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Report of the Director of City Development

Executive Board

Date: 14 October 2009

Subject: Submission of the Major Scheme Business Case for the New Generation Transport NGT) Project

Electoral Wards Affected:

Implications city wide, but with direct impacts on City and Hunslet, Burmantofts & Richmond Hill, Hyde Park & Woodhouse, Headingley, Weetwood, Adel & Wharfedale and Middleton Park Wards.



Ward Members consulted (referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In
(Details contained in the re

EXECUTIVE SUMMARY

- 1.0 This report sets out the current position on the proposals for a high quality rapid transit system for Leeds. It provides details of the Major Scheme Business Case (MSBC) that has been prepared for the project and seeks approval for the formal submission of this document to the Department for Transport later this month.

1.0 Purpose of this report

1.1 This report outlines progress to date on the development of the New Generation Transport (NGT) proposals and sets out the key information being included in the Major Scheme Business Case (MSBC) for the project. Approval is being sought for the submission of this MSBC to the Department of Transport in the latter half of October.

2.0 Background Information

2.1 Metro and Leeds City Council are continuing to work in partnership to develop a high quality rapid transit 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.

2.2 The NGT scheme would initially serve three routes to North, South and East Leeds, covering a distance of approximately 14km and linking key trip generators including the city's hospitals and universities. It is intended to provide significant levels of segregation for NGT vehicles in order to deliver high levels of reliability across the network. The preferred option is to use electrically powered trolleybuses to operate the system.

2.3 Work is continuing on finalising the Major Scheme Business Case (MSBC), for the project with the aim to submit this to the Department for Transport (DfT) for approval in the latter half of October 2009. The Promoters have been working closely with the DfT throughout the development of the MSBC and have received assurances from the DfT that they will aim to provide a decision on the MSBC submission by the end of December. If the decision is favourable this means in effect that the project has been given Programme Entry (the first stage in the approvals process).

2.4 In line with DfT requirements, the MSBC presents the Preferred, Next Best and Low Cost Options for NGT, which can be summarised as follows:

- Preferred Option – three line trolleybus network serving North, South and East Leeds, with approximately two-thirds of the network segregated. Outturn capital cost approximately £276m; plus a Park & Ride service on the south and north corridors.
- Next Best Option – electric hybrid bus operating as upgrade to existing services on the North, East and South corridors plus a Park & Ride service on the south and north corridors. Outturn capital cost approximately £150m;
- Low Cost Option - as Next Best but operated by diesel buses and reduced infrastructure investment. Outturn capital cost approximately £70m.

2.5 The current version of the full MSBC document (together with an executive summary) can be accessed as a supporting document from the clerk named on the front of the agenda. It should be noted that the available version of the document will only be finalized following consideration by Executive Board, so there are some highlighted sections either awaiting the final appraisal outcomes or omitted for confidentiality reasons.

3.0 Main Issues

3.1 Concept Designs

Concept designs have been drawn up for the proposed NGT network with a key milestone for design development being the 'Design Freeze 2 workshop' which was held in May 2009. The workshop had over 50 attendees from LCC, Metro, Government Office and the Project Advisors. Route options were presented and views sought on which route options were most desirable. The inputs from the workshop have been essential in developing the Preferred Option routes which form the basis of the MSBC. Key characteristics of the Preferred Option can be summarised as follows:

- Network is approximately 14km;
- Current designs are for approximately 63% of the route segregated from general traffic, with 40% of the overall route being for NGT vehicles only;
- Key NGT-only sections would include the Headingley by-pass and a section of route running in railway sidings between Balm Road and Wakefield Road in Hunslet.
- The use of articulated trolleybuses is assumed, however, it is intended to seek to protect the opportunity for using double-articulated vehicles, should this become appropriate as the detailed design work progresses.
- Forecasted journey times are currently approximately 22 minutes for the full length of the North Route, 12 Minutes for the full length of the South Route, and 6 minutes for the full length of the East Route.
- 2,250 Park & Ride spaces on the south and north routes.

3.2 Extension to Holt Park

3.2.1 Throughout the development of the NGT proposals detailed consideration has been given to the potential for extending the northern NGT route in order to serve the Holt Park area. This was not included in the bid to the Regional Funding Board but there are operational, economic and strategic reasons for doing it. At present this extension is not affordable within the funding that has been identified for the project, nor was it included within the Regional Funding Allocation approvals. However it is intended to protect the opportunity for delivering this extension to Holt Park.

3.2.2 It is therefore proposed that the Major Scheme Business Case includes a form of words which highlights this continuing aspiration to serve Holt Park and ensures that the potential to provide this extension is not ruled out at this stage. Further work is currently in progress (and will continue post MSBC submission), to refine the capital costs for the scheme and any cost savings that are made could be used to fund an extension to Holt Park. At this stage however, for the DfT to approve the extension, they will require additional assurance that the costs can be underwritten by Metro and Leeds City Council. The Promoters will not however, be committed to delivering the Holt Park extension, but will need to retain this option at this stage.

3.3 Project Risk

3.3.1 Extensive work has also been undertaken to identify and mitigate project risks, with three separate Quantitative Risk Assessment (QRA) exercises undertaken to date. Risk costings will be included in the overall scheme costs to be submitted in the MSBC.

- 3.3.2 The Preferred Option is currently being refined in preparation for MSBC submission and demonstrates a good Value for Money case (with a benefit cost ratio of 2.0 - 2.6) which outperforms both the Next Best (with a BCR of 0.7 - 1.0) and Low Cost (with a BCR of 1.0 – 1.5) alternatives.

3.4 Funding Issues

- 3.4.1 In total 90% of the capital cost of the NGT scheme will be funded through the Regional Funding Allocation, with 10% to be funded through a local contribution to be made by Metro and Leeds City Council.
- 3.4.2 In terms of the Regional Funding Allocation, The project has been allocated £248.8 million, with an initial £150 million allocated to NGT in 2007 followed by a further £98.8 million in January 2009.
- 3.4.3 With regard to the necessary 10% local funding contribution this equates to a figure of £27m in terms of the Preferred Option outlined in section 2.4 above.

Local Contribution Issues

- 3.4.4 A possible approach to delivering the required 10% local contribution (£27m) has been developed by the project advisers which will allow the promoters to include:
- Some of the scheme development costs that have already been incurred. (These are not normally eligible for counting towards the local contribution at this stage, but significant extra costs have been incurred earlier than normal for this scheme in order to accelerate the approval process and to allow the RFA monies to be spent as allocated).
 - Scheme development costs incurred after programme entry (i.e. after the MSBC approval) namely design, business case development and land costs.
- 3.4.5 Members will recall that in the Capital Programme update report to Executive Board in July 2009, approval was given to allocating part of the remaining Strategic Development Fund to developing the NGT project. The proposed approach to delivering the local contribution is currently being considered by the DfT and the outcome of ongoing discussions will be reported to the meeting.

Additional Risk Layer

- 3.4.6 The promoters will also be required to underwrite 50% of the 'additional risk layer' (ARL), namely the risk of the scheme costs exceeding the available funding. (The DfT will fund the other 50% of ARL). In effect, Leeds City Council/Metro will therefore need to underwrite an additional £30m of risk, but it is unlikely that these additional costs would be incurred due to the extensive work that has been undertaken to date as set out above in 3.3. (The costs for the preferred option already include an allocation of around £50m for risk.)

In terms of underwriting the ARL, the necessary monies could potentially be sourced from a combination of the following: prudential borrowing, additional levy arrangements, Section 106 contributions and development opportunities relating to land already acquired. Further more detailed work will be undertaken in the future, in order to understand these potential sources of funding in greater detail.

LCC Approval to the Local Contribution and the Additional Risk Layer

- 3.4.7 A formal letter from the Director of Resources will be required approving the approach to be taken to providing the local contribution and underwriting the ARL. In addition, it will be necessary to obtain a re-endorsement of the funding allocation from the Region Transport Board.

Additional Development Costs

- 3.4.8 The project is incurring significant development costs progressing the development of the scheme and securing the necessary approvals. Provision was made in the capital programme for the Council's contribution towards these costs but based on the latest forecast, there is likely to be a £844k shortfall in funding in the current year. Work is ongoing to identify how these costs can be funded with a view to reporting the position in the half year Capital Programme update in November 2009.

3.5 Public Consultation

- 3.5.1 A two-stage approach to public engagement on the NGT project has been implemented to date.
- 3.5.2 The initial period of NGT public engagement involved undertaking a series of public exhibitions, held jointly with the Transport for Leeds project, in Leeds City Centre in November 2008. The purpose of these exhibitions was to raise awareness of the emerging NGT proposals and to seek feedback from the public on certain key attributes of the scheme.
- 3.5.3 The second phase of NGT consultation commenced in June this year and closed in early September. The aim of this second phase was to present the more detailed proposals for NGT at exhibitions along the proposed routes as well as Leeds City centre to obtain as wide a consultation as possible of the public's views on the scheme.
- 3.5.4 At the same time a series of detailed briefings were given to Members, together with presentations to the Inner North West, Inner South and the Inner East Area Committees and attendance at Community Forums where requested.
- 3.5.5 The consultation materials presented the Preferred Option routes and vehicle (Trolleybus). A consultation leaflet has been included in Appendix I for information. A series of public exhibitions were held on each of the NGT routes and exhibition visitors had the opportunity to discuss the proposals with project staff and if desired go through the concept design plans in detail.
- 3.5.6 An NGT questionnaire was also distributed to ascertain respondents' thoughts on trolleybuses, route proposals, park and ride proposals and the NGT scheme in general. Overall 20,000 questionnaires were handed out as part of the consultation exhibitions and an online version was also available on the NGT website.
- 3.5.7 In total over 2,500 completed questionnaires have been received. The full results of the consultation exercise are not yet available since analysis of questionnaires is still ongoing, however emerging results demonstrate that 77% of respondents are supportive of the NGT proposals and 76% are supportive of using trolleybuses to operate the system. Further more detailed results will be posted on the NGT website following full analysis of the responses received.

- 3.5.8 As a result of the consultation process to date, a number of issues have been raised which are currently being investigated further by the NGT Team. This includes the potential impact of the scheme on Cinder Moor/Woodhouse Moor and further work is now in progress to consider alternative alignment options and to ensure that any impact is minimised through the provision of appropriate mitigation measures. The outcome of this further work will be reported to Executive Board in February 2010 prior to the submission of the TWAO order application.
- 3.5.9 In addition, further work is underway to consider the impact of the scheme upon cycling facilities in order to identify opportunities to enhance the proposals for cycling provision where possible.

3.6 Next Steps and Key Project Milestones

- 3.6.1 Following the submission of the MSBC in October 2009, the emphasis of work will shift towards preparation for the submission of a Transport and Works Act Order (TWAO) together with a request for deemed planning consent and for approval of the Traffic Regulation Orders required as a result of the scheme. Assuming Programme Entry is achieved by the end of 2009 the current anticipated timescales for the key project milestones are as follows:
- TWAO submission March 2010
 - TWAO Public Inquiry early 2011
 - Conditional Approval by April 2012
 - Full Approval by June 2013
 - Start of substantive construction by September 2013
 - Start of Operation 2015
- 3.6.2 A further report will be submitted to the Executive Board in February 2010 prior to the TWAO submission. Subsequent reports on progress will be provided to future meetings as required.

4.0 Implications for Council Policy and Governance

- 4.1 The NGT proposals support the objectives of the Local Transport Plan which contributes to the delivery of the Council's Strategic Plan objectives for transport and those of the Vision for Leeds. 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.
- 4.2 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 Executive Director of Metro. The Board also includes the Director of City Development and Director of Resources from Leeds City Council.

5.0 Legal and Resource Implications

- 5.1 Subject to the granting of Programme Entry by the Department for Transport, LCC staff numbers working on the joint programme team will be increased from 3 to 5. The cost of these additional resources will be rechargeable to the project

6.0 Conclusions

- 6.1 The allocation of a total of £248.8m in the Regional Transport Fund to deliver a rapid transit solution for Leeds offers a real opportunity to deliver a step change to public transport in the city.
- 6.2 A major scheme business case has now been prepared for the NGT project and ongoing liaison with the Department for Transport has indicated that, subject to the MSBC being submitted in October, there is every likelihood that programme entry will be granted by the end of the year.
- 6.3 Members are therefore requested to approve the MSBC detailed in this report so that it can be submitted to the DfT and secure access to the monies allocated for Leeds.

7.0 Recommendations

7.1 Members are requested to:

- i) Agree to the submission of a Major Business Scheme Case for NGT in October 2009, based on the scheme options as set out in Section 2.4 of this report.
- ii) Agree to the proposed approach for delivering the 10% local contribution to the scheme as set out in Section 3.4.4 of this report.
- iii) Agree to underwrite the City Council share of the 'Additional Risk Layer' of the project as set out in Section 3.4.6 of this report.

Background Papers

Summary of the Major Scheme Business Case
Final draft of the Major Scheme Business Case