



West Midlands
Combined Authority

WMCA Board

Date	18 March 2022
Report title	City Region Sustainable Transport Settlement
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This report has been considered by	Strategic Transport Officers Group (STOG) Strategic Transport Board

Recommendations for action or decision:

WMCA Board is recommended to:

- (1) Note the progress made following the submission of the regional CRSTS bid to Government in January 2022.
- (2) Approve the WMCA Section 151 Officer accepting the CRSTS settlement (in full or an interim settlement), subject to any such settlement being in line with the original programme level business case agreed by WMCA Board, and subject to the terms and conditions of the grant being acceptable to the WMCA Section 151 Officer.
- (3) Note the use of the WMCA Single Assurance Framework with some additional scheme assurance measures as set out in the programme business case as agreed by WMCA Board in January 2022.

- (4) Approve extending the role and remit of WMCA Investment Board to cover all WMCA Transport projects (including the CRSTS programme) allowing investment decisions to be made for values between £5m and £20m in line with the Single Assurance Framework.
- (5) Note the strengthening of the existing WMCA Investment Panel to provide technical scrutiny and due-diligence support to the WMCA Investment Board and WMCA Board on all proposed approvals for WMCA transport investment. This will provide the Panel with greater technical specialist knowledge and capacity to address these constraints within the workload of the existing panel.
- (6) Approve the reporting and monitoring arrangements for CRSTS as set out in section 5, with quarterly reporting and monitoring to Strategic Transport Board and annual reporting to WMCA Board and HMG respectively.
- (7) Note the volume of work falling to WMCA as the Accountable Body and the number of investment decisions that will need to be made in a timely manner over the next 5 years.
- (8) Approve the use of the retained CRSTS capacity funding contingency to fund the Accountable Body and Assurance requirements associated with the fund.
- (9) Subject to HMG confirming the funding, approve the allocations for the following programmes and endorse that these programmes need not be subject to the standard Single Assurance Framework assurance processes as these are overarching programme allocations:
 - (a) £7m from the overall CRSTS programme to cover data, modelling and mandatory Monitoring and Evaluation costs over the lifetime of the programme as set out in paras 5.6 to 6.2.
 - (b) The Local Network Improvement Plans (essentially the replacement for Integrated Transport Block) to Local Authorities and WMCA.
 - (c) Highways Maintenance allocations to relevant Local Authorities.
- (10) Note as detailed under next steps in Section 7.4 to 7.6 that March WMCA Board will also be asked to consider under separate agenda items urgent funding decisions on four schemes to be funded through the CRSTS programme.

1. Purpose

- 1.1 To gain approval in principle for the final Programme for the City Region Sustainable Transport Settlement (CRSTS) as submitted to Government and to note the progress towards agreeing the terms and conditions for accepting the funding from Central Government.

- 1.2 At the time of finalising this report for submission to the WMCA Board the Government has not yet confirmed any details or response regarding the submitted CRSTS programme. In the event that further information is available prior to the WMCA Board meeting a verbal update will be provided to the Board. If sufficient information is available from Government then amended recommendations to accept any specific grant conditions will be tabled and proposed.

2. Background

- 2.1 As detailed in the report to both the January 2022 and September 2021 WMCA Board, CRSTS is a five-year capital settlement between April 2022 and March 2027 aimed at supporting the region in delivering a sustainable transport investment programme. The fund is overseen by DfT and provides an opportunity to plan transport investment over a longer time horizon than has previously been possible. This principle aligns well with the planned publication of a new Local Transport Plan (LTP). Following the Board meeting in September 2021, WMCA submitted an ambitious, over-programmed bid to DfT for consideration which totalled £1.73bn. This included £262m of funding which had previously been awarded to the region or could have been expected anyway.
- 2.2 The Financial Monitoring Report to the November 2021 WMCA Board included an update on the settlement and confirmed that the headline allocation awarded to WMCA was £1.050bn, resulting in £788m new money to the region. DfT subsequently issued further guidance and advised that the allocation was 'indicative'; to be firmed up as part of the review and acceptance of a final programme level business case.
- 2.3 A full Programme Business Case, including a schedule of schemes that matched the £1.050bn allocation, was approved at the January 2022 WMCA Board and submitted to Government shortly afterwards for review and approval.

3. Feedback from Government on Programme Level Business case

- 3.1 Following submission of the business case to government there was a short window for questions and clarifications back to promoters in advance of DfT and HMT undertaking a full technical review of the business case. In parallel to this further engagement on a small number of innovative or complex projects with appropriate scheme promoters was also undertaken. These clarifications primarily focused on the technical elements of the economic case or on process related matters. Subsequently, a further technical addendum was provided back to the Government team and in meetings.
- 3.2 Overall feedback has been positive on the strength of the West Midlands strategic case for investment, but at the time of writing this report, no formal feedback, direction or decision has been advised by Government. The absence of formal feedback and decisions is understood to be common to all the eligible CRSTS areas and is not specific to the West Midlands.

- 3.3 A strong and cogent argument for urgent confirmation of the full programme as submitted to HMG and agreed by the Board in January has been made. The importance of this and the relationship of CRSTS to being able to progress the measures contained in the Bus Service Improvement Plan (BSIP) have been set out by Officers and directly by bus operators in the region. Ensuring the synergy of these two plans is understood to be a key concern of HMG (with CRSTS providing capital investment and BSIP providing revenue support and a road map for a revitalising bus in the region). A clear and evidenced case that this synergy is in place in the West Midlands has been set out and presented.
- 3.4 Authorities around England which are not eligible for CRSTS funding have now received confirmation from HMG of the IT-Block and highways maintenance funding that they will receive over the next 3 years. In the West Midlands CRSTS programme the IT-Block funding is replaced by a larger Local Network Improvement Plan programme, and the highways maintenance element has also been uplifted. These are both critical funding strands for which vital activity is planned and committed from the start of April 2022. It is anticipated that whatever HMG's position is on the wider CRSTS programme, these elements will be released in time for the funded to be distributed to Highway Authorities for the start of the 2022/23 financial year.

4. Grant Conditions

- 4.1 It is expected that the CRSTS programme once agreed by HMG will have a number of grant conditions attached to it, both for individual schemes and some overarching conditions relating to monitoring and evaluation. These have not been advised yet, although the overarching conditions are anticipated to reflect the detail of the published CRSTS guidance which we believe the submitted programme accords with in letter and spirit.
- 4.2 As previously advised to Board, it is likely that a number of the larger or more complex and novel schemes within the programme will receive in-principle funding support, but will be classified as 'retained'. This will mean the final funding release for those schemes will be held back by DfT pending the fuller development of the individual business cases. It is not yet known which schemes these will be, but from the guidance it is generally expected to include those over £50m in grant value.

5. Assurance, Governance, Monitoring & Reporting

- 5.1 The CRSTS fund will be operated through and be fully compliant with the WMCA Single Assurance Framework (SAF), with a number of additional evidence requirements attached to each stage of approval as detailed in the programme business case and required by the CRSTS funding. This means that each individual scheme with an indicative budget against it in the agreed CRSTS programme will need to take a business case for approval through the SAF process in order to release the funding.

- 5.2 The WMCA Board agreed in January 2022 when approving the draft full programme business case that, where unavoidable cost pressures emerge on WMCA transport schemes, these should be imported into the CRSTS programme in order to ensure the delivery of existing programmes. This would be undertaken in a transparent manner using the Single Assurance Framework to provide the necessary assurance and governance for such decisions. This will be managed through the maintenance of a 'soft contingency' within the overall CRSTS programme as detailed and agreed in the January WMCA Board report. There is also likely to be a requirement for HMG approval through a change control mechanism which has not yet been specified by HMG.
- 5.3 The status of the above processes and the fund will be included in the quarterly and annual reporting and monitoring to Strategic Transport Board, WMCA Board and HMG respectively as detailed in the January 2022 WMCA Board report (agreeing the programme level business case).
- 5.4 In view of the volume of work that is likely to be generated by CRSTS it is also proposed to create additional capacity for the Investment Panel function to consider all transport decisions being progressed through the SAF. This will be developed in conjunction with the WMCA Director of Law & Governance and will ensure recommendations to the WMCA Investment Board are informed by appropriate technical transport expertise. This additional capacity will take the form of adding additional transport subject matter expertise to the Investment Panel and enabling Local Authorities to substitute their current representatives on the panel for their relevant Transport Director should they wish to. The Investment Panel will also be supported by external technical advice to examine more complex technical matters.
- 5.5 The CRSTS approach and guidance from HMG places considerable emphasis on public transparency over delivery, and on regional accountability for the delivery. There is clear direction that any lack of delivery pace and programme content could adversely impact funding during the latter part of the programme and in subsequent delivery periods. To help manage this a number of monitoring and governance mechanisms will be established as set out and agreed in the January WMCA Board report. These cover a monthly senior Officer review using existing forums; a formal quarterly report to the Strategic Transport Board and Mayor; annual reporting to WMCA Board and any necessary exception reporting.

5.6 It should be noted that HMG is placing considerable emphasis on the monitoring of delivery and on project and programme outcomes. The WMCA will be required to sign up to any DfT requirements arising from their national evaluation programme. To support this a small allocation (£7m) has been made within the overall programme which is equivalent of under 1% of the total new funding contained within the CRSTS programme. This will be used to undertake a single centrally operated Monitoring and Evaluation (M&E) programme for all activity and will provide data to support project development and delivery. This will enable delivery teams to focus solely on delivery, but will require each local authority to commit to engage with the central M&E function at an early stage during project planning. This will allow critical baseline data which is aligned to the project objectives to be collected in advance of delivery activity. Some particularly large or novel schemes may require additional M&E activity to be funded via the project, which will be identified and agreed as required through the various WMCA SAF decision points.

5.7 This allocation of £7m will cover the following activities and will be drawn down directly throughout the programme as required to support activity.

- Data collection to support scheme development and delivery e.g. Traffic counts, pedestrian counts, speed/congestion information, road traffic accidents etc.
- Maintenance and management of the PRISM regional Transport Model which is required to support business cases for schemes to be funded by the CRSTS programme
- Tools and software to enable regular, easy and accurate reporting on scheme delivery in a consistent manner across all delivery partners
- Overall programme management, data and reporting on standard Monitoring and Evaluation activity for all schemes within the programme.
- Engagement with any National Monitoring and Evaluation requirements (over and above individual scheme requirements) as set out by DfT.

6. Programme Level Funding Arrangements

6.1 Specific, key elements of the CRSTS programme will be subject to a simplified assurance / approval process.

6.2 Areas of the programme subject to the light touch approach include:

- **Monitoring and Evaluation:** Activity (£7m) to cover data, modelling and mandatory costs over the lifetime of the programme as detailed above.

- **Highway Maintenance Block:** This is effectively a doubled devolved £120.4m funding component of CRSTS which will be delivered through the local highway authorities (representing an 18% uplift). Each LHA will lead on any procurement in line with Public Sector Procurement Guidelines. An annual monitoring report based on a standard format will be required (as per DfT guidance) from each LHA setting out how the funding has been spent and how the condition of the network has improved. These will be compiled to form a regional view as part of the overall CRSTS monitoring and reporting. A supplementary Section 151 declaration will also be required in line with existing arrangements. An annual allocation will be confirmed by the WMCA Board each year in-line with the overall five year programme allocation. For the financial year 2022/23 this allocation will be released (as detailed below) immediately on confirmation and receipt of the funding from HMG.
- **Local Network Improvement Plan:** The £107.5m replacement funding for the Integrated Transport Block representing a 21% uplift. A light-touch approach is required for this to reflect the typically lower complexity/lower risk projects and often reactive nature of the works undertaken under this funding. This funding will be released in the form of an annual grant to each constituent LHA in April. Funding will be made available to Local Authorities upon WMCA formally accepting the CRSTS funding.

As per the previous arrangements, a signed declaration confirming adherence to the terms will be required by each S151 Officer with a simple funding agreement setting out delivery reporting requirements. This will include basic quarterly financial returns and a short annual monitoring report against a standardised format. This will set out what has been delivered, supported by a small number of case studies showing how delivery aligns to Local Transport Plan and CRSTS funding objectives, as well as proposed delivery for the next period. These will be compiled to form a regional view as part of the overall CRSTS monitoring and reporting. An annual allocation will be confirmed by the WMCA Board in-line with the overall five year programme allocation.

The annual allocations to each authority based on a population pro-rata are set out below and the Board is recommended to approve these allocations as documented below:

£	Highways Maintenance (inc Potholes etc)	Local Network Improvement Plan (Previously ITB)
WMCA (inc Strategic Top Slice)	-	5,465,000
Birmingham	-	6,253,500
Coventry	4,086,400	2,034,000
Dudley	4,486,100	1,760,400
Sandwell	4,741,300	1,797,900
Solihull	3,872,100	1,184,100
Walsall	3,568,700	1,563,100
Wolverhampton	3,325,400	1,442,000
Annual Allocation from April 2022	24,080,000	21,500,000
<i>Total for 5 Years (same distribution)</i>	<i>120,400,000</i>	<i>107,500,000</i>

6.3 The final year of Transforming Cities Funding has also been subsumed into CRSTS. No changes have been proposed to the funding mix previously agreed by WMCA Board. This component of the funding will continue to be delivered compliantly to the WMCA SAF, as it has been thus far. The existing monitoring and evaluation approached required by DfT for this element of the funding will continue to be delivered by TfWM.

7. Next steps

7.1 The next steps are wholly contingent on what HMG reverts with in response to the region's submission. A high priority will be to release the highways maintenance and LNIPs funding and to seek to address or ameliorate any specific grant funding conditions. If more information is known in this regard by the time the Board meets this will be verbally advised.

7.2 It is in all stakeholder's interests to be in a position to progress the CRSTS programme in advance of the next WMCA Board meeting in June 2022. If it is necessary to delay the WMCA acceptance of the CRSTS monies until June there are likely to be significant consequences for highway maintenance and LNIPs activity and a number of pressing schemes (delay on which will result in increased costs and delivery risks). It is therefore recommended that the WMCA S151 Officer is able to accept the final determination of HMG and grant terms provided they are in-line with the programme submission already agreed by the Board. Should there be any matter of detail clarification or issues within this, acceptance of this would be in consultation with the WMCA Mayor, WMCA Portfolio Holder for Transport and Executive Director for TfWM.

7.3 On-going dialogue with HMG will continue to ensure that as a minimum the highways maintenance and LNIPs elements of the CRSTS programme are released and distributed in time for the start of the 2022/23 financial year.

7.4 The Board are asked to note that separately to this report on the March agenda they are also being asked to consider reports on four schemes which are within the CRSTS programme as set out below.

- Sprint Phase 2
- Metro Depot
- Metro Traction Power
- EV CATS (Electric Vehicle Charging Area Transit Stations)

7.5 Each of these schemes presents an opportunity to make tangible and beneficial early progress toward delivery of the overall programme (which will be a key performance metric that HMG will hold the region to account over); and/or which early progression of and decisions on will enable significant additional delivery risks and cost increases to be avoided.

7.6 The Board are asked to acknowledge that the ability to enact any decisions the Board reaches on these schemes and reports will be contingent on the CRSTS programme funding being confirmed and released by HMG.

8. Financial Implications

8.1 The financial management arrangements associated with the fund are set out within the paper, which notes how investment decisions will aligned to the Single Assurance Framework, with detailed assurance and appraisal being undertaken in lieu of funding agreements being put in place to ensure delivery and adherence to the overall DfT terms and conditions.

8.2 The funding conditions (to be provided by DfT) are expected to confirm that CRSTS is a capital fund and as such, grant recipients will be required to treat the expenditure in line with their local accounting policies.

8.3 The anticipated Terms and Conditions are also expected to place obligations on WMCA as the accountable body. These terms and conditions will be reviewed and agreed by the WMCA Section 151 Officer in consultation with WMCA and Local Authority Financial Directors group to confirm if they are considered reasonable and proportionate. In the event of any concerns being identified the WMCA Mayor, WMCA Portfolio Holder for Transport, WMCA Statutory Officers and WMCA Executive Director for Transport will be consulted before a response to HMG is formed. The objective will be to resolve the concerns in a way that minimises risks to the WMCA and its constituent authorities and allows the CRSTS programme to be released by HMG.

8.4 For clarity, it is important to note that until DfT / HMG provide a settlement together with a set of conditions which are acceptable to the WMCA, no financial commitments for expenditure funded from CRSTS capital can be placed.

8.5 As detailed above, the costs associated with the Accountable Body obligations placed on WMCA will need to be charged to the revenue and capital resources made available as appropriate.

9. Legal implications

9.1 There are no direct legal implications arising in regard to the recommendations set out in the report. Notwithstanding this, Legal notes that the capital projects identified in respect of the Settlement 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.

10. WMCA Assurance & Appraisal Implications

10.1 These remain as reported to the January WMCA Board and set out in the programme business case.

11. Equalities implications

11.1 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.

12. Inclusive Growth Implications

12.1 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.

12.2 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.

13. Geographical Area of Report's Implications

- 13.1 The report encompasses the West Midlands region. The Settlement 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 LTP.
- 13.2 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.

14. Other Implications

- 14.1 There are no other implications

APPENDICES:

- **Appendix 1:** Summary of the West Midlands CRSTS programme

Appendix 1: Summary Schedule of the West Midlands CRSTS programme

Programme Title	Value Award sought (% of CRSTS)	Programme Overview
Supporting Inclusive Growth	£192m (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"> - Corridor improvements to support connectivity between Smethwick and Birmingham. - East Birmingham to Solihull transport investment including sustainable travel improvements, A45 segregated cycle route, improved access to major employment locations and development work to progress Rapid Transit options - A package of improvements between Walsall and Wolverhampton including improvements to the A454, sustainable access enhancements to the new Darlaston and Willenhall Stations and improvements to walking and cycling in Wolverhampton City Centre. - 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.
Connecting our Places	£416m (40%)	<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). - Support for the Very Light Rail Innovation Centre in Dudley. - Delivery of bus priority measures on a number of Cross City routes supporting the ambitions set out in the Bus Service Improvement Plan (BSIP). - Improved bus connections between Solihull Town centre and UKC. - A package of transport infrastructure enhancements to support Sutton Coldfield Town Centre - Enhanced Demand Responsive Transport Services. - A new station at Aldridge. - Developing the case for a number of new stations across the conurbation including key priorities such as Tettenhall in Wolverhampton. - New P&R facilities - Development work on Solihull and Snow Hill Stations
Healthy Streets and Spaces	£103m (10%)	<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 number of corridors in the Black Country, Birmingham, Solihull and Coventry. - Sustainable access improvements at a number of key locations across the West Midlands including Birmingham, Dudley and Stourbridge.

Creating Resilient Networks and Communities	£238m (23%)	A programme to ensure our highway networks utilise the latest technology and methods to operate and function effectively and safely. Initiatives include: <ul style="list-style-type: none"> - The maintenance of our highways and structures. - Improvements to key corridors such as A444, A461, A41, A4123 and A449 for walking, cycling and bus users.
Delivering a Green Revolution	£46m (4%)	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	£48m (5%)	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: <ul style="list-style-type: none"> - Delivery of contactless payment capping using debit card or phones across all public transport operators and modes ensuring passengers get the best value fare possible. - 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	£7m (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.