



Black Country Executive Joint Committee
Dudley, Sandwell, Walsall and Wolverhampton

REPORT OF THE CITY DEAL AND GROWTH DEAL ADVISORY BOARD

TO

BLACK COUNTRY EXECUTIVE JOINT COMMITTEE

ON

22 APRIL 2015

BLACK COUNTRY LOCAL GROWTH DEAL - MANAGING SHORT TRIPS
PROJECT APPROVAL

Key Decision:	Yes
Forward Plan:	Yes

1. PURPOSE OF REPORT

- 1.1 To present the recommendations of the Advisory Board of the Joint Committee in relation to the Managing Short Trips Growth Deal application by Black Country Consortium. To ask the Joint Committee to note as recommended by the Advisory Board a now revised Green rating for this project, and approve movement to full approval and contracting and subsequent grant agreement by the Accountable Body.

2. RECOMMENDATIONS

- 2.1 That the Joint Committee notes the movement of the Managing Short Trips Project from its current Amber to a Green rating following the recommendation of the Working Group to the Advisory Board.
- 2.2 That the Joint Committee grants approval for the Accountable Body for the Growth Deal (Walsall Council) to proceed to a Grant Agreement with Centro to deliver the Local Growth Fund (LGF) elements of the Managing Short Trips project – with delivery to commence in the 2015/16 financial year.

3. REPORT DETAIL

- 3.1 The Joint Committee received a report on the 17th September setting out the background and work so far in the development of the Black Country Growth Deal Round 1, approving a

way forward for the 15 projects involved, utilising the individual Red Amber Green (RAG) ratings system for each project proposal.

- 3.2 To ensure that these RAG ratings were as accurate as possible, each project business case was further scrutinised by specialists and officers (October 2014), culminating at the Advisory Board Star Chamber on the 10th November 2014, where representatives from 13 of the 15 projects were further questioned by members of the Advisory Board and the Working Group of the Joint Committee. The remaining two projects were scrutinised at the Advisory Board on 19th November. At the meeting on 3rd December, the Joint Committee gave approval to proceed to contracting for 8 of those 15 projects, with the remaining 7 given 'in principle' approval subject to further work being undertaken.
- 3.3 At the last meeting on 18th February, the Joint Committee approved 4 of the remaining 7 Amber projects to move to the contracting phase. The 3 projects remaining at an Amber rating were Bentley Lane, Woods Lane and Managing Short Trips.
- 3.4 The Joint Committee is now requested to consider the recommendations of the Advisory Board following the updated status of projects after further work by the applicants – for Managing Short Trips, as presented to the Working Group and Advisory Board by the sponsoring Head of Regeneration for Black Country Consortium. The Joint Committee is requested to grant approval for the Accountable Body for the Growth Deal (Walsall Council) to proceed to a Grant Agreement with Centro to deliver the Local Growth Fund (LGF) elements of the Managing Short Trips project – with delivery to commence in the 2015/16 financial year.
- 3.5 The revisions arising from this additional information are included in the amended Business Case for the project, set out within the attached Appendix 1, with the evidence substantiating this change to be held on file by the Accountable Body (Walsall Council).

4. FINANCIAL IMPLICATIONS

- 4.1 The costs associated with this development work and the delivery of projects that form part of the LGF round 1 will be covered by allocations from government associated with this programme. This includes the use of any interest accrued by the Accountable Body to cover costs associated with the delivery of Accountable Body functions, as approved by its (Walsall Council) Cabinet and the Joint Committee.

5. LEGAL IMPLICATIONS

- 5.1 The appropriate Grant Agreements are being prepared by the Accountable Body (Walsall Council) and will include all conditions passed onto the LEP by Government, together with all terms, conditions, performance measures and sanctions as required by the approvals/conditions received from Government or approved by the LEP Board or the Joint Committee.

6. RISK MANAGEMENT

- 6.1 Risk is being managed through the on-going assessment of individual projects and their ability to deliver the required spending profiles and outcomes for the programme as required or agreed with Government and set into place by the LEP Board or the Joint Committee.

7. EQUALITY IMPLICATIONS

- 7.1 None at the time of drafting

Background papers

- The Black Country Strategic Economic Plan (SEP)
- Business Cases for each Individual Project

Attachments

- Appendix 1 – Managing Short Trips Project Headlines and Outline Business Case RAG Rating

Contact Officer & Author

Sarah Middleton

Chief Executive
Black Country Consortium
The Deckhouse, Waterfront West
DY5 1LW
Email: sarah_middleton@blackcountryconsortium.co.uk
Telephone: 01384 471102

Mark Lavender

Joint Committee Programme Manager
Walsall Council
Civic Centre, Darwall Street, Walsall
WS1 1TP
Email: mark.lavender@walsall.gov.uk
Telephone: 01922 654772

Appendix 1 – Managing Short Trips, Project Headlines and Outline Business Case RAG Rating

Project Description: The Managing Short Trips programme encompasses a range of improvements which includes innovative 'interconnect' way finding, and signage supported by physical walking and cycling routes across the Black Country, to form an attractive Active Travel Network.

Start date: Programme to start during 2015/16, with completion expected within the 2017/18 financial year.

Headline Outputs Include: No direct outputs will be measured but a range of metrics showing the indirect impact of the intervention will be measured.

Funding Profile: Project estimated at £4.4m, LGF requested £4.2m of which £1.25m in 2015/16 and £2.95m in 2016/17, an intervention rate around 95%.

March Update and Revised RAG Rating

PROJECT MANAGEMENT

Retained at Green throughout the process, with the Project Board established to support Centro as project lead, with schemes prioritised based on economic contributions. Implementation has been agreed to be led by individual local authorities and all scheme specifications now based on DfT design guidelines.

- Black Country Transport Officers Group endorsed the use of existing LSTF governance arrangements for Managing Short Trips
- Managing Short Trips Delivery Group formed which includes Black Country Authorities, Centro and Canals & Rivers Trust.
- Funding agreements between Centro and delivery partners (Black Country Local Authorities and Canals & Rivers Trust) being developed.
- Terms of Reference are being developed with Centro by BCC Ltd reporting to the Programme Board. These are being prepared and will be submitted to Working Group.

The BCC Ltd Programme Office recommends that Centro as delivery organisation is prepared to proceed on a clear delivery schedule, with clearly defined Benefits being realised. Support from the BC LAs, the Canals & Rivers Trust and Contractor (Kier) are signed up with Project Managers nominated to manage each of the contractors.

ECONOMIC OUTPUTS

Moves from Amber to Green as a result of the acceptance of revised job outputs by BIS. Centro previously acknowledged that the scheme does not generate new job outputs (other than via construction) due to the enabling role of transport and the difficulty in evidencing direct jobs. This has been accepted by BIS and the job outputs removed, however projects will continue to work with the Programme Office on developing evaluation modelling to better understand complementary jobs. A range of other output metrics have been agreed with BIS. Centro will try to use existing LSTF monitoring data and work with the Black Country Intelligence Unit to identify other potential indicators. The schemes included within Managing Short Trips align to the spatial growth locations/allocations as set out in the SEP and Black Country Joint Core Strategy. Each of the routes chosen has a supporting reason and associated Benefits.

FUNDING

Previously at Amber due to the uncertainty relating to the availability of European Union funding for the scheme. The scheme has been redesigned for an LGF-only scenario which is considered acceptable by the Working Group and Programme Office, thus this has moved to Green. This new proposal is a reduced

programme of fewer schemes, focussed on cycle infrastructure only. Section 106 funding contributions have been confirmed, but are time limited to 2015/16 delivery only. Discussions are ongoing on the EU funding, but it is unlikely that this will be confirmed prior to April 2015. The strategic case remains strong even if the cycling infrastructure is delivered as the Interconnect elements were complimentary to this core investment. The cycling infrastructure elements can be delivered within the LGF allocation and can be scaled up should additional funding become available.

OVERALL RATING PROPOSED

Green 


Recommendation – That the Joint Committee grants approval for the Accountable Body for the Growth Deal (Walsall Council) to proceed to a Grant Agreement with Centro to deliver the Local Growth Fund (LGF) elements of the Managing Short Trips programme – with delivery to commence in the 2015/16 financial year.

OUTLINE BUSINESS CASE (Including October Revisions)

PROJECT TITLE: Managing Short Trips


PROJECT SPONSOR: Centro

October 2014 Re-Assessment Update and Outstanding Scrutiny Issues

PROJECT MANAGEMENT 

- Project Board now established to support Centro as project lead.
- Schemes have been prioritised, based on economic contribution.
- Implementation agreed to be led by individual local authorities.
- Scheme specifications based on DfT design guidelines.


Are the individual schemes ‘delivery ready’ and capable of spend from 2015/16?

ECONOMIC OUTPUTS  – subject to BIS acceptance of revised outputs

- Centro acknowledges that the scheme does not generate new job outputs (other than via construction).
- No job outputs to be claimed and other output metrics to be reviewed and confirmed with BIS to justify the scheme.

Will BIS accept alternative outputs to justify LGF investment?

Do the prioritised projects align with and add value to wider SEP economic objectives / other investments?

FUNDING  – subject to LGF funding-only scenario being accepted

- Ongoing uncertainty regarding availability of ESIF funding. Reduced programme of fewer schemes, focussed on cycleways has been identified based on LGF funding only and can proceed.
- LGF investment re-profiled to increase 2015/16 Growth Deal allocation from £0.5m to £1.5m. Schemes re-prioritised and brought forward for earlier delivery.
- Section 106 funding contributions have been confirmed but are time limited to 2015/16 delivery.

Is the strategic case for the project compromised if scaled back due to uncertainty over EUSIF funding?

July 2014 Assessment

PROJECT MANAGEMENT 

Senior Responsible Officer (SRO): Conrad Jones, Head of Sustainability.

Governance arrangements for this project are still evolving and Centro is preparing a paper for the Black Country Transport Officers Group. It is understood that, within this framework, project management roles will be divided in accordance with the two principal elements of the project, one for the cycling infrastructure and the other for BC Interconnect.

Key project risks have been outlined and do not indicate any high risk areas in relation to the management of the project. There is a pipeline of designed and costed schemes for both elements of the project. Indicative milestones have been provided but require revision based on the revised LGF funding profile (see below)

ECONOMIC OUTPUTS 

The key economic output for this project is jobs created. The figure below represents nearly 20% of the jobs outputs for the entire Growth Deal programme in the period to 2020/21. An annual profile of outputs over this period is set out below on a pro rata basis to total project spend.

Headline outputs	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Jobs created	136	804	206	0	0	0	1146

Centro has confirmed that the job outputs are based on assumptions regarding the impact of cycleway improvements on improved connectivity to employment opportunities, rather than any direct impact on jobs capacity. This approach is based on analysis undertaken for Centro by Mott MacDonald in 2012 in a business case to DfT for their Smart Network, Smarter Choices initiative.

This approach creates difficulties in impact measurement and arguably over-state the job impacts in relation to the direct output measures defined by Government as part of the Growth Deal. On this basis, further consideration should be given to the treatment and measurement of job outputs from this project.

FUNDING 

The total LGF funding (profiled below) is as originally requested however the profile of LGF funding has now changed with a much lower proportion of funding available in 2015/16 with the majority being available in 2016/17

LGF spend profile	2015/16				All 2015/16	Future years	Total LGF
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar			
	0	0	£250,000	£250,000	£500,000	£3,700,000	£4,200,000

The primary source of match funding is £4.4m from the European Structural & Investment Fund (ESIF). An application for this funding has been submitted and it is understood that a decision is pending. Without this funding Centro has confirmed that they will concentrate LGF funding on the cycling infrastructure element but indicate that this would create 571 jobs (based on the approach to calculating outputs set out above), a drop of around 50%. With ESIF funding the original activity profile can potentially be maintained by front loading the ESIF funding in 2015/16.

A further £0.2m of private sector match funding has been identified in the outline business case and it is understood this is a nominal provision based on S178 contributions from development schemes in the Black Country. Although not indicated in the outline business case, the project will benefit from revenue contributions from the recently announced Local Sustainable Transport Fund (LSTF) for the Black Country.

KEY ISSUES & RISKS 

Overall risk rating:

The critical risk for this project relates to the level of job outputs claimed and the ability to effectively evidence and monitor their delivery. Further consideration should be given to the treatment and measurement of projected job outputs for this project.

There is a lack of clarity regarding the approval of ESIF funding and Centro has indicated that without this funding the project would be scaled down significantly resulting in substantial reductions in job outputs. The availability of ESIF funding should be clarified at the earliest opportunity and job impact projections revised accordingly.