

LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Metro Mayor and Members of the
Combined Authority

Meeting: 6 December 2019

Authority/Authorities Affected: All

EXEMPT/CONFIDENTIAL ITEM: In Part

Report is not exempt

Appendix one is not exempt

Appendix two is exempt by virtue of paragraph 3 of Part
1 of Schedule 12A of the Local Government Act 1972

Key Decision

REPORT OF THE DIRECTOR OF COMMERCIAL DEVELOPMENT AND INVESTMENT AND PORTFOLIO HOLDER: INCLUSIVE GROWTH AND THIRD SECTOR

STRATEGIC INVESTMENT FUND - TRANSFORMING CITIES FUND

1. PURPOSE OF REPORT

- 1.1 To advise the Combined Authority on the progression of proposals from scheme promoters for the Transforming Cities Funding.
- 1.2 Please note that this report is progressing under the investment process provided in the Combined Authority's new investment strategy and assurance framework. The assurance framework states that the basis for Combined Authority approval shall be "a summary project submission, summary appraisal submission and the Investment Panel's commentary." This report follows that requirement.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Liverpool City Region Combined Authority:
 - (a) Approve the provision of grant funding from the Strategic Investment Fund (SIF) for each of the following four projects up to the amount specified:
 - Smart Ticketing (phase 1) - £1,396,000
 - Independently Powered Electrical Multiple Units (IPEMU) - £3,540,279
 - Train Connectivity and Information Systems (TCIS) - £16,176,237
 - (b) Grant authority to the Director of Commercial Development and Investment to finalise negotiations of detailed terms of the funding and associated agreements in consultation with the Combined Authority Monitoring Officer and Combined Authority Treasurer.

3. BACKGROUND

- 3.1 Members will recall from previous reports that the Liverpool City Region Combined Authority will receive £172.5 million in capital grant to cover local transport investment over a 5 year period between 2018 and 2023, to be known as the Transforming Cities Fund (TCF). The aim of the fund is to support programmes of interlinking interventions which will transform sustainable transport connectivity in key commuter routes in major city regions. This funding forms part of the Strategic Investment Fund and is managed in accordance with its underlying principles and Assurance Framework.
- 3.2 At its meeting of July 2018, the Combined Authority agreed a commissioning framework to guide the priorities that would be eligible for funding, and which comprise three priority actions:-
- Theme 1: Improving and expanding the public transport network to meet new areas of demand
 - Theme 2: Improving the appeal of public transport, and particularly bus, against private transport
 - Theme 3: Intervening for health and wellbeing
- 3.3 At the same time, the Combined Authority also agreed to start the commissioning process, focusing on the first year’s funding allocation, with the aim of seeking to commit, and where possible, spend the £10 million of funding available in 2018/19.
- 3.4 More specifically, members agreed to commission Merseytravel, on behalf of the Liverpool City Region’s local authorities, to bring forward three proposals at a Strategic Outline Case stage ahead of a deadline of 1 November 2018:-
- a) Funding for the launch of a smart ticketing portal and new ticketing media as a successor to “Walrus”;
 - b) Support for a new, low carbon and low emission vessel(s) to replace the ageing Mersey Ferries; and
 - c) Match funding in respect of the priority European Regional Development Fund Sustainable Urban Development (SUD) programme of green travel routes for cyclists
- 3.5 These interventions were identified as they directly support Mayoral priorities and were in the strongest position to commit funding that is available this financial year.
- 3.6 In October 2019, a second “call” for commissioned projects and technical studies was issued by the Combined Authority, as listed in Table 1 below:-

Table 1: Three priority themes and projects

	Name of scheme	Outline of concept	Promoter
Theme 1: Impro	Runcorn Station Quarter	This project will transform the existing space around Runcorn station.	Halton BC

	Eastern City Region Connections	A package of measures aimed at improving the interchange options for Lea Green station	St Helens
	Rolling Stock Technological Enhancements (TCIS)	Provision of infrastructure to deliver high capacity/quality wireless connectivity for the new Merseyrail fleet.	Merseytravel
	Rolling Stock Technological Enhancements(IPEMU)	Development of on board battery technology for the new Merseyrail fleet.	Merseytravel
	Headbolt Lane Gateway	This proposal extends Merseyrail through to a new station at Headbolt Lane from Kirkby.	Knowsley MBC
	Liverpool Central Station Growth Hub	Liverpool Central Station Expansion Study. The current station is close to capacity. The objective is to develop the station to allow for the anticipated growth in Merseyrail usage.	Merseytravel
	Liverpool Central Station HS3 Gateway	A Station Commission (MPR HS2 station commission) has been established to consider delivery options for a new station in Liverpool City Centre, to enable the city region`s connection to HS2 and Northern Powerhouse Rail.	Merseytravel
	Birkenhead Central Gateway	Redevelopment at Birkenhead Central Rail Station, access at Hind street and improving the bus offer connection between Liverpool and Chester.	Wirral MBC
Theme 2: Improving the appeal of public transport, and particularly bus, against private	Green Bus Routes	Green Bus Routes - developing a package of improvements on the A57, A562, B5178, A59 and A567 commuting corridors.	Merseytravel
	Smart Ticketing	Streamlining and enhancing the transport ticketing system to deliver simple multi modal ticketing for customers across the Liverpool City Region.	Merseytravel

	Public Transport Connectivity	Liverpool City Region Traffic Signals Scheme network upgrade. Ensuring that the signals are digital, connected together across the region and managed in the same way.	Merseytravel
	Hydrogen Buses	Supporting Hydrogen buses within the Liverpool City Region.	Merseytravel
Theme 3: Intervening for health and wellbeing	Liverpool City Region Cycle Network (Phase 1)	Phase 1 of developing a network of 600km of commuter cycle routes across the Liverpool City Region.	Merseytravel
	Liverpool City Region Cycle Network (Phase 2)	Phase 2 of developing a network of 600km of commuter cycle routes across the Liverpool City Region (Wirral & Halton).	Merseytravel
	Mersey Ferries replacement	The purchase of two new low carbon ferries and associated infrastructure	Merseytravel
	Access for All	To create an obstacle free, accessible route from train station entrances to the platform. First stations include: Birkenhead Park, Broad Green, Hillside, Hunts Cross and St. Michaels.	Merseytravel
	Connecting Wirral Waters	Green travel corridor from Wirral Waters to Birkenhead making use of a disused railway line.	Wirral MBC

3.7 Two schemes from the above table, Ferries and walking and Cycling phase 1 have been CA approved to date. Members will be aware that elsewhere on the agenda a recommendation has been made to include hydrogen buses as part of this programme in Theme 2.

4. PROPOSAL

4.1 Three schemes have been developed to Full Business Case stage; a description of each project is included at Appendix 1. It should be noted that funding for Smart Ticketing is a continuation of work undertaken to date. An independent review of the costs and values, an economic assessment and a review of deliverability have been undertaken. Following this work, three projects are presented for funding approval, these being:

- Smart Ticketing;
- IPEMU; and
- TCIS.

5. SUMMARY APPRAISAL

5.1 All three projects have been subject to an economic appraisal compliant with HM Treasury Green Book and DfT Transport Appraisal Guidance methodologies. All projects show strong economic returns, providing positive Net Present Values, with Smart Ticketing having a very high value for money (BCR of 6.87) and TCIS a high value for money (2.18). In the case of IPEMU, the project provides cost savings (and in this instance the BCR is not applicable) and is classified as being both financially positive and very high value for money.

5.2 The below table provides the key metrics from the economic appraisal:

Metric	Smart Ticketing	IPEMU	TCIS
NPV (£m)	15.5	60.7	10
BCR	6.87	N/A	2.18
VfM	Very High	Very High	High

6. INVESTMENT PANEL CONSIDERATIONS

6.1 At its meeting of 14th November, the Strategic Investment Fund (SIF) Investment Panel endorsed the 3 projects to proceed to the Combined Authority for consideration. It welcomed the proposal and strong value for money case.

6.2 A copy of the Investment Panel papers are attached as Appendix 2.

7. RESOURCE IMPLICATIONS

7.1. Financial

It has been confirmed that the proposed funding request can be accommodated as part of the overall Strategic Investment Fund allocation.

7.2. Human Resources

The Investment Team and Legal Team will lead the negotiation of the Grant Agreement and the Corporate Programme Management Office will have responsibility for managing the delivery of the Combined Authority's investment.

7.3. Physical Assets

The physical assets to be created by the project are fully detailed in this report.

7.4. Information Technology

The approval of funding will not give rise to Information Technology issues.

8. RISKS AND MITIGATION

- 8.1 A risk assessment and management strategy has been produced as part of the full business case.

9. EQUALITY AND DIVERSITY IMPLICATIONS

- 9.1. Equality and Diversity implications are considered as part of the appraisal process in accordance with the LCRCA's Investment Strategy.

10. COMMUNICATION ISSUES

- 10.1. All projects approved will be subject to the Combined Authority's branding guidelines and publicity requirements placed upon them as part of the Grant Agreement. In addition the Combined Authority will, through its adopted communication protocols, publicise the award of funding to the projects and the associated envisaged outcomes.

11. PRIVACY IMPLICATIONS

- 11.1 There are no privacy impact implications associated with this report, but this will be considered as the programme is implemented.

12. CONCLUSION

- 12.1 The proposal is to commit £21,112,516 of Transforming Cities Funding for three projects offering high value for money and seeking to improve transport and quality of life in the Liverpool City Region.

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Appendices:

Appendix 1 Summary of Projects (non exempt)

Appendix 2 SIF Panel Paper (exempt)