
Report to the Director of City Development

Date: 20th December 2017

Subject: ELOR Phases 1 & 2 - Authority to Spend and Contract Award

Capital Scheme Numbers : 16747 & 32448

| | | |
|--|---|--|
| Are specific electoral Wards affected? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| If relevant, name(s) of Ward(s): Crossgates & Whinmoor, Harewood, Killingbeck & Seacroft, Moortown, Roundhay | | |
| 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? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, Access to Information Procedure Rule number: Appendix number: | | |

Summary of main issues

Approval is required for the authority to spend to allow Leeds City Council to award Phases 1 & 2 of the ELOR major scheme contract.

The scheme is now at a critical stage where Leeds City Council require the necessary approvals to appoint the contractor and progress with the construction of the first phase of the scheme – the Outer Ring Road (ORR) Junction Improvements.

Recommendations

The Director of City Development is requested to:

- i) note the principles of the delivery process as outlined in Section 3,
- ii) give authority to spend £14m allowing for the ELOR phase 1 & 2 contract to be awarded.

1 Purpose of this report

- 1.1 The purpose of this report is to seek authority to spend allowing for the contract award for phases 1 & 2 of the ELOR major scheme.

2 Background information

- 2.1 Leeds has an ambition to be recognised as the Best City in the UK to live and work in, by 2030. This aspiration cuts across all aspects of the city's life. In combination with a range of other transport and infrastructure investments the East Leeds Orbital Road (ELOR) will play a fundamental role in supporting the regeneration of East Leeds and improving the operation of the transport network in and around the city.

- 2.2 Over the next decade and beyond, the number of people working and living in the city is expected to rise significantly. The Local Development Framework (LDF) Core Strategy for Leeds, sets out the broad spatial and land use planning framework for the Leeds to 2028. Central to the delivery of this Strategy is the need to plan for the people and places of Leeds in a sustainable way and to meet the needs of anticipated population growth through the allocation of land for 70,000 new dwellings over the plan period.

- 2.3 The East Leeds Extension (ELE) has been identified as a major development area to the east of Leeds (225 hectares) required to meet demand for housing. In addition, 63.8 hectares of land adjacent to the ELE is allocated for employment use, as a key business park at Thorpe Park. The ELE is the single largest opportunity in the city to deliver new high quality residential neighbourhoods on allocated green field housing land. It offers a spatial focus for the delivery of the Best City ambition, building in from the very earliest planning stages the aspirations to create a Child Friendly city, meet the needs of older people, enable positive public health outcomes and to deliver attractive and sustainable travel choices and ensure that development is achieved in a way that meets the growth needs of the city whilst complementing and improving the amenity of existing neighbourhoods.

- 2.4 Development of the ELE will require the co-ordinated provision of significant social and physical infrastructure across a large area, working with a range of land and development interests. A critical element of this will be the delivery of ELOR to support the development of the ELE, provide the strategic transport and movement improvements required for this part of the city and help address a number of long standing transport issues in east Leeds.

- 2.5 ELOR in itself is a new section of dual carriageway road 7.5km long running from Redhall to Manston Lane and will define the new urban edge of Leeds creating the necessary highway infrastructure to accommodate the ELE development. The introduction of ELOR and the associated ELE development will put additional

pressure onto the existing Outer Ring Road (ORR) further to the west and a number of junctions have been identified as needing additional capacity.

2.6 It is proposed to carry out some of these improvements to the A6120 ORR junctions in advance of the main ELOR as a quick win and to mitigate for the forecast increase in traffic.

3 Main issues

3.1 Leeds City Council is continuing to develop and progress the ELOR scheme and a number of key milestones have now been achieved. These include finalising the preliminary designs and submitting the planning application for the main ELOR scheme and completing the detailed design for the ORR Junctions. In addition the assessment and evaluation of the quality and financial tender returns has now been completed.

3.2 The procurement strategy for ELOR has been implemented to allow for a phased delivery approach to be adopted. The contract has been tendered based on the following phases;

- **Phase 1:** Construction of the A6120 ORR Advance Junction Improvements
- **Phase 2:** Design development of the main ELOR & A6120 Enhancement Works
- **Phase 3:** Construction of ELOR & A6120 Enhancements

3.3 The strategy is to deliver Phase 1 whilst progressing Phase 2 and obtaining the required statutory approvals to allow Phase 3 to commence. Phase 3 required a full planning application submission (submitted July 2017) but as the Phase 1 elements of the package are within the existing highway boundary a planning application is not required for this phase.

3.4 Leeds City Council progressed the procurement process via a restricted procedure through the EU Procurement Regulations. This included a pre-qualification stage to determine a shortlist of suitable tenderers with the right quality and experience to deliver the project. This stage was completed in December 2016.

3.5 The main tender was then progressed with the shortlisted tenderers based on a quality and price submission with an increased weighting on quality (60:40).

3.6 Assessment and evaluation of the main tender submissions was completed in September 2017 and Leeds City Council are now in a position where notifications can be sent out to the successful/unsuccessful tenderes and the standstill period can be commenced.

- 3.7 The contract must be awarded on or before the 28th December 2017 (within 120 days of the tender submission).
- 3.8 The procurement programme has been progressed concurrently with the required WYCA Portfolio Management Office (PMO) process’.
- 3.9 The WYCA Programme Appraisal Team (PAT) met on the 18th October 2017 and reviewed Leeds City Councils standalone Business Case submission for the Phase 1 works and have recently confirmed that they will be making the following recommendations to the IC;

That the Investment Committee (IC) recommends to WYCA that:

- *The East Leeds Outer Ring Road Junctions Project (part of the East Leeds Orbital Road Package of schemes) proceeds through Decision Point 5 (Full Business Case with Finalised Costs) to Stage 3: Delivery and Evaluation and work commences on Activity 6 (Delivery).*
 - *Full Approval to the total project value of £14,046,247 is given to be funded from the WY+TF. This takes the total approvals for the full ELOR package of schemes to £25,856,247*
 - *Approval is given to the full cost of the East Leeds Outer Ring Road Junctions Project, and the total cost of the existing package development costs East Leeds Orbital Road Package of schemes approved to date, of up to £25,856,247.*
 - *Future approvals are made in accordance with the Approval Pathway and Approval Route outlined in the report. This will be subject to the scheme remaining within the tolerances outlined in this report.*
- 3.10 The above recommendations were approved at IC on the 9th November 2017.
- 3.11 Full combined Authority (CA) Activity 5 approval was obtained on the 14th December 2017.
- 3.12 The scheme total estimated cost is £126.63m which is split funded £82.95m (WYCA grant) and £43.68m (LCC borrowing). The funding agreement between Leeds City Council and WYCA was finalised on 22 December 2017.
- 3.13 To allow the award of the Phase 1 & 2 contract, Leeds City Council would be required to give authority to spend circa £14m.
- 3.14 These works are key to improving a number of longstanding issues on the ORR. They will improve the operation, capacity and non-motorised user accessibility at the junctions.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 In November 2015, Leeds City Council launched a public consultation on the East Leeds Extension. The consultation ran from the 20th November 2015 to the

29th January 2016 seeking the views of local people, businesses and other key stakeholders, on the following three key areas of development:

- The emerging designs for ELOR and proposed improvements to the existing outer ring road.
- Identifying the main issues which need to be addressed in the Middle and Southern Quadrant Development Framework.
- Identifying main issues that will help shape the Red Hall planning brief.

- 4.1.2 Throughout the consultation period, seven local-drop in events were held across six venues in the area which were attended by over 300 people. Consultation materials and an online survey were available on the internet and the ELE website received over 2,500 unique visits.
- 4.1.3 Approximately 20,000 leaflets were distributed to homes and businesses in the areas local to the events. Over 250 written responses were received in total. They reflect a wide spectrum of views from a range of stakeholders including local residents, people who work in the area, businesses, community based groups and non-regulatory organisation.
- 4.1.4 This round of consultation is part of an ongoing process of engagement with the public and stakeholders, which has included previous public consultation specifically for the Northern Quadrant planning application and its major development proposals. As plans and proposals for the East Leeds Extension project progress, further consultation will be undertaken, including in relation to the appropriate regulatory and planning approvals, which will have associated requirements for consultation, through which there will be further opportunity for local communities to comment.
- 4.1.5 Ward Councillors have also had regular briefings on progress with ELOR and are supportive of the proposals.
- 4.1.6 In July 2017, Leeds City Council undertook a further round of public consultation on the ELE and ELOR. Throughout the consultation period several local drop in sessions and a presentation were held across seven venues which were attended by over 600 people. Consultation information, the full details of the ELOR planning application and further details were available to access on the internet and the Council's ELE webpages received over 5,000 unique visits.
- 4.1.7 A further 20,000 leaflets were also distributed to homes, businesses and libraries in the areas local to the events. The leaflets provided a summary of the feedback received from the 2016 consultation and how these informed the development of the ELOR and ELE proposals.
- 4.1.8 Running in parallel with the main ELE consultation a separate consultation was undertaken regarding the proposed improvements to the existing ORR junctions.

This involved 2000 letters to residents and businesses as well as web, social media and separate briefings to local ward members.

- 4.1.9 Presentations were also given to the Moortown community group and a separate briefing was also given to the Leeds Civic Trust.
- 4.1.10 All of the consultation exercises including meetings with the Leeds cycling forum have informed the desing of the ORR junction improvement schemes.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An EDCI Impact Assessment has not been carried out as this report relates to an administrative decision. An earlier EDCI has been undertaken on 10th January regarding an Executive decision relating to procurement. Further impact assessments will be carried out in relation to future decisions relating to scheme delivery.

4.3 Council policies and City Priorities

- 4.3.1 The East Leeds Extension will play a major role in delivering the housing required to meet the Core Strategy requirements for 70,000 new homes by 2028 and will assist in the delivery of the Best Council Plan ambition for a Strong Economy and Compassionate City and the outcomes it seeks to achieve regarding delivery of good quality, affordable homes, well cared for places and a well-planned city which is easy to move around. Delivery of ELOR and its enabling role in development of the ELE will provide new homes, meeting housing needs as the city grows, boost the local economy, deliver new social and physical infrastructure and improve travel and access to new employment opportunities.
- 4.3.2 The delivery of the ELOR and the ELE will also assist in delivering the wider objectives of the Best Council Plan and the Best City ambition for Leeds to support communities, build a child friendly city, deliver the better lives programme, enable positive public health outcomes, ensure that development is sustainable and that the Council acts in ways that reflect the need to be more efficient and enterprising.

4.4 Resources and value for money

- 4.4.1 ELOR will ultimately require financial contributions from both private and public sectors. Private contributions will be secured through the direct delivery of any relevant planning approvals in the ELE and s106 agreements secured in relation to these which will include the obligations for roof tax payments. The public funding will be obtained through the allocation of project grant from the West Yorkshire Transport Fund.
- 4.4.2 The scheme total estimated cost is £126.63m being split funded £82.95m (WYCA grant) and £43.68m (LCC borrowing). The funding agreement between Leeds City Council and WYCA is not yet finalised.
- 4.4.3 To allow award of the Phase 1 & 2 contract, Leeds City Council would be required to give authority to spend circa £14m.

4.4.4 Capital Funding and cashflow

| Previous total Authority to Spend on this scheme | TOTAL £000's | TO MARCH 2017 £000's | FORECAST | | | | |
|---|-----------------|----------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| | | | 2017/18 £000's | 2018/19 £000's | 2019/20 £000's | 2020/21 £000's | 2021 & on £000's |
| LAND (1) | 0.0 | | | | | | |
| CONSTRUCTION (3) | 0.0 | | | | | | |
| FURN & EQPT (5) | 0.0 | | | | | | |
| DESIGN FEES (6) | 1310.0 | 1310.0 | | | | | |
| OTHER COSTS (7) | 0.0 | | | | | | |
| TOTALS | 1310.0 | 1310.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Authority to Spend required for this Approval | TOTAL £000's | TO MARCH 2017 £000's | FORECAST | | | | |
| | | | 2017/18 £000's | 2018/19 £000's | 2019/20 £000's | 2020/21 £000's | 2021 & on £000's |
| LAND (1) | 0.0 | | | | | | |
| CONSTRUCTION (3) | 11500.0 | | 3700.0 | 7450.0 | 350.0 | | |
| FURN & EQPT (5) | 0.0 | | | | | | |
| DESIGN FEES (6) | 1400.0 | | 320.0 | 1000.0 | 80.0 | | |
| OTHER COSTS (7) | 1100.0 | | 180.0 | 720.0 | 200.0 | | |
| TOTALS | 14000.0 | 0.0 | 4200.0 | 9170.0 | 630.0 | 0.0 | 0.0 |
| Total overall Funding (As per latest Capital Programme) | TOTAL £000's | TO MARCH 2017 £000's | FORECAST | | | | |
| | | | 2017/18 £000's | 2018/19 £000's | 2019/20 £000's | 2020/21 £000's | 2021 & on £000's |
| LCC Supported Borrowing | 46738.7 | | | 9510.0 | 19136.7 | 13986.2 | 4105.8 |
| Government Grant - WYCA | 79886.3 | 3509.4 | 4958.0 | 8490.0 | 26131.8 | 32181.3 | 4615.8 |
| Total Funding | 126625.0 | 3509.4 | 4958.0 | 18000.0 | 45268.5 | 46167.5 | 8721.6 |
| Balance / Shortfall = | 111315.0 | 2199.4 | 758.0 | 8830.0 | 44638.5 | 46167.5 | 8721.6 |

4.5 Legal Implications, Access to Information and Call In

4.5.1 This is a significant operational decision and is exempt from call in as a direct consequence of a previous report to Executive Board in June 2017.

4.6 Risk Management

4.6.1 A risk register is being maintained for ELOR with a full QRA to support the approval process and the Activity Gateways with WYCA.

5 Conclusions

5.1 East Leeds Orbital Road is a key element in delivering the East Leeds Extension to support the objectives of the Best Council Plan and the Best City ambition for Leeds.

5.2 The ORR junction improvement works are key to improving a number of longstanding issues on the ORR. They will improve the operation, capacity and non-motorised user accessibility at these junctions.

5.3 An optimum procurement strategy has been executed and Leeds City Council now have an opportunity to benefit from awarding the contract to commence Phase 1 & 2 of the ELOR major scheme.

6 Recommendations

6.1 The Director (City Development) is requested to:

- i) note the principles of the delivery process as outlined in Section 3,
- ii) give authority to spend £14m allowing for the ELOR Phase 1 & 2 contract to be awarded.

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.