



Leeds
CITY COUNCIL

Agenda Item:

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AND CONSTRUCTION

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REPORT OF THE DIRECTOR OF CITY DEVELOPMENT

EXECUTIVE BOARD

Date: 9 December 2009

Subject: A65 QUALITY BUS INITIATIVE

Scheme Number: 13184

Electoral Wards Affected:

HYDE PARK AND WOODHOUSE
KIRKSTALL
CITY AND HUNSLET

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

In July 2006 the Secretary of State for Transport announced that the A65 Quality Bus Initiative had been granted "Programme Entry" to the LTP major schemes programme as part of the first round of Regional Funding Allocation approvals at a total cost of £21,580,000. Programme Entry is the first stage in a three phase approval process. The second stage is "Conditional Approval" when all statutory processes are complete with the final "Full Approval" being granted when scheme costs are finalised and the scheme has remained on programme and within budget.

Following this announcement, the Executive Board approved £834,000 for scheme development costs, funded by the Local Transport Plan Integrated Transport scheme, to cover detailed design fees, procurement planning, and the preparation and consultation costs necessary to secure the statutory approvals for the scheme.

As part of the subsequent scheme development, detailed design was progressed which included establishing the extent of third party land. A revised procurement strategy was also developed.

On 4 April 2007, the Executive Board gave approval to the acquisition of this third party land and also authorised the Director of Legal and Democratic Services to make a Compulsory Purchase Order (CPO) to protect the Council's position should negotiations become protracted. Following extensive negotiations, and a public inquiry, land costs of up to £2.5 million were approved by Executive Board on 1 April 2009. A modified CPO was confirmed in September 2009. The CPO decision was a key milestone in completing the necessary

statutory procedures that would then enable the approval process to continue. However, the approval of a modified CPO reduced the amount of third party land that was required and also reduced the cost of this land. Payment for the majority of this land could also be deferred until after Full Approval.

The revised procurement strategy is based on the successful delivery model used for the Leeds Inner Ring Road. This utilises early contractor involvement (ECI) to assist and advise on the final detailed design. A contractor was appointed in November 2008 and an initial £200,000 for the ECI contract costs was approved in June 2009.

In continuing with the scheme development, it is now in a position where all the statutory approvals are in place and the detailed design is complete. Detailed costs have been established through working with early contractor involvement and a refreshed major scheme business case has been submitted to the Department for Transport for a decision on Full Approval. The scheme costs remain within the originally approved funding envelope, benefit to cost ratio has improved.

Subject to Full Approval, it is currently programmed to commence the construction phase, on site, in early 2010. In order to do this, however, a number of further approvals are required to authorise the necessary expenditure to be in a position to start works as soon as possible after Full Approval is granted.

1.0 PURPOSE OF THIS REPORT

1.1 The purpose of this report is to seek continued Executive support for the A65 Quality Bus Initiative, and to obtain all the necessary approvals required. These include fee expenditure for the completion of the ECI phase of design and approval process. They also include initial construction related costs, in advance of Full Approval, in order to make cost sharing savings on utility diversions and to enable construction to start on site in early 2010. The final approval is conditional on Full Approval being granted by DfT, and is required to implement the construction phase of the scheme.

1.2 The approvals required are:

- i) to incur an additional £126,000 in fee expenditure;
- ii) to incur the remaining expenditure of £175,000 for Phase 1 contract costs;
- iii) to incur mobilisation and initial start-up costs of £180,000
- iv) to incur the cost of advanced payments to statutory undertakers in order to secure 18% cost sharing discount, at an estimated cost of £455,000, and;
- v) subject to Full Approval by DfT, to rescind all previous approvals and give a revised approval for implementation of the scheme and a restructured total scheme cost of £21.58 million. (works £14.88m, land £2.00m, stat undertakers £2.30m and fees £2.40m)

2.0 BACKGROUND INFORMATION

2.1 The A65 Quality Bus Initiative scheme is part of a comprehensive project to establish the A65 route as a Quality Bus Corridor serving the North West of the Leeds District.

- 2.2 The Quality Bus Corridor is divided into three sections, covering the A65 corridor from Leeds city centre to Aireborough as follows:
- i) A65 QBI – Inner Ring Road to Kirkstall Lane (the subject of this report);
 - ii) Abbey Road bus priority scheme – Kirkstall Lane to A6120 Horsforth Roundabout. Scheme and funding of £1,500,000 previously approved by Executive Board and was completed on site in March 2007; and
 - iii) A65 Rawdon Road scheme – A6120 Horsforth Roundabout to Guiseley. Proposals deferred subject to finalisation of the strategy for the A6120 and options for highway links to the airport. Further detailed evaluation of the options for providing improved bus priority to be evaluated.
- 2.3 A scheme for the A65 QBI was submitted to the Government as part of the Local Transport Plan 2001-06 submission and was provisionally approved in December 2001. Subsequent discussions with the Department for Transport (DfT) led to the submission of a revised scheme proposal which was developed to take on board the emerging redevelopment proposals for the Kirkstall Road corridor and further minimise the need for future land acquisition.
- 2.4 This revised scheme was remitted for regional advice on transport priorities by the DfT in December 2004 and subsequently was identified as a priority in the Regional Transport Board's submission to the Secretary of State in January 2005.
- 2.5 The proposed scheme is illustrated on the attached plans HDC/713184/100/1 to 6, the main elements of which are as follows:
- i) a total of 4 km of new bus lanes covering inbound and outbound journeys;
 - ii) bus priority signal arrangements at two major junctions;
 - iii) provision of additional pedestrian and cycle crossing facilities and cycle lanes;
 - iv) pre-signal arrangements to give buses priority at the exits from the bus lanes; and
 - v) improvements to bus passenger facilities including new shelters and information displays (in real time at the busiest stops).
- 2.6 Scheme benefits predicted for bus and other users are as follows:
- i) reductions in bus journey times in the order of 6 minutes in the morning peak; 4 minutes in the evening peak and 3 minutes in the off-peak periods;
 - ii) a forecast increase of 9% in bus patronage; and
 - iii) improvements in the safety and movement of pedestrians, cyclists and traffic.
- 2.7 As mentioned in the Executive Summary, a contractor was appointed in November 2008 to assist in the final stages of design. Also during this period, a Public Inquiry was held over the compulsory purchase of two parcels of land to the western end of the scheme.

- 2.8 The early involvement of the Contractor, Carillion, especially in relation to consultation with statutory undertakers, coupled with the outcome of Public Inquiry has led to design changes to the western end.
- 2.9 The Secretary of State for Transport confirmed a modified CPO effectively reducing the amount of land for the scheme. In addition to this, extra high voltage electric diversions had been identified. Due to prohibitive cost, and programming issues with these potential diversions, and with the modified CPO decision, changes have been made to the western end of the scheme. These changes move the existing bus stop, and controlled pedestrian crossing to a point in advance of the third party lands. The outbound bus lane has been shortened by approximately 50 metres and the pre-signal arrangement simplified.
- 2.10 At the eastern end of the scheme, consultation has continued with the Developers to the south of Kirkstall Road not only on the scheme as a whole but more specifically on how they interface with the scheme proposals and also with regard to the effect of the traffic regulation order. Due to the current economic climate, and the adverse effect on the property market, the pace of these developments has slowed significantly to the point where the Developers are looking at intermediate uses of these sites to maximise permitted use in their existing state. The Developers have made representations to the Council concerning the proposed scheme and its suitability for the present permitted use of their sites. In view of these circumstances, and the need to safeguard these sites and their future development potential, a decision has been agreed by the A65 Project Board to modify the scheme in this area.
- 2.11 The current scheme proposals, although slightly different, have evolved through the design process and with the early contractor involvement. They deliver the overall scheme benefits and remain within the original funding envelope.
- 2.12 Another key area that has been worked on during the ECI phase of the contract is consultation. This has built on the already comprehensive consultation that has taken place since Programme Entry was granted in 2006.

Since 2006 consultation has consisted of;

- September 2006, Ward Member briefing following DfT decision to grant Programme Entry
- September 2006, Report to Executive Board
- Autumn 2006, A65 QBI web page updated to reflect the new scheme status
- Winter 2006/7, briefing for Kirkstall/Burley Forum and display of plans for Inner North West Area Committee
- Spring/Summer 2007, Article in *About Leeds* regarding the scheme
- July 2007, Ward Member briefing
- Autumn 2007, 15,000 newsletters printed and distributed. 8000 delivered to local properties
- Autumn 2007, three staffed exhibitions in Kirkstall and Burley
- September 2007, letters to 140 immediate frontagers with officer visits as necessary
- September 08, Ward Member briefing
- Autumn 2008, 15,000 newsletters printed and distributed. 8000 delivered to local properties
- Nov 2008, presentation to Inner NW Area Committee

- 2.13 Following the appointment of Carillion as the ECI contractor in 2008, consultation has continued with further Ward Member briefings, attendance at local community groups, with the most recent being further representation at the Inner North West Area Committee on 22 October 2009. A dedicated web page has been established and maintained (www.leeds.gov.uk/a65qbc) which also allows people to register for electronic updates. Newsletter No.3 was also recently distributed to over 8000 properties in October 2009.
- 2.14 As part of the professional services identified in the ECI Phase of the Contract, a Liaison Officer role has been identified to be provided by Carillion. This person forms an integral member of the Communication Task Group to contribute and feed into the consultation and engagement process. A “*Communication, Customer Care and Community Engagement*” document has been developed which pulls the Council’s communication strategy and plan together with Carillion’s community engagement policies to form a single strategy document. The whole delivery team is committed to continuing with the consultation and communication process. Once construction work commences, communication and engagement will be significantly more important with much of the scheme success relying on successfully continuing with public engagement.

3.0 MAIN ISSUES

- 3.1 The main issues to be considered for the current approval requests contained in this report are the effects of the changes in the original scope of the work and the revised procurement strategy. It is also important to consider the approval process with the Department for Transport and how this affects programme, and the need to commit to scheme expenditure up front in order meet the current programme.

Approval i) to incur additional £126,000 fee expenditure.

- 3.2 In September 2006, the Executive Board approved £834,000 costs to cover detailed design fees, procurement planning, and the preparation and consultation costs necessary to secure the statutory approvals for the scheme. Much of this has been completed but due to a number of issues, additional fee is required in order to complete the approval process.
- 3.3 In order to secure the third party land, a compulsory purchase order was made which resulted in a Public Inquiry being held in October 2008. The cost of this occurrence was not included in the original fee approval.
- 3.4 Also, due to land constraints, prohibitive Statutory Undertakers’ costs, and significant changes to adjacent developers’ plans, a number of modifications have been made to the original scope of the works. These have resulted in an increase in the original design fee estimate and a greater involvement of the ECI contractor.
- 3.5 In order to complete the detailed design of the scheme proposals and to complete the conditional and Full Approval processes, a further £126,000 is required from the Local Transport Plan Integrated Transport scheme budget. This will also accommodate the costs incurred at the Public Inquiry.

Approval ii) to incur an additional expenditure of £175,000 for Phase 1 contract costs

- 3.6 In terms of procurement planning, a revised procurement strategy was adopted using a similar strategy to that which successfully delivered the final stage of the

Leeds Inner Ring – Stage 7. This strategy was agreed by the A65 QBI Project Board and a contractor was appointed in November 2008 to assist in the final phase of detailed design.

- 3.7 The revised procurement strategy requires Carillion to assist the design team with scheme development advising on issues such as buildability, traffic management and the liaison and programming of statutory undertakers' diversions. They also advise on cost savings that can be made through efficiencies in the overall design and also prepare construction cost estimates and programme information to feed into the approval submission documentation. This work is undertaken at cost, as Phase 1 of the Contract under a professional services form of contract.
- 3.8 On 1 June 2009, a report to the Chief Officer (Highways and Transportation) was approved to provide an initial £200,000 towards the Phase 1 Contract Costs funded from the Local Transport Plan Integrated Transport scheme. The total Carillion contract cost for Phase 1 is currently forecast to be £375,000 which will require an additional approval of £175,000.
- 3.9 These costs are essential to the revised procurement strategy, and to progressing through the conditional and Full Approval processes.

Approval iii) to incur mobilisation and initial start-up costs of £180,000

- 3.10 At the end of Phase 1 of the contract, the ECI contractor will produce a detailed cost estimate for the construction costs of the A65 QBI. This will be used within the Full Approval application to the Department of Transport. It is currently programmed for Full Approval to be granted in December 2009.
- 3.11 Ideally, construction should start on site as soon as possible after Full Approval. Mobilisation for such a major construction project requires significant arranging especially in terms of agreements for offices and compounds, and supplying of services for accommodation. It is also critical to the overall programme that trees and shrubs are cleared in advance of the bird nesting season which starts in March.
- 3.12 In order to be in a position to start early in 2010, as soon as possible after Full Approval, a number of site establishment costs will need to be committed in advance. There is also an allowance in this sum for some preliminary site clearance works e.g. tree clearing outside nesting periods.
- 3.13 These costs have been estimated at £180,000 and are fully recoverable as a contract cost on Full Approval. Approximately £80,000 of this sum will need to be committed in December 2009 with the remainder being committed nearer to Full Approval when there will be a greater certainty of the scheme progressing.

Approval iv) to incur the cost of advanced payments to statutory undertakers in order to secure 18% cost sharing discount, at an estimated cost of £455,000.

- 3.14 A large element of the ECI phase of the contract has been to work closely with the statutory undertakers (SU's) to determine the extent of their diversions. In excess of 60 separate diversions have been identified totalling more than £2.3 million. Under the New Roads and Street Works Act (NRSWA) a cost sharing discount can be claimed of 18%. This would save in excess of £410,000. To claim the discount, however, payment for the diversion has to be made in advance.

- 3.15 Coordination of the SU's diversions is a key element in programming the construction. All the SU's have provided detailed estimates for their work which include advance notice requirements and durations. Also with the introduction of the Traffic Management Act, utilities can require longer notice periods to comply with notice periods within the Act.
- 3.16 Because of the reduced land costs, and to avoid approving further expenditure, £460,000 of the previously approved £2.5m for land has already been reallocated by the Highways and Transportation Board for advanced payments to statutory undertakers. This was necessary in order to meet programming constraints and to secure an 18% discount on diversion costs and has been agreed with the Executive Member for City Development.
- 3.17 In order to continue to take full advantage of the cost sharing discounts, a number of other undertakers will require payment in advance of Full Approval. Although these are relatively large costs, should the scheme not go ahead for any reason, then these advanced payments could be reclaimed. They could attract administration costs and potentially restocking charges for materials but have been estimated at 5% of the overall payment. (£460k + £455k *5% = **£46k**)

Approval v) the final approval contained in this report is subject to Full Approval for the scheme being granted by the Department for Transport. The approval would be to rescind all previous approvals and to approve the implementation of the A65 QBI scheme and revised cost structure at a total cost of £21.58 million.

- 3.18 A significant factor in the overall scheme development has been to utilise early contractor involvement. Over the past 12 months, the detailed design has been finalised utilising Carillion's expertise in areas such as buildability and programming, traffic management, drainage, materials and also liaison with statutory undertakers.
- 3.19 In doing this, the scope of the original scheme has changed to reflect issues such as unforeseen utility diversions and changes imposed due to revised land constraints with the confirmation of a modified CPO. Further changes have been made as a consequence of the downturn in the economy to accommodate the changing pace of adjacent development. The form of contract, and the ECI, has given flexibility to maintain the scheme benefits and to remain within the overall original funding envelope.
- 3.20 Because of the change in scope of the scheme, original budget allocations have been adjusted. The simplest solution for the construction phase is therefore to rescind all previous approvals and to give a new approval for the total scheme cost of £21.58 million.
- 3.21 This would be made up of;

Works (inc Phase 1 cost)	£14,880,000
Land	£2,000,000
Statutory Undertakers' Costs	£2,300,000
Fees	£2,400,000

Total

£21,580,000

IMPLICATIONS FOR COUNCIL POLICY AND GOVERNANCE

- 3.22 The A65 QBI scheme remains an integral part of the Local Transport Plan programme which contributes to the delivery of the Council's corporate objectives and those of the Vision for Leeds. This scheme is the main component of a larger package of measures for the A65 Quality Bus Corridor. It will make a major contribution to improving the attractiveness and quality of bus travel and significantly increase bus patronage and public transport mode share.
- 3.23 The approvals contained within this report will allow the scheme to progress quickly into the construction phase following Full Approval. This will also enable site clearance to commence in a timely manner especially in relation to tree and shrub clearance outside of the nesting season.

4.0 LEGAL AND RESOURCE IMPLICATIONS

- 4.1 Cost, along with the completion of the necessary statutory processes, represented a key area of risk for this project. The procurement strategy was revised, to a similar form as used to successfully deliver the final stages of the Leeds Inner Ring Road. This involved the contractor much earlier in the scheme development and although has greater initial costs, gives greater certainty of the final cost.
- 4.2 A public inquiry for the acquisition of land was held in October 2008. Following this, the Secretary of State confirmed a modified CPO in September 2009. The Executive Board has previously approved up to £2.5 million for the acquisition of land, but now that a CPO has been confirmed, this figure will not only be reduced, but the majority will not be required until after Full Approval is granted.
- 4.3 The confirmation of the CPO completed the necessary statutory processes required to enable the approval process to continue with Full Approval being sought in November 2009. The Full Approval consisted of the final reworking of the original major scheme business case (MSBC) on which Programme Entry was granted. It demonstrates that the scheme proposals continue to provide the necessary benefits and are still value for money.

4.4 Capital Funding and Cash Flow

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2009 £000's	FORECAST				
			2009/10 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013 on £000's
LAND (1)	0.0	0.0	0.0	0.0			
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0	0.0	0.0	0.0			
OTHER COSTS (7)	0.0						
TOTALS	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2009 £000's	FORECAST				
			2009/10 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013 on £000's
LAND (1)	2000.0		300.0	1300.0	400.0		
CONSTRUCTION (3)	16805.0		1435.0	7660.0	7060.0	650.0	
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	2400.0	745.2	414.8	550.0	550.0	140.0	
OTHER COSTS (7)	375.0	116.0	259.0				
TOTALS	21580.0	861.2	2408.8	9510.0	8010.0	790.0	0.0

Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2009 £000's	FORECAST				
			2009/10 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013 on £000's
Government Grant	21580.0	861.2	2408.8	9510.0	8010.0	790.0	
Total Funding	21580.0	861.2	2408.8	9510.0	8010.0	790.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Parent Scheme Number: 99609

Title : Integrated Transport Scheme

The estimated cost of £936,000 approvals, contained within this report, will be met from the Integrated Transport scheme 99609 within the approved Capital Programme and is eligible for 100% Government funding.

Following Full Approval by the DfT the total scheme amount of £21.58 million will receive 100% government funding.

5.0 CONCLUSIONS

- 5.1 The A65 QBI is by far, the largest component of a package of measures identified in the Local Transport Plan for the A65, to deliver a comprehensive quality bus corridor scheme. Approval to the programme entry stage in 2006 marked the first stage in the formal approval process.

- 5.2 Following Executive Board approval to the scheme later that year, a significant amount of scheme development has taken place. These include:
- i) Developing the scheme design;
 - ii) Making a CPO and holding a public inquiry over land;
 - iii) Revising the procurement strategy;
 - iv) Extensive public consultation;
 - v) Consultation with statutory undertakers; and,
 - vi) Appointing a contractor with early contractor involvement (ECI).
- 5.3 In undertaking the above, the scheme has now developed into a position where Full Approval can be finalised. This is the final formal stage in the approval process with a Full Approval decision expected in late December 2009 or early in January 2010. The ECI contractor has produced a final, up to date construction cost which was used within the approval documentation to demonstrate continuing value for money. The contractor has also produced a detailed programme for construction.
- 5.4 In developing the scheme design, changes in the original scope of works have been made. This increased the amount of design work that was required and therefore increased the level of design fee. In addition to this, the need for a public inquiry over land has also increased the fee requirement.
- 5.5 In changing the procurement strategy, it was always anticipated that additional up front costs would be required. These are mainly contract payments for the ECI phase of the contract which are recoverable on Full Approval. The change in the scope of the scheme and delays due to public inquiry has also increased these initial contract costs.
- 5.6 A major element in the construction programme is the inclusion and accommodation of the SUs' diversions. These are currently estimated at £2.3 million with the potential to make a cost share saving of over £400,000 by making advance payments.
- 5.7 In appointing a contractor on an ECI basis, it is important to progress from the ECI phase to the construction phase as quickly as possible in line with the construction programme. An important task within the programme is to clear trees and shrubs outside the bird nesting season. In order to be in a position to do this, mobilisation costs will be required to establish the site set up. Much of this cost will be committed close to Full Approval when there is a greater degree of certainty in the final approval.

6.0 RECOMMENDATIONS

- 6.1 Members of the Executive Board are requested to note the content of this report outlining progress to date on the A65 QBI and prior to the Full Approval from DfT, to:
- i) approve the additional fee expenditure of £126,000;
 - ii) approve the remaining ECI Contract costs of £175,000;
 - iii) approve the mobilisation and start up costs of £180,000; and,
 - iv) approve further advance payments to statutory undertakers at a cost of £455,000.

6.2 Following Full Approval being granted by the DfT, the Executive Board is requested to:

- i) rescind all previous approvals;
- ii) approve the implementation of the A65 Quality Bus Initiative scheme at a total cost of £21.58 million; and,
- iii) give authority to incur expenditure of £14.88m works, £2.00m land, £2.30m statutory undertakers and £2.40m fees, all of which is included in the approved capital programme.

7.0 BACKGROUND PAPERS

- Executive Board Report 20/09/06 A65 Quality Bus Initiative
- Executive Board Report 04/04/07 A65 Quality Bus Initiative – Land Acquisition
- Executive Board Report 01/04/09 A65 Quality Bus Initiative – Land Acquisition