



Strategic Transport Leadership Board

9 December 2021

Agenda Item 7

Preparation of a three-year business plan

Recommendation:

It is recommended that the Board:

- a) Considers the proposal to develop a three-year business plan for England's Economic Heartland for the period 2022-2025, subject to confirmation of funding from DfT.**
- b) Agrees that the future business of EEH should be taken forward with three equal priorities:**
 - i) To bring forward infrastructure priorities into investable propositions**
 - ii) To support a regional centre of excellence, providing capacity and capability for partner authorities**
 - iii) To continue to develop programmes of work that support delivery of the regional transport strategy**
- c) Provides a steer on any other areas of work that should be included**
- d) Notes the likely increase in partner contributions to EEH, in line with inflation**

1. Purpose of report

- 1.1. This paper seeks an initial view from the Board on the core themes of EEH's emerging three-year business plan, including seeking ideas of where EEH can increase its contribution and expertise for the benefit of the region.

2. Context

- 2.1. As the sub-national transport body, England's Economic Heartland continues to grow and strengthen its contribution to the region.
- 2.2. Going forward and following our recent governance review, EEH is in a good position to plan our forward work programme. Reflecting the clear commitment that DfT has towards STBs, we expect this to be supported by a three-year funding settlement, marking a positive shift in the way we can plan for the longer term.
- 2.3. The publication of the transport strategy in February 2021 provides EEH and its partners with the policy framework on which to plan our work.
- 2.4. In October 2021, the Chancellor of the Exchequer set out the government's Budget and three-year Spending Review for the period 2022-2025. EEH submitted a proposal to the DfT to inform their wider departmental Spending Review submission. The submission,

approved by the Board in September 2021, was based around the key themes that now form the basis of a three-year business plan.

- 2.5. We await the outcome of the DfT's decisions around their Spending Review allocation. Included within this will be an allocation for STBs. It is anticipated that confirmation of this will not be until early in 2022.

3. Three Year Business Plan 2022-2025

- 3.1. The expectation of a longer-term settlement from government means EEH can start to operate with more certainty, enabling the organisation to shape a three-year business plan.
- 3.2. EEH's focus to date has primarily been on building the evidence base and our knowledge of connectivity across the region. This culminated in the publication of the transport strategy in February 2021.
- 3.3. The transport strategy provides the framework for a business plan that focuses on turning its policies into actions. The plan will be more ambitious in terms of delivery than previous years and, on that basis, it is hoped that DfT's contribution to EEH is larger, reflecting a shift in our capability and focus.
- 3.4. The proposed themes for the business plan are set out in the table below.
- 3.5. Three core areas of work will form the basis for the plan, and it is proposed that EEH should take forward each of these as equal priorities with proportionate levels of allocated funding:

- a) Firstly, to bring forward infrastructure priorities into investable propositions.

This will be through the development of early stage strategic business cases for some of the region's key priority schemes, as set out in a revised investment pipeline. An important first step for this work will be for the Board to consider and agree which schemes need to be prioritised first. Recognising the challenges this may bring, the business unit will work with local authorities, growth boards and LEPs to align priorities and to develop a robust yet proportionate prioritisation methodology that can help the Board to agree which schemes need to be developed through to an investment proposition sooner than others.

- b) Secondly, the creation of a regional centre of excellence.

A centre of excellence to provide capacity and capability for partner authorities across some of the core areas of major scheme delivery has been an ambition for EEH leaders for some time. It is also an area of interest for government, which recognises the risks associated with not having the right skills in place at the right time when delivering major infrastructure.

In October 2021, EEH submitted an in-year funding bid to DfT for support in creating the centre of excellence. We await the conclusion of the bid but propose that EEH business unit builds into its long term planning the need to resource and support a centre of excellence as a core part of its offer to partners.

- c) Thirdly, to continue to develop programmes of work that support delivery of the regional transport strategy.

There is a continued need to develop the work packages that support delivery of the regional evidence base, including developing the evidence to inform the region's investment pipeline and to support the work of local authority partners.

Priorities for inclusion in this programme would be: the continued delivery of connectivity studies; continued planning and support for the creation of a net zero transport system; and the creation and planning for a truly integrated public transport network across the region – capturing ticketing, information provision and first last mile provision.

Programme Area 1 – Scheme Development	
Theme	Activity
Funding is required to cover the cost of planning and developing the detail of infrastructure priorities identified in our transport strategy.	<p>This investment will ensure the region has a viable package of 'investment-ready' proposals which are financially attractive to government (and potentially other parties) to invest in.</p> <p>Through this investment, EEH would look to accelerate the development of two to three priority projects per year, identified through to strategic outline business case, giving DfT or its agencies much greater sense of how investable projects are.</p> <p>Projects supported to strategic outline business case will be core priorities for EEH, identified through existing programmes or the emerging connectivity studies. Projects will be prioritised at officer level with final decisions approved by the Strategic Transport Leadership Board.</p>
Programme Area 2 – Capacity and Capability	
There are recognised and significant benefits delivered by increasing the capacity and capability within the region to deliver infrastructure schemes. By investing in and establishing a regional centre of excellence, the region will be able to create a specialised skills unit on which all individual partners are able to draw on as and when required.	<p>The centre of excellence will be a small dedicated team comprising specialist technical and professional skills upon which all partners can draw to support their development of detailed scheme proposals. Such an arrangement will achieve significant economies of scale, providing value for money for taxpayers. The team will accumulate knowledge and experience that can be retained within the region to the collective benefit of partners.</p> <p>The team will be funded primarily by pump primed funds through the business plan during this initial three-year period. However, the latter year in the plan will need to begin trialling small levels of charging (via a limited 'top-slice') so the unit can move towards eventually being self-funded.</p> <p>EEH's current bid for in-year support for the capacity and capability project will act as an early pump prime to commence the work of the specialist skills unit sooner than otherwise possible.</p>
Programme Area 3 – Programme of work to deliver transport strategy	
Priority 1 - Supporting the Heartland, including the Arc spatial framework	Activity
Regional evidence base and monitoring	<p>A key priority for the three years ahead is the establishment of a refreshed evidence base for EEH and its partners.</p> <p>EEH will commission work to start monitoring delivery of the transport strategy to be undertaken and reported on an annual basis.</p>

<p>Prioritising infrastructure investments</p>	<p>During the period of the business plan, EEH is expected to complete its current programme of connectivity studies. Further work will be required to consider any further connectivity studies beyond the current programme.</p> <p>In addition, the outputs of thematic reports: Passenger Rail Study, Regional Bus Study, Active Travel plan will need to be reviewed and planned into an investment plan.</p> <p>The overall output from this work will be a continually refreshed, prioritised investment pipeline. Alongside the investment pipeline will need to be further work to capture any possible investment models that be could be pursued to enable delivery of the investment pipeline as soon as possible.</p>
<p>Priority 2 – Decarbonisation of the transport system</p>	<p>Once the detailed decarbonisation road map has been developed, the work will need to move towards implementation and delivery of its recommendations.</p> <p>Included in implementation plan will need to be a link to EEH’s capacity and capability programme, ensuring the region has the skills and knowledge to deliver the region’s decarbonisation ambitions.</p>
<p>Priority 3 – Improving strategic connectivity</p>	<p>EEH will continue to work with National Highways, Network Rail, the freight sector and other partners to make the case and ensure core strategic connectivity priorities are planned, prioritised and delivered in a way that reflects the region’s significant contribution to the UK as a whole.</p> <p>Pricing and access to services will be a key consideration during this work programme.</p>
<p>Priority 4 – Improving local connectivity</p>	<p>EEH will develop region-wide solutions to first mile, last mile planning, building on work completed to date and drawing on the experience of the current and planned connectivity pilots underway. Ticketing and information will be considered a core part of this work strand.</p>

4. Funding

- 4.1. As part of the Spending Review, the Board submitted a clear ask for government funding to deliver the business plan. We await a decision from DfT on its allocation to each individual STB. It is expected that this will be confirmed in late January 2022.
- 4.2. In addition to programme funding from DfT, it is a requirement of government that STBs receive a financial contribution from each of their constituent member authorities. The contribution provided by member authorities must cover staff costs and other operational costs, such a communications, conferences and travel and subsistence.
- 4.3. To date, it has remained a priority of EEH that the contribution from member authorities should not change year on year, reflecting the continued pressure on local government finances. However, reflecting the maturity of EEH as a body and the move to a three-year business plan, it is expected that constituent members will be asked to support a slight increase in contributions in line with inflation.

- 4.4. EEH business unit will prepare a more detailed case for the slight increase in contributions as part of the three-year plan. This will be presented to the Board for approval in February 2022.

5. Stakeholder Implications

- 5.1. The views of a wider stakeholder audience provided a key role in shaping the regional transport strategy. As a result, consultation on the three-year business plan will assume views fed into the transport strategy consultation process are captured already.
- 5.2. However, given the significance of the programme to all constituent members, EEH business unit will work with transport officers over the coming months to agree the three-year business plan.
- 5.3. Board members may wish for a more detailed discussion about the proposals in the plan. If so, EEH business unit will willingly arrange a bilateral discussion.

6. Next Steps

- 6.1. EEH business unit will present a developed three-year business plan to the Board in February 2022.

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December 2021