Local Growth Fund (LGF)
Due Diligence Form

1. Applicant Details

<table>
<thead>
<tr>
<th>Lead Organisation:</th>
<th>Tees Valley Unlimited</th>
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</table>
| Registered Address: | Cavendish House  
Teesdale Business Park  
Stockton-on-Tees  
TS17 6QY |
| Type of Organisation: | Local Enterprise Partnership |
| VAT No: | Company Registration No: |
| Contact Person: | |
| Position within Organisation: | Strategic Transport Planning Officer |
| Contact Address if different from above: | |

Details of Any Joint Venture or Consortium Arrangements:

This programme is being led by Tees Valley Unlimited (TVU) but has been designed and will be managed and delivered as a partnership between TVU and the five Tees Valley Local Authorities (Darlington Borough Council, Hartlepool Borough Council, Middlesbrough Council, Redcar & Cleveland Borough Council and Stockton-on-Tees Borough Council).

The application has been developed by the Tees Valley Transport Planning Officers Group which is made up from officers with experience of developing sustainable transport projects at TVU and the five local authorities. The group has history of developing and delivering similar programmes covering sustainable transport such as the Connect Tees Valley Local Sustainable Transport Fund scheme, which is delivering a programme of walking, cycling and public transport promotion during 2015/16. This was subject of a successful bid for Department for Transport (DfT) funding, which included drawing out the benefits of sustainable transport.

The group also has a history of delivering Local Transport Plan (LTP) sustainable transport projects, requiring justification and coordination of schemes across the Tees Valley. Between the group and the Transport and Infrastructure Group (TIG – Senior Officers from TVU and the five local authorities), the £60m Tees Valley Bus Network Improvement (TVBNI) Local Major Transport Scheme was developed, justified through a business case and delivered on time and within budget. Progress towards targets is still being monitored, however early outputs show that bus journey times are more reliable and public satisfaction with buses, bus waiting facilities and passenger information has improved. The track record of working in partnership with the bus and rail operators has demonstrated that public sector investment can leverage significant private sector investment.
2. Project Details

<table>
<thead>
<tr>
<th>Project Title:</th>
<th>Sustainable Access to Employment</th>
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<tr>
<td>Project Location:</td>
<td>Tees Valley Wide</td>
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**Project Description:**

The Tees Valley’s vision is for a high value, low-carbon economy which thrives on diversity and inclusivity and where employment opportunities are open to all residents. In order for this to happen, sustainable access to employment is an essential ingredient and physical barriers to work, such as lacking a car or poor public transport links, need to be overcome.

We are determined to ensure that growth in our economy results in greater wealth and creation for all of our residents to benefit from. As a result of this we are tackling deep-seated barriers such as low educational attainment and skill levels that have led to our high levels of unemployment and in particular youth unemployment.

This is of crucial importance to the economic prosperity of the area as we tackle some of the highest unemployment levels in the country. This has recently been compounded by the closure of the SSI steel works, which has seen the loss of thousands of jobs both at the steel works and within the supply chain. We are seeing success in job creation across the sub region but the levels of unemployment will only fall to national levels if we are able to maximise access to the jobs for all of our residents. In addition, this approach will help minimise the break in growth that skills shortages could have by widening the pool of workers able to take up the employment opportunities.

The SEP aims to create an additional 25,000 jobs across the Tees Valley requiring a mixture of skills. If all these jobs are accessed by car this could add an additional 6m trips onto the highway network. According to the 2011 census travel to work statistics an average of 61% people travel to work by car. This amount of additional traffic on the strategic and secondary highway networks would add significant journey delay and costs to the economy. Creating jobs and training opportunities that can be accessed by sustainable transport – rail, bus, cycle, walking and car share – can help to reduce this figure.

High levels of traffic congestion may deter future investment and undermine regeneration – the costs to businesses of congestion are well documented. Very expensive highway management schemes may then have to be considered to mitigate the additional traffic growth.

If these jobs and training opportunities are located in areas with poor sustainable transport access, this will limit the opportunities to those with access to a car. This reduces the opportunity for people to re-train, upskill and find employment.

Improving sustainable transport options have wider benefits to the local economy, supporting local shops and services as people chose to walk, cycle or travel by bus/train. Improving the public realm may uplift property values and attract higher value business users.

A further barrier is one of physical access to the locations where existing and future job opportunities are/will be available. This currently occurs in accessing Riverside Park across the A66 Hartington Interchange, where there is currently no provision for cycles. For those furthest away in both a geographical and attainment level, the lack of car ownership and public transport provision is a real barrier to accessing these opportunities. For example, the lack of sustainable transport links to employment areas such as Seal Sands from residential areas including Billingham, Stockton, Stockton-on-Tees, and Skelton.

TVSAP - Due Diligence Form (revised 2016-03-31)
Hartlepool and Middlesbrough.

This is a four year programme developed by officers from TVU and the five Tees Valley Local Authorities. It has been designed to deliver a package of sustainable transport measures which will enhance accessibility to employment and essential services throughout the Tees Valley. It includes physical enhancements to walking, cycling, bus and rail networks and targeted marketing to raise awareness and provide encouragement for the use of alternative modes of transport to the car. A number of projects have been developed to link together, for example the projects which provide access from Darlington Central Park to residential areas, Darlington Town Centre, Darlington Bank Top Railway Station and therefore the rest of the Tees Valley.

In order to support growth and provide the workforce in the numbers required we need to maintain and improve the capacity of the existing transport networks and increase the proportion of trips by train, bus, cycling and walking. This would have the added benefits of reducing congestion and carbon emissions.

The programme was submitted to the Government as part of the Tees Valley’s Strategic Economic Plan (SEP) / LGF application in 2014. The bid was originally for £10million to account for the quantum of investment it was felt was necessary to reduce some of the key gaps in the sustainable transport networks that would affect access to work up to 2020. These gaps have been identified through a combination of public consultation, local knowledge and experience, and mapping analysis. Schemes have then been developed to help mitigate against these gaps and costs have been derived based upon the cost of similar schemes developed in the past. These costs were then collated to develop a value for the overall programme. The impact of these schemes has then been estimated to derive the overall impact of the programme. Further analysis of scheme impact will be made during project due diligence based upon outcomes of similar schemes delivered in the past. This method will also be used to inform project prioritisation for years 2 to 4 of the programme.

Evidence of the success of such an approach can be found in Darlington which was a Sustainable Travel and a Cycle Demonstration Town 2004 – 2008. Investment in cycle and pedestrian infrastructure combined with behavioural change resulted in a 9% reduction in car trips by local people over the 4 year period. We believe that the Tees Valley would benefit significantly from a similar package and show similar if not better results for certain interventions, due to the larger scale. The programme brings together projects in neighbouring authorities to develop solutions that will link together residential areas and employment at a larger scale, such as links between Thornaby and Middlesbrough.

The programme requires Capital funding via LGF, the only route for funding such schemes. Our separate successful bid for Local Sustainable Transport Fund (LSTF) revenue funding to the DfT identifies and reinforces our commitment to investing in such a package of capital schemes through the SEP. There is also the ongoing Tees Valley public transport marketing funding secured through TVBNI legacy and the Tees Valley will be looking to continue the successful work undertaken through the LSTF with a submission to the DfT’s forthcoming Access Fund.

<table>
<thead>
<tr>
<th>Project Variations since initial submission</th>
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<tbody>
<tr>
<td>The prioritised list of projects has altered since the original submission. However, Sustainable Access to Employment was always designed to be a programme which included a prioritisation methodology to select projects as priorities arose throughout the duration of the current LGF programme.</td>
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A programme management framework has been developed which now which looks to enhance the
project prioritisation methodology. The methodology will utilise external resource to define the impact of individual projects to ensure the methodology’s robustness, through consistent estimates and transparent prioritisation. Individual project submissions will also be independently verified through project level due diligence to ensure a thorough, consistent and fair selection of projects that will contribute to meeting the programme’s objectives.

3. **High Level Funding Summary**

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4. **Strategic Case**

4.1) **State clearly the aims and SMART (Specific, Measurable, Achievable, Realistic and Timely) objectives of the project.**

The Tees Valley’s vision is for a high value, low-carbon economy which thrives on diversity and inclusivity and where employment opportunities are open to all residents. The Tees Valley Strategic Economic Plan (SEP) has a priority to ‘Provide Infrastructure to Enable Growth’. The SEP recognises that effective transport connectivity is crucial to the future development of the Tees Valley as it will stimulate, support and be a driver for economic growth. Overcoming barriers to get businesses and people moving, trading, working, learning and exporting is therefore essential to achieving the economic aims of the Tees Valley.

The aim of the Sustainable Access to Employment Programme is to contribute to delivering a high value, low carbon economy through the facilitation and promotion of sustainable transport modes to reduce congestion and cut emissions. It also aims to improve accessibility to employment opportunities to residents across the Tees Valley.

The sustainable transport network has been under continual development through local authority and Local Transport Plan funding under an ongoing process to remove gaps in the networks and provide access for all. This programme looks to plug further gaps in the walking, cycling, bus and rail networks with a particular focus on access to existing and future major employment areas. By the end of the programme a number of the Tees Valley’s major employment sites should see significant improvements in the existence and quality of sustainable transport links.

To achieve these aims the programme has the following objectives:

- Improve walking and cycling access between housing and employment sites – through more complete links to existing and new employment sites and a reduction in severance locations;
- Improve actual, and perceptions of safety on existing transport networks to encourage the use of more sustainable modes – through more complete links, better lighting,
improvements at known dangerous crossings and junctions and improvements at public transport interchanges; and

- Improve access to/from the Tees Valley’s public transport network – through improved walking/cycling links and improved public transport interchanges.

The success of the programme and the supporting revenue streams will be determined by the proportion of people travelling to work by sustainable modes of transport. The Tees Valley is targeting a 5% reduction in the number of people travelling by car for journeys to work of less than 3 miles by 2020. This will be achieved through:

- an increase in the number of people travelling by foot;
- an increase in the number of people travelling by bicycle;
- an increase in the number of people travelling by rail;
- maintaining the number of people travelling by bus;

A key outcome will be the maximising the proportion of the 25,000 jobs created and the number of houses completed that are accessible by bus and other sustainable transport modes.

Of course there are numerous external factors which could affect the uptake of sustainable modes in the Tees Valley that are out of the control of the programme (e.g. a reduction in travel due to job losses such as SSI, a reduction in bus services, development in areas away from sustainable transport networks). However, with previous experience of similar levels of investment, such as Darlington’s Local Motion Programme, which saw a 9% reduction in cars being driven between 2004 and 2008, it is believed that this shift is achievable.

### 4.2) Is the project in an area of strategic importance?

The programme will look to target improving accessibility for non-car modes for key strategic movements across the Tees Valley. It has been designed to contribute to the SEPs target to overcome barriers to get businesses and people moving, trading, working, learning and exporting. The Tees Valley has opportunities for growth in advanced manufacturing products and services, the oil and gas sector, renewable technologies, the digital media market and creative industries. The programme will provide provisions to improve access at a local level to key strategic employment and development sites such as the Enterprise Zones at:

- Darlington Central Park – Bank Top Rail Station is a key gateway into Darlington and the Tees Valley. The connections between the Station, Central Park EZ and the town centre need to be direct, safe, high quality environments for those walking, cycling and travelling by bus or train. This will help to attract investment and create new jobs, as well as supporting the local economy on Parkgate and into the town centre; and
- Queens Meadow – where there is limited sustainable transport access to residential areas in the South of Hartlepool.

Rather than just improving infrastructure at a local level, the programme has been developed to account for strategic movements. Projects have been developed to complement each other and revenue funded projects to deliver door to door improvements to strategic movements such as:

- Darlington residents accessing jobs in Stockton and Middlesbrough and vice versa;
- East Cleveland residents accessing jobs at Teesport and other employers in the surrounding area; and
- Hartlepool residents accessing relocated jobs and health facilities at the proposed University Hospital of North Tees, due to the review and relocation of services by the North Tees and Hartlepool Hospital Trust.
If an investment is not made in providing an alternative to the private car, existing and future employment sites will find their recruitment limited to only the car owning section of the population. There will also be an overreliance on the use of cars to access employment resulting in poorer health and air quality, and congestion with its resulting costly mitigation measures.

### 4.3) Delivery against key Government strategies.

The programme will deliver against national priorities including contributing to the following national policies:

**Creating Growth, Cutting Carbon** - DfT White Paper, which aims to encourage sustainable local travel and economic growth by making public transport, cycling and walking more attractive and effective, promoting lower carbon transport and tackling local road congestion.

**The National Infrastructure Plan**, which aims to support sustainable economic growth and tackle climate change

**DfT Door to Door Strategy**, which recommends that accurate, accessible and reliable information is made available for sustainable transport options. It also recommends affordable tickets, regular connections and safe, comfortable transport facilities.

The programme would also contribute to the Prime Minister’s ‘Cycling Revolution’ and the Government’s forthcoming **Cycling and Walking Investment Strategy**, which include a commitment to create an environment which encourages walking and cycling, where cycling and walking is the norm for short journeys or as part of a longer journey. The Government’s ambition is for streets and public places which support walking and cycling and a road network where we will always consider improving infrastructure for cycling and walking when local and national routes are maintained, upgraded or built.

### 4.4) Is there clear evidence of the need for public intervention?

There is clear evidence of need for public intervention. Funding is often available for providing sustainable access within close proximity of a new development or for a limited period after a development opens, but public intervention is required in order to provide a full door-to-door solution for residents of the Tees Valley to access work. The Local Growth Fund now represents the only public source of capital funding for strategic sustainable transport interventions. This was previously the responsibility of the local authorities who received funding for sustainable transport through their Local Transport Plans. This funding has now been diverted through the LGF therefore without this programme, there would be little or no investment in alternatives to private motor vehicles.

Prior to the Local Transport Plan process there was limited provision for sustainable transport in the Tees Valley. Investment over the last ten years has allowed infrastructure to be developed to a higher standard, more attractive to existing and potential users. Infrastructure has been linked together to provide full journey solutions. There have however only been finite amounts of funding therefore there are still gaps in the sustainable transport networks and future infrastructure has to accommodate the changing and future housing and employment development patterns.

The Tees Valley is looking to other sources for revenue funding to provide a package of measures to encourage the use of sustainable modes of transport to open up employment opportunities and reduce carbon emissions. However, from feedback from public consultation, in some instances it is impossible to promote sustainable transport when there is no physical infrastructure in place. A gap
which this programme aims to fill, such as links between residential areas of Redcar & Cleveland and Middlesbrough and the cycling facilities already in place around Teesport.

If an investment is not made in providing an alternative to the private car, existing and future employment sites will find their recruitment limited to only the car owning section of the population. There will also be an overreliance on the use of cars to access employment resulting in poorer health, air quality, and congestion with its resulting costly mitigation measures. Reducing congestion is good for businesses who have a high value of time and integrated free-flowing transport networks will assist in the Tees Valley’s offer to inward investment.

4.5) Does the Project make a net contribution to the Tees Valley economy?

People – Enables those without access to a car to train, upskill or find employment, making a positive contribution to the economy. Also enables people to move on to higher skilled jobs as these are created. Increasing the mobility of residents without access to a private car will help to support the workforce offer of the Tees Valley. It will increase the accessibility of employment sites and contribute to releasing capacity on the highway network to accommodate future development.

Place – Improves the quality and functionality of local areas, not just to access employment but also to support local shops and services, and to reduce the negative impacts and costs of anti-social behaviour, poor infrastructure and neglect. This can reduce public sector costs and generate additional revenue to the private sector.

Economy – Enables sustainable growth, minimising congestion. Growth will be constrained without providing access to the Tees Valley’s existing and potential workforce, many of whom do not have access to a private car (30.5% of people in Tees Valley do not have a car, compared to 25.6% nationally). The programme will provide a sustainable travel alternative, cutting carbon and releasing extra capacity on the existing highway network to accommodate growth.

Without the programme there is no alternative funding available to support the development of sustainable transport as the Local Growth Fund has absorbed the traditional Local Transport Plan, Local Major Transport Scheme and Local Sustainable Transport Fund routes to sustainable transport funding. Over time this would result in congestion increasing on the Tees Valley highway network, which would require costly enhancements well beyond this ask for sustainable transport.

4.6) Please explain what your project delivers in terms of Environmental Sustainability.

Environmental sustainability is at the core of the programme. The Tees Valley recognises the strategic role that sustainable transport has to play in supporting its ambition to become a high value, low carbon economy. In order to facilitate the economic growth that the Tees Valley hopes to achieve, the movement of people needs to be facilitated. Increasing the proportion of trips by train, bus, walking and cycling would provide a cost effective method of reducing congestion and carbon emissions in the area, without the need for funding numerous costly highway improvements.

4.7) Please explain what impact the project will have upon Equality.

An investment in sustainable transport provision would increase affordable access to employment and other essential services for residents of the Tees Valley, particularly those without access to a car (30.5% of people in Tees Valley do not have a car, compared to 25.6% nationally). It is important that those without access to a private car or who are unable to drive are provided with the means to access employment, leisure, health, retail and other essential services.

FOR OFFICE USE ONLY:
Project variations
5. **Economic Case**

### 5.1) Evidence of Need

**Accessibility**

The development of high quality sustainable transport access is vital in connecting the residents of Tees Valley to their employment, skills and training requirements. With only 281,000 jobs for a working age population of 421,000, unemployment is a persistent issue with youth unemployment, deprivation and barriers to work particular problems. To reduce worklessness it is vital to enable social mobility by creating local opportunities for training and employment that are cheap and easy to access. It cannot be assumed that residents will be able to access opportunities by car (30.5% of people in Tees Valley do not have a car, compared to 25.6% nationally), or live near to opportunities or existing sustainable transport networks.

There are also locations where there is an issue of localised severance, where access is only safe by private car. To this end the programme will include projects which look at crossings of dual carriageways and other busy roads such as the cycle/footbridge across the A689 at Wynyard.

**Congestion**

High levels of congestion have a negative impact on the economy – the costs to the economy of congestion, specifically vehicle delay and increased journey times, are well documented. Unacceptable levels of congestion will stifle regeneration through the planning process as well as by investors being deterred from investing in problem sites.

In comparison to costly highway schemes sustainable transport provision can provide a more cost effective, deliverable solution for reducing congestion on the highway network. A particular issue is low occupancy vehicles which contribute to a disproportionate amount of congestion to the number of people on the road. Through a combination of improved infrastructure and marketing, from other funding sources (including LSTF, ESIF and LTP), the programme will look to encourage people to shift to sustainable modes where appropriate. Public transport, walking and cycling require significantly less road space and can help contribute to retaining the economic competitiveness that a free flowing well connected transport network can offer the Tees Valley.

**Safety**

The projects included within the programme will help to improve the on and off-road infrastructure, increasing the safety of the walking, cycling and public transport networks and reducing the number of road traffic incidents. This includes offering safer crossing facilities to employment sites such as Oakesway Industrial Estate in Hartlepool and off-road alternatives such as the River Skerne link between Darlington Town Centre and north Darlington. Scheme design needs to address the perception of safety – better lighting, direct links, increased footfall.

**Environment**

Motorised vehicles continue to be a major contributor to carbon emissions, poor local air quality (NOx, particulates, etc.) and noise pollution. Whilst modern technology, such as more efficient engines and electric vehicles, is reducing emissions from motorised vehicles, sustainable transport still provides a solution which can make a much larger impact on a growing urban population.
Health

Active travel modes, including accessing public transport networks, have the potential to improve the health of the Tees Valley population. The NHS guidelines of 150 minutes moderate activity per week for adults aged between 19 and 64 can easily be covered by commuting by bicycle or fast walk for 15 minutes each way 5 days a week, or a fast walk to/from a bus stop/railway station. Active travel can help tackle obesity and has been proven to reduce time off work due to sickness, which can help local employers to improve productivity and competitiveness. Projects such as the cycle/footway between Margrove Park and Guisborough will enable walking and cycling to be a viable option.

The benefits of sustainable transport are summarised in the diagram below, which illustrates the impact of the DfT’s Local Sustainable Transport Fund. It shows how the main benefit of similar schemes is through a reduction in congestion, particularly for business users. Town centres and high streets which are better designed for pedestrians and cyclists have also seen the benefits through increased economic activity from increased footfall and subsequently rental value.

Source: DfT - Setting the First Cycling and Walking Investment Strategy (December 2015)

Options Analysis

5.2) Please describe the options that have been considered including proposed costs and benefits and the reasons why these have been discounted.

Option 1: Do nothing - rejected
Potential and existing employees will not be able to access training and employment opportunities unless they have access to a car. There is a risk that the 25,000 new jobs will either not be created or vacancies will not be filled unless affordable, sustainable transport options are available. Issues of worklessness and low skills will persist.

This option would cost nothing to the LGF programme and would represent a significant reduction in the funding provided to support sustainable transport in the Tees Valley. Historically, capital funding has been received for sustainable transport through LSTF and LTP. However, this funding has now been channelled through the LGF programme so that it has become one of the only routes to fund such schemes. As new housing and employment developments are created, they need to be linked into the existing networks. Whilst developers will often fund or contribute to provision in the
immediate vicinity of their developments this is often not sufficient to fully link them into existing sustainable transport networks. There are also existing housing and employment developments, such as the South West Stockton Housing development and the Darlington Central and Eastern Growth Zones, whose integration with sustainable transport networks needs to be improved, in order to achieve a modal shift from the private car. This option would leave significant gaps in the sustainable transport networks, impeding the ability for a sizeable proportion of the Tees Valley’s population to access employment and vital services.

**Option 2: Marketing and Promotion of Sustainable Transport Options - rejected**

This option would cost nothing to the LGF programme, and is similar to ‘Option 1 - do nothing’ in that there is no capital funding for sustainable transport infrastructure. Marketing and promotion has been shown to work well in encouraging a modal shift from private car usage. However, there continues to be physical barriers that cannot be overcome, which require capital funding in order to open up networks linking housing and employment opportunities. This option is currently a risk as there is no detail available yet on funding for soft demand management programmes. The LEP is currently awaiting Government guidance on the £80m Access Fund.

**Option 3: Individual Sustainable Transport Projects - rejected**

This option would have presented a similar cost to the LGF programme as option 4. In order to meet the target of a 5% reduction in the number of people travelling by car for journeys to work of less than 3 miles by 2020, a coordinated programme is required. Standalone projects would struggle to justify themselves against this target but together they make a strong strategic case. It would be time consuming and less resource efficient for smaller projects to undergo the full LGF process for both project promoters and project assessors. It would also not enable the same sort of coordination between projects that the programme allows, particularly where there are cross boundary links. Coordinating projects will allow them to be joined together to produce a greater benefit for door-to-door journeys and improved value for money than if they were developed separately.

**Option 4: A package of Sustainable Transport Projects supported by marketing and promotion - selected**

This option includes an £8.3m package of capital public transport, walking and cycling projects supported by revenue funded marketing and promotion initiatives. It brings together a number of complementary projects, which will be selected and prioritised by their contribution to delivering the programme’s primary objectives. As can be seen within the benefit cost ratio explanation in section 5.6 below, combining the projects into a single programme allows analysis to be undertaken at a strategic level and ensures that strategic issues are being addressed.

There is a risk that there will be limited supporting marketing and promotion as there is no detail currently available on future funding for soft demand management programmes. That said, there is still the legacy impact of the currently LSTF programme (£1.27m revenue funding) including active travel hubs such as Bike Stop – Darlington, The Hub – Stockton, the Hartlepool Active Travel Hub and Middlesbrough Cycle Centre. There is also a further year of funding for public transport marketing and the development of the Connect Tees Valley website secured through TVBNI legacy funding. The LEP is currently awaiting Government guidance on the £80m Access Fund.

A summary of the projects prioritised for 2016/17 is included within the **TVSAP – Project Summary 2016/17**. These have been selected to match the priorities set out within the Strategic Economic Plan, the Tees Valley’s current 2015/16 Local Sustainable Transport Fund programme, the other projects within the current Tees Valley LGF ask and the Strategic Infrastructure Plan. This has been achieved using an assessment framework which prioritises projects by their strategic fit, deliverability, benefits and value for money, as outlined in the table below. This has been applied by
TPOG, approved by TIG and will have the benefits derived by an independent source.

**Option 5: A reduced cost package of sustainable transport projects supported by marketing and promotion – rejected**

This option would apply a similar approach to option 4 but with a reduced package of projects. Due to the benefits of delivering this programme and the number of locations identified where interventions are required, reduced funding would limit delivery of the programme’s objectives. The Tees Valley will continue to look to identify further funding opportunities, to ensure the benefits of sustainable transport provision can be fully realised.

**5.3) Please give justification for chosen option in context of rejected alternatives from options analysis.**

Option 4 has been selected because it brings together all of the potential benefits of sustainable transport delivery and will maximise the delivery of the benefits of sustainable transport within the current LGF programme. Combining the projects into a single programme allows analysis to be undertaken at a strategic level and ensures that strategic issues are being addressed. Through initial analysis it has been seen that complementary projects are showing benefits greater than the sum of their parts and will therefore offer higher value for money through the programme.

It is important to note that the projects within the programme may change over time as investment decisions by the private housing and commercial sectors vary. For that reason the programme will be reviewed on an ongoing basis to ensure that the amount of private investment can be maximised, the greatest numbers of jobs created and houses constructed can be achieved, and local people can access those opportunities by sustainable travel modes.

Options 1, 2 and 5 would leave gaps in the sustainable transport networks, particularly in the areas where there will be new housing and employment developments and no existing infrastructure.

Option 3 would deliver similar outputs but would make it more difficult to coordinate projects strategically to meet the overall objectives and would increase the amount of work required to get projects through due diligence.

**5.4) Key Project Outputs and timing for these to be achieved.**

As TVSAP is a programme for which there are future year pipelime projects that have not yet been fully agreed, only 2016/17 metrics are currently confirmed. All future year metrics...
are estimates of how and when they will contribute to the programme target total and match the original estimates submitted to the Government in 2014. Further detail can be found within TVSAP – Project Summary.

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<th>Year</th>
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5.5) Please provide a detailed explanation of how outputs have been calculated including assumptions and reference documents.

Outputs have been calculated from the project designs put forward by the local authorities within their Expressions of Interest for individual projects. There is a combination of new and improved bus passenger waiting facilities; walking and cycling routes; and crossing facilities. The projects have been developed to fill gaps in the sustainable transport networks for both existing and future housing and employment locations. To maintain the level of delivery of previous years the programme was originally pitched at £10m. Following the government’s review of the Tees Valley’s LGF overall ask, this has been reduced to £8.3m and TVU and the local authorities will be looking to other sources to contribute to filling certain gaps in the networks.

The transport planning officers responsible for developing the projects have extensive experience of identifying, developing and delivering similar projects. The officers have been involved with the delivery of sustainable transport initiatives through Local Transport Plan scheme delivery. Projects have been identified through public consultation, local knowledge and analysis of where interventions would make a positive impact. The officers were also involved in delivering the Tees Valley Bus Network Improvement Major Scheme, a £60m package of improvements for improving bus journey time reliability and passenger facilities.

The figures are based upon the expected location and alignment of projects which are subject to change before individual projects pass through the project level due diligence process.

5.6) Please set out the Benefit Cost Ratio (BCR) for the scheme.

Rather than evaluating the benefits for individual projects, they have been derived for the programme as a whole. The benefit cost ratio for the programme has been estimated at 4.67.

This has been estimated based upon the outputs from Darlington’s Local Motion Programme¹, which saw a 9% reduction in cars being driven between 2004 and 2008. In combination with the other revenue funding sources, the Sustainable Access to Employment Programme is following a similar approach to the Local Motion Programme with marketing, personalised travel planning, and improvements to cycleways and bus stop provision. However, due to the polycentric nature of the Tees Valley in comparison to the contained nature of Darlington, it is estimated that the programme can reduce the number of cars being driven by only 5%, for journeys of less than 3 miles.

Using model outputs from the Tees Valley Strategic Transport Model, it can be estimated that the total distance of vehicle trips on the Tees Valley network under 3 miles equates to approximately
112,497km. A 5% reduction in these trips then equates to 5,625km. The model was also used to calculate the average length of a vehicle commute to be 19km, therefore it is estimated that the 5% reduction in trips would create the capacity for an additional 290 vehicle trips on the network.

The capacity for the additional 290 vehicle trips can be approximated for facilitating or providing a critical path to 290 additional jobs. The benefits of these critical path jobs over the lifetime of the programme and the cost, have then been used to derive the 4.67 BCR.

This calculation is set out in further detail within the TVSAP – BCR detail note.

The benefits of individual projects will be evaluated independently for the project level due diligence and for the future year prioritisation process. Schemes that match the projects included within TVSAP will be identified from across England, and measured outcomes will be used to estimate the outcomes of the TVSAP projects. This will help identify the value for money of the projects and ensure that the most effective projects are selected through the TVSAP project prioritisation. Work is also being undertaken to identify the housing and employment locations that will benefit from the projects.

1 Darlington – Sustainable Travel Demonstration Town Travel behaviour research: Final evaluation report for Darlington Borough Council March 2009

FOR OFFICE USE ONLY:
Project variations throughout due diligence to be recorded.
6. Commercial Case

6.1) Is the project commercially feasible and viable?

The feasibility and viability will be assessed for individual projects. However, at a programme level, a Programme Management Framework (PMF) has been developed to ensure that processes are in place to ensure the proficient delivery of the programme. This includes an Assurance Framework which sets out a project selection and prioritisation methodology to bring forward projects that are the most deliverable and will be the most successful in contributing to deliver the programme’s objectives. The programme will also have checks in place during the delivery phase, through the claims process, to monitor the programme spend and the delivery of outputs.

For any projects that require changes or will not go ahead for any reason, the PMF includes the procedures for dealing with programme and project management and changes. This includes the mechanism for reallocating funding and future year projects will be developed so that a number of projects, which would deliver similar outputs, are shovel ready if funds become available.

6.2) Is risk identified, managed and allocated?

Individual projects will be required to identify their own specific risks. Programme level risks have been identified and published within the TVSAP – Project Risk Log. The PMF has been developed to minimise the risk of non-delivery of the programme with mechanisms in place to reallocate funding if any issues arise with individual projects.

Monthly progress updates will be produced containing both programme and project specific information. Projects will be ranked as red, amber, green according to progress/issues arising and any ranked as red will be escalated for discussion with the Transport & Infrastructure Group to agree any mitigating action/intervention.

6.3) How is the project to be procured?

Procurement will be undertaken following the rules of the local authority responsible for delivering individual projects and will be clarified during the project level due diligence process. Where appropriate, projects will be jointly procured. This could be in cases where projects cross local authority boundaries or the projects are similar enough to deliver improved value for money through economies of scale. Joint procurement could also deliver more consistent standard / design of outputs, however Tees Valley design standards have been developed and are already in place for both cycle and bus infrastructure.

FOR OFFICE USE ONLY:
Project variations throughout due diligence to be recorded.

7. Financial Case

7.1) Project Costs

The overall programme is for £8.3m over four years as set out in the profile below.

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<tbody>
<tr>
<td></td>
<td>£1.1m</td>
<td>£2.4m</td>
<td>£2.4m</td>
<td>£2.4m</td>
</tr>
</tbody>
</table>

Further detail on cost breakdown for 2016/17 can be found within the TVSAP – Project Summary 2016/17. The costs for 2017/18 to
2019/20 projects will be established in future years.

### Explain who has estimated the costs and funding expected into the project, and what assumptions have been made. Provide evidence of cost comparisons with similar projects if available and supporting technical documentation which sits behind the cost estimates.

The final cost of projects will not be available until the period leading up to the year that they will be delivered. TVUMG will be responsible for the final sign off of costs subject to them being less than or equal to the original estimates quoted within the programme. If the costs come out higher than the original estimates the project sponsor will be responsible for the additional funding. The local authorities have built contingency into their initial estimates so this should not be an issue.

The costs found within **TVSAP – Project Summary 2016-17** have been estimated by local authority officers through knowledge of delivering similar projects under similar circumstances. Costs will be developed and interrogated further as part of the project level due diligence process, with the cost of projects costing over £0.5m requiring independent verification from the programme’s due diligence consultant.

#### 7.2) Full Breakdown of Costs, drawdown, expenditure and repayment (where applicable).

The profile of expenditure and drawdown will not be available until the period leading up to the year that individual projects will be delivered. Funds will be drawn down on a quarterly basis, in arrears.

The programme does not include any repayment.

#### 7.3) Funding package - Confirmed match

This programme has been set up to fund projects outright as a replacement for LSTF capital and reduced LTP funding. However, some of the projects may draw in some match funding and this will be taken into account during the project prioritisation and project level due diligence process.

#### 7.4) Funding package - Unconfirmed match

£399,000 has been estimated as match for the projects put forward for 2016/17, as outlined within **TVSAP – Project Summary 2016-17**, which is made up of section 106/developer and local authority contributions. Overall there is potentially £3.1m of match that could be drawn in over the period of the programme. This will be taken into account during the project prioritisation and project level due diligence process.

#### 7.5) Assets used as match funding (where applicable)

Not applicable for this programme.

#### 7.6) Details of market costs/assumptions (where appropriate)

Not applicable for this programme.

#### 7.7) Payback or Overage

Not applicable for this programme. Please provide the details on the payback or overage and how this will work. Not applicable for this programme.

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**FOR OFFICE USE ONLY:**

Project variations throughout due diligence to be recorded.

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### 8. Management and Legal Case
8.1) Site Ownership
The detail of the site ownership will be specific to individual projects. There is a mixture of projects within adopted highway, local authority owned land and private land. This will be identified for individual projects within the TVSAP – Project Due Diligence Form.

Where appropriate signed legal agreements, Certificates of Title or permissive path decisions will be included within individual project due diligence evidence. The TVSAP – Project Risk Log looks to identify any issues that might arise with site ownership.

8.2) Site Investigations
The detail of the site investigations will be specific to individual projects and identified within the TVSAP – Project Due Diligence Form. The TVSAP – Project Risk Log looks to identify any issues that might arise through the site investigations.

8.3) Planning Permission
Individual projects which require planning permission will need to account for this within the project delivery timescale assumptions. This will be a requirement of the project level due diligence process. The TVSAP – Project Risk Log looks to identify any issues that might arise with planning permission.

8.4) State Aid
This will be checked within the due diligence process for individual projects.

8.5) Confirmation of sign off by project accountable body
The programme will be signed off by the TVUMG and TiG, evidence supplied via minutes as outlined within the PMF.

8.6) Timetable for Delivery
A timetable for delivery will be developed for each individual project. This will be a requirement of the project level due diligence process. The entire programme will be delivered between April 2016 and March 2020.

8.7) Key Milestones
Key milestones will be set out for individual project within the project level due diligence process. Key milestones for the early years of the programme are as follows.

<table>
<thead>
<tr>
<th>Event</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme enters due diligence</td>
<td>Feb 2016</td>
</tr>
<tr>
<td>Independent verification, Investment Panel programme sign off &amp; delegation to TVUMG</td>
<td>Mar 2016</td>
</tr>
<tr>
<td>Funding agreement</td>
<td>Mar/Apr 2016</td>
</tr>
<tr>
<td>2016/17 projects enter due diligence</td>
<td>Apr 2016</td>
</tr>
<tr>
<td>2016/17 project independent verification, TVUMG sign off and</td>
<td>May 2016</td>
</tr>
</tbody>
</table>
8.8) Track Record of Applicant

Members of TIG and officers at TPOG level were responsible for overseeing the delivery of the £60m programme of measures that made up the Tees Valley Bus Network Improvement (TVBNI) scheme. Similar to TVSAP, TVBNI was made up of a number of schemes largely designed, procured and delivered by individual local authorities to an agreed Tees Valley specification.

The programme was managed through a TVBNI Project Board (including TIG representatives) and TVBNI Project Manager Group (including TPOG representatives). This included setting project objectives, managing project identification, business case development, project sifting/prioritisation, project delivery, programme/project change management, partnership management, project evaluation and project monitoring.

Members of TIG and officers at TPOG level are currently responsible for delivering the £1.27m Connect Tees Valley Local Sustainable Transport Fund 2015/16 Programme. This comprises of a number of individual schemes that are being delivered by individual local authorities. The programme is being managed by TVU and members of TPOG, with TIG signing off quarterly progress and change reports. The programme is being funded due to a successful application for funding to the DfT which required benefits to be estimated for the various elements of the programme and value for money to be calculated. Schemes within the programme are delivered by individual authorities e.g. the Riverside Bus Service in Middlesbrough, or, in some cases, one authority delivers a scheme across the Tees Valley, e.g. the Personalised Travel Planning programme is delivered by Darlington across Tees Valley households, businesses and Job Centres.

At a project level the local authorities are vastly experienced in the delivery of sustainable transport schemes through their Local Transport Plan Integrated Transport Block. All of the Tees Valley authorities have good track record of delivering their schemes, identified through the Department for Transport’s Annual Progress Report monitoring processes.

8.9) Details of Project Management Structure

General Programme Management will be the responsibility of the following groups:

- **TVU Management Group** will approve projects to put forward for TVSAP funding (based upon TIG recommendations – stage 1-2 of the TVSAP Assurance Framework).

- **Transport & Infrastructure Group** will oversee the management of these projects (stages 3-5 of the TVSAP Assurance Framework)

- **The Transport Planning Officers Group** will develop potential projects across a 4 year programming period and sift them on an ongoing basis to ensure delivery and value for money using TVSAP Assessment Framework. TPOG will project manage the delivery of the schemes within their own local authorities and in partnership with neighbouring authorities or other stakeholders as required.

- **The Accountable Body – Stockton Borough Council** will assume legal responsibility for LGF decisions under the existing Joint Agreement. The arrangement has been used successfully to
deliver major schemes in the past, such as elements of the Tees Valley Metro Scheme, LSTF, Single Programme and ERDF funded projects.

Further detail is set out within the PMF as summarised in the table below. Individual projects will be required to have their own agreed project delivery structures, which will be included within the project level due diligence submissions.

<table>
<thead>
<tr>
<th>Project Stage</th>
<th>Steps</th>
<th>TVU Group Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>STAGE 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Planning &amp; Development</td>
<td>Transport &amp; Planning Officers Group (TPOG)</td>
<td>To develop potential projects across a 4 year programming period.</td>
</tr>
<tr>
<td></td>
<td>Tees Valley Unlimited</td>
<td>First sift of projects to ensure strategic fit using TVSAP Assessment Framework.</td>
</tr>
<tr>
<td></td>
<td>Transport &amp; Planning Officers Group (TPOG)</td>
<td>Sift of strategic fit projects to ensure delivery and value for money using TVSAP Assessment Framework. Recommend priority projects to TIG for inclusion in the Programme.</td>
</tr>
<tr>
<td></td>
<td>Transport and Infrastructure Group (TIG)</td>
<td>To consider and approve priority projects for inclusion in the Programme and make recommendations to TVUMG for projects to enter independent due diligence.</td>
</tr>
<tr>
<td></td>
<td>TVU Management Group (TVUMG)</td>
<td>To approve recommended projects to enter independent due diligence. To approve projects to receive funding through the Programme following due diligence recommendations.</td>
</tr>
<tr>
<td></td>
<td>TVU Investment Panel</td>
<td>To delegate day to day management of the programme to TVUMG; authority to make financial decisions regarding projects entering due diligence and approve final sign off of projects following due diligence.</td>
</tr>
<tr>
<td>STAGE 2: Due Diligence &amp; Project Approval</td>
<td>A TVSAP Due Diligence Form is completed by the Project Applicant. Projects will be subject to an independent assessment following Green Book principles.</td>
<td>Final approval of projects made by TVUMG based on Due Diligence recommendations.</td>
</tr>
<tr>
<td>STAGE 3: Project Funding Agreement</td>
<td>Funding Agreements in place. Project is able to proceed to delivery.</td>
<td>Funding Agreements approved by Stockton Borough Council (as TVU accountable body) and Project Lead. <strong>COMBINED AUTHORITY</strong></td>
</tr>
<tr>
<td>STAGE 4: Delivery, Monitoring and Evaluation</td>
<td>Monitoring includes claims and verification checks and progress update reports. Evaluations will be performed at appropriate intervals and at the end of the project.</td>
<td>TIG to oversee project delivery, monitoring and evaluation. TPOG to project manage, monitor and evaluate. TVU Strategic Transport Planning Officer to oversee day to day delivery of the Programme. TVU Project Manager to oversee monitoring and evaluation of the projects and programme and report to TVU Programme Manager as necessary. A LGF Communications Plan will ensure key progress and delivery updates are given to stakeholders.</td>
</tr>
<tr>
<td>STAGE 5: Project</td>
<td>This includes project closure on both financial and practical matters.</td>
<td>TVU Project Manager and TVU STP Officer will oversee both financial and practical closure.</td>
</tr>
</tbody>
</table>
8.10) Partners

The overall programme will be delivered by TVU in partnership with the five Tees Valley Local Authorities. Individual projects within the programme will be delivered by the Local Authority whose boundary they fall within. Other partners will be involved in individual schemes, including bus operators, Network Rail, and train operating companies.

The LAs originally submitted the projects to be delivered within the programme and the projects have been shortlisted and prioritised for funding based upon an individual LAs commitment to delivering them. This is the only opportunity for LAs to deliver such projects which would have originally been allocated funding through the LTP and LSTF capital process.

8.11) Evaluation Requirements

The general approach will be to evaluate projects where lessons can be learned to inform future bids and where innovative approaches are being delivered. The detail of this will be discussed with individual projects at the earliest opportunity.

There is a commitment to monitor the programme through the metrics outlined within the yet to be finalised Tees Valley LGF Evaluation Plan. This is likely to include:

- Type of infrastructure delivered

There is also a commitment to improve the monitoring of the strategic impacts of individual elements of the programme. The bus network improvements are already being monitored through the TVBNI scheme and a Tees Valley Cycling Monitoring Framework is currently under development to improve the measure of cycling flows into Town Centres and other strategic sites.

Further analysis will be done in collaboration with colleagues to review accessibility by sustainable transport to new jobs created where these can be specifically identified.

FOR OFFICE USE ONLY:
Project variations throughout due diligence to be recorded.

9. Authorised Signatories

<table>
<thead>
<tr>
<th>Name</th>
<th>Officer</th>
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<tr>
<td>9.1) Financial Responsibility</td>
<td></td>
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<tr>
<td>9.2) Funding Agreement</td>
<td></td>
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<tr>
<td>9.3) Change Requests</td>
<td></td>
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<tr>
<td>9.4) Claims</td>
<td></td>
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</table>

10. Final Sign Off

To be signed by the lead organisation prior to submission for appraisal.

I declare that to the best of my knowledge and belief, the information given within this Due Diligence Form and in the supporting material is correct.
I understand that acceptance of this Due Diligence Form does not in any way signify that Tees Valley Unlimited has agreed to invest in the project.

I understand the requirements of the Freedom of Information Act 2000.

I understand the implications of state aid and the potential penalties to our organisation if any breach of regulations occurs.

I understand that the details of the scheme may be used for publicity purposes and that we must use the TVU and Growth Deal logo and take appropriate action to emphasis the input of the LEP in our own publicity about the scheme. There may be further requirements in line with Government and local requirements and we will work with TVU to provide all relevant information in a timely manner as requested.

I understand that Stockton Borough Council and Tees Valley Unlimited is subject to the provisions of the Freedom of Information Act 2000 (“the Act”). The Act provides for information to be exempt from the general right of access if its disclosure would, or would be likely to, prejudice the commercial interests of any person. An applicant may request that certain information in their bid and any subsequent Agreement is treated as covered by this exemption. However if the information is requested the availability of this exemption will be subject to a test of whether the public interest lies in disclosing the information or keeping it confidential. We understand that while Stockton Borough Council/Tees Valley unlimited will endeavour to take into account its views as to the keeping of information confidential, it reserves the right to disclose information if required to do so.

We have full power and authority to enter into an Agreement with Stockton Borough Council acting on behalf of the Tees Valley Unlimited;

Neither the organisation nor its directors are in, or in expectation of, a state of bankruptcy, insolvency, compulsory winding up, administration, receivership, composition with creditors or any analogous state or subject to relevant proceedings or, (if the respondent organisation is a registered Provider of Social Housing), placed in supervision by the Regulator; and

Neither the organisation nor its directors have been convicted of a criminal offence relating to business or professional conduct, or are being investigated for, or subject to proceedings that are underway regarding the same, nor have the above committed an act grave misconduct in the course of business; and

We have fulfilled our obligations relating to the payment of social security contributions and taxes; and

In the last three (3) years, in aggregate, we have not paid, or been required to pay, liquidated damages or general damages under contract or tort, exceeding an amount equal to % of the turnover shown in our most recent audited consolidated accounts; and
Our accounts have not been qualified by auditors in the last three (3) years or, if they have, details are attached, and that there have been no material post balance sheet events. This statement applies to the accounts for the years (please confirm the dates of the accounts to which this statement applies).

[I confirm that no information is commercially confidential] /or [we attach a statement which identifies clearly which information is in our opinion commercially confidential and our}
Please select appropriate statement in square brackets.

I am duly representative of the lead organisation to sign off this Due Diligence Form and have notified the necessary senior finance officers.

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<tr>
<th>Signed:</th>
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<tr>
<td>Name:</td>
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<tr>
<td>Position/Title</td>
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<td>Company / Organisation:</td>
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<td>Date:</td>
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