

OPTIONS APPRAISAL			
1. General Information			
Directorate	Inclusive Growth	Portfolio/Committee	Transport and Environment; Finance and Resources
Project Title	Updated Transportation & Highways Capital Programme 2019/20 – 2024/25	Project Code	Not applicable
Project Description	<p><u>Background</u></p> <p>The Transportation and Highways Capital Programme (THCP) performs an essential role in supporting a range of projects and programmes that contribute towards achieving the Council's key policies and priorities, as set out in the West Midlands Strategic Transport Plan, Birmingham Development Plan (BDP) and the Birmingham Connected transport strategy. The THCP is also vital to the requirement to develop measures to comply with the provisions of the Ambient Air Quality and Cleaner Air for Europe Directive 2008, which sets limiting values for a range of pollutants to protect public health, and in delivering the 2022 Commonwealth Games (CWG) as per the Host City contract.</p> <p>In the context of inclusive economic growth, the THCP supports the Council's key priorities as defined in the Birmingham City Council Plan: 2018 to 2022 and Financial Plan: 2019 to 2023, namely:</p> <ul style="list-style-type: none"> • Birmingham is an entrepreneurial city to learn, work and invest in • Birmingham is an aspirational city to grow up in • Birmingham is a fulfilling city to age well in • Birmingham is a great city to live in • Birmingham residents gain the maximum benefit from hosting the Commonwealth Games <p>The programme is focused on reducing congestion, enabling growth, improving road safety, improving accessibility, improving air quality, encouraging active and sustainable modes of travel and delivering a successful transport strategy for the CWG.</p> <p>The THCP was previously updated and approved by Cabinet on 31st July 2018 for a rolling 6 year period up to 2023/24 at a total estimated capital cost of £237.757m. This Options Appraisal (OA) reflects new resources, priorities, opportunities, revised project costings and programmes, expenditure profiles and policy changes that have occurred since this approval. The revised programme totals £221.024m (£210.683m approved programme, £8.093m to be approved in this report and £2.248m funding pressure) over the next 6 year rolling programme. Such changes include:</p> <ul style="list-style-type: none"> • Support for the delivery of the Birmingham 2022 Commonwealth Games Transport Strategy, following the announcement of Birmingham as the Host City, with new and accelerated infrastructure schemes being a key part of the post games legacy; • More clarification on the requirement for the Council to develop measures to meet European Air Quality Targets linked to compliance with the provisions of the Ambient Air Quality and Cleaner Air for Europe Directive 2008 and the Air Quality Standards Regulations 2010 (which sets limiting values for a range of pollutants to protect public health), through the proposed implementation of a Clean Air Zone (CAZ). <p>ITB Allocation</p> <p>A summary of ITB programme allocations is shown in the capital funding section below, with allocations determined on the basis of previously agreed commitments, particularly in relation to the Major Schemes, Inclusive and Sustainable Growth and Walking and Cycling programmes. Other allocations reflect rolling programmes in respect of Road Safety and Safer Routes to Schools.</p> <p>As part of the above allocation of ITB it is proposed that Cabinet approves the release of development funding of £0.730m. A breakdown by project is provided as Annex D.</p> <p>Funding Strategy</p> <p>The process of updating the THCP provides an opportunity to reflect new resources, priorities, opportunities, revised project costings and programmes, expenditure profiles and policy changes.</p> <p>The Council continues to be highly successful in securing external grant resources to support and expand the THCP. In the competitive context of external bidding rounds the Council has committed to</p>		

a significant level of 'local funding contribution', particularly relating to the LGF and Birmingham Cycle Revolution (BCR) programmes approved by Cabinet in March 2015. Given the short timescales and limited scheme detail available at the time of bid submissions (and Project Definition Document stage), detailed work is undertaken to refine scheme detail and costs. This is a lengthy and complex process, which also has to consider general cost increases within the construction and engineering industries following Brexit and the impacts of HS2 on the market in respect of resources.

In the development of the 2018/19 THFS 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 and direct allocation of net Bus Lane Enforcement (BLE) surplus. The 2019/20 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 on prudential borrowing and BLE is provided below.

Capital Funding

The total forecast capital cost of the 6 year T&HCP 2019/20 to 2024/25 is £221.024m. This comprises £218.776m (£210.683m approved programme, £8.093m programme additions subject to approvals sought within this programme report) and a £2.248m funding pressure in respect of A38 (M) Tame Valley Viaduct (TVV) as detailed in the LGF section below. This programme profile is summarised in the table below:

	Approved	Subject to Approval	TVV Funding Pressure	Total Forecast
Year	£m	£m	£m	£m
2019/20	61.262	1.183	0	62.445
2020/21	50.989	1.0	0	51.989
2021/22	47.353	0.75	0	48.103
2022/23	33.252	0	0	33.252
2023/24	15.582	0	0	15.582
2024/25	2.245	5.160	2.248	9.653
Total	210.683	8.093	2.248	221.024

The 6 year programme is split by funding source as follows:

Funding Source	£m
ITB	30.960
Transforming Cities Fund	4.425
Air Quality Grant	11.264
Cycle City Ambition Grant	3.007
DfT Major Scheme	0.227
DfT HS2	2.660
DfT SCE	0.670
LGF Major	106.761
Enterprise zone	8.342
Section 106/278	11.526
ITB Previous Years	5.111
Net Bus Lane Enforcement Surplus	7.937
Prudential Borrowing/Corporate Resources	25.886
Funding Pressure	2.248
Total Forecast Programme	221.024

Integrated Transport Block (ITB) funding

ITB Capital funding of £17.618m is to be allocated to the WMCA for 2019/20 as part of a multi-year transport funding settlement agreed as part of the West Midlands Devolution Deal. The WMCA is responsible reallocating ITB funding to Metropolitan District Councils and Transport for West Midlands. A total of £5.160m of new ITB capital funding has been allocated to Birmingham for integrated transport projects in 2019/20.

Total ITB funding split across key themes within programme structure is shown in the table below. The confirmed values for 2019/20 include both the new 2019/20 allocation and prior years' allocations. The allocations shown from 2020/21 are yet to be confirmed.

ITB Programme Allocations	Confirmed	Provisional			Forecast		Total
	2019/20	2020/2	2021/2	2022/2	2023/2	2024/2	
	£000's	£000's	£000's	£000's	£000's	£000's	
Major Schemes	1,751	651	869	0	0	0	3,271
Inclusive and Sustainable Growth	486	75	875	1,575	1,575	1,575	6,161
Walking and Cycling	4,400	2,540	1,458	1,000	1,000	1000	11,398
Local Measures	2,634	1,325	1,325	1,325	1,325	1,325	9,259
Infrastructure Development	1,000	569	633	1,260	1,260	1,260	5982
Total	10,271	5160	5160	5,160	5,160	5,160	36,071

Other Funding Sources

ITB funding is significantly supplemented by bidding activities to Government and GBSLEP for funding including Local Growth Fund (LGF) as detailed below, Cycle City Ambition Grant (CCAG), Air Quality Grant, National Productivity Investment Fund (NPIF), Enterprise Zone (EZ), Transforming Cities Fund, and HS2 Road Safety Fund. In addition there is also funding from Corporate Resources including Prudential Borrowing (PB). These additional funding sources over the 6 year programme are shown in the Funding Source table above alongside ITB.

LGF Major Projects - The Council also has two major projects within its LGF programme:

- A457 Dudley Road major transportation improvements;
- A38 (M) Tame Valley Viaduct (TVV) critical strengthening works.

Final approval of these projects is retained by the DfT, with approval based upon the submission of green book compliant major scheme business cases. Submissions are expected in 2019/20 and on the basis of current estimates the local contribution required for these schemes totals £22.435m (£7.044m Dudley Road and £15.391m TVV) and is within the range expected by the DfT for major schemes (between 10% and 20% of overall project costs). The contributions will be required between 2021/22 and 2024/25 to lever a total of £94.450m from the LGF Growth Deal One programme.

- A457 Dudley Road, the funding strategy is set out in the Cabinet report, approved on 26 June 2018, which includes prudential borrowing of £7.044m funded from net Bus Lane Enforcement (BLE) surplus. Further details in respect of BLE are provided in Appendix B.
- A38 (M) TVV, since the 2018/19 THCFs work has been on-going to develop a funding strategy for the TVV scheme. As a result of further work to better define the full costs the estimated local contribution has increased from £13.143 to £15.391m and as a result a

funding gap has emerged of £2.248m. It should be noted that the DfT have confirmed that their contribution of £72.110m is capped and this change therefore results in a pressure which will have to be addressed as part of the Council's 2020/21 Capital Budgeting Cycle if the works are to progress. TVV will be subject to a separate Cabinet Report in 2019/20 which will set out the full funding strategy.

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 2019/20 THCP continues to support this strategy.

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. 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. Revenue consequences of PB will continue to be managed using Inclusive Growth Directorate Budgets.

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

New capital transport projects by nature can attract additional ongoing maintenance costs in respect of improved or new assets. In addition there is also the opportunity to remove existing assets during works to mitigate cost increases. All projects will need to identify revenue maintenance implications and funding as part of the OA and FBC governance processes.

For projects approved during 2019/20 (excluding those deemed to be major projects), an ongoing annual corporate policy contingency allocation of up to £0.250m is available to accommodate inventory growth and expenditure incurred as a result of new capital works will be monitored to ensure this budget allocation is not exceeded. In the unlikely event that potential pressures are identified measures to mitigate, including project revisions or deferral of projects will be considered.

For projects deemed to be major projects, (for example Metro, HS2, Sprint), the corporate policy contingency allocation is not available to fund associated revenue maintenance impacts and as a result associated OBCs and FBCs will be required to identify a funding source. In some cases, these projects are funded by external bodies and contributions to revenue costs and ongoing maintenance will specifically be explored as part of the project development.

Prudential Borrowing Costs

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

Structure of THCP

The structure of the THCP comprises the following programmes.

Major Schemes

This programme contains larger projects targeting inclusive economic growth across the city, specifically those to be funded from external grants including LGF and NPIF. It also contains residual major schemes from previous Government funding rounds.

Inclusive and Sustainable Growth Programme

The Inclusive and Sustainable Growth Programme comprises projects of a smaller scale that focus on the provision of transport infrastructure to enable and unlock inclusive economic growth. Measures include junction improvements, public transport enhancements, bus lane enforcement, controlled parking zones and other traffic management schemes to reduce congestion.

Walking and Cycling Programme

It is recognised that the use of sustainable modes of transport can significantly contribute towards reducing congestion, improving air quality, improving accessibility and also improving health and physical fitness. The Walking and Cycling programme will take forward key projects as detailed in the Council's Walking and Cycling strategies including new pedestrian and cycling routes, new cycle stands, new cycle hubs and bikes, and smaller measures identified by stakeholders. Significant ITB resources in this programme provide the match funding element of the Birmingham Cycle Revolution (BCR) Programme, which includes 20mph limits and infrastructure to support Green Travel Districts.

Local Measures Programme

The Local Measures Programme contains smaller transport projects to be delivered at a local level, with work focussed on four sub-programmes as described below:

Road Safety Programme

The Road Safety Programme targets the continued reduction of recorded killed, seriously injured and slight accidents across the city to maintain the positive downward trend achieved by both Birmingham and the West Midlands Metropolitan area.

For consideration for inclusion into the Local Safety Schemes sub element of the programme, locations would normally have at least nine slight collisions over a three year period, although consideration is also given to sites with a higher proportion of killed or serious injury collisions. In addition, further weight is given to locations or sites where there is a high concentration of collisions involving pedestrians or cyclists reflecting the Council's road user hierarchy. Further information on prioritisation is provided in Annex A, along with governance arrangements.

Sites listed in Annex F (full project and financial summary) have been prioritised on a value for money basis, which looks at the benefit to cost ratios of schemes in the context of implementation costs and associated accidents savings based on Department for Transport (DfT) rates.

This programme aligns with the new Birmingham Road Safety Strategy approved by Cabinet in October 2016.

Safer Routes to Schools Programme

It is proposed to continue the successful Safer Routes to Schools Programme (SRTS) over the next 6 financial years. Schools proposed for named highway engineering schemes are required to have an up to date School Travel Plan in place and then are prioritised in accordance with the safety and sustainability criteria provided as Annex B to this OA. In summary, schools are prioritised on safety grounds by reviewing the school population size and road accident levels in the vicinity. Schools prioritised on sustainability grounds are determined by the following:

- School population;
- Proportion of pupils living close enough to walk to school, but choosing not to;
- Particular requirements for highway measures identified by the school in their travel plan;
- Participation in sustainable travel initiatives and projects such as 'Walk Once a Week' or 'Bike It'.

In addition to the above projects, it is proposed that a programme of 'smaller enhancement measures' be implemented at existing schools with a SRTS scheme on the basis of requirements identified during the update of individual School Travel Plans.

Ward Minor Transport Measures

This programme supports the localism agenda through the provision of a £0.500m budget to address minor transport issues identified at ward level. Works within this programme should demonstrate a contribution towards reducing congestion and improving safety, accessibility and air quality, with greater flexibility provided in terms of value for money to reflect local priorities. Following the changes to ward boundaries and number of ward members since May 2018 a review of how this funding is apportioned took place. The apportionment strategy for 2018/19 and subsequent years was agreed with the Cabinet Member for Transport and Environment, which is set out in Annex C.

Prevention of Damage to Grass Verges Pilot

It is proposed to continue the three year pilot programme to prevent damage to grass verges introduced following work by the Economy, Skills and Transport Overview and Scrutiny Committee. This programme has an allocation of £1.000m of ITB funding to introduce prevention, regulation and accommodation measures over three financial years, with specific projects to be determined by Ward Councillors and implemented by the Local Engineering service. Further guidance for this programme is provided in Annex C.

Local Schemes

This programme includes ongoing schemes being delivered at a local level but which sit outside of the main programmes.

Infrastructure Development

The Infrastructure Development programme focuses upon activities to develop future year programmes to enable an overall rolling THCP. In addition, funding enables the development of new major schemes to be funded from LGF or other resources from 2019/20 onwards. Should projects developed in this and other programmes be abortive, then expenditure will represent a revenue cost to the promoting Directorate.

Contingency funding for the wider THCP is included within this programme as is revenue grant funding provided by DEFRA for development work required for the city's proposed CAZ.

Governance and Delegations

In the context of emerging Council future operating models, there is clear rationale to streamline project development and delivery processes associated with the THCP to maximise delivery, enhance the Council's reputation, minimise costs and offset reduced officer resources in relevant departments. In addition, there is a need to respond more expediently to external funding opportunities that become available (Air Quality and Cycle Safety Fund), often at short notice, and enable more effective budget and resource management within the confines of an agreed 6 year investment programme. As such, the following delegations are proposed:

Bidding and Grant Acceptance: delegation to the Director, Inclusive Growth, in conjunction with the Chief Finance Officer in consultation with the Cabinet Member for Transport and Environment, to bid for and accept grant resources up to £2.0m; and the relevant portfolio holders jointly with the Director, Inclusive Growth in conjunction with the Chief Finance Officer, to bid for and accept grant resources up to £10.0m for projects that align with the approved policies and objectives of the Council, noting that such bids are subject to initial capital board oversight.

Project Approvals: delegation to the Director, Inclusive Growth in conjunction with the Chief Finance Officer, and in consultation with the Cabinet Member for transport and Environment, to approve OBCs, FBCs and other relevant reports including revised financial appraisals up to the value of £2.0m; and the relevant portfolio holders jointly with the Director, Inclusive Growth in conjunction with the Chief Finance Officer up to £10.0m for projects and programmes included within Annex F of this report.

Consultation

Consultation has been undertaken with the Assistant Director Highways, Assistant Director Planning, Assistant Director Development and the Assistant Director Transportation and Connectivity, who support the proposals contained within this report.

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, WM CA/TfWM and the Cycling Forum. Consultation will also be undertaken with Sutton Town Council and New Frankley in Birmingham Parish Council where appropriate.

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.

Officers from City Finance, Procurement, Legal and Democratic Services have been involved in the preparation of this report.

Equalities Analysis

An initial screening for an Equality Assessment (EA) has been undertaken and has concluded that a full EA is not required at this time, with no adverse impacts on protected groups. This position will be reviewed for each composite project at FBC stage (or full PDD stage for the provisionally approved

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	<p>projects) as necessary. The initial screening is provided as Appendix C to the executive report that accompanies this OA.</p> <p>Risks</p> <p>Key risks are outlined in Annex E of this OA document. It should be noted that a significant shortage of consultant and contractor resource in the marketplace could impact upon programme delivery and potentially increase project costs. This risk will be managed by senior Transportation and Highways officers in conjunction with relevant portfolio holders.</p>
Links to Corporate and Service Outcomes	<p>The Transportation and Highways Capital Programme performs an essential role in supporting a range of projects and programmes that contribute towards achieving the Council's key policies and priorities, as set out in the West Midlands Strategic Transport Plan, Birmingham Development Plan and the Birmingham Connected transport strategy.</p>
Project Benefits	<p>In the context of inclusive economic growth, the THCP supports the Council's key priorities as defined in the Birmingham City Council Plan: 2018 to 2022 and Financial Plan: 2019 to 2023, namely:</p> <ul style="list-style-type: none"> • Birmingham is an entrepreneurial city to learn, work and invest in • Birmingham is an aspirational city to grow up in • Birmingham is a fulfilling city to age well in • Birmingham is a great city to live in • Birmingham residents gain the maximum benefit from hosting the Commonwealth Games <p>The programme is focused on reducing congestion, enabling growth, improving road safety, improving accessibility, improving air quality, encouraging active and sustainable modes of travel and delivering a successful transport strategy for the CWG.</p>
Project Deliverables	<p>The THCP will deliver significant transport infrastructure over a 6 year period comprising: junction improvements; measures to reduce congestion; bespoke asset life extending works to structures; cycling and walking schemes; road safety improvements; local accessibility projects; safer routes to schools schemes; and a pipeline of future projects including the Council's next programme of major transport schemes.</p>
Procurement Implications	<p>There are no direct procurement implications contained within this report. However, it should be noted that schemes will be delivered by the Council and the procurement strategy will be reported in individual OBC and FBC reports as per normal practise, with value for money and compliance with the Birmingham Business Charter for Social Responsibility clearly set out.</p>
Taxation Implications	<p>There are no direct taxation implications in this report. Taxation implications are assessed as part of individual funding bids, OBCs and FBCs.</p>
Accountable Body	<p>There are no direct Accountable Body implications for this report.</p>

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Key Project Milestones		Planned Delivery Dates	
Approval of Programme Definition Document (OA)		March 2019	
Approval of Full Business Cases (FBC)		Rolling programme	
Seek Tenders & Evaluation		Rolling programme	
Start on site		Rolling programme	
Completion on site		April 2019 to April 2025	
Post Implementation Reviews		April 2020 to April 2026	
Dependencies on other projects or activities	There are no direct implications for this report. Specific project implications such as the examples shown below will be addressed as part of individual funding bids, OBCs and FBCs. <ul style="list-style-type: none">• Approval of GBSLEP business cases;• Approval of business cases by DfT;• Approval of Housing Infrastructure Fund Bid• Securing match funding contributions;• Securing private contributions;• Acquiring necessary third party land;• Securing funding for revenue implications;• Completing procurement and tendering processes;• Securing access to the public highway;• Phasing works in accordance with other works on the highway;• Securing necessary legal agreements and completing grant agreements; and• Contractors and Statutory Undertakers availability.		
Achievability	Similar programmes have been completed previously by the Council using its project officer and project management resources supplemented by experienced contractors with a track record of delivering similar projects will be appointed as part of necessary procurement processes.		
Project Manager	To be confirmed as part of individual OBC and FBC reports.		
Project Accountant	Andy Price		
Project Sponsor	Philip Edwards		
Proposed Project Board Members	N/A		
Finance Business Partner (FBP)	Simon Ansell	Date of FBP Approval	
<i>Other Mandatory Information</i>			
Has project budget been set up on Voyager?			Ongoing
Issues and Risks updated <i>(Please attach a copy to the PDD and on Voyager)</i>			Annex E

2. Options Appraisal Records

The following sections are evidence of the different options that have been considered in arriving at the proposed solution. All options should be documented individually.

Option 1	Discontinue Transportation and Highways Capital Programme
Information Considered	Birmingham City Council Priorities; West Midlands Strategic Transport Plan; Birmingham Connected Transport Strategy; Birmingham Development Plan; Greater Birmingham and Solihull Strategy for Growth and Strategic Economic Plan; Birmingham Road Safety Strategy; Relevant approved PDDs and FBCs; Member and Senior Officer Consultation; Correspondence from elected members, MPs and members of the public; congestion data; road safety data; census data; WMCA/TfWM Reports; West Midlands Devolution Deal, Birmingham 2022 Host City Contract.
Pros and Cons of Option	<p>Limitations</p> <ul style="list-style-type: none"> Significant funding from the DfT, WMCA and GBSLEP will not be provided or would be at risk of clawback; The Council will not be able to demonstrate the ability to manage and deliver government transport funding, potentially affecting the further devolution of resources; New funding would be difficult to access; Transportation and Highways works to enable growth may not be delivered and restrict the creation of new employment opportunities; Transportation and Highways works to enable growth may not be delivered within necessary timescales, reducing competitiveness and failing to build confidence in key growth zones; The City Council's economic growth zones will not be progressed in a timely fashion; Transport benefits relating to reduced congestion and improved safety may not be achieved; Would dissolve existing strategy to fund large projects such as Tame Valley Viaduct; Existing commitments and pressures would still need to be funded; Net surplus BLE income may not be used in accordance with the Bus Lanes Contraventions Regulations 2005; Abortive 'sunk' development costs that may represent a revenue pressure; Existing Government and GBSLEP funding could be at risk of clawback i.e. Cycle City Ambition Grant and LGF development funding; Failure to deliver the Birmingham Connected Transport Strategy and West Midlands Strategic Transport Plan; Broader reputational risks for the Council and members; Likely to be politically and publically unacceptable; Severe staff implications due to loss of capital funding and fee recovery; Failure to adhere to the Birmingham 2022 CWG host city contract; The full benefits of HS2 will not be realised; The Council will not deliver its obligations regarding Air Quality including a Clean Air Zone. Increased revenue costs as assets deteriorate <p>Benefits</p> <ul style="list-style-type: none"> Additional maintenance implications may not be incurred; Potential disruption may be avoided by not delivering key improvements; Some match funding could be used for alternative purposes. No risk of cost over run impacting the Council.
People Consulted	Consultation has been undertaken with the Cabinet Member for Finance and Resources, Assistant Director Highways and Infrastructure, Assistant Director Planning, Assistant Director Development, Assistant Director Transportation and Connectivity, City Finance, Corporate Finance, Legal and Democratic Services, WMCA and GBSLEP.
Recommendation	Do not proceed
Principal Reason for Decision	Failure to deliver the Council's priorities, transport strategy, and associated linkages to other agendas around economic growth, employment, health and sustainability. Failure to adhere to Birmingham 2022 CWG host city contract and CAZ regulations and realise benefits of HS2.

Option 2	Continue Transportation and Highways Capital Programme and implement proposed Funding Strategy
Information Considered	Birmingham City Council Priorities; West Midlands Strategic Transport Plan; Birmingham Connected Transport Strategy; Birmingham Development Plan; Greater Birmingham and Solihull Strategy for Growth and Strategic Economic Plan; Birmingham Road Safety Strategy; Relevant approved PDDs and FBCs; Member and Senior Officer Consultation; Correspondence from elected members, MPs and members of the public; congestion data; road safety data; census data; WMCA/TfWM Reports; West Midlands Devolution Deal, Birmingham 2022 Host City Contract.
Pros and Cons of Option	<p><u>Limitations</u></p> <ul style="list-style-type: none"> • Additional maintenance implications will be incurred; • Disruption associated with delivering key improvements; • Match funding not available for alternative purposes; • Less focus on smaller transport improvements; • No staffing efficiencies; and • Long term commitments to repay prudential borrowing. <p><u>Benefits</u></p> <ul style="list-style-type: none"> • Significant funding from the DfT, WMCA and GBSLEP will be secured; • The Council can demonstrate the ability to manage and deliver government transport funding, supporting the further devolution of resources; • New funding could be accessed; • Existing commitments and pressures would be funded; • Transportation and Highways works to enable growth would be delivered and create new employment opportunities; • Transportation and Highways works to enable growth would be delivered within necessary timescales, increasing competitiveness and building confidence in key growth zones; • The City Council's economic growth zones will be progressed in a timely fashion; • Transport benefits relating to reduced congestion and improved safety will be achieved; • Strategy to fund large projects such as Tame Valley Viaduct maintained; • Existing Government and GBSLEP funding would not be at risk of clawback i.e. Cycle City Ambition Grant and LGF development funding; • Usage of net surplus BLE income in accordance with the Bus Lanes Contraventions Regulations 2005; • Delivery of the Birmingham Connected Transport Strategy and West Midlands Strategic Transport Plan; • No reputational risks for the Council and members; • Politically and publically acceptable; • No staff implications due to loss of capital funding and fee recovery; • Ability to meet the requirements of the Birmingham 2022 CWG host city contract; • The full benefits of HS2 be realised; • Will support the Council in delivering its obligations regarding Air Quality including a Clean Air Zone.
People Consulted	Consultation has been undertaken with the Assistant Director Highways and Infrastructure, Assistant Director Planning, Assistant Director Development, Assistant Director Transportation and Connectivity, City Finance, Corporate Finance, Legal and Democratic Services, WMCA and GBSLEP.
Recommendation	Proceed
Principal Reason for Decision	Delivery of the Council's priorities, transport strategy, and associated linkages to other agendas around economic growth, employment, health and sustainability. Significant improvements to transport infrastructure. Risk exposure reduced in respect of securing external funding and preventing funding clawback. Ability to meet the requirements of the Birmingham 2022 CWG host city contract, CAZ regulations and realise benefits of HS2.

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	Weighting		Weighted Score			
Criteria	1	2		1	2	
Total Capital Cost	8	5	10%	0.8	0.5	Less capital expenditure if the programme is not progressed however this may result in additional future capital cost if infrastructure is not improved
External Funds Leveraged	1	10	10%	0.1	1	External funds will not be leveraged or there will be a significant reduction if the programme does not progress
Upfront Revenue Cost	10	10	10%	1	1	There are no material up-front revenue costs implications for either option
Full Year Revenue Consequences	8	10	10%	0.8	1	There are ongoing revenue cost implications of progressing the programme as detailed within the Finance Section however, there may also be ongoing future revenue cost implications if the programme is not progressed due to the deterioration of existing infrastructure
Quality Evaluation Criteria e.gs						
1)Meeting Service Requirements	2	10	20%	0.4	2	Service requirements will only be significantly met by progressing the programme
2)Contributing to Priorities	2	10	20%	0.4	2	Priorities will only be significantly met by progressing the programme
3)Compliance with Existing Obligations	2	10	20%	0.4	2	Existing obligations will only be met by progressing the programme
Total			100%	3.9	9.5	

4. Option Recommended

Option 2 is recommended as it will allow the delivery of the Council's priorities, transport strategy, and associated linkages to other agendas around economic growth, employment, health and sustainability. It will also allow significant improvements to infrastructure. Risk exposure reduced in respect of securing external funding and preventing funding clawback. Ability to meet the requirements of the

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	Birmingham 2022 CWG host city contract and Air Quality/CAZ regulations and realise benefits of HS2.
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5. Budget information

Detailed budget information by project, programme and funding source is provided as Annex F to this Options Appraisal (OA).

Notes – Revenue Consequences

Asset Management / Maintenance Implications

As part of the City Council's obligations under the Highway Maintenance and Management Private Finance Initiative (HMMPMFI) contract, Highways will be formally notified of the proposed changes to the highway inventory arising through individual project OBCs and FBCs.

Consultation with Highways will be carried out to enable coordination of the proposed works with other programmed activities on the highway network as a part of the development of individual project OBCs and FBCs.

Revenue Maintenance Costs

New capital transport projects by nature can attract additional ongoing maintenance costs in respect of improved or new assets. In addition there is also the opportunity to remove existing assets during works to mitigate cost increases. All projects will need to identify revenue maintenance implications and funding as part of the OA and FBC governance processes.

For projects approved during 2019/20 (excluding those deemed to be major projects), an ongoing annual corporate policy contingency allocation of up to £0.250m is available to accommodate inventory growth and expenditure incurred as a result of new capital works will be monitored to ensure this budget allocation is not exceeded. In the unlikely event that potential pressures are identified measures to mitigate, including project revisions or deferral of projects will be considered.

For projects deemed to be major projects, (for example Metro, HS2, Sprint), the corporate policy contingency allocation is not available to fund associated revenue maintenance impacts and as a result associated OBCs and FBCs will be required to identify a funding source. In some cases, these projects are funded by external bodies and contributions to revenue costs and ongoing maintenance will specifically be explored as part of the project development.

Prudential Borrowing Costs

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.

Network Integrity Assessment

Network integrity assessments will be carried out for the highway infrastructure to identify locations where potential maintenance savings could be made.

6. Project Development Requirements/Information	
Products required to produce Full Business Case	<p>Please note the information below relates to the production of individual FBCs for specific projects detailed within this OA:</p> <ul style="list-style-type: none"> • Consultation; • Detailed design including drawings and estimate; • Road Safety Audit 2; • Internal liaison with key Council Officers; • Highways Change Notification; • Traffic Management Protocol and Plans; • NRSWA Notification; • Approval Reports; • Delegated Form of Authority for Traffic Regulation Orders; • Approval of GBSLEP business cases/loan applications; • Approval of business cases by DfT; • Securing match funding contributions; • Securing private contributions; • Acquiring necessary third party land; • Securing funding for revenue implications; • Completing procurement and tendering processes; • Securing access to the public highway; • Phasing works in accordance with other works on the highway; • Securing necessary legal agreements and completing grant agreements.
Estimated time to complete project development	Rolling development
Estimated cost to complete project development	Not applicable
Funding of development costs	Development costs funded through ITB are set out in Annex D of this report. Other development costs are funded by external funding as part of funding bids.

Planned FBC Date	Rolling	Planned Date for Technical Completion	Phased between April 2019 and March 2025
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List of Annexes accompanying this OA:

ANNEX A – LOCAL SAFETY SCHEMES PRIORITISATION AND GOVERNANCE

ANNEX B – SAFER ROUTES TO SCHOOLS – SCORING CRITERIA FOR SAFETY AND SUSTAINABILITY STRANDS/GOVERNANCE

ANNEX C – WARD MINOR TRANSPORT MEASURES AND PREVENTION OF DAMAGE TO GRASS VERGES

ANNEX D – BREAKDOWN OF DEVELOPMENT COSTS

ANNEX E – HIGH LEVEL PROGRAMME RISK ASSESSMENT

ANNEX F – FINANCIAL SUMMARY BY PROJECT AND PROGRAMME (SEPARATE ATTACHMENT)

ANNEX A – LOCAL SAFETY SCHEMES PRIORITISATION AND GOVERNANCE

Accident studies are carried out at the following location types: priority junctions, signal junctions, roundabouts, route lengths and local areas. Injury accident data collected by the Police is compiled from the Spectrum system for each location. Statistical tests are then carried out on the data to determine the following:

- Locations with at least 9 accidents in the past 3 years;
- Chi Squared tests to determine locations with significant numbers of KSI (Killed or Seriously injured) accidents or accidents involving vulnerable road users (pedestrians and cyclists); and
- Poisson analysis is used to determine locations with significant recent increases in accident number.

For all locations, a treatable accident pattern is required. Feasibility studies are carried out to determine a solution to the problem, identify accident savings and produce a First Year Rate of Return (FYRR). Schemes are prioritised based on the FYRR.

Individual schemes, which are all estimated to have a value below £200,000, will progress to OBC and FBC stage to be approved by the Chief Officer, without the requirement for an overarching programme OBC.

ANNEX B – SAFER ROUTES TO SCHOOLS – SCORING CRITERIA FOR SAFETY AND SUSTAINABILITY STRANDS/GOVERNANCE

Safety Strand

No.	Criteria	Points	Points Criteria	Maximum Points Awarded	Percentage Weighting of Individual Areas
1	Child accident rate (aged 3-16) within 1 km radius of the school over the last three years	5	High number of accidents/severity levels (Fatality, 5 or more serious accidents or 20 or more slight accidents)	5	25%
		3	Intermediate number of accidents/severity levels (Any serious or 10 or more slight accidents)		
		1	Lower number of accidents/severity levels (1 or more slight accident)		
2	Child accident rate (3-16) outside the school over the last three years, this includes adjacent roads.	5	Any serious accident on adjacent roads over the last three years	5	25%
		3	If there were no serious but two or more slight accidents over three years		
		1	Only one slight accident over three years		
3	What is the pedestrian accident rate outside the school over the last three years (adjacent roads)	5	Any fatality or 2 or more serious accidents on adjacent roads over the last three years	5	25%
		3	One serious or two or more slight accidents over three years		
		1	Only one slight accidents over three years		
4	School population including joint bids	5	Over 1500 pupils	5	25%
		4	Over 1250 pupils		
		3	Over 1000 pupils		
		2	Over 500 pupils		
		1	Over 250 pupils		

Sustainability Strand

No.	Criteria	Points	Points Criteria	Maximum Points Awarded	% Weighting of Individual Areas
1	School Population	5	Over 1500 pupils	5	20%
		4	Over 1250 pupils		
		3	Over 1000 pupils		
		2	Over 500 pupils		
		1	Over 250 pupils		
2	Potential to improve sustainable mode of travel Calculated by: (Children living within 1 km of the school / 2 km secondary) - (% already travelling by sustainable modes i.e. walk, bus, train, cycle, car share.)	5	Over 40%	5	20%
		4	30-39%		
		3	20-29%		
		2	10-19%		
		1	1-9%		
3	Particular school requirements	5	Recognised need for a particular facility to make sustainable travel more attractive through school travel plan or other form of communication.	5	20%
		3	Generalised reference to facilities required and some supportive evidence of potential.		
4	Part of a wider engineering / maintenance project or a sustainable travel scheme to reduce CO2 emissions and reduce congestion e.g. LSTF Projects etc.			5	20%
		5	Listed as a school within project area.		
5	Participation in sustainable travel and road safety initiatives.	5	Participation in Walk once a Week, Walking Bus, Bike It or another sustainable travel scheme requiring long term school commitment.	5	20%
		2	W2SW, Bikeability Training, Road Safety Training or Heath Projects.		

Individual schemes will progress to OBC and FBC stage to be approved by the Chief Officer, without the requirement for an overarching programme OBC.

ANNEX C – WARD MINOR TRANSPORT MEASURES AND GRASS VERGE PROTECTION PILOT

Ward Minor Measures

This programme will support the localism agenda through the provision of an annual £0.5m budget to address minor transport issues identified at ward level. Works within this programme should demonstrate a contribution towards reducing congestion and improving accessibility, with greater flexibility provided in terms of value for money to reflect local priorities.

The highest priority will be given to disabled bay markings and dropped crossings to facilitate mobility for the disabled as there is a statutory duty to fulfil these needs. The balance of the resources can be used for a range of improvements including: prescribed and non-prescribed carriageway markings and traffic signs, traffic regulation orders, road safety measures, minor highway realignment, double kerbing, parking measures, minor walking and cycling schemes and small public transport improvement.

Genuine underspend from the Ward Minor Transport Measures programme can be allocated to deliver Section 278 remedial measures to ensure that minor works related to developments are completed and adopted.

Grass Verge Protection Pilot

A sum of £1.0m was allocated in the 2017/18 THFS for 2017/18 to 2019/20 to enable the protection of grass verges as a pilot programme. Schemes should be identified at a ward level, with eligible use comprising:

Prevention: by installing 'hard' engineering measures including bollards, double kerbing and trip rails so that vehicles are physically unable to park. There is also the option of using softer measures such as planting trees to encourage people not to use the verge to park.

Regulation: The Council has the powers to implement Traffic Regulation Orders (TRO). A citywide order was introduced in 2014 to tackle verge parking. However, consent is needed to introduce the required signage. Therefore any potential sites that might be put forward for consideration of a TRO would need to address:

- Vehicle Displacement;
- Sign Clutter; and
- Enforcement.

Accommodation: With an increase in car ownership and parking problems across the city, it is inevitable that vehicles will need to be allowed to park on treated verge areas in certain instances. There are several methods that can be used to achieve this:

- Carriageway strip widening;
- Verge Strip Hardening;
- Whole Verge Replacement; and
- Verge Reinforcement.

Funding Apportionment

Following the changes to ward boundaries and number of ward members since May 2018 a review of how this funding is apportioned has taken place. The apportionment strategy for 2018/19 was agreed with the Cabinet Member for Transport and Environment and is set out below under 'Funding Allocations for Ward Minor Transport Measures (WMTM) and Grass Verge Protection Measures (GVPM)'. This apportionment will continue in 2019/20.

Funding Allocations for Ward Minor Transport Measures (WMTM) and Grass Verge Protection Measures (GVPM)

WMTM – 19/20	
Development Fee	£96,000
Works	£404,000
Total Allocation in 19/20	£500,000

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GVPM	
Development Fee over 3 years	£245,000
Works	£755,000 Year 1 - 2017/18 - £250,000 Year 2 – 2018/19 - £252,500 Year 3 – 2019/20 - £252,500
Total Allocation in 3 years (17/18 to 19/20)	£1,000,000

Funding Allocation

Funding Allocation	WMTM Allocation £404,000 (works)	GVPM Allocation £252,500 (works)	Combined (WMTM+GVPM) £656,500 (works)
Ward Members*: 101	£4,000	£2,500	£6,500

*37 Wards – 1 Member
32 Wards – 2 Members

Cabinet Member for Transport and Environment, Cllr Waseem Zaffar, at his Briefing Meeting on 18.06.18 agreed to merge WMTM and GVPM funding and allocate to 101 Members option as shown above (£6,500 per Ward Member). This will continue in 2019/20 THFS.

It was also agreed that this is the total amount each Member will receive to implement locally prioritised single or combined (a) WMTM and GVPM scheme works and (b) any other miscellaneous works such as: the provision/removal of Disabled Bays and H- Bar markings, bollards, signs, road markings, guard railing, drop kerbs, street name plates etc. requested by residents, Councillors or any other stakeholders in their respective Wards.

ANNEX D – BREAKDOWN OF DEVELOPMENT COSTS

Scheme	Cost (£000)	Fund
Local Safety Schemes	30	ITB
Local Measures	96	ITB
CWG 2022	150	ITB
HIL/TRO/Parking Surveys	45	ITB
JDT, Assessment and Data	250	ITB
Birmingham Connected Infrastructure	129	ITB
SRTS	30	ITB
Total	730	

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ANNEX E - HIGH LEVEL PROGRAMME RISK ASSESSMENT

No	Risk Description	Owner / Manager	Inherent Risk			Measures in place to manage	Residual Risk			Status	Further Action
			Impact	Likelihood	Exposure		Impact	Likelihood	Exposure		
1	Insufficient funding to fully deliver programme	Assistant Director Transport and Connectivity	High	Medium	High	Detailed programme and cost management. New sources of funding obtained	High	Medium	High	Same	
2	Objections from key consultees	Head of Infrastructure Projects	High	Medium	Medium	The scheme package has been discussed with senior members. Some schemes have already been consulted upon.	High	Low	Medium	Better	
3	Skills, capacity and capability insufficient to fully deliver programme	Head of Infrastructure Projects	High	Medium	High	Recruitment, training and use of consultant's framework put in place.	Medium	Medium	Medium	Better	
4	Contractors experience financial difficulties.	Contractor	High	Low	Medium	It is proposed to procure the works through current frameworks, in house resources or partner frameworks. Financial checks will be carried out during tender evaluation processes.	High	Low	Medium	Same	
5	Insufficient revenue resources to fully cover inventory growth	Assistant Director Transport and Connectivity	High	Medium	High	Revenue provision subject to Corporate/Directorate review.	High	Medium	High	Same	
6	Land Ownership.	Head of Infrastructure Projects	Medium	Medium	Medium	Land ownership has been reviewed. Some projects may require third party land or a CPO	Medium	Medium	Medium	Same	
7	Failure to meet grant conditions with funding being withheld.	Head of Infrastructure Projects	High	Low	Medium	Projects will be effectively managed to address issues affecting delivery and consequentially grant funding.	Medium	Low	Low	Better	
8	External funding bids unsuccessful	Assistant Director Transport and Connectivity	High	High	Medium	Close liaison being undertaken with external funders.	High	High	Medium	Same	Reprogramming to revised resources
9	Legal Agreements/Funding agreements with partners	Head of Infrastructure Projects	High	Low	Low	Most agreements in place. Ongoing dialogue with GBSLEP	Medium	Low	Low	Better	

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No	Risk Description	Owner / Manager	Inherent Risk			Measures in place to manage	Residual Risk			Status	Further Action
			Impact	Likelihood	Exposure		Impact	Likelihood	Exposure		
10	Further cost pressures identified	Assistant Director Transport and Connectivity	High	Medium	High	Continual management and review of projects and risks being undertaken.	High	Medium	High	Same	
11	Forecast net surplus bus lane enforcement income does not arise	Assistant Director Transport and Connectivity	High	Medium	High	Ongoing wider management of THFS and identification of new and windfall resources	Medium	Medium	Medium	Better	
12	Expected s106 contributions do not materialise	Assistant Director Transport and Connectivity	Medium	Medium	Medium	Regular engagement with Planning Management Service.	Medium	Medium	Medium	Same	
13	Sunk development costs become abortive and a revenue pressure	Assistant Director Transport and Connectivity	Medium	Medium	Medium	Close engagement with funder partners and provision made within revenue budgets.	Medium	Medium	Medium	Same	
14	New WMCA Mayor revises ITB budget allocations	Assistant Director Transport and Connectivity	High	Low	High	Close working with WMCA established	High	Low	High	Same	
15	ITB allocations reduced beyond 2021/22	Assistant Director Transport and Connectivity	Medium	Medium	Medium	Ongoing liaison with WMCA and overall management of THFS	Medium	Medium	Medium	Same	
16	Funding clawed back by funders	Assistant Director Transport and Connectivity	High	Low	High	Monitoring being undertaken to ensure compliance with grant conditions.	High	Low	High	Same	
17	A local contribution strategy cannot be identified for Tame Valley Viaduct and Dudley Road	Assistant Director Finance & Highways and Infrastructure/Transportation and Connectivity	High	Medium	High	Strategy being developed and scope and delivery strategies for the projects being reviewed.	High	Medium	High	Same	

ANNEX F – ATTACHED SEPARATELY