

The Leeds Supertram

1. The Secretary of State for Transport cancelled the Leeds Supertram scheme in November 2005 and members will be aware of the revised bus-based alternatives which are being developed. With the cancellation of the scheme it is now appropriate to also unwind the financing arrangements which were put in place. With a scheme of this size and complexity those arrangements were necessarily complex and the proposals as they affect the budget and capital programme are set out below.

2. **Future commitments**
 - a. All work on the scheme ceased last year and the only commitments left are those related to land acquisitions. There are still some pieces of land on which statutory orders have been placed (eg CPOs or GVDs) where the purchase may have to be honoured. In addition there are possible claims for blight. In total it is expected that up to a further £5m may be required.
 - b. To meet these costs there is considered to be sufficient funding already identified through a combination of grants from Leeds City Council and cash specifically held for the scheme.

3. **Original funding agreement**
 - a. Part of the original West Yorkshire funding agreement entered into in April 2001 was an arrangement whereby Leeds City Council agreed to forgo £1m of its capital allocation each year. That amount was then allocated to each of the other Districts. In exchange for this capital reallocation all Districts agreed an increase in this Authority's Levy of £1.5m which had to be earmarked towards funding the Supertram scheme.
 - b. Whilst all sums received to date have been allocated to the scheme not all the cash has been used. The balance is being held to meet the future commitments as outlined above to ensure no future costs fall on the Authority's budget.

4. Future proposals

- a. With the demise of the Supertram scheme Leeds City Council have requested that the original funding arrangements be cancelled from 1 April 2007 and that an amount of £2.5m of the retained cash be returned to them. In exchange they have, subject to their member approval at the appropriate time, agreed to meet the advance costs of any replacement scheme(s) (eg consultancy work to prepare the submission of the Rapid Transit annex E submission) and to find their (10%?) element of local funding which will be required by the DfT.
 - b. The effect on the District Councils will be that there is no longer a transfer of capital allocations, the last such transfer taking place in 2006/07, and that the Levy will be reduced by the figure of £1.5m.
5. Members are asked to endorse the cessation of the funding arrangement and the payment of the £2.5m 'surplus' to Leeds City Council.