

Report of the Director of City Development

Report to Executive Board

Date: 17 October 2012

Subject: New Generation Transport (NGT) Scheme

| | | |
|--|---|--|
| Are specific electoral Wards affected? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| If relevant, name(s) of Ward(s): | | |
| Implications city wide, but with direct impacts on City & Hunslet, Burmantofts & Richmond Hill, Hyde Park & Woodhouse, Headingley, Weetwood, Adel & Wharfedale and Middleton Park Wards. | | |
| 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 checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does the report contain confidential or exempt information? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, Access to Information Procedure Rule number: | | |
| Appendix number: | | |

Summary of main issues

1. In July 2012 the Department for Transport granted Programme Entry approval for the New Generation Transport (NGT) Trolley bus scheme.
2. Approval is required for the expenditure for the next stage of the scheme development.

Recommendations

3. Executive Board is requested to:
 - (i) note the contents of this report;
 - (ii) give authority to spend £1.2m from within the existing Capital Programme to progress the scheme to enable a Transport and Works Order to be submitted to the Secretary of State for Transport for powers to construct and operate the scheme.

1. Purpose of this report

- 1.1 To update the Board on the NGT scheme following the Department for Transport's confirmation of Programme Entry Approval.
- 1.2 To seek approval for authority to spend £1.2m to meet the Council's share in the development costs to enable a Transport and Works Order to be submitted to the Secretary of State for Transport for powers to construct and operate the scheme.

2 Background information

- 2.1 Metro and Leeds City Council have worked in partnership to develop a high quality trolleybus 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. The scheme comprises the North Route from Holt Park to the city centre and the South Route to Stourton. Major park and ride sites will be provided at Stourton and Bodington. It remains the promoters' aspiration to deliver a city centre loop and Eastern Route to St James's Hospital as later phases of NGT.
- 2.2 It is intended to provide significant levels of highway segregation for NGT vehicles in order to deliver high levels of reliability across the network.
- 2.3 Analysis has shown that NGT could generate around 4,000 long term jobs, both in Leeds and the wider City Region in addition to generating a £160m per annum economic boost for the City Region. Around 1,000 further jobs would be created during the construction phase.
- 2.4 In March 2010 the Secretary of State announced that Programme Entry Approval had been granted for the North and South NGT Routes.
- 2.5 The scheme had previously received programme entry approval in March 2010 however, on 10 June 2010, the Secretary of State for Transport 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 subsequent confirmation of funding from the DfT.
- 2.6 On the 18 May 2011 Executive Board gave approval to submit a "Best and Final Bid" for NGT to the DfT consisting of a £57.1m local contribution from the Council and Metro towards the scheme cost. This sum is being met by a combination of the Local Transport Plan, the Council's Capital Programme, S106 contributions and Capital Reserves.
- 2.7 In July 2012 the Department for Transport announced that NGT had been re-awarded Programme Entry Approval. This was a major achievement for the City and followed an intensive period of consideration of the proposals by DfT and Treasury. Subject to the statutory processes, the City is on the cusp of delivering the basis for a high quality public transport system in the City which can be added to, as happens elsewhere, as resources become available. We also intend to

investigate with Government the possibility of curtailing the lengthy statutory processes as part of the ongoing devolution conversations

- 2.8 Programme Entry Approval is the first of three approvals required from the DfT before the Department will fully commit to funding the scheme. Further approvals are: Conditional Approval when all the legal process e.g. public inquiry have been concluded; and Full Approval following the receipt of all tender prices but prior to award of contracts

3 Main issues

- 3.1 The DfT programme entry letter states that the Department will provide a maximum funding contribution of £173.5m towards the capital costs of NGT. All development work which the Promoters undertake prior to Full Approval is therefore undertaken at the Promoters risk. Once operational, the Promoters will be responsible for funding any on-going subsidy requirements associated with the scheme e.g. if the actual operating revenues were less than the actual operating costs.
- 3.2 Work is ongoing to refine and update the NGT costs over the next few months and further details will be presented to Executive Board in due course including proposals on dealing with any project shortfall.
- 3.3 In line with standard practice, the DfT have attached certain conditions to the Programme Entry Approval including:
- (i) The DfT has specified that if the overall scheme cost for NGT is lower than outlined, this cost saving will be shared between the DfT and the Promoters in proportion to the share of the funding as set out in the letter. The DfT also reserves the right to reduce its contribution towards the scheme to the extent that the Promoters are able to borrow against any projected operating surplus to contribute to the capital costs of the scheme.
 - (ii) Ministers reserve the right to reconsider their decision on funding if the business case benefits significantly reduce. These benefits principally relate to journey time savings, reliability and quality benefits.
 - (iii) The scheme must be delivered in accordance with the agreed scheme proposals: principally a trolley bus scheme between Holt Park and Stourton.
- 3.4 All the necessary powers to construct and operate NGT are to be sought through a Transport and Works Act Order (TWAO). It is almost certain that a public inquiry will be held to help determine the Order.
- 3.5 Executive Board is requested to authorise expenditure of £1.2m towards the current development costs including the preparation of the TWAO. These costs are included within the £57.1m total local contribution upon which the DfT approval is based. Work is currently ongoing to update the costs for NGT.
- 3.6 A further report will be submitted to Executive Board in early 2013 to seek approval for development cost spend beyond the TWAO submission. Authority

will also be sought from Executive Board and full Council for the TWAO application.

3.7 The current indicative programme is as follows:

| | |
|-------------------------|-----------------------|
| Submit TWAO | Spring 2013 |
| Public Inquiry | late 2013 |
| Public Inquiry Decision | mid 2014 |
| Detail Design | 2013/2014 |
| Procurement | 2015 |
| DfT full approval | mid 2016 |
| Construction | late 2016 – late 2018 |
| Start of Operation | late 2018 |

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Extensive public consultation has previously been carried out on the NGT proposals and the results of this were reported to the Executive Board in October 2009. Consultation undertaken in Summer 2009 showed a positive reaction to NGT with 77% of all respondents supporting/strongly supporting the proposals. In May 2010 a separate public consultation event was held at Holt Park which showed that 65% of respondents supported the proposed NGT extension from Bodington Park and Ride to Holt Park District Centre, 46% of whom strongly supported the project.

4.1.2 Since the programme entry announcement in July detailed briefings and presentations have recommenced to Members, and Area Committees and local community groups.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 It is currently not applicable for an Equality, Diversity, Cohesion and Integration Screening / Impact Assessment to be undertaken at this time, as this is a high level strategic report. However, if approval is given by the Executive Board for Officers to further develop the proposals, a full impact assessment will be undertaken at the planning and design stage and at further stages throughout the process as appropriate.

4.3 Implications for Council Policy and Governance

4.3.1 The NGT proposals support the objectives of the Local Transport Plan and contribute to the delivery of the Council's Strategic Plan objectives for transport and those of the Vision for Leeds in terms of economic growth. The scheme will

make a major contribution to improving the attractiveness and quality of travel by public transport and is predicted to encourage a switch from private car to public transport, thereby alleviating congestion on the NGT routes.

- 4.3.2 Progress will be reported to the Executive Board at the key stages in the delivery process. Oversight of the scheme is provided by a Project Board chaired by the Director General of Metro. The Board also includes the Director of Resources and the Chief Officer Highways and Transportation from the Council.

4.4 Resources and value for money

- 4.4.1 The DfT's maximum contribution will be £173.5m towards the estimated scheme cost of £250.6m. This funding will only be available following full approval by the DfT.

- 4.4.2 Executive Board in May 2011 agreed a local contribution from the Council and Metro of £57.1m

- 4.4.3 There is currently a funding gap which must be met from the promoters, however, work will progress to seek to identify additional sources of funding to meet any shortfall. Should a shortfall still exist, there would be a call on the Council's capital programme resources and this would be required late 2016 at the earliest and most likely 2017/18 and 2018/19.

4.4.4 Capital Funding and Cash Flow

| Funding Approval : | Capital Section Reference Number :- | | 21255 | | | | |
|---|-------------------------------------|---------------|----------|---------|---------|---------|---------|
| Previous total Authority to Spend on this scheme | TOTAL | TO MARCH 2012 | FORECAST | | | | |
| | £000's | £000's | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016 on |
| | | | £000's | £000's | £000's | £000's | £000's |
| LAND (1) | 0.0 | | | | | | |
| CONSTRUCTION (3) | 0.0 | | | | | | |
| FURN & EQPT (5) | 0.0 | | | | | | |
| DESIGN FEES (6) | 0.0 | | | | | | |
| OTHER COSTS (7) | 3561.3 | 3061.3 | 500.0 | | | | |
| TOTALS | 3561.3 | 3061.3 | 500.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Authority to Spend required for this Approval | TOTAL | TO MARCH 2012 | FORECAST | | | | |
| | £000's | £000's | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016 on |
| | | | £000's | £000's | £000's | £000's | £000's |
| LAND (1) | 0.0 | | | | | | |
| CONSTRUCTION (3) | 0.0 | | | | | | |
| FURN & EQPT (5) | 0.0 | | | | | | |
| DESIGN FEES (6) | 0.0 | | | | | | |
| OTHER COSTS (7) | 1200.0 | | 1000.0 | 200.0 | | | |
| TOTALS | 1200.0 | 0.0 | 1000.0 | 200.0 | 0.0 | 0.0 | 0.0 |
| Total overall Funding (As per latest Capital Programme) | TOTAL | TO MARCH 2012 | FORECAST | | | | |
| | £000's | £000's | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016 on |
| | | | £000's | £000's | £000's | £000's | £000's |

| | | | | | | | |
|------------------|----------------|------------|---------------|---------------|---------------|---------------|---------------|
| Section 106 | 505.0 | 505.0 | | | | | |
| SCE (R) | 2285.0 | | 2285.0 | | | | |
| Corporate USB | 20301.1 | 2556.3 | 2037.7 | 3900.0 | 4000.0 | 4000.0 | 3807.1 |
| Total Funding | 23091.1 | 3061.3 | 4322.7 | 3900.0 | 4000.0 | 4000.0 | 3807.1 |
| Balance = | 18329.8 | 0.0 | 2822.7 | 3700.0 | 4000.0 | 4000.0 | 3807.1 |

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal implications directly related to this report.

4.6 Risk Management

4.6.1 If this report is not approved there is a risk of increased costs to the project.

4.6.2 The delivery of the project will be managed by a joint Metro/LCC project board who will limit changes to the proposals to limit increases in project costs

5 Conclusions

5.1 The DfT funding for a trolley bus system for Leeds offers a real opportunity to deliver a major step change to public transport in the city.

5.2 NGT will allow the growing population to access the city centre and other key employment sites in an efficient and sustainable way. This will encourage business to locate in the centre and along the new corridors thereby creating 4000 new local jobs, and generating a £160 million per annum boost for the Leeds City Region economy.

6 Recommendations

6.1 Executive Board is requested to:

- (i) note the contents of this report;
- (ii) give authority to spend £1.2m from within the existing Capital Programme to progress the scheme to enable a Transport and Works Order to be submitted to the Secretary of State for Transport for powers to construct and operate the scheme.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.