

DECISION-MAKER:	CABINET COUNCIL
SUBJECT:	TRANSFORMING CITIES FUND UPDATE REPORT
DATE OF DECISION:	13 SEPTEMBER 2022 14 SEPTEMBER 2022
REPORT OF:	COUNCILLOR KEOGH CABINET MEMBER FOR TRANSPORT & DISTRICT REGENERATION

<u>CONTACT DETAIL</u>			
Executive Director	Title	EXECUTIVE DIRECTOR GROWTH	
	Name:	Adam Wilkinson	Tel: 023 8254 5853
	E-mail	adam.wilkinson@southampton.gov.uk	
Author:	Title	TCF Programme Manager	
	Name:	Martina Olley	Tel: 023 8083 3365
	E-mail	martina.olley@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
Not applicable	
BRIEF SUMMARY	
This report provides an update on the Transforming Cities Fund (TCF) programme. It informs about the change control process undertaken with Department for Transport (DfT) and its outcomes.	
This report seeks approval to progress with the schemes within the amended TCF programme as per DfT approvals, where the schemes are different to those included in the original bid. It also provides details on all schemes and any changed funding requirements.	
This report also seeks approval to incur expenditure against the TCF programme for all TCF schemes for the financial year of 2022/23 and 2023/24.	
RECOMMENDATIONS:	
	It is recommended that Cabinet:
(i)	Notes the updated TCF programme, including amendments detailed within this report of £47.70M as detailed in paragraph 33 and Appendix 1.
(ii)	Approves the changes to the TCF programme in line with DfT change control and DfT approvals and provide approval for all schemes for the remaining programme as set out in Appendix 1.
(iii)	Approves the addition of £0.12M, to the programme in 2022/2023 to be funded by external contributions, as detailed in paragraph 34 and Appendix 2.

	(iv)	Approves any scheme consultation as reviewed and agreed with the Cabinet Member for Transport & District Regeneration.			
	It is recommended that Council:				
	(i)	Approves capital expenditure of £47.70M (£27.89M in 2022/23 and £19.81M in 2023/24) for all schemes within the programme, as set out in Appendix 1.			
	(ii)	Approves budget virements of £5.02M between schemes within the programme as detailed in paragraph 35 and set out in Appendix 2 and Appendix 3.			
REASONS FOR REPORT RECOMMENDATIONS					
1.	Financial Procedure Rules (FPRs) require that approval to spend at scheme level is secured to enable the delivery of the Council's capital programme.				
2.	The details of the projects are included to provide Members with relevant information about the investment being made in the City's infrastructure through the TCF Programme.				
3.	To amend the budget allocation between schemes in response to DfT change control and updated budget information following individual scheme progression.				
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED					
4.	Initial change control submitted 6 December 2021 – not accepted by DfT with a risk of DfT withholding £12.3M of TCF grant.				
5.	Reverting back to schemes included in original bid – insufficient funding to implement these schemes due to unprecedented inflationary pressures over the last year.				
DETAIL (Including consultation carried out)					
6.	<p><i>Background</i></p> <p>In September 2018, the DfT announced that the Southampton City Region was successful in being shortlisted as one of 12 City Regions eligible to bid for funding from the £1.28bn Transforming Cities Fund (TCF). A joint bid between Hampshire County Council (HCC) and Southampton City Council (SCC) was submitted in November 2019.</p>				
7.	The key aims of the bid were to deliver an ambitious proposal of transport investment to sustainably connect people from where they live to the City Centre, places or work, education and leisure, aiming to increase the number of people cycling, walking and using public transport, reduce congestion, improve air quality, and place Southampton at the forefront of economic competitiveness and productivity.				
8.	DfT announced the bid outcome on 20 March 2020, awarding £56.9m of TCF funding to the Southampton City Region to be paid over four years from 2019/20 to 2022/23 as follows (subject to review meetings based on which funding may be adjusted to match the profile of delivery):				
	2019/20	2020/21	2021/22	2022/23	Total
	£2,838,418	£7,189,041	£22,153,689	£24,718,852	£56,900,000

	<p>Confirmation has been received from DfT on 10 August 2022 that the payment for year 2022/23 as set out above will be split across 2022/23 and 2023/24 in line with the budget allocations in Appendix 1.</p> <p>The award letter also requires the authorities to provide match funding and private contributions as set out in the bid of £11.6m.</p>										
9.	<p>The TCF Grant is being paid to SCC as the Accountable Body, with the split of the TCF grant between HCC and SCC is as per below as set out in the Grant Agreement between the two parties:</p> <table border="1"> <thead> <tr> <th>Funding element</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Funding to be paid to HCC for delivery</td> <td>£16.16m</td> </tr> <tr> <td>Funding to be retained by SCC for delivery</td> <td>£37.21m</td> </tr> <tr> <td>Funding to be shared between the parties for TCF team costs</td> <td>£3.53m</td> </tr> <tr> <td>Total</td> <td>£56.90m</td> </tr> </tbody> </table>	Funding element	Amount	Funding to be paid to HCC for delivery	£16.16m	Funding to be retained by SCC for delivery	£37.21m	Funding to be shared between the parties for TCF team costs	£3.53m	Total	£56.90m
Funding element	Amount										
Funding to be paid to HCC for delivery	£16.16m										
Funding to be retained by SCC for delivery	£37.21m										
Funding to be shared between the parties for TCF team costs	£3.53m										
Total	£56.90m										
10.	<p>The TCF Package approved by DfT contains 49 schemes within the areas / corridors:</p> <ul style="list-style-type: none"> • Waterside and Totton to Southampton corridor; • Chandlers Ford to Southampton corridor; • Bishopstoke / Eastleigh to Southampton corridor; • Bursledon / Woolston to Southampton corridor, and • City Centre. 										
11.	<p>The Package is formed around three themes which are supported by eight headline schemes forming the TCF programme as set out below:</p> <table border="1"> <thead> <tr> <th><i>Transforming Mobility</i></th> <th><i>Transforming Lifestyles</i></th> <th><i>Transforming Gateways</i></th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • Rapid Bus Corridors • Park & Ride • Local Mobility Hubs • Smart Technology </td> <td> <ul style="list-style-type: none"> • SCN Cycle Freeways • Active Travel Zones </td> <td> <ul style="list-style-type: none"> • Rail Access & Interchanges at Southampton Central, Airport Parkway and other stations • Transforming the City Centre by reducing traffic with new public spaces, and bus and cycle priority </td> </tr> </tbody> </table>	<i>Transforming Mobility</i>	<i>Transforming Lifestyles</i>	<i>Transforming Gateways</i>	<ul style="list-style-type: none"> • Rapid Bus Corridors • Park & Ride • Local Mobility Hubs • Smart Technology 	<ul style="list-style-type: none"> • SCN Cycle Freeways • Active Travel Zones 	<ul style="list-style-type: none"> • Rail Access & Interchanges at Southampton Central, Airport Parkway and other stations • Transforming the City Centre by reducing traffic with new public spaces, and bus and cycle priority 				
<i>Transforming Mobility</i>	<i>Transforming Lifestyles</i>	<i>Transforming Gateways</i>									
<ul style="list-style-type: none"> • Rapid Bus Corridors • Park & Ride • Local Mobility Hubs • Smart Technology 	<ul style="list-style-type: none"> • SCN Cycle Freeways • Active Travel Zones 	<ul style="list-style-type: none"> • Rail Access & Interchanges at Southampton Central, Airport Parkway and other stations • Transforming the City Centre by reducing traffic with new public spaces, and bus and cycle priority 									
12.	<p><i>TCF first year progress (2020/21)</i></p> <p>During the first year, the focus within the TCF programme was to establish the governance including setting up working arrangements between SCC and HCC, getting the TCF team into place, developing the schemes from concept stage they were at the bid stage to preliminary design and some into detailed design.</p>										
13.	<p>The first year was also marked by the Covid pandemic placing challenges on programme development in terms of embedding the new TCF team within the SCC structure, making recruitment more difficult, requiring existing resources to focus on Covid activities and being less able to support TCF, as well as making face to face engagement and consultation challenging. Covid provided some opportunities to trial certain schemes such as the St Denys modal filters as experimental traffic regulations (ETROs).</p>										

14.	<p>A monitoring and evaluation programme was developed with the Transforming Cities Fund National Evaluation Team consisting of Sustrans, Transport for Quality of Life and the University of the West of England. Workshops took place to agree monitoring sites including control locations, and data requirements. The National Evaluation Team will undertake the monitoring with the TCF regions providing the data on an annual basis.</p>
15.	<p>Despite the challenges, the following schemes were completed during the first TCF year:</p> <ul style="list-style-type: none"> • Northam Road Cycle scheme; • West Quay Road Cycle scheme; • Bevois Valley Cycle scheme; and • Inner Avenue Quietways. <p>The following schemes were started during 2020/21 with carriageway widening completed to enable the subsequent bus lane implementation:</p> <ul style="list-style-type: none"> • Mountbatten Way; • Millbrook Road West approaching Regents Park Road junction; and • St Denys Active Travel Zone (ETRO modal filters at Kent Road and North Road)
16.	<p>DfT introduced a change control protocol in March 2021 due to the risks and challenges in completing delivery of all TCF programmes by March 2023. This set out that TCF cities should strive to achieve same or similar benefits and outcomes across programmes as identified at the time of award. It advised that change control is to be triggered if schemes are no longer affordable, not deliverable by March 2023, no longer meet objectives or do not comply with a city's own assurance framework. Cities were invited to propose alternative schemes that achieve the intended benefits and outcomes, meet additional costs themselves or complete delivery beyond March 2023 using other funding sources than TCF.</p>
17.	<p><i>TCF second year progress (2021/22)</i></p> <p>The second year saw a change in administration control of the Council. The 2021/22 administration requested a review of the whole programme which took place from June to September 2021 and resulted in some scheme changes that had to be notified to DfT under their change control protocol.</p>
18.	<p>Discussions with DfT on change control started in September 2021. Change control was submitted to DfT on 6 December 2021 for the following areas and due to the following reasons:</p> <ul style="list-style-type: none"> • The Avenue – cycle provision along The Avenue / Bassett Avenue would have required road space reallocation and was not supported by the 2021/22 administration. Alternative routes via quietways parallel to The Avenue via Lovers Walk and Glen Eyre Road were identified and would achieve the same benefits as the route along the Avenue. DfT Change Control submission is included in Appendix 4; • Woolston – detailed modelling of the signalisation of the Itchen Bridge roundabout demonstrated that it would not provide the anticipated benefits for buses. Furthermore the proposed scheme was not supported by the bus operators. At the same time, the 2021/22 administration requested an extension of the Woolston Active Travel Zone (ATZ) into Itchen which equates to almost a doubling of its size. A review was undertaken as to how the funding for the Itchen Bridge

	<p>roundabout could be reallocated to schemes within its vicinity to achieve similar or same benefits as intended with the original scheme. The change control submitted included adding bus priority to the existing signalised junctions along Portsmouth Road to achieve benefits for buses and to reallocate the remaining budget to cycle improvements along Manor Road South which is immediately adjacent to the original scheme with the remainder of the budget to be reallocated to the ATZ with any further spare budget being reallocated to the Woolston Mobility Hub. DfT Change Control submission is included in Appendix 5; and</p> <ul style="list-style-type: none"> • City Centre: the 2021/22 administration was not supportive of the traffic restrictions within the schemes included in the original bid. The schemes were adjusted to remove the through traffic restrictions yet still provide as many benefits of the original city centre package as possible. <p>The discussions with DfT continued throughout the remainder of the financial year.</p>
19.	<p>By letter dated 16 March 2021, Baroness Vere (Transport Minister for Roads, Buses and Places) indicated that The Avenue and Woolston change control was close to an agreement. For the City Centre change control however, she confirmed that this was not satisfactory due to the following reasons (<i>quotes from the letter</i>):</p> <ul style="list-style-type: none"> • TCF funding is <i>not a general transport fund</i>; • TCF schemes need to result in a <i>step change in modal shift</i>; • Original City Centre schemes focus <i>centred on people with more space for cycling and walking and a high-quality public realm and for reduced car dependency, with modal shift</i>; • The revised proposal <i>fails to deliver bus lanes and removes the proposed traffic restrictions</i>; • Any proposed alternative schemes still need to <i>fit with the aims and objectives of the original bid</i> and need to demonstrate <i>transformational change to the City Centre, not the incremental change</i> offered within the change control proposal. <p>Baroness Vere offered one more chance to submit a revised proposal for the City Centre that would deliver equivalent outcomes to the original schemes. Alternatively, £12.3M of grant funding would not be awarded.</p>
20.	<p>Discussions started immediately with the 2021/22 administration as to how the City Centre change control could be revised to satisfy the criteria set out in paragraph 19 above.</p>
21.	<p>Whilst the second year saw a significant focus on the programme review and subsequent change control, completion, start or continuation of the following schemes was still achieved:</p> <ul style="list-style-type: none"> • The Avenue Cycle scheme (completed); • Northern Inner Ring Road Phase 1 (completed); • Frogmore Lane / Brownhill Way junction improvements as part of Park & Ride (completed); • Coxford Road / Lords Hill Way junction improvement as part of Park & Ride (started); • VMS sign on Brownhill Way (started);

	<ul style="list-style-type: none"> • St Denys Active Travel Zone (continuous footways along St Denys Road, 'no idling' signs at level crossing); • A335 Smart Technology Phase 1 (complete); and • St Mary's Road (Active Travel Fund scheme part funded by TCF as part of Inner Avenue scheme, completed).
22.	<p><i>TCF third year progress so far (2022/23)</i></p> <p>The third year of TCF saw a change in administration. A programme review followed in the early weeks to update the new 2022/23 administration on progress over the past year.</p>
23.	<p>Confirmation by DfT of acceptance of The Avenue and Woolston change control was received by email on 6 April 2022 with the official letter received on 1 June 2022. This also confirmed a time extension into 2023/24 for delivering the schemes contained in The Avenue and Woolston change control.</p>
24.	<p>A revised change control for the City Centre was consulted on with the Cabinet Member for Transport & District Regeneration and was submitted to DfT on 30 June 2022. DfT Change Control submission is included in Appendix 6. The revisions included reintroducing traffic restrictions at Portland Terrace and Devonshire Road in line with the original bid schemes. The original public realm improvements at Civic Centre Place and associated through traffic restrictions on New Road were not affordable anymore due to the unprecedented inflation over the preceding year. This scheme was therefore replaced with Civic Centre junction improvements, East Park Terrace Bus only and New Road Bus Connectivity.</p>
25.	<p>The revised change control also contained an extension request for the whole TCF programme for a fourth year to March 2024 following discussions with DfT.</p>
26.	<p>By email dated 26 July 2022, DfT confirmed that Baroness Vere and the Secretary of State had agreed to the revised change control request for our TCF programme subject to the following conditions:</p> <ul style="list-style-type: none"> • Further checks to verify modelling assumptions and potential impacts on the Benefit Cost Ratio (BCR) and Value for Money; and • Further information to be provided to Active Travel England on the meeting of Local Transport Note 1/20 guidelines on three of the cycle routes.
27.	<p>A meeting was held with the DfT modeller on 3 August 2022 who confirmed that no BCR calculations were required. They requested a note containing information about the model used to evaluate any changes in journey times, journey time information and based on that confirmation that bus patronage and BCR for the whole programme will not change compared to original schemes. The note was submitted on 9 August 2022 and acceptance received on 23 August 2022.</p>
28.	<p>Further information was provided to Active Travel England responding to their queries on 22 July 2022 setting out how the schemes in the revised change control conform with Local Transport Note 1/20.</p>
29.	<p>The third year of the programme has so far seen the following schemes progress:</p>

	<ul style="list-style-type: none"> • Coxford Road / Lords Hill Way junction improvement as part of Park & Ride (completion); • VMS sign on Brownhill Way (completion); and • St Denys Active Travel Zone (Priory Road / Aberdeen Road scheme completion). 																								
30.	<p><i>Consultation</i></p> <p>The schemes within the TCF programme have seen a significant level of engagement and consultation. This included stakeholder engagement, consultation, pre-scheme commencement comms, scheme start public relations and social media, ongoing scheme communication and engagement, and media campaigns following scheme completion. A Communications strategy has been developed specifically for TCF and is being followed for all schemes. Tactical engagement plans are also applied to each scheme.</p>																								
31.	<p><i>Timeline</i></p> <p>The latest TCF programme is set out in Appendix 7. As per the approved change control, this shows a 4-year programme to March 2024.</p>																								
RESOURCE IMPLICATIONS																									
<u>Capital/Revenue</u>																									
32.	The TCF programme is a capital programme funded by DfT grant, Section 106 scheme contributions, LTP funding allocation and Highway Maintenance contributions.																								
33.	<p>The total TCF capital programme, the spend to date and the funding is detailed in the table below with all TCF funding being based on grant or external funding.</p> <table border="1"> <thead> <tr> <th></th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>Total approved TCF programme</td> <td>66.53</td> </tr> <tr> <td>Spend to date*</td> <td>18.95</td> </tr> <tr> <td>Balance remaining</td> <td>47.58</td> </tr> <tr> <td>Addition</td> <td>0.12</td> </tr> <tr> <td>Updated remaining budget</td> <td>47.70</td> </tr> </tbody> </table> <p>*£6.41M in 20/21 and £12.54M in 21/22</p> <table border="1"> <thead> <tr> <th>Funded By:</th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>TCF Grant^</td> <td>37.84</td> </tr> <tr> <td>S106 Contributions</td> <td>3.11</td> </tr> <tr> <td>External Contributions</td> <td>1.42</td> </tr> <tr> <td>Other Transport & Highways Grant</td> <td>5.33</td> </tr> <tr> <td>Total Funding</td> <td>47.70</td> </tr> </tbody> </table> <p>^used to finance 20/21 and 21/22 expenditure</p>		£M	Total approved TCF programme	66.53	Spend to date*	18.95	Balance remaining	47.58	Addition	0.12	Updated remaining budget	47.70	Funded By:	£M	TCF Grant^	37.84	S106 Contributions	3.11	External Contributions	1.42	Other Transport & Highways Grant	5.33	Total Funding	47.70
	£M																								
Total approved TCF programme	66.53																								
Spend to date*	18.95																								
Balance remaining	47.58																								
Addition	0.12																								
Updated remaining budget	47.70																								
Funded By:	£M																								
TCF Grant^	37.84																								
S106 Contributions	3.11																								
External Contributions	1.42																								
Other Transport & Highways Grant	5.33																								
Total Funding	47.70																								
34.	Approval is sought for the addition of £0.12M to the Wessex Lane scheme in 2022/23, to be funded by external contributions.																								

35.	Approval is sought for budget virements which total £5.02M, and net to nil within the overall programme. These are summarised by scheme in Appendix 2 and detailed in Appendix 3.
36.	Details of the planned expenditure per scheme, by financial year are shown in Appendix 1.
37.	The DfT grant includes funding for 1xFTE Programme Manager and 4xFTE Project Leads as well as part funding for Transport Policy, Delivery and Legal teams for undertaking TCF scheme work as well as external communications tasks. The grant also includes funding for the equivalent roles within HCC.
38.	The total staff costs are £3.53m as set out within the TCF bid and will be funded by the capital grant.
39.	SCC TCF schemes will be delivered via existing contractual arrangements of the Highways Service Partnership and through SCAPE framework for the City Centre schemes.
<u>Property/Other</u>	
40.	There are no property implications with this report.
41.	SCC is continually liaising with HCC through Project and Programme Boards over the TCF programme. Stakeholder engagement with bus operators, South Western Railway (SWR), Network Rail (NR), the hospital and universities as well as other stakeholders on a scheme level is ongoing.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
42.	Each Capital scheme will be delivered in accordance with a variety of Highways and Environmental legislation, including but not limited to the Highways Act 1980, Road Traffic Regulation Act 1994, Traffic Management Act 2004, and s.1 Localism Act 2011 – general power of competence (having first had regard to the provisions of the Community Strategy).
<u>Other Legal Implications:</u>	
43.	Any scheme or change to a scheme must be made having regard to the Human Rights Act 1998 (with any national minimum scheme will be deemed to comply) and the Equalities Act 2010, in particular the Public Sector Equalities duty. Procurement of schemes will be carried out in accordance with the Council's procurement strategy, existing and newly procured partnership contracts and in accordance with National procurement legislation and directives. Design and implementation of schemes will take into account the provisions of s.17 Crime & Disorder Act 1998 and the impact of schemes on individuals and communities will be assessed against Human Rights Act 1998 and Equalities legislation provisions.
44.	Equalities Impact assessments (EISA) are being completed on a scheme level to understand how each scheme affects different groups of people, assess potential impacts in terms of providing access to essential services and ensure safety for all, and considering mitigation as well as economic and environmental impacts of each scheme. An overarching EISA has been carried out and is included in Appendix 8.
RISK MANAGEMENT IMPLICATIONS	

45.	<p>The key risks are as follows:</p> <ul style="list-style-type: none"> • SCC is the financial accountable body for the TCF programme. The grant agreement sets out the purpose of the grant and payment of the grant to HCC; • Overall funding is insufficient to complete all schemes; • The programme is not deliverable within the agreed timescales; • Resources are insufficient to deliver schemes in a timely manner; • Schemes are not widely supported posing a risk for change; and • Change in local or national government. <p>The risks are mitigated through constant review of scheme progress, budget requirements and resource availability within Project and Programme Board meetings, corridor reviews, scheme meetings, close partnership with our Highways Service Partner Balfour Beatty Living Places (BBLP) and SCAPE partners, and engagement and consultation on scheme level. Healthy contingency as well as optimism bias to allow for scheme risks have been included within the scheme budgets. Schemes have been value engineered where scheme costs exceeded available budgets whilst ensuring that scheme aims and objectives as well as overall value for money are maintained. Further value engineering and mitigation plans will be put in place should inflationary pressures exceed contingency allowances made.</p>
POLICY FRAMEWORK IMPLICATIONS	
46.	The TCF Programme is consistent with the Council's Policy Framework with the Local Transport Plan (LTP4) Connected Southampton 2040 as the current adopted statutory transport policy for Southampton.

KEY DECISION?	Yes	
WARDS/COMMUNITIES AFFECTED:	All	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	Transforming Cities Programme – Scheme Detail	
2.	Budget Variations Since Last Reported Position	
3.	Description of Budget Variations Since Last Reported Position	
4.	The Avenue DfT Change Control Submission	
5.	Woolston DfT Change Control Submission	
6.	City Centre DfT Change Control Submission	
7.	TCF Programme	
8.	Equality and Safety Impact Assessment (ESIA)	
Documents In Members' Rooms		
1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		Yes

Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.	None	