

**TITLE OF REPORT: Transport Funding Bids**

**REPORT OF: Colin Huntington, Acting Strategic Director,  
Communities and Environment**

### **Purpose of the Report**

1. The report sets out details of external funding grants which could provide Gateshead Council with an opportunity to secure additional capital funding for transport and highway improvements in the borough. The report sets out the scope and purpose of each grant and suggests possible schemes for submission.

### **Background**

2. The Council has been successful in securing additional funding for transport investment from a variety of government competitive bidding sources in recent years. These include:

Scheme	Fund	Value (£000's)	Award Year
Heworth roundabout maintenance	Challenge	5000	2017
Team Valley north	Pinch Point	2600	2013
Sunderland Road bus link	National Productivity Investment Fund	2341	2018
Great North Cycleway	Cycle City	1600	2014
Lingey Lane/New Road cycleway	Transforming Cities (tranche 1)	665	2019
Great North Cycleway	Early Measures	400	2018
Various including cycleway infrastructure, Electric charging infrastructure and fleet upgrades	DEFRA Air Quality	396	2016
Sustainable links to schools	Local Sustainable Transport Fund	237	2012
Wellington Street cycle improvements	Local Sustainable Transport Fund	180	2015

The above list is not exhaustive and totals almost £13m of additional capital.

3. One of the main current opportunities for securing additional funding is through the Transforming Cities Fund. The fund aims to improve productivity

and spread prosperity through investment in public and sustainable transport in some of the largest English city regions. This work is being co-ordinated by the North East Joint Transport Committee and a final submission is due to be made in November, with a decision on the bid expected to be announced by the end of the 2019/20 financial year.

4. In July the government announced two future funding opportunities for which local authorities can bid for transport and highway improvements and maintenance between 2019 and 2023. These are the Local Pinch Point Fund, through which the Council received funding in 2013 for works at Team Valley, and the Challenge Fund, through which the Council previously received £5m of funding for Heworth roundabout.
5. £150m is available nationally for the Local Pinch Point Fund between 2021 and 2023 (£75m in each financial year). The fund allows for bids which aim to remove bottlenecks on the local highway network, which are restricting the movement of goods and people. An Expression of Interest (EOI) must be submitted to the Department for Transport (DfT) by 31<sup>st</sup> January 2020.
6. The Challenge Fund is aimed at assisting local authorities in delivering highway maintenance schemes that cannot be tackled through annual needs allocations from central government. The next tranche of grant will be available for the financial years of 2019/20 and 2020/21 and totals £198m nationally. The funding available in 2019/20 is for schemes of up to £5m and funding in 2020/21 being for schemes valued at over £5m. Eligible schemes include improvements to roads and surrounding infrastructure, including bridges. Bids (up to £5m) and Expressions of interest (over £5m) are to be submitted by 31<sup>st</sup> October 2019. Successful bidders will be notified by the end of 2019.

### **Proposal**

7. Various schemes have been considered for submission (Appendix 1), with the following identified as the most promising candidates:
  - Local Pinch Point Fund- Gateshead Quays Link Road (£3m-£5m);
  - Challenge Fund (2019/20)- Unclassified Roads/footway maintenance (>£5m)
  - Challenge Fund (202/21) – Gateshead Flyover. (£18m)

A minimum of 10% match funding is likely to be required in each case.

### **Recommendation-**

8. It is recommended that Cabinet:
  - (i) Approves the submitting of bids for the Gateshead Quays Link Road (Local Pinch Point) and unclassified road/footway maintenance and removal of Gateshead Flyover (Challenge Fund) at set out above;
  - (ii) Authorises the Service Director, Development, Transport and Public Protection, following consultation with the Strategic Director, Corporate

Resources, to accept funding awards linked to these bids and to programme works accordingly in accordance with the grant conditions.

For the following reason:

To maximise investment in the local transport network.

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## Policy Context

1. The proposals support the pledges within the Making Gateshead a Place Where Everyone Thrives Agenda. They also support the Core Strategy and Urban Core Plan, the aims and objectives of the Tyne and Wear Local Transport Plan 3 and the Gateshead Highway Asset Management Plan.

## Future funding opportunities

2. Gateshead Council transport schemes can be split into two main types, transport/highway improvement schemes and highway maintenance schemes. The former is focused on works which aim to improve the existing highway and are linked to areas such as road safety, sustainable transport, economic development and air quality. Highway maintenance schemes are focused on the maintenance of the existing adopted highway infrastructure, including roads, footways, structures and the like.
3. The Local Transport Plan (LTP) Integrated Transport and Highway Maintenance grants provide an important ongoing source of capital funding for local transport improvements and maintenance. However, the level of funding for both improvement and maintenance is limited and does not allow for major or wide-reaching works to take place. The Council draws upon the use of prudential borrowing and developer contributions through the planning process as a means of supplementing the LTP grant, particularly where schemes are considered urgent or where the works support wider Council Policy.
4. Investment in maintaining and improving the Council's highways infrastructure in the borough is identified and prioritised in accordance with the principles outlined within the Council's agreed Highways Asset Management Plan, in accordance with LTP priorities and the Council's Thrive Agenda. Where a need is identified through these policies which cannot be delivered through the LTP grant or prudential borrowing, the Council will seek to identify other funding opportunities, particularly from central government and its departments.
5. The Council has been successful in securing additional funding for transport investment from a variety of government competitive bidding sources in recent years. These include;

Scheme	Fund	Value (£000's)	Award Year
Heworth roundabout maintenance	Challenge	5000	2017
Team Valley north	Pinch Point	2600	2013
Sunderland Road bus link	National Productivity Investment Fund	2341	2018
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Wellington Street cycle improvements	Local Sustainable Transport Fund	180	2015

The above list is not exhaustive and totals almost £13m of additional capital funding in the last 7 years.

### **Transforming Cities Fund**

6. In spring 2018 Central government announced the Transforming Cities Fund, which forms part of the National Productivity Investment Fund and the governments Industrial Strategy. The fund aims to deliver capital infrastructure works that will deliver transformational benefits to sustainable and public transport users.
7. The process will be delivered in two tranches, with tranche 1 (£60million) being for schemes which were able to commence in the 2018/2019 financial year and phase 2 (£1.28billion) being for schemes which can be delivered between 2020 and 2023.
8. The fund is aimed at City Regions and as such the bids are submitted as part of the North East Region through the North East Joint Transport Committee, with these comprising schemes from across the seven North East Authorities. The North East Region submitted an initial Expression of Interest to the Transforming Cities Fund in 2018 and was shortlisted as one of the twelve successful City Regions nationwide. Subsequently bids have been submitted for both Tranche 1 and Tranche 2 of this fund.

#### ***Tranche 1- Improved links to city centres and employment sites***

9. In February 2019 the North East Region was awarded £10million of capital funding to encourage more travel by bus, cycling and walking, improving connectivity to city centres and key employment sites.
10. As part of this Gateshead Council is set to receive £665k, which is to be spent on improved cycling facilities on the A195 New Road/Lingey Lane in the Wardley area. Works will involve the widening of the existing shared use path between the A194 roundabout and the Black Bull overbridge. The proposed scheme will provide much needed pedestrian and cycle links to the major employment sites at Follingsby and IAMP as well as providing connectivity to the wider cycle network.

11. The Council is required to provide match funding of £167k, which has already been delivered in the 2018/19 financial year using the LTP Integrated Transport grant.
12. Works are currently on site and are due to complete in the autumn/winter. The first award of grant money is set to be received by NECA on 15<sup>th</sup> October, and this will then be distributed to the constituent authorities.

***Tranche 2- Transport improvement schemes providing transformational change***

13. On 20<sup>th</sup> June 2019 the North East Region submitted a Strategic Outline Business Case (SOBC) to the Department for Transport containing an ambitious and integrated programme of schemes.
14. The regions bid includes a high, medium and low cost scenario with a funding value of £380m, £362m and £335m respectively. The most likely outcome should the region be successful in its bid is the medium level scenario and this would see Gateshead receive £9.2m of funding, which would be matched by £1.6m of Council contribution sourced through a combination of LTP and prudential borrowing over the three years of the fund.
15. Initial feedback from the Department for Transport to the SOBC has been positive and further work will be undertaken in light of DfT recommendations ahead of a final bid being submitted in November. An announcement on whether the bid has been successful is expected in Spring 2020.
16. The Gateshead schemes forming part of initial bid in June were:
  - 1./ A195 New Road bus lane
  - 2./ West Tyneside Cycle Route
  - 3./ Keelman's Way
  - 4./ Metro Green
  - 5./ Gateshead Interchange bus lane (West Central Route)
  - 6./ Askew Road sustainable transport
  - 7./ Quays sustainable transport
  - 8./ A184 cycle improvements.

It is currently expected that all the above will form part of the final bid to be submitted in November, with the possible exception of the A184 cycle scheme. This relates to difficulties meeting Department for Transport criteria on their assessment of Value for Money. Should this scheme fall out of this bid, work will continue to develop it and identify possible future opportunities for funding.

17. Some of the schemes listed above will also complement the Air Quality proposals currently being developed around the Tyne Bridge and in the urban core.

## **Pinch Point and Challenge Fund**

18. In July the government announced two future funding opportunities for which local authorities can bid for transport and highway improvements and maintenance between 2019 and 2023. The two funding opportunities are the Local Pinch Point Fund (through which the Council received funding in 2013 for works at Team Valley), and the Challenge Fund (through which the Council previously received £5m of funding for Heworth roundabout). The text below sets out the basis for each fund and considers possible schemes which could be put forward.

### ***Local Pinch Point Fund***

19. A fund totalling £150m is available nationally between 2021 and 2023 (£75m in each financial year). The fund allows for bids which aim to remove bottlenecks on the local highway network, which are restricting the movement of goods and people.
20. Bids can be for capital expenditure relating to roads, cycling or bus based schemes. An Expression of interest must be submitted to the DfT by 31<sup>st</sup> January 2020.
21. The following possible schemes have been identified for submission to this fund;
  - ***Gateshead Quays link road*** - comprising a new north-south link road between Hawks Road and Albany Road, and improved junction between Albany Road and Park Road (estimated cost in the region of £3-5 million);
  - ***Swalwell Bridge roundabout***- providing a new roundabout layout to reduce congestion (estimated cost £7 million);
  - ***Bensham Road (B1426) corridor***- to reduce congestion problems on this main traffic and bus corridor (estimated cost £2 million).

More detailed descriptions of the schemes are provided in Appendix 2.

### **Discussion**

22. The Quays link road is considered important in delivering the planned major development of the Quays and is likely to be viewed favourably when assessed in terms of delivering growth and economic benefits. The Quays link road already has Council funding allocated to enable works to take place, albeit through prudential borrowing. A successful bid for the Quays link road would, however, replace the equivalent funding the Council would be required to put forward through borrowing.
23. The Bensham Road corridor improvements could equally be given a high level of priority in light of the emerging Clean Air Zone proposals and the increasing importance of providing quality bus transport to access the urban core. However, at this point in time the impacts and implications of this are not

clear. The potential improvements have also yet to be modelled or designed and further work will be needed to prove the benefits of this. Modelling work is planned, and should this be favourable, there is scope to submit this scheme when future funding opportunities arise.

24. Swalwell roundabout is considered overly complex and may not be deliverable in the required timescales due to issues linked to contaminated land and major structures and utilities works. This scheme is therefore considered the option that is least suitable in terms of its deliverability.
25. The recommendation based on the above is that the Gateshead Quays Link Road is put forward as the Council's bid for Pinch Point funding.

#### ***Highways Maintenance Challenge Fund-***

26. The fund is aimed at assisting local authorities in delivering highway maintenance schemes that cannot be tackled through annual needs allocations from central government. The next tranche of Challenge Fund grant will be available for the financial years of 2019/20 and 2020/21 and totals £198m nationally. The funding available in 2019/20 is for schemes of up to £5m and funding in 2020/21 is for schemes valued at over £5m.
27. Eligible schemes include improvements to roads and surrounding infrastructure including bridges.
28. Bids (under £5m) and Expressions of interest (over £5m) are to be submitted by 31<sup>st</sup> October 2019. Successful bidders will be notified by the end of 2019.
29. The following possible schemes have been identified for submission to this fund:

#### ***Under £5m***

- Unclassified Roads/footway maintenance – tackling the condition of the borough's unclassified road and footway network (estimated cost up to £5 million);
- Keelman's Way – repairs to part of the route in the west of the borough damaged by erosion by the River Tyne (estimated cost £1-2 million);
- Millennium Bridge – maintenance, involving replacement of hydraulic rams, obsolete computer equipment and waterproofing (estimated cost £3-4 million).

#### ***Over £5m***

- Gateshead Flyover - removal of the Gateshead flyover to avoid major future maintenance costs/safety concerns and help deliver the Councils future development plans for the area.

More detailed descriptions of the schemes are provided in Appendix 3.

## **Discussion**

30. Given the split into two separate funding bids of under and over £5m it would be reasonable to make submissions to both of these to maximise the potential for success.

31. ***Under £5m***

Recent investigations into the need for works on the Millennium Bridge have found that works are not in immediate need and the bridge will continue to be operational in the short term.

The Keelman's Way scheme has already been investigated in terms of its economic benefits and given the potential for the route to be lost to erosion in the short term, it is considered one which meets the funding criteria in terms of its need. However, it is not clear at this time whether maintaining the existing route is the most appropriate option in the longer term and further detailed work is likely to be needed to identify what impact reinstating the route will have on erosion of the riverbank immediately up or downstream. Support from Network Rail would give the scheme greater weight but as yet this has not been forthcoming. Investigations are also needed into whether re-routing the public right of way to the south side of the rail line may offer a better long term solution.

There is a clear need for higher levels of investment in roads maintenance. Whilst previous rounds of the Challenge Fund indicate that bids purely for resurfacing are not typically successful the guidance produced by the DfT for the forthcoming grant refers specifically to such bids.

Based on the above it is recommended that a roads maintenance programme is submitted as Gateshead's bid to the fund.

32. ***Over £5m***

It is proposed to submit the Gateshead Flyover for the over £5 million element of the fund. This reflects the longer term deterioration of the structure, and likelihood of high levels of future maintenance costs.

## **Consultation**

33. All of the schemes suggested above form part of the Council's existing Plans and Policies for which consultation was undertaken during development. Consultation over the proposed Quays link road will be satisfied through the planning process. Consultation on individual schemes, such as those forming part of the Transforming Cities Fund bid will go through the Council's standard consultation process including public consultation and where required legal consultation.

34. The identification of maintenance schemes includes the assessment of feedback from members of the public.

### **Alternative Options**

35. The recommendations set out above are those considered to be deliverable and which best meet the objectives of each fund.

### **Implications of Recommended Options**

36. **Resources:**

- a) **Financial Implications** – The Strategic Director, Corporate Resources, confirms that the match funding will be financed from the LTP and prudential borrowing already included within the Capital Programme.
- b) **Human Resources Implications** – There are no human resources implications.
- c) **Property Implications** – No property implications have been identified.

37. **Risk Management Implications** – There is no risk in relation to the submitting of bids. The main risk relate to the delivery of works where funding has been received. The risks being;

- Major under or overspend resulting in grant funding being returned or a need to identify additional funding – Whilst the values within bids are typically high level estimates they are largely based on a mixture of preliminary design and past experience and also include an element of optimism bias in line with DfT guidance.
- Delays to delivery resulting in schemes running beyond the grant period. Potential for those granting the funding to request full or part return of the money if timescales set out in the grant conditions are not met. Due to complexity and scale of some of the works there is potential for an overrun to occur. Often these are beyond the control of the Council for example where major utilities works are needed. The Council has a good track record of delivering schemes and where slight overruns have occurred approval has been given from the awarding body

The risks set out above are considered manageable and are not of a level that would prevent the Council from submitting funding bids which could deliver significant benefits.

38. **Equality and Diversity Implications** – Maintaining and improving the highway network through the schemes identified above will assist in reducing social exclusion by improving access for the young, elderly, unemployed/low waged and people with disabilities.

39. **Crime and Disorder Implications** – None.
40. **Health Implications** – Transport and highway improvements are vital in reducing road casualty levels and also in achieving an 'Active and Healthy Gateshead' through the provision of facilities that promote the use of sustainable modes of travel
41. **Sustainability Implications** – The recommended schemes, whether maintenance or improvement of highways, would form part of a sustainable transport system capable of supporting the borough's environmental, social and economic objectives sustainably. In particular, they seek to reduce car dependence, thereby contributing to the reduction of carbon emissions and improving air quality.
42. **Human Rights Implications** – None.
43. **Area/Ward Implications** – Proposed schemes affect all Wards.

### Local pinch point fund – possible Gateshead schemes

#### *Gateshead Quays link road/junction*

A new north-south link road between Hawks Road and Albany Road, and improved junction between Albany Road and Park Road. The road would provide additional capacity required for the development of the Quays and in particular the proposed conference and exhibition centre.

Cost- £3m-5m (high level estimate). Match funding already identified through prudential borrowing.

Funding fit- Will unlock development sites within the Quays and create jobs

Deliverability- Design work has commenced, and completion could be achieved within the timescales of the fund. Timescale of the fund will fit with the planned opening of the exhibition centre.

#### *Swalwell Bridge roundabout*

Swalwell roundabout sees a great deal of congestion and is a key route for both general traffic and buses on the A694 corridor as well as for traffic on local east-west routes. Significant delays are experienced during peak periods. The proposed scheme would see the roundabout enlarged and certain approach lanes increased/widened. A standalone bus lane scheme was introduced several years ago on the A694 northbound approach.

Cost - £7m (£6.2m in 2015- This cost may include bus lane on A694 already completed)

Funding fit- Tackles congestion. Improves bus routes.

Deliverability- There are major constraints relating to contaminated land, utilities, and the possible need for supporting structures. Given the timescales for delivering schemes through this fund this is a high-risk option.

#### *Bensham Road (B1426) corridor*

The B1426 between Team Valley and Gateshead Interchange is a key route in and out of the urban core. Over 30 buses per hour use all or part of the route. Congestion occurs, mainly in the peak periods at each of the signalised junctions/roundabouts. Bus companies have identified the route as one where there are delays to services. A scheme to tackle congestion is likely to involve alterations to the Bensham Road/Prince Consort Road junction and improvements to the Cuthbert Street junction to improve flows, particularly for buses.

Cost- £2m (high level estimate)

Funding fit- Tackles congestion and improves sustainable transport routes in and out of the urban core.

Deliverability- Deliverable within the fund timescales (although modelling of potential improvements has yet to take place).

### Highway Maintenance Challenge Fund – possible Gateshead schemes

#### Up to £5m

##### *Unclassified road/footway maintenance*

A scheme to tackle the condition of the boroughs unclassified road and footway network, which is in a poorer condition than the rest of the region and nationally. Identification of works on residential streets through a combination of resurfacing and micro asphalt to improve the condition to better than the regional average (% of roads where maintenance should be considered). Possible link to 20mph Zones to give more focus and encourage sustainable travel.

Cost-up to £5m

Funding fit- Reducing the rate at which the boroughs unclassified roads are deteriorating is beyond the scope of the existing Council budget but may be viewed by DfT as not exceptional enough to warrant funding. Road resurfacing is however clearly set out in the funding guidance as a suggested way in which the funding could be used.

Deliverability- The use of micro asphalt will increase the output. To deliver improvement on 5% of the unclassified network would however require treatment of 24 miles of carriageway. More focus may be needed as currently a programme of works over more than one year is likely to be necessary.

##### *Keelman's Way*

The Keelman's Way is an important east-west cycle and pedestrian route, which is part of the National Cycle Network and an established PRow. The River Tyne has eroded the river bank in recent years to such an extent that a quarter of the path width has already been lost and safety barrier has been installed to protect users. The proposed scheme would see the riverbank reinforced and the path rebuilt to its full width.

The scheme is currently in the Transforming Cities 'high cost' bid. However, as the high cost bid scenario and the Transforming Cities Fund nationally looks to be massively over-subscribed, its chances of success in any case seem slim. The Challenge Fund may therefore offer a better chance of success.

Cost- £1-2m

Funding fit- Works needed are beyond the scope of existing funding. Possible issues with economic case.

Deliverability- Issues with access, river and rail licenses. Diversion may be a better solution. Lack of support currently from Network Rail.

### *Millennium Bridge*

Concerns have been raised over the condition of the Millennium Bridge and the likely high cost of future maintenance to keep the bridge open and operational. Should the bridges moving parts cease to work the bridge could be closed to pedestrians and cyclists or prevent passage of marine craft (or both). The maintenance needed centres on the replacement of hydraulic rams, replacement of electronic computer control systems and the resurfacing/re waterproofing of the pedestrian bridge deck. However, the replacement of the bridge deck is not an immediate priority and whilst the hydraulic rams are beyond their expected design life recent tests have found them to be fully operational. Similarly, the computer system is currently operational. Making a case for immediate intervention is therefore difficult.

Cost- £3-4m (high level estimate including bridge deck)

Funding fit- Will ensure a key tourist attraction and pedestrian/cycle route within Newcastle Gateshead Quays remains open. Levels of use likely to increase in future through the further development of Gateshead Quays. Supports sustainable links to new development.

Deliverability- Unknown. Specialist works.

**over £5m**

### *Gateshead Flyover*

Removal of the Gateshead flyover to avoid major future maintenance costs/safety concerns and help deliver the Councils future development plans for the area.

Cost- £18m

Funding fit- Removal cost and maintenance cost way beyond the Council's budget.

Deliverability- 2 to 3 year programme (1 year demolition)

### *Tyne Bridge major maintenance*

It is possible that Newcastle will submit their major maintenance scheme bid to this funding to guard against the possibility that the current Major Road Network bid for the same scheme being unsuccessful. The scheme guidelines would allow Gateshead to submit a separate scheme.

