

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

DATE: 19 March 2010

AGENDA ITEM NO: 14

SUBJECT: NEW GENERATION TRANSPORT UPDATE

Report of the Passenger Transport Executive

1. MATTERS FOR CONSIDERATION

- 1.1 This report: provides an update on progress on the development of the New Generation Transport (NGT) proposals and sets out the key project issues. The report also seeks funding approvals for the continued scheme development.

2. INFORMATION

Background

- 2.1 There has been a long history of developing proposals for a transformational rapid transit system for Leeds, to support economic growth and provide a platform on which to develop a wider network for the city of Leeds and West Yorkshire.
- 2.2 The 1991 Leeds Transport Strategy included 'Supertram', a light rail network to initially serve those corridors where key movements were not served by heavy rail or the guided busways. Whilst nearly all other elements of the 1991 strategy were successfully delivered, the 'centrepiece' rapid transit scheme has not been implemented.
- 2.3 Following protracted negotiations regarding the Supertram proposals, the Government withdrew funding from the scheme in November 2005 citing affordability as the issue. At the time the Secretary of State made a clear statement that a 'top of the range' bus system could instead be delivered for around half the cost and deliver 90% of the benefits of the tram. The Secretary of State went further and encouraged the Promoters to pursue a "showcase bus system that could lead the way for other cities" he also provided assurance that the money would be there for "the right proposals".
- 2.4 Whilst Metro and Leeds City Council did not agree with this decision and the reasons cited for it, there was consensus that a 'top of the range bus system' should be pursued, particularly in light of the Secretary of State's assurances that the money would be available. As such development commenced on the NGT scheme, with the aim of providing a high quality transport system to support the growth of

Leeds' economy and improve the local environment by helping to address congestion.

- 2.5 It was however recognised that given the experience on the Supertram project and the level of expenditure incurred, a new way of working with the Department for Transport (DfT) would be required and the DfT agreed to proposals for an increased level of interaction with the Promoters throughout all stages of the development of NGT to ensure a 'no surprises' approach.
- 2.6 At the outset of the NGT project, the DfT requested further evidence that the routes previously identified for Supertram, were still the most appropriate routes for a bus-based rapid transit system. Detailed analysis work was therefore undertaken to more clearly demonstrate how the NGT proposals fit within the wider public transport requirements for the city. The DfT confirmed that this work had adequately discharged the Promoters' responsibility to demonstrate the 'Strategic Fit' for the NGT proposals.
- 2.7 Within the wider context highlighted above, Metro and Leeds City Council have continued to work in partnership to develop the NGT proposals. The remainder of this report sets out the scope and objectives of NGT and highlights key project issues including the funding position and areas of risk.

Overview of the Scheme

- 2.8 Detailed work to develop the NGT scheme commenced in summer 2007 when technical advisors were appointed to assist in developing the detailed Business Case for the scheme. This work culminated in the development of a Major Scheme Business Case for NGT which was submitted to the DfT in October 2009.
- 2.9 In the intervening period regular and close liaison with the DfT has taken place to ensure that the Business Case has evolved in line with their expectations. Prior to Business Case submission a total of £248.8 million was secured through the Regional Funding Allocation to fund the NGT proposals. In addition two periods of public consultation have taken place on NGT which have both demonstrated high levels of public support for the scheme. Regular project updates have been provided to the ITA and through the ITA Development and Environment Working Group.
- 2.10 The Major Scheme Business Case sets out a number of overarching objectives for NGT covering areas such as sustainable economic growth, targeted regeneration, improved public transport efficiency, environmental improvements, enhanced quality of life and improved accessibility.
- 2.11 The preferred scheme option for NGT, as presented in the Major Scheme Business Case, is to initially serve three routes to North, South

and East Leeds. The key features of the Preferred Option can be summarised as follows:

- Network is approximately 14km;
- To be operated by modern electrically powered trolleybus vehicles;
- Outturn capital cost approximately £276m;
- Current designs are for approximately 63% of the route segregated from general traffic, with 40% of the overall route being for NGT vehicles only;
- Key NGT-only sections would include the Headingley by-pass and a section of route running in railway sidings between Balm Road and Wakefield Road in Hunslet.

2.12 The Preferred Option for NGT demonstrates a good value for money case with a Benefit:Cost Ratio of 2:62:1, which outperformed the alternative options considered.

2.13 The Major Scheme Business Case also sets out a proposal to provide an extension of the North Route to serve the Holt Park area (subject to the availability of funding). It is proposed to undertake further public consultation on this proposed route extension.

Regional Funding Allocation

2.14 The NGT project has been allocated £248.8 million through the Regional Funding Allocation (RFA) . This figure will be supplemented by an agreed local contribution, which will largely be made up from the scheme development costs and land contributions.

2.15 The current regional programme has a considerable 'spike' in funding needed between 2013/14 to 2015/16. The Region is therefore in the process of reviewing schemes within the RFA programme to identify any opportunities for re-profiling/re-packaging schemes which contribute to this spike in funding.

2.16 The Region has considered a number of scenarios to manage the spike in funding requirements and demonstrated that the programme can be effectively managed. The region has also determined that any amended programme specifically protects key regional schemes including NGT.

Current Position

2.17 Following submission of the NGT Major Scheme Business Case, the DfT indicated that they would seek to grant 'Programme Entry' (the first stage in the Government's approvals process) by the end of 2009. This shorter than normal timescale for making such a decision reflected the complex history of the scheme and the close working 'no surprises' relationship between the Promoters and the Department. However

despite intensive dialogue with the DfT to answer their technical questions, at the time of writing, no decision on Programme Entry had been made.

- 2.18 The DfT has also raised certain issues around the overall scope of the NGT network and their own assessment of the economic benefits for different route sections. Discussions with the DfT on the potential implications of these issues are ongoing and a further update will be provided at the meeting.

Development Costs

- 2.19 A project of the scale and nature of NGT inevitably requires a significant financial investment in terms of its ongoing development costs. In recent years changes to government guidance have required scheme promoters to undertake more detailed development of major transport schemes at an earlier stage than has previously been the case. Scheme promoters are required to undertake more intensive development work at an earlier point in the project programme, to ensure that the capital cost figure for the scheme is robust.
- 2.20 It has been necessary to progress some aspects of the scheme development more quickly than originally anticipated in 2009/10, to ensure that the scheme met the agreed project milestones. These include the achievement of Programme Entry prior to a General Election. The achievement of such a key milestone will assist in providing a further safeguard for NGT in any post election spending review. Since submission of the business case in Autumn 2009, the DfT has asked a significant number of supplementary questions and around 200 pages of additional information has had to be provided to DfT.
- 2.21 The Authority is asked to note the 2009/10 scheme costs of £5.183m which were included in the budget report to the ITA on 12 February 2010. Scheme development costs to date have been shared on a 50:50 basis between Metro and Leeds City Council (LCC). Given the need to continue scheme development to meet key milestones such as the Transport and Works Act Order submission further costs are likely to have to be accounted for in 2009/10 and a mechanism has been agreed with Leeds City Council whereby work with a total expected cost of £474k can commence in 2009/10 and be funded from the 2010/11 budget (for which spending approval is sought below).

Future Costs and Risks

- 2.22 Whilst, overall the development costs for the project should not be increased, the 'front-loading' of more detailed scheme development costs are at the risk of the scheme promoter and may not be fully met by the DfT unless the scheme gains formal approval.
- 2.23 The next stage of work includes preparation of the Transport and Works Act Order submission and preparation for the expected Public

Inquiry. The estimated total cost of scheme development work in 2010/11 is £6.313m (again to be shared between Metro and Leeds City Council) for which approval is sought. Metro's share of the funding can be met from the Local Transport Plan Allocation.

- 2.24 The potential for making cost efficiency savings within the project is continually under review in light of future funding constraints. Additional Leeds City Council resources have recently been committed to the NGT project to assist in managing technical workstreams. Further opportunities for the increased use of internal staff are also under consideration in order to reduce consultancy input through more effective use of internal expertise.
- 2.25 A key area of risk for the NGT project continues to be the significant levels of expenditure that will be required at risk, in order to meet deadlines and achieve key project milestones. Achieving Programme Entry will be a significant milestone for the project which will provide a degree of certainty for future expenditure. However, there are risks to the scheme in the light of the forthcoming spending review.
- 2.26 In light of the risks highlighted above, it is recommended that the Authority seeks a meeting with the appropriate Department for Transport Minister to seek assurances that the scheme will progress beyond Programme Entry and that the future expenditure required on the scheme development will not be abortive.

3. FINANCIAL AND EC PROCUREMENT IMPLICATIONS

- 3.1 The financial implications of this report in terms of the NGT outturn figure for 2009/10 and the proposed budget for 2010/11 are set out above in paragraph 2.

4. STAFFING IMPLICATIONS

- 4.1 None as a result of this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1 None as a result of this report

6. RECOMMENDATIONS

- 6.1 That progress on the development of the NGT scheme is noted.
- 6.2 That the development costs and funding sources set out in paragraphs 2.21 and 2.23 are approved.
- 6.3 That a meeting is sought with Ministers to seek assurances on the future progress of the scheme.

Director General
West Yorkshire Passenger Transport Executive