



Department for Transport

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23 June 2016

Ben Still Esq
Managing Director
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Dear Ben

Thank you for coming to see us on 23rd May to discuss the arrangements for the funding previously allocated to the NGT scheme. We appreciated the constructive discussion, and as agreed I'm now writing to suggest the next steps based on our discussion.

Following the decision not to approve the Transport and Works Act Order for the NGT scheme, the Department for Transport confirmed that the £173.5m previously set aside for the scheme should remain available for public transport improvements in Leeds. Our working assumption is that all of the money will be transferred during the current Spending Review period (i.e. no later than 2020/21), with payments made at the start of each financial year, the annual profile to be agreed. We do not envisage that any other conditions will be attached to the funding, beyond those set out in this letter. The Secretary of State has asked us to stay closely involved as the plans for spending this money are drawn up.

The £173.5m sits within the Local Growth Fund (LGF), but is retained in the DfT budget, alongside the funding for LGF 'portfolio' schemes and the new large local majors fund. DfT is therefore the accountable Department so we need to understand how the money will be spent, the outcomes to be delivered, and how value for money will be assured - all in a way that is consistent with localism and allows detailed decision making to be taken by the competent authorities in Leeds. This letter sets out what we see as the next steps to achieving that and finalising a funding agreement by the end of 2016.

The £173.5m has been retained for Leeds because of the well rehearsed and long standing need for significant public transport improvements in the city, particularly in the absence of a rapid transit system along the lines previously envisaged. This does not have to be a like for like alternative to the NGT scheme, a programme of smaller coordinated interventions may deliver change in a more realistic and publicly acceptable way.

We agreed that you would draw up an outline strategic case for the funding by the early Autumn. That case should

- confirm the strategic case for investment
- clarify the objectives and outcomes for the funding

- include basic details of specific projects or investments with rationale for their selection. This does not need to include individual business cases for projects.
- explain how the new programme will align with wider growth objectives, for example how it correlates with the growth deal bid that you will be preparing in parallel, as well as other planned future investments.
- Include a proposal for the governance and value for money assurance of the funding and its relationship to the West Yorkshire Transport Fund.

We would like to work with you as you develop the above.

Once the strategic case has been understood and agreed, we expect that individual investment decisions and project approvals should happen at the local level, with limited oversight by the Department. Key to achieving that will be working closely with you on your proposed assurance framework, ensuring that it meets at least the minimum standards as defined in the national LEP assurance framework guidelines. We do not expect to require VFM sign off of individual components of the programme, but need to reserve the right to do so depending on their size and nature.

The aim, therefore, is that ideally by the end of November, certainly by Christmas we will have reached a clear, transparent and concise funding agreement for the £173.5m that will set out:

- The scope and purpose of the funding
- Arrangements for governance and decision making
- Details of the spending profile and payment arrangements
- Expectations on reporting and evaluation

This final agreement will be subject to the approval of DfT Ministers and HM Treasury.

We look forward to working with you on this exciting programme to bring about real change to the public transport offer for the people of Leeds. We have a great team here in DfT ready to assist, your first points of contact should be Margaret Jackson, Head of DfT's Northern Engagement team in our Leeds office, and Bob Collins from our Local Infrastructure team in London:

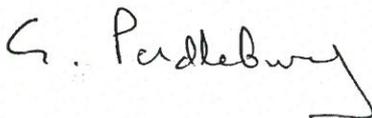
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Yours sincerely



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