

Extract from previous Cabinet Report (paragraphs 15 to 21)

Risks to Delivery

- 15 As with any project of this cost and number of participating organisations, there are risks that could stop the achievement of some of the objectives unless carefully managed. Major risks highlighted for members' attention are:-
- (a) Failure to receive all or part of DfT funding.
 - (b) Failure to deliver local funding or schemes.
 - (c) Disagreement over sub-regional priorities.
 - (d) Lack of investment from bus operators.
- 16 As Members will be aware, Tees Valley Unlimited will operate in shadow form prior to April 2008. As part of this arrangement, the subsidiary shadow board for transport "Transport in the Tees Valley" will be responsible for the governance of Tees Valley Connect. Advising the Board will be a Project Manager, specifically appointed for this project, assisted by a Steering Group of representatives from each Council and bus operator – in turn this may be supported by seconded staff in a central design team. The Project Manager's role includes the assessment and resolution of risks to the delivery of the project, including those identified below.
- 17 In terms of the highlighted risks, the first – failure to receive all or part of the scheme funds requested from the DfT would make it extremely difficult to deliver the project. But, it could still be done, using other funding such as that from the 2LTP over a much longer timescale; possibly up to 15 years or so given the cost of some schemes in relation to Darlington's annual funding settlements. In reality, this approach would do little to provide a "step change" across the local bus network; rather it would see piecemeal improvements a route at a time. This is what is happening now, albeit with much less money, and could constrain the economic regeneration ambitions of the Council since it would be less attractive to potential users.
- 18 An associated risk is the failure to receive any development funds (paragraph 7), either because of refusal by the DfT or unacceptable terms and conditions. Whilst a refusal is not expected, the terms and conditions may well be that the funding is at the Council's risk, not that of the Regional Transport Board. Currently, the Council takes the risk for preparatory costs at the moment for major schemes funded via 2LTP (such as the DETC), so this would not be a new risk, but in this case it would mean that £100,830 may not be recoverable if individual scheme approval was not given. In such an event, the Council would have to find the sum involved from its own financial resources, not those of the 2LTP. The precise treatment of overspend

on preparatory costs where the scheme is subsequently approved has yet to be agreed.

- 19 Failure to deliver already identified locally funded schemes as match funding to those to be DfT funded is another risk. In Darlington, £1.593m has been identified from the Council's existing plans for example the ongoing scheme to improve the operation of the traffic signals at the junction of Woodland Road and Greenbank Road, with a bus lane at Bondgate roundabout. In committing existing schemes as match funding, the Council may have to decide in the future between competing priorities, should financial circumstances change.
- 20 The role of the Steering Group and the Board includes the resolution of disputes. Whilst disagreements may be expected, all are agreed that debate and resolution of conflicts are preferred to disputes. One of the first actions of the Board will be agree terms of reference for itself, including how it will approach disagreement. The Project Manager role will be instrumental in managing any under or overspend across the whole project. However, the precise treatment of any overspend has yet to be agreed by the Steering Group.
- 21 Despite the project relying on Statutory Bus Quality Partnerships; each scheme will not be covered by such legal protection until they are enacted three months after the last scheme for an individual route has been delivered. It is then, and only then, that bus operators have to deliver the buses and quality of service that they are contracted to do. This is a risk, but all bus operators are keenly aware of the potential benefits of Tees Valley Connect and want to see it work. It is anticipated that the terms of the Partnership agreement would be agreed during 2007 (*now scheduled 2008*), before the Council delivers any physical infrastructure in 2008/09 onwards. Since Darlington is also a sustainable travel demonstration town, this may well result in earlier investment in buses and quality of service than the text of the Partnership agreements would suggest. The recent announcement that Arriva plans to buy Stagecoach in Darlington may also result in earlier investment than originally planned (*negotiations ongoing*).

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