

# Report to Cabinet

17 March 2021

<b>Subject:</b>	Black Country Transportation Hub Collaboration Agreement
<b>Cabinet Member:</b>	Councillor Jackie Taylor - Cabinet Member for Sustainable Transport
<b>Director:</b>	Tammy Stokes - Interim Director Regeneration and Growth
<b>Key Decision:</b>	<p>Yes;</p> <p><b>Type (b)</b> - an executive decision which is likely to result in the Council incurring expenditure, the making of savings or the generation of income amounting to:</p> <ul style="list-style-type: none"> <li>- £250,000 or more where the service area budget exceeds £10m;</li> <li>- £100,000 or more where the service area budget is less than £10m;</li> </ul> <p><b>Type (c)</b> - an executive decision which is likely to be significant in terms of its effect on communities living or working in an area comprising two or more wards of the Borough.</p>
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# 1 Recommendations

1.1 That the financial implications of the Black Country Transport Hub set out below be approved:-

- Local Authority capital contributions of £40,000 each authority per annum (£160,000 total per annum).
- Local Authority revenue contributions circa £25,000 each authority per annum (£100,000 total per annum).
- External Development grants.

1.2 That the Director of Regeneration and Growth in conjunction with the Director of Law and Governance and Monitoring Officer be authorised to enter into a Collaboration Agreement covering the operation and financial arrangements associated with the newly established Black Country Transportation Hub and the Director of Law and Governance and Monitoring Officer be authorised to seal or sign any associated contracts, deeds or other related documents to give full effect to the work of the Black Country Transport Team.





# 2 Reasons for Recommendations

2.1 The four Black Country authorities have agreed to collaborate to identify and develop strategic transport projects across the Black Country and to maximise transport funding opportunities for such projects through the creation and operation of pooled resources in the form of a joint Transportation Hub. The core of the Transportation Hub is a joint team which provides an additional resource to support the existing four Local Authority teams on project and programme delivery and will not replace the scheme delivery function which will continue to sit with the individual Local Authorities.

2.2 This report seeks formal approval for Sandwell to enter into a Collaboration Agreement covering the operation and financial arrangements associated with this newly established joint Transportation Team. The creation of this team has already been approved by Council Leaders in late 2019 through the Association of Black Country Authorities following an independent review of the four authorities' strategic transport capabilities carried out during 2018.



### 3 How does this deliver objectives of the Corporate Plan?

	<p>People live well and age well: The Black Country Transport hub will assist and improve the delivery of a safe and efficient Transport Network, contribute to the health benefits of sustainable active travel and the help meet the borough's air quality and carbon reduction ambitions.</p>
	<p>Strong resilient communities: Successful communities needs access to jobs, services and facilities to enable them to remain healthy and vibrant. The transport network is an important enabler of this.</p>
	<p>Quality homes in thriving neighbourhoods: Both new and existing residential developments rely on good quality access and links to shops, services and leisure facilities in order for them to be successful. Increased levels of transport funding and scheme delivery are a vital element in achieving this.</p>
	<p>A strong and inclusive economy: The provision of a high quality, well maintained transport network covering all modes will reduce journey times and improve journey reliability for Sandwell business who rely on it to connect to their suppliers and customers.</p>

### 4 Context and Key Issues

#### Background

- 4.1 The Black Country has a proud past and a strong future. Much private and public-sector activity is currently underway to grow its economy, equip people with skills for jobs of the future, transform its centres and local environments, build new homes, achieve cleaner air, improve public health and make the Black Country a thriving, decent place for all of its people.
- 4.2 The Black Country authorities have a strong track record of joint working and collaboration, particularly in the fields of land-use planning and transportation. There is a clear overall development strategy, as set out in the Black Country Core Strategy (BCCS), adopted in 2011.



This Strategy is based on steering growth to the four strategic centres (Wolverhampton, Walsall, Brierley Hill and West Bromwich) and sixteen regeneration corridors, where transport improvements underpin and enable the new employment and housing growth. Overall, the Black Country's approach will create: -

- 132,000 new jobs from 2023
- 630,000 new homes by 2026
- Increased incomes to the national average by 2033
- An extra £17bn Gross Value Added (GVA) by 2033

4.3 A revised and updated strategy, known as the Black Country Plan (BCP), is being prepared for adoption in 2024. The Issues and Options Consultation for the Black Country Plan in summer 2017 demonstrated that need to continue with the sustainable growth aspirations in order to fulfil the Black Country's potential. The Black Country Plan will set out the plans for land use across the sub-region for the next 15 years.

4.4 The Black Country Transport Priorities include a pipeline of projects across several key themes; motorways, rail, tram (Metro), key road corridors and transport interchanges, totalling some £2.1bn of investment. The Black Country will advocate and promote these transport priorities at all available opportunities, with all relevant stakeholders and partners to ensure that the Black Country achieves a transport system in line with the scale of its bold economic and regeneration plans.

4.5 Over recent years, the four Black Country local authorities have been identifying priority schemes to be delivered over the medium to long-term, which will help connect the area to key opportunities emerging across the wider West Midlands. In doing so, this will help the Black Country become an attractive place to work and live, whilst delivering transport improvements that will help bolster the local economy by enabling new homes and jobs to be created.

4.6 To ensure the Black Country is strongly positioned within the West Midlands Combined Authority (WMCA), capital funding is required for both the development and delivery of major transport schemes.



The Black Country Local Enterprise Partnership (BCLEP) has previously provided capital funding for the development of the pipeline schemes, but this needs to be used efficiently and effectively in order to lever further capital and revenue funding from the WMCA and central government for the delivery of the schemes.

- 4.7 The BCLEP will not be able to fund the development and delivery of all schemes currently planned, therefore new funding streams (both capital and revenue) from West Midlands and national sources will need to be identified and secured.
- 4.8 Major transport schemes historically require significant development funding allocated to them prior to securing implementation funding from the Department for Transport (DfT) or other government departments for delivery. Although some development funds can be capitalised, there is always the risk of them becoming abortive and requiring a revenue budget to underwrite them should the costs not result in a capital asset. In addition, due to requirements for planning, land acquisition and stakeholder engagement, each scheme typically takes a minimum of five years to develop and work through the necessary statutory processes before commencing construction on site.
- 4.9 High Speed Two (HS2) and the two stations at Curzon Street (Birmingham city centre) and Interchange (Solihull, near Birmingham Airport and the NEC) will dramatically reshape the economic landscape of the West Midlands Metropolitan Area, including the current travel to work patterns. The Black Country stands to benefit from the economic uplift these schemes will deliver, but only by ensuring Black Country residents have fast and reliable transport networks and services to make the Black Country an attractive place to live, whilst enabling people to access these new job opportunities in other parts of the conurbation.
- 4.10 Historically the Black Country local authorities have developed major projects and made representation at West Midlands and to government departments individually across various transport agendas. As resources are stretched and budgets are under pressure, there are opportunities for greater effectiveness by looking at ways in which the existing teams can work more efficiently, whilst finding new ways to provide additional capacity.



4.11 The Black Country local authorities have sought to identify ways in which they can work more effectively, considering areas of responsibility with Transport for West Midlands (TfWM) and Midlands Connect (the transport arm of Midlands Engine), by prioritising key schemes of work. This will ensure that the Black Country local authorities deliver on key priorities and successfully make representations at a regional and national level, whilst simultaneously seeking to utilise resources across the various stakeholders effectively and efficiently.

## Development of the Black Country Transport Hub

4.12 In 2018, the Black Country Director of Transport commissioned management consultants to undertake a review of the strategic transport capabilities across the Black Country. Through this work, and detailed discussions between Regeneration Directors and Chief Executives, a clear rationale and business case were developed demonstrating the need and benefit in establishing a new Black Country Transport Team to provide additional capacity to the four Black Country local authorities.

4.13 The new Black Country Transport Team working on behalf of the four Black Country local authorities and the BCLEP would deliver benefits of at least £4.3bn in the long-term from current schemes. Research generated by the appointed consultants in May 2018 signified that all strategic transport teams are at full capacity and over 50% of the total pipeline of transport projects remains unfunded and not resourced.

4.14 A new Black Country Transport Team would work dynamically developing strategies and major schemes, which unlock growth and help support key agendas. Working collaboratively with key regional and national partners such as Highways England, Network Rail, Midlands Connect and Department for Transport amongst others.

4.15 Recognising the new political landscape that has emerged over recent years with the formation of the WMCA, the Team will work seamlessly with TfWM to drive forward investment in key Black Country priorities. Combined the Black Country Transport priorities amount to £2.1bn of total investment in transport infrastructure and services.



- 4.16 There is currently an emerging 'perfect storm' of transport funding opportunities in the West Midlands. Through ongoing dialogue with Executive Directors and Heads of Service, all have agreed there is a need to explore new ways in which the Black Country can work more effectively on major transport programmes to maximise the opportunities.
- 4.17 A Black Country Transport Team Business Case presented to ABCA in September 2019 set out the clear strategic approach and rationale for the new Team, how this would operate and the financial implications to each local authority.
- 4.18 The new team will be hosted by the City of Wolverhampton Council, which will also be the Accountable Body for external funds secured for development of schemes and funding of the team. In order for this to be financially viable and sustainable, a Collaboration Agreement is required to set out the legal and financial framework within which the team will operate.
- 4.19 The Collaboration Agreement at Appendix A sets out how the team will operate, governance arrangements, financial recharging and how risks and liabilities are dealt with. The document also sets out how disputes between parties to the agreement may be resolved.
- 4.20 The principles and business case for the Black Country Transport Team were approved by the Association of Black Country Authorities (ABCA) in September 2019.

## Financial Arrangements

- 4.21 The four existing Black Country Technical Lead posts will form part of the Black Country Team although remain employed and funded by their respective local authorities. In Sandwell this function is performed by the Strategic Planning & Transportation Manager. In practice this will mean that Sandwell officers have a direct role in determining and agreeing the work programme and priorities of the Black Country Team and ensures that the Council has robust oversight and management control within this collaborative arrangement.



4.22 In order for the team to be based within one local authority (City of Wolverhampton), a collaboration agreement is required as detailed in this report to set out ways in which the four local authorities will cover the risks and costs of employing staff and commissioning work.

4.23 Costs incurred in relation to the new Black Country Transport Team will include;

- Employee costs: the new team will comprise of six new posts, estimated at circa £330,000 per annum in total. This includes 3 programme managers, 2 graduates and 1 apprentice, and will include any redundancy costs.
- Ancillary services provided by Wolverhampton, including but not limited to finance, legal, IT, human resources, and accommodation. These are estimated to be negligible costs which can be managed within the Local Authority revenue contributions detailed below.
- Development, strategy, business case and other costs to support the successful delivery of the Joint Commissioning Programme, such as commissioning external technical advisors and professional services, which is estimated at £640,000 over a four-year period. This will facilitate the preparation of applications for transport scheme delivery funding and is therefore expected to help attract additional funding.

4.24 It is proposed that the Black Country Transport team costs will be funded from the following;

- Local Authority capital contributions of £40,000 each authority per annum (£160,000 total per annum).
- Local Authority revenue contributions circa £25,000 each authority per annum (£100,000 total per annum).
- External Development grants.

4.25 The requirement for local authorities to contribute capital contributions is covered within the Collaboration Agreement. The Council will fund its contribution from the annual allocation from the Department for Transport's Integrated Transport Block grant or any successor funding stream.





These allocations are provided to the WMCA, which are then allocated to the Black Country local authorities so is reliant on existing local agreements on how funding is allocated to continue substantially unaltered.

- 4.26 The Collaboration Agreement states any costs that cannot be capitalised (to either the local authority capital contribution or external grants) shall be treated as revenue costs and shared equally by the local authorities. The amount is not specified in the agreement although it is estimated that this will be circa £25,000 per local authority per annum. This can be funded from existing revenue budgets.
- 4.27 An agreement in principle has been reached between Wolverhampton City Council and the WMCA for £1.3m of the Transforming Cities Fund capital monies for the period to 31<sup>st</sup> March 2023. No staff will be appointed by the City of Wolverhampton until funding has been agreed in writing with this initial funding provider. However, as the team develops and wider agendas change, then it is likely that funding for the team will come from multiple sources. Various potential funding sources are available in the period to 31<sup>st</sup> March 2023 and beyond.
- 4.28 The Transforming Cities Fund (TCF) grant and the local authority budgets can therefore fund the transport team and ancillary costs for the medium term. For illustrative purposes (as specific costs will not be specific to budgets as this will depend on grant conditions, grant end dates and whether costs can be capitalised), TCF is sufficient to cover staff costs for a maximum four-year period. It should also be noted that the team are yet to be recruited to so there will not be a full year effect of costs in 2021/22. The remaining budget will be spent on development and commissioning costs. This will be managed within the existing budgets available and costs will be monitored and reported to local authorities on an ongoing basis.
- 4.29 At this stage it is not possible to project funding availability for the Black Country Transport Team beyond 31<sup>st</sup> March 2023, as TCF monies have only been allocated until this date. The funding has been devolved to the WMCA and profiled for spend in the period to 31 March 2023, although there are no specific restrictions associated with this fund. Risk is being managed in part by some posts being appointed on a fixed term basis.



4.30 If external funding ceases for either the Council (i.e. the Integrated Transport Block grant) or cannot be secured by City of Wolverhampton to continue to fund the team, then the Council has the ability to exit the Collaboration Agreement and will not be required to make any further contributions in the year after its exit. This limits the financial risk, which would be limited to the contribution to redundancy costs of the BC Transport Team. The City of Wolverhampton Council will review and monitor the likelihood of redundancy costs. Should these costs arise, they will be funded in the first instance from unspent amounts from the £25,000 per annum local authority revenue contributions. There is a risk that these costs will exceed the budgets, but this is considered unlikely as the new staff members will include graduates i.e. employees at the start of their transport careers.

## 5 Alternative Options

5.1 Through the development of the business case and the original work undertaken by management consultants, two alternative options were considered as follows: -

- 'Do Nothing' – leave the existing teams operating exactly as they were prior to the review. This option was discounted on the basis that there was a clear rationale to improve the current working situation and seek to lever-in a greater level of investment. Failure to improve and evolve would have resulted in a decreased level of investment.
- Merge Existing Teams – an option identified was to merge the four local authority Strategic Transport Teams together. Although in principle this may seek to utilise the existing available personnel, it was discounted for a number of reasons. The merging of teams would not have benefit to the existing setup, because there would be no additional personnel to assist with the increasing workload. Each of the four teams are also funded and structured in different ways, with some funded via revenue, some funded capital, whilst some teams included additional functions e.g. planning policy and development control. In order to meet the funding opportunities on offer, undertaking a complicated merger of teams with TUPE and restructure implications, would have had a negative impact on the level of funding available to the Black Country. The option was



discounted on time, financial and legal grounds as being too expensive and complicated.

5.2 The preferred option as outlined in this report and reflected in the recommendation to enter into the Collaboration Agreement, is to create a new Black Country Transport Team that will work with, and complement the work of, the existing teams in each of the four Black Country local authorities.

## 6 Implications

<b>Resources:</b>	Full details of the resource implications are included in the body of the report at paras 4.21 to 4.30 above.
<b>Legal and Governance:</b>	<p>The key legal considerations, as contained in the Collaboration Agreement are;</p> <ul style="list-style-type: none"> <li>• That the City of Wolverhampton Council will host the Black Country Transport Team on behalf of the four authorities. The four authorities will be jointly accountable for any legal implications relating to the team unless the liability arose as a result of the negligent or wilful act of one authority.</li> <li>• That delegated authority be granted to appropriate officers to authorise the sealing of the Collaboration Agreement for the Black Country Transport Hub at Appendix A and the sealing or signing of any associated contracts, deeds or other related documents to give full effect to the work of the Black Country Transport Team.</li> <li>• The team will follow the governance process set out in the Collaboration Agreement.</li> <li>• By entering into the Collaboration Agreement, the Council will be entering into a legally binding commitment.</li> </ul>
<b>Risk:</b>	All project risk, including financial risk and opportunity, is to be shared between the participating local authorities.



The Collaboration Agreement ensures the host authority is protected against all financial and legal risks related to hosting the Team and any work undertaken on behalf of the Team.

However, it should be noted that there are residual risks for the Council that will require management and mitigation;

**Influence Risk** – the development of major schemes will now be managed by the Black Country Transport Team, hosted by City of Wolverhampton. It is anticipated that in most scenarios, development funds will be held and managed by the Lead Authority, although this will be agreed on a scheme by scheme basis. This will include schemes within Sandwell. There is therefore a risk of dilution of control of development of Sandwell schemes, but this is mitigated by strategic transport leads for each local authority being part of the team and having full oversight and input in the programme of scheme development. Consultation with Heads of Regeneration Working Group and transport portfolio holders will also ensure local authority engagement.

**Overspend Risk** – the risk that the Council can't control overspends that it is funding and sharing the underwriting of. This risk is mitigated by clauses in the Collaboration Agreement that require the local authorities to regularly monitor and manage joint funds.

**Clawback Risk** – the Collaboration Agreement sets out specific clauses in relation to Clawback. Clause 7.5 states that in the event of a clawback by a funder, the authorities shall agree to meet any liability in respect of the repayment of grant monies and any other costs of dealing with the clawback and taking steps to mitigate as shared costs.

This is a risk of the Council contributing to a clawback of grant when the grant is being managed by another local authority. This is mitigated by: -



	<ul style="list-style-type: none"> <li>• Clause 7.6 which states if due to negligence, breach or default of a specific authority then that authority would be liable.</li> <li>• Clause 7.9 that says if project doesn't involve a local authority then they wouldn't be liable.</li> <li>• Clause 7.7 stating partners will agree at the outset how clawback will be managed.</li> </ul> <p>There is therefore a small residual risk is that the Council may need to share clawback in circumstances where it has less involvement in the development of major schemes than under current arrangements (pre-Black Country Transport Team). This will be managed by the Strategic Transport Lead for Sandwell having oversight and continued participation in projects specifically relating to the borough.</p>
<p><b>Equality:</b></p>	<p>An extensive programme of major transport scheme development and delivery across the Black Country supports access to education, training, jobs, healthcare shopping and leisure opportunities for residents and businesses across the Borough.</p> <p>The City of Wolverhampton Council have consulted with their Equalities Team and completed an initial analysis of the equalities implications. This exercise has determined that there are no concerns that the proposal affects, or could affect, people differently or that the needs of certain groups would not be met. This has been reviewed by Walsall Council officers who are satisfied with the assessment. The Equality Impact Assessment is available at Appendix B.</p>
<p><b>Health and Wellbeing:</b></p>	<p>A safe, efficient and high quality transport system will have a long-term impact on wider health benefits, such as improvements in air quality, reduced road traffic incidents and reduction in the level of social isolation amongst vulnerable groups (due to limited access to suitable transport). The wider social, economic and health benefits will be monitored as part of the evaluation of major projects and programmes.</p>



<b>Social Value</b>	Enhancing the local transport infrastructure across the Black Country and West Midlands is a key component to enabling the local workforce to access a wider range of training and employment opportunities.
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## 7. Appendices

Appendix A - Black Country Transport Hub Collaboration Agreement

Appendix B - Black Country Transport Hub Equality Impact Assessment carried out by City of Wolverhampton Council

## 8. Background Papers

Black Country Transport Business Case, August 2019 (ARCADIS for Black Country Director of Transport)

