Sykes	Director	05/01/2023	