



Report to the Director (City Development)

Date: 4 December 2019

Subject: ELOR Phase 3 - Authority to Inject, Spend and Contract Award

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): Crossgates & Whinmoor, Harewood, Killingbeck & Seacroft	
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, access to information procedure rule number: Appendix number: A	

Summary

1. Main issues

- The East Leeds Extension (ELE) is the single largest housing allocation in the city region, and the East Leeds Orbital Route (ELOR) is a critical piece of accompanying infrastructure to support the housing growth proposed.
- The East Leeds Extension will play a major role in delivering the housing required to meet the Core Strategy requirements for 51,952 new homes by 2033. ELOR will release the land essential to the city maintaining a five year land supply and protect green belt sites from being brought forward for speculative development.
- In the absence of being able to demonstrate a five year land supply, the Council would be under pressure in receiving applications to develop non-allocated green belt land and the general sustainability issues that would follow through speculative development. The ELE allows the Council to continue to promote a planned led approach to housing growth that is aligned to its core strategy and site allocations plan, and mitigate the potential for green belt release through appeals.
- Accordingly, further to the decisions of Executive Board in June 2017, this report seeks approval from the Director of City Development to award Phase 3 of the East

Leeds Orbital Route contract and to give authority to spend on the scheme which will enable the contract for the scheme to commence on site at the beginning of 2020.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- The ELE 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.
- Delivery of the ELOR and the ELE will also assist in achieving 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.

3. Resource Implications

- ELOR requires financial contributions from both private and public sectors. Private contributions will be secured through the direct delivery of any relevant planning approvals in the East Leeds Extension and Section106 Agreements secured in relation to these, which will include the obligation for roof tax payments. The public funding element has been obtained through the allocation of project grant from the West Yorkshire Transport Fund.
- The estimated total scheme cost is £137.01m being split funded. With £90.33m coming from WYCA grant monies, and £43.68m from LCC borrowing plus a £3m capital receipt in relation to other accompanying land agreements.

Recommendations

The Director of City Development is requested to;

- i) Give approval to inject an additional £7.38m of WYCA grant funding into the Capital Programme;
- ii) Give authority to spend £137.01m to deliver the ELOR infrastructure package of works;
- iii) Give authority to award Phase 3 of the East Leeds Orbital Route contract to Balfour Beatty Group Ltd.

1. Purpose of this report

- Executive Board approved the provisional financing package for the East Leeds Orbital Route in June 2017.
- Executive Board also approved delegated authority to the Director of City Development to enter into a funding agreement with the West Yorkshire Combined Authority for grant monies from the West Yorkshire Transport Fund, and to draw down the full amount of £90.33m of that grant allocation.
- Executive Board also approved the LCC provisional borrowing requirement of £43.68m.
- The purpose of this report is to seek authority to spend and the subsequent contract award for Phase 3 of the East Leeds Orbital Road.

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, 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 2033. 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 51,952 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 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 6.8km long running from Redhall to Manston Lane and will define the new urban edge of Leeds protecting the green belt and 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. Improvements to the A6120 ORR junctions in advance of the main ELOR are substantially complete.

3. Main issues

- 3.1. Leeds City Council has continued to develop and progress the main ELOR scheme and a number of key milestones have now been achieved. These include gaining full planning permission and confirming the compulsory purchase and side roads orders. £90.33m grant funding from the West Yorkshire Transport Fund has been secured and a target cost (Confidential 'Appendix A' Cost Summary) and programme have been agreed with the Principal Contractor.
- 3.2. Subject to completion of the statutory processes above, approval is now sought to inject the remaining capital expenditure and award Phase 3 of the ELOR contract
- 3.3. Throughout Phases 1 and 2 of the ELOR contract, the Principal Contractor has already focused on social, economic and environmental well-being to deliver social value outcomes to create a strong, sustainable economy and help Leeds to become the best city in the UK.

Moving forward with Phase 3, the Principal Contractor will continue to;

- promote and enable apprentice opportunities with a target of 17 apprentices,
- deliver a programme of classroom and school engagement in east Leeds,
- provide work experience opportunities,
- proactively engage and form a local supply chain (minimum 75% local supplier and Small Medium Enterprise spend)
- promote local jobs within their own workforce and all sub-contractors
- minimise the amount of waste diverted to landfill
- have a target of less than 14tonnes CO2 produced per £million spend

4. Corporate considerations

4.1. Consultation and engagement

4.1.1. The Executive Member for Climate Change, Transport and Sustainable Development visited the East Leeds Orbital Route project office on the 25th October 2019 and has been fully briefed on the award of Phase 3 of the Contract on the 17th of December 2019.

4.1.2. The Chief Officer Financial Services has been briefed on the award of Phase 3 of the Contract on the 16th of December 2019.

- 4.1.3. Public consultation and engagement events were held late summer 2019 in a number of local community venues.
- 4.1.4. Local Ward members have received regular briefings and have remained engaged throughout the development process.
- 4.1.5. Focused community working groups continue to be held with local stakeholders and parish councils.

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 the Best Council Plan

- 4.3.1. The East Leeds Extension will play a major role in delivering the housing required to meet the Core Strategy requirements for 51,952 new homes by 2033 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.

Climate Emergency

- 4.3.3. The design and delivery proposals for the scheme reflect the Councils commitment to the Climate Emergency and Social Value. The main ELOR major scheme will
- Deliver the developed landscape strategy in support of the planning application to mitigate the impact of the scheme as well as promoting landscape and environmental objectives such as protecting and enhancing local habitats. The results will achieve a net gain of 8.8 ha of woodland & shrub, 0.15 ha of scrub, 21.4 ha of species rich mix and 9 ha of marginal & wetland.

- Provide extensive new native and ornamental vegetation that will absorb harmful emissions, release oxygen and provide enhanced habitat and biodiversity creation.
- Approximately 34,000 trees will be planted along the route including over 400 large planting stock that will have an immediate impact on loss of carbon capture.
- Provide an environment more conducive to social interaction, healthy activities and well-being. 75% of the overall scheme footprint is attributed to walking, cycling and green spaces. The scheme will deliver a 7km leisure route suitable for non-motorised user including equestrian use on the outside of the route and an additional 7km of segregated cycle and pedestrian facilities that will link into the Outer Ring Road Cycle Superhighway creating an overall 11km facility around the North East of the city.
- Provide a new road and junctions with capacities to reduce congestion and emissions through existing communities.

4.4. Resources, procurement and value for money

4.4.1. ELOR will 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 Section 106 agreements secured in relation to these which will include the obligations for roof tax payments. The public funding has been obtained through the allocation of project grant from the West Yorkshire Transport Fund.

4.4.2. The scheme total estimated cost is £137.01m being split funded £90.33m (WYCA grant) and £43.68m (LCC borrowing) plus the £3m capital receipt in relation to the other land agreements.

4.5. Legal implications, access to information, and call-in

4.5.1. The works are exempt from call in being a consequence of and in pursuance of an administrative decision.

4.6. Risk management

4.6.1. In the absence of being able to demonstrate a five year land supply, the Council would be at risk in receiving applications to develop non-allocated green belt land and the general sustainability issues that would follow. The ELE allows the Council to continue to promote a planned led approach to housing growth that is aligned to its core strategy and its Site Allocations Plan. This will mitigate the risk and potential for green belt release through appeals.

4.6.2. With specific regard to the orbital route a detailed risk register with full quantified risk assessment has been compiled by key representatives from the design and delivery teams.

4.6.3. A Roof Tax will be secured as a planning obligation through Section 106 Agreements attached to outline planning approvals relating to each application

within the East Leeds Extension, creating a mechanism through which each developers' ELOR Contribution will be obtained.

4.6.4. The Roof Tax enables the ELOR contributions to be spread across a period commensurate with build-out of the housing, thereby assisting in both development cash flow and viability.

4.6.5. To moderate the risks associated with developers' contributions each quadrant will have its own financial model, with the council similarly maintaining its own comprehensive model and these will be subject to a viability appraisal through the planning application process, with the roof tax then being set accordingly.

4.6.6. The Roof Tax should, at all times, pay off the council's borrowing and its associated costs with delivering the ELOR.

4.6.7. If at any point the council's borrowing and its associated costs have been paid in full through the roof tax returns there will be a 'surplus' in the roof tax receipts. Any surplus should in the first instance be paid from a developer towards any elements of a policy compliant planning obligations package that could not be delivered through the respective original planning approval for reasons of viability.

5. Conclusions

- 5.1. The East Leeds Orbital Route is a critical element in delivering the East Leeds Extension to support the objectives of the Best Council Plan and the Best City ambition for Leeds. Work on the delivery of this infrastructure has been ongoing for more than 10 years and the Council is now in a position to let the contract to enable the main scheme to formally start on site at the beginning of 2020.
- 5.2. All Statutory processes have been completed and a target cost and programme agreed with the Principal Contractor that has performed well and substantially completed the Advance Junction Improvement works.
- 5.3. The Council is now in a position to award Phase 3 of the contract for the main ELOR. (Confidential 'Appendix A' Cost Summary)

6. Recommendations

The Director of City Development is requested to;

- i) Give approval to inject an additional £7.38m of WYCA grant funding into the Capital Programme;
- ii) Give authority to spend £137.01m to deliver the ELOR infrastructure package of works;
- iii) Give authority to award Phase 3 of the East Leeds Orbital Route contract to Balfour Beatty Group Ltd.

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.