

WMCA Board

Date	17 September 2021
Report title	City Region Sustainable Transport Settlement Bid
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This report has been considered by	WMCA Senior Leadership Team 25 August 2021 WMCA Programme Board

Recommendation(s) for action or decision:

WMCA Board is recommended to:

1. Note that WMCA have been invited to submit a City Region Sustainable Transport Settlement (CRSTS) bid into Government to support capital transport investment within the region (April 2022 to March 2027), with both Highway Maintenance and Integrated Transport Block being subsumed within this new fund.
2. Note that the actual final allocation will be between a range of £0.780bn and £1.280bn for the five years, with the final allocation being dependant on the quality of the region's bid relative to the other seven city regions.
3. Agree the principles and total quantum of the bid as set out in Section 6 (totalling £1.735bn) and agree the approach towards:
 - a. Over programming against the upper limit to ensure the best chance of assembling a deliverable programme as projects mature through the lifecycle process and as the final funding allocation is currently unknown.

- b. The provisional exclusion of the Levelling Up Fund (LUF) bid for the Metro Depot in the core submission, noting if the LUF bid is not successful, the funding requirement will have a high-priority call against the CRSTS.
4. Approve the prospectus based submission for the bid which is to be finalised and submitted to Government following and subject to CA Board approval, as shown within Appendix 1.
5. Note that dependent upon the final agreed financial allocation, WMCA will be required to locally agree a programme which fits the funding envelope allocated by Government.
6. Note the requirements placed on WMCA as the accountable body and the management / monitoring arrangements which accompany this fund.
7. Agree for the release of the £8.9m CRSTS Prep-fund revenue monies already received by WMCA in accordance with the schedule and approach set out in Section 9 (in order to allow capacity development and readiness for delivery from April 2022 onwards).

1. Purpose

- 1.1 To set out the approach towards the submission of a regional transport infrastructure programme into Government to be considered as part of the City Region Sustainable Transport Settlement (CRSTS) and seek approval for this.

2. Background

- 2.1 On 20 July 2021, WMCA and other Mayoral Combined Authorities received guidance from DfT pertaining to the CRSTS. Previously badged as the Intracity Transport Settlement, the fund is a five-year capital settlement to enable the region to achieve the Government's ambitions in terms of Transport investment, Carbon reduction, economic growth and levelling up. The guidance requested that the WMCA submit a bid on behalf of the region as soon as possible after the end of August and, subject to consent at this Board, the prospectus attached and various supporting technical documents will be submitted to Government for consideration.

3. Characteristics of the Fund

- 3.1 The guidance received from DfT invited WMCA to submit a bid on behalf of the region covering the period April 2021 to March 2027. The precise value of the settlement has not been confirmed and WMCA have been asked to provide a bid within a range of £0.780 billion and £1.280 billion for the five-year period.
- 3.2 The fund will be wholly capital in nature but is supported by a supplementary revenue capacity fund of £8.9 million which has been received by WMCA.
- 3.3 The CRSTS fund sits alongside other funding streams, such as the £5 billion national commitment for buses and cycling and the £4.8 billion national Levelling Up Fund, which is also available to the eight identified regions. These

in turn sit alongside funding for Large Local Major schemes, the Major Road Network, Strategic Road Network and national railway investment.

- 3.4 The CRSTS fund subsumes three separate funds previously provided by Government, namely Highway Maintenance Block (and the associated incentive funds), Integrated Transport Block and the final year of the Transforming Cities Fund (£71.5m). HMG have indicated it is the start of a strategic move towards a single consolidated multi-year transport settlement.
- 3.5 The fund requires the region to demonstrate a 'local contribution' of at least between 15% and 20% of the total fund. Whilst local match needs to be 'fully additional' to HM Government resources (including borrowing levered from Gainshare) there is no specific requirement to identify new, incremental match funding to supplement the grant. All local contributions will be spent within the Local Authority where they originate and there is no intention to introduce any form of cross subsidy.
- 3.6 In most cases, match funding will constitute transport spend which the WMCA and Local Authorities are / were intending to commit from their own (non Government) resources and there is no intention or suggestion that match funding will be pooled regionally.
- 3.7 Whilst the fund will operate at a regional level with WMCA and Local Authorities expending any grants awarded to them as the project sponsor, WMCA will also be the accountable body for the overall funding. The guidance specifically states that the funding settlements for each area, and the outcomes it has agreed, will be published on a single easily accessible website. Delivery against those outcomes will be monitored and that data will also be regularly published in the same place, giving government and the local electorates the opportunity to judge each Mayoral Combined Authority's performance.
- 3.8 Delivery performance will be monitored through a series of metrics designed to allow local electorates to compare performance between different city regions and Mayoral Combined Authorities will bear responsibility for cost and schedule overruns.
- 3.9 To facilitate the monitoring it is proposed that arrangements will comprise quarterly programme progress reports (via Strategic Transport Board) and annual reporting to WMCA Board. The annual report will incorporate a formal refresh of the overall CRSTS programme.
- 3.10 The final settlement awarded to WMCA (expected October 2021) within the ranges detailed above, will depend on the strength of the WMCA bid (including relative to the other seven MCA bids). Successful bids must clearly show how they will serve the following objectives, shared by the government and all MCAs:
 - Driving growth and productivity through infrastructure investment;
 - Levelling up services towards the standards of the best;
 - Decarbonising transport, especially promoting modal shift from cars to public transport, walking and cycling.
- 3.11 The new approach to funding moves towards addressing a long standing ask of central Government, namely the provision of multi-year funding settlements.

For some years transport funding has been subject to quick turn-around competitive and relatively small funding national funding pots. CRSTS, especially when viewed alongside Active Travel and Bus Service Improvement Plan funding, provides an opportunity to plan funded improvements to the transport system in a more integrated way over a more realistic delivery period. This will also aid resource planning, skills development and retention of key delivery staff for all Local Authorities, as well as alignment with other key policy areas such as housing, environment and skills.

- 3.12 Finally, the bid proposal is required to set out a plan for fiscal sustainability based on existing powers and expected funding. If investments are likely to need ongoing revenue support, proposals must show how this will be met within the wider fiscal sustainability plan, through the implementation of other measures (such as schemes which lower operating costs) or additional funding which can be sought over the time frame.

4. Approach Taken to Bid Assembly

- 4.1 During the Summer of 2021, TfWM have been engaging with Strategic Transport representatives to obtain the relevant transport priorities for each of the constituent areas. A ranking system was initially designed to ensure those politically important schemes which form part of the current Investment Programme (but remain unfunded) could be factored in as a first call. It is considered that where those schemes are compatible with the CRSTS from a delivery perspective, that they are adequately reflected in the bid.
- 4.2 Following the incorporation of these projects, other local priorities which are considered to have a strong correlation with the bid objectives have been included in dialogue with senior transport officers and Local Authority Cabinet Members for transport.
- 4.3 During the assembly of the bid a critical consideration highlighted by Local Authorities was the need to maintain an adequate level of autonomy and agility in undertaking activities previously funded from Integrated Transport Block. It is proposed that, whatever level of funding is allocated, the intention for the ITB and maintenance programmes is to provide a significant uplift from the current allocations. This will be finalised with Local Authorities once the final funding allocation is known. As set out in more detail below, the submission to HMG contains a 21% uplift to ITB and 18% uplift to maintenance funding.
- 4.4 The recently refreshed WMCA Single Assurance Framework which the funding must operate through has been reviewed. It has been confirmed that there is no barrier to the elements of this CRSTS fund which are intended to replace ITB and Maintenance being operated in a sufficiently agile way (including the necessary operational discretion of individual Authorities); whilst also accommodating the retrospective reporting requirements of Government set as conditions of the fund.
- 4.5 It should be noted that the CRSTS programme has been developed in parallel, and to be complementary to, the Bus Service Improvement Plan (BSIP) proposal, which is also seeking WMCA Board approval for submission to Government. As an example, the CRSTS programme includes Smart

Ticketing, Sprint and Interchange improvements with BSIP covering Cross City bus priorities. Together these two programmes of interventions will provide high-quality enhancements to the overall bus offer in the West Midlands.

- 4.6 On 20 August 2021, Strategic Transport Board reviewed the programme and endorsed the programme which is summarised and represented in this report and proposed submission prospectus.

5. Characteristics of the Regional Bid

- 5.1 Building on the work undertaken to develop the Local Transport Plan Green Paper, as well as supporting National Transport priorities, the following Programme Themes have been generated to help shape the CRSTS submission. The table below demonstrates each theme's link to each programme's primary LTP outcome.

Delivery Programme Theme	Interim Outcomes Supported	Impact
Making Behaviour Change Easy	Reduced transport carbon emissions	Address Climate Change
Supporting Inclusive Growth	Improved equity of access	Improved Social Mobility
Connecting our Places	Improved access to labour and supply chains	Improved Access to Workforces, economic opportunity and productivity
Healthy Streets and Spaces	Increased Active Travel	Improved Health and Wellbeing
Creating Resilient Networks and Communities	Reduced KSI's	Improved Economic Opportunity and Productivity, increased jobs
Delivering a Green Revolution	Reduced transport carbon emissions	Generate Economic Activity from sustainable mobility industries

- 5.2 The following key principles which shape the submission have been developed and agreed with the Strategic Transport Board:

- A replacement to Integrated Transport Block (called Local Area Network Improvement Programmes) is included in the submission. It is recommended that this should be no lower than the current base position, with the bid to Government setting out a significant increase in each of these programmes to a total of 21% overall. The final level will need to be confirmed by WMCA Board (alongside the rest of the programme) once the final funding allocation awarded by Government is known.
- Allocations for Highway Maintenance follow the same principal as the ITB replacement listed above, with the bid to Government incorporating a significant increase of 18%.

- In addition to the Highway funding above, a further £40m has been factored in for Urban Traffic Control upgrades, road safety measures and KRN enhancements.
- The existing distribution formulas for the replacement of Integrated Transport Block and Highways Maintenance funding are proposed to remain unchanged.
- Due to the requirement to integrate Transforming Cities Funding, the Wednesbury Brierley Hill scheme has been added to the programme as it allows the region to include significant match funding from farebox revenues.
- The £50m Levelling Up Fund Transport bid for the Metro Depot has not been included in the submission but will need to be brought into the programme as a priority in the event the Levelling Up bid is not successful.
- A programme of investment targeting Inclusive Growth Corridors complements existing WMCA and Local Authority activity to deliver housing and employment land.
- Significant funding towards Metro, Rapid Transit, Very Light Rail and conventional rail proposals.
- Programmes initiatives for Behaviour Change, EV charging and Walking and Cycling supporting the delivery of WM2041 ambitions.
- A number of schemes focused on making sure the West Midlands is ready for the arrival of HS2.
- Improvements to Smart Ticketing and bus priority through the completion of Sprint routes on the A45/A34 and a series of multi-modal corridor improvements across the West Midlands that support the complementary Bus Service Improvement Plan (BSIP) submission.
- The total value of match funding currently aligned to the programme exceeds the 15-20% threshold requirement which HMG have set out. Local contributions will be subject to affordability and, where appropriate, approved via partners' governance and assurance frameworks.

6. Summary of CRSTS programme themes

Programme Title	Value Award sought (% of CRSTS)	Programme Overview
Supporting Inclusive Growth	£311.2m (18%)	<p>Programme focused on driving inclusive growth and jobs, levelling up and housing delivery on six high priority corridors. Elements include:</p> <ul style="list-style-type: none"> - Dudley Road corridor improvements to support connectivity between Smethwick and Birmingham. - East Birmingham to Solihull transport investment including sustainable travel improvements and development work to progress the Metro corridor - A package of improvements between Walsall and Wolverhampton including development funding for the Wolverhampton to New Cross Hospital Metro extension and improvements to the A454. - Sprint A34/A45 Phase 2 to deliver the full priority measures in the Black Country and Solihull. - Improve interchange facilities at Dudley Port and sustainable access improvements to the new Metro stops on the Wednesbury to Brierley Hill line. - Improvements to cycle connectivity around the University of Warwick to neighbouring residential areas, stations and Coventry city centre.
Connecting our Places	£607.2m (35%)	<p>Programme to build on public transport investment and boost connections across our key centres and corridors. Deliverables include:</p> <ul style="list-style-type: none"> - Developing our Metro ambitions with a package of investment comprising essential renewals to sustain operations on Line 1 between Wolverhampton and Birmingham and work to develop the case and begin delivery on new routes across Birmingham and the Black Country. - First Coventry VLR route from Coventry Rail Station to City Centre (subject to R&D phase). - A new transport hub for Sutton Coldfield and a package of investment in transport infrastructure and service enhancements to support regeneration - To introduce a new station at Aldridge and including the reintroduction of passenger services on this section of the Sutton Park rail line. - Developing the case for a number of new stations across the conurbation including key priorities such as Tettenhall in Wolverhampton. - The wholesale redevelopment of Solihull station - Improvements to Snow Hill Station - New P&R facilities
Healthy Streets and Spaces	£236.8m (14%)	<p>Package contains measures aimed at encouraging more active travel and reducing the volume of trips made by car to improve health and reduce environmental impacts. Highlights include:</p> <ul style="list-style-type: none"> - A range of walking and cycling improvements (including segregated cycleways across a range of corridors in the Black Country, Birmingham, Solihull and Coventry. - Public realm improvements across the West Midlands to support regeneration and provide attractive spaces.
Creating Resilient Networks	£407.2m (23%)	<p>A programme to ensure our highway networks utilise the latest technology and methods to operate and function effectively and safely. Initiatives include:</p> <ul style="list-style-type: none"> - The maintenance of our highways and structures.

and Communities		<ul style="list-style-type: none"> - Further investment in roadside infrastructure and technologies to support the Regional Transport Coordination Centre - A range of multi modal corridor improvements across the West Midlands to improve highway capacity and traffic signal operations, road safety, walking, cycling and bus priority. - Improvements at key junctions on the highway network to reduce accidents and improve journey times.
Delivering a Green Revolution	£58m (3%)	This programme builds on the many other de-carbonisation initiatives across the other programme themes (including public transport and active travel measures) and delivers a series of critical new capabilities. It aims to accelerate green technology by working with the private sector to deliver infrastructure to build consumers' confidence in zero-emission vehicles such as Ultra-Rapid Charging Stations, on-street charging points and charging points in key centres. This programme also directly supports the EV agenda and wider regional priorities for a Gigafactory, providing enhanced access to this key development location.
Making Behaviour Change Easy	£101.6m (6%)	<p>Programme of initiatives to build upon and scale-up work supporting behaviour change. There is a focus on initiatives which aid transport interchange between modes and services and make sustainable travel choices easier and more accessible for all. Significant initiatives under this theme include:</p> <ul style="list-style-type: none"> - Delivery of contactless payment capping using debit card or phones across all public transport operators and modes. - Delivery of Mobility Hubs which bring all relevant transport choices into one accessible place with other key services such as pop-up businesses or community services. These particularly support local neighbourhoods and local centres with sustainable travel options and more choice.
Data and Programmes	£13m (1%)	Programme to support the monitoring and evaluation of CRSTS programme. Investments made will help to unlock future funding by enhancing the evidence base to justify future scheme development and delivery.

7. Over Programming

- 7.1 It is important to note that the bid is currently overprogrammed by 36%.
- 7.2 The concept of over-programming will allow new, agreed schemes to be brought forward for delivery where priority schemes may, for example: prove to be undeliverable (due to physical constraints or programming constraints preventing delivery before the end of the funding period); or the benefit / cost ratio proves to be too low once the business case work is refined.
- 7.3 A 30% over-programme against the top-level allocation was initially planned but this increased to 36% following the decision by DfT to overlap CRSTS with the final year of the Transforming Cities Fund.
- 7.4 The WMCA bid value as shown within this report totals £1.735bn with the top of the range confirmed by DfT being £1.280bn. The value to be confirmed by DfT is unlikely to be above £1.280bn and indeed may be lower than this value. As such, it is recommended that WMCA Board consider and (if necessary) agree this approach whilst noting that a set of further discussions will be required to define a set of 'core' and 'reserve list' schemes once the final fiscal allocation is confirmed.

8. Fund Management

- 8.1 As the accountable body for the fund, WMCA will be required to approve commitments through its assurance framework (Single Assurance Framework) in the same way as the Investment Programme is managed, with incremental approvals being agreed relative to the stage each project is at within the lifecycle (i.e. strategic / outline / final business case).
- 8.2 Approvals for individual schemes and grants will need to be accompanied by specific agreements which document the intentions for the funding. These will need to reflect any final documentation and requirements set out by DfT and allow for effective change control in the event there is a variation in cost, time or scope. Notwithstanding this, as detailed above, WMCA will ensure maintenance and Integrated Transport Block replacement funds can be deployed by Local Authorities in an agile manner, with local autonomy over these funds.
- 8.3 Reimbursement to scheme promoters is also expected to be in line with the principles adopted in managing the Investment Programme.

9. Capacity Fund

- 9.1 WMCA is in receipt of £8.9m of 'Capacity Funding', which was originally provided when the fund was known as 'Intra-city funding'. These are the only funds of a revenue nature available to support the delivery of the CRSTS programme.
- 9.2 The vast majority of individual scheme development costs should be capitalised against the capital grant allocations for those schemes included in the final CRSTS programme schedule (to be finalised following confirmation of the total allocation). The WMCA SAF provides a mechanism for scheme promoters who wish to draw down development funding in advance of producing a Full Business Case to do so.
- 9.3 It is proposed to focus the use of this funding on capacity building and strategic programme development to ensure rapid and effective delivery. This will include:
 - Taking schemes which are intended for delivery in 2022/23 (the first year of the CRSTS period) to FBC readiness: It is estimated £1-2m of the fund will be required for this. As these schemes are nearer to delivery they are also the schemes which are most likely to be selected even if the final CRSTS allocation made by HMG is towards the bottom end of the funding range.
 - Developing robust Area Based Delivery and Implementation Strategies: As part of the parallel and on-going exercise to refresh the Local Transport Plan (also a requirement of the CRSTS funding) it is proposed to have four area based strategies. These will focus on the interpretation of the overarching LTP policies and strategies into a 5-10 year detailed and prioritised area based delivery plan. They will set out the order and phasing of schemes, relative priorities for road space allocation and detailed interaction of schemes with housing, land and wider regeneration policies.

TfWM will draw these up under a common framework, but working hand and glove with each relevant Local Authority who will lead the development of the content.

- Capacity and tool development: Each delivery organisation will need to invest in staffing, skills and programme tooling development to be ready to deliver CRSTS schemes effectively. This will include the development of modelling assets and appraisal skills and preparation for the monitoring, evaluation and reporting requirements of the CRSTS fund.

9.4 DfT and Treasury have also advised that the prep fund should be used to support any costs necessary for the development of options arising from the response to the National Bus Strategy, including development of longer term strategy for Bus Service Improvement Plans. A separate report will be considered by WMCA Board pertaining to this activity, but a £1.5m allowance will be made from within the total Capacity Funding allocation to support this activity. This will be held by WMCA pending separate appropriate approvals, but if not utilised will be distribution in proportion to the other allocations.

9.5 Furthermore a 10% contingency allowance will be retained (£890,000) and held back whilst the programme management arrangements are being established and costed. Such costs might potentially include requirements for additional evidence, appraisal or legal costs which would not be capitalisable against TfWM or Local Authority allocations, but will need to be funded to facilitate the efficient delivery of the overall programme over the five year period. Once DfT confirm the precise funding allocation for the West Midlands (and associated conditions) and the precise programme management arrangements can be established, should the full sum not be required, it will be held as a generic contingency against the programme

9.6 For simplicity and to enable rapid mobilisation it is proposed to simply distribute the Capacity Funding on the same basis that Integrated Transport Block funding has previously been distributed, namely on a Local Authority per capita basis with a 25%:75% split between TfWM and Local Authorities. The percentage allocation to each authority is set out in the table below, with the values based on mis 2020 population levels published in 2021.

		£
Total Capacity Fund Available		8,900,000
Less : Contingency at 10%		890,000
Less : BSIP		1,500,000
Remaining Available		6,510,000
TFWM Allocation		1,627,500
Local Authorities Allocation (By Population)		
Birmingham	38.8%	1,893,900
Coventry	12.9%	629,850
Solihull	7.4%	361,300
Black Country Authorities	40.9%	1,997,450
Sub Total		6,510,000
Total Allocated		8,900,000

10. Next Steps

- 10.1 Subject to agreement to the programme by WMCA Board, the bid will be submitted to DfT for consideration with a formal decision on the value of the fund expected in the Autumn. Following confirmation of the value of the fund by DfT, it is likely that subsequent approval will be needed by WMCA Board as to those schemes which form a part of the 'core' programme and those which may be placed on a reserve list, in the event that some of the core schemes prove not to be viable or deliverable against the fund within the period to March 2027.

11. Financial Implications

- 11.1 The Financial Implications are set out in the report.

12. Legal implications

- 12.1 There are no direct legal implications arising in regards to the recommendations set out in the report. Notwithstanding this, Legal notes that the capital projects identified in respect of the City Region Sustainable Transport Settlement bid will require legal support and assistance to facilitate the delivery of those projects. Given this, legal will assist and support as necessary particularly in ensuring that funding agreements between the parties set out terms and conditions on which the funding is being made available by WMCA. The WMCA will need to ensure that decisions around programming after agreed allocation follow the usual principles of good governance including transparency, equitability and proportionality.

13. Equalities implications

- 13.1 The proposed programme is likely to help support connectivity and improve the transport network, with a subsequent positive equality impact. At design stage individual schemes would need to undergo equality impact assessment to ensure equality considerations are embedded. Following confirmation of the funding allocation a full programme level business case will be required by HMG and this will include a comprehensive equalities assessment.

14. Inclusive Growth Implications

- 14.1 The schemes for investment have been selected by theme and location and ensure that many of the region's most underinvested places are prioritised. This potentially covers several of the inclusive growth fundamentals:
- Climate resilience: resulting from investment into low carbon modes of transport and demand reduction.
 - Connected Communities: creating the right sort of mobility for the right places, based on social links as well as economic ones.
 - Health and Wellbeing: making it easier to choose active travel modes and improving air quality.

- Equality: ensuring that people can access mobility regardless of where they live in the WMCA area.
- Inclusive Economy: ensuring that people can travel quickly and conveniently to employment opportunities.

14.2 As this proposal may not be funded in full, it is important consider the programme match against the final allocation, to ensure that areas with the greatest need are not disadvantaged. Any areas not benefiting from direct CRSTS investment should be considered for application of other funding pots wherever possible.

15. Geographical Area of Report's Implications

15.1 The report encompasses the West Midlands region. The CRSTS fund is specifically targeted at the constituent authority area, with existing Integrated Transport Block and maintenance funding for this area being wrapped in and the fund being attached to a requirement for a refreshed Local Transport Plan. ITB and maintenance funding for the non-constituent area is not impacted by CRSTS. Notwithstanding this many of the identified initiatives provide significant benefit to the wider travel to work area, and as the LTP is refreshed continued dialogue will be held with non-constituent Transport Authorities to ensure good alignment and synergy between priorities and investment proposals.

16. Other Implications

16.1 There are no other implications

Appendices

Appendix 1 – Draft CRSTS Prospectus