



SHEFFIELD CITY COUNCIL

Cabinet Report

Report of: Simon Green, Executive Director for Place Portfolio

Report to: Cabinet

Date: 20 November 2013

Subject: Bus Rapid Transit Northern Route

Author of Report: Joanne Crownshaw 0114 2735815

Summary:

The Bus Rapid Transit (BRT) North Scheme has now reached the point where the Council (along with the project partners) can commence the construction phase of the project. This is subject to the decision by the DfT on the funding application, which is expected mid November 2013. This follows on from all necessary statutory approvals having been obtained and the preferred principal contractors having been identified.

This report seeks authority to commence to construction, subject to the DfT decision regarding funding and the Council's approvals process, of all the highway infrastructure works within Sheffield in accordance with the agreed Principal Contractor's scope of works.

Reasons for Recommendations:

- Officers have now completed all the necessary conditions of the DfT funding and as a consequence are awaiting the decision from DfT on £15.4m of capital funding. Once funding is confirmed this enables the project to draw-down £8.1m of European Regional Development Fund (ERDF) grant – following approval from the Department for Communities and Local Government (DCLG) for ERDF funding for the BRT North scheme.
- All the necessary statutory approvals are in place to enable the scheme to proceed, principal contractors have been identified to undertake the physical works.
- The DfT funding application is on the basis of a revised cost plan for the scheme which has been developed using actual market prices obtained from the tender process. At full approval the overall cost of the BRT North project has reduced by circa £6m.

- A 'Key Stage Review' of the BRT North project was undertaken by senior City Council officers in July 2013. The review identified that the project has robust risk and project management processes in place and there is evidence that these are well managed and are being followed by all project partners. As such there is confidence in the successful delivery of BRT North and thus the Review recommended that the project proceed to the next stage.
- The 'do nothing' option would not enable achievement of the economic growth aspirations of the City (or wider Sheffield City Region) and would limit public transport accessibility in a key development corridor that currently experiences high level of congestion and poor air quality.
- Given the reduced capital costs of the project, the benefit to cost ratio of the BRT North scheme has risen to 5.9, from the previous figure of 3.4, which represents an incredibly strong value for money, and supports the Standing Up For Sheffield corporate objective of a Strong and Competitive Economy.
- Once full approval from the Department for Transport is received, this will enable the draw-down of ERDF funding – as it was a condition of the scheme receiving essential European Regional Development Fund (ERDF) monies from the Department for Communities and Local Government (DCLG).

Recommendations:

(NOTE – The DfT funding application was submitted on 13th September 2013 – a decision is expected mid November 2013. An update on the funding application decision will be given verbally at the Cabinet meeting on the 20th November 2013.)

Subject to "Full" unconditional approval for £15.4m from the Department for Transport, Cabinet is recommended to:

- acknowledge and support the progression of the Bus Rapid Transit (BRT) North scheme to full construction and authorise the completion of formal contracts with Carillion and North Midland to construct the necessary highway infrastructure within Sheffield, inclusive of the Tinsley Link Road, on terms satisfactory to the Director of Commercial Services or an officer nominated by him for this purpose;
- accept the grants from the Department for Transport for £15.4m and ERDF for £8.1m funding, on terms satisfactory to the Director of Regeneration and Development Services in consultation with the Director of Legal and Governance and the Director of Finance;
- authorise the Director of Regeneration and Development Services, in consultation with the Director of Legal and Governance and the Director of Finance, to take such further steps and to enter into such further agreements or arrangements, and on such terms, as he may consider appropriate to enable the successful delivery of the project within the approved budget.

Background Papers: Executive Leader Report, BRT North 1st August 2013

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Paul Schofield
Legal Implications
YES Cleared by: Gillian Duckworth
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human rights Implications
NO:
Environmental and Sustainability implications
YES
Economic impact
YES
Community safety implications
NO
Human resources implications
YES
Property implications
YES
Area(s) affected
Darnall Ward
Relevant Cabinet Portfolio Leader
Ben Curran – Cabinet Member for Finance Leigh Bramall – Cabinet Member for Business, Skills and Development
Relevant Scrutiny Committee if decision called in
Economic and Environmental Well Being
Is the item a matter which is reserved for approval by the City Council?
No
Press release
Yes – Natalie Johnson

Bus Rapid Transit Northern Route

1.0 SUMMARY

1.1 This report seeks approval for the Council to:

- acknowledge that a decision on the Full, unconditional approval from the Department for Transport for £15.4m and £8.1m ERDF funding is expected mid-November 2013.
- acknowledge and support the progression of the Bus Rapid Transit (BRT) North scheme to full construction and authorise the completion of formal contracts with Carillion and North Midland to construct the necessary highway infrastructure within Sheffield, inclusive of the Tinsley Link Road, on terms satisfactory to the Director of Commercial Services or an officer nominated by him for this purpose;
- once approval is received, accept the grants from the Department for Transport for £15.4m and ERDF for £8.1m funding, on terms satisfactory to the Director of Regeneration and Development Services in consultation with the Director of Legal and Governance and the Director of Finance;
- authorise the Director of Regeneration and Development Services, in consultation with the Director of Legal and Governance and the Director of Finance, to take such further steps and to enter into such further agreements or arrangements, and on such terms, as he may consider appropriate to enable the successful delivery of the project within the approved budget.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

2.1 The BRT North scheme will provide a fast, reliable, sustainable means of public transport which is accessible to everyone, be they residents, or visitors to Sheffield. It will provide high-quality access to key employment locations and development sites in both Rotherham and Sheffield Centres, as well as the Lower Don Valley, which forms part of the Sheffield City Region Local Enterprise Zone.

2.2 The scheme will provide additional capacity in both the public transport and local highway networks thus enabling the delivery of key employment-generating developments within the City. This private sector-led growth will strengthen the economy and generate jobs, including the opportunity for those of a highly skilled nature through advanced manufacturing and supply chain companies.

2.3 The BRT North scheme will provide a competitive public transport option, which twinned with the provision of additional highway capacity through busy sections of the network, will reduce congestion and delays, improving conditions for inward investment and contributing to the provision of sustainable transport systems.

3.0 OUTCOME AND SUSTAINABILITY

- 3.1 As an enabler of development proposals on key strategic employment sites, the BRT North scheme will contribute to the development of a *strong and competitive economy* through the introduction of *sustainable and safe transport* infrastructure. By providing high-quality access to enhanced employment opportunities, and a congestion-alleviating sustainable transport option, this scheme will help create the conditions for a *great place to live*. All of which represent key objectives of the City Council's Corporate Plan: Standing up for Sheffield.

4.0 REPORT

- 4.1 BRT North connects the centres of Rotherham and Sheffield with each other and to existing and proposed development sites in the Lower Don Valley, including sites linked to the Sheffield City Region Enterprise Zone which is being established to deliver significant growth in advanced manufacturing and engineering. It will provide access to jobs in the corridor and the urban centres whilst providing the capacity needed to allow the next phase of developments in the Lower Don Valley to be completed. It is estimated that developments which will provide in excess of 4,000 jobs will be unlocked by the scheme.

- 4.2 There is very strong policy justification for the delivery of BRT North, including at the local, sub-regional and national level. As presented in the Strategic Case to Government, the main objectives of the scheme are;

- Development and economic regeneration: to support existing developments and enable future economic growth in the Lower Don Valley and the urban centres.
- Connecting people to jobs: to improve the quality, capacity and reliability of public transport in the Rotherham to Sheffield corridor.
- Strategic connectivity: to address congestion and connectivity issues in this important manufacturing and development corridor.
- Environmental improvements: to contribute to improved local air quality and lower carbon emissions from transport.

- 4.3 The scheme has been developed over the last five years and through the continued hard work of officers a final bid for funding was submitted to DfT in September and a decision on full and unconditional DfT approval for a funding award capped at £15.4m is anticipated in mid-November 2013 This will be the final stage in the funding approval process having gained programme entry status through the submission of the Best and Final bid to the DfT in 2011.

- 4.4 Full Approval from the Department of Transport will provide the required funding, identified within the supporting documentation for the Compulsory Purchase Order (see para 5.1 below), to enable the scheme to be delivered. Subject to receipt of this funding, this report authorises contract documents to be signed and the preferred contractors to prepare for a start on site early

in the New Year.

4.5 The Bus Rapid Transit Northern Route comprises: *A plan of the scheme is attached at Appendix A.*

- The Tinsley Link (Work Package 21)
The Tinsley Link element of the project comprises the construction of a major new link road from Meadowhall Way to Sheffield Road comprising the design and construction of substantial piling and a large reinforced earth embankment, construction of a new roadway, pavements and kerbs, substantial earthworks, 2 road over-bridges, traffic signals and other junction works. The Tinsley Link road is being let as a single construction contract. Following submission of a major application, planning approval for the Tinsley Link Road was granted in May 2011.
- BRT North (Work Package 24)
In addition to the Tinsley Link, a separate construction contract is to be let for the remainder of the corridor improvements that make up the BRT North scheme within Sheffield. This is the 'BRT North' contract and includes junction modifications, bus pre-signals, sections of bus lane, signalisation and real-time intelligent signal detection. These improvements will minimise journey times and ensure good reliability of the service.

4.6 These two work packages have both undergone a competitive tender process and preferred contractors identified - *Carillion (WP 21 Tinsley Link), and North Midland (WP 24)*. The procurement strategies for the Tinsley Link and BRT North contracts were approved at Cabinet on the 12th September 2012, with authority for contract award having been delegated to the Director of Commercial Services subject to stage approval from Capital Programme Group (CPG).

4.7 Further ancillary contracts (relating to, for example, separate works contracts for Site Investigation, and Supertram Crossing, a service contract for Site Supervision and an Early Works Agreement for enabling works together with various Collateral Warranties) have or will be procured in accordance with SCC's Standing Orders and governance processes and ERDF procurement rules.

5.0 LEGAL IMPLICATIONS

5.1 The Council has powers by virtue of the Highways Act 1980 (sections 24 and 8 respectively) to create new highways and to enter into agreements with other Local Authorities for such purpose. In order to facilitate this scheme the Council promoted a Compulsory Purchase Order and bridge scheme both of which were confirmed by the Secretary of State for Transport in April 2013.

6.0 FINANCIAL IMPLICATIONS

6.1 The project will be funded from five principal sources, subject to approval / award:

- The Department for Transport;
- The European Regional Development Fund (ERDF;)
- Developer contributions;
- The Local Transport Plan; and
- The Growing Places fund.

6.2 The total cost of BRT North led by SYPTE is £28.2m. The proposed project funding plan is anticipated to consist of £15.4m from DfT, £8.1m ERDF monies, £2.2m developer contributions and the balance from SYPTE's share of the Local Transport Plan as a local scheme contribution. The funding package reflects the latest position following the receipt of tenders for the construction works. The developer contributions are anticipated to be realised after completion of the works, and so a £3m loan facility from the central government sponsored Growing Places Fund has been secured to enable the works to proceed. The interest on the Growing Places fund will be covered from the existing Regeneration and Development Services budget through prioritisation of spending.

6.3 The secured Growing Places funding together with a successful DfT Funding Approval, will complete the funding package for the revised project cost plan. The ERDF funding, which was recommended for approval, is contingent on DfT full approval, and can be drawn down against the project once DfT approval is confirmed.

6.4 If the expected level of developer contributions were not realised in the timescales required for Growing Places repayment, the Council would have to fund the gap from either the Revenue Budget or Capital Resource Pool as well as pursuing other possible sources of funding. The Project Partnership Agreement commits the partners to continue to secure private sector contributions against the scheme to minimise this risk.

6.5 The creation of new infrastructure will increase the annual Highways Private Finance Initiative (PFI) maintenance cost which will need to be funded out of the current revenue budget. This may be achieved from a variety of options including, without limitation; making maintenance savings elsewhere by removing other redundant sections of the highways network, or through developer contributions, including the developing Community Infrastructure Levy (CIL).

6.6 SYPTE has entered into agreements with the DfT and ERDF which place upon it obligations to secure value for money for the funding received. The Council has entered into a partnership agreement with South Yorkshire Passenger Transport Executive (SYPTE) and Rotherham Metropolitan Borough Council (RMBC) which binds all parties to the terms and conditions of the funders, accepted in the first instance by SYPTE. Measures have

been designed into the project management to ensure that procurement is compliant and except for that work to be done by statutory undertakers or Network Rail, all will be competitively tendered and meet OJEU criteria. The risk of claw back due to the scheme not delivering the anticipated benefits is felt to be very low, given the nature of the improvement in relieving congestion around Junction 34 South of the M1 motorway. Mitigation of other risks will be minimised by undertaking a separate internal review of procurement procedures, and by ensuring that delivery of defined outputs, on-going compliance and monitoring requirements of the various funding agencies are met and checked regularly.

7.0 EQUAL OPPORTUNITY IMPLICATIONS

7.1 Fundamentally the BRT North scheme will be of universal benefit to all users regardless of age, race, faith, sex, disability, sexuality, etc. However, it will be of particular benefit to certain groups including the young, elderly, disabled and their carers. It will also benefit families with young children and certain communities within Sheffield including Black and Minority Ethnic (BME) communities. The design of the BRT Northern route has taken into consideration the needs of users with reduced mobility, including people with visual impairments, and incorporated measures such as tactile paving where appropriate.

7.2 The route enhances sustainable transport connections to local centres in the Lower Don Valley, specifically Attercliffe and Tinsley, which have strong BME communities and also feature prominently in the City's index of multiple deprivation. The BRT North service will improve access to employment opportunities and vital services, especially for those without access to a car. The BRT North services which will operate along the route will be modern low-floor vehicles which provide the highest level of access for disabled users, including on-board audio information for passengers with visual impairments and learning disabilities.

8.0 ENVIRONMENTAL IMPLICATIONS

8.1 Environmental implications arise from the scheme and these have been addressed as part of the scheme planning and design process. A detailed Environmental Statement was prepared for the Tinsley Link planning application which considered issues such as air quality, ecology, noise and vibration. Those measures identified which would mitigate the impact of the scheme have been conditioned as part of the planning application approval.

9.0 COMMUNITY SAFETY IMPLICATIONS

9.1 Community safety implications arise from the scheme and these have been addressed as part of the scheme planning and design process, for example improved street lighting.

10.0 HUMAN RIGHTS IMPLICATIONS

10.1 There are no direct human rights implications arising from this report

11.0 REASONS FOR RECOMMENDATIONS

11.1 Officers have now completed all the necessary conditions of the DfT funding and as a consequence are awaiting the decision from DfT on £15.4m of capital funding. Once funding is confirmed this enables the project to draw-down £8.1m of ERDF grant – following approval from the Department for Communities and Local Government (DCLG) for ERDF funding for the BRT North scheme.

11.2 A ‘Key Stage Review’ of the BRT North project was undertaken by senior City Council officers in July 2013. The review identified that the project has robust risk and project management processes in place and there is evidence that these are well managed and are being followed by all project partners. As such there is confidence in the successful delivery of BRT North and thus the Review recommended that the project proceed to the next stage.

11.3 The ‘do nothing’ option would not enable achievement of the economic growth aspirations of the City (or wider Sheffield City Region) and would limit public transport accessibility in a key development corridor that currently experiences high level of congestion and poor air quality.

11.4 The scheme represents a high benefit to cost ratio and supports the Standing Up For Sheffield corporate objective of a Strong and Competitive Economy.

11.5 Once Full Approval from the Department for Transport is received, this will enable the drawdown of ERDF Funding - as it was a condition of the scheme receiving essential ERDF monies from DCLG.

12.0 RECOMMENDATIONS

Subject to “Full” unconditional approval for £15.4m from the Department for Transport, Cabinet is recommended to:

- a) acknowledge and support the progression of the BRT North scheme to full construction and authorise the completion of formal contracts with Carillion and North Midland to construct the necessary highway infrastructure within Sheffield, inclusive of the Tinsley Link Road, on terms satisfactory to the Director of Commercial Services or an officer nominated by him for this purpose;
- b) accept the grants from the Department for Transport for £15.4m and ERDF for £8.1m funding on terms satisfactory to the Director of Regeneration and Development Services in consultation with the Director of Legal and Governance and the Director of Finance;
- c) authorise the Director of Regeneration and Development Services, in consultation with the Director of Legal and Governance and the

Director of Finance, to take such further steps and to enter into such further agreements or arrangements, and on such terms, as he may consider appropriate to enable the successful delivery of the project within the approved budget.

Simon Green
Executive Director of Place
11th November 2013