

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

DATE: 25 SEPTEMBER 2009

AGENDA ITEM NO: **21**

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 information to be included in the Major Scheme Business Case submission.
- 1.2 Following the submission of the Major Scheme Business Case the Department for Transport (DfT) will consider whether to award 'Programme Entry' to the scheme. Programme Entry is the first stage in the government's approvals process and it is envisaged that schemes which have attained this status, could have greater protection in a future scenario of significant transport funding reductions. This report describes the detailed work that has been undertaken in order to try to achieve Programme Entry before the end of 2009.
- 1.3 This report also sets out the financial implications of achieving Programme Entry, with specific reference to Metro and Leeds City Council jointly making a 10% local funding contribution and underwriting monies associated with risk.

2. INFORMATION

Background

- 2.1 Metro and Leeds City Council are continuing to work in partnership to develop a high quality rapid transit system for Leeds known as NGT. The NGT project is seeking to provide a high quality transport system that will help to support the growth of Leeds' economy and improve the local environment by helping to address congestion.
- 2.2 The NGT scheme would initially serve three routes to North, South and East Leeds, covering a distance of approximately 14km and linking key trip generators including the city's hospitals and universities. It is intended to provide significant levels of segregation for NGT vehicles in order to deliver high levels of reliability across the network. The preferred option is to use electrically powered trolleybuses to operate the system.

NGT Public Engagement

- 2.3 A two-stage approach to public engagement on the NGT project has been implemented to date.
- 2.4 The initial period of NGT public engagement involved undertaking a series of public exhibitions, held jointly with the Transport for Leeds project, in Leeds City Centre in November 2008. The purpose of these exhibitions was to raise awareness of the emerging NGT proposals and to seek feedback from the public on certain key attributes of the scheme.
- 2.5 The second phase of NGT consultation commenced in June this year and closed in early September. The aim of this second period of consultation was to present the more detailed proposals for NGT to the public to gain their feedback.
- 2.6 The consultation materials presented the Preferred Option routes and vehicle (Trolleybus). Public exhibitions were held on each of the NGT routes and exhibition visitors had the opportunity to discuss the proposals with project staff and if desired go through the concept design plans in detail.
- 2.7 An NGT questionnaire was also distributed to ascertain respondents' thoughts on trolleybuses, route proposals, park and ride proposals and the NGT scheme in general. Overall 20,000 questionnaires were handed out as part of the consultation exhibitions and an online version was also available on the NGT website.
- 2.8 In total over 2,500 completed questionnaires have been received. The full results of the consultation exercise are not yet available since analysis of questionnaires is still ongoing, however emerging results demonstrate that 77% of respondents are supportive of the NGT proposals and 76% are supportive of using trolleybuses to operate the system. Further more detailed results will be posted on the NGT website following full analysis of the responses received.
- 2.9 Further detailed stakeholder engagement and consultation is proposed as the project develops and this will be vital in preparation for Transport and Works Act Order submission.
- 2.10 As a result of the consultation process to date, a number of issues have been raised which are currently being investigated further by the NGT Team. This includes the potential impact of the scheme on Cinder Moor/Woodhouse Moor and further work is now in progress to consider alternative alignment options and to ensure that any impact is minimised through the provision of appropriate mitigation measures.
- 2.11 In addition, further work is underway to consider the impact of the scheme upon cycling facilities in order to identify opportunities to enhance the proposals for cycling provision where possible.

Development of a Major Scheme Business Case

- 2.12 Work is continuing on the development of an NGT Major Scheme Business Case (MSBC), with the aim to submit this to the Department for Transport (DfT) in late October 2009. Metro and Leeds City Council have been working closely with the DfT throughout the development of the MSBC and have received assurance from the DfT that they will aim to provide a decision on whether the project has been given Programme Entry (the first stage in the approvals process), by the end of 2009.
- 2.13 The MSBC will present the Preferred Option for NGT which is a three line trolleybus network serving North, South and East Leeds, with approximately two-thirds of the network segregated. The key characteristics of the Preferred Option can be summarised as follows:
- Outturn capital cost approximately £276m;
 - Network is approximately 14km;
 - 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.
 - The use of articulated trolleybuses is assumed, however it is intended to seek to protect the opportunity for using double-articulated vehicles, should this become appropriate as the detailed design work progresses.
 - Forecasted journey times are currently approximately 22 minutes for the full length of the North Route, 12 Minutes for the full length of the South Route, and 6 minutes for the full length of the East Route.
- 2.14 The DfT stipulate that in addition to the Preferred Option for the scheme, the MSBC must also present what they refer to as a 'Next Best Alternative' and a 'Low Cost Alternative'. As such the MSBC for the NGT scheme will also include these options which can be summarised as follows:
- Next Best Option – electric hybrid bus operating as upgrade to existing services on the North, East and South corridors plus a Park & Ride service on the south and north corridor. Outturn capital cost approximately £150m;
 - Low Cost Option - as Next Best but operated by diesel buses and reduced infrastructure investment. Outturn capital cost approximately £70m.

Extension to Holt Park

- 2.15 Throughout the development of the NGT proposals detailed consideration has been given to the potential for extending the northern NGT route in order to serve the Holt Park area. Work undertaken to date has shown that there are operational, economic and strategic reasons for doing this. At present this extension is not affordable within the funding that has been identified for the project, nor was it included within the Regional Funding Allocation approvals. However, it is intended to protect the opportunity for delivering this extension to Holt Park.
- 2.16 It is therefore proposed that the Major Scheme Business Case includes the continuing aspiration to serve Holt Park and ensures that the potential to provide this extension is not ruled out at this stage. Further work is currently in progress (and will continue post MSBC submission), to refine the capital costs for the scheme and any cost savings that are made could be used to fund an extension to Holt Park. At this stage however, for the DfT to approve the extension, they will require additional assurance that the costs can be underwritten by Metro and Leeds City Council. The Promoters will not however, be committed to delivering the Holt Park extension, but will need to retain this option at this stage.

Project Risk

- 2.17 Extensive work has also been undertaken to identify and mitigate project risks, with three separate QRA (Quantitative Risk Assessment) exercises undertaken to date. An allowance for risk will be included in the overall scheme costs to be submitted in the MSBC.
- 2.18 The Preferred Option is currently being refined in preparation for MSBC submission and demonstrates a good Value for Money case (with a benefit cost ratio of 2.0 - 2.6) which outperforms both the Next Best (with a BCR of 0.7 - 1.0) and Low Cost (with a BCR of 1.0 – 1.5) alternatives.

Funding Issues

- 2.19 In total 90% of the capital cost of the NGT scheme will be funded through the Regional Funding Allocation, with 10% to be funded through a local contribution to be made by Metro and Leeds City Council.
- 2.20 In terms of the Regional Funding Allocation, The project has been allocated £248.8 million, with an initial £150 million allocated to NGT in 2007 followed by a further £98.8 million in January 2009.

Local Contribution

- 2.21 With regard to the necessary 10% local funding contribution this equates to a figure of £27m in terms of the Preferred Option outlined in section 2.13 above.
- 2.22 A possible approach to delivering the 10% local contribution (£27m) has been developed by the project advisers which will include:
- Certain pre-programme entry costs (not normally eligible) but which have been incurred earlier than normal, in order to accelerate project approvals to help meet the timing of the Regional Funding allocation;
 - Post programme entry costs relating to designs, business case development, and land costs (the latter relating to the former Supertram project).
- 2.23 A meeting has been programmed with the DfT for early October to discuss and agree the proposed approach.

Additional Risk Layer

- 2.24 Metro and Leeds City Council will also be required to underwrite 50% of the 'Additional Risk Layer' (ARL), namely the risk of the scheme costs exceeding the available funding (The DfT will fund the other 50% of ARL). In effect, Leeds City Council/Metro will therefore need to underwrite an additional £30m of risk, but it is unlikely that these additional costs would be incurred due to the extensive work that has been undertaken to date as set out above in 2.17. (The costs for the preferred option already include a sizeable sum for risk).
- 2.25 In terms of underwriting the ARL, the necessary monies could potentially be sourced from a combination of the following: prudential borrowing, additional levy arrangements, Section 106 contributions and development opportunities relating to land already acquired. Further more detailed work is being undertaken in the future, in order to understand these potential sources of funding in greater detail.

Next Steps

- 2.26 Following the submission of the MSBC in October 2009, the emphasis of work will shift towards preparation for the submission of a Transport and Works Act Order (TWAo). Based on achieving Programme Entry by the end of 2009 the current anticipated timescales for key project milestones are as follows:
- TWAo submission March 2010
 - TWAo Public Inquiry early 2011
 - Conditional Approval by April 2012

- Full Approval by June 2013
- Start of substantive construction by September 2013
- Start of Operation 2015

2.27 Further reports on the progress of the NGT proposals will be provided to future meetings of the ITA, in addition to a specific report to set out the development costs of the project for 2009/10.

3. FINANCIAL AND EC PROCUREMENT IMPLICATIONS

3.1 A local funding contribution of 10% will be required and the proposed approach to funding this, as set out above in 2.21-2.23, is to be discussed and agreed with the DfT.

3.2 There are also issues around underwriting monies associated with the Additional Risk Layer and these are set out above in 2.24-2.25

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 the report be noted.

6.2 That the ITA agree to the submission of a Major Scheme Business Case for NGT in October 2009, based on the scheme options as set out in 2.13-2.14

6.3 That the ITA agree to the proposed approach for delivering the 10% local contribution to the scheme as set out in 2.21-2.23

6.4 That a separate report be brought to the ITA on NGT development costs.

Director General
West Yorkshire Passenger Transport Executive