

Report sponsor: Strategic Director of
Communities and Place
Report author: Head of Traffic and Transport

Compliance with Contract and Financial Procedure Rules: Transforming Cities Fund

Purpose

- 1.1 To ensure that necessary approvals are obtained before a bid for external funding is submitted and an award of funding is made.

Recommendations

- 2.1 To approve the delegation of the decision to submit a bid to the Transforming Cities Fund Tranche 2, and any further development and submission for the Future Mobility Zone Fund, if the proposal successfully passes to the next stage of assessment, and to accept the anticipated award of funding, subject to acceptable grant conditions.
- 2.2 To delegate authority to make variations to the programme as necessary within the terms of any allocated grant and where they are supported by the Joint Derby Nottingham Mobility Programme Board.
- 2.3 To delegate the decisions in 2.1 and 2.2 to the Strategic Director of Communities and Place following consultation with the Cabinet Member for Regeneration and Public Protection and the Strategic Director of Corporate Resources.

Reason

- 3.1 To comply with the Council's Contract and Financial Procedures.

Supporting information

- 4.1 In November 2017 the Government announced the £1.7billion Transforming Cities Fund (TCF) programme. Focused on intra-city connectivity, the programme aims to improve productivity and prosperity through investment in public and sustainable transport, improving transport links and promoting local growth. In the Cabinet report of 12 December 2018 approval was secured to bid for this fund jointly with Nottingham City Council.

- 4.2 In March 2019 the Department for Transport (DfT) confirmed the Derby-Nottingham area as one of 10 areas that had been successful in securing funding from Tranche 1 of the TCF. The £8.345 million grant allocation will enable Derby-Nottingham to deliver a number of projects aimed at improving commuting within the two cities. The joint Tranche 1 programme has two main elements, firstly a package of technology projects to help speed up bus journeys and enhance the public transport user experience and secondly promoting active travel through improved walking and cycling routes. This work is now progressing in line with the funding conditions.
- 4.3 The Derby-Nottingham area is one of 12 city regions eligible to bid for further Tranche 2 funding. Project leads from Derby City Council and Nottingham City Council are working together with guidance from the DfT as part of a 'co-production' process to develop a robust Tranche 2 bid that will further enhance connectivity to and between both cities, East Midlands Airport area and other key employment growth places, such as Enterprise Zones. The Full Business Case is required to be submitted before November 28, 2019.
- 4.4 In March 2019 the DfT announced a subsidiary fund of an additional £90million for Mobility Zones, to be available only to TCF areas. The DfT has encouraged the development of three or four globally significant innovation demonstrators as part of the co-production and early delivery of elements of Tranche 2 packages. The submission process, which required detailed expressions of interest by the end of September 2019, will include a further stage of assessment to complete the actual bid process. It is likely that the final three or four areas selected for FMZ will be invited to develop a full bid, with further assistance from the DfT and a panel of academics. We anticipate that the DfT will announce a decision on the selected areas before the end of 2019.
- 4.5 Projects within the TCF programme will help to deliver the LTP objectives of both Councils, improving access to key services, employment and training and creating a low carbon transport system and a resilient transport network.
- 4.6 Governance arrangements build on existing structures including a Joint Derby-Nottingham Mobility Programme Board to oversee the TCF programme and the Future Mobility Zone project if successful. It will also provide a forum for reporting progress on other jointly promoted initiatives such as the Access Fund and Go Ultra Low programmes.

At a strategic level, the Joint Derby-Nottingham Mobility Programme Board will provide a steer for all projects within the programme and will provide coordination between the projects to give delivery confidence and facilitate decision making. The Board will facilitate consultation between the individual projects, the relevant Portfolio Holders and Executive Boards at each Authority, the D2N2 Officer Group and the Metro Delivery Board.

4.7 The Tranche 2 funding bid is still in development but it sits within a framework of four thematic packages:

1. **City Centre Connectivity**
2. **Derby – Nottingham – East Midlands Airport Connectivity**
3. **Nottingham Urban Growth Corridors**
4. **Derby Urban Growth Corridors**

Within each of these packages are a number of individual projects related to mass transit, bus priority and technology, active travel and improvements to public realm and public transport passenger experience. At a project level there will be an assessment of costs at low, medium and high, this is in accordance with the funder's guidance. The bid will be published on line after submission.

Public/stakeholder engagement

- 5.1 Engagement with key stakeholders, such as neighbouring authorities and local businesses, has been carried out during the development process. A public online questionnaire has also been created to inform this bid and future strategic planning. The feedback has been supportive of the overall aims and ambition.
- 5.2 Engagement with key stakeholders will continue as the outcome of the bidding process emerges.

Other options

- 6.1 The funding will benefit citizens through the delivery of public transport and cycling improvements. The option not to pursue the funding was rejected as it would mean the council would be unable to deliver these benefits as quickly.

Financial and value for money issues

- 7.1 The Tranche 2 funding is 100% capital funding and is expected to be delivered within the life of the fund, currently this is 2022/2023, but it may change as the announcement and release of funding will be delayed by the general election. Nottingham City Council acts as the Lead Partner and funding is allocated to Derby or Nottingham projects as outlined in the spend profiles, which will be announced by Dft at a later date. Local contributions (which may be private sector and the Council's capital programme and other investment funding) are welcomed and add strength to bids but match funding is not specified.

The DFT require the bid to be presented with Low, Medium and High estimated values. The Derby-Nottingham combined total for Low is likely to be around £90m (Derby specific £38m), with a High package of approximately £165m (Derby specific High £65m).

- 7.2 The co-development process is in part to mitigate risks of clawback of the grant although the delivery of projects according to the bid will be evaluated – with further allocations impacted should the projects not deliver.
- 7.3 The TCF bid has been structured under the DFT guidance into low, medium and high cost packages. The terms of a future grant may be complicated by the DFT selecting different levels of funding from each of the packages.

Legal implications

- 8.1 Legal Services will advise on any future grant conditions.

Other significant implications

- 9.1 None directly arising.

This report has been approved by the following people:

| Role | Name | Date of sign-off |
|----------------------------|---------------|-------------------------|
| Legal | Emily Feenan | 12/11/2019 |
| Finance | Paul Simpson | 12/11/2019 |
| Service Director(s) | Verna Bayliss | 12/11/2019 |
| Report sponsor | Rachel North | 12/11/2019 |
| Other(s) | | |

Background papers:

<https://www.derby.gov.uk/transport-and-streets/transport-policy/transforming-cities-fund/>

List of appendices: