

**Report of the Head of Governance Services and Scrutiny Support**

**Report to Scrutiny Board (City Development)**

**Date: 15 February 2017**

**Subject: Transport for Leeds - Supertram, NGT and Beyond**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of Main Issues**

1. At its meeting on the 15th of June 2016, the Scrutiny Board considered a request for Scrutiny from Cllr Judith Blake, Leader of Leeds City Council, which asked for consideration of the role of the Council, the West Yorkshire Combined Authority/METRO and the city's public transport operators in relation to the decisions for both NGT and Supertram.
2. Terms of reference for this inquiry were agreed by the Scrutiny Board at the September 2016 when it was determined that the purpose of the inquiry is to make an assessment of and, where appropriate, make recommendations on the following areas:
  - To identify strengths and weaknesses of the Supertram and NGT schemes, what lessons can be learnt, and how learning can be applied to future transport schemes and projects.
  - The developing transport strategy, short, medium and long terms options, maximising beneficial impact, and how options could be financed, planned and delivered.
  - Meeting the needs and aspirations of communities and stakeholders through engagement and involvement in the shaping and delivery of transport schemes and projects.

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3. The Department for Transport has agreed to support this inquiry. A DfT representative, Mr Bob Collins, will be in attendance on the 15 of February 2017. As a Civil Servant, Mr Collins is authorised to participate within defined parameters. These are detailed in the letter from Mr Collins dated the 3 of February 2017, Appendix 1.
4. The Department for Transport has also provided copies of correspondence to provide clarity regarding various stages of the NGT project. These are detailed as Appendix 2.
5. On the 14 December 2016 the Executive Board of Leeds City Council received a report from the Director of City Development which set out the strategic case and emerging proposals for the Leeds Public Transport Investment Programme, which will be supplemented by private sector investment. The report also detailed progress in taking forward the city's longer term transport strategy, including an ambition to consider again the case for mass transit provision to meet the future needs of the city. The results so far from the Transport Conversation are also detailed. This report is presented to the Scrutiny Board as Appendix 3.

## **Background**

6. Reports presented to the Scrutiny Board in 20<sup>th</sup> July 2016 and 7<sup>th</sup> September 2016 provided background information with the development of NGT, including DfT involvement and support. This information is outlined below (paragraphs 6 to 22) with a copy of the table which outlines key milestones and timescales.
7. Following the cancellation of Supertram, WYCA and Leeds City Council were directed by the Secretary of State for Transport to develop a "top of the range bus system".
8. Discussions then took place with the DfT on the development of revised transport proposals for the City. The premise of which, as agreed with the DfT, was to develop proposals for the three former Supertram corridors. It was envisaged that further proposals would be developed for a wider network over time. At the same time the wider transport needs were being considered by the City through the Leeds City Transport Vision.
9. The DfT commissioned consultants Atkins in August 2005 to examine the potential of a high quality bus alternative to Supertram. This culminated in a report which concluded that a "Bus Rapid Transit" (BRT) option has the potential to offer a lower cost and value alternative to the Supertram proposal." The Promoters were concerned about the lack of robust evidence for the conclusions set out in the report and expressed their concerns in a letter to the DfT in October 2005.
10. These initial BRT proposals developed into the NGT scheme with significant engagement with the DfT and consisted of three routes to North, South and East Leeds, including a loop round the city centre, and linking key trip generators including the city's hospitals and universities. The scheme included enhanced cycling facilities and park and ride sites and a significant degree of priority over general traffic in order to deliver high levels of reliability across the network. Electrically powered trolleybuses were proposed to operate the system

11. An Initial Business Case was presented to the DfT in March 2007 which included an option appraisal on the vehicle type. This document was not a formal part of the government approval process but the Promoters chose to submit their emerging proposals for initial feedback at the earliest opportunity given the experience on Supertram.
12. Following significant engagement with the DfT on the development of the scheme the Major Scheme Business Case (MSBC) for the project was submitted to the DfT at the end of October 2009. This included a comparison with the “next best alternative to NGT” of a high quality diesel electric bus on the same route as NGT and a low cost alternative.
13. After a prolonged period of analysis and scrutiny by the DfT, the Secretary of State announced on the 22nd March 2010 that Programme Entry Approval had been granted but only for the North and South Routes. The DfT indicated that they didn’t believe the East Route would offer value for money. They did not accept the argument that this route was necessary for social/regeneration reasons and the importance in serving St James’ Hospital. The DfT did however support the extension of the North Route to serve Holt Park. The DfT also concluded that compared with the alternatives NGT was the optimum economic option.
14. The revised scheme therefore comprised the North Route from Holt Park to the city centre and the South Route serving Hunslet and Stourton. Major park and ride sites were to be provided at Stourton and Bodington.
15. The Programme Entry Approval included in principle DfT funding of £235m towards the £254m project. Under this arrangement the DfT would have funded all of the construction costs and a proportion of the development costs.
16. Programme Entry was the first stage in the DfT approval process, the other stages being;
  1. Conditional Approval – This is an intermediate stage which requires a re-submission of the Business Case following the granting of statutory powers e.g. TWAO. This would have been the next stage for NGT.
  2. Full Approval – Awarded when firm prices (tender returns) have been obtained and the scheme appraisal updated. Only when Full Approval is granted will the Department confirm that funds are available and work can commence.
17. On 10th June 2010, the incoming Coalition Government announced that all major transport schemes were to be reconsidered as part of the wider Comprehensive Spending Review (CSR) process. As a result, development activity on NGT was paused pending the outcome of the CSR and confirmation of funding from the DfT.
18. Subsequently the DfT requested promoters to submit Best and Final Bids (BAFB) by Autumn 2011. These bids were to consist of the Promoters’ final proposals in terms of the revised scope and cost of the scheme, the amount of Government contribution required and the economic case for the scheme.
19. In May 2011 Executive Board gave approval to submit a Best and Final Bid (BAFB) to the Department for Transport (DfT). The report to the Board detailed the

increased costs mainly due to inflation resulting from the pause in project development, and the value engineering made on the project to bring costs down. This resulted in a revised scheme of £244m. The BAFB approved by Executive Board consisted of an increased local contribution to £57.1m in line with DfT aspirations.

20. In July 2012 the Department for Transport announced that NGT had been re-awarded Programme Entry status with a maximum contribution from the DfT of £173.5m towards the increased estimated scheme cost of £250.6m.
21. This was reported to Executive Board in October 2012 where the funding gap between the £173.5m and the previously approved £57.1m was acknowledged. The Board also gave approval to spend £1.2m of the £57.1m to progress the scheme to enable the submission of a TWAO application.
22. The TWAO and associated applications for NGT were submitted to the Secretary of State for Transport on 19 September 2013.
23. The DfT announced on the 12th May 2016 that the TWAO application had not been granted. However the DfT still awarded the £173m to Leeds for public transport projects in the City.

<b>Milestone</b>	<b>Dates</b>	<b>Time in DfT control (months)</b>	<b>Time in Promoters Control (months)</b>
Submit Programme Entry	Oct 2009		
		5	
Programme Entry Approval	March 2010		
			3
Project paused by DfT	June 2010		
		25	
Programme Entry confirmed	July 2012		
			14
Submit TWAO	Sept 2013		
		32	
TWAO Decision	May 2016		
Total Time (6 yrs 7months)		62 (5 years, 2 months)	17 (1 year 5 months)

### **Aspects for further consideration**

24. Mr Bob Collins from the Department for Transport is in attendance principally to support the Scrutiny Board in the identification of improvements for future transport schemes, reflecting on previous major transport schemes.
25. During previous sessions of this inquiry the Scrutiny Board has considered a number of aspects which require further clarity and could be explored during this session.
  - Clarity about the DfT process followed with regard to NGT and the overall objective/aim of that process.

and

- Clarity about the role of the DfT with regard to providing
  - a) 'independent scrutiny' during the programme entry stage
  - b) a determination regarding business viability, choice of route and technology used.
  - c) early identification and communication to local authorities of perceived potential issues/ areas of challenge that could arise in the TWAO process, during the programme entry stage.

### **Recommendations**

26. The Scrutiny Board (City Development) is recommended to:

- a) Note the information provided in this report and associated appendices.
- b) Note the verbal information provided by the Department for Transport and other attendees.
- c) Make recommendations as deemed necessary.