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**Report of:** *Laraine Manley*

**Report to:** *Cllr Mazher Iqbal, Leader*

**Date of Decision:** *24<sup>th</sup> March 2017*

**Subject:** Sustainable Transport Exemplar Programme (STEP) Capital programme 2016/18 – Approval for acceptance of Grant Funding

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input checked="checked" type="checkbox"/>	<input type="checkbox"/>
- Expenditure and/or savings over £500,000		<input checked="checked" type="checkbox"/>	
- Affects 2 or more Wards		<input checked="checked" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? Infrastructure and Transport ( <b>or finance?!</b> )			
Which Scrutiny and Policy Development Committee does this relate to? <i>Economic and Environmental well being</i>			
Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No <input checked="checked" type="checkbox"/>
If YES, what EIA reference number has it been given? EIAs have been done on schemes delivered within the programme in Sheffield rather than on the programme itself			
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No <input checked="checked" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-			

**Purpose of Report:**

Following a successful funding bid to the Sheffield City Region (SCR) Combined Authority, this report seeks approval for the acceptance of the Sustainable Transport Exemplar Fund (STEP) capital grant for 2016/17 and 2017/18.

This STEP project programme has a value of £11.880m over the three years from 2015/16 to 2017/18. Expenditure in 2015/16 has already been accounted for and grant paid to partner authorities across South Yorkshire. As such, expenditure in 2015/16 has been excluded from this report.

For 2016/17 and 2017/18 SCR are requiring a formal funding agreement with project promoters. In order to maintain the flexibility of managing a Countywide programme, Sheffield City Council will act as grant recipient and accountable body for the STEP capital grant with Barnsley, Rotherham and Doncaster all acting as delivery partners.

This report therefore seeks approval for the acceptance of £9.645m STEP capital grant for 2016/17 and 2017/18. The detail of the allocations by delivery partner by project by year is shown in Appendix A.

**Recommendations:**

That the Cabinet member approves:

- Acceptance of the STEP programme capital grant (2016-2018) to the sum of £9.645m and agrees that Sheffield City Council (SCC) will act as the Accountable Body for this amount
- SCC becoming the Accountable Body for the funding given to Barnsley, Rotherham and Doncaster who will act as delivery partners for this grant.
- SCC paying STEP grant allocations to Barnsley, Doncaster and Rotherham
- Delegated authority is granted to the Director of Finance in consultation with the Director of Legal and Governance to enter into any necessary arrangements to put into effect the outcomes detailed in this report.

**Background Papers:**

STEP full business case submission to the Sheffield City Region, approved on 30<sup>th</sup> January 2017

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: M. Wassell
		Legal: Henry Watmaugh-Cowney
		Equalities: EIAs have been done on schemes delivered within the programme in Sheffield rather than on the programme itself
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	<b>EMT member who approved submission:</b>	Laraine Manley
3	<b>Cabinet Member consulted:</b>	Cllr Mazher Iqbal
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	

<b>Lead Officer Name:</b> <i>(Insert name)</i>	<b>Job Title:</b> <i>(Insert job title)</i>
<b>Date:</b> <i>(Insert date)</i>	

## **1. PROPOSAL**

- 1.1 Following a successful funding bid to the Sheffield City Region (SCR) Combined Authority, this report seeks approval for the acceptance of the Sustainable Transport Exemplar Fund (STEP) capital grant for 2016/17 and 2017/18.
- 1.2 The STEP business case – for a programme of projects that invested in walking and cycling - was approved at the Combined Authority meeting on 30<sup>th</sup> January 2017. Public transport elements are being delivered through a separate STEP submission from South Yorkshire Passenger Transport Executive (SYLTE) and are not included within this report.
- 1.3 This STEP project programme has a value of £11.880m over the three years from 2015/16 to 2017/18. Expenditure in 2015/16 has already been accounted for and grant paid to partner authorities across South Yorkshire. As such, expenditure and funding in 2015/16 has been excluded from this report.
- 1.4 Different types of activities are being delivered within the STEP programme, they can be categorised into three areas; town centre cycling and walking, intra-urban cycling and walking and other highway (accessibility) improvements.
- 1.5 For 2016/17 and 2017/18 SCR are requiring a formal funding agreement with project promoters. In order to maintain the flexibility of managing a Countywide programme, Sheffield City Council will act as grant recipient and accountable body for the STEP capital grant with Barnsley, Rotherham and Doncaster all acting as delivery partners.
- 1.6 This report therefore seeks approval for the acceptance of £9.645m STEP capital grant for 2016/17 and 2017/18. The detail of the allocations by delivery partner by year is shown in Appendix A.
- 1.7 Although there is no formal written agreement between delivery partners and Sheffield City Council, it is still expected that the delivery partners will adhere to the terms of the grant award letter.

## **2. HOW DOES THIS DECISION CONTRIBUTE ?**

- 2.1 Acceptance of the grant will contribute to building on the successes and lessons learnt from previous transport grants and continue the focus on improving access to employment areas by more sustainable travel choices during 2016/17 and 2017/18.
- 2.2 Increasing travel choices through facilitating more sustainable travel choices are key parts of the Councils Corporate Plan and the Local

Transport Plan, a statutory document that sets out how transport will help support the development of the SCR over the next 15 years. It also delivers on similar commitments made in the SCR Transport Strategy by supporting enablement of a strong and successful economy through viable, sustainable choices.

### **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 The acceptance of grant funding (with Sheffield City Council acting as accountable body) has not been through any public consultation process, but has involved discussion at Senior Officer level with the City Council, the Combined Authority and deliver partners.

### **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

#### **4.1 Equality of Opportunity Implications**

- 4.1.1 As part of Sheffield City Council capital gateway process, each project within the programme is subject to an Equality Impact Assessment.

#### **4.2 Financial and Commercial Implications**

- 4.2.1 Key features of the funding agreement (not exclusive) are summarised as follows:

- The period covered by the grant offer is 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2018
- A summary of the estimated capital funding allocations for each authority, by year is included in the table below:

	<b>2016/17</b>	<b>2017/18</b>	<b>Total</b>
Sheffield City Council	£1,042,705	£2,877,181	£3,919,886
Barnsley Metropolitan Borough Council	£460,000	£1,034,055	£1,494,055
Doncaster Metropolitan Borough Council	£1,129,079	£1,144,171	£2,273,250
Rotherham Metropolitan Borough Council	£600,000	£1,357,624	£1,957,624
<b>TOTAL</b>	<b>£3,231,784</b>	<b>£6,413,031</b>	<b>£9,644,815</b>

- Sheffield City Council will be the Accountable Body for and will pay grant to Barnsley MBC, Doncaster MBC and Rotherham MBC, who are all expected to act in the spirit of the grant conditions including adhering to Public Contract Regulations 2015 where applicable

- The Grant can only be spent on the STEP project and cannot be used for any other purpose without the prior written agreement of SCR
- The Project must achieve the required Project Outputs and the Project Outcomes.
- The grant is subject to Clawback if the Project does not comply with the grant terms and conditions and does not achieve the required Project Outputs.
- The grant is also subject to clawback (plus interest) if there is a failure to keep and maintain records specified in the agreement or satisfactory progress is not made with the delivery of the Project
- The Project Monitoring Period covers a maximum period of up to five years from the Completion Date.
- SCC must conduct sufficient due diligence to ensure that any payments are not in breach of the relevant EU Rules.
- Grant allocations in a particular Financial Year are available for that Financial Year only. SCR may allow carry forwards to the next Financial Year, but this is not guaranteed. SCC must inform SCR if it is unable to achieve the required spending profile.
- Any applications for other funding for the Project must be notified to SCR. SCC cannot apply for nor accept duplicate funding
- Financial claims to SCR shall be quarterly in arrears and adhere to the claims profile.
- In relation to State Aid, SCC must comply with all EU Rules and ensure that all requirements of the EU Rules are met in relation to the Project and confirm to SCR that all requirements of the EU Rules are met. Every local authority has a statutory responsibility under EU Regulations to ensure that they comply with rules as public bodies when procuring goods or services. However, if there was a breach by one of the partners, although they would be accountable as a public body, it is less clear how far SCC would be accountable (as accountable body). Although a small risk, it is a risk none-the-less. To mitigate this issue at a project level within the programme, SCC will ensure that capital approval sign off by partners will include a statement about adherence to EU rules (including state aid and procurement processes)
- Records shall be maintained for 10 years
- The grant may be subject to an External Audit.

**In addition:**

As we are currently in the second year of a three year programme, it should be noted that expenditure has already been incurred in 2016/17 by all partners in advance of accepting this grant offer and has thus been

done so at risk.

- 4.2.2 SCC will work with project managers within the programme to ensure that they understand and comply with the requirements in the Funding Agreement.
- 4.2.3 Given previous working arrangements across the four authorities it is the intention of SCC that no formal funding agreements will be needed between SCC and the other authorities, with coordination of programme management and grant claims being undertaken by the Local Transport Plan Partnership central team (based at the Passenger Transport Executive) . It should be noted that as Accountable Body there is a potential financial risk to SCC should any problems arise from the other authorities when delivering their projects. In order to mitigate risks each authority is expected to comply with the requirements of the SCR Funding Agreement.

#### **4.3 Legal Implications**

- 4.3.1 The grant has been awarded by the Secretary of State for Transport under Section 31 of the Local Government Act 2003 to Sheffield City Region Combined Authority for the Local Sustainable Transport Fund. The Transport Act 2000, as amended, places a duty on the City Council to develop policies which will create safe, integrated and economic transport within Sheffield which meets the needs of persons living or working within the city. Acceptance of the grant will help to achieve this.
- 4.3.2 Although there is no formal written agreement between Sheffield City Council and the delivery partners it is still expected that the delivery partners will adhere to the terms of the grant award letter. It should be noted that without formal written agreements in place (with delivery partners) any enforcement of any of terms of any grant award to them would be difficult. The Council as the accountable body will be ultimately responsible for ensuring the grant allocation is deployed in accordance with the restriction on state aid and anti-corruption legislation. The Council expects all delivery partners to adhere to any restrictions regarding state aid and anti-corruption legislation. Legal advice will be sought on the particular application of state aid legislation to individual projects in the programme if and when required. Legal and commercial implications of individual elements of the programme, e.g. any regulated procurement, will be managed/undertaken in accordance with relevant standing orders and applicable legislation.
- 4.3.3 If the grant is accepted, the Council will enter into an agreement to the terms and conditions with SCR. Failure to comply with the terms and conditions could enable SCR to withhold or withdraw the grant at any time, and to require the repayment in whole or in part of any sums already paid. Without formal written agreements in place in respect of the the delivery partners, any recovery of any grant paid to them would be difficult.



#### **4.4 Human resources**

- 4.4.1 There are a number of projects within the programme that currently fund all (or part of) the project management costs of staff working on the projects. Other sources of funding will need to be identified (or existing sources reprioritised) should these projects want to continue beyond March 2018

#### **4.5 Property**

- 4.4.2 There are a small number of projects within the programme that affect land that is currently within private ownership. Colleagues with the appropriate knowledge and experience within the delivery partners will be engaged where this situation arises.

### **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 An alternative option considered was for SCR to have a separate formal funding agreement with each of the four local authority districts in South Yorkshire. This was not progressed so that the flexibility of managing a Countywide programme could be maintained. It is therefore proposed that Sheffield City Council act as grant recipient and accountable body for the City Council, Barnsley, Rotherham and Doncaster.

### **6. REASONS FOR RECOMMENDATIONS**

- 6.1 Acceptance of the grant will enable the continuation of capital investment in improving facilities for walkers and cyclists that will help achieve the transport outcome of having better connected transport to increase travel choices, particularly to areas of employment.
- 6.2 Sheffield City Council acting as accountable body will maintain the flexibility of managing a Countywide programme.



**Appendix A: 2015-18 STEP Programme Summary - March 20th 2017**

STEP Ref	Scheme Title	Lead Partner	2015/16 (£3.075m)			2016/17 (£8m)			2017/18 (£5m)			Total Allocation (Years 1-3)	Totals included in grant acceptance report
			Stage 3 Spend Claims	Stage 1 Programme Entry	Unspent Allocation	Stage 3 Spend Claims	Stage 2 Approval	Stage 1 Programme Entry	Stage 3 Spend Claims	Stage 2 Approval	Draft Allocation		
BS01	Canal Street to Woodstock Road Link	BMBC	£240,215.00	£308,000.00	£67,785.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£240,215.00	
BS02	Pontefract Road Cycleway	BMBC	£15,463.00	£240,000.00	£224,537.00	£166,009.00	£350,000.00	£350,000.00	£0.00	£0.00	£0.00	£365,463.00	
BS06	J38 to Town Centre Cycle Route	BMBC	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£810,000.00	£810,000.00	£810,000.00	
BS07	Park Springs Road to Broomhill Cycle Route	BMBC	£0.00	£0.00	£0.00	£110,000.00	£110,000.00	£110,000.00	£0.00	£110,000.00	£110,000.00	£220,000.00	
BS08	Great Houghton to Park Springs Road Cycle Route	BMBC	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£114,055.00	£114,055.00	£114,055.00	
BS09	Pogmoor to Town Centre Cycle Route	BMBC	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	
DS01	Herten Way 2 Way Scheme	DMBC	£196,285.07	£450,000.00	£253,714.93	£335,773.00	£335,773.00	£335,773.00	£0.00	£0.00	£0.00	£532,058.07	
DS02	Doncaster Greenways Extension - Woodfield Greenway	DMBC	£0.00	£100,000.00	£100,000.00	£100,000.00	£100,000.00	£100,000.00	£0.00	£0.00	£0.00	£100,000.00	
DS03	Trans Pennine Trail Enhancements (Doncaster)	DMBC	£133,590.65	£152,000.00	£18,409.35	£97,638.89	£240,000.00	£240,000.00	£0.00	£190,000.00	£190,000.00	£563,590.65	
DS04	Doncaster Town Centre Cycle Enhancements	DMBC	£220,123.37	£388,000.00	£167,876.63	£343,125.55	£453,306.00	£453,306.00	£0.00	£954,170.91	£954,170.91	£1,627,600.28	
RS02	Cycle Routes Lower Don Valley (Rotherham)	RMBC	£8,000.00	£8,000.00	£0.00	£24,676.00	£100,000.00	£100,000.00	£0.00	£350,000.00	£350,000.00	£458,000.00	
RS03a	Rotherham Town Centre Cycle & Pedestrian Access	RMBC	£842,000.00	£1,025,000.00	£183,000.00	£314,382.00	£500,000.00	£500,000.00	£0.00	£1,007,624.00	£1,007,624.00	£2,349,624.00	
SS01	Greenhill Parkway / Greenhill Avenue	SCC	£73,620.86	£73,620.87	£0.01	£38,496.57	£40,000.01	£40,000.01	£0.00	£270,968.10	£270,968.10	£384,588.97	
SS03	Lower Don Valley Cycle Route	SCC	£78,398.43	£215,000.00	£136,601.57	£91,978.33	£250,000.00	£250,000.00	£0.00	£633,006.23	£633,006.23	£961,404.66	
SS04	Upper Don Valley Cycle Route	SCC	£345,192.93	£375,000.00	£29,807.07	£362,278.89	£365,000.00	£365,000.00	£0.00	£1,175,866.23	£1,175,866.23	£1,886,059.16	
SS06	Sheffield City Centre Cycle Routes	SCC	£0.00	£36,379.13	£36,379.13	£11,459.22	£50,000.00	£50,000.00	£0.00	£710,046.22	£710,046.22	£760,046.22	
SS07	Blackburn Valley Cycle Route	SCC	£82,295.09	£280,000.00	£197,704.91	£27,339.68	£337,704.91	£337,704.91	£0.00	£87,295.00	£87,295.00	£507,295.00	
Totals included in grant acceptance report			£0.00	£0.00	£0.00	£0.00	£0.00	£3,231,783.92	£0.00	£0.00	£6,413,031.69	£11,880,000.01	£9,644,815.61
Totals			£2,235,184.40	£4,151,000.00	£1,915,815.60	£2,023,157.13	£3,231,783.92	£3,231,783.92	£0.00	£6,413,031.69	£6,413,031.69	£11,880,000.01	