

Report of the Director of City Development

Report to Executive Board

Date: 17th October 2012

Subject: West Yorkshire Plus Transport Fund

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 checked="" type="checkbox"/> Yes	<input 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. Leaders confirmed in their City Deal with Government in July 2012, that they intend to put in place a £1billion fund to invest in transport over the next decade.
2. Leaders have previously agreed that the development of a West Yorkshire Transport Fund (WYTF) has the potential to:
 - Generate significant additional economic investment that would deliver jobs in the short and longer term;
 - Enhance connectivity to, from and within West Yorkshire;
 - Establish a fully integrated transport system for West Yorkshire; and
 - Substantially reduce dependence on central funding, giving local communities and businesses surety over a 10 year programme of Major Transport Schemes.
3. There is clear evidence that without significant and well-targeted investment in the transport network in West Yorkshire the opportunities for economic growth will be constrained. This will be a result of increasing levels of congestion, rising costs of motoring and public transport and the ability to recruit a workforce, interact with other businesses or transport good and services to people and business that need them. Significant investment in transport is therefore needed:

- to enable existing, and new, businesses to become more productive (through reducing lost time caused by congestion);
 - to expand the size of the workforce that could both support the growth of existing businesses and the creation of new employment, particularly in major growth locations (such as Aire Valley);
 - to expand the numbers and types of employment opportunities that can be reached from existing communities, and new housing sites, to improve the opportunities available to the existing and the future workforce.
4. The approach being followed is a departure from the 'cap in hand' approach of recent years, where West Yorkshire has sought funding from Whitehall, in increasing competition for a shrinking pot of central funding.
 5. This approach will put decision making on transport investment firmly within West Yorkshire's own control. A fund of this scale, will support a transformation of the transport network, develop it in a way that is not constrained by District boundaries and support future economic growth.
 6. By committing to a plan and a Fund to deliver it, and publishing that, West Yorkshire will be in good position to attract investment and economic growth as the UK moves out of recession. In the event that this takes longer than envisaged, the Fund and its improvements will in any case support existing business by improving their productivity and be of wider benefit to all users of the transport network, not just businesses and commuters.
 7. Leaders at the 26th July 2012 AWYA meeting noted the continuing progress with the development of the West Yorkshire Transport Fund and signed off Gateway 2 of the project. Gateway 2 included a list of potential schemes for testing and comparison.
 8. At the same meeting, Leaders agreed that a report should be taken to individual Authorities to formally sign off the work undertaken to date, to outline the next steps and set out an indicative timeline for the launch of the Fund.
 9. This report outlines the progress to date and seeks approval for continuing the development of the WYTF and associated programme in line with the Leaders' request.
 10. A report on the governance review associated with the City Deal is the subject of a separate report to this meeting.

Recommendations

11. The Executive Board is requested to:
 - i) Note the contents of this report and attached documents; and
 - ii) Agree to the further development and progression of the work on the West Yorkshire Plus Transport Fund.

1 Purpose of this report

- 1.1 To update the Executive Board on the progress made to date in developing a WYTF and to seek approval to continue the development work to enable authorities to confirm the setting up of the Fund and the associated 10 year programme later this year.

2 Background information

- 2.1 Leaders have held discussions with the Chief Executive and Leader of Greater Manchester to understand the lessons learnt from the development of the Manchester fund.
- 2.2 These included ensuring that the objectives are agreed early in the process and the methodology for reaching an agreed fund proposal is signed off at each key stage of the process at a senior level.
- 2.3 The following five key stages of the methodology, termed 'Gateways', were agreed at the Leaders' meeting in November 2011.
- Gateway 1: Agree the objectives
 - Gateway 2: Agree the baseline, methodology, interventions and funding sources in scope.
 - Gateway 3: Present the prioritisation of schemes and indicative packages
 - Gateway 4: Present shortlist of fund proposals for selection of the preferred fund
 - Gateway 5: Sign off the Fund
- 2.4 A key part of the process of developing the funds has been to develop a clear set of objectives against which the performance of proposed packages of measures will be tested. These objectives, set out below, were signed off as Gateway 1 by the Leaders in November 2011.
- 2.5 The primary objective is to maximise the increase in employment and productivity growth across West Yorkshire, (irrespective of boundaries) by the delivery of transport schemes.
- 2.6 As a secondary objective, the programme must also improve the ability of people in every West Yorkshire district to access jobs, with a particular focus on those living in the most deprived communities.
- 2.7 Against this background, two employment accessibility minima have been proposed:
- A better than average improvement in employment accessibility for residents in the most deprived 25% of West Yorkshire communities and;
 - Every West Yorkshire district to gain an average improvement in employment accessibility no less than half the average across West Yorkshire.

2.8 Gateway 2, relating to agreeing the baseline, methodology, intentions and funding sources scope, was signed off by the Leaders in July 2012.

In Leeds the potential schemes include those to:

- Expand the connectivity of the city centre for residents of Leeds, West Yorkshire and the City Region. This could see the development of schemes to: extend the NGT network; park and ride; achieve a step change in the nature and use of the bus network (including lower bus fares). This would expand the labour pool to give access to more people, with a wider range of skills, within an acceptable commuting range of the city centre;
- Open up connections into the Aire Valley to allow a sustainable growth in employment served by a work force recruited from local communities, the rest of Leeds and neighbouring Districts;
- Improved access to the Airport through a phased approach to improve access from the motorway network, across West Yorkshire and to/from the key centres of Leeds and Bradford;
- Improved Ring Road capacity to reduce through traffic in the centres, open up new housing opportunities in the suburbs, unblock the most congested road junctions and support the transformation of land south of the river in the city centre;
- Allow a sustainable growth of the city centre in a way which can improve its quality and attractiveness to people and businesses; including a growth in the use of cycling and walking.

2.9 West Yorkshire Leaders have also been in discussion with York to examine the case and process for expanding the approach to the WYTF to include York. While the process and arrangements for this are still under consideration, the methodology for scheme identification, impact and prioritisation is now incorporating York schemes. Consequently the Fund is referred to as the 'West Yorkshire Plus Transport Fund'.

2.10 The potential schemes to be funded from the WYTF have been developed collectively across West Yorkshire by:

- Understanding the aspirations and opportunities for employment growth, and the scale and location of where that growth could be constrained without any significant investment in the transport network;
- Looking at particular locations where growth could be constrained and developing cost effective solutions to unlock growth in those areas; and
- Analysing the uplift generated (in terms of jobs and GVA) by these potential schemes, and calculating the impact per £ invested, to assess the effectiveness of the solutions.

2.11 The types of schemes that have been identified are:

- Radial improvements to allow more people to travel into urban centres, more quickly, more cheaply and more comfortably. This would allow improved connectivity into the urban centres from the each District, the rest of West Yorkshire, the Leeds City Region and to and from key cities such as Manchester and Sheffield. These could be a transformed (and more affordable) bus network and services, and where appropriate high capacity public transport services such as park and ride, NGT and rail services;
- Orbital (ring road) highway improvements that can allow the efficient movement of goods and services around the urban centres, so reducing traffic into and through the centre and supporting essential longer distance traffic movements;
- Those that enable the transformation of key development areas such as the Aire Valley (Leeds), Canal Road (Bradford), Cooper Bridge (Kirklees) or East Wakefield where land is available for expansion, but access into it from local communities and the rest of West Yorkshire currently constrained by congestion and/or a lack of roads and/or public transport;
- Those that provide faster and more convenient access to/from the motorway network, specifically for good vehicles but also for commuters using the motorway who could switch to park and ride or car share for parts of their journey; and
- Improvements between major centres such as Leeds and Bradford, or Halifax and Huddersfield to ensure high capacity, modern, fast and attractive opportunities to connect the key centres across West Yorkshire.

2.12 Further work will be used to match the level of the Fund to identify the most effective schemes, which will include an analysis of how schemes interact and work together to produced added benefits

2.13 Those added benefits will include analysis to ensure that as well as supporting employment growth and productivity across West Yorkshire, that the benefits are distributed equitably between the West Yorkshire partners and importantly across all communities, particularly those with high levels of unemployment and deprivation.

2.14 The schemes which are prioritised will also be tested to ensure they support the Local Transport Plan objectives, so their impact on carbon and 'quality of life' can be assessed.

2.15 The prioritised schemes will also reflect plans being developed by the Highways Agency, Network Rail and York to ensure added value and impact can be achieved.

3 Main issues

3.1 In line with the approach followed in Greater Manchester, a forecasting model (Urban Dynamic Model or UDM) has been developed. This was calibrated to employment forecasts predicted by the latest version of the Regional Econometrics Model (REM).

- 3.2 The model used for testing has been set up to assess impact against the key objectives of maximising GVA impact per £ invested and the accessibility criteria, but can also report on:
- increases in employment in each West Yorkshire district;
 - increases in employed residents in each West Yorkshire district;
 - volumes of commuting by the four main modes (car, bus, rail and active modes);
 - differentiation of effects (accessibility/employment levels) at a zonal level, including 'deprived' areas; and
 - changes in carbon emissions.
- 3.3 The UDM was used to predict the scale and distribution of locations where future employment growth would be constrained because of rising transport costs such as public transport fares, highway congestion and rail crowding, which would lead to:
- A reduction in the size of labour pools for employers in West Yorkshire to recruit from (an average reduction of 23% in 2026);
 - A reduction in the number of accessible jobs for commuters in West Yorkshire (an average reduction in accessible jobs of 18% in 2026, but 20% for commuters from the most deprived communities); and
 - Rising costs and reduced productivity for business.
- 3.4 The evidence from the model predicts that investing in improved transport connectivity can support significant levels of employment growth and a corresponding increase in GVA. Employment and GVA would grow year on year from the start of the Fund's delivery programme such that by 2026, there would be an additional 20,000 new jobs and an additional GVA of £1.5 billion per year in West Yorkshire. The rate of build up towards 2026, and the eventual scale of additional employment and GVA would be dependent upon ensuring the most 'effective' schemes are selected for funding.
- 3.5 In more detail, the work carried out to date has identified that three types of employment impacts could be generated or supported by the investments planned from the WYTF:
- A growth of up to 20,000 (at 2026) new jobs supported because of increased connectivity and the reduced costs and times of travel. These would be permanent and would increase further beyond 2026;
 - Around 10,000 direct jobs created (predominantly in the construction industry) due to the effect of investing £1 billion in transport infrastructure. These would be temporary and would be spread throughout the development and construction programme

- Between 2,000 and 4,000 permanent jobs in the transport sector associated with the operation of new schemes. This figure would depend on what schemes would be delivered, but could include bus/train drivers and park and ride staff for example.

- 3.6 Overall, at 2026 it is predicted that between 25,000 and 30,000 new jobs could be supported by the investments delivered through the WYTF. While the temporary construction jobs are direct, further growth would be dependent upon wider economic conditions, such as post-recession growth returning globally. The transport investment from the Fund would be targeted to support productivity benefits for existing WY business (along with conventional benefits such as decongestion, improved air quality and faster journeys).
- 3.7 Following input from the Leaders, a series of core corridors and centres was identified to complement the potential for future employment growth assessed using the UDM forecasts.
- 3.8 Around 60 interventions have been identified with a delivery cost of around £4 billion. Clearly this is beyond the scale of the proposed WYTF, and work is underway to test the schemes and appraise their impacts in terms of GVA per £ invested. This is being done to ensure the most effective schemes are included for consideration by Members in the Fund.
- 3.9 This will lead to a prioritised list of potential schemes, based on their effectiveness in delivering against the key objective of maximising an increase in GVA. This will be reported back to Leaders which will be used to inform the selection of a package of schemes for testing. It is intended to present the results of the testing, taking into account the detailed costs of each scheme, level of third party contributions and potential revenue returns, back to Leaders later in the year when Gateway 3 would be signed off. That will allow discussion on the packaging options which would be assembled, tested and refined against the wider objectives.
- 3.10 Appendix A provides a non-prioritised summary of the type of proposals currently under consideration.
- 3.11 At their meeting on 26th July 2012 AWYA meeting, Leaders noted the continuing progress with the development of the West Yorkshire Transport Fund and signed off Gateway 2, with specific reference to:
- confirming the baseline forecasts and methodology adopted as fit for purpose;
 - confirming the 'medium' list of schemes for testing and comparison purposes;
 - confirming the funding sources in scope (as set out in the Resources and Value for Money section of this report).
- 3.12 Leaders agreed that a report be taken to individual Authorities to formally sign off the work undertaken, up to and including Gateway 2, also outlining the next steps and indicative timeline for the launch of the Fund.

- 3.13 During the same period a Financial Model is being developed to support the understanding of the inflows and outflows of funds associated with scheme development, delivery and operation.
- 3.14 At the same time discussion will continue with York to assess the options for York to access and support the Fund.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The technical work has been carried out under the direction of the West Yorkshire Transport Portfolio Holders with the support of an Officers' Steering Group made up of Metro, the five West Yorkshire Districts and latterly York. A number of well attended workshops have been held and individual meetings with the District Councils to clarify scheme proposals and priorities.
- 4.1.2 The management of the technical work has been carried out within Metro with support from external consultants KPMG, Aecom and SDG.
- 4.1.3 Regular reports have been submitted to the West Yorkshire Integrated Transport Authority and to AWYA.

4.1 Equality and Diversity / Cohesion and Integration

- 4.1.1 It is currently not applicable to carry out an Equality, Diversity, Cohesion and Integration screening or impact assessment at this stage of the project. However, as the proposals are developed, due regard to equality will be undertaken at the planning and design stages of each scheme as appropriate.

4.2 Council policies and City Priorities

- 4.2.1 The 'City Deal' and the WYTF will bring powers and resources that will support the Vision for Leeds; Children and Young Peoples City Priority Plan; Sustainable Economy and Culture City Priority Plan; the Housing and Regeneration City Priority Plan; and the Leeds Growth Strategy. Also the LCR Transport Strategy and WY Local Transport Plan.

4.3 Resources and value for money

- 4.3.1 The West Yorkshire ITA has approved £700,000 to fund the technical work required to develop the fund up to a point where it can be presented to the West Yorkshire Authorities for approval.
- 4.3.2 Additionally, a Finance Working Group has been established to take forward the financial work. Membership is taken from the Districts, KPMG, Metro and Leeds City Region Secretariat. The primary focus of the Group has been to lead the discussion on funding in scope; provide a list of possible funding streams; develop potential funding scenarios; advise on financial management of the Fund and to keep under review assumptions whereby schemes are financially assessed.

- 4.3.3 An initial funding model has been developed which helps to demonstrate a range of funding scenarios focusing on purely illustrative funding sources. The most secure and deliverable of these are:
- An increase in the locally raised transport levy (or assumed levy equivalent)
 - LTP (integrated transport) top-slice
 - DfT local Major Scheme Funding
- 4.3.4 Other potential funding sources have been identified (such as CIL, Section 106, ERDF or local business rates) but not considered as in-scope due to a lack of certainty in delivery and/or risk.
- 4.3.5 More detailed analysis will follow on the exact nature of the potential scale of the funds available through different scenarios and this will be presented to Leaders at a meeting later in the year.
- 4.3.6 If the fund is taken forward, the prioritised package will require more detailed analysis on the design, appraisal, costing and phasing. That level of work would require more significant resources and funding, and would only be entered into when the Fund and priority package are committed by the Leaders and all Partners. The work would be funded from the WYTF itself.
- 4.3.7 A parallel piece of work to develop a single assessment framework (SAF) has been undertaken following feedback at a previous Leaders' meeting. This SAF, being developed via WMDC and the Regional Intelligence Unit will provide a common investment appraisal process across all local major funding streams designed to ensure a consistent approach to the development and appraisal of projects (against strategic priorities, economic impact and value for money). The inputs from the work so far undertaken on WYTF scheme prioritisation will play a key role in the testing and development of the overall SAF structure and processes.

4.4 Legal Implications, Access to Information and Call In

- 4.4.1 There are no specific legal implications arising from this report.

4.5 Risk Management

- 4.5.1 There are two main risks.
- 4.5.2 A lack of support for and progress of the WYTF will undermine the basis of the City Deal with Government resulting in the devolved powers not being secured.
- 4.5.3 The development phase of the fund is being managed through existing staff resources from the District Councils and Metro. It is anticipated that a Combined Authority would be established by January 2014. It is assumed that the Combined Authority would oversee the development and delivery of schemes from the Fund. Should a positive decision on the fund be taken it is anticipated there will be significant pressure to make substantial and quick progress on scheme delivery. In order to make progress with essential detailed scheme development in the interim,

it will be necessary to assemble a Fund development team in advance of that date. This will be the subject of a further report to Leaders.

5 Conclusions

- 5.1 Significant resource has been invested in this project by WYITA and the WY Authorities over the last 12 months to progress work from concept to Gateway 2. Before embarking on the next critical phase, it is imperative that all authorities involved sign off the process and work to date, to allow the various groups to continue their work through the next Gateways.

6 Recommendations

- 6.1 The Executive Board is requested to:
- (i) Note the contents of this report and attached documents; and
 - (ii) Agree to the further development and progression of the work on the West Yorkshire Plus Transport Fund.

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.

APPENDIX A – TYPES OF SCHEMES BEING INVESTIGATED

Scheme name	Beneficiaries (Districts)	Primary impact
WY package of red routes to benefit all vehicles and bus frequency increases and fare reductions	Area wide	Access to employment, supports business growth
Rail station parking package at strategic locations	Area wide	Access to employment
Bradford Forster Square and Bradford Interchange station gateway improvements	Bradford	Access to employment
A650 Tong Street capacity and priority scheme	Bradford	Access to centre
Bradford - Keighley A650 Hard Ings Road and town centre improvements	Bradford	Access to employment
Bradford - Shipley Corridor Improvement	Bradford	Access to new development
South east Bradford highway network improvements	Bradford	Access to new development
Bradford - Huddersfield A641 corridor improvements	Bradford, Calderdale, Kirklees	Centre to centre connectivity and access to employment
Caldervale Line upgrade	Bradford, Calderdale, Leeds	National connectivity
Airport connections	Bradford, Leeds	National connectivity
Halifax - Huddersfield A629 corridor and Halifax Town Centre	Calderdale, Kirklees	Centre to centre connectivity and access to employment
Improved access to M62 from north Huddersfield and Brighouse	Calderdale, Kirklees	Centre to centre connectivity
Cooper Bridge access package of highway works on A644, A62 and M62 J25A	Kirklees	Access to new development
Huddersfield Town Centre Improvements for general traffic and buses	Kirklees	Access to employment
A653 Leeds - Dewsbury Corridor highway and bus improvements	Kirklees, Leeds	Centre to centre connectivity and access to employment
Expansion of NGT network in Leeds, including into Aire Valley	Leeds	Access to new development
Aire Valley - Leeds Integrated Transport Package	Leeds	Access to new development
Leeds outer road package to provide orbital highway, and radial bus capacity	Leeds	Access to employment
Airport highway access	Leeds	National connectivity
Wakefield Eastern Bypass and Park and Ride	Wakefield	Access to new development
Wakefield City Centre Package	Wakefield	Access to employment
Glasshoughton Southern Link Road	Wakefield	Access to new development
Pontefract Northern Bypass	Wakefield	Access to new development
South and East Wakefield Bus to Work	Wakefield	Access to employment/training