



Strategic Transport Forum

11th September 2020

Agenda Item 5: Accelerating and Ensuring Delivery: Transport Strategy Implementation

Recommendation:

It is recommended that the Forum:

- i) Supports the decision to submit to Government, in the form of a Spending Review submission, a package of measures that are identified as priorities to support the delivery of strategic infrastructure, in line with the EEH Transport Strategy.**
- ii) Agree, subject to amendments agreed by the meeting, the package of measures set out in Appendix 1.**

1. Context

- 1.1. At its meeting on 10th July the EEH Leaders' group agreed to prepare a submission to the Government ahead of the Spending Review that sets out a package of measures in support of the planning, development and implementation of strategic infrastructure.
- 1.2. In parallel the Oxford to Cambridge Arc Leaders' group has commissioned the preparation of an Arc Economic Prospectus for also for submission to the Government ahead of the Spending Review. The EEH Business Unit is working as part of the team preparing the Prospectus in order to ensure consistency in messaging.
- 1.3. It is clear that in setting out our infrastructure requirements ahead of the Spending Review one should not assume the case for strategic investments has necessarily been made and the funding secured: notwithstanding the economic importance of the region to the UK it is clear that the Spending Review will be particularly tough.
- 1.4. Following the steers made by the Strategic Transport Forum on the proposed package of measures for inclusion in the submission, it is proposed that the submission will be considered by the EEH Leaders' group (25th September).

2. Background

- 2.1. England's Economic Heartland's work on connectivity has a critical role to play in supporting the economic recovery:
 - Investment in the delivery of strategic infrastructure brings economic benefits through the commissioning of work on site and the multiplier effect this has within the wider supply chain and local economy.
 - Investment in the development of strategic infrastructure also brings economic benefits given the need to commission technical work that enables proposals to be brought forward to the point of being ready for delivery.

- 2.2. On 30th June the Prime Minister also highlighted the critical role that investment in infrastructure has to play in supporting economic recovery post COVID-19. At the same time the Prime Minister announced 'Project Speed', his commitment together with the Chancellor of the Exchequer to address the inertia that exists within our system when it comes to the planning, development and delivery of investment in strategic infrastructure.
- 2.3. In truth many of the challenges we face when it comes to strategic infrastructure are well known: exacerbated by the disparity between Government initiatives that typically focus on realising short term impact and the reality that investment in strategic infrastructure requires clarity and stability over a longer term timeframe (one that extends beyond a single Political cycle).
- 2.4. The draft Transport Strategy, with its associated Investment Pipeline, provides the region with an evidence-led approach to the planning, development and implementation of strategic infrastructure. In the short term it provides the basis for identifying a package of initiatives that can be taken forward on the basis of 'no-regrets', being as they are consistent with the long term ambition of the Strategy.
- 2.5. The forthcoming Economic Recovery and Devolution White Paper, expected shortly, provides an additional opportunity to present a substantive package of measures designed to address the more fundamental issues that need to be tackled if we are to get rid of unnecessary process, remove inertia and accelerate delivery in the long term.

3. Economic Recovery – Accelerating Delivery in the Short Term

- 3.1. The ambition underpinning the draft Transport Strategy ('Connecting People: Transforming Journeys') sets out how we will:
 - Use the de-carbonisation of our transport system as the opportunity to harness innovation and deliver solutions that generate opportunities that support economic growth
 - Champion investment in digital infrastructure as a means of improving connectivity, particularly within our rural communities, in order to reduce the need to travel
 - Use delivery of East West Rail as the catalyst for the transformation of our strategic public transport networks, connecting our economic assets and communities to realise the economic potential of our region
 - Champion increased investment in active travel and shared transport solutions that improves local connectivity, and helps ensure that everyone has the opportunity to realise their potential
 - Ensure that our communities and businesses are supported by freight and logistic services that enable access to goods and services whilst lowering the environmental impact of their delivery.
- 3.2. The associated Investment Pipeline identifies strategic infrastructure that is of genuine regional significance: such schemes can fall into one of three categories:
 - Infrastructure that are transformational because of their scale and impact, and where regional leadership is required – e.g. East West Rail
 - Infrastructure that goes across local authority boundaries where partners are already working together but which has a broader impact that supports the wider regional ambition – e.g. the A505 corridor
 - Infrastructure that has a local focus but which is of regional significance given its impact on the wider transport system – e.g. London Road crossing, Bicester
- 3.3. Appendix 1 sets out a proposed package of measures: these form 3 groupings:
 - Measures that Government can take to accelerate decision making within Whitehall
 - Additional revenue funding made available by Government to the region and its partners in order to provide the technical capacity and capability required to take forward work to develop detailed investment proposals

- Additional revenue funding made available by Government to infrastructure owners in order to accelerate the development of detailed proposals

3.4. This Strategic Transport Forum is invited to comment on the package of measures identified in Annex 1.

4. Next Steps

- 4.1. As noted earlier in the paper xx, the challenges facing the planning, development and implementation of strategic infrastructure are not new: they are the manifestation of the inertia that has been added to the system over time by successive Governments.
- 4.2. Our experience of the last few months has demonstrated that where there is a Political commitment to 'get things done' it is possible to overcome inertia within 'the system'. The work made possible by the investment of partners' and the DfT in England's Economic Heartland gives us a robust and evidential-based approach to targeting measures that will remove inertia and accelerate delivery.
- 4.3. Realising the economic potential of the region is at the heart of the draft Transport Strategy.
- 4.4. The Investment Pipeline is focused on the need to improve connectivity in support of economic activity and enable the region's economic potential to be realised. By building on known priorities identified by the infrastructure owners it provides a robust basis on which to target investment in strategic infrastructure.

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Economic Recovery – Accelerating Delivery

1. Context

- 1.1. The majority of decision-making is centralised within Whitehall. There are multiple funding streams, each often with their own bespoke set of assessment/appraisal criteria. The majority of funding streams available from Government are capital only, with many operated as competitive processes operating to tight deadlines for submission and a requirement for any funding secured to be used within a prescribed period of time. There is no appreciation within the overall approach to the constraints on local authority revenue budgets, nor of the costs and risks that a local authority takes on when committing funds to develop a detailed proposal for investment.
- 1.2. The overall approach is not conducive to the efficient use of finite resources – both financial and human.
- 1.3. An added complexity is that decisions within Whitehall, in addition to requiring the approval of the spending Department (DFT), can also require the approval of Treasury.

2. Accelerate Decision Making:

- 2.1. Accelerating decision making within Whitehall is essential: scheme proposals under development have to progress through multiple decision points adding time and inertia to the overall process.
- 2.2. The publication of the Planning White Paper sets out the Government's ambition to simplify processes and accelerate decision making to enable delivery on the ground. The proposals set out in the White Paper serve to highlight the importance of applying this approach to the planning, development and delivery of strategic infrastructure.
- 2.3. Opportunities to accelerate decision-making include:

- a) **Government to set time limits** within which it will make a determination on a strategic infrastructure project – with a requirement placed on Whitehall departments to stick to those time limits.

The Planning Act 2008 allows infrastructure projects to be identified as National Strategic Infrastructure Projects (NSIP). This brings with it prescribed time frames within which proposals have to be considered and a decision taken.

An added advantage of this regime is that 'the need' for the investment is established through the publication of National Policy Statements. Establishing 'the need' early on increases confidence that the infrastructure will be delivered, thereby enabling local authorities and their communities to plan with greater certainty

The Investment Pipeline prepared as part of the draft Transport Strategy is evidential base and has been prepared in order to support the delivery of planned growth (economic and housing): it could therefore be used as the basis for identifying what constitutes a strategically significant infrastructure requirement.

- b) **Adopt a risk-based approach to delivery in advance of a formal final decision.** At present the decision-making process is principally sequential, however there is the potential for some processes to be run in parallel, or 'at-risk' of a final formal decision being taken. Shortening the overall decision making process will enable the economic benefit of placing contracts to develop and deliver the investment to be realised sooner, and the benefits of the infrastructure to the communities it serves to be realised earlier.

3. Investment Pipeline

- 3.1. Using the Investment Pipeline set out within the draft Transport Strategy, key infrastructure projects where there is scope to accelerate the decision-making process, and where those decisions can be made on a 'no-regrets' basis, are:



- **East-West Rail (Western Section)** – the Transport and Works Act Order was granted in February 2020: start of main works awaiting final green light from Treasury. Once secured, start of main works will see a significant economic injection into the local economy as contracts are placed for works and workforce is increased
- **East-West Rail (Western Section) Electrification** – the EEH work on Pathways to Decarbonisation has identified the critical importance of electrification of the transport system. Nationally Government has identified the need for a rolling-programme of electrification of the majority of the rail network. Building the Western Section such that it is opened as an electrified railway will avoid additional costs that will inevitably be incurred in retro-fitting what will otherwise be an operational railway. Electrification of the remainder of the Midland Main Line and Chiltern Main Lines would be priority investments in the medium term.
- **The CAM (Cambridgeshire Autonomous Metro)** – a transformational project in its own right, but with linkages to the delivery of East West Rail, particularly in terms of support for planned growth at Cambourne and Cambridge Bio-medical Campus
- **EEH Major Road Network Programme (2020-2025)** - submitted to Government in summer 2019, a programme of 9 schemes on the Major Road Network and 2 Large Local Major. Delivery of this programme could be brought forward if decision making within Whitehall was accelerated. However that would have to be complemented by Government making available additional revenue funding to enable the detailed development of individual schemes to be accelerated (see below)
- **Felixstowe to Nuneaton Rail Corridor** – acceleration of processes to finalise the business case in support of both proposals to address bottlenecks at Ely and Haughley Junction: both identified as critical to enabling this corridor to play its strategic role in connecting global deep-sea shipping services operating out of Felixstowe with the rest of the UK. EEH, has written a joint letter with Midlands Connect and Transport East, to the Chancellor urging Government to accelerate this work.
- **Western Rail Access to Heathrow** – improved connectivity to Heathrow from the west has long been identified as a regional priority, benefiting businesses and residents in Oxfordshire and Swindon, as well as communities further west. The scheme has been developed to the point at which the application for the Development Consent Order can be submitted
- **Active Travel Measures** – across the region local transport authorities have received some additional funding to enable them to take forward initiatives in the short term: additional funding (both revenue and capital) would enable the pace of this work to be accelerated. EEH partners have access to the First Mile/Last Mile toolkit to aid them in identifying opportunities at the local level
- **Cambridge South Station** – prioritising the development and submission of the Transport and Works Act Order, and its subsequent delivery
- **Wixams Station** – prioritising the development of detailed proposals for the station
- **Wisbech Rail Re-Opening** – supporting the Strategic Outline Business Case in support of the detailed proposal for the restoration of rail services

3.2. Linked with these proposals are two specific funding proposals that reflect the draft Transport Strategy's focus on harnessing the region's strength in science and technology based innovation:

- **Transport Innovation Fund (£75m funding over 5 years)** – establishing a region-wide innovation fund, managed in partnership with DfT, Innovate UK with the objective of running a series of 'grand challenges' linked with the need to transform the region's transport system – the 'grand challenges' to reflect the requirements of the draft Transport System, such as:

- Developing new public/shared transport models for rural and semi-urban communities
- Freight and logistic solutions for urban environments
- Integration of travel modes
- **Digitally Enabled Landscape (£25m funding over 5 years)** – establishing a region-wide programme through which it will be possible to deliver the ambition of ‘always connected’ across the region: initial focus on building the public/private sector partnership that is necessary to deliver the infrastructure – particularly mobile – that is required to enable service transformation at scale across policy areas.

4. Developing Technical Capacity and Capability

4.1. The implications of limitations within the ‘client side’ on the ability to develop and then implement scheme proposals have already been explored by EEH. This work – taken forward as ‘Capacity and Capability’ – was a concentrated piece of collaborative working that used the knowledge and experience of officers from a number of partners.

4.5. The outcome of the ‘sprint’ highlighted:

- The limited number of schemes developed to the point at which they were ready for implementation over the next 5 years
- The lack of technical and professional capacity within the ‘client side’ to take oversee the work required to develop scheme proposals
- The lack of access to specialist experience that would improve the efficiency and effectiveness of that work

4.6. The EEH Leaders’ considered the outcome of this work at their meeting in January 2020 and endorsed the proposal to improve the delivering of investment by establishing a regional ‘centre of excellence’. The key features of this team to be:

- A (small) dedicated team comprising specialist technical and professional skills upon which all partners can draw to support their development of detailed scheme proposals
- In this way partners will have access to specialist skills without the need to carry as overheads within their own structures, nor without having to secure access at commercial rates from external sources
- As a regional centre of excellence the team would accumulate knowledge and experience that is then retained within the region and to the collective benefit of partners

In this way the regional ‘centre of excellence’ would directly address the risks to delivery that partners identified through the ‘sprint’.

4.7. Building on the work already undertaken that is designed to accelerate the planning and development of strategic infrastructure two key areas of opportunity are:

- **Establishment of the Regional ‘Centre of Excellence’ – £3.0 m revenue funding over 3 years (from Government):** the benefit of establishing such a capacity and capability has previously been recognised by the DfT (it formed part of the funding for 2019/20): securing additional revenue funding from DfT would enable the team to be established before the end of the calendar year and would represent an ‘invest to save’, providing as it does the capability to reduce the cost and risk associated with the development of regionally significant infrastructure
- **Sub-national Transport Body Core Funding – £7.0 m revenue funding over 3 years (from Government):** current funding for core Sub-national Transport Body functions is on an annual basis: the lack of certainty and timing of funding from DfT has implications for our ability to take forward work to implement Transport Strategy. Primary focus for implementation is the programme of connectivity studies. Currently envisaged as a 4-year programme of activity, the output from the connectivity studies will be a detailed package of proposals for inclusion in the Investment Pipeline.

5. Developing the Detail of the Investment Pipeline

- 5.1. The Investment Pipeline in the draft Transport Strategy provides the basis for planning, developing and implementing strategic transport infrastructure requirements for the region.
- 5.2. In seeking to accelerate the delivery of the Investment Pipeline additional (revenue) resources are required to fund the cost of design work and securing the relevant permissions.
- 5.3. The lack of certainty that arises from the lack of clarity on the level of funding available nationally can act as a disincentive to local authorities to invest in scheme development because of the risk involved and the continued pressure on revenue budgets. Local authority finances are under even greater pressure as a result of COVID-19.
- 5.4. With that in mind three areas of opportunity are:
 - **Local Contributions – Government to waive** the need for local authorities to contribute towards the capital cost of strategic infrastructure requirements identified in the Investment Pipeline: a time-limited dispensation (5 years) that reflects the unprecedented circumstances we find ourselves in
 - **Work in Kind – roll out adoption of this as a mechanism** for capturing and placing a value on the work undertaken by local authorities in support of developing and implementing strategic infrastructure: originally pioneered with East West Rail (Western Section), the mechanism has been actively supported by DfT and would allow the resources provided locally to be valued and used as an offset against the reduction in local contributions
 - **Scheme Development Fund - £25m revenue funding over 3 years (from Government)**: held by DfT and managed on a joint basis with England's Economic Heartland as the Sub-national Transport Body, this funding would be used to support the commissioning of the technical work required to bring a proposal to the point it is 'shovel-ready'. The funding would be available to support proposals that have been identified in the Investment Pipeline, including the requirement to take forward outputs from the 'connectivity studies' to Strategic Outline Business Case.
- 5.5. In terms of proposals identified in the Investment Pipeline as being of regional significance, priority should be given (on a non-regrets basis) to accelerating work in relation to:
 - **A1 corridor** – identifying and taking forward a long-term solution for this corridor in support of planned growth and to inform development of future Local Plans
 - **Oxford Station** – accelerating the work to finalise the Business Case that supports the long-term solution for Oxford Station and environs, including the section between Oxford and Didcot Parkway, with a view to enabling delivery in Control Period 7 (linked with delivery of East West Rail)
 - **London Road Level Crossing, Bicester** – identifying a long-term solution to this crossing is a key requirement to enabling the full potential of East West Rail to be realised: funding required to develop the Business Case that supports the solution with a view to enabling delivery in Control Period 7 (linked with delivery of East West Rail)
 - **Bedford Midland Station** - commissioning work to determine a long-term solution to realise the potential of Bedford Midland Station that arises from the investment in East West Rail: funding required to develop the Business Case that support the solution with a view to enabling delivery in Control Period 7 (linked with delivery of East West Rail)
 - **Milton Keynes to East Midlands** - commissioning Strategic Outline Business Case that will determine a long-term solution to improve connectivity between Northampton and Market Harborough (as part of a wider Milton Keynes to East Midlands project)

- **Milton Keynes – Aylesbury – High Wycombe – Old Oak Common** - accelerating the work to determine a long-term solution that will enable the potential of this north-south corridor to be realised

- **ENDS** -