



Department
for Transport

Transforming Cities Fund Call for Proposals

Moving Britain Ahead



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1. Introduction

Delivering on the Industrial Strategy

- 1.1 The Government has announced, as part of the Autumn Budget 2017, the creation of the £1.7bn Transforming Cities Fund ('the Fund'), with the aim of driving up productivity and spread prosperity through investment in public and sustainable transport in some of the largest English city regions. The Fund will be focused on intra-city connectivity, making it quicker and easier for people to get around – and access jobs in – some of England's biggest cities.
- 1.2 As part of the National Productivity Investment Fund, the Transforming Cities Fund will provide additional capital investment for productivity enhancing programmes. It also supports the Industrial Strategy, taking a place-centric approach to delivering investment in English city regions.
- 1.3 For Mayoral Combined Authorities with an existing, directly-elected Mayor, half of the Fund has been allocated on a devolved, per capita basis with the freedom to invest on strategic transport priorities, whether they be for light rail, bus rapid transit, cycling, or other public and sustainable transport improvements.
- 1.4 The remainder of the Fund will be allocated by a competitive process aimed at identifying the city regions with the strongest case for investment – be they by size, levels of congestion, strategic vision for change and local support. The government will then select up to ten city regions with whom we will co-develop packages of schemes. These will then be competitively assessed against each other with funding awarded to the proposals which demonstrate the greatest improvements to productivity and offer the best value for money. The level of funding to be awarded to shortlisted city regions will be agreed by the Secretary of State after these proposals have been fully scrutinised.
- 1.5 The Fund will also support the Future of Mobility Grand Challenge, one of four Grand Challenges established in the Industrial Strategy to improve people's lives and the country's productivity and put the UK at the forefront of the industries of the future.¹ It will help city regions harness the opportunities presented by extraordinary innovation in engineering, technology and business models to tackle their connectivity challenges.
- 1.6 The government will make £840 million available over the four year period to 2021-22. The funding will be entirely capital.

Eligibility

¹ <https://www.gov.uk/government/publications/industrial-strategy-the-grand-challenges/industrial-strategy-the-grand-challenges>

- 1.7 The Fund aims to improve intra-city transport in the largest urban areas. Proposals will be accepted from English local transport authorities outside London – County Councils, Combined Authorities, and Unitary Authorities. As the Fund is seeking to support the largest city regions, the application form will look for evidence of high workday as opposed to residential populations. City regions with workday populations above 200,000 people will therefore score more strongly in the first section.
- 1.8 In recognition that functional city geographies do not always reflect local authority boundaries, **with the exception of combined authorities, the Government will not define these city regions**. Local authorities may wish to bid jointly where a clear 'city region' can be defined. This may be where a city has substantial suburban hinterland in a neighbouring authority. However, proposals which are largely rural in character will not be accepted.

Combined Authorities

- 1.9 As they have received automatic allocations, the six Mayoral Combined Authorities (Liverpool City Region, Tees Valley, Greater Manchester, West of England, Cambridgeshire and Peterborough and the West Midlands) are ineligible to bid for additional funding.
- 1.10 The three extant Combined Authorities without a sitting elected Mayor at the Autumn Budget – West Yorkshire, Sheffield City Region and the North East Combined Authority, will not receive an automatic allocation and are required to submit a proposal for funding like other non-mayoral city regions. As Combined Authorities are the transport authorities for their area, and responsible for strategic planning across a city region, they should make one bid each covering their whole geography on behalf of their constituent authorities when applying for the Fund.
- 1.11 Should a North of Tyne Combined Authority be established, transport functions will be exercised by a statutory Joint Committee in line with its Devolution Deal. Any proposal should come from the North East Combined Authority or the statutory Joint Committee, depending on which is in existence at the time of the bid.
- 1.12 As there are separate transport funding arrangements covering London and the devolved administrations, local authorities in London, Scotland and Wales are not eligible for funding.

Stakeholder participation and private sector support

- 1.13 The Department is taking a new approach to supporting local transport infrastructure. It therefore expects bidding city regions to consider local stakeholder and private funding to maximise the value of the investment in the area. Whilst the initial sift will look at evidence of support from organisations such local employers, research institutions, transport providers and housebuilders, shortlisted city regions will be able to strengthen their proposals if additional funding can be raised through local contributions or private investment.
- 1.14 This guidance covers the scope of Transforming Cities and the criteria against which applications will be assessed. It also sets out the application process, including the expected timetable for receiving proposals and announcing decisions.

2. Scope of the Fund

- 2.1 The Government is committed to creating an economy that works for everyone, to increasing productivity, and providing better access to good jobs.
- 2.2 Many city centres have seen significant redevelopment and regeneration in recent years, however this has not always spread to outlying areas, held back through poor transport links. The Transforming Cities Fund seeks to rectify this, delivering significant investment in packages of projects to improve key intra-urban corridors, improving access to jobs.
- 2.3 As congestion on local A-roads has increased in recent years, there has also been a reduction in bus patronage. While on average, people in England can reach around 9 large employment centres within 1 hour by car, this falls to around 5 for those who must use public transport.² For those without a car, such as the increasing number of young people without or delaying acquiring a driving licence, this can limit options, including their ability to secure jobs which will help them progress as well as fully develop their well-being.
- 2.4 At the same time, UK national productivity continues to lag behind other countries, with significant differences in GVA per hour worked between cities. Few cities outside of London have a higher productivity than the national average. As part of the Industrial Strategy, the Government is committed to doing more to improve productivity across the country, and with this Fund will seek to do this through improved public transport connectivity.
- 2.5 Transforming Cities will tackle this challenge in two ways:

- **For the six Mayoral Combined Authorities with a Devolution Deal and directly-elected mayor at the time of Autumn Budget 2017**, the Government will devolve their share of the Transforming Cities Fund on a per-capita basis to give mayors and their combined authorities the freedom to invest in their strategic transport priorities. The Department will take no part in investment decisions, which will be subject to local assurance frameworks agreed as part of the Single Pot.

The Department will, however, have regard to proposals which impact the Strategic Road or National Rail networks with Combined Authorities required to seek approval before progressing with their schemes. The Government expects metro mayors to develop plans which will fit with local transport networks and deliver improved public and sustainable transport connectivity in their city region.

- **For non-mayoral city regions**, the Government is seeking to make a small number of large investments to drive up connectivity to centres of employment. The first stage of the competition will therefore seek evidence of the case for investment, wider fit with other stakeholders and investment pots,

² Department for Transport, Journey Time Statistics, 2015

and the ambition of a city to improve certain routes. Whilst packages may include a number of smaller investments, the aim is for successful city regions to demonstrate clear prioritisation and recognition that a significant investment on a smaller number of corridors can have a big impact.

- 2.6 Alongside the aim of driving up public transport connectivity, the Department aims to tackle a number of key policy priorities, including improving skills and use of apprenticeships, unlocking housing and responding to issues around air quality.
- 2.7 These objectives are aligned to the Department's Transport Investment Strategy and as part of the Industrial Strategy, the Fund also aims to address the Future of Mobility Grand Challenge. To achieve this, the Fund will look to city regions for innovative proposals that harness the potential of new technology and business models.
- 2.8 The Department will work with shortlisted city regions to develop packages which incorporate responses to these challenges, and promoters should have regard to local businesses, research institutions and others in developing bids as potential partners for tackling these challenges.

What the Transforming Cities Fund could deliver

- 2.9 Whilst the initial competition will not seek proposals for specific schemes, the aim of the Fund is to invest in new local transport infrastructure to boost productivity by improving public and sustainable transport connectivity.
- 2.10 Government recognises that local authorities are best-placed to identify the types of projects to deliver, and seeks to partner with city regions to develop packages of proposals which will deliver transformative improvements in connectivity.
- 2.11 Packages could invest in interlinked schemes such as light rail, new bus corridors, cycling and walking infrastructure or smart technology to improve flow or integrate ticketing and live journey information. Successful city regions will be expected to make use of relevant legislation, such as the Bus Services Act 2017 and work with local transport providers to create improved user experiences for passengers and drive growth on these improved services.
- 2.12 The Department will also work with research institutions and industry and seek to implement new technology where possible.
- 2.13 The Transforming Cities Fund is designed to deliver improved local public transport. Whilst it may complement, it is not intended to replace funding for work on the National Rail or Strategic Road Networks, which have other funding streams available for enhancements. However, packages which include, for example, improvements to national rail stations and connectivity into multi-modal hubs will be encouraged.

Case Study – Leeds public transport package

When the Transport and Works Act order for the “New Generation Transport” trolleybus scheme was not approved in 2016, the Department pledged to invest its planned contribution of £173.5m in the city as a package of measures to improve connectivity and improve public transport.

Working with their stakeholders, local leaders raised an additional £100m, including a £71m investment from bus company First West Yorkshire and additional funding from the West Yorkshire Combined Authority to create a £270m programme of improvements.

Measures funded include:

- **Bus Corridor improvements**– physical priority measures (£49m) and park & ride sites (£40m), Real Time Passenger Information (£7m) and transport hubs (£8m);
- **New rail stations** in some corridors – three are proposed (£30m) plus accessibility improvements to some existing stations;
- A **City Centre package** to improve transport hubs, public realm and end of journey connections (£39m).

The package aims to double bus patronage in 10 years, reduce congestion and improve access to stations. The measures are likely to support Leeds’ ambitions for housing growth, air quality improvement, and future HS2 connectivity. Leeds estimate the present value of benefits of the package to be in the region of £430m, with wider economic benefits in the order of £200m GVA per annum from creation of 2000 new jobs.

Funding available to non-Mayoral city regions:

2.14 The Fund will take the form of a two stage process. Phase 1, the ‘Call for Proposals’ will sift up to ten cities based on the application form. Phase 2, ‘co-development’ will see shortlisted city regions requested to develop a package of schemes with the Department, which will be assessed.

2.15 Final decisions on the amount of funding for a shortlisted city region will be made in light of the quality of the proposals put forward. However, Government has set aside the following funding over the next 4 financial years:

Competitive Fund	2018/19	2019/20	2020/21	2021/22	Total
Capital (£m)	60	110	160	510	840

2.16 Whilst there is no set cap on the size of packages to be agreed, allocations to Mayoral Combined Authorities were in the range of £59-£250m. There will be no guarantee of funding to shortlisted city regions if packages are not sufficiently developed or fail to demonstrate adequate value for money. City regions should therefore consider how schemes could be flexed up- or down-ward to reflect the

options available, and consider the best portfolio of interventions to make the most difference within their areas.

- 2.17 The Fund is not aimed at packages that simply deliver large numbers of smaller interventions across the board; it is seeking coherent programmes of interlinking interventions which will transform connectivity in key commuter routes in major city regions. Government will support innovative approaches to deliver this, including new technology, engineering solutions and business models, as part of the Grand Challenge on the Future of Mobility.
- 2.18 The size of agreed funding packages, once approved, will be fixed. Should cost increases occur the Department will not provide additional funding and this will need to be accounted for within local budgets.

Evaluation of investments in non-Mayoral city regions

- 2.19 The Department and city regions have a shared interest in evaluating over time the effectiveness of the Fund and measuring post implementation the impact on productivity growth and levels of congestion and other benefits secured from different types of measures taken forward. For the Department, it will inform future funding decisions; for local authorities it will add to the evidence of which combination of measures are the most effective in specific circumstances and help them design better interventions in the future.
- 2.20 The Department will be carrying out this evaluation towards the end of the Fund period, but will require the support of local authorities from the outset in providing baseline and monitoring data relating to the specific transport challenges in their area; for example current measures of congestion problems, levels of air quality, volume and proportion of journeys by different modes and road accident data. This data should form part of the evidence base already available to local authorities and used to drive the development and delivery of their Local Transport Plans.
- 2.21 The Department will consult successful authorities in due course about the design of an evaluation framework to ensure it meets both Government and local needs.

3. Assessment Criteria

A two stage process to shortlist city regions followed by co-design of bespoke packages of investment

- 3.1 The Department has listened to concerns raised in the past about significant nugatory bidding by Local Authorities for local transport funding. To mitigate against this, The Fund will take the form of a two-stage competition. Phase one, based on a light-touch proposal will lead to a shortlist of up to ten city regions to be announced later this year.
- 3.2 In Phase two, the Department will work closely with these city regions to develop their plans into packages of proposals which will be assessed on a more detailed level, including the relative value for money of each package.

Phase 1 – Shortlisting city regions

- 3.3 Eligible city regions wishing to bid for the Fund are required to complete the application form which forms an Annex to this document. This is based around three key themes against which city regions will be selected. City regions may wish to have regard to the Department’s Strategic Case guidance and the Rebalancing Toolkit when completing the application form.³

Definition and challenges	Who & Where	Ambition for change
<ul style="list-style-type: none"> •City definition - make up, population, extent •Identification of key transport challenges and productivity issues •Supporting evidence - e.g. congestion, mode share, journey times 	<ul style="list-style-type: none"> •Who will benefit from this investment •Identification of key corridors •Alignment with business clusters 	<ul style="list-style-type: none"> •Vision for improved connectivity following investment •Supporting evidence from key stakeholders and potential for private investment •Link to city region's strategic plans •Evidence of collaboration, delivery and vision

- 3.4 **Definition and challenges:** This section will seek a definition of the bidding city. City regions should:
 - Explain the city geography, with a clear city region identified
 - Indicate workday population (the Fund seeks to target the larger city regions in England)
 - Describe the key transport challenges across the city region at a high level. This could include a discussion of productivity, or how transport connectivity is affecting this.

³ <https://www.gov.uk/government/publications/transport-business-case>
arm/epb/cr/18/0205gp1

- Further evidence to support this argument – such as congestion, air quality or journey time impacts.
- 3.5 **Who & Where:** This section will seek detail on the city’s key priority areas to invest in, and motivations. City regions should:
- Identify and prioritise the main corridors or places for investment, and why. This could include highlighting where opportunities for growth, productivity or business are within these areas of the city region.
 - Identify who would be affected by this investment and how user needs are recognised.
 - Include maps detailing these locations.
- 3.6 **Ambition for change:** This section will seek evidence of how investment will tackle these challenges, and wider fit with existing plans. City regions should:
- Articulate their vision for improved connectivity from the Fund and how this links to the assessment of need outlined in the previous sections.
 - Demonstrate support from stakeholders for investment in the identified areas, such as from the relevant Local Enterprise Partnership(s), employers and transport providers. This could also include commitments of further local and private funding.
 - Highlight ambition to align with existing funding streams and to utilise new approaches and powers available to improve public transport.
 - Demonstrate how the Fund would link to wider long term plans and spatial strategies around housing, local growth, productivity and air quality.
- 3.7 The Department will then decide on the relative merits of each bid, shortlisting up to ten city regions for the next stage of the competition. **As the first stage concerns identifying city regions, the Department will not have regard to specific schemes included in submitted proposals when assessing bids.**
- 3.8 The use of statistics, from both government bodies and well-respected independent sources, is encouraged. The suitability and validity of these will be scrutinised as part of the bid.

Phase 2 – Co-development and assessment of business cases

- 3.9 Shortlisted city regions will be invited to work collaboratively with the Department to develop packages of proposals seeking, where appropriate, additional private and local investment.
- 3.10 These programme business cases will then be assessed via a competitive ‘Challenge’ process, where packages will be scrutinised according to WebTAG appraisal methodologies across the five cases as outlined in HM Treasury Green Book guidance.⁴ City region representatives may be invited to ‘pitch’ their proposals to a panel who will ultimately make recommendations as to the final settlement awarded to each city.
- 3.11 The Department will then take a final funding decision for each city region who will then deliver the projects funded.

⁴ <https://www.gov.uk/guidance/transport-analysis-guidance-webtag>

3.12 It is expected that evaluation processes will be developed in tandem with the co-development of business cases. All funded city regions will be expected to complete an evaluation of interventions after the completion of the Fund.

4. Application Process

Application form

- 4.1 City regions will be expected to apply via the application form attached as an Annex to this document.
- 4.2 All applications to the Fund will be assessed against the criteria set out in section 3. A panel will moderate the final score of each bid to ensure consistency before a decision is taken to shortlist bidders.
- 4.3 Local authorities are expected to work jointly to cover a particular geography – one bid will be eligible for each city region concerned; in the case of separate competing bids being submitted for the same geography, the Department will reserve the right to decide which will be taken forward for the sift.

Submission of Bids

- 4.4 All bids should be submitted electronically to TCFproposals@dft.gsi.gov.uk no later than 2359 on Friday 8 June 2018.
- 4.5 When authorities submit a bid for funding to the Department, as part of the Government's commitment to greater openness in the public sector under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, they must also publish a version excluding any commercially sensitive information on their own website within two working days of submitting the final bid to the Department. The Department reserves the right to deem the business case as non-compliant if this is not adhered to.

Enquiries

- 4.6 Enquiries about the Fund may be directed to TCFenquiries@dft.gsi.gov.uk.

Transforming Cities Fund *Call for Proposals*



Department
for Transport

Application Form

Applicant Information

Bidding City Region:

Bid Manager Name and position:

Name and position of officer with day to day responsibility for delivering the proposed interventions.

Contact telephone number:

Email address:

Postal address:

Additional evidence, such as letters of support, maps or plans should be included in an annex.

The use of statistics, from both government bodies and well-respected independent sources, is encouraged. The suitability and validity of these will be scrutinised as part of the bid.

SECTION A – Definition and challenges

This section will seek a definition of the bidding city. City regions should:

- Explain the city geography, with a clear city region identified
- Indicate workday population (the Fund seeks to target the larger city regions in England)
- Describe the key transport challenges across the city region at a high level. This could include a discussion of productivity, or how transport connectivity is affecting this.
- Further evidence to support this argument – such as congestion, air quality or journey time impacts.

A1. Constituent Local Authorities:

A2. Geographical area:

Please provide a short description of area covered by the bid (in no more than 100 words)

Please append a map(s) showing the location of the city region and its boundaries.

A3. Population

Please include the **workday** population of the city region and relevant references.

A4. Discussion of key transport challenges:

Please limit responses in section A4 to 500 words.

SECTION B: Who & Where

This section will seek detail on the city's key priority areas to invest in, and motivations. City regions should:

- Identify and prioritise **the main corridors or places for investment**, and why. This could include highlighting where opportunities for growth, productivity or business are within these areas of the city region.
- Identify **who would be affected** by this investment and how user needs are recognised.

Maps identifying the priority areas can be appended as an annex to this section.

Please limit responses to 500 words.

SECTION C: Ambition for change

This section will seek evidence of how investment will tackle these challenges, and wider fit with existing plans. City regions should:

- **Articulate their vision for improved connectivity** from the Fund and how this links to the assessment of need outlined in the previous sections.
- **Demonstrate support from stakeholders** for investment in the identified areas, such as from the relevant Local Enterprise Partnership(s), employers and transport providers. This could also include **commitments of further local and private funding**.
- Highlight ambition to align with existing funding streams and to **utilise new approaches and powers available** to improve public transport.
- Demonstrate how the Fund would link to **wider long term plans** and spatial strategies around housing, local growth, productivity and air quality.

Supporting letters may be attached as an annex.

Please limit responses to 500 words.

When authorities submit a bid for funding to the Department, as part of the Government's commitment to greater openness in the public sector under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, they must also publish a version excluding any commercially sensitive information on their own website within two working days of submitting the final bid to the Department. The Department reserves the right to deem the business case as non-compliant if this is not adhered to.

Please specify the weblink where this bid will be published:

Submission of proposals:

Proposals must be received no later than 2359 on **Friday, 8 June 2018**.

An electronic copy only of the bid including any supporting material should be submitted to:
TCFproposals@dft.gsi.gov.uk

Enquiries about the Fund may be directed to TCFenquiries@dft.gsi.gov.uk