

Report of the Strategic Director Regeneration and Culture to the meeting of Executive to be held on 9 October 2012.

AD

Subject:

'West Yorkshire Plus' Transport Fund

Summary statement:

This report outlines progress made to date on developing a £1bn plus fund to deliver transformational transport improvements in West Yorkshire and York. It seeks approval to the next steps in the process.

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Overview & Scrutiny Area:

Environment & Waste Management
Regeneration & Economy



2006-2007
Improving Rural Services
Empowering Communities



INVESTOR IN PEOPLE

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EXECUTIVE SUMMARY

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 Plus' Transport Fund (WY+TF) has the potential to:
 - Establish a fully integrated transport system for West Yorkshire
 - Enhance connectivity to and from West Yorkshire
 - Generate significant additional economic investment that would deliver jobs in the short and longer term; and
 - Substantially reduce dependence on central funding, giving local communities and businesses surety over a 10 year programme of Major Transport Schemes.
3. Specifically for Bradford, investment in the Fund **could** see the potential development of schemes including a Bradford - Leeds Bradford Airport Rail Link, Caldervale Line Improvements, Bradford Interchange and Forster Square Improvements, Canal Road Corridor Improvements, Keighley Transport Improvements and a South Bradford Link Road to improve access to the Holme Wood area.
4. 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.
5. 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.
6. This report outlines the progress to date and seeks approval for continuing the development of the WY+TF and associated programme in line with the Leaders' request.
7. A report on the governance review associated with the City Deal is the subject of a separate report to this meeting.

Recommendations

8. That the contents of this report be noted and;
9. That the further development and progression of the work on the 'West Yorkshire Plus', Transport Fund, as described in Paragraphs 2.20, 2.21 and 2.24 - 2.26 of this report, be approved.

1. SUMMARY

- 1.1. This report outlines progress made to date on developing a £1bn plus fund to deliver transformational transport improvements in West Yorkshire and York. It seeks approval to the next steps in the process.

2. BACKGROUND

- 2.1 West Yorkshire 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 fund 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.

- 2.9 West Yorkshire Leaders have also been in discussion with York to examine the case and process for expanding the approach to the originally proposed West Yorkshire Transport Fund 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 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).
- 2.11 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
 - changes in carbon emissions
- 2.12 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
- 2.13 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 23,000 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.
- 2.14 In more detail, the work carried out to date has identified that four types of employment impacts could be generated or supported by the investments planned from the WY+TF:

- A growth of around 23,000 (at 2026) new jobs in West Yorkshire 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.
- 2.15 A further increase, perhaps 20%, in employment generated by the catalytic effect of having a Fund and engendering confidence in inward investment is estimated.
- 2.16 Overall, at 2026 it is predicted that between 25,000 and 30,000 new jobs in West Yorkshire could be supported by the investments delivered through the WY+TF. While the temporary construction jobs are direct, further growth would be dependent upon wider economic conditions, such as post-recession growth returning globally. If the recession were to continue, transport investment would lead to productivity benefits for WY business (along with conventional benefits such as decongestion, improved air quality and faster journeys), but not necessarily significant permanent employment growth.
- 2.17 Following input from the West Yorkshire Leaders, a series of core corridors and centres was identified, to complement the potential for future employment growth assessed using the UDM forecasts.
- 2.18 After considering the distribution and scale of where employment growth would be constrained, and taking into account locations of congestion, LDF growth aspirations, freight demand and the key corridors highlighted by Leaders, a 'medium' list of schemes for testing has been drawn up. Example schemes from that list are shown in Appendix A.
- 2.19 The schemes under consideration have been reviewed at well attended workshops and a series of meetings with District Transport Portfolio Holders, some of which have also been attended by Leaders and relevant senior officers from the authorities.
- 2.20 Around 60 interventions have been identified with a delivery cost of around £4 billion. Clearly this is beyond the scale of the proposed WY+TF, 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.
- 2.21 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 and will be used to inform the selection of a package of schemes for testing against the wider objectives.
- 2.22 At their meeting on 26th July 2012 AWYA meeting, Leaders noted the continuing progress with the development of the West Yorkshire Plus 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)

2.23 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.

2.24 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 2012 when Gateway 3 would be signed off . That will allow discussion on the packaging options which would then be assembled, tested and refined in advance of a further presentation to Leaders. Further reports would be then presented to each Local Authority and the ITA prior to anticipated final approval of Fund in Spring 2013.

2.25 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. At the same time discussion will continue with York to assess the options for York to access and support the Fund.

2.26 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.

3. OTHER CONSIDERATIONS

Strategic Consultation and Engagement

3.1 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.

3.2 The management of the technical work has been carried out within Metro with support from external consultants KPMG, Aecom and SDG.

3.3 Regular reports have been submitted to the West Yorkshire Integrated Transport Authority and to AWYA.

4. OPTIONS

4.1 Executive could choose to approve the recommendations of the report. This is likely to be in alignment with decisions made by the partner authorities and will ensure that the development of the 'West Yorkshire Plus' Transport Fund is kept on track ready for establishment in early 2013.

4.2 Executive could resolve that the Council does not participate in further development of the 'West Yorkshire Plus' Transport Fund but this would severely damage relationships with partner authorities and jeopardise the current opportunity to secure significant levels of funding to deliver transformational transport schemes in the District.

5. FINANCIAL & RESOURCE APPRAISAL

5.1 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.

5.2 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.

5.3 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

5.4 Other potential funding sources have been identified (such as CIL, Section 106, ERDF or local business rates) but not included as confirmed contributors to the fund due to a lack of certainty in delivery and/or risk involved.

5.5 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.

5.6 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 WY+TF itself.

5.7 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 Wakefield Council 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 WY+TF scheme prioritisation will play a key role in the testing and development of the overall SAF structure and processes.

6 RISK MANAGEMENT.

- 6.1 The first key risk is that a lack of support for and progress of the WY+TF will undermine the basis of the City Deal with Government resulting in the devolved powers not being secured. This is being managed through ongoing engagement with all partners.
- 6.2 The second risk relates to the need to make early progress on the delivery of schemes to build confidence in the improvements that can be delivered through the Fund. 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 also 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.

7. LEGAL APPRAISAL

- 7.1 There are no specific legal implications arising from this report. If the transport fund is established legal officers from the participating authorities will need to ensure that the arrangements that govern the administration of the fund are compliant with legislation and individual authority requirements. Legal officers from the City Region are meeting on a regular basis to ensure advice is provided on a timely basis to assist in delivery of these initiatives.

8. OTHER IMPLICATIONS

8.1 EQUAL RIGHTS

As the proposals are developed, due regard to equality will be undertaken at the planning and design stages of each scheme as appropriate.

8.2 SUSTAINABILITY IMPLICATIONS

The creation of the Fund will help to regenerate West Yorkshire and York by improving connectivity and providing improved access to jobs.

8.3 GREENHOUSE GAS EMISSIONS IMPACTS

The impact of individual projects on CO₂ emissions will be an output of the model and will be taken into account in the development of the overall programme.

8.4 COMMUNITY SAFETY IMPLICATIONS

As well as meeting the objectives listed elsewhere in this report it is likely that many of the projects developed through the Fund will provide safety and security improvements on the transport network.

8.5 HUMAN RIGHTS ACT

None

8.6 TRADE UNION

Any Trade Union implications arising from the staff resources required for the development of the Fund will be taken into account at the appropriate time.

8.7 WARD IMPLICATIONS

Any schemes developed through the fund would be subject to consultation with local Ward Members, residents and local stakeholders at the appropriate stage.

9. NOT FOR PUBLICATION DOCUMENTS

None.

10. RECOMMENDATIONS

10.1 That the contents of this report and attached documents be noted; and

10.2 That the further development and progression of the work on the 'West Yorkshire Plus' Transport Fund, as described in Paragraphs 2.20, 2.21 and 2.24 - 2.26 of this report be approved.

11. APPENDICES

11.1 Appendix A – Examples of schemes being tested

12. BACKGROUND DOCUMENTS

12.1 Unlocking our Economic Potential – A Leeds City Region Deal, 5th July 2012

Examples of schemes being tested

APPENDIX A

Scheme name	Beneficiaries (Districts)	Primary impact
WY package of 'red routes' to benefit all vehicles, bus frequency increases and fare reductions	Area wide	Access to employment, and supports business growth
Rail station parking package	Area wide	Access to employment
Bradford Forster Square and Bradford Interchange Station gateway improvements	Bradford	Access to employment
A650 Tong Street capacity and bus/high occupancy vehicle 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
Tong Street - Westgate Hill Street – Laisterdyke Link and Bowling Back Lane improvements (South Bradford Link Road)	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
M62 new junction 24a on A641 Bradford Road, Huddersfield	Calderdale, Kirklees	Centre to centre connectivity
A651 Bradford Road, Gomersal Improvement	Kirklees	Access to employment
Cooper Bridge access package of highway works on A644, A62 and M62 J25	Kirklees	Access to new development
Huddersfield Town Centre Improvements (inc. Southern Orbital and bus/rail interchange)	Kirklees	Access to employment
A653 Leeds - Dewsbury Corridor highway and bus improvements to unlock Chidswell housing growth	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
A65 - LBIA Link Road	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