

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

ITA EXECUTIVE BOARD

DATE: 29 JANUARY 2010

AGENDA ITEM NO: **6**

SUBJECT: MAJOR SCHEME DEVELOPMENT

Report of the Passenger Transport Executive

1. MATTER FOR CONSIDERATION

- 1.1. This report provides information on the development costs and risks associated with Metro's major schemes programme and seeks the Executive Board's view on the way forward.

2. INFORMATION

Background

- 2.1. Metro has been successful in securing regional endorsement for a number of major schemes including NGT (the modern trolleybus replacement for Leeds Supertram), Castleford Interchange, East Leeds Parkway, Leeds Station Southern Access, Leeds Rail Growth package and Wakefield Westgate Capacity enhancements (over £300m from the overall programme of around £1.2bn).
- 2.2. Whilst the region has included the schemes in the programme of regional priorities there are still a number of risks associated with their delivery. These include possible future funding cuts (the Department for Transport (DfT) has told authorities to prepare for LTP funding cuts of 20-40%) and the need to secure 3 stages of DfT approval (which are risks for all schemes). There is also an existing 'spike' or over-commitment in regional funding requirements in 2013-15 which means the region is having to re-prioritise and re-profile some schemes.
- 2.3. All schemes require a 10% local contribution and for the scheme promoter to fund all development costs up front at their own risk. The DfT may ultimately fund up to 50% of development costs (after Programme Entry), but in reality these development costs often form part or all of the local contribution.
- 2.4. A further issue is that DfT major scheme requirements mean that much more design and development work has to be undertaken at the early stages of the project development (and at risk) than used to be the case. This applies to an even greater extent for rail schemes where Network Rail has their own process (GRIP stages 1-8) which again require substantial design work up front.

Major Scheme Development in 2010/11

- 2.5. As a result of Metro's success in securing regional support for a substantial programme of schemes, a considerable amount of development work is required in 2010/11. The indicative costs to Metro (based on the current scheme programmes) are shown below.

NGT (including preparation of Transport And Works Act Order)	£3.2m
Leeds Station Southern Entrance	£1.2m
Leeds Rail Growth Package	£2.2m
East Leeds Parkway	£0.4m

- 2.6. Another issue specific to the Leeds Rail Growth Package is that the ITA has approved expenditure of £0.4m to deliver the proposed car park expansion at Pontefract Monkhill during 2010/11 ahead of the rest of the major scheme to support the proposed new Grand Central London service. The DfT were asked whether they would 'underwrite' this cost once the rest of the major scheme was approved, but was unable to provide a firm assurance so delivery of this scheme would be entirely at Metro's risk.
- 2.7. The overall cost of the scheme development and delivery highlighted in paragraphs 2.5 and 2.6 would represent about 75% of Metro's core capital programme and is likely to be unaffordable given other commitments (such as Pudsey Bus Station, the shelter programme, delivery of real time information and CCTV enhancements).

Potential Ways Forward

- 2.8. Clearly NGT is a key priority and up-front expenditure on a scheme of this scale is necessary to meet DfT requirements. It is hoped that the DfT will grant Programme Entry around the end of January which will provide a higher degree of certainty and reduce the risk of abortive expenditure. It is therefore proposed to include the NGT development costs in the capital programme.
- 2.9. Options are being developed to re-profile some of next year's spend on the rail schemes and look at alternative funding mechanisms from the industry and partners. It is important that work progresses on these schemes in order to demonstrate to the region that they will deliver in line with the programme (as the region is taking a robust approach to programme management).
- 2.10. It is suggested that a letter is written to the Secretary of State seeking the Department's commitment to underwriting the planned car park work at Pontefract Monkhill indicating that without it, the cost and risk to Metro may be too high to deliver it through this mechanism.

- 2.11. Rather than including specific funding for all the development costs highlighted in paragraphs 2.5 and 2.6 on the previous page, it is proposed to include a single 'pot' of funding for development work on the rail major schemes in the 2010/11 capital programme. This would be used flexibly and directed to schemes to minimise the risk of abortive expenditure and maximise the amount of funding ultimately secured for West Yorkshire. The funding available for this purpose depends on other schemes in the capital programme and will be finalised in time for inclusion in the budget report to the Authority meeting on 12 February 2010.
- 2.12. The ITA has previously approved a programme of schemes to be funded from the £1.8m additional 'LTP uplift' funding distributed from the Regional Funding Allocation last year. At present only around £0.6m of this expenditure is firmly committed and it is proposed that the remainder of the funding is initially used to support the development of major schemes, but that the smaller schemes previously proposed are developed in more detail so that they can be brought forward as and when funding allows.

3. FINANCIAL AND LEGAL IMPLICATIONS

- 3.1. These are set out in Section 2.

4. STAFFING IMPLICATIONS

- 4.1. None as a result of this report. Staff working on capital schemes can be deployed flexibly according to work programmes and funding.

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. All capital schemes will be designed to meet equal opportunity requirements and regulations.

6. RECOMMENDATIONS

- 6.1. That the position in relation to the development of major schemes is noted.
- 6.2. That Members consider the potential ways forward set out in paragraphs 2.8 – 2.12.
- 6.3. That a letter is written to the Secretary of State for Transport in relation to Pontefract Monkhill as set out in paragraph 2.10.

Director General
West Yorkshire Passenger Transport Executive