

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet
2.	Date:	7 September 2011
3.	Title:	Bus Rapid Transit North – Submission of Major Scheme Best and Final Funding Bid
4.	Programme Area:	Environment and Development Services

5. Summary

The report outlines the current position relating to the Bus Rapid Transit 'North' Major Scheme, which is currently in the Department for Transport's (DfT) 'development pool' of schemes that are required to submit a 'best and final funding bid' by the 9 September 2011. It outlines developments since late October 2010, following the Comprehensive Spending Review, the revised costs and associated quantified risks contained within the estimate and highlights those elements of the scheme for which Rotherham Metropolitan Borough Council will have responsibility.

6. Recommendations

- i) **Members approve the submission by the SYPTTE on behalf of the project partners of a 'best and final funding bid' (BAFFB) to the DfT for the implementation of the BRT North scheme, with the bid to seek £19.406m from the DfT towards the total scheme cost of £36m.**
 - ii) **The agreement of the Mayor be sought to exempt this from the provisions of the call in procedure on the grounds that it is urgent. The BAFFB and documentation for the scheme must be received by the DfT by 12 noon on 9 September 2011, failure to submit the bid would mean that the DfT would not consider the scheme further.**
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7. Proposals and Details

Background

On 1 March 2010 Cabinet Member for Economic Development, Planning and Transportation approved the submission of Major Scheme Business Cases (MSBC) to the Department for Transport (DfT) seeking funding for two Bus Rapid Transit schemes. (Minute Number G124 refers). The two BRT schemes were:

BRT North – which would operate a limited stop service from Rotherham to Sheffield via Templeborough, Meadowhall (under the Tinsley Viaduct on a new Fixed Link), Carbrook, Attercliffe and loop around the City Centre – serving end to end trips but also new development in the Lower Don Valley.

BRT South – which would operate a limited stop service from Rotherham to Sheffield via Canklow, Brinsworth, Waverley (stopping at the proposed Waverley Interchange and Park & Ride), on the A630 Parkway to loop around the City Centre – serving end to end trips but also key development sites in Waverley.

The BRT projects are jointly promoted by South Yorkshire Passenger Transport Executive (SYLTE), RMBC and Sheffield City Council (SCC). Within the Project team the PTE take a lead on the overall project management of the scheme, and the bus service matters, with both RMBC and SCC leading on those elements of the schemes within their respective districts referred to as 'Work Packages'. The Project Board comprises of senior officers from each of the Districts and is chaired by the Director General of SYLTE.

In March 2010 the Major Schemes Business Case (MSBC) for BRT North was submitted to DfT. In June 2010, as part of the Comprehensive Spending Review, the process for "major" spending was suspended for review. The MSBC for the BRT South scheme was not submitted to the DfT before the major scheme process was suspended and the DfT would not accept any further submissions and would only consider the MSBC for BRT North.

In October 2010, the new process was revealed. The BRT North project was in the "pre-qualification pool". In December 2010, an Expression of Interest (EOI) form was submitted to DfT for BRT North to be considered for inclusion in the 'Development Pool'.

In February 2011, the DfT announced this had been successful and the project was in the "Development Pool" of projects. This pool was at that time oversubscribed by about 1:1.5. Since then the Project team have been working to improve the project, ready for submission of the 'best and final funding bid' (BAFFB) to DfT by 9th September 2011.

The benefits of BRT North

The primary objectives of the BRT North scheme is:

- (i) To allow the residents of the region sustainable and affordable access to jobs and services in the Lower Don Valley and Sheffield and Rotherham centres;
- (ii) To enable full development of the Lower Don Valley by providing the required additional capacity in the public transport and local highway networks.

This would be achieved by providing:

- (i) A limited stop, high frequency bus service using high quality, low emission vehicles provided by private sector operators.
- (ii) A new highway link under the M1 (named Tinsley Link or Fixed Link) between Meadowhall Way and Sheffield Road, incorporating high levels of priority for public transport.
- (iii) BRT priorities at congested sections of the route (i.e. Attercliffe Road, Arena Square, and Ickles roundabout).
- (iv) Signal improvements and minor highways works to reduce delays and support BRT priorities (Westgate, Carbrook, Attercliffe).
- (v) Purpose built stops for BRT services.

A map of the proposed route is shown in Appendix 1.

The costs associated with this project have been developed by the Project team since the announcement that the project was in the Development Pool on 4th February 2011.

There has been a variety of increases and reductions, resulting in the current total cost estimate of £36,000,625. This compares with an estimate of £35,231,815 at the EOI stage. Some of this cost increase has occurred in the costs prior to programme entry.

Discounting ineligible preparatory costs spent in developing the scheme before Programme Entry status is potentially achieved, which are not eligible for funding from the DfT, the scheme cost is £34,347,524.

The current analysis of the benefits of the scheme indicates that the benefit cost ratio (BCR) is currently 3.48. The main transport benefits produced by the project are:

- Net increase in the use of Public Transport
- Reduced congestion for all road users
- Reduction in CO²

8. Finance

The funding for the scheme and its current status is summarised below:-

FUNDING BODY	AMOUNT	STATUS
DfT	£19.41m	The subject of the BAFB
ERDF	£9.94m	Outline Business Case approved. Full Business case being prepared. Decision on ERDF forecast to be made in February 2012
Third Party Contribution	£3.0m	£2.2m committed as part of existing consents. Balance to be funded from future consents. All payments dependent on rate of build-out of developments.
Local Contributions	£2.0m	To be funded from SYPTE's LTP Integrated Transport Block allocation between 2011/12 and 2012/13.
Total	£34.35m	

It is recommended that the local contribution be rounded up from £1.922m to £2.0m. The additional £78,000 is to be funded from SYPTE's element of the LTP Integrated Transport (IT) Block grant over the next four years.

In addition, the pre-programme entry costs of £1,653,100 will be funded from the SYPTE's IT Block allocation for 2011/12.

The current cost estimate for the infrastructure improvements to be delivered within Rotherham is £518k, which along with the other elements of the scheme will be funded from budget outlined in the above table. No additional RMBC contributions are required. Within the overall risk allowance for the scheme £137k is allocated as a contingency for the work in Rotherham.

Financial Implications

Whilst the scheme is significant in total terms, the Rotherham aspect amounts to £518k worth of capital funding which will be provided by the PTE, thereby ensuring that no RMBC contributions are required. Should the funding arrangements require revision as a result of the approvals process the financial implications of this will be assessed and reported as is appropriate at that time.

9. Risks and Uncertainties

There is a risk that the DfT will consider that the amended scheme does not reduce their contribution enough and/or does not provide sufficient third party contributions, which may result in the amended scheme failing to receive Programme Entry status.

The proposals for implementing the project envisage each work package being lead by one of the three partners, (SCC, RMBC, and SYPTE). The lead partner for each work package will carry the risks associated with that package and the requirement to comply with any funding conditions. The details of how all this will work are contained in the Partnership Agreement. If the project is granted Programme Entry, the agreement will need to be entered into by all Partners. Included in the estimate is a quantified risk assessment (QRA) figure of approximately £5.410m – effectively a contingency against increased cost.

The estimated cost also includes an inflation element, even though market conditions for the construction industry are perceived to be very competitive and likely to continue to be so. Ultimately, however, the scheme is a major civil engineering project, and risks do remain. However, it is anticipated that with sound

risk management procedures and the QRA figure, that these can be contained within the available budget.

The full implementation of the scheme is also subject to Sheffield City Council securing the required planning permission and confirmation of Compulsory Purchase Orders for land and property in their borough that it cannot acquire through negotiation. Should objections to the CPO be received a Public Inquiry would be required.

The bid assumes the BRT service can be operated without public subsidy; there is a small risk that this is not correct, the liability for overcoming this problem would lie with SYPTE, although ultimately this may have an impact on the Levy.

The ERDF grant has not yet been approved and a decision is expected in February 2012. Approximately £1.8m of the third party funding is not yet confirmed and are based on developer contributions that Sheffield City Council considers will be forthcoming associated with future planning applications, predominantly in the Lower Don Valley and the remaining S106 contributions already secured are in part dependent on the build-out of development sites.

SCC in their capacity as Highway Authority will have the duty to maintain the proposed highway works in Sheffield. Until the introduction of the PFI contract for maintenance this would be funded as the need for works arose, and would be funded from the maintenance budget. However, now SCC require a commuted sum to cover the cost of future maintenance. SCC are still to determine how they will fund this.

The financial impact of most risks up to full approval can be mitigated by terminating the project, this carries a reputation risk for partners, and a proportion of the costs to the date of termination would be abortive. Some expenditure, e.g. Design, will provide outputs that could be used if the project or parts of it were delivered in a different way.

10. Policy and Performance Agenda Implications

The scheme is a named major scheme in the Sheffield City Region Transport Strategy (LTP3), and accords with the aims and objectives to:

- develop public transport that connects people to jobs and training;
- improve connectivity between major settlements
- develop user-friendly public transport, with high quality of integration between different modes;
- ensure public transport is accessible to all; and support development, regeneration and economic growth, assist the improved management of traffic.

11. Background Papers and Consultation

Financial Services have been consulted on, and approved, the content of this report.

Sheffield City Region Transport Strategy 2011 – 2026.

Minute No. G124 of the Cabinet Member for Economic Development, Planning and Transportation delegated powers meeting on 1 March 2010 approving the submission of Major Scheme Business Cases (MSBC) to the Department for Transport (DfT)

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