**Executive Board – 16 June 2020**

<table>
<thead>
<tr>
<th>Subject:</th>
<th>Transforming Cities Fund and Future Transport Zones Programme</th>
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<tbody>
<tr>
<td>Corporate Director(s)/Director(s):</td>
<td>Chris Henning, Corporate Director of Development and Growth</td>
</tr>
<tr>
<td>Portfolio Holder(s):</td>
<td>Councillor Adele Williams, Portfolio Holder for Adult Care and Local Transport</td>
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<tr>
<td>Report author and contact details:</td>
<td>Chris Carter, Head of Transport Strategy <a href="mailto:chris.carter@nottinghamcity.gov.uk">chris.carter@nottinghamcity.gov.uk</a>, Tel: 01158763940</td>
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<tr>
<td>Subject to call-in:</td>
<td>☐ Yes ☐ No</td>
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<tr>
<td>Key Decision:</td>
<td>☒ Yes ☐ No</td>
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<td>Criteria for Key Decision:</td>
<td>(a) ☒ Expenditure ☐ Income ☐ Savings of £1,000,000 or more taking account of the overall impact of the decision and/or (b) ☐ Significant impact on communities living or working in two or more wards in the City ☒ Yes ☐ No</td>
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<tr>
<td>Type of expenditure:</td>
<td>☐ Revenue ☒ Capital</td>
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<tr>
<td>Total value of the decision:</td>
<td>£177.482million</td>
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<td>Wards affected:</td>
<td>Citywide</td>
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<tr>
<td>Date of consultation with Portfolio Holder(s):</td>
<td>1 June 2020</td>
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<tr>
<td>Relevant Council Plan Key Theme:</td>
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<tr>
<td>Nottingham People</td>
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<td>Living in Nottingham</td>
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<td>Growing Nottingham</td>
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<td>Respect for Nottingham</td>
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<td>Serving Nottingham Better</td>
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**Summary of issues (including benefits to citizens/service users):**

In November 2017 the Government launched a £1.7billion Transforming Cities Fund 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.

Nottingham and Derby were successful in securing £8.3million from Tranche 1 of the programme to deliver ‘quick win’ measures, which were agreed by Executive Board in May 2019 and are currently being implemented.

Following submission of the Strategic Outline Business Case in November 2019, Nottingham and Derby have been successful in securing £161million from Tranche 2 of the programme, aimed at improving connections between major employment sites and promoting active travel and public transport.

Following publication of the Future Mobility Strategy in March 2019, the Department for Transport (DfT) confirmed that additional funding would be made available to the Transforming Cities Fund city regions for the creation of four Future Transport Zones (FTZ), formerly called Future Mobility Zones, which would improve the integration of existing transport services, whilst also trialling new innovative transport services. In March 2020 DfT confirmed that the Nottingham Derby bid was successful in securing £16.7million funding over the next four years. This report also seeks approval to commence delivery of the FTZ Programme focused around three core themes:

- Open access mobility as a service platform, which will build on the city’s significant success with the Robin Hood smartcard
- Creation of a data platform for managing the transport network and keeping travellers informed; and
- Creation of electric mobility hubs to provide a network of integrated mobility services

A Leaders Key Decision was approved in March 2020 to accept the 2019/20 grant allocation of £8m Transforming Cities Fund and £10m Future Transport Zones funding. The purpose of this report is to secure approval to deliver the programmes in full.

**Exempt information:**
An appendix to this report is exempt from publication under paragraph number 5 of Schedule 12A to the Local Government Act 1972 because it contains information in respect of which a claim to legal professional privilege could be maintained in legal proceedings and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because not disclosing the information allows members to fully consider legal advice in the context of the report.

**Recommendation(s):**

1. To accept the remaining 2020/21-2022/23 DfT Grant Award of £153 million for the delivery of the Transforming Cities Fund: Tranche 2 programme in Nottingham and Derby.

2. To accept the remaining 2021/22-2022/23 DfT Grant Award of £6.7 million for the delivery of the Future Transport Zones programme in Nottingham and Derby.

3. To approve the initiation of procurement activities for the Transforming Cities Fund, as set out in Table 1 of Appendix B, and delegate authority to the Corporate Director for Development and Growth to appoint preferred suppliers and contractors to deliver the programme.

4. To approve the funding allocations to Derby City Council and Nottinghamshire County Council as set out in Table 2 of Appendix B.

5. To approve the initiation of procurement activities for the Future Transport Zones, as set out in Table 3 of Appendix C, and delegate authority to the Corporate Director for Development and Growth to appoint preferred suppliers and contractors to deliver the programme.

6. To approve the establishment of a new joint Nottingham and Derby Transport Programme Delivery Board.

7. To note that both the Transforming Cities Fund and Future Transport Zone Programmes will be established and delivered in full accordance with the Council’s corporate approach to programme and project management, including rigorous monitoring through the Council’s Gateway/Project Assurance review processes.

**Reasons for recommendations**

1.1 In March 2020 Government announced that Nottingham and Derby had been successful in securing £160.782 million of grant funding to deliver the measures outlined in Tranche 2 of the Transforming Cities Fund bid, which is being funded in full. This was the only bid to receive the full amount requested from the DfT. The Government also confirmed success in securing a further £16.7 million in funding, naming Nottingham and Derby as one of four Future Transport Zones being established over a four-year period. A copy of the Grant Award letters for these programmes is attached as Appendix A.
1.2 The Transforming Cities Fund and Future Transport Zone programmes will support sustainable growth and significantly contribute to the carbon neutral plan, local air quality plan objectives and support current local transport restart in response to Covid-19.

1.3 Nottingham City Council led the bids and is designated as the accountable body and lead contact with the DfT. Both the Transforming Cities Fund and Future Transport Zones programmes included an initial payment for the 2019/20 financial year of £8million and £10million respectively for delivery across both cities. Approval to accept this funding was secured through a Leaders Key Decision (decision number 3846) and the funding was paid to the City Council on 31 March 2020.

**Transforming Cities Programme**

1.4 The Transforming Cities Fund programme is focused on four key themes - City Centre Connectivity (focused on rail/bus station, city centre public realm and interchange facilities at key transport nodes), Strategic Derby – Nottingham – East Midlands Airport (EMA) connectivity, Nottingham urban growth corridors, and Derby urban growth corridors. To ensure robust project management across the programme, delivery will be led across seven packages as noted below.

**Nottingham Projects**

**Package 1**

Schemes within this package comprise of:

- Creating a more welcoming gateway into the city, connecting Nottingham Station, Broadmarsh and Nottingham Castle.
- Increasing the number of parking spaces at Tram Park & Ride sites.
- Improving access to the Nottingham Enterprise Zone via Thane Road.

**Package 2**

This package focuses on public transport technology improvements along key corridors to help reduce bus journey times and make them more reliable.

Schemes to be delivered include:

- Bus lane priority.
- Upgrading the signals at key junctions to improve bus reliability on major routes.

**Package 3**

The package will help improve passenger information and make travel payment simpler and more convenient. Schemes to be delivered include:

- Improving real time information for public transport across the region.
- Upgrading the Robin Hood ticketing system, making it more flexible, and introducing contactless payment.
- Delivering improvements to the Victoria and Bulwell Bus Stations.

**Package 4**

These projects offer walking and cycling route improvements to encourage an increase in sustainable commuting. The package will deliver:

- Improvements along key routes to employment sites, potentially including a new bridge over the River Trent supporting the Waterside regeneration.
- Upgrading cycle links between Nottingham Derby and East Midlands Airport growth area.
• Creating a bike hire service to operate across both cities, including ebikes.

Package 5
This package focuses on integrated transport measures to support the take up of electric vehicles and active travel:
• Expansion of the D2N2 chargepoint network, including into the new Broadmarsh car park.
• Development of Demand Responsive Transit options to serve the East Midlands Airport growth area, to provide better connections from the urban fringe and public transport interchange points to key employment sites.
• Continued funding of the ‘Workplace Travel Service’ business support and grants package, which helps businesses offer sustainable travel options for employers and their staff.

Derby Projects
Package 6
This package captures the projects included in the programme that will be managed and procured by Derby City Council. These include:
• Development of three new ‘smart’ park and ride facilities with improved cycling and public transport links, upgraded real time information and waiting and electric charging facilities.
• Establishing Derby’s first dedicated mass transit link across the city by providing a high-quality electric Rapid Transit route directly across the city centre, linking some key intra-city destinations and public areas.
• Upgrading junctions and real time information along key bus corridors.
• Cycle lane improvements along key routes to employment sites, including dedicated cycle lanes along Slack Lane, Raynesway, and Nottingham Road

Nottinghamshire Projects
Package 7
This package captures the projects included in the programme that will be project managed and procured by Nottinghamshire County Council. These include:
• Creating a new bus based Park & Ride facility off Leapool roundabout to serve commuters from the A614 and A60, alongside bus priority and signal upgrades along the A60.
• Bestwood and Arnold Bus Lane improvements, to improve connectivity between and into the two district centres and the new Park & Ride site.
• Traffic light priority at junctions across the Greater Nottingham area.

1.5 Further details of the individual projects across the seven packages to be delivered, their proposed procurement, and specific budget are set out in Table 1 of Appendix B. In line with the funding profile set out by DfT, the allocations across the Nottingham City Council, Derby City Council and Nottinghamshire County Cancel packages are set out in Table 2 of Appendix B.

1.6 In light of the current on-going COVID-19 pandemic, these programmes will be important in supporting economic recovery with helping people get back to work. It will also provide local employment through direct works and in the associated supply chains.
1.7 In the short-term the Government’s recovery response is for people to only use public transport where necessary but services are still being provided for key workers and for those where alternatives are not available. Whilst the aim is to encourage a higher level of commuting through active travel methods, there is also likely to be an increase in car usage where active travel is not an option. Continued investment in bus lane and signal priority will support the public transport network, ensuring buses are not delayed by traffic congestion, particularly when a higher throughput of vehicles may be needed so that social distancing can be maintained on-board. In addition, investment in ticketing options such as contactless payment will offer a higher level of confidence to public transport users. Investment in cycling and walking improvements will offer further encouragement to those turning to active travel, providing dedicated routes that are segregated from other road users.

1.8 Delivery of the Transforming Cities programme will take place over four years. Whilst at this stage it is unclear what the Government’s longer-term recovery response will be, continued investment in infrastructure such as park and ride provision, will help the city to maintain and grow its previously high levels of public transport usage, once the threat from the virus has been lifted and help support carbon reduction and local air quality improvements.

Future Transport Zone Programme

1.9 The Nottingham-Derby Future Transport Zone proposals link to the Transforming Cities Fund programme and will provide innovative transport solutions and trial new transport technologies. The fund objectives are to trial new innovative mobility services, improve integration of services and increase the availability of real-time data. Emphasis is also placed on integrating new and traditional services by providing access to digital trip planning and payments (referred to as “mobility as a service”) types of provision.

1.10 The Future Transport Zone programme is focused around three core themes:

- To expand integrated ticketing across the two cities tying in different forms of transport. This will include further rollout of contactless payment methods for a range of services including ebikes, parking, taxis, car club and electric vehicle charging, alongside public transport offers.

- Creation of a data platform with live information feeds and better management of the transport network through investment in improved cameras and sensors (e.g. parking displays). This will also provide upgraded real time information keeping travellers informed; and

- Creation of transport hubs in various settings including residential communities, employment/university campuses and at Council fleet depots to provide a combination of services, particularly focused around electric mobility. This will include new forms of transport such as trialling micromobility solutions such as escooters.

1.11 Whilst the project component details are still to be finalised, the programme allocations and activities for early delivery are set out in Table 3 in Appendix C.

1.12 Due to their innovation these projects are deemed as experimental. Delivery will require engagement with external service providers to forge partnerships to help develop proposals and delivery. A flexible approach to procurement alongside exemptions from procedures may also be required to work with service providers and external partners to deliver the objectives of the fund.
1.13 A key component of the Nottingham-Derby Future Transport Zones programme is to carry out research and evaluation activities to understand the benefits, impacts and limitations of the innovative measures. This includes dissemination to DfT, local authorities and other interested parties.

1.14 The two programmes will bring a significant level of investment into the Nottingham Derby urban area. It is proposed that a new Nottingham Derby Transport Delivery Board is established to provide high level governance and decision making forum for the programmes. The Board membership will include Portfolio Holders for the two city councils, three county councils and representatives for the district councils where project delivery will take place, to provide an overview of both the Transforming Cities Fund and Future Transport Zone programmes, alongside any other jointly promoted initiatives. Attendees will also include the regional representative from DfT, and the D2N2 Local Enterprise Partnership. The anticipated governance structure for this Board is outlined in Appendix D.

1.15 Comprehensive programme management plans are being developed to be agreed by the above Board. These will establish robust deliver frameworks for the respective programmes, including procedures for managing risk, budget controls, programme resource planning, change controls etc. This will accord with the Council’s established corporate approach to programme and project management. The programmes and individual projects will be subject to confirmation of business cases (which includes rigorous monitoring through the Council’s Gateway/Project Assurance review processes) and consultation requirements. Delivery will utilise existing resources where possible however given the scale of the programmes, additional posts will need to be recruited. Both programmes will require project management, design and technical resources, some of which will need to be brought in from outside the Council. Regular reporting to the DfT and sharing of findings at the end of the programme will also be required.

2 Background (including outcomes of consultation)

2.1 In November 2017 the Government announced the £1.7billion Transforming Cities Fund 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. The DfT confirmed that funding would be allocated in two tranches. Tranche 1 focused on the early delivery of ‘quick wins’, with Tranche 2 supporting more comprehensive measures to be delivered between 2020/21 and 2022/23. Details of the fund can be found at: https://www.gov.uk/government/publications/apply-for-the-transforming-cities-fund

2.2 Following on from a successful bid to Tranche 1 of the Fund, approved at Executive Board in May 2019, the City Council in partnership with Derby City Council continued to work together to develop a joint bid for funding from Tranche 2 of the Fund. The Strategic Outline Business Case was submitted to DfT in November 2019. Full details of the bid are available at: https://www.nottinghaminsight.org.uk/d/aam65y2W

2.3 Following publication of the Future Mobility Strategy in March 2019, the DfT confirmed that additional funding would be made available to the Transforming Cities Fund city regions for the creation of four Future Transport Zones, which would improve the integration of existing transport services, whilst also trialling new
innovative transport services. Following the submission of Expressions of Interest in May 2019, Nottingham and Derby submitted a final bid in September 2019. A copy of the bid is available at: https://www.transportnottingham.com/city-council-secures-16-7m-for-future-transport-zones/

3 Other options considered in making recommendations

3.1 Two alternative options to those recommended were considered. The first was to reject the funding awards and the second was to vary the programme proposals from those submitted in the bids.

3.2 The funding will build on the successful delivery of the schemes already being implemented following the allocation to both cities as part of the first phase of the fund. The option to refuse the grant funding was rejected as it would mean the council is unable to deliver the additional transport improvement projects included in the bids. This would not be in the best interest of citizens, and may also have a detrimental impact on the delivery of wider schemes that are supported by the Transforming Cities Fund and Future Transport Zones programmes.

3.3 The option to vary the programme was rejected to ensure the City Council remains compliant with the terms and conditions of the funding awards. Both options would potentially adversely affect the Council’s reputation as a national leader in local transport delivery.

4 Finance colleague comments (including implications and value for money/VAT)

4.1 The £177,482m value of this decision is funded by the following grants:

- Transforming Cities - £160,782m, and
- Future Transport Zones - £16,700m

4.2 The conditions within for the Transforming Cities grant confirm:

‘Funding is granted on the assumption that the local authority / private contributions are at least as stated in the bid.’

Nottingham City Council’s local authority contribution is contained within the approved Capital Programme funded by external grants. Therefore, this grant condition does not require the Council to commit any of its own resources or incur prudential borrowing.

4.3 Head of Transport Strategy is required to ensure that all grant conditions are met to reduce the risk of grant clawback.

4.4 The Capital outturn report to Executive Board includes the schemes detailed within Appendix B and Appendix C are included within the Planned Capital Programme. Following the approval of this report the schemes will move into the approved programme.

Advice provided by: Tom Straw – Senior Accountant (Capital Programmes)
28/05/20
In my capacity as Strategic Director of finance I authorise the dispensation of financial regulations in order to receive the transforming cities funds monies

Comment provided by Laura Pattman, Strategic Finance Director, 05/06/2020

Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

Procurement supports the recommendations set out within the report and will support the client with the external procurement requirements to ensure that it complies with the Councils Financial Regulations, Public Contract Regulations.

Advice provided by Sue Oliver – Procurement Category Manager for Places 28/05/2020.

This report seeks approval for the City Council to accept grant funding from DfT and to spend the funding as set out in the report. The City Council must ensure it can comply with the grant funding conditions mandated by DfT. This will include monitoring progress and providing financial reports. When the City Council enters into contracts which will use the grant funding the City Council should ensure it includes terms and conditions which will enable it to comply with the DfT grant funding conditions including the ability to recover or clawback funding if the City Council is required to repay any grant to DfT

The City Council must ensure it complies with the Public Contracts Regulations 2015 and its Financial Regulations when it carries out any procurement process to award a contract.

The City Council should put in place agreements with Derby City Council and Nottinghamshire County Council to document the allocation of funding to those partner Councils. The City Council must ensure it is able to obtain from those Councils all necessary financial and project progress information to report to DfT where the City Council acts as the lead partner.

The terms of reference for the Nottingham and Derby Transport Programme Delivery Board need to be prepared and agreed. This needs to set out the membership and its governance role. It will not have the capacity to make Executive decisions on behalf of the member Councils.

Additional advice is included in the attached exempt appendix.

Andrew James Team Leader, Commercial, Employment and Education 28th May 2020

Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)

Not applicable

Social value considerations

Local suppliers will be notified of any tendering opportunities that may arise from the acceptance of this funding and delivery of the programme.
8  Regard to the NHS Constitution
8.1  Not applicable

9  Equality Impact Assessment (EIA)
9.1  Has the equality impact of the proposals in this report been assessed?

   No  
   An EIA is not required because:  
   (Please explain why an EIA is not necessary)  

   Yes  
   Attached as Appendix D, and due regard will be given to any implications identified in it.

10  List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)
10.1  Not applicable

11  Published documents referred to in this report
11.1  Transforming Cities Programme – Executive Board Report – May 2019
11.2  The Transforming Cities Fund Tranche 2 bid is published at  
https://www.nottinghaminsight.org.uk/d/aam65y2W

11.3  The Future Transport Zones bid is published at  
https://www.transportnottingham.com/city-council-secures-16-7m-for-future-transport-zones/

11.4  Leaders Key Decision – 3846 - Acceptance of grant funding from the Department of Transport – March 2020