

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

ITA EXECUTIVE BOARD

DATE: 18 JUNE 2010

AGENDA ITEM NO: 7

SUBJECT: DFT FUNDING CUTS 2010/11 – IMPLICATIONS FOR METRO

Report of the Passenger Transport Executive

1. MATTER FOR CONSIDERATION

- 1.1. To provide details of the Governments recent announcements to make cross departmental saving of £6.2bn in 2010/11 and the implications for Metro.

2. INFORMATION

Background

- 2.1. Previous reports to the ITA have set out progress and risks in relation to Metro's programme of major transport schemes. In the light of funding uncertainty, Metro had already adopted a cautious approach that sought to minimise the risk of abortive expenditure, but maximise the chances of progressing the schemes.
- 2.2. As reported to the ITA in April 2010, Metro and partners have submitted five schemes to the DfT in the 'major scheme' approval process. The current status of schemes submitted to the DfT is set out in Table 1.

Table 1: Major Schemes Status

Scheme	Status	Dates
Leeds NGT	Programme Entry Granted	22/03/10
A65 Quality Bus Initiative (Leeds City Council)	Full Approval Granted	09/03/10
Leeds Station Southern Entrance	Programme Entry Granted	22/03/10
Castleford Interchange	Submitted for Conditional Approval	Awaiting DfT response
Leeds Rail Growth Package	Submitted for Programme Entry and Conditional Approval	Awaiting DfT response

Spending Cuts

- 2.3. On 10 June 2010, CLG published details of the £1.166bn Local Government contribution required for the £6.2bn cross government savings required in 2010/11. This represents the first step in the Governments effort to tackle the £156bn deficit.
- 2.4. The DfT's Local Government contribution to the savings required in 2010/11 have been identified as £274m capital and £36m revenue as shown in Table 2 below:-

Table 2: DfT Savings Required from Local Government in 2010/11

Capital	£m
Integrated Transport Block	150.8
Major Projects	61.4
Y & H Integrated Transport Block (uplift)	23.5
Capital Detrunking	6.8
Principal Road Network	5.9
Urban Congestion Fund	7.9
Road Safety Grant	17.2
Total DfT Capital from Local Government	273.5
Revenue	£m
Kickstart 2009	5.0
Other unallocated	10.0
Road Safety Grant	20.6
Total DfT Revenue from Local Government	35.6

Major Schemes

- 2.5. On 10 June 2010, the DfT also suspended their Major Scheme Guidance for Local Authorities, replacing it with Interim Guidance. This Interim Guidance highlights:

- all schemes granted Programme Entry or Condition Approval by the previous Government will be reviewed in the Spending Review in the Autumn;
- the existing pipeline of schemes is not affordable
- no assurances on funding support to major schemes can be given until after the review;
- no further bids will be accepted or decisions made until after the review;
- all Public Inquiries on schemes requiring DfT funding are postponed;
- local authority/PTE expenditure on major schemes is entirely at own risk;
- promoters to avoid consultations/exhibitions that unduly raise expectations;
- DfT will not encourage or assist scheme promoters to promote potentially abortive work;
- DfT may engage on a limited basis with those schemes that already have Conditional Approval;

2.6. In addition to the new Interim Guidance, Metro also received 4 letters from DfT regarding Major Schemes:

- NGT – DfT can give no assurance to fund despite the award of Programme Entry
- Leeds Station Southern Entrance - DfT can give no assurance to fund despite the award of Programme Entry
- Castleford Interchange - DfT can give no assurance to fund despite the award of Programme Entry and will not make a decision on our request for Full Approval
- Leeds Rail Growth – No decision will be made on our request for Programme Entry

2.7. This DfT position will be held until the outcome of the Spending Review is known.

Implications for Metro

- 2.8. As part of the Governments' announcements, CLG has provided a detailed breakdown of the grant reductions to be applied in 2010/11 listed authority by authority. Details of the grant reductions to be applied to Metro capital grants is shown in table 3 below.

Table 3: WYPTE Capital Grant Reductions 2010/11

Type of Grant £m	Grant Reduction	Grant Originally Expected	% Cut
Integrated Transport LTP2	2.45	9.80	25%
LTP Uplift*	8.88	17.76	50%
Totals	11.33	27.56	

*The LTP uplift funding, for which Metro acts as banker for the LTP partnership, is allocated to deliver the three year West Yorkshire Strategic Programme of Schemes including Bradford City Centre, Kirklees Economic Zone, Calderdale Burr Walls, North Wakefield Gateway, Low Moor Rail Station, Traffic Light Priority, LTP3 Development, Connecting Airedale and Leeds Inner Ring Road.

- 2.9. The announcements make reference to a reduction in Congestion Funding of £1.15m. Clarification is being sought as to whether this relates to funding already received or future indicative funding.
- 2.10. Metro's ability to deliver its LTP programme and the development of Major Schemes in 2010/11 will now be very challenging.
- 2.11. In the light of these announcements Metro has taken immediate steps to minimise abortive spend and to reassess and take stock of the LTP programme and Major Scheme development work. It is anticipated that some Major Schemes could still be progressed all be it at a slower rate. A verbal update will be provided at the meeting.
- 2.12. Appendix A provides a summary of Metro's Major Schemes and recent progress made up to the point of these Government announcements. References in this appendix to spending is now subject to review.

3. **FINANCIAL AND LEGAL IMPLICATIONS**

- 3.1. The 3 year programme approved by the ITA in February 2010 included £1.4m of Major Scheme Development costs to be used flexibly and directed to schemes to minimise the risk of abortive expenditure, as well as maximise the amount of funding ultimately secured for West Yorkshire. The April meeting of the ITA Executive approved the

allocation of £485k of this funding in order to progress development work on Metro's major schemes. This expenditure is also now under review.

- 3.2. In the light of the Government's announcements on departmental savings required in 2010/11, Metro is currently reassessing the LTP programme and Major Scheme development work. A verbal update will be provided at the meeting.

4. **STAFFING IMPLICATIONS**

- 4.1. The staffing implications associated with these Government spending cuts is currently being assessed. A verbal update will be provided at the meeting.

5. **EQUAL OPPORTUNITY IMPLICATIONS**

- 5.1. None as a direct result of this report.

6. **RECOMMENDATIONS**

- 6.1. That the Government's recent announcements on cross departmental savings in 2010/11 are noted.
- 6.2. That a verbal update is provided to the meeting on the implications for Metro's LTP programme and Major Scheme development work

Director General
West Yorkshire Passenger Transport Executive

APPENDIX A

Major Schemes Update to 10 June 2010

New Generation Transport

The DfT announced Programme Entry for the £235m New Generation Transport (NGT) project in March 2010 which is promoted by Metro in partnership with Leeds City Council.

In their announcement, the DfT had stipulated that this could only be used to deliver the North Route to Bodington (including an extension to Holt Park), the South Route to Stourton and a city centre link between these routes. This means alternative funding will be needed to construct the East Route to St James's Hospital and to provide the full city centre loop. Future extensions to the initial network would therefore include these sections plus possible links to Leeds Aire Valley and to West Leeds.

It was intended that the focus of activity was to prepare an application for a Transport and Works Act Order (TWAO), which will provide the legal powers needed to construct and operate a trolleybus system. The TWAO application was expected to be made in Autumn 2010 followed by a Public Inquiry. Preparing for a TWAO submission and public inquiry are substantial pieces of work.

The Chairman of the Authority has written to the Secretary of State for Transport, Philip Hammond outlining the importance of transport investment to support economic growth. The letter highlighted the importance of schemes for which Programme Entry approval was recently obtained: NGT and Leeds Station Southern Entrance.

A65 Quality Bus Initiative

The DfT granted Full Approval (9 March 2010) to the A65 Quality Bus Initiative scheme, promoted by Leeds City Council in partnership with Metro. The main contract for the scheme has now been let, site clearance work and utility diversions are ongoing and preparatory works for traffic signal installations are underway. It is anticipated that this scheme is unaffected by the recent announcements because it already has Full Approval.

Leeds Station Southern Entrance

The DfT announced Programme Entry for the Leeds Station Southern Entrance in March 2010. At the 30 April meeting, the ITA Executive approved £150k of expenditure to continue developing this scheme until the expected date of the Government's Comprehensive Spending Review.

Network Rail have since been instructed to undertake work to specify and cost the next stage of design work required to firm up the scheme prior to tenders for the design and build stage of the scheme. This work will be completed within the next 6-8 weeks.

Castleford Interchange

As previously reported one of the main issues with the Castleford Interchange scheme has been the land acquisition process. Wakefield Council sought to acquire land required by mutual agreement. In parallel with this process, a compulsory purchase procedure (CPO) was implemented and only the Network Rail objection is outstanding. Network Rail is supportive of the scheme, but is obliged to object until all of its statutory operational requirements are met. It is anticipated the Network Rail Objection will be resolved within the next 4 to 6 weeks. Metro, Network Rail and Wakefield Council are focussing resources on putting in place the development agreement required to resolve the objection.

The Government Office has contacted Wakefield Council and informed them of their intention to call a Public Inquiry which is likely to be scheduled for a date within the next 3 months. However, in the light of the recent announcements it is likely that this Inquiry will be postponed. Metro will work with Wakefield Council to try to resolve the Network Rail objection so that a Public Inquiry can be avoided.

Metro and Wakefield Council have invested considerable time and money into developing the scheme to this stage and will continue to make the case to the DfT to fund the project.

Leeds Rail Growth Package

The Major Scheme Business Case of the Leeds Rail Growth Package (which includes new stations at Kirkstall and Apperley Bridge together with additional parking at stations across West Yorkshire) was submitted to the Department for Transport in November 2009.

Metro has already paused most of the technical works apart from the long lead time contractual items and the securing of planning permission. It is envisaged that a maximum of £65k will be required to complete these necessary works which was approved by ITA in April 2010.

One of the key issues with this project is the link to the redevelopment of Kirkstall Forge in Leeds where the developer of the site has committed £4m towards the scheme. The new rail station supports this major brownfield redevelopment which will in turn support up to 3,000 jobs when fully developed.

East Leeds Parkway

Metro has been working with Network Rail to develop proposals for a parkway station to the east of Leeds. The purpose of the scheme is to:

- Provide additional capacity on the rail network by providing a turnback facility allowing shuttle services from Leeds to turn back; and
- Provide a strategic Park and Ride facility with parking for up to 750 cars.

Network Rail's case for delivering their turnback element of the scheme supports the delivery of additional rolling stock capacity through HLOS. The DfT has announced a review of the Rolling Stock Strategy which has put on hold the procurement of any

further rolling stock. This potentially has implications for Network Rail's programme of investment in infrastructure improvements intended to support the introduction of additional rolling stock. Work and expenditure on this scheme is already therefore minimal until greater certainty can be provided.

Wakefield Westgate

Metro has been working with Network Rail to deliver capacity enhancements at Wakefield Westgate Station through the provision of a new bay platform. The scheme will deliver performance benefits for the local service to Huddersfield and also allow the reinstatement of the Pontefract line services into the station subject to a timetable study.

Metro is ready to commission a timetabling study to establish whether this scheme is feasible once the May 2011 East Coast timetable has been established by the rail industry as a base. It is proposed that the £10k cost of this study to be shared between Metro and Northern Rail.