

# Birmingham City Council

## Report to Cabinet

9 February 2021



**Subject:** TRANSPORTATION AND HIGHWAYS CAPITAL PROGRAMME 2021/22 TO 2026/27 – ANNUAL PROGRAMME UPDATE

**Report of:** ACTING DIRECTOR, INCLUSIVE GROWTH

**Relevant Cabinet Member:** Councillor Waseem Zaffar – Transport and Environment, Councillor Tristan Chatfield – Finance and Resources

**Relevant O &S Chair(s):** Councillor Liz Clements – Sustainability & Transport Councillor Sir Albert Bore – Resources

**Report author:** Phil Edwards – Assistant Director Transportation and Connectivity, 0121 303 7409, philip.edwards@birmingham.gov.uk

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 008190/2021		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### 1 Executive Summary

- 1.1 To seek approval to the Annual Programme Update (APU) for the Transportation and Highways Capital Programme (THCP) for the period 2021/22 to 2026/27 at a total estimated cost of £237.601m. The THCP supports delivery of the City Council's key policies and priorities, facilitating streamlined and efficient delivery. The APU reflects new resources, revised project costings and programmes, expenditure profiles and policy changes that have occurred since approval of the previous THCP on 11<sup>th</sup> February 2020. Within this update, approval is sought to allocate the anticipated Integrated Transport Block (ITB) capital funding, available through the West Midlands Combined Authority (WMCA) devolved transport

grant process (estimated at £5.145m in 2021/22), to support a range of projects and programmes that contribute towards key City Council priorities and delivery plans. It should be noted that funding mechanisms for 2022/23 onwards could see change as intra-city funding settlements to Mayoral Combined Authorities will commence, as announced in the November 2020 Spending Review.

- 1.2 The THCP includes the Dudley Road Improvement scheme. The scheme is currently part funded and has an estimated funding gap of £16.850m which will need to be resolved in order for the scheme to be progressed to delivery (see paragraphs 7.3.8 and 7.3.9 for details).
- 1.3 The THCP contributes to the delivery of priorities including the West Midlands Strategic Transport Plan: Movement for Growth, Birmingham Development Plan, Birmingham Connected transport strategy and the emerging draft Birmingham Transport Plan (BTP), adopted Emergency Birmingham Transport Plan, the Route to Zero strategy, and to allow the City Council to fulfil its obligations as Host City for the 2022 Commonwealth Games (CWG)
- 1.4 The report also seeks approval to release development funding of £1.802m Integrated Transport Block (ITB) to progress individual projects to Outline Business Case (OBC) or Full Business Case (FBC) stage in accordance with the City Council's Gateway and Related Financial Approval Framework (GRFAF) and the delegations proposed within this report, to expedite project delivery and enable a rapid response to emerging grant funding opportunities.

## **2 Recommendations**

- 2.1 Approves the Annual Programme Update (APU) provided as Appendix A to this report at a total estimated capital cost of £237.601m, including Annexes A to G setting out major schemes, programme governance and prioritisation criteria, as an update to the Transportation and Highways Capital Programme 2020/21 to 2025/26 approved by Cabinet in February 2020 at a total estimated capital cost of £256.211m.
- 2.2 Approves subject to the City Council's Gateway and Related Financial Approval Framework (GRFAF), confirmation of 2021/22 funding and pursuant to the delegations set out in recommendations 2.5 to 2.10.
  - 2.2.1 An estimated allocation of £5.145m in 2021/22 of new ITB funding provided through the WMCA devolved transport grant process, to named projects.
  - 2.2.2 The release of ITB development funding of £1.802m to progress named projects to Outline Business Case (OBC) and Full Business Case (FBC) stage.
- 2.3 Notes that approved prudential borrowing (PB) detailed in Appendix B and associated PB financing will be formally committed at project FBC stage in accordance with the City Council's GRFAF, with new resources and windfalls used to offset the requirement for borrowing wherever possible;

- 2.4 Delegates authority to the Cabinet Member for Transport and Environment to approve revisions to the programme, should the final confirmed ITB allocation for 2021/22 fall significantly short, such that the impact cannot be contained within the overall THCP resources.
- 2.5 Delegates approval of all OBCs, FBCs and related reports including revised financial appraisals for named projects and programmes detailed in Appendix A (Annex F) of this report to the Acting Director, Inclusive Growth in conjunction with the Interim Chief Finance Officer and in consultation with the relevant portfolio holder, up to a maximum value of £2.000m.
- 2.6 Delegates approval of all OBCs, FBCs and related reports including revised financial appraisals for named projects and programmes detailed in Appendix A (Annex F) to a report of Acting Director, Inclusive Growth and Interim Chief Finance officer to the relevant portfolio holder, up to a maximum value of £10.000m.
- 2.7 Delegates authority to bid for and accept external capital and revenue resources in line with City Council priorities and consistent with the policies and objectives of the West Midlands Strategic Transport Plan, Birmingham Development Plan, Emergency Birmingham Travel Plan and emerging draft Birmingham Transport Plan to the Acting Director, Inclusive Growth, in conjunction with the Interim Chief Finance Officer, and in consultation with the relevant portfolio holder, up to a maximum value of £2.000m.
- 2.8 Delegates authority to bid for and accept external capital and revenue resources in line with City Council priorities and consistent with the policies and objectives of the West Midlands Strategic Transport Plan, Birmingham Development Plan, Emergency Birmingham Travel Plan, and emerging draft Birmingham Transport Plan to a report of Acting Director, Inclusive Growth and Interim Chief Finance officer to the relevant portfolio holder, up to a maximum value of £10.000m.
- 2.9 Delegates authority to approve virement of funding between named projects within Annex F of the Transport and Highways Capital Programme, to Assistant Director Transport and Connectivity, for values below £0.500m, in line with City Council policies and objectives, and the City Council GRFAF.
- 2.10 Delegates authority to approve virement of funding between named projects within Annex F of the Transport and Highways Capital Programme, to Assistant Director Transport and Connectivity, in conjunction with the Interim Chief Finance Officer, and in consultation with the relevant portfolio holder, for values from £0.500m up to a maximum value of £1.000m, in line with City Council policies and objectives, and the City Council Gateway Approval Framework.
- 2.11 Approves a virement of £1.200m from residual Birmingham Cycle Revolution ITB resource held within the Council's Cycling and Walking sub-programme of the THCP to the Bristol Road Downgrading project to provide a local match funding contribution to support the provision of new and improved cycle facilities on Bristol Road in Selly Oak, as outlined in Annex G, noting that this is an eligible use of

the existing resources and that the Bristol Road project is subject to FBC approval.

- 2.12 Authorises the City Solicitor to negotiate, execute and complete any necessary legal documentation to give effect to the above recommendations.

### **3 Background**

- 3.1 The Transportation and Highways Capital Programme (THCP) performs an essential role in supporting a range of projects and programmes that contribute towards achieving the City Council's key policies, priorities and delivery plan, as set out in the West Midlands Strategic Transport Plan, Birmingham Development Plan, Birmingham Connected transport strategy, and the emerging draft Birmingham Transport Plan (BTP), adopted Emergency Birmingham Transport Plan, Route to Zero Strategy, and Walking and Cycling Strategy and Investment Plan.
- 3.2 The THCP was previously updated and approved by Cabinet on 11<sup>th</sup> February 2020 for a rolling six-year period up to 2025/26. This report reflects new programmes, resources, priorities, opportunities, revised project costings, expenditure profiles and policy changes that have occurred since this time. Such changes include:
- 3.2.1 Increase in development and delivery of active travel schemes to aid the city's recovery from COVID-19 pandemic.
  - 3.2.2 Further certainty over the delivery of the Birmingham Clean Air Zone (CAZ) In June 2021, and associated works including CAZ grant and likely levels of CAZ net revenue surplus;
  - 3.2.3 Continuing support for the delivery of the Birmingham 2022 Commonwealth Games Transport Strategy, with new and accelerated infrastructure schemes being a key part of the post games legacy;
  - 3.2.4 Programme alignment opportunities with WMCA, Network Rail and Highways England.
  - 3.2.5 A revised Dudley Road Improvement scheme, which is currently part funded and has an estimated funding gap of £16.850m which will need to be resolved in order for the scheme to be progressed to delivery (see paragraphs 7.3.8 and 7.3.9 for details).
  - 3.2.6 Consultation on the BTP and adoption of the Emergency BTP – with subsequent review of the THCP programmes, and the Places for People (Local Neighbourhoods) sub programmes, including Safety Schemes and Safer Routes to Schools.
- 3.3 As part of the West Midlands Devolution Deal, HM Government agreed to devolve a consolidated local transport budget, for which the WMCA Mayor became accountable from 2018/19. Devolved grant resources comprising ITB, Highways Maintenance Block, Highways Maintenance Incentive Funding and Bus Services

Operating Grant (BSOG) are allocated annually and paid to the WMCA as the relevant 'accountable body'.

3.3.1 Funding for highway maintenance is 'passported' directly to Councils, with the exception of Birmingham, whose allocation is deemed to be included within funding arrangements for the Highways Maintenance and Management Private Finance Initiative (HMMPFI).

3.3.2 BSOG will be paid directly to Transport for West Midlands (TfWM) as revenue funding for tendered bus services.

3.3.3 The WMCA have allocated ITB funding to Birmingham and the other Metropolitan District Councils to be used for 'small transport improvement projects' on a per capita basis. This is in accordance with the intention of Government that funding is used by transport authorities to help stimulate local economies by reducing congestion, improving road safety, improving accessibility and supporting the use of active and sustainable modes of travel. A total of £5.145m of new ITB capital funding is estimated to be allocated to Birmingham for integrated transport projects in 2021/22. A summary of ITB allocations is provided in Section 7.3 (Financial Implications) of this report.

3.3.4 Following the November 2020 Government Spending review, there will be a change to how local transport funding is allocated, as over £2.5bn has been confirmed for eight city regions across England from 2022-23, as part of the Government's commitment of £4.2bn for five-year, consolidated intracity transport settlements. £50m will also be provided in 2021/22 to support preparations for settlements, with further detail to be provided on both in early 2021. These settlements will be agreed with elected Mayors and published, providing transparency and accountability while giving Mayors the flexibility and certainty to deliver their plans. The city regions that will receive settlements, subject to appropriate governance, include Greater Manchester, Liverpool City Region, West Midlands, West Yorkshire, Sheffield City Region, Tyne and Wear, West of England and Tees Valley. This aims to deliver the NIC's recommendation to provide settlements that enable long-term and locally led investment in large cities transport networks. The Budget for this fund will be held by DfT.

3.3.5 In addition, the £4bn Levelling Up Fund was announced, for which bids will need to be submitted in 2021 once the bidding criteria is published.

3.4 The structure of the THCP comprises the following sub-programmes as described in Appendix A: Major Schemes; Public Transport; Brum Breathes and Route to Zero, Infrastructure Development, Active Travel and Places for People. The Flood Risk Management Programme is to be included in the THCP from 2021/22 onwards as part of the sub programme of Places for People. The programme comprises projects that focus on previously flooded properties and

areas affected by the 2016, 2018 and 2020 flood events. Details of this programme can be found in Annex H.

- 3.5 The TCHP 2021/22 introduces the revision of the sub-programmes, as listed above. These recognise key policy themes, including the emerging Birmingham Transport Plan (BTP), and allow similar projects to be grouped in a more coherent manner. They also seek to make a significant contribution towards the key priorities of the Council delivery plan including delivering the Commonwealth Games, supporting a green recovery from COVID-19, and help to deliver key council and inclusive growth projects including Route to Zero, Our Future City Plan and the East Birmingham Strategy.
- 3.6 The West Midlands Combined Authority (Functions and Amendment) Order 2017 allows the WMCA to undertake works on the Key Route Network with the agreement of the City Council. The WMCA will take the lead role on projects such as Sprint buses and Cross City Bus, along with a number of smaller projects that provide transport benefits for which it is the main funder. These will be developed and introduced to the programme throughout the year. All projects on the public highway undertaken by WMCA will be subject to a Section 8/Section 278 (Highways Act 1980) Agreement and the appropriate approvals being secured through the City Council's GRFAF. The City Council's relevant fees will be recovered from WMCA and administered through the Council's financial system.
- 3.7 In the development of previous iterations of the THCP a number of funding pressures were identified, and a strategy formulated to resource these projects over a number of years using a mixture of Prudential Borrowing (PB) and direct allocation of net Bus Lane Enforcement (BLE) surplus. The 2021/22 to 2026/27 THCP continues to support this strategy and work is ongoing to minimise the amount of prudential borrowing which is eventually required through the wider ongoing management of the existing THCP resources and new resources as they become available. Further information is provided in the finance section.
- 3.8 In order to maximise delivery, enhance the City Council's reputation, minimise costs and offset reduced officer resources in relevant departments, there is a need to respond expediently to external funding opportunities that become available (Air Quality, CAZ, Transforming Cities Fund and Commonwealth Games as examples in this report), often at short notice, and enable more effective budget and resource management within the confines of an agreed six year investment programme. To this end, in line with previous years the delegations in recommendations 2.4 to 2.10 of this report are being sought.

### **Draft Birmingham Transport Plan**

- 3.9 It should be noted that the City Council published a draft Birmingham Transport Plan (BTP) in January 2020, setting out what the city needs to do differently to meet the demands of the future. At the heart of the plan are the challenges facing the city and the world around air quality, climate change and local congestion, and the opportunities of city growth, investment in public transport and the

Commonwealth Games 2022. By re-imagining our transport system and its priorities, we aim to change people's behaviour so that active travel is the first choice for people making short journeys, and high-quality public transport is the preference for longer trips.

- 3.10 Towards the end of the public consultation on the draft BTP, the country was placed in lockdown to reduce the spread of the novel coronavirus COVID-19. As a result, travel patterns were transformed overnight, with traffic down to a third of usual levels. These dramatic changes led to a reduction in air pollution, with NO2 levels falling within legal limits at key monitoring stations. At the same time, people started walking and cycling more, exploring their local area during their daily permitted exercise.
- 3.11 On 9<sup>th</sup> May 2020, the Secretary of State for Transport announced a £2 billion package to support active travel to help the country emerge from the coronavirus crisis, of which £250 million is for swift, emergency interventions to make cycling and walking safer under the Emergency Active Travel Fund. On 11<sup>th</sup> May 2020, the Government published a national COVID-19 recovery strategy, setting out the conditions for easing lockdown and the steps that will be taken in England to enable more activities to take place whilst continuing to control the spread of COVID-19.
- 3.12 The Emergency Birmingham Transport Plan (EBTP) published on 14<sup>th</sup> May 2020, sets out the short, medium and longer-term actions Birmingham can take to enable a low carbon, clean air recovery from COVID-19 and is clear that measures should be consistent with existing draft and adopted policy (including the Local Walking and Cycling Strategy and Infrastructure Plan) and continue to address the challenges and opportunities already identified in particular, climate change and air quality.
- 3.13 As Birmingham emerges from impacts of the pandemic, it is vital that the full Birmingham Transport Plan (BTP) is adopted and delivered. The THCP is integral to this aim, and the programmes and resources in the 2021/22-26/27 THCP are targeted at the adoption and delivery of the Birmingham Transport Plan, and the wider Council priorities that it helps to deliver.
- 3.14 The draft Birmingham Transport Plan will provide the step change in Council policy that is required to meet our objectives, including the Route to Zero targets. This may require changes to Council income streams, with more detail in 7.3.14.

#### **(Emergency) Active Travel Funding**

- 3.15 On 27<sup>th</sup> May 2020 the Department for Transport (DFT) informed local authorities that of the total EATF £250 million fund, £225 million will be provided directly to local transport authorities and London boroughs, while £25 million will help support cycle repair schemes.
- 3.16 The £225 million EATF allocated to combined and local authorities was released in two phases. The first tranche of £45 million was released on the 26<sup>th</sup> June 2020 so that work could begin at pace to deliver measures such as closing roads to

through traffic and installing segregated cycle lanes. The West Midlands Combined Authority area was allocated £3.847 million of EATF tranche 1 funding. This was £0.400 million more than the indicative allocation due to the proposals submitted by the Local Authorities being particularly strong. The City Council received £1.131 million of this allocation, which was £0.097 million more than the provisional allocation of £1.034 million.

3.17 The second tranche of £180 million was announced on 13 November 2020. The West Midlands Combined Authority area was allocated £13.098 million of EATF tranche 2 funding (it should be noted that the DfT have renamed the funding stream 'Active Travel Fund'). The City Council is to receive £4.477 million of this allocation in February 2021.

3.18 This Tranche 2 funding is intended to be used to support the creation of longer-term projects, some of which were delivered in a temporary capacity through the Tranche 1 programme. A review of Tranche 1 schemes is currently underway and runs from 16 November 2020 to 12 February 2021. The review will assess the schemes impact and effectiveness, and decide whether they should be made permanent, modified or removed in future.

#### **4 Options Considered and Recommended Proposal**

4.1 Alternative options have been explored as part of the Annual Programme Update provided at Appendix A to this report, with the proposed option selected on the basis of best achieving the City Council's key policies and priorities within finite resources, whilst maximising delivery and minimising risks.

#### **5 Consultation**

5.1 Full external consultation will be undertaken as part of individual OBCs and FBCs in accordance with normal practise including Ward Councillors, residents, emergency services, businesses, WMCA/TfWM, special interest groups and the Cycling Forum. Consultation will also be undertaken with Sutton Town Council and New Frankley in Birmingham Parish Council where appropriate.

5.2 Consultation has been undertaken with the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) in respect of Local Growth Fund (LGF) resources who support this approach.

#### **6 Risk Management**

6.1 Key risks are outlined in Appendix A (Annex E). It should be noted that a significant shortage of consultant and contractor resources in the marketplace could impact upon programme delivery and increase project costs. In addition, the COVID-19 pandemic may impact upon the delivery of projects and their costs. Such risks will be managed by senior Transportation and Highways officers in conjunction with the relevant portfolio holders.



## **7 Compliance Issues:**

### **7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

- 7.1.1 The Transportation and Highways Capital Programme (THCP) performs an essential role in supporting a range of programmes and projects that contribute towards achieving the City Council's key policies and priorities as set out in the City Council Plan and Budget 2021-25, West Midlands Strategic Transport Plan, Birmingham Development Plan, Birmingham Connected transport strategy, draft Birmingham Transport Plan, Emergency Birmingham Transport Plan, Local Walking and Cycling Strategy and Infrastructure Plan, Clean Air/Climate Change Emergency including Route to Zero, and Commonwealth Games agendas.
- 7.1.2 In the context of inclusive economic growth, the THCP has a strong focus on supporting the City Council's core mission to be a 'city of growth where every child, citizen and place matters. In addition, the programme seeks to make a significant contribution towards the key priorities of children, jobs and skills, housing and health by reducing congestion, enabling growth, improving road safety, improving accessibility, improving air quality, encouraging active and sustainable modes of travel, and tackling the climate emergency.
- 7.1.3 In particular delivery of the draft Birmingham Transport Plan is key to the delivery of Inclusive Growth priorities including Route to Zero, East Birmingham Strategy and Our Future City Plan

### **7.2 Legal Implications**

- 7.2.1 The relevant primary legislation required to implement individual projects contained within the THCP comprises the Highways Act 1980; Road Traffic Regulation Act 1984; Road Traffic Act 1988; Transport Act 2000; Traffic Management Act 2004; Town and Country Planning Act 1990 and Planning and Compulsory Purchase Act 2004, together with related regulations and guidance. The Bus Lanes Contraventions Regulations 2005 are also directly relevant to this report in terms of the use of bus lane enforcement surpluses, alongside the Ambient Air Quality and Cleaner Air for Europe Directive 2008 and the Air Quality Standards Regulations 2010 in relation to Clean Air Zone implementation.
- 7.2.2 Section 111 of the Local Government Act 1972 empowers local authorities to do anything (whether or not involving the borrowing, expenditure or lending of money or the acquisition or disposal of any of its property) which, is calculated to, or is conducive or incidental to the discharge of any of their functions.

### **7.3 Financial Implications**

#### **Capital**

7.3.1 The total forecast capital cost of the six-year THCP 2021/22 to 2026/27 is £237.601m. The programme profile is summarised in the table below, which is also split per programme:

Programme	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	TOTAL
	£m	£m	£m	£m	£m	£m	£m
Major Schemes	23.886	37.266	75.950	1.000	1.000	1.000	140.102
Public Transport	9.640	0.300	0.300	0.300	0.250	0.200	10.990
Brum Breathes & Route to Zero	18.590	11.517	5.150	0.200	0.200	0.200	35.857
Infrastructure Development	1.602	1.183	1.162	1.620	1.620	1.620	8.807
Active Travel	15.830	0.810	1.958	1.000	1.000	1.000	21.598
Places for People	5.243	2.366	3.726	2.405	5.182	1.325	20.247
<b>TOTAL</b>	<b>74.791</b>	<b>53.442</b>	<b>88.246</b>	<b>6.525</b>	<b>9.252</b>	<b>5.345</b>	<b>237.601</b>

7.3.2 The six-year programme is split by funding source as follows:

Funding Source	£m
ITB Funding	30.870
Grants from Central Government	106.026
Contribution 3 <sup>rd</sup> Party	6.944
S278	3.911
Local Growth Fund	1.657
Bus Lane Enforcement/Highways Resources/CAZ	18.120
S106	1.377
Prudential Borrowing	7.450
Prior years ITB	2.286
Capital Grants Reserves	35.016
Enterprise Zone	7.094
Transport Unfunded	16.850
<b>Total Forecast Programme</b>	<b>237.601</b>

### Integrated Transport Block (ITB) funding

7.3.3 ITB Capital funding of £17.618m is estimated to be allocated to the WMCA for 2021/22. The WMCA is responsible for reallocating ITB funding to Metropolitan District Councils and Transport for West Midlands. A total of

£5.145m of new ITB capital funding is estimated to be allocated to Birmingham for integrated transport projects in 2021/22.

- 7.3.4 Total ITB funding split across key themes within the programme structure is shown in the table below. The estimated values for 2021/22 include both the new 2021/22 allocation and prior years' allocations. The allocations shown from 2022/23 onwards are forecasts.

	Estimated	Forecast					
ITB Programme Allocations	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Major Schemes	1.127	2,119	1,000	1,000	1,000	1,000	<b>7,246</b>
Public Transport	1.000	0	0	0	0	0	<b>1,000</b>
Brum Breathes & Route to Zero	200	200	200	200	200	200	<b>1,000</b>
Infrastructure Development	1.382	1,183	1,162	1,620	1,620	1,620	<b>8,787</b>
Active Travel	0.466	300	1,458	1,000	1,000	1,000	<b>5,224</b>
Places for People	3.256	1,343	1,325	1,325	1,325	1,325	<b>9,899</b>
<b>TOTAL</b>	<b>7.431</b>	<b>5,145</b>	<b>5,145</b>	<b>5,145</b>	<b>5,145</b>	<b>5,145</b>	<b>33,156</b>

- 7.3.5 ITB funding is significantly supplemented by bidding to Government, WMCA and GBSLEP for other grant funding including Local Growth Fund (LGF), Cycle City Ambition Grant (CCAG), Air Quality Grant (AQG), National Productivity Investment Fund (NPIF), Enterprise Zone (EZ), Transforming Cities Fund (TCF), HS2 Road Safety Fund and Active Travel Fund. In addition, there is also funding from Corporate Resources including Prudential Borrowing (PB). These additional funding sources over the six-year programme are shown in the funding source table above (7.3.2)
- 7.3.6 Net Bus Lane Enforcement Surplus Direct Allocation - In the development of previous iterations of the THCP a number of funding pressures were identified, and a strategy formulated to resource these projects over a number of years using direct allocation of net Bus Lane Enforcement (BLE) surplus. The 2021/22 to 2026/27 THCP continues to support this strategy.
- 7.3.7 Corporate Resources including Prudential Borrowing (PB) – The existing programme is part funded through corporate resources including PB, as detailed in the funding source table above. PB costs are funded from in year net BLE surplus as shown in Appendix B. The need to use corporate

resources, including PB, will be minimised wherever possible through the wider ongoing management of the existing THCP resources and the identification of alternative funding streams/new resources. Further information on PB is provided in Appendix B.

- 7.3.8 In light of the unexpected outbreak of COVID-19, the delivery of the original scheme A457 Dudley Road was delayed. Following the approval of the Emergency Transport Plan (ETP), along with guidance from central government, a decision was made to undertake a review of the original scheme against the Council's emerging priorities. Following discussions with the DfT a revised scheme was agreed, however key milestones for the submission of the Major Scheme Business Case cannot now be achieved.
- 7.3.9 There has been ongoing dialogue with the DfT who remain supportive of a revised scheme and they agreed to transfer of £5.043m of funding ("the LEP funding") to the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) to facilitate development of the revised scheme to a "shelf ready" state including submission of a GBSLEP FBC in March 2021, subject to an initial revised OBC submission. The OBC was submitted to the GBSLEP on 7th October 2020 and approved by the GBSLEP Project Board. The Council is now awaiting the formal funding offer and Funding Agreement. The revised OBC for the scheme was approved by Cabinet in November 2020. The approved OBC included unidentified funding of £16.850m to deliver the main scheme works and the total estimated cost of the scheme including this funding gap is included within the overall estimated cost of this THCP. Funding to cover the shortfall will need to be identified, including submission of any external funding bid/business cases and approved via submission of a further FBC as part of the Council's Gateway and Related Financial Approval Framework (GRFAF) before the scheme can proceed. As detailed above, the DfT remain supportive of the scheme. As the scheme will be developed to a "shelf ready" stage, the Council will be in a position to explore new funding opportunities as they arise in the future, including that which may be available through the levelling up fund.
- 7.3.10 The Birmingham Cycle Revolution (BCR) programme included a grant from central government which is now fully spent. As part of the programme the Council made a local contribution of which a balance remains outstanding, and for 2021/22 it is proposed that a virement of £1.200m of this balance is used to support the provision of new and improved cycle facilities on Bristol Road in Selly Oak as part of the Bristol Road Downgrading scheme, which is deemed to be in line with the original local contribution conditions. The scheme will include making permanent some of the temporary measures introduced in 2020 under the Emergency Active Travel Fund Tranche 1 in support of COVID-19 recovery. Detail of the BCR programme is given in Annex G. Note that Annex F reflects the virement of funds from BCR to Bristol Road Downgrading scheme.

- 7.3.11 The complete capital programme is provided in Appendix A – Annex F, detailing projects and associated funding sources on an annual and all years' summary basis.

## **Revenue**

### **Revenue Maintenance Costs**

- 7.3.12 It is recognised that new capital transport schemes can by their nature attract additional ongoing maintenance costs in respect of improved or new assets and provide opportunities to remove existing assets during works to mitigate cost increases. For all schemes (excluding those deemed to be major schemes), an ongoing corporate policy contingency annual allocation is available to bid for to accommodate basic inventory growth and expenditure incurred as a result of new capital works and this is monitored to ensure the budget allocation is not exceeded. Alternative funding sources are investigated for the maintenance of enhanced assets but where these cannot be identified, the cost of maintaining enhanced assets may have to be funded from the corporate policy contingency allocation. In this event, options to reduce costs are considered including scheme revisions and scheme deferrals. Each scheme will need to identify revenue maintenance implications and funding, as part of the scheme-specific approval process, including where relevant the use of the corporate policy contingency allocation.

### **Prudential Borrowing Costs**

- 7.3.13 As detailed above the existing programme is part funded through corporate resources including PB. The revenue cost of PB is funded from in year net BLE surplus. Further information on PB is provided in Appendix B. Revenue consequences of PB will continue to be managed within Inclusive Growth Directorate budgets.

### **Impact of Transport Schemes on Parking Income**

- 7.3.14 It should be noted that the Birmingham Transport Plan will provide the step change in Council policy that is required to meet our objectives, including the Route to Zero targets. To achieve these aims previous ways of working and revenue streams will be impacted, in particular by moving away from a car dominated transport system, and reallocating transport space away from the private car, traditional revenue income from car parking may reduce impacting Council finances unless they can be replaced from other sources. Changing objectives and associated impacts will need to be considered through the Council's future budget processes.

## **7.4 Procurement Implications (if required)**

- 7.4.1 There are no direct procurement implications contained within this report. However, it should be noted that schemes will be delivered by the City Council and the procurement strategy will be reported in individual OBC and FBC reports in accordance with the Council's Constitution and Procurement Governance Arrangements, with demonstration of value for money and compliance with the Birmingham Business Charter for Social Responsibility clearly set out.

## **7.5 Human Resources Implications (if required)**

- 7.5.1 N/A

## **7.6 Public Sector Equality Duty**

- 7.6.1 An initial screening for an Equality Analysis (EA) has been undertaken for the THCP and has concluded that a full EA is not required at this time, with no adverse impacts on the protected groups and characteristics under the Equality Act 2010. This position will be reviewed for each composite project and/or programme at OBC and FBC stage as necessary. The initial EA screening is provided as Appendix C to this report.

## **8 Appendices**

- 8.1 Appendix A – Options Appraisal (including Annexes A to H)
- 8.2 Appendix B - Usage and Forecasts of Net Surplus Bus Lane Enforcement Income
- 8.3 Appendix C - Equalities Assessment Initial Screening

## **9 Background Documents**

- 9.1 Council Financial Plan 2019-23
- 9.2 West Midlands Strategic Transport Plan
- 9.3 Birmingham Connected Transport Strategy
- 9.4 Birmingham Transport Plan (draft)
- 9.5 Emergency Birmingham Transport Plan
- 9.6 Local Walking & Cycling Strategy & Infrastructure Plan
- 9.7 Birmingham Development Plan
- 9.8 Greater Birmingham and Solihull LEP Strategic Economic Plan
- 9.9 West Midlands Devolution Deal
- 9.10 Devolved Transport Grant - WMCA Board Report
- 9.11 Updated Transportation and Highways Funding Strategy (2020/21 to 2025/26)