

18 FEBRUARY 2019 MEETING

STRATEGIC OUTLINE PROGRAMME FOR METRO PLUS – PHASE 1 – PROGRAMME OF LOCAL ‘FUTURE MOBILITY’ SCHEMES

REPORT OF COUNCILLOR HUW DAVID, CHAIR OF THE REGIONAL TRANSPORT AUTHORITY

AGENDA ITEM: 10

Reason for this Report

1. To establish the principle of a programme of activity complementing and enhancing proposed Metro and Metro Central investments - called Metro Plus - developed and supported by the Regional Transport Authority.
2. To provide the Strategic Outline Programme to catalyse the initial development of Metro Plus, highlighting core elements and features of the first proposed project which includes a fit for future plan for establishing comprehensive Electric Vehicle (EV) Infrastructure.
3. To secure investment to progress the development of Phase 1, comprising ten proposed local transport schemes, through a ‘Common Assessment Framework’ (underpinned by the principles of the WelTAG and five-stage business case model); and, commission further critical work to inform the wider approach to Metro Plus and innovative-transport planning in the region, through a Low Emission Vehicle Strategy, Infrastructure Income Modelling and a plan to provide charging facilities for taxis.
4. To set out the details of a bid submitted to the Welsh Government Local Transport Fund, on 18 January 2019, to provide a co-investment mechanism for meeting the eventual costs of the Phase 1 proposal.

Background – what is Metro Plus & why is it needed?

5. The South Wales Metro is a major infrastructure project and signals an ambitious ‘modal shift’ in connecting people and places and enhancing the functional economic geography of the region. It represents forward thinking on

the future of mobility and its mission it to provide contemporary public transport that will promote behavioural change. With commitments to renewable energy provision and sustaining pace of new technological developments, Metro has the potential to make a significant contribution to inclusive growth and will provide a core means of enabling sustainable business growth and facilitating shared prosperity. At a very practical level, the emphasis is on regular, reliable, and resilient infrastructure. In terms of its wider 'enabling' impact, it is set to encourage inclusion and connections – enabling people to both move around and come together.

6. Metro however, is a long-term ambition. The early phases of its roll-out will impact and benefit some areas ahead of others. The opportunity therefore exists to begin adding value much sooner and to set a standard and expectation around what 'really good' complementary infrastructure development could look like – linked to the Metro vision. Commentators and experts have long advocated the rapid implementation of a series of more localised measures, named 'Metro Plus', that could:

- begin to address some of the issues around sequence, gaps and timing in order for all administrative areas across the region to see early benefit;
- enhance, extend and add value to core Metro plans and make sense of the Metro Central development in providing a central hub in the capital city that is capable of supporting the wider region;
- lay the foundations for enabling further private sector investment and public-private joint venture infrastructure developments in line with the Metro Plus ethos;
- provide a focus on maximising contribution to the Seven Wellbeing Goals, through a fit for future EV Infrastructure plan – capable of being embedded in this - and potential future Metro Plus schemes;
- be predicated on a co-investment arrangement with Welsh Government and City Deal contributing an estimated £15m each, with additional leverage coming from local developer contributions, private sector investment and other contributions such as Council capital funds;
- place a focus on Return-on-Investment (ROI) through the income generation opportunities around infrastructure revenues; and,
- to set the course and the expected 'standard' for the longer-term roll out of integrated local transport schemes – whether by the public or private sectors – or both - and focus in on the investment opportunities within the UK-wide Industrial Strategy, particularly around the Future of Mobility.

What is the core proposal and how will we do it?

7. City Deal in collaboration with Welsh Government and Transport for Wales, has identified a proposed integrated programme of local future transport schemes that fit within a wider Metro Plus programme. A summary of each of the ten

proposed schemes that constitute phase1 and a map showing linkages to Metro are set out at Appendix 3 & 4 These proposed schemes have been drawn from the priorities surfaced by individual Councils and mirror the 'Metro spine' – creating both short and longer-term opportunities for place-shaping. They bring together a diverse range of projects, spanning regeneration, town centres, housing and economic growth, with transport as the central component or 'enabler' in allowing growth, expansion and opportunity to be unlocked. The strategic context for the schemes is established by the Industrial and Economic Growth Plan for the region, the development of which has led by the Regional Economic Growth Partnership. This reflects the priority around good infrastructure development, which supports and enables growth and sees Metro as establishing the physical development footprint for the region.

8. The proposed package of Phase 1 schemes total some £50m. Initial work on the programme to date, demonstrates that a £15m contribution from City Deal (proposed Infrastructure Fund), should lever in a potential £15m co-investment from Welsh Government's Local Transport Fund (bid submitted by Merthyr CBC on 18 January 2019 with an expectation of c£5m p/a over three years). The expectation of a full £15m 'match' from WG is strong and positive discussions are ongoing with the acceptance that this represents a strong offer to WG and a means of accelerating a wide range of projects. To date, against this requirement for £15m, £4.1m has been bid to the Local Transport Fund with further bids to follow. Through the course of business case testing and development, it is anticipated that the remaining £20m will be sourced through local developer contributions; third party and private sector funding, other potential government programmes and capital contributions from Councils. One demonstration of wider leverage potential is the work the Valleys Taskforce has commissioned on integrated transport hubs. These programmes must be joined-up in order to maximise leverage, alignment and co-ordination opportunities. In addition, there are several opportunities through bodies such as Welsh Government 'Transactional Capital' and Energy Savings Trust around investment opportunities in low carbon pathways.
9. The proposed £15m contribution therefore from City Deal is poised to leverage £35m (leverage ratio of 1: 3.3). In addition, and as part of the ongoing development of the Business Case, further work has been commissioned through environmental infrastructure experts to undertake Infrastructure Income Modelling. This will inform the position on income generation and ROI around park and ride, ticketing, renewable energy, energy storage and smart charging.
10. All of the early ingredients are in place and it is clear that significant potential now exists to convert these high-levels concepts into a business case. To date, an initial appraisal to inform the Strategic Programme has been undertaken by Redstart (Appendix 1). In addition, a CCR Infrastructure Review has been undertaken by Cenex – an independent not-for-profit low emission vehicle and energy advisory service for transport experts (Appendix 2).

11. Converting ten proposed local transport schemes, all at various stages of development and under the banner of one co-ordinated programme is a big ask. Drawing on the Five Stage Business Case Model and the WelTAG process, it is proposed that a Common Assessment Process is devised to co-ordinate and accelerate business case development in an appropriate and proportionate way. This will enable the more detailed business case to be developed in a comprehensive but streamlined way – testing for strategic fit against the Phase 1 programme and then progressing through a series of gateways, which, seek to demonstrate the core economic, deliverability and affordability aspects of each proposed local project. The Common Assessment Process will allow every project to be considered on its merits and means that those in a strong state of readiness are able to proceed quickly. Each project will still be subject to an individual business case, which will require approval, albeit, the context provided and the additional benefits will see the overall scheme develop as one coherent regional proposal.
12. The business case development will be undertaken in accordance with the new Investment and Intervention Framework (subject to its agreement by Regional Cabinet). The purpose of this framework is to ensure investment proposals are grounded in the strategic priorities of City Deal, are capable of contributing to high levels jobs, growth and leverage targets and fulfil criteria relating to other required outcomes. This Investment and Intervention Framework will essentially ‘test’ the integrity of the proposition and ensure investments are aligned and supportable.
13. Metro Plus is not a one-off. Whilst this document in the main focuses on a specific proposal for a programme of ten local future transport schemes – it is the first phase of what is anticipated to be a wider programme. Metro Plus provides the potential to develop a whole programme of activity that contributes to, complements and enhances Metro and mobility delivery in the region. Providing this foundation is key to be able to think more strategically and long-term about resources such as the Local Transport Fund, other WG Capital Funds (such as Transactional Capital) and how to develop a more considered and joined-up approach to investment planning for transport. Given the UK Government emphasis on the ‘Future of Mobility’ and the billions of pounds to be injected into this grand challenge theme, it is important to set a path for future aspiration and investment that City Deal should mobilise.

What’s the high level detail and potential for added value?

14. The Phase 1 programme of schemes include Transit Orientated Developments – such as future interchanges based around a range of uses beyond just transport; enhanced Park and Ride facilities that promote interchange and integration for all modes, and new and extended Metro networks that will open up and enable improved access to new and existing activities for work, training,

education, culture, retail, leisure and community. In addition, the opportunities provided to places to enhance resilience of town centres, viability of high streets and access to employment, are potentially significant. In this way, synergies with the Wellbeing Goals of prosperity, resilience, equality of access and community cohesion – are clear to see.

15. Beyond this, there is real scope for enhanced value through incorporation of a package of measures identified and costed through the initial review of opportunities around renewables, energy storage and smart charging. This provides potential to future-proof this and potential future proposals and to set a standard for the region. The recommendations of the review report provide information and data on forecast uptakes in ‘plug-in’ vehicles, including cars, buses and taxis and details of relevant local and national policies and investment opportunities including future consideration of local renewable energy development. This has the potential to convert into delivery of:

- Latest technological advances in vehicle charging, including energy generation and storage wherever possible
- Potential for a car-club sharing and plug-in scheme
- Potential for on-site renewables
- Opportunities to improve air quality and support clean growth
- A flexible system which responds to demand for up until 2025, with provision made for easy upgrades until 2030 in order for further demand to be seamlessly supported

16. In addition to this, scheme proposals set out further opportunity for impact around:

- Promotion of active travel and developing the proposals in line with a standard to encourage and support walking and cycling. In particular, to explore an opportunity to roll-out ‘Next Bike’ provision at scale
- Skills development and training with the potential for a Targeted Recruitment and Training programme – delivered as a core component of all works contracts
- Direct and indirect
- Income generation and ROI that is capable of being recycled through the Infrastructure Fund and reinvested into scaling and supporting future Metro Plus schemes
- Synergies with prospective plans for digital infrastructure development and potential open data challenges that support development of apps and digital tools that help consumers make best use of new provision
- Synergies with plans for future energy supply and demand needs and understanding the potential for innovative joined-up practice
- Connections with wider regional working to take forward the EV Bus initiative work to align with wider EV Strategy. Recognising that EV is an

important part of the solution – but alongside the other options and opportunities set out in this report

17. The Reports setting out the work to date are attached at Appendix 1 (Redstart) and Appendix 2 (Cenex). A summary of each of the ten proposed schemes and a map showing linkages to Metro are set out at Appendix 3 & 4. The benefits of co-ordination as a regional package will contribute to making the connections, building alignment and having a more balanced programme of activity across the region. The Redstart report in particular, evidences that the collective benefits of the programme, are far greater, than if implemented individually.

What will the impact be if successful?

18. Critical success factors for the first phase under the Metro Plus programme, include:
 - A connected programme of regional delivery that delivers targeted local impact, across ten local authority areas
 - Corresponds and connect with the Metro footprint and enables communities, businesses and residents to see and benefit from early evidence of investment in enhancements that will be fit for the future
 - Public sector lays foundations to attract new investment by the private sector and/ or, accelerate and bring forward planned longer-term activity
 - Unlocking wider plans and potential relating to viability and sustainability of place – access to development sites, town centres, high streets, retail and culture and arts
 - Contributing to core City Deal targets around direct and indirect jobs growth and strong leverage and income generation model through Park and Ride, Ticketing and EV Charging Infrastructure Income
 - Future focussed model (low emissions, renewable energy, storage and smart charging) that keeps region sustainably going and growing
 - Strong resonance with Wellbeing Goals – and particularly to maximise contributions around prosperity, health, resilience and social cohesion
 - Sets new working and progressive standard for sustainable transport development in region
 - Provides a platform for future complementary proposals and contributes evidence, expertise and insight to help make the case for those areas feeling outside of current Metro plans
 - Growth and developmental potential, particularly in regard to Stations of the Future #2 and other challenge calls under the Future of Mobility (Industrial Strategy Challenge Fund)

How will the Programme be organised to deliver and in what timeframe?

19. Project development support and co-ordination will be provided through the central (and soon to be enhanced) City Deal team, in conjunction with lead officer

support from the Regional Transport Authority. This will ensure a mix of technical expertise and leadership alongside dedicated strategic project support and co-ordination. This principally involves:

- The commissioning of expert independent support to establish the next stage of business case development, in line with a proposed Common Assessment Framework and in tandem with;
- The commissioning of expert independent advice on a low emission vehicle strategy; EV Infrastructure Income Modelling and a plan for regional roll-out of taxi-charging points.

20. The proposed timescales for delivery require that the business case is developed through the Common Assessment Framework; evaluated through the proposed Investment and Intervention framework, ahead of final decision making by Regional Cabinet in Q3 of 2019/20. Programme delivery is anticipated to commence in 2019 and straddle the period 2019-2022.

How will we measure progress?

21. The Regional Transport Authority provides enhanced capability around project support, technical support and robust assurance processes. This key step forward in governance terms will help ensure there is a co-ordinated mechanism through which to monitor and evaluate progress; holding key officers to account and managing risk and contingency. The insight, intelligence and progress fed through the RTA, will enable timely interventions to ensure project delivery is on track and in-line with stated outcomes. It is anticipated that monitoring and reporting will take place across four key areas:

- Programme delivery plan – quarterly updates will be sought and reported, to align with the quarterly performance reports, which are a key feature of the overall City Deal monitoring process. This will include development and oversight of a Project Risk Log;
- The development of a Common Assessment Framework (benchmarking, common outcome metrics), which will subscribe to the WelTAG and five stage business case process
- Application of the proposed Investment and Intervention Framework and associated toolkit; and,
- Financial monitoring and support to ensure goals around efficiency, effectiveness and targeted budget positions are maintained.

What will it cost?

22. The estimated costs of project delivery - £50m - and the breakdown of investment to support this – and the ‘ask’ and ‘offer’ of and to City Deal is set out above. In order to develop the scheme through the processes and frameworks described, there will be a need for developmental resources and support. This will

necessitate an element of external independent expert support. The costs associated with this, estimated in the region of £75k, are broken down as follows:

- Cost of commissioning Low Vehicle Emissions Report; Infrastructure Income Modelling and Taxi Charging Infrastructure - £40k (with £20k matched through Local Transport Fund). The experts proposed will be procured in accordance with Rhondda Cynon Taf County Borough Council's procurement processes and legal requirements.
- Cost of commissioning expert support for bringing business case together, due diligence and associated legal advice and support, including development of the Common Assessment Framework with key stakeholders - £55k
- A bid for £4.1m has been submitted by Merthyr CBC, on behalf of the Region, to WG for 2019/20. This will enable the progression of each scheme in the financial year 2019/20. The deliverables of each project can be seen in the LTF bid (Appendix 6). It is anticipated that the WG will fund up to £4.1m in 2019/20, with further allocations being made available in financial years 2020/21 and 2021/22

Financial Implications

23. The attached report seeks approval to allocate £75,000 to develop the strategy and business case (including associated due diligence work) for Phase 1 of the Metro Plus Programme. This sum can be met from within the Programme Development & Support budget, proposed for financial year 2019/20, subject to its approval.
24. In addition, the report outlines that the projected capital cost of Phase 1, could be in the region of £50 million. An application has been made to the Welsh Government's Local Transport Fund for £4.1 million of funding for 2019/20, with indicative allocations over the following 2 years to make up the £15m WG contribution (Appendix 6). Around £20 million of the cost envelope is expected to be secured locally, from various sources, as outlined within the body of this report. The report therefore seeks an 'In-Principle' commitment of £15 million from the City Deal Wider Investment Fund (WIF) to meet the balance of funding for the proposed programme of projects over the 3 year timescale.
25. The JWA 5 Year Business Plan contains capital funding allocations in respect of the WIF over the period to 2020/21. There are sufficient uncommitted resources available to meet the in-principle commitment being requested at this time. If approved, the WIF Funding Strategy will need to be updated to capture this commitment, along with updates from other approved projects, in order to re-profile the funding requirements over this period.
26. In respect of business case development, the report suggests the development of a 'Common Assessment Process', which will enable business cases to be

developed in a comprehensive, but streamlined way, initially testing for 'strategic fit' and then progressing through a series of gateways which seek to demonstrate the core 'economic', 'deliverability' and 'affordability' aspects of each proposed project. Such an approach will facilitate individual proposals coming forward for assessment and approval, as soon as they are in a position to do so, and not be constrained by the 'pace of the slowest'. All schemes will be required to comply with the WeITAG Process to secure public sector funding.

27. In this regard it is important that the provisions of the WIF Assurance Framework are followed, as this is a key requirement of the City Deal Funding Terms & Conditions. This sets out that business cases will be developed in line with HM Treasury Green Book (5 Case Model), although, clauses 3.5 (Appraisal Framework) and 3.7 (Business Case Development), make an important reference to the concept of 'proportionality'.
28. Work is being done with external advisors (Local Partnerships) to better understand how the issue of proportionality can be addressed through the development of a variety of approaches linked to project value, complexity and timeliness. These approaches will need to be predicated on the principles (and robustness) delivered through the 5 Case Model, with proposals undergoing the necessary consultation with key stakeholders. This latter point is important to demonstrate good governance, whilst ensuring the risk of non-compliance with Funding Terms & Conditions is minimised.
29. In addition, the terms and conditions attached to the Welsh Government's Local Transport Fund contribution will also need to be complied with. It is understood that central to this will be the need to comply with the WeITAG process, which is common to transport schemes seeking Welsh Government approval and funding.
30. A further report will be brought back to Regional Cabinet to provide an update on the outcome of the Welsh Government funding application. That report will also need to provide an update on the development of a Common Assessment Framework, project business cases and the cumulative value of funding secured locally.

Legal Implications

31. The report seeks authority for further work to be carried out to develop proposals for Metro Plus. When developing proposals for individual projects, the provisions of the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal ('the JWA'), (in particular the provisions of the Assurance framework), and the terms attaching to the funding provided by HMT to the CCRCD must be complied with. As set out in the body of the report, to ensure compliance with the JWA, business cases will be developed for each scheme and the approach taken will be consistent with the HM Treasury Green

Book and business case appraisal process , applied in a manner that is proportionate to the scheme in question. The JWA and funding conditions further provide that the ‘purposes’ for which CCRC monies are used must accord with those set out in the JWA Business Plan (the CCR City Deal 5 year Strategic Business Plan Wider Investment Fund) . The JWA Business Plan provides that ‘to maximise the potential benefits of the Metro to the region the Regional Cabinet are exploring a programme of complimentary transport investment, Metro plus’. This report details the proposed complimentary transport investment.

32. It is noted from the body of the report that third party funding is required for the phase 1 schemes to be implemented and pointing out the obvious decisions to implement the proposed schemes should not be sought until the required funding is secured . There is risk that expenditure on developing the metro plus proposals could provide abortive if, amongst other matters, the third party funding were not secured and the schemes do not progress. That said funding could not be secured without the business cases being developed so the risk of abortive costs incurred in developing a business case is not unique to the metro plus scheme. Consideration should be given to any conditions attached to such third party funding to ensure that CCRC is able to comply with the same.
33. In developing the business cases, detailed legal advice should be obtained for each proposed scheme, including consideration to any consents/ permission required to facilitate the scheme.

Wellbeing of Future Generations (Wales) Act 2015

34. The Well-Being of Future Generations (Wales) Act 2015 (‘the Act’) is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a ‘well-being duty’ on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRC) must set and published well-being objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national well-being goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the well-being objectives set by each Council and in so doing assist to achieve the national well-being goals.
35. The well-being duty also requires the Councils to act in accordance with a ‘sustainable development principle’. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Regional Cabinet must take account of the impact of their

decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrated approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them.

36. Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken which is attached at Appendix 5.

General advice

37. In considering this matter and in developing the proposals regard should be had, amongst other matters, to:

- (a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards,
- (b) Public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are : a. Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; i. Religion or belief .

RECOMMENDATIONS

The Cardiff Capital Region Cabinet is recommended to:

- a. Agree in principle to Metro Plus, a programme of activity as set out in this report, which is designed to complement and enhance the Metro and proposed Metro Central schemes, to be further developed and supported by the Regional Transport Authority;
- b. Agree to further develop the proposals for the ten schemes comprising Phase 1 of the Metro Plus Programme (Programme of Local Future Mobility Schemes, set out in appendix 3) (including a fit for future plan for establishing comprehensive Electric Vehicle infrastructure) through the development and application of a Common Assessment Framework;
- c. To approve up to £75,000 from the Wider Investment Fund (Project Support budget) to develop the business case and further the work on the Low Emission Vehicle Strategy; Infrastructure Income Modelling and charging infrastructure for taxis;

- d. Endorse the action taken in submitting the Local Transport Fund Bid to Welsh Government on 18 January (Appendix 6); and
- e. To note that should it not prove possible to secure the full required co-investment from WG, of £15m – a further report will be brought back to Regional Cabinet, to set out options through which to progress the scheme.

Kellie Beirne
Cardiff Capital Region Director
18 February 2019

The following Appendices are attached:-

APPENDIX 1 – REDSTART REPORT – APPRAISAL OF RTA METRO PLUS PROGRAMME

APPENDIX 2 – CENEX REPORT - METRO INFRASTRUCTURE REVIEW (EV)

APPENDIX 3 – LOCAL SCHEME SUMMARY

APPENDIX 4 – MAP OF PROPOSED SCHEMES

APPENDIX 5 – WELLBEING OF FUTURE GENERATIONS ASSESSMENT

APPENDIX 6 – CCR SUBMISSION TO LOCAL TRANSPORT FUND WG