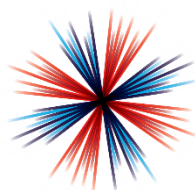




The Co-development Process

National Evaluation Case Study 1
Transforming Cities Fund



**INDUSTRIAL
STRATEGY**

TRANSFORMING CITIES FUND

transport for quality of life

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Executive summary

In 2018, the Department for Transport (DfT) initiated a competition to allocate £1.28 billion from the Transforming Cities Fund (TCF). To bid for a share of this funding, twelve shortlisted local areas were each required to work with the Department to co-develop a Strategic Outline Business Case for the programme they would deliver.

For DfT, using a 'co-development' or 'supported bidding' process was a new approach to allocating funding. The Department wished to learn from this trial, and to consider if and how such an approach could be used for future funding competitions or for other joint working with local areas.

A process evaluation was commissioned to draw out this learning through structured discussions with officials from DfT and officers from the local areas involved.

Officials and officers alike are largely complimentary about the process and feel that it had many strengths. They also acknowledge its weaknesses and the lessons which can be learnt from it, because, as with any trial of a new approach, the process did not always run smoothly. For example, it took twice as long as originally planned. Overall, in terms of both what it achieved, and what was learnt along the way, the process should be viewed as a successful pilot. Its key benefits were:

- Marrying of Government's strategic objectives with locally-identified solutions that both officials and officers could buy into.
- Concentrating Departmental and local area resources into developing larger-scale, multi-modal programmes to be delivered over a longer timescale (as opposed to spreading these resources over multiple smaller-scale, short-term, more narrowly focused competitions).
- Enhancing mutual understanding between Departmental officials and officers from local areas, building trust and positive working relationships.

Future funding competitions based on a similar approach should be designed so that their complexity and length are proportionate to the funding available, and so that they are completed *prior* to funding becoming available (to maximise the time local areas have to deliver the resulting programme).

Careful design of any support package offered by the Department should provide a level playing field by ensuring that:

- All local areas receive a baseline standard of 'top down' information and support which is high quality and consistent.
- Local areas with a disadvantage receive more support (e.g. if they are less experienced in major funding competitions or a policy area, or if they lack internal resources or high quality consultancy support).

The checklist in Figure 1 summarises the **20 lessons from the TCF process** which should be used to inform the design and delivery of future co-development between central government and local areas.

See the summary list in Figure 4 (page 20) for the **8 strengths and 10 weaknesses of the TCF co-development process** which these lessons are based on.

Figure 1: Checklist of lessons learnt from TCF co-development

KEY BENEFITS OF CO-DEVELOPMENT	
1	Concentrating resources on developing larger, multi-modal, longer-term programmes is more efficient than requiring local areas to submit bids to multiple, smaller-scale funds which don't address their needs in an integrated way.
2	The on-going dialogue of a co-development process can challenge less experienced local areas to be more innovative and ambitious than they might otherwise have been.
3	Co-development allows the marrying of top-down strategic objectives with local solutions that are effective and deliverable; solutions that officials and officers alike have confidence in and understand the rationale for.
PROCESS DESIGN	
4	Start with co-developing the bidding process , so that both sides agree on the objectives, process, timeline and responsibilities for developing the end product.
5	Ensure all local areas receive a standard level of baseline support which is well-defined, consistent and of high quality. Issue clear instructions about what this includes and how to access each element.
6	Ensure that any local areas whose local circumstances put them at a disadvantage have access to more intensive support .
7	Including an initial short-listing stage will enable the targeting of co-development resources, and motivate short-listed local areas.
8	A multi-stage bidding process can divide the quality assurance of local areas' applications over several stages – reducing the workload of the final stage of assessment, moderation and approval. Interim milestones allow local areas, where necessary, to be referred for additional support or, in extremis, to be deselected.
9	Plan timescales to allow for co-development to occur before funding becoming available – so local areas benefit from the full window of delivery time. Build in contingency time to manage the impact of unexpected events elsewhere in government, and avoid setting deadlines immediately after August or December, when officer resources will be low.
10	Be transparent with local areas about decision-making timescales and processes – even if just admitting to uncertainty due to the influence of wider events.
11	Identify and, so far as possible, address any potential points of friction between what you are trying to facilitate and existing policy, processes or evaluation criteria, particularly if you are trying to facilitate innovation.
12	Consider the benefits of providing each local area with an indicative funding envelope – so they can focus their bid, and manage local expectations, accordingly.
13	Always provide local areas with detailed feedback , so officers and councillors can resolve issues, learn lessons and effectively manage local expectations.
14	Incorporate a red flag mechanism , that either partner can activate, to engage senior officials and officers in resolving issues with co-development or the emerging joint product.

Checklist of lessons learnt from TCF co-development (continued)

BUILDING TEAMS DELIVERING CO-DEVELOPMENT	
15	Draw together a virtual team of specialists from across relevant divisions (and other HMG Departments if necessary) to support the co-development process from start to finish. Involve the whole team in designing any support offer and assessment criteria – to ensure alignment of policy, approach, assessment and delivery.
16	Clearly define roles and responsibilities for all officials and officers involved in co-development – including a lead point of contact on each side and named contacts in specialist roles. Share organograms of each partner’s co-development team.
17	Designate named contacts to local areas and strike a balance between utilising the knowledge and contacts of officials with existing relationships with an area, and the need to matchmake local areas in need of more intensive support with officials that have the experience and capacity to provide this.
18	Facilitate direct engagement between local officers and officials – particularly through in-person visits to local areas. This will build quality, mutual understanding and enduring good relations.
19	Aim to maintain a consistent team of officials , of suitable experience and seniority, throughout the process. Where staff churn is unavoidable, put in place knowledge management and handover procedures that will facilitate continuity.
20	Explore options for enhancing the volume and/or quality of staffing resources to ensure they are sufficient to deliver co-development. For example, retain consultants to aid local areas that need more intensive support, or help ensure local areas’ consultants are fit for purpose by making ‘consultancy procurement support’ part of the baseline support package.

1. Introduction

In November 2017, the Department for Transport (DfT) launched the £1.7 billion Transforming Cities Fund (TCF) – aimed at increasing productivity and prosperity in selected English cities by investing in public and sustainable transport improvements to intra-city connectivity. It is a five-year Fund, operating between April 2018 and March 2023. In October 2018, additional funding was announced, making the Fund £2.45 billion in total. All funding is capital.

Nearly half of the Fund (£1.08 billion) was awarded in March 2018 to six **Mayoral Combined Authorities** (MCA). These MCAs were allocated funds on a devolved, per capita basis – for locally directed investment in their strategic, public and sustainable transport priorities.

A further £1.28 billion was allocated through a competitive process to twelve **Competitively Funded Areas** (CFA), shortlisted as having a strong case for investment.¹ The bidding process for CFAs ran from March 2018 to Autumn 2020.

The Department's competitive bidding process included a period of '**co-development**'. During this, shortlisted CFAs worked with DfT to develop Strategic Outline Business Cases (SOBC) for their local programmes – within which they included schemes for three potential funding levels (i.e. high, medium and low).

This report draws together findings from a **process evaluation** of the co-development experience. It is based on in-depth interviews with DfT officials and officers from six of the CFAs and two MCAs; as well as light touch interviews with a further five CFAs and three MCAs. MCAs were interviewed to provide a comparator approach to developing a TCF programme, outside of the co-development process.

The primary aim of this evaluation is to learn lessons from DfT and local areas' initial experience of co-development – for the Department, or other Government departments, to apply in future engagement with local areas. Its secondary aim is to determine what role, if any, co-development may have during the delivery of TCF programmes. A third aim is to explore ideas and appetite for a **Community of Practice** for officers delivering TCF programmes.

Terminology

The generic term **local area** is used to describe any locality bidding for or awarded TCF funding, as these include Combined Authorities, Mayoral Combined Authorities, consortia of local authorities and individual local authorities. Geographically, they also cover single cities and city-regions.

The term **official** is used to refer to civil servants working in central government, and **officer** is used for those working in local government.

Minister is used to refer to politicians governing DfT activities, while **councillor** is used to refer to local government politicians.

¹ A further £90 million was allocated to four local areas through the Future Transport Zone sub-pot.

A **process evaluation** investigates what can be learned from how an intervention was delivered. It examines what worked well and less well, and why; as well as what could be improved and how the context for the intervention influenced delivery.²

Co-development is a model of long-term co-operation and collaboration in which organisations voluntarily work together as equals to develop a mutually beneficial and jointly-owned product, service or other common objective.

In general, partner organisations work together to build trust, apportion workloads and resources, and share insights and ideas. By reconciling their respective interests, solving problems, encouraging creativity and facilitating risk-taking, they build consensus for, and commitment to, an end-product that is more innovative and of higher quality than it would have been possible for any of the partners to have developed in isolation.³

It should be noted that, as discussed later in the report (see Weakness 1), it is questionable whether the process employed was, in fact, ‘co-development’, rather than a ‘supported bidding’ process. However, the term has been retained in the report, since this was the language used throughout the Fund’s process.

A **community of practice** is a group of practitioners who share a collective concern, and who interact regularly to share information and experiences, develop shared resources, and formulate ways of addressing recurring problems in relation to the collective concern. Either organically or as part of a formally constituted process, practitioners learn from each other and apply this learning to their own individual, local level actions related to the collective concern.⁴

² Definition based on *Magenta Book: Central Government guidance on evaluation* (2020) HM Treasury

³ Definition developed with particular reference to: *Co-development in the Public Service of Canada, Public Service Commission Advisory Council Working Group on Co-Development* (July 2003) and *Co-Development: A Future for Inter-Organizational Product and Project Development*, Alex van den Honert & Rieks Broersma, in *Dimensions of Project Management*, H Reschke & H Schelle (eds), Springer (1990).

⁴ Definition developed from those posited by Etienne & Beverly Wenger Trayner (see *Communities of Practice*, Etienne Wenger, Cambridge University Press, 1998; and www.wenger-trayner.com/introduction-to-communities-of-practice) and Paul Hildreth & Chris Kimble (eds., *Knowledge Networks: Innovation through Communities of Practice*, Idea Group Publishing, 2004).

2. Rationale and competitive bidding

2.1. Rationale for co-development

A co-development approach had previously been used by the Ministry of Housing, Communities and Local Government (MHCLG) in supporting development of bids from local areas for the Housing Infrastructure Fund (HIF). MHCLG provided shortlisted local areas with access to experts and constructive challenge in order to:

“ensure [HIF] schemes are of the highest quality and create the best opportunities for transformational delivery, and [are] not about simply choosing those authorities that are the best at writing bids.”⁵

TCF is intended to be place-based and modally agnostic – funding multi-modal packages of schemes suitable to meet the needs and challenges of a specific locality and a set of over-arching objectives. To robustly assess the diversity of bids expected, officials would need to be well informed about the rationale and host location for each programme. Officials within DfT had heard good feedback about the HIF co-development process and decided to trial a similar approach.

The Department anticipated that co-development would meet four aims:

1. Facilitate swift and efficient development of bids.
2. Ensure programmes were high quality and represented good value for money.
3. Ensure schemes were innovative and ambitious.
4. Ensure bids were closely aligned with Departmental priorities.

2.2. Competitive bidding process

The TCF funding competition used a three-stage process to identify and award funding to CFAs. A detailed timeline of the process is shown in Figure 2.

Expressions of interest

In March 2018, cities and city regions were invited to submit **Expressions of Interest** in developing a TCF programme.

27 local areas submitted an EOI by the June 2018 deadline.

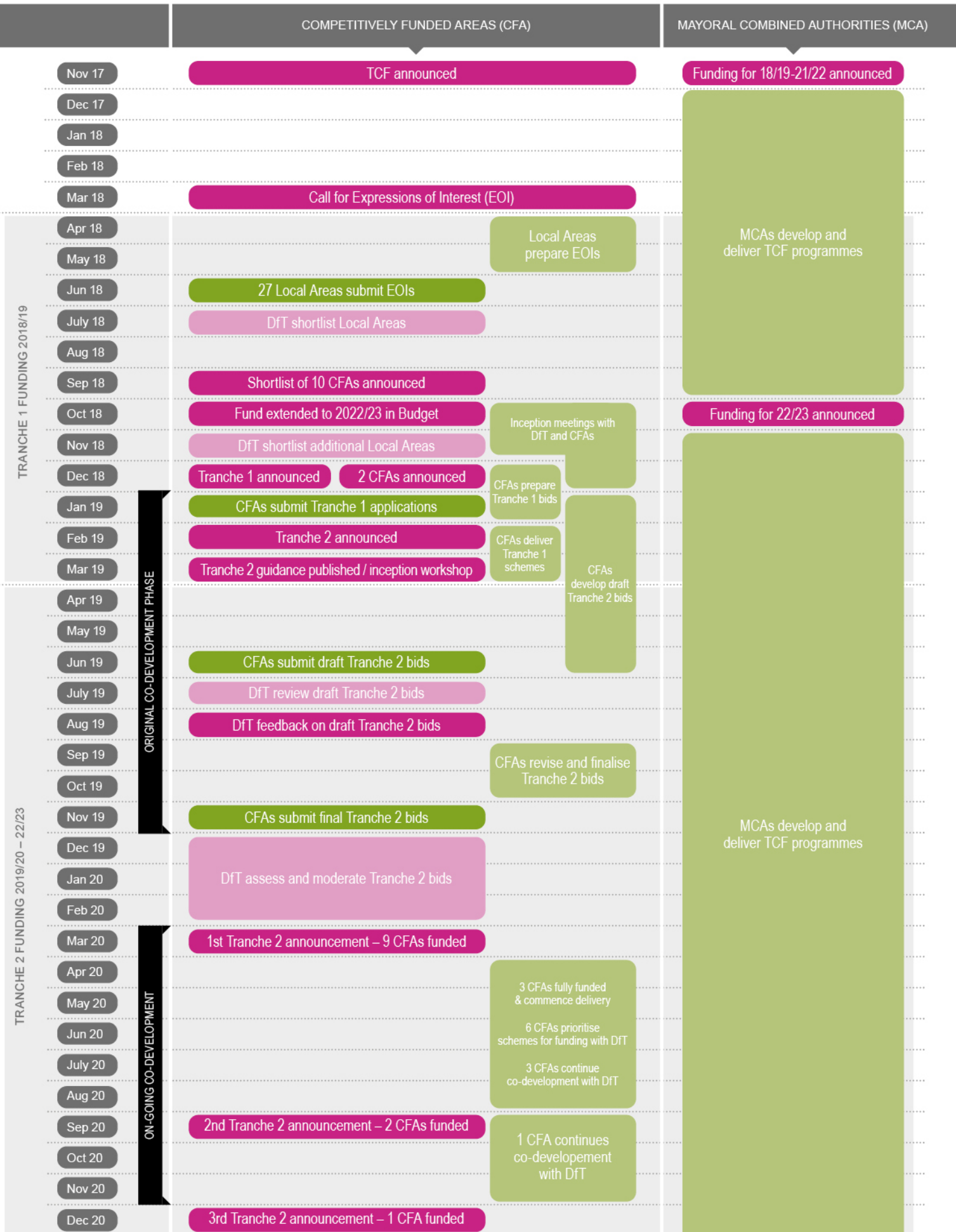
After a light-touch assessment to identify suitable cities (based on size and characteristics), a **shortlist** of ten local areas was announced in September 2018, with a further two announced in December 2018.⁶

Inception meetings were held between the Department and individual local areas in the period October – December 2018.

⁵ Department for Communities and Local Government (2017) *Housing Infrastructure Fund: Supporting Document for Forward Funding*

⁶ The shortlist was expanded after the Treasury announced the enhancement of the TCF in October 2018 – with an increased budget and extension into 2022/23.

Figure 2: TCF competitive funding timeline



Tranche 1

In late November 2018, **Tranche 1 guidance** was issued inviting the ten originally shortlisted local areas to submit applications for individual, small-scale, quick win projects as a precursor to their full TCF business case – in order to allocate c.£60m of 2018/19 TCF funding allotted to CFAs.

The ten originally shortlisted local areas submitted their **Tranche 1 bids** by 4th January 2019.

In February 2019, DfT **awarded Tranche 1 funding** to 30 projects from across the ten eligible local areas.

Tranche 2 (initial co-development)

Tranche 2 began in January 2019 (after submission of Tranche 1 bids). During the eleven months to November 2019, **the Department and local areas co-developed each shortlisted area's TCF bid** (a Strategic Outline Business Case, SOBC).

Guidance was issued for Tranche 2 in March 2019 and the twelve shortlisted local areas participated in a face-to-face **inception workshop** hosted by the Department.

The twelve local areas submitted **draft bids** to the Department in June 2019. Based on **feedback** provided by officials in August 2019, the twelve local areas then revised these and submitted their **final bids** in November 2019.

Funding award (additional co-development)

After assessing and moderating the twelve bids, and obtaining ministerial approval, a **funding announcement for nine of the shortlisted local areas** was made in March 2020.

- Three local areas were **'fully funded'**, i.e. awarded funding in line with either the low or high funding scenarios in their bids, and were able to commence delivery straight away.
- Six local areas were **'partially funded'**, i.e. awarded a funding amount and asked to **continue co-development** to identify a list of priority projects from their bid they would use this funding for. This **prioritisation** was completed for all six local areas by August 2020 – with each local area commencing delivery once their prioritised list was approved by the Department (i.e. after up to 5 additional months of co-development).

The final three local areas were **'initially unfunded'**, i.e. required to **resubmit their business cases following a further period of co-development** with the Department. Two of these local areas completed this resubmission and had their funding announced by September 2020 (after an additional 6 months of co-development). The final local area was awarded funding in December 2020 (after an additional 9 months of co-development).

3. Interpretation and development of co-development

DfT stipulated in the guidance for both the Expression of Interest and Tranche 1 that local areas would co-develop their Tranche 2 bids with the Department, and that these bids would be assessed according to transport appraisal guidance (TAG) and the Five Case Model outlined in HM Treasury's Green Book. At this stage, our interviewees told us that they had little idea of what co-development actually meant.

A fuller explanation was provided in the Tranche 2 guidance issued in January 2019, including:

“...the Department will provide access to experts and constructive challenge, as appropriate, to support the development of business cases and maximise the value of investments.”⁷

Local interviewees told us that at this stage they still felt uncertain about what co-development would mean in practice but were open to this new approach to bidding.

The TCF Policy & Assessment Team (the virtual team running the Fund, led by DfT officials in the North & Devolution Division, and including experts drawn from the Regions, Cities & Devolution Directorate's Analytical Support team) ran an **inception workshop** in March 2019. This provided local areas with the opportunity to engage with DfT officials and to network with other local areas. By this time, some local areas began to feel more assured about co-development. However, for the majority of local areas, the practicalities of co-development continued to be unclear, and only developed organically as they progressed their SOBC.

DfT's **Area Leads** told us that, during co-development, they increased their engagement with individual local areas; using their knowledge of the TCF programme, and of the local areas' specific needs, to act as 'honest brokers' during the development of the SOBCs. Each local area was also assigned a **named sponsor** within the TCF Policy & Assessment Team – so four key officials each had in-depth knowledge of three local areas and their bids. This sponsor and the Area Lead provided individual local areas with bespoke **support, advice and constructive challenge**. When in-depth advice was required regarding a specific mode or topic, they would **broker introductions** between the local area and officials from DfT's relevant policy teams.

The TCF Policy & Assessment Team also allocated **named Departmental experts in modelling and economic appraisal** to each local area. These experts provided local areas with support on technical aspects of their business case. This included reviewing and challenging appraisal specification reports to ensure local areas and their consultants were using a robust methodology; giving advice on appropriate levels of optimism bias; and running sessions on how to use the Active Modes Appraisal Toolkit (AMAT). One local area felt that a Q&A session with DfT's modelling specialists to resolve issues after submission of their draft SOBC was critical to their eventual success.

Area Leads, sponsors and nominated experts engaged with each local area via **regular meetings** (both virtual and face-to-face), as well as via ad-hoc email and

⁷ Department for Transport (2019) *Transforming Cities Fund: Supplementary Guidance for Shortlisted City Regions, Tranche 2*

telephone contact. Depending on the local area and stage of the process, meetings were held quarterly, monthly, fortnightly or weekly. For example, in one local area, meetings (of approx. 1.5 hours) were held monthly. The Area Lead chaired the meeting, with relevant TCF Policy & Assessment Team members, or other officials, joining remotely as and when required.

Most local areas hosted one or more **site visits** for their DfT counterparts, which gave them the opportunity to demonstrate issues first-hand and show potential solutions, as well as to build relationships.

Where appropriate, the TCF Policy & Assessment team issued **Fund-specific guidance and tools** to local areas. For example, a FAQ document amalgamated answers to queries arising from the initial Tranche 2 guidance. Regular e-newsletters circulated details of the Fund, the bidding process and emerging policy; while short guidance notes were issued on specific modes or topics whenever it became clear several local areas had queries about these.

Local areas were also **signposted to useful guidance, tools, and training** provided by the wider Department, such as TAG guidance, the AMAT, Value for Money Framework guidance and Future Proofing workshops.⁸

Local areas told us that, of all the support offered, the **most crucial was the direct engagement with DfT officials**. This enabled officers to ask questions and resolve issues, in particular in relation to scheme suitability and technical aspects of appraisal. Officers were able to gain early feedback on draft documents and analysis, so these could be strengthened as necessary before final submission. Officials told us that having a dialogue and being able to apply constructive challenge to local areas' short-lists of schemes, and the process they had gone through to develop these, meant they were confident that final SOBCs were based on robust programmes.

All of the elements of the TCF co-development offer are summarised in Figure 3.

⁸ These were workshops delivered by DfT's Office for Science, which provided guidance on how to anticipate foreseeable technological developments when developing project plans.

Figure 3: Elements of the TCF co-development offer



** = components of the support package most widely appreciated by local areas

4. Resourcing co-development

Each local area was granted £50,000 by DfT towards the cost of preparing their bid. Local areas told us that this was a relatively small contribution to the total direct costs (e.g. consultancy fees, surveys) and indirect costs (e.g. staff time) that they incurred developing their SOBCs. These costs were considered to have been much higher than for previous sustainable transport programmes. Indirect costs were, by their nature, hard to quantify but local areas' estimates of their total costs ranged from £100k (for a more experienced local area with tools such as a local strategic model already in place) to £1m+ (for a local area which carried out design work to an advanced stage to ensure schemes were feasible and cost estimates were accurate). The average amount CFAs estimated they had invested in developing their bids was equal to 1.1% of their TCF funding (ranging from 0.2% to 2.6%).⁹

In developing their bids, local areas used a range of pre-existing local and regional strategies, such as Local Transport Plans, Regional Transport Strategies and Local Cycling & Walking Infrastructure Plans. They also drew on Local Plans, Local Industrial / Growth Strategies and relationships with local stakeholders, such as those developed through Voluntary Bus Partnerships. The time and costs invested in SOBC development are likely to have been higher in local areas where such plans and partnerships were not already well established. Notably, in some local areas (both CFAs and MCAs), TCF programme development occurred in parallel to the formation of a new Combined Authority. The relative maturity of any pre-existing inter-authority relationships, regional strategies, etc. is likely to have impacted on the speed and efficiency with which these local areas were able to develop their TCF programmes.

Local areas engaged a broad array of officers and councillors in SOBC development, such as policy officers, delivery teams, research intelligence, senior management, portfolio holders and leaders. In some cases, these human resources were drawn in from multiple top tier local authorities across a city region, as well as from the district level. Most local areas also relied significantly on consultants.

For some less experienced local areas and officers, writing their bid and participating in the co-development process has been a development opportunity. For example, some local areas said that it had enhanced their capability to use the Five Case Model, or to develop robust feasibility, modelling and appraisal methodologies. However, local areas noted the difficulty of resourcing the huge amount of staff time and consultancy support required to develop a funding bid of this magnitude in the wake of recent cuts to local authority budgets, and that, to achieve this, they had to divert capacity from delivery of Local Transport Plans, other key programmes and general maintenance schemes.

The TCF Policy & Assessment Team had no budget to support the Department's input to co-development. It was resourced almost entirely from business-as-usual staff time, with sponsorship from Innovate UK for the inception workshop.

⁹ Based on five CFAs who provided estimates of their co-development costs.

5. Other approaches to allocating funding

5.1. Business-as-usual

The Department's approach to TCF differed from past funding competitions. These have typically been smaller (in monetary terms) and had a tighter focus on a specific mode, policy priority or journey purpose. Local areas have developed bids 'cold', in line with a pre-issued set of guidelines or application form. They have had very little opportunity to engage with officials to get clarification or guidance to ensure their bids are suitable.

Officials have only had sight of bids after the application deadline. They have assessed these against a fund's criteria, and by taking advice about the locality from the Department's Area Leads. As officials have not had advance sight of bids, assessment and decision making can take a considerable amount of time. Local areas report waiting for as long as 6 to 12 months to find out if they have been successful (e.g. for rail projects or Large Local Majors).

Officials and local areas told us that this traditional approach is less efficient than co-development because it does not:

- Allow officials to advise areas to reshape unsuitable ideas.
- Allow local areas to resolve queries before submitting their bids.
- Allow officials to query technical issues (e.g. with economic appraisal or modelling) until analysis is already complete.
- Enhance officials' understanding of real-world, local-level issues and operations.

Also, the business-as-usual approach does not streamline the pool of applicants, as the TCF process did, by having a shortlisting stage before co-development begins. Competing in a large pool of applicants means local areas have a lower probability of winning funding, and may limit the time and effort they are willing to invest in developing a robust and effective programme of investment. With the TCF process, local areas were happy to invest significant time and resources in developing well-evidenced and detailed programmes because they were competing in a smaller pool of applicants and had a higher chance of success.

Bid quality and feedback

With a business-as-usual approach, the content and quality of bids can be highly variable. The process rewards local areas that are good at writing bids, have more resources to invest in bid development, and have experience in delivering projects in a specific policy area. Local areas that are less well-resourced and have less experience in a particular policy area may repeatedly lose out on funding, and not receive the support that would enable them to get 'off the starting blocks'.

The business-as-usual approach can be frustrating for local areas, who have to develop bids 'in the dark', and who state that it is common to receive little or no feedback about unsuccessful bids. This prevents them from learning how to improve

future bids. Also, as local areas develop bids in conjunction with local stakeholders and have their submissions approved by councillors, it can cause reputational damage when bids are unsuccessful. Local areas report this can be much more difficult to manage if they don't receive any feedback from DfT with which to explain their lack of success.

5.2. TCF funding for Mayoral Combined Authorities

Devolved MCAs were allocated their TCF funding based on a per capita formula. Since this allocation, there has been a strong ministerial preference for the Department to take a 'hands off' approach to TCF in these city regions. So, in contrast to the CFAs, the TCF Policy & Assessment team did not make any stipulations regarding a process for MCAs to develop their TCF programme, nor put in place any co-development offer. MCAs were given some guidance in their grant award letter about the scope of the Fund, and offered an open door should they want advice or support developing their programme. Only two of the six MCAs subsequently engaged DfT in any substantive manner (and, in one case, this was primarily because major rail projects are a key part of their programme).

MCAs are typically investing TCF funds in elements of their city region's transport strategy which align with the purpose of the Fund – with the degree to which TCF schemes represent a discrete sub-programme within this wider strategy varying between MCAs. The coherence of an MCA's TCF investment is likely to have been influenced by the relative maturity of the Combined Authority and the cross-boundary structures and strategies which pre-date it. For example, where there is a history of joint Local Transport Plans or a Passenger Transport Executive, or where Combined Authority staffing and structures were well established, MCAs will have found it easier to develop integrated packages of schemes aligned with the purpose of the Fund.

Although not tied to a specific DfT-led process like the CFAs, the MCAs told us they have invested considerable time and resource in developing their TCF programmes. For example, one MCA invested £6.4m of local match funding to develop their programme – equivalent to over 3.5% of their TCF funding.

Most MCAs have developed the schemes they are funding with TCF monies as per their usual capital programme development process; in some cases inviting proposals for schemes from districts across their city region. Schemes have been prioritised and approved by relevant boards and committees, and individual scheme business cases developed in line with the local assurance framework, HM Treasury's Green Book and TAG.

Efficacy of MCA programme development

The MCAs do not feel that their programmes have been compromised by not being formed through a co-development process with the Department. They told us that, as devolved authorities, it was important they retained control of the process. MCAs feel their approach has delivered much the same benefits in terms of efficiency, value for money, innovation and policy as the co-development process. However, MCAs also feel they benefit from additional efficiencies in being able to use TCF funding to bring forward elements of long-term transport plans that will continue after March 2023,

and in using their existing governance structures, assurance frameworks and permanent staff (helping to avoid the 'stop-start' nature of some past funding programmes). We were also told that because MCAs' wider transport funding allocations can be considerable, allocating large sums to walking or cycling was relatively uncontroversial.

As MCAs have largely used the same guidelines and processes for developing business cases and appraising schemes as the CFAs, they are not, in general, currently significantly ahead in terms of delivery of schemes. However, some MCAs have not articulated their TCF programmes as clearly as the CFAs have. In some cases, without a deadline to have finalised their programme planning by, it is possible that delivery has been hampered by ongoing internal discussions about allocating TCF funding.

6. Learning from TCF co-development

Interviews with officials and officers identified a number of **strengths** and **weaknesses** of the TCF co-development process. These are discussed in this section, grouped in relation to three subjects:

1. Key benefits of co-development
2. Process design
3. Building teams delivering co-development

A summary list of all **8 strengths and 10 weaknesses** is given in Figure 4.

At the end of each theme lessons learnt from the TCF experience are highlighted – creating a checklist of issues to inform the design and delivery of future co-development between central government and local areas.

The full checklist of all **20 lessons learnt** is included in the Summary (Figure 1, on pages 5-6).

6.1. Key benefits of co-development

STRENGTH 1: Local areas being offered the opportunity to bid for sufficient funding to deliver a significant, integrated package of sustainable transport improvements over several years.

The TCF bidding process was intensive and required local areas to invest considerable staff time and financial resources over two years. Local areas felt this investment was worthwhile, given that the scale of the money they were granted enables them to deliver an integrated programme of multi-modal improvements over several years. Officials felt that managing a single large-scale, multidisciplinary funding competition (as opposed to multiple, smaller, more narrowly focused competitions) also generated efficiency gains for the Department.

Local areas have already completed much of the development work for individual schemes as part of the bidding process. This will enable them to move swiftly on to scheme delivery once funding is awarded. They now have several years to focus on delivery before needing to divert resources to bidding for subsequent funding.

MCAs also feel that being granted a large-scale, longer-term funding allocation is more efficient than bidding through multiple, smaller funding competitions. They believe that they will make additional efficiency gains by designing and delivering their schemes through pre-existing local strategies and governance structures.

Figure 4: Summary of strengths and weaknesses of TCF co-development

KEY BENEFITS OF CO-DEVELOPMENT	
S1	Local areas being offered the opportunity to bid for sufficient funding to deliver a significant, integrated package of sustainable transport improvements over several years.
S2	Local areas being encouraged to think innovatively about active and sustainable travel, whatever their starting point.
S3	Co-development allowed officials and local areas to have open conversations about the types of schemes and approaches that would fit the Fund.
PROCESS DESIGN	
S4	Shortlisting the field of applicants before inviting local areas to submit a full bid.
S5	The two-stage SOBC development process, which allowed DfT early sight of draft bids.
W1	Calling the process 'co-development' and raising expectations accordingly, when the balance of power could not be equally split between DfT and local areas.
W2	The lack of a standardised co-development approach, creating inconsistency in officials' delivery of co-development.
W3	The quality of a local area's bid being, in part, affected by the quantity, quality and consistency of support available to them, relative to other local areas.
W4	Not tailoring the intensity of co-development support and funding to the needs of local areas.
W5	Poor management of under-performing local areas, with no checkpoint at which these could be redirected to intensive support or deselected, and inadequate feedback from the Department to local areas that were initially unfunded.
W6	Not having a guide 'funding envelope' to work to (and being required to develop high, medium and low funding scenarios). This created additional work for local areas and sometimes created false expectations locally.
W7	A reliance on standard assessment approaches which may suggest good schemes are poor value for money because they do not deliver sufficient time savings for drivers.
W8	The shifting co-development timeline reducing the time local areas have to deliver their TCF schemes.
BUILDING TEAMS DELIVERING CO-DEVELOPMENT	
S6	Utilising and strengthening the existing relationship between Area Leads and local areas.
S7	Facilitating direct engagement between officers and officials; in particular each local area being given direct access to a nominated policy team 'sponsor' and to named advisors on the technical aspects of business case development.
S8	Having a cross-departmental, virtual team representing DfT's interests.
W9	Mode-specific specialists not being integrated into the Department's co-development team.
W10	Under-estimating the staffing requirements and costs of co-development.

STRENGTH 2: Local areas being encouraged to think innovatively about active and sustainable travel, whatever their starting point.

Schemes that would seem uncontroversial to local areas with a track record in relation to sustainable transport may seem innovative and ambitious to other local areas. The co-development process challenged local areas to be more innovative than they might otherwise have been.

STRENGTH 3: Co-development allowed officials and local areas to have open conversations about the types of schemes and approaches that would fit the Fund.

Co-development gave local areas the opportunity to have early conversations with officials about schemes they were considering for their bids, and to receive a strong steer about whether TCF would fund these. Preventing officers from pursuing blind alleys (particularly high-profile schemes which didn't entirely fit the scope of the Fund, or which simply weren't deliverable by 2023) saved time and resources on both sides. With DfT support, officers were able to encourage local discussion of a broader range of potential schemes, and advocate 'effective' and 'deliverable' over 'politically well supported'.

In previous funding competitions where local areas have submitted their scheme proposals blind, DfT has appeared to be a 'blocker' if officials reject them. Co-development allowed DfT to become a 'solution provider'.

LESSONS LEARNT: KEY BENEFITS

1. Concentrating resources on **developing larger, multi-modal, longer-term programmes is more efficient** than requiring local areas to submit bids to multiple, smaller-scale funds which don't address their needs in an integrated way.
2. The on-going dialogue of a co-development process can **challenge less experienced local areas to be more innovative and ambitious** than they might otherwise have been.
3. Co-development allows the **marrying of top-down strategic objectives with local solutions** that are effective and deliverable; solutions that officials and officers alike have confidence in and understand the rationale for.

6.2. Process design

STRENGTH 4: Shortlisting the field of applicants before inviting local areas to submit a full bid.

Shortlisting local areas before they were asked to develop a full bid was beneficial to both local areas and DfT. Local areas were motivated to invest considerable resources in developing their SOBC, because, once shortlisted, they felt they were more likely to secure a significant share of TCF funding (as opposed to the smaller sum they would have had a lower probability of winning in previous funding

competitions). DfT was able to focus their relatively limited co-development and bid assessment resources on a smaller cohort of local areas.

STRENGTH 5: The two-stage SOBC development process, which allowed DfT early sight of draft bids.

Draft SOBCs were submitted to DfT in May 2019. Officials provided feedback and discussed any issues with local areas, so they could improve the quality and content of their bids before submission of final SOBCs.

This staged approach (and shortlisting and co-development) enabled officials to do lighter touch assessments at each step in the competition, because they had a clear understanding of schemes and their rationale; had already resolved queries; and received bids which were more likely to meet their requirements.

The interim review also allowed DfT to assess each local area's high, medium and low funding scenarios and gauge how heavily the Fund was oversubscribed. Where appropriate, local areas were then encouraged to adjust their scenarios accordingly. (Note that while this was a useful checkpoint for helping the Department, the need to develop multiple funding scenarios had negative implications for local areas, as discussed in Weakness 6.)

WEAKNESS 1: Calling the process 'co-development' and raising expectations accordingly, when the balance of power could not be equally split between DfT and local areas.

In TCF co-development, neither the balance of power, nor the burden of work, were shared equally. DfT determined the requirement for co-development and its process, objectives and timeline. The Department also determined if the end product (a local area's SOBC) met their internal quality control criteria (by deciding if it would be granted funding, and how much). In contrast, local areas had no say in how co-development would work, they were solely responsible for generating the end product (their SOBC) and had limited influence over the standards by which this was evaluated. In practice, an equal balance of power would never have been possible, since DfT was responsible for final decisions about who received funding. Terming the process 'co-development' was therefore somewhat misleading.

Although co-development was mentioned in the original TCF EOI guidance, it wasn't until the Tranche 2 guidance and inception workshop for shortlisted local areas that what this meant started to emerge. However, it remained uncertain to officers, and to some extent officials too, what it would mean in practical terms. This lack of clarity, and the Department's broad interpretation of the term, may have unrealistically raised expectations about the support on offer and the parity between DfT and local areas.

The 'co-development process' which evolved might more accurately be described as a 'supported bidding process'. As part of piloting this new approach it would have been beneficial for the Department to have consulted local areas at the start of the process. This would have generated a clear, mutually understood definition of 'co-development' in the TCF context, and given local areas input into how the process could be most effectively set-up and delivered.

WEAKNESS 2: The lack of a standardised co-development approach, creating inconsistency in officials' delivery of co-development.

As the balance of power lay with the Department, local areas deferred to their Area Lead to define how co-development would work. Without a structured co-development 'offer' to work to, Area Leads built on their existing individual approaches to managing their local authority relationships. Consequently, co-development evolved differently in each local area. One local area commented that they were unsure whether Area Leads were supposed to be 'helpers' or 'enforcers'.

Some officers feel that this lack of clear boundaries led to some officials taking pains to try to avoid giving them information other local areas might not have – to avoid any perception of unfair competitive advantage. With no set 'offer' to conform to, it may be that some officials were too circumspect and took a 'lowest common denominator' approach (i.e. avoiding sharing information which would be useful but which they couldn't be sure other local areas had access to).

WEAKNESS 3: The quality of a local area's bid being, in part, affected by the quantity, quality and consistency of support available to them, relative to other local areas.

The support which officials provided to local areas was widely appreciated. However, local areas believe that their co-development experience, and ultimately the quality of their bids, was affected by factors outside of their control. They cite the working practices favoured by their designated officials, and their relative availability. For example, some areas received multiple face-to-face visits from central TCF team officials (which were seen as key to the process), while others had only one. Local areas also report differences in levels of experience, seniority and knowledge of the officials they were allocated; and note that some of them suffered more from changeovers of officials, resulting in interruption and inconsistency. Some local areas felt that, over the course of the whole co-development process, such disparities may have led them to them receiving less effective support than other local areas.

WEAKNESS 4: Not tailoring the intensity of co-development support and funding to the needs of local areas.

Some local areas were confident developing their bid and felt that the level of support they received from officials was sufficient for their needs. Those that were able to develop a strong SOBC generally benefited from:

- A progressive approach to sustainable transport policy and delivery.
- Experience of participating in major DfT funding programmes.
- Effective consultancy support.
- Experienced staff with sufficient capacity.
- Well-developed local partnerships and strategies.

For some local areas – both CFAs and MCAs – the TCF programme has come while the local authority is in flux: for example, while setting up a Combined Authority, or during a local authority boundary reorganisation. Local areas without a history of joint

working or area-wide strategy development (e.g. through a Passenger Transport Executive or joint Local Transport Plan) have found it more difficult to develop a programme.

Officials consequently felt that some local areas, which were ‘disadvantaged’ in one or more of the characteristics above, would have benefited from more intense co-development support. Unfortunately, the default allocation of a local area to their existing Area Lead did not allow for any areas needing more intensive support, nor consider if their Area Lead had the capacity and experience to provide this.

Officials were particularly concerned that some local areas – often those without a strong track record in bidding for and/or delivering innovative sustainable transport projects – appeared to receive poor quality support from their consultants. This directly affected the quality of their bids. Officials felt that there was a danger this could contribute to a negative cycle, if these local areas were not successful in securing (as much) funding and were consequently less able to invest in programmes which would help them to enhance their in-house knowledge and experience, and keep pace with best practice.

WEAKNESS 5: Poor management of under-performing local areas, with no checkpoint at which these could be redirected to intensive support or deselected, and inadequate feedback from the Department to local areas that were initially unfunded.

The interim review of draft SOBCs was useful for highlighting local areas that needed extra support before final submission. However, this review came too late in the process for any significant action to be taken with local areas that officials perceived to be significantly under-performing.

For example, one local area without a history of delivering sustainable transport programmes had poor consultancy support, which didn’t fill the gap in their internal modelling and appraisal expertise. This local area made slow progress with its bid. When it was developed enough to be reviewed, it was clear the bid simply wasn’t strong enough to be funded. By this point in the process, it would have been detrimental to both the local area and the Department if they were deselected.

When local areas were not awarded TCF monies in March 2020 this had consequences for both the Department and the local area. These consequences were more significant than those relating to business-as-usual funding due to the level of investment in the co-development process, the scale of the funding at risk, and the high profile of the Fund. Local areas were subsequently required to invest even more time and resources into co-development, and their delivery window became narrower with each passing month. For one local area, it generated significant negative local press, as well as undermining the professional reputation of officers involved in the bid. Although the local area was only, in theory, responsible for half of the co-development, they felt they had to shoulder 100% of the burden for its failure. Even though this local area has subsequently received a large TCF grant (especially compared to other funding awards it has previously received) this is still perceived locally as a failure.

Detailed feedback from the Department would have enabled local areas who were unsuccessful, or who were granted only a limited funding settlement, to understand

their weaknesses and take appropriate action to address these – both in this Fund and later funding competitions.

WEAKNESS 6: Not having a guide ‘funding envelope’ to work to (and being required to develop high, medium and low funding scenarios). This created additional work for local areas and sometimes created false expectations locally.

To give itself flexibility in apportioning the Fund, DfT required local areas to develop packages of schemes to be delivered in the event of receiving a high, medium or low funding award. Developing these scenarios was a lot of work for local areas.

Without a specific ‘funding envelope’ to tailor their programmes to, local areas feel officials were forced to take an unhelpful “*we won’t tell you what you might get, but we’ll tell you if you’re wrong*” approach. This created even more work when, having developed their initial scenarios, local areas were advised to revise their bids.

It became an open secret that local areas should calculate their potential share of Tranche 2 funding based on a per capita amount. Different local areas became aware of this at different times. When they revised their scenarios, some found that they were then erring too far on the side of caution. For example, one local area was told their bid was too rich and to slim it down using the per capita approach, only to be told the next version of their bid was too lean and to ramp it back up.

This ‘yo-yoing’ of the funding amounts local areas were tailoring their SOBCs to, and the need to develop multiple funding scenarios, could have been avoided. Only three places were granted funds on the basis of their high, medium or low scenarios. Six local areas spent several months reprioritising their schemes to fit a fixed funding amount; while three spent up to eight months refining their programmes to fit the final block of unallocated funding.

Local areas engaged councillors and local stakeholders in development of their bids, had local press monitoring their progress in the TCF competition, and were obliged to publish details of their bid online. Once a headline funding figure has been made public, it can be difficult for local areas to manage expectations. So, despite ultimately securing substantial funding, if this amount was significantly lower than in earlier iterations of their bid, there could be a perception locally that a bid had ‘failed’.

Shortlisted local areas could have been given a funding envelope to fit within, for example, based on their theoretical per capita share of the Fund; or by being ‘streamed’ to a standard funding range along with other shortlisted local areas, according to key demographic, geographical, social or economic characteristics. Alternatively, they could have been ‘pre-allocated’ an amount and required to develop a business case to justify how they would invest this in line with the aims of the Fund.

The work invested in developing schemes which have not been funded has not all been wasted, as local areas are looking to deliver these ‘shovel ready’ schemes as other funding opportunities arise. For example, one local area is aiming to deliver all their unfunded ‘high scenario’ schemes in the medium and long term as part of their wider local transport strategy.

WEAKNESS 7: A reliance on standard assessment approaches which may suggest good schemes are poor value for money because they do not deliver sufficient time savings for drivers.

It was clear to both officers and officials that there was a tension between standard TAG methodologies and the Fund's policy focus on sustainable transport. Schemes were aligned with advice from DfT's bus and active travel divisions, and had emerged from co-development as appropriate and mutually agreeable solutions to local issues. However, the standard approaches used for appraisal and modelling rated some schemes, or packages of schemes, as poor value for money because, although beneficial for pedestrians, cyclists and bus passengers, they did not result in large benefits (time savings) for drivers.

This was very frustrating for local areas, who were looking to deliver ambitious, best practice schemes such as segregated cycleways. This incongruity caused problems across almost all of the individual co-development dialogues, and took considerable time to resolve.

As a result of these concerns regarding the treatment of sustainable transport in TAG methodologies, officers are now particularly concerned that any ex-post assessment of TCF cycling schemes will rate them as poor value for money if they are built to the standards required by 'Gear Change' and new cycling design guidance (Local Transport Note 1/20).

WEAKNESS 8: The shifting co-development timeline reducing the time local areas have to deliver their TCF schemes.

External influences in the wider landscape DfT was operating in led to several ad-hoc changes to the scale and timeline of the Fund (see Figure 2). Some of these changes were positive. For example, the announcement of an extra year of funding and the shortlisting of two additional local areas. Other changes were disruptive. For example:

- Tranche 1 guidance (for 2018/19 funding) was issued in late November 2018, with bids due on the first working day in January and the funding announcement in February. This effectively "cancelled Christmas" for officers, and left local areas with less than two months to deliver Tranche 1 projects.
- Two local areas were shortlisted three months after the other local areas – giving them only three quarters of Tranche 2 bid development time.
- The pre-election period of sensitivity prevented officials from giving feedback in October 2019 – the critical last month before final SOBC submission.

The Tranche 2 funding announcement was delayed to March 2020, following which some areas had to extend their co-development for up to eight months before their funding was confirmed. These delays have compromised the ability of local areas to deliver schemes in 2019/20 and 2020/21. Local areas had just three weeks to deliver £55m of 2019/20 funding (unless they had gambled on developing schemes 'at risk').

Ultimately, for CFAs, two years or more of a five-year funding programme has been spent bidding, without any certainty they would ultimately be awarded funding. This leaves some of them with a delivery window as short as two and a half years.

These delays created problems for local areas in managing contractors (incurring penalties for leaving them on hold awaiting authorisation to start schemes); in scheduling public consultation and recruitment around wider organisational demand; and in managing the expectations of local residents and councillors.

LESSONS LEARNT: PROCESS DESIGN

4. Start with **co-developing the bidding process**, so that both sides agree on the objectives, process, timeline and responsibilities for developing the end product.
5. Ensure all local areas receive a **standard level of baseline support** which is well-defined, consistent and of high quality. Issue clear instructions about what this includes and how to access each element.
6. Ensure that any local areas whose local circumstances put them at a disadvantage have access to **more intensive support**.
7. Including an **initial short-listing stage** will enable the targeting of co-development resources, and motivate short-listed local areas.
8. A **multi-stage bidding process** can divide the quality assurance of local areas' applications over several stages – reducing the workload of the final stage of assessment, moderation and approval. Interim milestones allow local areas, where necessary, to be referred for additional support or, in extremis, to be deselected.
9. **Plan timescales** to allow for co-development to occur before funding becoming available – so local areas benefit from the full window of delivery time. Build in contingency time to manage the impact of unexpected events elsewhere in government, and avoid setting deadlines immediately after August or December, when officer resources will be low.
10. **Be transparent** with local areas about decision-making timescales and processes – even if just admitting to uncertainty due to the influence of wider events.
11. Identify and, so far as possible, address any **potential points of friction** between what you are trying to facilitate and existing policy, processes or evaluation criteria, particularly if you are trying to facilitate innovation.
12. Consider the benefits of providing each local area with an **indicative funding envelope** – so they can focus their bid, and manage local expectations, accordingly.
13. Always provide local areas with **detailed feedback**, so officers and councillors can resolve issues, learn lessons and effectively manage local expectations.
14. Incorporate a **red flag mechanism**, that either partner can activate, to engage senior officials and officers in resolving issues with co-development or the emerging joint product.

6.3. Building teams delivering co-development

STRENGTH 6: Utilising and strengthening the existing relationship between Area Leads and local areas.

Area Leads had good relationships with most local areas prior to starting co-development. Using their existing knowledge of these places, and established relationships with officers, as well as their understanding of TCF in the context of both local priorities and national policy, they became ‘honest brokers’. They filtered information out to local areas from the TCF Policy & Assessment team, and were advocates for, and sources of insight about, their local areas.

STRENGTH 7: Facilitating direct engagement between officers and officials; in particular each local area being given direct access to a nominated policy team ‘sponsor’ and to named advisors on the technical aspects of business case development.

Officials and officers feel that co-development, even when difficult, has strengthened inter-organisational relationships and understanding. Local areas valued their direct access to a named sponsor within the TCF Policy & Assessment team, and to named DfT economists and modellers who advised them on their business case. This advice gave local areas confidence in their emerging bids, and reduced the post-submission quality assurance burden on the DfT team.

Officials’ visits to local areas were particularly important. Officers were able to showcase existing projects and demonstrate critical issues. Officials appreciated the opportunity to gain first-hand knowledge of local people, politics and geographies.

Local areas feel that officials now have a better understanding of their localities and the rationale behind their transport strategies; as well as an appreciation of their programme development capabilities. Officers are now more comfortable raising issues with TCF delivery, or wider issues of concern, with officials.

In contrast, MCAs feel that officials have a London-centric approach, and too narrow a view of their local area, for co-developing their TCF programmes to have been worthwhile. The paradox is that it is possible, had MCAs participated, that co-development would have enabled officials to develop a better understanding of these localities. It could have helped to build mutual trust and cooperation between officers and officials, and could have seeded more effective, long-term working relationships.

STRENGTH 8: Having a cross-departmental, virtual team representing DfT’s interests.

Being allocated a pool of three (for sponsors) or six (for economists and modellers) local areas to liaise with made co-development more manageable for members of the TCF Policy & Assessment team. This virtual team brought together the officials responsible for the Fund (in the North & Devolution Division) with experts drawn from the Regions, Cities & Devolution Directorate’s Analytical Support team. Officials in this team felt that pooling their knowledge and skills was particularly effective, enabling them to collectively provide all the elements of support local areas needed.

WEAKNESS 9: Mode-specific specialists not being integrated into the Department's co-development team.

Officials in the TCF Policy & Assessment team were not specialists in specific modes of sustainable travel. They were unable to provide local areas with advice on best practice or Departmental policy related to walking, cycling, bus, rail or low emission vehicles. Officials did put local areas in contact with relevant divisions but sometimes the level of engagement by specialists was low; advice arrived late in the process; or advice was incompatible with advice given to the area by specialists in other modes.

In part, this may be due to a paucity of mode-specific specialists generally across the Department, and the time pressures on those who are in post. However, if (where available) officials from mode-specific divisions had been fully briefed and made an integral part of DfT's virtual team, they would have had a better understanding of the aims of the Fund, and of the complexity of the programmes which mode-specific schemes were being developed for. This may have enabled them to provide more germane and timely advice to local areas, and to ensure this was complementary to the advice of colleagues in the virtual team who were advising on other modes.

WEAKNESS 10: Under-estimating the staffing requirements and costs of co-development.

Both DfT and local areas were limited in the staffing resources they had available to commit to co-development (in part due to historic budget cuts), and these resources became increasingly stretched by influences outside of the process.

Within DfT, both the pool of Area Leads and the size of the TCF Policy & Assessment team were limited. Their ability to draw in colleagues from other divisions with specialist knowledge in specific modes was limited.

These officials were delivering co-development alongside their other Departmental responsibilities, and a background of Brexit, a General Election and the inauguration of a new government. Some team members were inexperienced with bid development and the Five Business Case model, or lacked knowledge of specific modes. At times, it was difficult to maintain intensive co-development with 12 local areas and officials would have appreciated a back-stop of support they could call on.

Staff churn affected the continuity of support officials were able to give. This forced local areas to adapt to new approaches brought in by new postholders, and led to inconsistencies in advice. For example, on one occasion, due to insufficiently effective knowledge management within the Department, an official gave incorrect advice to local area officers, which led to resources being wasted while they reconsidered schemes that had already been deemed out of scope.

Local areas reported that they had to divert officers from business-as-usual responsibilities in order to develop their TCF bids. Although appreciated, the £50,000 the Department issued to each local area to help cover the costs of bid development was felt to have been insufficient, as these could amount to as much as £1m (see Section 4: Resourcing Co-development).

LESSONS LEARNT: BUILDING TEAMS DELIVERING CO-DEVELOPMENT

15. Draw together a **virtual team of specialists** from across relevant divisions (and other HMG Departments if necessary) to support the co-development process from start to finish. Involve the whole team in designing any support offer and assessment criteria – to ensure alignment of policy, approach, assessment and delivery.
16. Clearly define **roles and responsibilities** for all officials and officers involved in co-development – including a lead point of contact on each side and named contacts in specialist roles. Share organograms of each partner's co-development team.
17. Designate **named contacts** to local areas and strike a balance between utilising the knowledge and contacts of officials with existing relationships with an area, and the need to matchmake local areas in need of more intensive support with officials that have the experience and capacity to provide this.
18. Facilitate **direct engagement** between local officers and officials – particularly through in-person visits to local areas. This will build quality, mutual understanding and enduring good relations.
19. Aim to maintain a **consistent team of officials**, of suitable experience and seniority, throughout the process. Where staff churn is unavoidable, put in place knowledge management and handover procedures that will facilitate continuity.
20. Explore options for enhancing the **volume and/or quality of staffing resources** to ensure they are sufficient to deliver co-development. For example, retain consultants to aid local areas that need more intensive support, or help ensure local areas' consultants are fit for purpose by making 'consultancy procurement support' part of the baseline support package.

7. Recommendations for future engagement

7.1. Engagement with DfT during delivery

While the majority of local areas don't see an active role for DfT in delivery of their TCF programmes, most want to maintain their positive relationship with the Department through their Area Leads. Many have already invited their Area Lead to attend programme board meetings and are keeping them up to date with progress. They would appreciate their Area Lead's continued support and advice on issues arising, and for them to sense check any major change requests which emerge as necessary.

Local areas understand the need to report on the progress of delivery of their TCF programmes, and are already cooperating with the requirements of the Department's Portfolio Management Office with regard to annual (MCA) or quarterly (CFA) reporting and monitoring of outputs. They are also actively engaging with the Department's fund-level evaluation of the outcomes and impacts of the TCF.

Unsurprisingly, more experienced and/or devolved local areas are most keen for the Department to take a hands-off approach during delivery, while CFAs that are less experienced in the delivery of large-scale sustainable transport programmes are more likely to indicate that they would prefer a stronger ongoing relationship.

RECOMMENDATION: Encourage Area Leads to maintain an ongoing dialogue with local areas about TCF programmes; with the level of any active engagement determined on a needs basis by the local area and the Area Lead.

Impact of coronavirus pandemic

Despite the impact of the pandemic on daily travel, local areas stress the importance of delivering their TCF active travel schemes and public transport schemes. The former are seen as especially important in the short term to support public health and Covid-safe travel, and the latter in the medium to long term to support connectivity and access opportunity during economic recovery.

Local areas are conscious that delivery timelines may be affected by the pandemic. They are keen to maintain dialogue on the need for, and allowances for, flexibility around funding profiles. For example, in some instances, local areas may wish to bring forward specific schemes (e.g. related to cycling or contactless ticketing), while other schemes may be delayed due to new Covid-safe working practices prolonging delivery and affecting contractors' availability.

RECOMMENDATION: Maintain a flexible approach to Covid-related change requests from local areas – with Area Leads checking these against their knowledge of the wider TCF programme.

Reinforcement of purpose

One suggested central action was for the Department to periodically reinforce the purpose and scope of TCF funding with senior councillors and officers (either intermittently to all local areas or on request from specific areas, in particular when new key postholders come into office). This could be through visits by officials, or

letters from the Department. In light of the current backlash in some quarters to certain types of active travel schemes, one interviewee commented: *“Local politics sometimes gets in the way, so when you’re receiving millions in funding but local politicians are reacting to people complaining about taking out three parking spaces, the need to keep things in perspective needs to be reinforced!”*

RECOMMENDATION: Periodically reinforce the purpose and scale of the funding with senior officers and councillors – to bolster support for schemes during periods of negative press.

Early notification of additional funding

Local areas would appreciate early notification from the Department in the event of underspend across the TCF programme – so they can submit funding requests for schemes in their bids which are currently unfunded.

Local areas would also appreciate early notification of any funding programme succeeding TCF – so they can maximise preparation time, ensure continuity (including enabling them to retain relevant staff) and minimise the negative impacts of ‘stop-start’ delivery. For any future funding, local areas advocate a minimum funding window of five years and a return to a combined capital and revenue funding stream in order to maximise the benefit-cost ratio of sustainable transport projects.

RECOMMENDATION: Seek to provide the earliest possible notification of any extension to TCF funding, and any successor funding stream.

7.2. Engagement with other local areas

With the competitive stage of the Fund complete, local areas are keen to have contact with other local areas delivering TCF programmes, but views were mixed as to whether this should be facilitated through a formal Community of Practice solely for TCF recipients. As one participant cautioned: *“Funding streams in their own right are not a discussion topic. We must be careful not to canonise them!”*

The suggestions local areas made with regard to on-going engagement are captured below, and it is clear there are a variety of appetites, ideas and preferences.

Existing forums

Some local areas already have strong links to other local areas (both recipients of TCF funding and not) through existing forums. MCAs tended to cite the Urban Transport Group and the Group of Nine (metro mayors). Other local areas often cited strong regional support, for example in the south west through the South West Traffic Managers Group, South West ADEPT¹⁰, and Peninsular Transport.

For some local areas their preference is therefore to discuss best practice and problem solving in relation to their TCF schemes through these existing forums. This approach would be efficient and limit the diversion of staff time from delivery.

¹⁰ Association of Directors of Environment, Economy, Planning & Transport

In light of the Government's recently published 'Gear Change' strategy, several local areas highlighted the potential of the proposed Active Travel England to provide professional support on best practice and skills development for active travel.

RECOMMENDATION: Consider how TCF local areas could benefit from best practice support mechanisms for cycling and walking set up by Active Travel England.

Support groups

Other local areas – mainly small and medium-sized cities or local areas less experienced in delivering large-scale sustainable transport programmes – are more open to the idea of a peer support network for TCF recipients. This may be because their existing networks cover a more limited geography, so do not by default provide access to other TCF local areas.

RECOMMENDATION: Participation in any peer support mechanisms or activities should be on an 'opt-in' basis – with no disadvantage for local areas choosing to rely on existing forums.

It is unclear whether any peer support network should be led and facilitated by DfT or local areas themselves. If led by DfT, the Department could use its oversight of the whole Fund to focus discussions and learning opportunities on key topics. However, many local areas may be reluctant to be honest about issues and failings in the presence of officials – so it may be sufficient for local areas to only engage directly with the Department via their Area Lead and the Portfolio Management Office (which monitors TCF delivery).

RECOMMENDATION: A balance needs to be struck when determining the leadership and format of any Community of Practice – to ensure the Department's oversight is capitalised upon, while not precluding open and honest discussion.

Meetings of all TCF recipients would take significant planning. These are either not currently possible (face-to-face) or take considerable expertise to facilitate well (virtual). Often more experienced or confident local areas/officers dominate discussions.

The small group, structured discussion format of the virtual interviews for this case study were positively commented upon by participants – who appreciated the opportunity to exchange ideas with the local area they had been matched with for the interview. More than one participant described it as a useful "*counselling session*".

One informal TCF peer support group, involving six local areas, has been holding regular virtual meetings since the inception workshop. It may be possible to 'matchmake' other local areas, who could then provide informal, ongoing support to each other on a one-to-one or small group basis. For example, matching local areas of similar size or geographical or socio-demographic characteristics, or who are delivering similar types of schemes or using similar approaches. Some local areas may be interested in being matched on the basis of their experience – for example, an area more experienced in delivering sustainable transport programmes being matched as a 'mentor' with a less experienced 'mentee' local area.

RECOMMENDATION: Consider how smaller ‘support groups’ of two or more local areas could be matched together, and encouraged to facilitate their own ongoing, informal Communities of Practice.

Broad-based discussions

Local areas were unanimous in agreeing any Community of Practice sessions should avoid becoming a ‘talking shop’ where areas just report on their individual progress. They agree sessions should be themed or have structured aims, and be open to relevant officers involved in on-the-ground delivery (as opposed to just Programme Managers). For example, MCA officers may not be responsible for delivering schemes, so discussing best practice and problem-solving technical issues may be more relevant to specialists working at the district level.

Local areas generated a wealth of ideas for Community of Practice discussion topics which could add value to delivery of TCF programmes. Key themes were:

- **Supporting excellence in programme management** (e.g. governance, procurement, development of Full Business Cases).
- **Exploiting new technology** (learning about different technologies, operating models and suppliers for schemes such as integrated and contactless ticketing, apps, e-bikes and bike docks).
- **Consultation and communication** (e.g. best practice for community engagement in schemes which reallocate road space).
- **Best practice approaches** to delivering specific types of schemes.
- **Emerging challenges** (e.g. the need to re-engineer schemes and re-skill engineers in light of Gear Change and new LTN1/20 cycling design guidance).
- **Monitoring and benefits realisation** (e.g. accounting for the impact of the pandemic, testing appraisal assumptions about impacts on car drivers).

Other suggestions for facilitating discussion between local areas included:

- An **online forum** where officers can post questions, share documents, etc. (utilising a platform such as Knowledge Hub, Sharepoint, Teams, Basecamp, LinkedIn or other social media) This may be especially useful during the relative isolation of homeworking during the pandemic.
- An **annual conference** promoting best practice in sustainable transport, for officers and key stakeholders from both TCF and non-TCF local areas.

Note that participants in interviews for this case study tended to be Programme Managers, senior officers focused on strategy and bidding, and monitoring and evaluation specialists. These may not be the officers who would most actively participate in, or benefit most from, any Community of Practice.

RECOMMENDATION: Consider how group discussions, on a specific topic, could be facilitated between relevant officers from either individual ‘support groups’ or from across all TCF local areas wanting to participate in a topic. At times, these discussions could include non-TCF local areas.

7.3. Other potential uses of co-development

MCAAs feel it would be inappropriate for the Department to seek to utilise a co-development approach with Combined Authorities, to which resources and powers have been devolved, as they are responsible for defining their own priorities and strategies at a local level.

However, local areas suggested a number of instances in which it may be useful for the Department to use co-development with non-devolved authorities. For example:

- **Allocation of competitive funding**, when the costs and resourcing of co-development are proportionate to the scale and longevity of funding.
- **Development of long-term, strategic local transport plans and regional transport strategies** (to agree holistic, long-term funding packages and move away from smaller, piecemeal, time-limited funding).
- **Development of local rail strategies** (to facilitate a joint approach involving local train operating companies and rail industry stakeholders).
- **Development of local transport decarbonisation plans.**
- **Supporting the development of franchising, Advanced Quality Partnerships, and/or Enhanced Partnerships** in line with the Bus Services Act 2017 (to facilitate a joint approach with local bus industry stakeholders).

In general, local areas feel that co-development could be a useful tool for **facilitating a transition towards greater decentralisation** and the transfer of powers to non-devolved local areas – in relation to any policy area. Co-development could be used to provide interim support and guidance on tackling any issue, while helping to strengthen the local area's longer-term capacity and capability for strategic planning and delivery. In particular, co-development could be a useful tool for **building capacity** with under-performing local areas (e.g. those failing to keep abreast with evolving policy and best practice in a specific field). It could help prevent them from falling into a negative feedback loop, whereby they don't have capacity or experience to put in successful funding bids for programmes which would help them to build capacity and experience.

8. Conclusion

Supported bidding

It is misleading to use the term ‘co-development’ to describe the process DfT and local areas went through to develop TCF Tranche 2 bids. It is more accurate to describe it as a ‘supported bidding’ process – whereby a local area was able to draw on a package of support DfT provided to aid development of their bid, so that both parties could be broadly confident the scope and quality of the final bid would be sufficient to win a significant amount of funding.

This ‘supported bidding’, and the wider TCF process, can be seen as a successful pilot of a new approach to Departmental funding competitions. While acknowledging its weaknesses and the fact that it worked better with some local areas than others, officials and officers alike are largely complimentary about the process which evolved. They feel that it had many strengths and that lessons can be learnt from it, so the approach can be refined for future competitions, or for other joint initiatives between the Department and local areas.

Benefits

Ultimately, the process led to both parties getting what they wanted. DfT has been able to apportion the Fund across a set of robust and deliverable programmes, which are closely aligned with the Department’s policy aims. Local areas have the funding they need to deliver these programmes, which are designed to address their local issues.

The scale of the funding available justified a more intensive approach to bidding. It concentrated Departmental and local areas’ resources into larger-scale, multi-modal programmes to be delivered over a longer timescale (as opposed to spreading these resources over multiple smaller, short-term, more narrowly focused competitions).

Although the process was competitive with other local areas, CFAs felt that they were in a partnership with DfT and were able to have a dialogue about their bids. They found the support which was offered very beneficial, and particularly valued their direct engagement with Area Leads and members of the TCF Policy & Assessment Team. Likewise, officials feel they benefited from the opportunity to directly engage with bidders – developing an understanding of the places behind the bids, and the rationales for specific schemes.

Original aims of TCF co-development

At the start of the process, the Department anticipated that co-development would:

1. Facilitate swift and efficient development of bids.
2. Ensure programmes were high quality and represented good value for money.
3. Ensure schemes were innovative and ambitious.
4. Ensure bids were closely aligned with Departmental priorities.

As shown in Figure 5, some of these benefits were realised. However, there were elements of the TCF co-development (and wider bidding) process which undermined these aims, in particular the Department’s desire to generate innovative and ambitious programmes.

Figure 5: Benefits and disbenefits of co-development against original aims

1. SWIFT AND EFFICIENT BID DEVELOPMENT	
+ves	Early feedback from officials prevented local areas from wasting resources developing schemes with a poor policy fit which were unlikely to gain funding.
	Officials' ability to review materials and quality assure bids throughout their development reduced the post-deadline burden of assessment and moderation.
	There were efficiency gains, for both local areas and DfT, from developing one SOBC for a large-scale, multi-year programme funded from a single large grant (as opposed to short-term, piecemeal bidding).
-ves	The lack of an indicative funding envelope meant local areas wasted time being too ambitious and developing high, medium and low funding scenarios.
	SOBC development was a long and involved process, requiring advanced scheme planning. (Although, this was partially offset as local areas are well placed to initiate delivery of schemes after funding award, and now have a portfolio of un-funded shovel-ready schemes.)
2. VALUE FOR MONEY PROGRAMMES	
+ves	Good BCR assured by programmes being developed in line with the Five Case Model, and local areas getting advice from officials on scheme suitability and analytical methodologies.
	Officials' ability to understand and evaluate programmes with a 'place-based' lens, and determine if this was the right package of interventions for the locality, irrespective of individual scheme BCRs.
-ves	Best practice schemes, which are emblematic of the sustainable transport innovation the Fund is championing, being rated as poor value for money because standard TAG methodologies place greater weighting on potential disbenefits to drivers than on benefits to users of sustainable modes. (This also negatively affected how innovative schemes could be, and undermined how well programmes could meet the policy aims of the Fund.)
3. INNOVATIVE AND AMBITIOUS PROGRAMMES	
+ves	The five-year timescale and quantum of funding available facilitating development of complex, area-wide, multi-modal programmes.
	For local areas with a less progressive approach to sustainable transport, delivering best practice in active and public transport is innovative and ambitious in itself.
-ves	Fund was too short term – technological innovation or radical schemes (e.g. involving land purchase) require a 10-year+ timescale.
	The 'Transforming Cities Fund' name inferred greater scope for technological innovation than the Department actually envisaged.
	Some local areas reserved technologically innovative schemes for their Future Transport Zone bids, which were ultimately unsuccessful.
	Paucity of evidence creates difficulties generating positive BCRs, and approval, for innovative schemes.
4. PROGRAMMES WITH GOOD POLICY FIT	
+ves	Co-development enabled officials to align top-down policy with suitable and deliverable local schemes.

One key issue, affecting three of the original aims, was the tension between standard TAG methodologies and the Fund's focus on sustainable transport – which meant that it required additional work to make the economic case for many desirable, often more innovative, schemes which may potentially create disbenefits for other road users. Until officials and officers resolved this, it initially made some very worthwhile programmes appear to have a low overall benefit cost ratio. This experience highlights the importance of resolving, in advance, any points of friction between the overarching aims of any co-development process and existing policies, processes or appraisal criteria.

Ensuring fair competition

The intensive resources required for co-development, and the scale of funding at which it is appropriate to deploy this approach, means that there is a greater possibility (than already occurs to some degree under business-as-usual) that it may perpetuate a 'survival of the fittest' approach to competitive funding.

It is likely that the local areas who benefited most from TCF co-development (i.e. went on to secure higher levels of funding within the swiftest timeline) are those with better skills, resources, capability and/or experience in bid writing and/or sustainable transport programme delivery.

The TCF co-development process could have identified local areas with a disadvantage (e.g. undergoing a major organisational change, being less well-resourced, less capable and/or experienced) and offered these more intensive support, either from the start or when they were found to be struggling.

A mechanism for deploying more intensive support to local areas that need capacity building to ensure they are bidding on a level playing field could help prevent some getting caught in a negative funding cycle; whereby they do not win funding, and are consequently less able to gain experience in delivery in a particular policy area, which then undermines their ability to put forward a strong bid in future funding rounds.

Therefore, if co-development is used in a competitive process it should provide:

- a. A baseline level of high quality and consistent 'top down' information and support to all local areas.
- b. A mechanism for providing additional support for local areas that start with a disadvantage.

Deploying co-development

While, for TCF, co-development has been used to apportion funding, this type of joint working has potential to be used in a number of contexts with local areas, to facilitate the development of strategies and programmes which meet both the aims of the Department and the needs of local areas. It can increase understanding between officials and officers; in particular enabling officials to better appreciate the diverse contexts, issues and needs of local areas.

Particular thought should be given to how co-development might be used with Combined Authorities to build the Department's understanding. Working in partnership with these (e.g. developing long-term strategy or funding programmes) could help officials gain first-hand insights into these local areas, and build trust and

cooperation with officers. However, this will require sensitivity so that the CA's autonomy is not seen to be in question.

TCF co-development was a long and resource intensive process. It took between 2 and 2.5 years per local area. As it was done *during* the five-year funding window, it has left local areas with only 2.5 to 3 years to deliver their resulting programmes.

With refinements to future processes based on the learning from this trial, future co-development-based processes may be more tightly managed and take less time. However, done well, co-development is still likely to be a relatively long and resource intensive process. It is therefore best to plan on using co-development when one or more of the following is sufficient to warrant it: the quantum of funding and length of the funding window; the timespan of the strategy being developed or delivered; and/or the level of innovation being sought.

Co-development should always be timed so as to precede the period when funding is available.

Lessons learnt

Overall, it has been possible to identify 8 strengths and 10 weaknesses from the TCF co-development process, from which there are 20 lessons (as summarised in Figures 4 and 1 respectively). These lessons should be considered when planning future funding competitions which seek to utilise a co-development, or supported bidding, approach.

These lessons should also be considered when designing smaller scale and business-as-usual funding competitions, as many of them are more broadly applicable to facilitating effective engagement with local areas.