

**MEETING OF THE WEST YORKSHIRE COMBINED AUTHORITY  
TO BE HELD ON FRIDAY 12 DECEMBER 2014 (11.00 am)  
AT WELLINGTON HOUSE, WELLINGTON STREET, LEEDS**

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**A G E N D A**

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF PECUNIARY INTERESTS**
- 3. EXCLUSION OF THE PRESS AND PUBLIC**
- 4. MINUTES OF THE PREVIOUS MEETING HELD ON 18 SEPTEMBER 2014**  
(pages 8 – 16)

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**Governance**

- 5. GOVERNANCE MATTERS – APPOINTMENT OF CO-OPTED MEMBERS AND OTHER MATTERS**  
(Member lead: Cllr Box, Author: Nick Winney)  
(pages 17 – 20)

**Strategy**

- 6. DEVOLUTION FOR THE NORTH**  
(Member lead: Cllrs Box/Wakefield, Author: James Flanagan)  
(pages 21 – 23)
- 7. LEEDS CITY REGION GROWTH DEAL – DELIVERY UPDATE**  
(Member lead: Cllr Box/Roger Marsh, Author: Rob Norreys)  
(pages 24 – 31)

## Transport

8. **WEST YORKSHIRE PLUS TRANSPORT FUND : PROGRAMME AND COST REVIEW**  
(Author: David Hoggarth, Member: Cllrs Green/Lewis)  
(pages 32 – 41)
9. **WEST YORKSHIRE PLUS TRANSPORT FUND : APPROVALS AND ASSURANCE FRAMEWORK**  
(Member lead: Cllrs Green/Lewis, Author: David Hoggarth)  
(pages 42 – 87)
10. **RAIL UPDATE**  
(Member lead: Cllr Lewis, Author: David Hoggarth)  
(pages 88 – 101)

## Organisation

11. **2015/16 BUDGET PROPOSALS**  
(Member lead: Cllr Green, Author: Angela Taylor)  
(pages 102 – 107)

## For Information

12. (a) **MINUTES OF THE MEETING OF THE TRANSPORT COMMITTEE HELD ON 26 SEPTEMBER**  
(pages 108 – 115)
- (b) **MINUTES OF THE MEETING OF THE TRANSPORT COMMITTEE HELD ON 31 OCTOBER 2014**  
(pages 116 – 121)
- (c) **MINUTES OF THE MEETING OF THE INVESTMENT COMMITTEE HELD ON 1 OCTOBER 2014**  
(pages 122 – 126)
- (d) **MINUTES OF THE MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE HELD ON 23 SEPTEMBER 2014**  
(pages 127 – 131)

**(e) MINUTES OF THE MEETING OF THE GOVERNANCE AND AUDIT  
COMMITTEE HELD ON 21 OCTOBER 2014**  
(pages 132 – 136)

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**Private & Confidential**

- \*13. PROPOSALS FOR INDEPENDENTLY EVALUATING THE IMPACT OF WEST  
YORKSHIRE PLUS TRANSPORT FUND INVESTMENTS**  
(Member lead: Cllr Green, Author: Rob Norreys)  
(pages 137 – 150)
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**Signed:**



**Head of Paid Service WYCA**

**WEST YORKSHIRE COMBINED AUTHORITY**  
**DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS**

**NAME OF MEMBER:** .....

**COMMITTEE:**           **COMBINED AUTHORITY**

**DATE:**                   **12 DECEMBER 2014**

AGENDA ITEM NO	NATURE OF INTEREST

**Signed** .....

You should complete this form only if you have a disclosable pecuniary interest in any particular item on this agenda. (See attached appendix for schedule of disclosable pecuniary interests.) Completed forms should be handed in to the Secretary and Solicitor **before** leaving the meeting.

**NOTE:** Should you have a disclosable pecuniary interest in an item on the agenda you should not participate in any discussion on the matter, vote on the matter or remain in the meeting during discussion and voting on the matter subject to paragraph 24 of the Code of Conduct.

***If you are unsure of the correct course of action to take, you should seek advice from the Secretary and Solicitor prior to the meeting.***

**SCHEDULE OF DISCLOSABLE PECUNIARY INTERESTS UNDER THE LOCALISM ACT 2011 AND THE  
CODE OF CONDUCT OF THE COMBINED AUTHORITY 2014**

Disclosable Interest	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant Authority) made or provided within the relevant period in respect of any expenses incurred by a Member in carrying out duties as a member, or towards the election expenses of the Member.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the Authority -</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the Authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the Authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to the member's knowledge) -</p> <p>(a) the landlord is the Authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>

## Securities

Any beneficial interest in securities of a body where -

- (a) that body (to the Member's knowledge) has a place of business or land in the area of the Authority; and
- (b) either -
  - (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
  - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

If a Member has a disclosable pecuniary interest in a matter under discussion, the Member may not:-

- (a) participate, or participate further, in any discussion of the matter at the meeting;
- (b) participate in any vote, or further vote, taken on the matter at the meeting (unless the Member has requested and been granted a relevant dispensation by the Standards Committee), or
- (c) remain in the room during the discussion or vote on the matter.

Where Members have a disclosable pecuniary interest in a matter to be considered at a meeting, they may attend the meeting but only for the purposes of making representations, answering questions or giving evidence relating to the matter, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise. Once Members have finished, or the meeting decides they have finished, Members must leave the room and may not remain in the room during the discussion or vote on the matter.

**Note: If a close family member has a Disclosable Pecuniary Interest, this is deemed to be a Disclosable Pecuniary Interest of the Member of the Authority.**

**PUBLIC INSPECTION OF DOCUMENTS AND ACCESS  
TO MEETINGS OF THE WEST YORKSHIRE COMBINED AUTHORITY**

**Inspection of Documents**

- (a) Files containing documentation relating to items to be discussed at the meeting may be inspected by contacting the named officer as detailed below. Certain information may be confidential and not open to inspection.

**Exempt Information**

- (b) Agenda Item 13 (Proposals for independently evaluating the impact of West Yorkshire Plus Transport Fund Investments) contains exempt information as defined in paragraph 3 of Schedule 12A, Local Government Act 1972 (*Information relating to the financial or business affairs of any particular person (including the authority holding that information)*).

The Authority may exclude the press and public from the meeting during the consideration of this item if it is satisfied that the public interest in being present is outweighed by the public interest in maintaining the exemption.

Disclosure of this item would not be in accordance with the Government’s request that issues outlined in this report including its annexes, and the content of any agreement, which are deemed by HM Treasury to be ‘market sensitive’, remain absolutely confidential. It is therefore recommended that the public interest will be better served by maintaining the exemption and the press and public should be excluded from the meeting during discussion of this item.

<b>Compilation of Agenda by:</b>	Angie Shearon
<b>Telephone No:</b>	Leeds (0113) 251 7220
<b>Date:</b>	4 December 2014



## ITEM 4

### MINUTES OF THE MEETING OF THE WEST YORKSHIRE COMBINED AUTHORITY HELD ON THURSDAY 18 SEPTEMBER 2014 IN CITY HALL, BRADFORD

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<b>Present:</b>	Cllr Peter Box (Chair)	-	Wakefield MDC
	Cllr David Green	-	City of Bradford MC
	Cllr Tim Swift	-	Calderdale MBC
	Cllr David Sheard	-	Kirklees MC
	Cllr James Alexander	-	City of York Council
	Roger Marsh	-	Leeds City Region LEP
	Cllr Janet Battye	-	Liberal Democrat Representative (Calderdale MBC)
	Cllr Andrew Carter	-	Conservative Representative (Leeds CC)
<b>In attendance:</b>	Cllr James Lewis	-	Chair of WYCA Transport Committee
	Adrian Lythgo	-	Combined Authority
	David Burrell	-	Combined Authority
	Professor Andrew Slade	-	Leeds Met University (minute 63 only)

#### 57. Apologies for Absence

Apologies for absence were received from Councillor Keith Wakefield (Leeds) and Councillor Robert Light (Kirklees).

#### 58. Declarations of Disclosable Pecuniary Interests

There were no pecuniary interests declared by members at the meeting.

#### 59. Exclusion of the Press and Public

There were no items on the agenda requiring exclusion of the press and public.



**60. Minutes of the Meeting held on 24 July 2014**

**Resolved:** That the minutes of the meeting of the WYCA held on 24 July 2014 be approved and signed by the Chair.

**61. Devolution for the North**

The Combined Authority considered a report which outlined the Deputy Prime Minister's 'Northern Futures' initiative. Members' views were sought for inclusion in a Combined Authority response which was to be submitted by 17 October 2014.

The Chair advised members that a meeting had been arranged with the Chancellor of the Exchequer which would provide an opportunity for the Combined Authority to present their ambitions for the future and discuss their concerns regarding the recent announcements in respect of the allocation of national resources.

Members stressed that it was critical that the Combined Authority submitted a response to make the case to Government for ambitious, radical devolution in the North to allow local decision making to drive economic growth. It was also crucial that both the responses emphasised the strength of the cross-party and cross-LEP governance arrangements currently in place as the foundation for managing further devolution.

Members discussed the referendum in Scotland and the implications that might have on devolution for the North. It was considered that regardless of the outcome of the vote, it was essential that the Government accelerated the current devolution agenda to give strong devolved powers to the City Region and other parts of the North. The creation of an English Parliament was not seen to meet the Combined Authority's aims and aspirations. It was agreed to consider this matter further when the outcome and implications of the Scottish vote was known.

**Resolved:**

- (i) That the Combined Authority's comments be incorporated into the response to the Government's call for ideas to transform the economic future of the North.
- (ii) That the Chair of the Combined Authority oversees the development of the Combined Authority's response prior to its submission on 17 October 2014.

**62. Leeds City Region Growth Deal Delivery**

The Combined Authority considered a report which provided an update on the delivery of the Leeds City Region Growth Deal and the work being undertaken to establish delivery arrangements for all aspects of the deal and to finalise arrangements for the Transport Fund. Members were also asked to consider the

Gateway 2 approval for the Wakefield Eastern Relief Road, which formed part of the Transport Fund programme.

It was noted that discussions were currently taking place with the Government on the Gateway review process to access funding after the first 6 years with a view to developing a proposal for further consideration by the WYCA at its December meeting.

The Combined Authority also noted the work streams currently underway to support and manage the Fund together with the development of formal project management procedures including governance structures. These would be considered by the Combined Authority and LEP Board at their meetings to be held in November 2014.

Members considered the release of funds for the Wakefield Eastern Relief Road to proceed through Gateway 2. A summary of the business case, including the value for money case was attached to the submitted report. In line with the procedure agreed at the previous meeting, the Chairs of the Investment and Transport Committees had been consulted on the scheme. It was anticipated that the outcome of the planning application and procurement exercise would be completed by December 2014 which would then allow Wakefield MDC to make their Gateway 3 submission.

**Resolved:**

- (i) That approval be given for the Wakefield Eastern Relief Road to pass through Gateway 2.
- (ii) That the release of £200,000, funded by reserves held by the WYCA ring-fenced for the WY+TF, to support the development of the scheme up to Gateway 3 submission be approved.

**63. The Strategic Relationship with Local Universities**

The Combined Authority considered a report which provided information on the development of a relationship between WYCA with the 8 local universities.

Professor Andrew Slade, Deputy Vice Chancellor, Leeds Metropolitan University attended the meeting. He advised members that prior to attending the meeting he had spoken with the 8 Higher Education Institutions in West Yorkshire and York who were fully supportive of collaborative working with the Combined Authority and Local Enterprise Partnership (LEP). He then went on to discuss with members how relationships and opportunities could be developed to share objectives and work together to deliver specific local priorities such as delivering certain targets in the Strategic Economic Plan (SEP).

In order to progress the matter, it was proposed that a draft Memorandum of Understanding be prepared to formalise shared working relationships between the

Combined Authority, LEP and universities. It was suggested that Professor Slade be invited to attend the next meeting of the Combined Authority.

**Resolved:** That an approach to agreeing a Memorandum of Understanding with the nine LCR Universities be prepared and reported to the next meeting.

#### **64. Superfast Broadband Extension Programme**

The Combined Authority considered a report which provided an update on the preparatory work undertaken to prepare for a Superfast Broadband Extension Programme for 2015-17 to cover West Yorkshire and York and to seek agreement to progress to the procurement stage.

Members were advised of the initial analysis, legal advice and the tight timescales outlined in the submitted report and that the BDUK Framework could deliver a broadband extension programme for 2015-17 that offered value for money and provided an open network, accessible by all internet service providers, incorporating the identified local priority areas.

The Combined Authority discussed the main commercial and procurement options for extending the programme. Whilst accepting that the BDUK Framework provided the most appropriate and timely mechanism to deliver the programme, members reiterated their concerns regarding competition in the market and the need for certainty on the coverage of broadband arising from any investment in main town and city centres.

Councillor Alexander outlined his reservations about the current proposals. He advised the Combined Authority that he could give only conditional support to BDUK's proposals as they potentially restricted the ability to tender for the provision of smaller geographical procurement packages, particularly in rural areas. He commented that by encouraging more competition in the marketplace it could potentially drive down costs and promoted economic growth locally.

It was reported that discussions were continuing with BT and it was suggested that the Head of the National BT Broadband Service be invited to meet with the Combined Authority or Investment Committee to discuss their concerns regarding the programme.

**Resolved:**

- (i) That the proposed approach to engage appropriate procurement, legal and financial support as set out in paragraph 2.20 of the submitted report be endorsed.
- (ii) That the operational and governance arrangements as set out in paragraph 2.21 of the submitted report be agreed.

- (iii) That the proposal to proceed to the procurement stage utilising the BDUK Framework process be endorsed.
- (iv) That the proposal to utilise available uncommitted funding headroom within the existing West Yorkshire Broadband Programme, together with a proportionate contribution from York, to cover the procurement costs for the 2015-17 programme be endorsed.
- (v) That the Head of National BT Broadband Service be invited to meet with the Combined Authority or its Investment Committee.

#### **65. Housing Provision and Affordability in the Leeds City Region**

The Combined Authority considered a report which provided information about the issues regarding housing provision and affordability within the Leeds City Region . Members considered possible actions that the Combined Authority could take in relation to the provision of more homes, including affordable housing which would support the Local Enterprise Partnership's (LEP) growth ambitions to double house building and bring forward development sites in the city region.

Members noted that alternative local solutions were being explored in relation to the devolution agenda and the targeting of resources.

The proposals to include the exploration of the Combined Authority/Leeds City Region local authorities developing an approach to a major public sector house building programme were noted. Members also recognised the need to address the housing growth issue as well as providing more affordable and innovative solutions as part of the wider programme and it was suggested that a meeting be arranged to discuss the matter in greater detail.

#### **Resolved:**

- (i) That the LCR HCA Board be asked to prepare a proposals package for the Investment Committee to address these issues and inform the request for freedoms and flexibilities within the LCR LEPs 2016/17 Local Growth Fund bid.
- (ii) That a meeting be arranged to discuss the matter in greater detail.

#### **66. Statement of Cooperation for Local Planning and the Duty to Cooperate**

The Combined Authority considered the final draft of the 'LCR Statement of Cooperation for Local Planning' and the initial issues regarding the potential roles of the West Yorkshire Combined Authority (WYCA) and Leeds City Region (LCR) Enterprise Partnership in adding value to the Duty to Cooperate planning process.

#### **Resolved:**

- (i) That the proposed 'Statement of Cooperation for Local Planning' be endorsed.
- (ii) That the initial conclusions on the potential existing role of the WYCA under the Duty to Cooperate legislation and the existing local planning requests already being received for comment by the WYCA be noted.
- (iii) That the LCR Planning Portfolios Board in liaison with partner authorities be asked to develop options on the potential roles and requirement of both the WYCA and the LCR Enterprise Partnership in respect of the Duty to Cooperate and strategic planning for consideration at a future meeting of the WYCA.

#### **67. Tour de France Legacy**

The Combined Authority considered a report on the Tour de France and its legacy.

Members commented on the great success of the event including the economic benefits and encouragement for cycling. It was noted that work was now underway to develop a shared vision across the region that would seek to build on the momentum created by the Tour de France. The City of York Council had produced the cycling legacy strategy document in collaboration with other Yorkshire transport authorities and a copy was attached at Appendix 1 to the submitted report. A supplementary West Yorkshire legacy prospectus which had also been developed through joint working with the five District Councils was attached at Appendix 2.

**Resolved:** That the West Yorkshire legacy strategy set out in Appendix 2 be endorsed.

#### **68. Bus Strategy**

The Combined Authority considered a report and progress relating to the proposed Bus Quality Contract Scheme and further discussion which had taken place with the operators to develop the detail of a bus partnership approach.

Councillor James Lewis, Chair of the Transport Committee briefed the meeting on the options available which were outlined in paragraph 2.20 of the submitted report. Guidance was sought regarding WYCA's preferred approach to achieve its ambitions for improving local bus services that supported the economic strategy set out in the Strategic Economic Plan (SEP) and the current Local Transport Plan.

Councillor Green expressed his dissatisfaction that some Leaders had been approached by the operators with proposals which excluded their areas.

The Combined Authority determined that the development of a Quality Contract Scheme should be progressed. It was also recognised that it would be worthwhile to ask a small group of members, including the Chair of the Transport Committee and

the Head of Paid Service to discuss WYCA specific requirements with operators in order that they were clear about the objectives that would need to be met from any potential partnership offer in the future.

**Resolved:**

- (i) That work to develop a Bus Quality Contract Scheme continue to be progressed.
- (ii) That three members, including the Chair of the Transport Committee and also the Head of Paid Service, be asked to meet with senior representatives of the bus companies to set out specific requirements that could align any future partnership proposition with the SEP and securing benefits from West Yorkshire Plus Transport Fund investment.

**69. Strategic Rail Update**

The Combined Authority considered a progress report on strategic rail issues including the appointment of a director to Rail North Ltd and an update on High Speed Rail work.

Members were given an update on High Speed Rail and the work being undertaken on the One North proposition for transformational connectivity improvements across the North of England.

The report also sought approval for the WYCA to appoint an elected member as a Director for Rail North Ltd and it was agreed that the Chair of the Transport Committee, Councillor James Lewis, be appointed to represent the Combined Authority.

**Resolved:** That Councillor James Lewis, Chair of the Transport Committee, be appointed to the Leaders' Committee of the Association and to become a director of Rail North Ltd.

**70. Medium Term Financial Strategy & 2015/16 Budget**

The Combined Authority considered an initial draft of a medium term financial strategy for the West Yorkshire Combined Authority (WYCA) and the implications of this for the budget process and levy for 2015/16.

Members noted the initial work undertaken towards establishing a robust medium term financial strategy for the whole Combined Authority which would then inform the budget setting process for 2015/16. A meeting of the Budget Working Group would be held on 1 October 2014 and would consider priorities, efficiencies and options for cost reductions for the budget.

**Resolved:** That members of the Budget Working Group consider priorities, efficiencies and options for cost reductions for the budget.

**71. Governance and Audit Committee Recommendations**

The Combined Authority considered a report which sought approval to decisions recommended by the Governance and Audit Committee at its meeting held on 29 July 2014 with respect to the adoption of the financial statements by the Combined Authority Board.

**Resolved:**

- (i) That the Internal Audit Quality Assurance and Improvement Programme be approved.
- (ii) That the conclusions of the review of internal control and the effectiveness of internal audit be confirmed.
- (iii) That the annual accounts for the WYITA and WYPTE for 2013/14 and the treasury management statement be approved.

**72. Request to Change Overview & Scrutiny Committee Standing Orders**

The Combined Authority considered a request from the Overview and Scrutiny Committee to amend elements of Standing Orders in relation to call-in arrangements.

**Resolved:** That proposed amendments to elements of Standing Orders in relation to call-in arrangements suggested by scrutiny not be accepted.

**73. Minutes of the Meeting of the Transport Committee held on 11 July 2014**

**Resolved:** That the minutes of the meeting of the Transport Committee held on 11 July 2014 be noted.

**74. Minutes of the Meeting of the West Yorkshire and York Investment Committee held on 16 July 2014**

**Resolved:** That the minutes of the meeting of the West Yorkshire and York Investment Committee held on 16 July 2014 be noted.

**75. Minutes of the Meeting of the Overview and Scrutiny Committee held on 21 July 2014**

**Resolved:** That the minutes of the meeting of the Overview and Scrutiny Committee held on 21 July 2014 be noted.

**76. Minutes of the Meeting of the Governance and Audit Committee held on 29 July 2014**

**Resolved:** That the minutes of the meeting of the Governance and Audit Committee held on 29 July 2014 be noted.



## **REPORT FRONT SHEET**

### **AGENDA ITEM: 5**

**Combined Authority: 12 December 2014**

**Report Title: Governance Matters – Appointment of Co-opted Members and Other Matters**

### **Report Summary**

The Authority is advised of requests by York and Calderdale councils to change members co-opted by the Authority onto its committees. It is for the Authority to decide if it wishes to make these changes or not.

The Authority is asked to appoint an alternative director for Rail North Limited, in the event that Councillor James Lewis, the nominated Director, was unable to act for any reason. All participating authorities have been asked to make such an appointment.

The Board asked for the Members' Allowances Scheme to be reviewed during the first year of the Authority, at its first meeting in April 2014. An Independent Remuneration Panel needs to be appointed, and the Authority is asked to approve the appointment of the same panel that advised on the current scheme, as being most appropriate given their involvement initially. A draft brief for the Panel, should it be appointed, will be provided for approval subsequently.

### **Possible Questions**

- 1. What matters would the Members consider appropriate to include within a brief to the Independent Remuneration Panel.**
- 2.**
- 3.**

**Note: The above questions may arise during the debate, but do not preclude other items for discussion and debate.**

Originator: Nick Winney  
Monitoring Officer



## ITEM 5

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**Report to:** Combined Authority

**Date:** 12 December 2014

**Subject:** Governance Matters: Appointment of Co-opted Members and Other Matters

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### 1. Purpose

1.1. To make appointments to:-

- (i) the West Yorkshire & York Investment Committee;
- (ii) the Transport Committee;
- (iii) the Audit & Governance Committee.

1.2. To appoint a member of the Authority to act as alternate director of Rail North Ltd and a substitute member of the Association of Rail North Partner Authorities Leaders Committee.

1.3. To formally appoint a Remuneration Panel to review the Members' Allowances Scheme, as resolved at the 1 April 2014 WYCA AGM.

### 2. Information

#### **Calderdale Council Appointments**

2.1. Calderdale Council have notified the Authority's Monitoring Officer of their wish to change their nominations to the Transport Committee and the West Yorkshire & York Investment Committee as follows:-

#### West Yorkshire & York Investment Committee

Councillor Peter Caffrey (Con) to replace Councillor Barry Collins (Lab)

#### Transport Committee

Councillor Barry Collins (Lab) to replace Councillor Daniel Sutherland (Lab)

## **York City Council Appointments**

- 2.2. York Council have notified the Authority's Monitoring Officer of their wish to change their nominations to the West Yorkshire & York Investment Committee and the Audit & Governance Committee as follows:-

### West Yorkshire & York Investment Committee

Councillor Paul Healey (Con) to replace Councillor David Levene (Lab)

### Audit & Governance Committee

Councillor Andrew Waller (Lib Dem) to replace Councillor Neil McIlveen (Lab)

- 2.3. The Authority is asked to consider the above nominations. It is a matter for the Authority to make appointments to its Committees.

## **Rail North Ltd**

- 2.4. At its meeting on 18 September 2014, the Authority appointed the Chair of the Transport Committee (Councillor James Lewis) as a Director of Rail North Ltd and as a member of the Association of Rail North Partner Authorities Leaders Committee.
- 2.5. The Authority are now asked to appoint an alternate director of Rail North Ltd and a substitute member of the Association of Rail North Partner Authorities Leaders Committee who would act in the absence of Councillor James Lewis.

## **Remuneration Panel**

- 2.6. An Independent Remuneration Panel (lead by Dr Declan Hall) was appointed prior to establishment of the WYCA with the purpose of recommending a Members' Remuneration Scheme. At its meeting on 1 April 2014 the Authority adopted the Scheme and resolved that it be reviewed within the first year of operation of the Authority.
- 2.7. It is proposed that the panel that advised on the WYCA's current scheme be appointed formally by the Authority to conduct a review of the effectiveness of the scheme in order to inform a report and recommendations to the Authority in time for the Annual General Meeting in 2015.
- 2.8. Once the panel is appointed, a draft brief will be prepared for approval by the Chair of the Combined Authority and the Head of Paid Service prior to the panel being formally instructed to conduct a review.

### **3. Financial Implications**

- 3.1. With regard to the review of the Members' Allowances Scheme, there are none known at this time.

### **4. Staffing Implications**

- 4.1. None.

### **5. Consultees**

- 5.1. None.

### **6. Recommendations**

- 6.1. That the Authority considers Calderdale Council's revised nominations to the Transport Committee and the West Yorkshire and York Investment Committee.
- 6.2. That the Authority considers York Council's revised nominations to the West Yorkshire and York Investment Committee and the Audit & Governance Committee.
- 6.3. That the Authority appoint an alternate director of Rail North Ltd and a substitute member of the Association of Rail North Partner Authorities Leaders Committee.
- 6.4. That the Authority appoints the Remuneration Panel that advised on the current WYCA Scheme of Members' Remuneration to conduct a review of the effectiveness of the scheme.

## **REPORT FRONT SHEET**

**AGENDA ITEM: 6**

**Combined Authority: 12 December 2014**

**Report Title: Devolution for the North**

### **Report Summary**

Following the Deputy Prime Minister's announced intention at the Northern Futures Summit on 6<sup>th</sup> November to progress negotiations on agreeing individual packages of devolved powers and funding with Leeds City Region and Sheffield City Region, members are asked to note that discussions with Ministers and officials are continuing.

A verbal update on progress towards a devolution agreement for the Leeds City Region will be provided at the meeting.

### **Possible Questions**

- 1. What is the current status of discussions with officials and Ministers?**
- 2. What does a successful devolution settlement for the North and the City Region look like?**

**Note: The above questions may arise during the debate, but do not preclude other items for discussion and debate.**

Originator: Rob Norreys  
Head of Economic Strategy



## ITEM 6

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**Report to:** Combined Authority

**Date:** 12 December 2014

**Subject:** Devolution for the North

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### 1. Purpose

1.1. To request members to note and discuss progress in securing devolution for the North.

### 2. Information

2.1. Following the Deputy Prime Minister's announced intention at the Northern Futures Summit on 6<sup>th</sup> November to progress negotiations on agreeing individual packages of devolved powers and funding with Leeds City Region and Sheffield City Region, members are asked to note that discussions with Ministers and officials are continuing.

2.2. A verbal update on progress towards a devolution agreement for the Leeds City Region will be provided at the meeting.

### 3. Financial Implications

3.1. There are no financial implications arising from this report.

### 4. Legal Implications

4.1. There are no legal implications arising from this report.

### 5. Staffing Implications

5.1. There are no staffing implications arising from this report.

**6. Consultees**

- 6.1. West Yorkshire and York Chief Executives, and the senior officer leadership team of the WYCA.

**7. Recommendations**

- 7.1 It is recommended that members note and discuss the progress in securing devolution for the North.

**8. Background Documents**

- 8.1. There are no background documents.

## **REPORT FRONT SHEET**

### **AGENDA ITEM: 7**

**Combined Authority: 12 December 2014**

**Report Title: Leeds City Region Growth Deal – Delivery Update**

### **Report Summary**

**Growth Deal – preparation for delivery of projects and programmes from 1<sup>st</sup> April 2015.**

The report will contain a ‘dashboard’ showing whether we are on track to deliver on the projects & programmes for which we have been given LGF funding (including both WY+TF and non-transport projects).

**‘Growth Deal 2’.** The Autumn Statement announced the national total of new LGF funding available as a prelude to govt decision in the New Year on which new projects & programmes will be approved within LCR. Report will contain an update, with further verbal update at the meeting.

### **Possible Questions**

- 1.** What are we doing to ensure that any projects with a red ‘RAG rating’ can be delivered on schedule?
- 2.** What are the procedures in place for due diligence on funding decisions that are required by March 2015?
- 3.** What are the implications of Autumn Statement for a 2<sup>nd</sup> round of LGF funding in LCR?

**Note: The above questions may arise during the debate, but do not preclude other items for discussion and debate.**



Originator: Rob Norreys,  
LEP Director and Head of  
Economic Strategy



## ITEM 7

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**Report to:** Combined Authority

**Date:** 12 December 2014

**Subject:** Leeds City Region Growth Deal – Delivery Update

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### 1. Purpose

- 1.1 To provide an update on delivery of the Leeds City Region Growth Deal, and on opportunities for additional Growth Deal funding arising from the government's Autumn Statement.

### 2. Growth Deal Context

- 2.1 In July, the government announced 'Growth Deals' for each LEP area, listing the projects and programmes for which it had allocated funding. Over the six-year life of the deal to 2020-21, Leeds City Region secured £572.9m. This is the largest sum allocated to any LEP area, and the second highest allocation per head of population. The new 'Local Growth Fund' monies will be paid from 1<sup>st</sup> April 2015.
- 2.2 West Yorkshire and York has also secured a unique 20-year settlement of £30m per year to support the West Yorkshire plus Transport Fund. This will deliver a further £420m in government funding from 2021-22 to 2034-35. Taken together with previously announced devolved transport funding and locally-agreed contributions, this will facilitate a Transport Fund of around £1billion.

### 3. Growth Deal Delivery

- 3.1 Since the last meeting of the Combined Authority, officers have continued the work required to deliver the Growth Deal under each of the four strategic pillars of the Strategic Economic Plan:
- **Pillar 1 – supporting growing businesses:** a review of the appraisal framework for the **Business Growth Programme** has commenced to ensure our procedures remain both robust and accessible to business.
  - **Pillar 2 – developing a skilled and flexible workforce:** an Appraisal Panel has met

on a number of occasions to examine the five **Skills Capital** projects bidding for support from our 2015-16 allocation. The Panel has made a series of recommendations that will go forward to the Leaders Board for approval.

- **Pillar 3 – building a resource smart City Region:** a staffing appointment has been made to enable project development of both the **Energy Hub** and the **Resource Smart Business Support Programme** to proceed. Work is proceeding to develop a Memorandum of Understanding on the management of **BioVale**, a joint project with York, North Yorkshire and East Riding LEP.
- **Pillar 4 – delivering the infrastructure for growth (housing and regeneration):** The LEP received Growth Deal funding for six schemes: One City Park, Bradford; East Leeds Extension; City Fields, Wakefield; York Central; Halifax Town Centre (Northgate House); and Horse Close, Craven. Officers have been working closely with the districts and other partners to further develop the business cases for each project. Discussions have now begun regarding the bespoke funding package that will be offered to each one.
- **Pillar 4 – delivering the infrastructure for growth (West Yorkshire plus Transport Fund):** further information on the work to re-profile the Transport Fund in light of the Growth Deal announcement and on the progress of individual schemes can be found in Agenda Items 8 and 9.

#### Growth Deal oversight

- 3.2 The position of each Growth Deal project and programme as it moves towards delivery in 2015-16 is being summarised in a 'dashboard', attached at **Appendix A**. On the dashboard, the position of each project with respect to resources, risk and deliverability is given a 'RAG (red, amber, green) rating'.
- 3.3 The dashboard is updated every month, and taken to meetings of Directors of Development and Chief Executives, where **operational decisions** are taken on how to tackle any problems that have arisen. The dashboard is further reviewed by each of the LEP Panels and Committees, by the Transport Committee, as well as by the Investment Committee and the LEP Board itself.
- 3.4 In preparation for delivery in 2015-16, there are several elements of the Growth Deal for which final **financial decisions** need to be taken. These are proceeding as follows:
  - **Skills Capital** projects: as described at paragraph 3.1, the LEP established an Appraisal Panel to undertake the due diligence on the applications for our 2015-16 allocation. The Panel's recommendations will go to the Leaders Board on 12<sup>th</sup> December for decision.
  - a bespoke funding package will be offered to each **housing and regeneration scheme**, following the required due diligence. The offers will be considered by the January 2015 meeting of the West Yorkshire & York Investment Committee, with a final recommendation to be taken to a subsequent Leaders Board meeting.
  - the Investment Committee has also agreed the circumstances in which it will wish to re-examine projects where there have been **changes in scale or scope** since the announcement of the Growth Deal. Both the Committee and the Green

Economy Panel have requested that the **BioVale** project should be re-appraised prior to final approval of LGF funding since the sponsors have re-profiled the project in light of the Growth Deal settlement.

#### Dashboard highlights

- 3.5 Members are alerted below to any general risks to the delivery of the Deal as a whole or to specific projects.
- 3.6 Each of the projects under **Pillar 3** faces a risk from the delay to the start of the ESIF programme. While this issue is the responsibility of national government, the LEP, the LEP Network and the Core Cities are all lobbying to ensure government is aware of the potential impact on Growth Deal programmes across the country, and in Leeds City Region in particular.
- 3.7 The Investment Committee has considered the issues behind the red ratings for **BioVale, City Fields, Wakefield and Horse Close, Craven**. The Committee is content that appropriate action is being taken to address the issues in each case.
- 3.8 Further information with regard to schemes in the West Yorkshire plus Transport Fund can be found at Agenda Items 8 and 9.

#### **4. 'Growth Deal 2' Update**

- 4.1 In his Autumn Statement, the Chancellor announced that he had allocated an extra £1bn from the Local Growth Fund for a 'second wave' of Growth Deals. The Department for Business, Innovation and Skills (BIS) has asked LEPs to submit their proposals by 5<sup>th</sup> December, though with a lesser degree of detail than was requested for the Strategic Economic Plan. Following appraisal by government, the successful projects and programmes will be announced in February.

#### **5. Financial Implications**

- 5.1 The financial implications of the current Growth Deal and the West Yorkshire plus Transport Fund are set out in Section 2 above. The implications of any additional funding forthcoming as a result of Growth Deal 2 will be reported to the Authority once an announcement is made.

#### **6. Legal Implications**

- 6.1 There are no new legal implications as a direct result of this report.

#### **7. Staffing Implications**

- 7.1 The availability of staffing resources is a major risk to the successful development and delivery of the non-transport elements of the Growth Deal. In the short term, additional resources have been brought in from other local authorities and external consultants, as well as from the reallocation of existing staff where possible. This is

not financially prudent, nor sustainable in the longer term; additionally, further staff will be required to ensure successful delivery from 1<sup>st</sup> April of the programmes for which the LEP is responsible.

- 7.2 A detailed review of the resource requirements for the medium and longer term has been carried out, with a view to recruiting the required staff as soon as is feasible. Approval is sought to delegate the agreement of the recruitment exercise covering these posts to the Head of Paid Service.

## **8. Consultees**

- 8.1 Adrian Lythgo (Head of Paid Service) and Directors of the West Yorkshire Combined Authority have been consulted in the preparation of this report.

## **9. Recommendations**

- 9.1 That the Combined Authority decides whether it wishes to continue to be updated on Growth Deal delivery; and if so, specifies the format and content of future reports.
- 9.2 That the Head of Paid Service is authorised to commence recruitment of the posts referred to in paragraph 7.2.

## **10. Background Documents**

- Leeds City Region Enterprise Partnership Strategic Economic Plan, March 2014
- Combined Authority Item 5, 29 May 2014: Adoption of the SEP
- Combined Authority Item 5, 24 July 2014: Leeds City Region Strategic Economic Plan – Growth Deal Update
- Transport Committee Item 11, 11 July 2014: SEP Funding Announcements
- Combined Authority Item 6, 18 September 2014: Leeds City Region Growth Deal Delivery

PIPELINE:  
GROWTH DEAL, NOVEMBER 2014 (NON-TRANSPORT)

Scheme Name	Stage gate	Ownership		Management and Control						Delivery				Notes						
		Project Exec / SRO	Project / Programme Manager	Total Project Investment (£m)	Approved LGF (£m)	Project / Programme Board in place	Resources in place for current stage	Risk Management	Current stage Milestones on track	LGF start date on track	LGF completion date on track									
<b>Pillar 1: Supporting growing businesses (Chief Executive lead: Kersten England)</b>																				
Business Growth Programme	Procurement (Gateway 2)	Sue Cooke (LEP)	Henry Rigg (LEP)	108.0	G	18.0	G	Appraisal Advisory Committee, Investment Panel and BIG Panel	G	Yes - existing resources for current BGP programme with linkages to Growth Hub.	G	Government clearance needed to ensure that the current programme runs effectively into the new programme without having a negative impact on business applicants, i.e. it is important to encourage applications from now until the end of March 2015.	G	All preparatory work for delivery from April 2015 on-track.	G	Apr-15	G	Mar-18	G	An evaluation of the current programme will take place shortly to help inform the strategic direction of the new programme.
Business Growth Hub	Procurement (Gateway 2)	Sue Cooke (LEP)	Henry Rigg (LEP)	1.145	G	0.625	G	BIG Panel, DoDs and Growth Hub Working Group	G	Staff resource to be identified within LEP and wider partnership.	A	Tight timescale to put the required resources in place for an April 2015 launch of the Growth Hub	A	On-track for resources to be in place by early 2015.	A	Apr-15	G	Mar-16	G	Offer letters for the SME growth managers will shortly be sent from the LEP to City Region local authorities.
Bradford University Enterprise Zone	Planning (Gateway 1)	Brian Cantor (University of Bradford)	Dermot Brown (consultant to UoB)	12.0	A	£3.8m from BIS (not LGF)		Steering group in place - LEP will join the SG. Also have a strategic advisory forum and stakeholder forum in place.	G	ESIF funding required to provide revenue for operating costs	A	No guarantee that ESIF funding will be secured.	A	Currently going through due diligence. Will report to BIG Panel in March	G	Apr-15	G	Dec-16	G	Project brings together the UoB, BT, CBMDC and the NHS to develop a centre of digital health innovation. CBMDC has contributed the Digital Exchange to provide business incubator space and an open innovation environment for SMEs where they can develop digital/technological solutions to healthcare challenges.
<b>Pillar 2: Developing a skilled and flexible workforce (Chief Executive lead: Joanne Roney)</b>																				
Skills Capital Investment Programme	Procurement (Gateway 2)	Sue Cooke (LEP)	Martin Green (LEP)	100.0	G	74.0	G	Skills Capital Appraisal Group and Employment and Skills Panel	G	WYCA and LCC legal teams working on contractual arrangements, with advice from SFA	A	Risks that projects currently being appraised are not approved by the Appraisal Panel or Leaders Board, leaving a potential spending shortfall in 2015-16.	A	On-track for delivery from April 2015 onwards. Criteria and commissioning strategy for 2016/17 programme to be developed in line with Skills Plan priorities. Strategy to be finalised and expressions for interest invited in December 2014.	G	Apr-15	G	Mar-17	G	Skills Capital Appraisal Panel has approved 1 project and has further due diligence to complete on 4 other projects prior to recommending approval. Appraisal Panel meets on 25/11/14 to finalise recommendations to Leaders Board.
<b>Pillar 3: Building a resource smart City Region (Chief Executive lead: Wallace Sampson)</b>																				
LCR Energy Hub	Planning (Gateway 1)	Wallace Sampson	Melanie Taylor (LEP)	6.0	A	0.6	G	Yes	G	Yes	G	Without ELENA funding, business case may be undermined. Long lead in times for ELENA may slow the project's momentum. A full-time project manager who could lead ELENA negotiations is needed if the project is to meet timescales.	A	Yes	G	Apr-15	G	Mar-16	G	Total project investment amber rated currently due to match funding component via ELENA (European Local Energy Assistance) - call for bids not yet underway.
BioVale	Planning (Gateway 1)	Debbie Smith (University of York)	Joe Ross (Biorenewables Development Centre)	25.6	A	3.0	G	Steering Group in place. Lead LEP agreed in principle, but MOU still to be signed	A	MOU with YNY&ER LEP will clarify resources. DLGG have confirmed uplift in funding from current ESIF programme.	A	Risks around securing each element of funding mix (LGF, ESIF via open call, UoY funding). All parties engaged to ensure funding and planning permission secured.	R	Project manager now in post. Business plan on track for UoY approval in November.	G	Apr-15	A	Mar-17	A	Final confirmation still needed on lead by YNY&ER LEP. Uplift in ESIF funding from current programme confirmed by DLGG, match provided by YNY&ER LEP subject to due diligence. Action being taken to secure funding mix and planning permission. Report to WYCA investment committee in Nov 2014 to agree revised project scope.
Resource- Smart Operations Programme	Planning (Gateway 1)	Melanie Taylor (LEP)	Adrian Perrin (LEP)	4.4	A	1.2	G	Project Manager recently in post; project board to meet soon.	G	Resource requirements still to be set in place. Project manager expected in post in 4-5 weeks.	A	Still to be identified as project resources only recently in place.	R	Outline project briefs in place, but project plans that include milestones are still to be developed once project manager is in post.	A	Apr-15	A	Mar-20	A	Staff resources still needed, hence amber rating on start-date. ESIF match funding to be confirmed - start of programme delayed.
<b>Pillar 4: Delivering the infrastructure for growth (Chief Executive lead: Merran McRae)</b>																				
City Fields - Southern Gateway, Wakefield	Procurement (Gateway 2)	Andy Wallhead (Wakefield)	Karen Lythe (Wakefield)	13.6	A	2.5	G	Yes	G	Project management resources in place	G	The landowner is awaiting clarity on the terms of LGF funding before indicating whether they are willing to proceed. Alternative ways to deliver project being examined.	R	Further discussions planned with landowner, who is reluctant to complete due diligence until they have clarity on funding terms. Business case revised to reflect removal of the Keyland site	A	Apr-15	A	Mar-16	A	Revised business case completed. Further discussions planned with developers, who have requested outline funding terms from LCR before progressing the project further. Council & LEP investigating potential alternative ways to deliver the outcomes.
East Leeds Housing Growth - Red Hall	Procurement (Gateway 2)	Martin Farrington (Leeds)	Adam Brannen (Leeds)	33.4	A	4.0	G	Yes	G	Project management resources in place	G	Clarity needed on terms for LGF funding, which could affect project viability. Work being done to ensure any issues which could lead to high abnormal development costs are identified and reduced. Works will be phased to link with the nursery relocation and demolition although the scope for undertake GI's on a phased approach will be explored	A	Clarity needed on funding agreement. Outline planning application to be submitted and procurement of contractor for enabling works to commence in Nov 2014 RIBA Stage C to be completed by Nov 2014 and Stage D by April 2015.	A	Apr-15	A	Mar-17	A	Further business case development, due diligence, funding agreement (loan rate) and contracting timescales means project is currently amber rated for start-date. Aim to initiate the tender process for the procurement of a contractor for stage 1 in Nov, with a view to making an appointment by February 2015 and appointment of the contractor for delivery from August 2015.
East Leeds Housing Growth - Brownfield Sites	Procurement (Gateway 2)	Martin Farrington (Leeds)	Adam Brannen (Leeds)	36.2	A	1.1	G	Project team established, will develop further as the project progresses to ensure that appropriate officers are included for all elements of delivery.	A	Project management resources in place	G	Clarity needed on terms for LGF funding. LCC may undertake ground investigation surveys ahead of time at risk to ensure completed on schedule by May 2015. Market testing carried out and sites will be packaged to minimise the risk that sites may be unattractive/unviable for developers.	A	Next steps include revised business case, due diligence and funding agreement. Report to Executive Board in November to review delivery options and seek approval to use the HCA's delivery partner panel. Work ongoing to secure vacant possession of the site.	A	Apr-15	A	Mar-17	A	Further business case development, due diligence, funding agreement (loan rate) and contracting timescales means project is currently amber rated for start-date. The Council is aiming to develop a site delivery approach that utilises the HCA's Delivery Partner Panel. The aim is to package sites for development starting in April/ May 2015. In order to feed the GIs and remediation project into this delivery package, LCC would like to commission and complete all works in 2015/16 rather than staggering over two years. This may help to mitigate issues of state aid and provide the opportunity to package sites for development in the most viable way.
York Central	Procurement (Gateway 2)	Sarah Tanburn (York)	Ben Murphy (York)	67.2	A	1.7	G	Yes	G	Team in place but PM to be appointed	A	Risks around increasing costs due to work being more complex than anticipated being mitigate through site study and appraisal. Flexibility in funding maintained to mitigate risk of not accessing ESIF funding. Delays with planning and mobilising housing development partner being managed through active engagement.	A	Next steps include revised business case, due diligence and funding agreement. Engineering study for works to be commissioned in Nov 2014, complete by Feb 2015.	A	Apr-15	A	Mar-16	A	Further business case development, due diligence, funding agreement (loan rate) and contracting timescales means project is currently amber rated for start-date. A draft planning framework is being scoped and due to complete by Feb 2015.
One, City Park, Bradford	Procurement (Gateway 2)	Andy Taylor (Bradford)		15.0	A	5.2	G	Unknown/TBC	A	Project management resources in place	G	MoJ fully engaged to mitigate risks regarding delays in vacation of the Tyrls. Market testing being undertaken to assess developer/land user interest. The terms of LGF funding could affect project viability.	A	Planning application submitted for the demolition of the Tyrls and outline consent for Grade A office accommodation. Awaiting final agreement on surrender of ground floor lease. Work underway on new holding cells.	A	Apr-15	A	Mar-18	A	2015-16 activity/spend is based on demolition and landscaping works - planning application for this is progressing. The far greater challenge is to secure the developer for the site and work on this is underway.
Halifax Town Centre	Procurement (Gateway 2)	Ian Gray (Calderdale)	James Crawley (Calderdale)	11.5	A	1.3	G	Project Working Group	G	Project management resources in place	G	Risks relating to delays/unforeseen obstacles to demolition. Council to appoint competent demolition contractor capable of addressing issues. Vacant possession of building required - contingency plans to be explored should refurbishment of Princess Street and Library overrun.	A	Next steps are revised business case, due diligence and funding agreement.	A	Jan-16	G	Mar-17	G	Project not due to start until Q1 2016, so timescales are easily achievable for business case development, due diligence, funding agreement (loan rate) and contracting.
Horse Close, Craven	Procurement (Gateway 2)	David Smurthwaite (Craven)	Wyn Ashton (Craven)	35.3	A	0.9	G	Project board in place	G	Draft cost plan, project scope and brief/specification produced. Awaiting Member approval for procurement of consultants. CDC have identified sufficient project resource for next phase.	A	Need to secure sufficient funding and project resource. Work ongoing to identify additional and alternative resource. Requirement to agree easements with waterways authority (initial discussions suggest achievable) and agree land requirements (dependent on design).	R	Approval of Members expected in early December, enabling consultants to be appointed. Planning approval not in place until early 2015. Design and construction procurement drafted.	A	Apr-15	A	Mar-16	A	Currently rated red for start-date due to actions still required on Member approval (associated with adjacent land), planning permission and project management. CDC has tested the budget and it appears adequate.

TRANSPORT

ID	Scheme Name	Stage gate	Ownership		Management and Control					Delivery								
			Project Exec / SRO	Project / Programme Manager	Total Project Cost to Fund (£000s)	Approved Budget (£000s)*	Project / Programme Board in place	Resources in place for current stage	Current stage Milestones on track	Start date on track	Completion date on track							
<b>Bradford</b>																		
55	Harrogate Road/New Line Junction	Mandated	Julian Jackson	Richard Day	4,900	G	106	G	Proj Board in Place	G	Support for development of project brief provided. Limited modelling support available, but external resource now acquired	G	GW1 Q3 2014/15	A	Q4 2016/17	A	Q3 2017/18	A
06	Bradford - Keighley A650 Hard Ings Road and town centre improvements	Mandated	Julian Jackson	Richard Bruce	10,300	G	118	G	Proj. Board in place	G	Support for development of project brief provided. Limited modelling support available. Engineering support to be identified	A	GW1 Mar 15	A	Q3 2016	A	Sep-17	A
00	Bradford Gateways	Mandated	Julian Jackson	Joe Grint	95	G	95	G	Proj. Board in place	G	Consultants appointed Jan 14	G	Delivery Plan Jun 14	G		G	Jul-14	G
14	A650 Tong Street Improvements	Mandated	Julian Jackson	Andrew Smith	7,100	G	50	G	Proj. Board in place	G	Modelling underway	G	GW1 Apr 15	G	2015	A	2021	A
<b>Calderdale</b>																		
20.1	Halifax- Huddersfield A629 Corridor Improvements - Phase 1 - Elland Wood Bootom - Free School Lane	Mandated	Ian Gray	WSP for interim period	16,230	G	255	A	Prog Board	G	Currently provided by WSP. Phase 1b resources yet to be secured	A	GW1 Jul 14	G	2016	G	2017/18	G
20.4	Phase 4a - Halifax town centre , eastern relief road - Define Town Centre Masterplan	Mandated	Ian Gray	WSP for interim period	57,100	G	340	G	Prog Board	G	Provided by WSP	G	Jun-15	G	2018	G	2021/22	G
20.4	Halifax Station Gateway	Mandated	Ian Gray	WSP for interim period	21	G	5	A	Prog Board	G	Resource issues at Network Rail	A	GW 1 March 2015	A	2015/16	A	2019/20	G
	Calderdale Strategic Modelling	Mandated	Ian Gray	WSP for interim period	159	G	159	G		G		G		G		G		G
<b>Kirklees</b>																		
18.a	Cooper Bridge Junction	Mandated	Richard Hadfield	Steven Hanley	69,300	G	100	G	Proj. Board in place	G	Atkins Appointed	G	GW1 January 2015	G	2017	A	2018/19	A
18.a	A62 and A644 excluding Cooper Bridge	Mandated	Richard Hadfield	Steven Hanley		G	275	G	Proj. Board in place	G	Atkins Appointed	G	Develop fully validated combined existing situation Vissum model for A62 and A644 Corridors - July 2014	G	2017	G	2024	G
17	A653 Dewsbury to Leeds Corridor	Mandated	Richard Hadfield	Tim Lawrence	12,500	G	80	A	Proj. Board in place	G		G	GW1 Sept 15	G	2019	A	2021	A
00	Huddersfield Station Gateway	Pre - Mandate		Karen Poole	5,000	G	0	A	Project Board to be established	A	Project Manager now deployed	G	Mandate and Demand Study	G	2017	G	Jul-05	G
	Kirklees Strategic Modelling	Mandated	Richard Hadfield	Tim Lawrence	135	G	0	G	Project Board	G		G		G	2014	G	Jul-05	G
<b>Leeds</b>																		
07	East Leeds Orbital Road	Mandated	Martin Farrington	Oliver Priestley	73,300	G	885	G	Major Proj.Board	G	In House	G	GW1 Dec 14	G	2019	G	2021	G
34	Leeds city centre network improvements – Phase 1 and City Centre Transport Strategy modelling	Updated Mandate Provided	Gary Bartlett	Tim Harvey	36,500	R	238	G	Major Proj.Board	G	LCC/Mouchel	G	GW1 Feb 2015	G	Apr-14	G	Feb-15	G

TRANSPORT

04	A65 - LBIA Link Road	Mandated	Gary Bartlett	Tom Randall	35,700	G	195	A	Major Proj. Board	G	Mouchel/LCC	G	GW1 Aug 2016	G	2019	G	2021	A
08	Aire Valley - Leeds Integrated Transport Package – Phase 1	Mandated	Gary Bartlett	Paul Foster	£11,490	G	510	G	Major Proj. Board	G	Bus service element to be addressed	A	GW2 March 2015	A	2015/16	A	2017	A
<b>Wakefield</b>																		
09	Wakefield Eastern Relief Road	Mandated	Neil Rogers	Tracey Brewer	29,400	G	1539	G		G		G	Start on site Feb 2015	G	2015	G	Mar-17	G
10	Pontefract Northern	On Site	Neil Rogers	Tracey Brewer	1,654	G	1654	G		G		G	Start on site 2 June 14	G	Jun-14	G	Dec-14	G
<b>WY Combined Authority</b>																		
33	East Leeds Parkway	Mandated	David Hoggarth	Karen Poole	10,100	G	50	G	Awaiting clarity on scope		Project Manager now in place	G	Awaiting clarity on Project scope		2017		Dec-18	
28	Calder Valley (Caldervale Line)	Mandated	David Hoggarth	Karen Poole	20,000	G	280	G	Project Board in place	G	Project Manager now in place	G	GW1 April/May 2015	G	2016	G	2017	G
45	Rail Package (Parking only) – Phase 1	Mandated	David Hoggarth	Peter Coello	176	G	177	G	Board now established	G	PM from central pool appointed	G	Mandate Feb 14	G	2015	A	2015-18	A
46.1	Leeds-Bradford Corridor demonstration project	Complete	John Henkel	Philip Joyce	50	G	50	G		G	PM from central pool required	G	Mar-14	G		G	Mar-14	G
46.2	Highways Efficiency Bus Package - Evidence Base	Complete	Paul Roberts	Philip Joyce	40	G	40	G		G		G	Jun-14	G	Jun-14	G	Jun-14	G
00	Castleford Gateway	Pre-mandate	David Hoggarth	Chris Mason											2015		2016	
26	NGT to Aire Valley	Pre-mandate	Dave Haskins	Tom Gifford	98,300		TBC						TBC		2019		2022	
00	Leeds Station Masterplan	Pre-mandate		Karen Poole	20,000	A	0	A		G	PM resource identified	A	Subject to internal approvals	G	2015	G	2018	A
44	Highway Network Efficiency (UTMC)	Pre-mandate	Richard Hadfield	David Caborne	7,300	A	0	A		G	PM resource identified	G	Mandate Jan 2015	A	2015	R	2018	A
<b>York</b>																		
57ei	Public Transport Improvements	Mandated	TBC	TBC	9,100	G	50	G	Yes	G	Dedicated PM resource from CYC and CA in place	G	Influenced by impact of Lendal Bridge and Traffic commission	R	2015	R	2018	R
57a	York Outer Ring Road Improvements Phases 1 and 2	Mandated	TBC	Ruth Stephenson/Jessica McNeill	37,600	G	452	G	Board In Place	G	Dedicated PM resource from CYC and CA in place	G	GW1 Oct 2014	G	2015	G	2020	G
57g	York Central Access	Mandated	TBC	Ben Murphy/Jessica McNeill	27,000	G	50	G	Yes	G	Dedicated PM resource from CYC and CA in place		GW1 March 2015	G	2016	G	2019	G

## **REPORT FRONT SHEET**

### **AGENDA ITEM: 8**

**Combined Authority: 12 December 2014**

**Report Title: West Yorkshire plus Transport Fund - Programme and Cost Review**

### **Report Summary**

This report provides feedback on work to revise the West Yorkshire Plus Transport Fund programme and a matching funding profile including increased local contributions. The Growth Deal funding previously announced would have funded a £1bn programme over 20 years. The proposed programme has a value of around £1.4bn (outturn prices) and an anticipated delivery programme of 11 years. Approval is sought for the revised programme and increased local contributions. The approach was recommended by the WYCA Investment Committee. The report seeks approval, in principle, to the initial additional resource needed to deliver the fund programme.

### **Possible Questions**

- 1. Is WYCA happy that the revised Transport Fund programme continues to meet the programme objectives (economic growth and a fair distribution of increased access to employment opportunities)?**
- 2. Is WYCA happy that the revised programme is deliverable and robust?**
- 3. Is WYCA content with the revised local funding commitment associated with the revised programme?**
- 4. Is WYCA content for the additional resources needed to deliver the fund to be progressed as set out in the report?**

**Note: The above questions may arise during the debate, but do not preclude other items for discussion and debate.**



Originator: David Hoggarth  
Director Development



## ITEM 8

**Report to:** Combined Authority

**Date:** 12 December 2014

**Subject:** West Yorkshire plus Transport Fund - Programme and Cost Review

### 1. Purpose

- 1.1. To agree a revised programme and funding plan for the West Yorkshire Plus Transport Fund (WY+TF) including increased local contributions to support that programme.

### 2. Information

#### Summary

- 2.1. The Leeds City Region achieved a very positive outcome from the Local Growth Fund settlement. Over the 6 year period (2015/16 – 2020/21) of the Deal, the Leeds City Region secured £572.9 million, which is the largest settlement in the Country. The settlement also included the previously accepted Department for Transport ‘legacy’ schemes, such as Leeds Station Southern Entrance and NGT.
- 2.2. For the West Yorkshire plus Transport Fund, the Growth Deal allows the WYCA to establish a £1 billion Transport Fund for West Yorkshire and York as shown below:

Period	Funding Available	£m
2015/16 – 2020/21	LGF - 6 years @ £30m per year	180
2015/16 - 2024/25	Devolved DfT Major Scheme Funding	183
2021/22 – 2034/35	LGF - 14 years @ £30m per year (subject to independent assessment of satisfactory delivery and economic impact)	420
2015/16 – 2034/35	Public Sector match funding including committed levy	217
<b>Total</b>		<b>1,000</b>

- 2.3. The estimated cost of delivering the Transport Fund portfolio in full was £1.7 billion in outturn prices based on the original 10 year delivery schedule after taking into account inflation. A review has been undertaken to develop a revised programme that matches the funding.
- 2.4. By following the steps below, the review has identified a balanced portfolio that continues to deliver the objectives of the fund over a similar timescale to that originally envisaged. This has been achieved by taking opportunities to accelerate delivery, re-profiling schemes where there is more risk associated with delivery and phasing the delivery of larger schemes to deliver the most effective elements sooner. The key elements are:
- A revised programme that maximises delivery as soon as is realistically feasible, thereby reducing the impacts of inflation on costs;
  - A reduction in the cost of the portfolio – this would be achievable through a new approach to procurement, value engineering and working closely with partners to align work with their programmes and funding streams; and
  - Increasing the funding available – increasing the local contribution from the West Yorkshire Districts and York above what has already been agreed to support additional borrowing.

### **Background**

- 2.5. The WY+TF projects were prioritised using the Urban Dynamic Model (UDM) which predicted the contribution they would make to unlocking economic benefits in terms of GVA created, employment and housing growth across West Yorkshire and York. They were also developed to ensure benefits were equitably distributed across the individual districts and, despite additional commuting associated with more employment, would not increase carbon emissions.
- 2.6. The original package of schemes, agreed in 2012/13 was prioritised based on the amount of GVA forecast by the UDM generated per £1 of public investment. The agreed programme of £1.7 billion (at outturn cost based on circa 80% locally generated funding with the remainder from national resources) over 10 years would deliver the following:
- Generate significant additional economic investment to deliver jobs and growth - 20,000 new jobs in West Yorkshire and York and £2.4bn GVA per annum by the mid-2030s;
  - Bring specific local benefits to residents, businesses and communities by improvements in the West Yorkshire and York transport networks;

- Unlock key employment and housing growth sites in West Yorkshire and York in the city/town centres and Local Plan growth points; and
  - Unlock growth of around 10,000 new homes by around 2030.
- 2.7. There is £1 billion of funding available in 2015 prices spread over a 20 year period up to 2035 (see Table above). This is made up of around 80% government grant and 20% raised locally through the previously agreed levy increase which ramps up to £11.4m per year over 10 years. This is then assumed to rise to £13.2m over the following years.
- 2.8. In order to balance the programme, a review has been undertaken underpinned by the following principles:
- No projects should be removed since this reduces the integrity of the package, and may affect achieving the pre-defined objectives related to the distribution of benefits among partners;
  - A programme of around 10 years should be maintained to ensure all projects are delivered in a 'medium' term time-horizon in line with the original City Deal agreement; and
  - The revised programme should seek to phase elements of larger projects to deliver the most effective and feasible components early to maximise the delivery of impacts.
- 2.9. The review has been undertaken in three stages as set out below:

#### **Stage 1 - Revised Programme**

- 2.10. A revised programme has been developed that seeks to maximise delivery as soon as is realistically feasible, thereby reducing the impacts of inflation on costs. This also has the benefit of achieving positive impacts on employment growth, productivity and GVA sooner.
- 2.11. The revised WY+TF programme would be one that is deliverable over 11 years 2015 to 2025, breaks up larger projects into phases, and maintains the integrity of the whole package by not removing projects. **Appendix A** shows the schemes in the portfolio that would be underway before the end of 2020/21, those that will be underway by that time and those that will be delivered by 2025.
- 2.12. As the growth deal provides flexibility at a programme level there is scope to amend the list of projects in future and update the pipeline being developed. This could be as a result of new projects being considered, existing projects not passing appraisal gateways or as a result of new opportunities and priorities emerging. Any changes would be made in accordance with the principles set out in the Single Appraisal Framework (SAF).

## **Stage 2 – Reducing Funding Required**

- 2.13. It is proposed, through discussions between the partners, that two elements of the programme could be reduced in scale and cost whilst delivering the majority of the outputs.
- Transformational projects – reduce funding required from £25m to £12.5m for development work to influence government and other partners to justify future transformational investments such as rail electrification, airport access, rolling out of mass transit (tram-train and/or NGT for example) and preparing for HS2 and HS3; and
  - Highways Efficiency and Bus Package - reduce funding required from £250m to £125m for the package of highway improvements across the strategic road network bringing benefits for road users and buses. The review identified that there is a case for reducing the scale of the funding required because of overlaps with other corridor projects.
- 2.14. There are a number of opportunities to reduce the overall cost of delivering the portfolio:
- The scale of the WT+TF justifies a new approach to procurement with significant potential to reduce costs through economies of scale and longer time scale certainty. HM Treasury reports suggest that cost savings of 12% can be gained in highway infrastructure delivery through improved collaboration;
  - As projects develop opportunities will be taken to undertake value engineering to reduce costs; and
  - Working with other major infrastructure providers (such as the Highways Agency and Network Rail) to align programmes and seek full or partial contributions towards the development and delivery of Transport Fund projects.

## **Stage 3 – Increasing Funding Available**

- 2.15. The outcome of Stage 1 is a revised programme of £1.46 billion and Stage 2 suggests that further reductions of up to 20% are achievable but this still leaves a funding gap.
- 2.16. The most achievable way of closing this funding gap would be to borrow this sum with the debt costs supported by additional local contributions through the levy. It is recognised that the requirement to increase further local funding is, in the current financial climate, an extremely difficult one to commit to at this stage. The initial focus is on delivery in the first six years to the first 'performance gateway' in 2019 and as such there needs to be a commitment to funding the projects over that

period. Opportunities to provide local contribution through the use of the business rates pool are being explored.

- 2.17. The financial modelling has assumed prudent interest rates and 'capex' inflation in order to provide costs that contain an amount of risk and contingency. There are also options that can be further developed with regard to the timing and length of loans that are taken out. The modelling suggests that the most cost effective way to raise the extra financing would require increased levy contributions from 2016/17 onwards, starting at £1.5m over and above that already agreed, rising to £8-10m and continuing to rise to £25m plus by 2020.
- 2.18. The actual contributions required would be highly dependent on movements in interest rates and any changes in the timing and size of the schemes in the programme and would be regularly revised to reflect the delivery of the programme. There are ways in which the debt costs can be managed to offer a more affordable profile but which would increase the total costs to be paid over the 30 year term of the borrowings. A number of scenarios have been modelled which require no extra funding in the first year and which then ramp up over different timeframes to a maximum contribution level of £20m or £25m for the funding period.
- 2.19. It should also be noted that unlocking the further LGF from Government beyond 2021 of £420m is dependent upon successful delivery and achieving an agreed set of outputs, outcomes, and impacts, which will be subject to independent assessment at five yearly intervals (covered elsewhere on the Agenda). Because the Growth Deal is based on a payment by results mechanism, any projects which rely in whole or in part on LGF beyond 2020/21 are therefore subject to risk.

#### **Impact of the Revised Programme**

- 2.20. The primary objective for the WY+TF is to achieve:
  - An increase in employment and productivity growth by the completion of transport schemes across West Yorkshire and York, irrespective of boundaries.
- 2.21. In West Yorkshire further objectives were put into place to ensure an equitable distribution across the area. Against the primary objective of supporting the maximum possible impact on GVA and employment, two accessibility minima have been agreed:
  - 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.
- 2.22. In terms of environmental impacts, a further objective was established as follows:
  - The overall impact of the Fund's interventions would be carbon neutral at the package level.

- 2.23. The original proposed package was tested in the Urban Dynamic Model (UDM) and was successful in meeting all these agreed objectives. The revised programme has been re-assessed to ensure that these objectives would still be delivered.
- 2.24. The outputs suggest that by the mid-2030s the revised transport fund package would deliver at least an additional 18,500 new jobs, 10,500 new homes and £2.45 billion of GVA (per annum) across West Yorkshire and York. These forecasts do not include the additional uplift arising from the network wide benefits of delivering the package as a whole. Previous experience suggests these employment forecasts would exceed 20,500 new jobs by the mid-2030s after these network impacts are included.
- 2.25. The new analysis for the revised and re-profiled package also forecasts a 30% increase in employment accessibility for West Yorkshire residents and that all Districts show an increase greater than half the West Yorkshire average. Furthermore residents living in 'deprived' areas within West Yorkshire would experience an increase in the number of accessible jobs of 8.5% above the average.
- 2.26. Until the full package is tested collectively it is not possible to assess the impact on carbon. However at this stage the cumulative effects of each individual project suggest a reduction in around 18,500 car commuting trips per day would lead to an overall reduction in carbon emissions compared to the modelled baseline.
- 2.27. In summary, the revised package delivered over a re-profiled timescale is forecast to be more effective than the original at delivering the objectives of the transport fund as a result of accelerating more effective projects (in full or in part) and benefiting from improved connectivity sooner, so that by the mid-2030s these improvements have had a longer period to have a positive contribution on the economy.
- 2.28 The approach to re-profiling the programme and associated additional local contributions was endorsed by the Investment Committee at their meeting on 28 November.

### **3. Financial Implications**

- 3.1. As set out in paragraphs 2.15 – 2.19 above, in order to deliver the full programme as agreed further local contributions will be required from 2016/17 onwards. The extent of borrowing required will be kept under review as scheme delivery progresses in order to minimise the costs to the WYCA and District Councils.
- 3.2. The funding profile scenarios are being discussed with finance officers at District Councils. A decision on the preferred profile will be included in the medium term financial strategy and Capital Plan and will not require any further local contributions in the first year other than the previously agreed modest increase in the transport levy.

- 3.3. For the purpose of financial modelling prudent assumptions have been made about inflation and interest rates however given the timescale for the programme there is a risk associated with future fluctuations around these assumptions.
- 3.4. The revised programme includes expenditure on developing projects which would be delivered after 2021. Funding from Government for delivery beyond 2021 is dependent upon the independent assessment at 2019. Therefore expenditure in preparing for delivery post 2021 would be at risk.
- 3.5. Because the LGF funding is based on a 'payments by result' mechanism, any projects or potential borrowing which rely in whole or in part on that funding beyond 2021 are subject to risk.
- 3.6. The West Yorkshire and York Financial Officers have been involved in the review of the WY+TF portfolio and the financial implications for increased local contributions.

#### **4. Legal Implications**

- 4.1. None as a result of this report.

#### **5. Staffing Implications**

- 5.1. The availability of staffing resources (along with the level of funding available) is a major risk to the development and delivery at the scale required to implement the revised programme, particularly as it seeks to accelerate and maximise delivery by 2021.
- 5.2. Additional resources were provided at risk to commence work on the development of early win projects before the Local Growth Fund announcement, and this has been an important factor in making good progress with preparing for the delivery of projects in 2015/16 and 2016/17.
- 5.3. In the short term, the Combined Authority has identified options which could reallocate internal staffing resources to support the development of transport fund projects. This would also expand the central resource available to support projects being developed across the partners. The costs of these additional short term resources would be met through capital allocations for the fund and are included within the current budget.
- 5.4. Notwithstanding these short term actions, a significant step change in the scale, capacity and capability of resources will be required to manage, develop and deliver the programme as proposed. The costs for these resources would be met from the Transport Fund budget as cost estimates include overheads for programme and project management, feasibility, design, procurement and delivery. A detailed resource proposal is under development and this is likely to involve a mix of new resources, existing partners' resources and external delivery partners(s). In order to

minimise the risk to the programme, the first phase of resources would need to be in place as early as possible in 2015.

- 5.5 An initial requirement of up to an additional 30 FTE (Full Time Equivalent) staff has been identified across the delivery partners and WYCA. Options for utilising existing resources more effectively in a more collaborative way will be explored alongside the recruitment of new posts where required. Approval is sought to delegate the agreement of an initial recruitment exercise covering these posts, including explaining the options for secondment and collaboration to the Head of Paid Service.

## **6. Consultees**

- 6.1. The Investment Committee, the Transport Committee, the Transport Portfolio Advisory Group, the CA Head of Paid Service and West Yorkshire and York Chief Executives have been consulted in the preparation this report.

## **7. Recommendations**

- 7.1. That the re-profiled West Yorkshire+ Transport Fund Programme is approved.
- 7.2. That the Committee recommends the proposed approach to increasing local contributions to meet the anticipated funding gap as set out in 2.15 to 2.19 to the Combined Authority.
- 7.3 That the Head of Paid Service is authorised to approve a resourcing plan and commence recruitment of the posts set out in paragraph 5.5

## **8. Background Documents**

- Local Growth Fund Delivery, West Yorkshire and York Investment Committee, Item 5, 1 October 2014
- Leeds City Region Growth Deal Delivery, West Yorkshire Combined Authority, Item 6, 18 September 2014



**PROJECTS TO BE DELIVERED IN FULL BY 2021**

Rail station gateways – Phase 1
Highways network efficiency (UTMC) across West Yorkshire strategic highway network
Wakefield Eastern Relief Road
A650 Tong Street Corridor Improvements, Bradford
Wakefield City Centre Package (Kirkgate and Denby Dale junctions)
East Leeds Orbital Road and northern outer ring road junctions
Aire Valley - Leeds Integrated Transport Package (phase 1 park and ride only)
Halifax- Huddersfield A629 Corridor Improvements and Halifax town centre (Phases 1-4 only)
Glasshoughton Southern Link Road
A650 Hard Ings Road and Keighley town centre improvements
West Yorkshire package of highways efficiency (all vehicles) and bus improvements (Phase 1 - focusing on priority corridors)
Rail Station parking expansion programme across West Yorkshire
Pontefract Northern Bypass (now on site and completed early in 2015 using 30% advance funding from the Fund)
Calder Valley Line rail enhancements (to enhance Network Rail commitments)
A65 to the Airport Link Road, Leeds
A62 Cooper Bridge Junction, Kirklees
Harrogate Road/New Line Junction Bradford
Leeds city centre network improvements – Phase 1 orbital capacity on the Inner Ring Road
York Central Access including rail station gateway improvements and access to the development site
Public Transport Improvements in York city centre
York Northern Outer Ring Road Improvements

**OTHER PROJECTS ON SITE BY 2021**

Rail station gateways – Phase 2
Aire Valley - Leeds Integrated Transport Package (Phase 2 highway Access)
A62 to Huddersfield and A644 works (excluding later delivery of Ravensthorpe Relief Road)
Halifax- Huddersfield A629 Corridor Improvements and Halifax town centre (Phase 5)
West Yorkshire package of highways efficiency (all vehicles) and bus improvements (Phase 2)
A653 Dewsbury to Leeds corridor
M62 Junction 24a on A641 Bradford Road south of Brighouse (this project is dependent on the Highways Agency)
Bradford to Huddersfield A641 Corridor (partially completed)
Bradford - Shipley Corridor Improvements along Canal Road and Manningham Lane
East Leeds Parkway
South East Bradford Access Route, Bradford
Clifton Moor Park and Ride, York

**FURTHER PROJECTS TO BE DELIVERED BY 2025**

Rail station gateways - Phase 3
Castleford Highways Improvements
A644 Ravensthorpe Relief Road, Kirklees
West Yorkshire package of highways efficiency (all vehicles) and bus improvements (Phase 3)
NGT to Aire Valley, Leeds
A6110 Leeds Outer Ring Road Route Improvement (Stanningley Bypass to M621), Leeds

## **REPORT FRONT SHEET**

### **AGENDA ITEM: 9**

**Combined Authority: 12 December 2014**

**Report Title: West Yorkshire Plus Transport Fund Approvals and Assurance Framework**

### **Report Summary**

The report seeks approval to an updated Assurance Framework. This report also seeks three Gateway Approvals for West Yorkshire Plus Transport Fund Schemes:

- Gateway 1 for Harrogate New Line (Bradford)
- Gateway 1 for York Outer Ring Road (York)
- Gateway 3 for Wakefield Eastern relief Road (Wakefield)

The WYCA Investment Committee has considered the gateway submissions and recommends that WYCA approves progression through the gateways in accordance with the Assurance Framework. The Wakefield Eastern Relief Road approval is conditional on planning approval, land agreements and the tender price being within the agreed budget.

### **Possible Questions**

1. **Is WYCA happy to agree the updated West Yorkshire and York Assurance Framework for the governance of the Transport Fund?**
2. **Is WYCA satisfied that the criteria for the schemes passing through the gateways have been met?**
3. **Is WYCA happy to allocate funding (from the overall Transport Fund programme) to allow the schemes to progress to the next stage?**
4. **Do the schemes continue to contribute to the wider outcomes sought through the Strategic Economic Plan?**

**Note: The above questions may arise during the debate, but do not preclude other items for discussion and debate.**

Originator: David Hoggarth  
Director, Development



## ITEM 9

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**Report to:** West Yorkshire Combined Authority

**Date:** 12 December 2014

**Subject:** West Yorkshire Plus Transport Fund : Approvals and Assurance Framework

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### 1. Purpose

- 1.1. To seek approval to the updated West Yorkshire and York Assurance Framework.
- 1.2. To approve the progression of the Harrogate Road New Line and York Outer Ring Road projects through Gateway 1.
- 1.3. To approve the progression of the Wakefield Eastern Relief Road through Gateway 3.

### 2. Information

2.1. As part of the process to devolve major scheme funding, the DfT requires that West Yorkshire and York have an agreed Local Assurance Framework in place. This is a written process setting out how the WYCA will ensure that major investment in transport will be assessed to demonstrate that it is good value for money and has been effectively appraised. A draft Local Assurance Framework was endorsed by the Department for Transport in 2013. It subsequently required finalising to reflect:

- Feedback from the DfT on Interim Assurance Framework submitted in 2013;
- The change to a Combined Authority and its governance and decision making processes;
- The use of the Single Appraisal Framework (SAF);
- The use of proportionate appraisal to tailor the level of assessment to the cost and complexity of a project.

- 2.2. The draft updated West Yorkshire 'Plus' Transport Fund (WY+TF) Assurance Framework is attached as **Appendix 1**. The Authority is asked to approve this updated version.
- 2.3. In line with the WY+TF Assurance Framework and the emerging Single Appraisal Framework (SAF), the WYCA is responsible for approving the progression of Transport Fund projects through the following Gateways:
- **Development Approval (Gateway 1)** - scheme sponsors undertake modelling, appropriate feasibility work and the preparation of a high level business case;
  - **Procurement Approval (Gateway 2)** - scheme sponsors continue to develop more robust cost estimates, undertake high level WebTAG appraisal appropriate to the nature and complexity of the scheme, progress detailed design work, refine risk levels, prepares to seek a price from the market to implement the scheme and updates the business case;
  - **Implementation Approval (Gateway 3)** – before implementation is approved, the WYCA needs to be satisfied that the final cost estimates are robust, risk exposure is acceptable, and that forecast outcomes remain comparable with those agreed in earlier gateways.
- 2.4. To pass Gateway 1, the submitted documentation needs to show that the scheme will provide an acceptable level of value for money, has a clear set of objectives and a realistic chance of successful implementation. The following Gateways were endorsed by the Investment Committee at their meeting on 28 November 2014.

#### **Harrogate Road New Line**

- 2.5. The **Harrogate Road New Line** is an agreed 'early win' scheme. The A658 Harrogate Road / A657 New Line junction is situated on the corridors between Bradford and Leeds Bradford International Airport and between Airedale/ShIPLEY & Leeds. The crossroads junction is currently a significant congestion pinch point with delays on all four legs having a detrimental impact on journey times both in the peak and inter-peak.
- 2.6. Improvements to this junction will improve traffic flows and reduce congestion both on the A658 and A657, improve access to Leeds Bradford International Airport and to the new rail station at Apperley Bridge. It will also facilitate housing development in the immediate area and improve safety and reduce severance for pedestrians and cyclists.
- 2.7. The Business Case demonstrates that the improvements to this junction will support the key objectives of the Transport Fund to maximise growth in GVA (gross value added - a measure of the local economy), increase business productivity and to improve accessibility to employment within West Yorkshire.

- 2.8. A Gateway Peer Review Panel concluded that, based on the Gateway 1 submission, the project remains deliverable, represents value for money, risks and costs are well understood and being well managed.
- 2.9. A summary business case is attached as **Appendix 2**.
- 2.10. The Gateway 1 submission is seeking £198,000 to allow the preparation of detailed design, submission of planning application and the development of a full detailed business case. Approval to proceed beyond that stage would be sought at Gateway 2.
- 2.11. Whilst provision to commence this work has been made in 2014/15 Interim budget, Approval of Gateway 1 is a commitment to fund the cost of detailed design in 2014/15 and 2015/16.

### **York Outer Ring Road**

- 2.12. The **York Outer Ring Road (YORR)** is also an 'early win' scheme. It addresses a current transport problem in terms of congestion by increasing capacity at 7 roundabout junctions, but also allows for investment to be brought forward and further schemes to be considered by improving access to key regeneration sites within the city.
- 2.13. The project is part of a wider strategic plan to improve economic attractiveness of the city by enhancing the city centre environment and improving traffic flow within and around the city. The city centre suffers from congestion, exacerbated by the historic layout and narrow streets. By reducing congestion, improving the traffic flow and journey times on the outer ring road to the north of the city, traffic can be encouraged out of the city centre and onto the strategic highways where the traffic flows can be managed effectively. This will be supported by the other York WY+TF projects to improve public transport in the city centre to 'lock in' the benefits that the YORR will deliver.
- 2.14. The review of the **YORR** Gateway 1 submission concluded that the project remains deliverable, represents value for money and risks and costs are well understood and being well managed.
- 2.15. The Gateway 1 submission is seeking £208,000 to allow the preparation of detailed design, submission of planning application and the development of a full detailed business case. Approval to proceed beyond that stage would be sought at Gateway 2.
- 2.16. The Gateway Peer Review Panel concluded the submission was sufficient to recommend progressing to detailed design subject to the provision of additional information to be included in a revised submission before seeking final approval from the Combined Authority in December.

2.17. A summary business case is attached as **Appendix 3**.

### **Wakefield Eastern Relief Road**

2.18. The **Wakefield Eastern Relief Road (WERR)** is an 'early win scheme and has a high GVA/£ ratio. It is also one of the most developed projects in the Fund and is programmed to commence on site during 2015/16. The scheme passed through Gateway 1 in May 2014 and Gateway 2 in September 2014.

2.19. A summary business case is attached as **Appendix 4**.

2.20. The Gateway review process identified the following:

- As a result of an increased cost estimate for utility diversions, the overall estimated cost of the project has increased by £0.9m. However Wakefield are confident that the actual cost utilities work will be significantly lower than the latest estimate and therefore suggested that any additional costs are underwritten from other funding sources outside the transport fund. This means the overall cost of delivering the scheme to the fund remains as quoted at Gateway 2.
- The gateway review process highlighted the application of design standards used to develop the WERR. Wakefield have subsequently provided their justification for the approach they have taken to applying design standards and have provided assurance that these have been appropriately considered and applied throughout the design process.

2.21. It has been concluded that, subject to the following conditions, it is appropriate for the project to pass through Gateway 3:

- Confirmation that Planning Approval has been granted (decision expected 18 December 2014);
- Tender price selected and confirmation that whole scheme to be delivered within the £33.053m total cost to the Fund (outturn prices) as reported in the Gateway 3 submission including an appropriate allowance for risk;
- Final land agreements in place to allow the entire scheme to be delivered.

2.22. Once the above conditions are met funding would be released to allow the delivery of the scheme commencing in 2015/16. The contribution from the Transport Fund over and above that previously approved to progress the scheme to this point is programmed to be £0.2m in 2014/15, £17.3m in 2015/16 and £14.7m in 2016/17.

2.23. Given the need to achieve a critical deadline for a railway line possession (Christmas 2015) to allow the construction of a bridge over the railway line, Gateway 3 will be sought from WYCA, subject to the above conditions.

### **3. Financial Implications**

3.1. The financial implications to progress the schemes through the Gateways are as follows:

- Harrogate Road New Line – £198,000 required to progress to Gateway 2;
- York Outer Ring Road – £208,000 required to progress to Gateway 2;
- Wakefield Eastern Relief Road - £32.355m required to deliver the project (subject to confirmation of Planning approval, Tender Price and Land Acquisition).

3.2. The expenditure associated with the above is included in the revised WY+TF programme being presented to the Investment Committee under Agenda Item 8.

3.3. To date all work undertaken on York projects has been funded from York's own budget. Funding of York schemes through the centrally held Fund will require an agreement with York. A proposal is currently being developed for consideration.

### **4. Legal Implications**

4.1. None as a result of this report.

### **5. Staffing Implications**

5.1. The overall co-ordination of the WY+TF will continue to be managed by the Combined Authority. Individual projects are being managed and progressed using a combination of in-house staff (WYCA and District Council) and consultancy support.

### **6. Consultees**

6.1. The Transport Portfolio Advisory Group, the CA Head of Paid Service and Finance Directors have been consulted in the preparation of this report.

6.2. The Gateway approvals were endorsed by the Investment Committee at their meeting on 28 November 2014.

### **7. Recommendations**

7.1. That the Authority approves the updated West Yorkshire and York Assurance Framework.

7.2. That the Authority approves the progression of the Harrogate Road New Line project through Gateway 1 in line with the recommendation from the Investment Committee.

- 7.3. That the Authority approves the progression of the York Outer Ring Road project through Gateway 1 in line with the recommendation from the Investment Committee.
- 7.4. That the Authority approves the progression of the Wakefield Eastern Relief Road through Gateway 3 in line with the recommendation from the Investment Committee. (subject to confirmation of Planning approval, Tender Price and Land Acquisition)

**8. Background Documents**

- West Yorkshire Plus Transport Fund - Gateway Approvals, West Yorkshire and York Investment Committee, 28 November 2014, Item 7.



**West Yorkshire 'Plus' Transport Fund**

**Assurance Framework from April 2014**

Executive Summary

Pages 1 – 4

Assurance Framework

Pages 5 - 30

**Executive Summary**

Fig 1: West Yorkshire 'Plus' Transport Fund – decision making from 1 April 2014

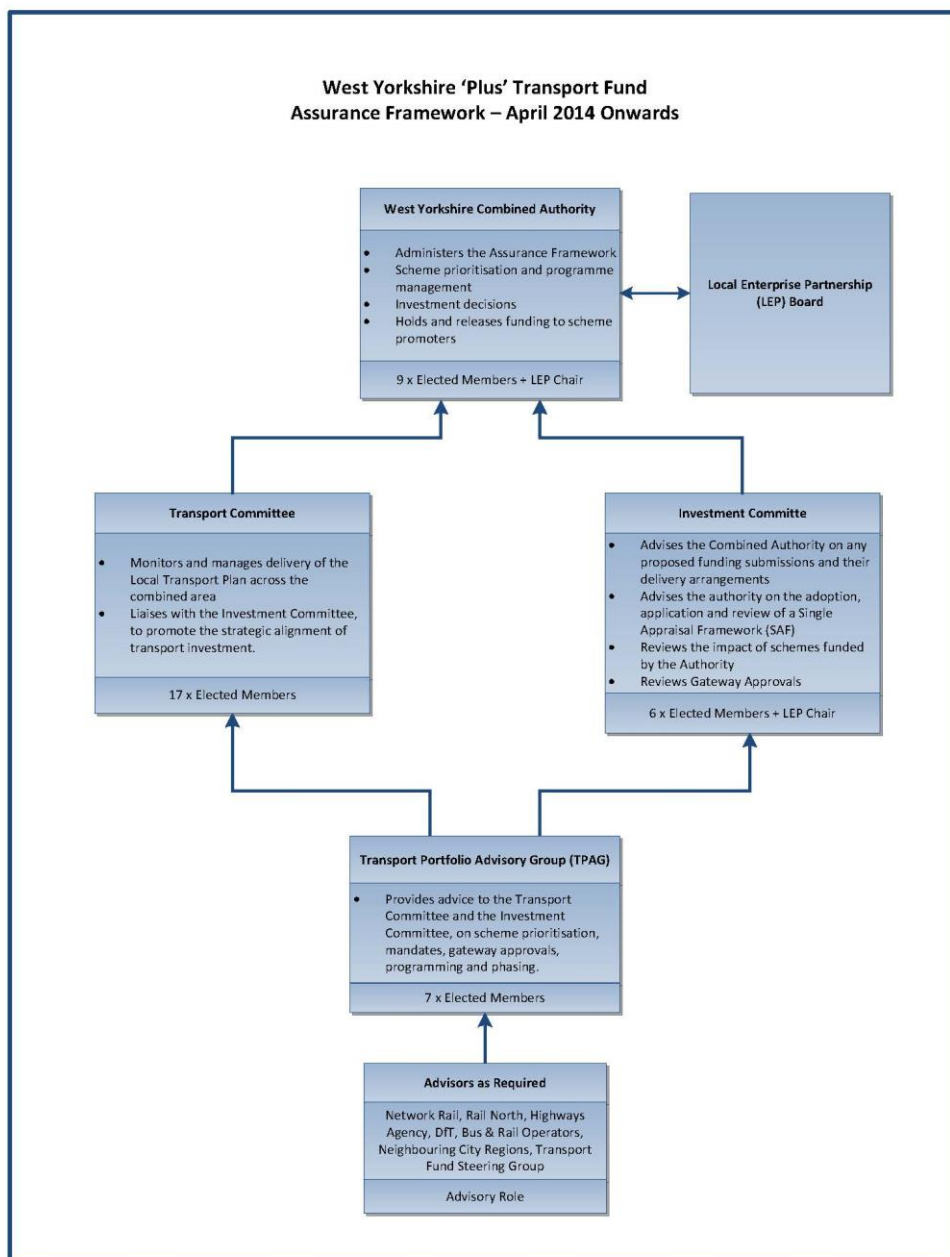


Fig 2: Assurance Framework Summary Table

<b>PART I – PURPOSE, STRUCTURE AND OPERATING ARRANGEMENTS</b>	
<b>LTB Name</b>	<b>West Yorkshire Combined Authority (WYCA).</b> The WYCA will act as the LTB from 1 April 2014. The WYCA comprises Elected Members from West Yorkshire and York and the Chair of Leeds City Region LEP.
<b>LTB Geography</b>	Bradford, Calderdale, Kirklees, Leeds, Wakefield and York.
<b>LTB Accountable Body</b>	West Yorkshire Combined Authority (WYCA).
<b>LTB Function Administered By</b>	WYCA will administer the functions of the LTB.
<b>LTB Membership</b>	Elected Members from WY District Authorities plus York, and LEP Chair (or nominee) will form the LTB membership. WYCA will receive advice from: <ul style="list-style-type: none"> <li>• Transport Portfolio Advisory Group;</li> <li>• West Yorkshire and York Investment Committee</li> <li>• Transport Committee</li> <li>• LEP;</li> <li>• West Yorkshire 'Plus' Transport Fund (WY+TF) Steering Group/Transport Fund Office;</li> <li>• Other advisors as required.</li> </ul>
<b>LTB Structure Diagrams</b>	See WYCA diagram on page 1.
<b>LTB Conflicts of Interest</b>	Elected Members on the WYCA will be subject to the existing protocols/policies of the WYCA.
<b>LTB Gifts and Hospitality</b>	Elected Members on the WYCA will be subject to the existing protocols/policies of the WYCA.
<b>LTB Audit and Scrutiny</b>	An annual independent Local Audit will be carried out by a Qualified Auditor.
<b>LTB Objectives and Purpose</b>	<ul style="list-style-type: none"> <li>• Agree (WY+TF) investment priorities for local and strategic roads, and bus and rail schemes, and any cross boundary schemes;</li> <li>• Review WY+TF business cases, approve schemes and recommend the release of funding;</li> <li>• Monitor delivery and programme;</li> <li>• Ensure value for money is achieved.</li> </ul>
<b>LTB Support / Administration</b>	<p>Two key support mechanisms to deliver the project mandates:</p> <ul style="list-style-type: none"> <li>• WY+TF Steering Group comprising of Chief Officers from the District Authorities and WYCA (plus Highways Agency and Network Rail as required) to meet monthly as required to formulate advice and recommendations for WYCA</li> <li>• WY+TF Office (staff from District Authorities and WYCA, plus consultants if required) to manage the Programme and Project Boards established on full/ part time basis, including co-ordination of Benefits Realisation, Financial and Risk Management, Governance and Resources, and WebTAG appraisal capability.</li> </ul> <p>Support/Administration will be carried out using OGC best practice:</p> <ul style="list-style-type: none"> <li>• PRINCE2;</li> <li>• Managing Successful Programmes;</li> <li>• Management of Portfolios.</li> </ul>
<b>LTB Working Arrangements and Meeting Frequency</b>	LTB business items will be considered at the scheduled WYCA meetings held in public on a rotating basis in Bradford, Calderdale, Kirklees, Leeds, Wakefield or York.
<b>LTB Transparency and Local</b>	<ul style="list-style-type: none"> <li>• WYCA adheres to the Local Government Transparency Code and will</li> </ul>

Engagement	<p>continue to engage with public/stakeholder groups as part of its decision making process;</p> <ul style="list-style-type: none"> <li>• WYCA will develop a dedicated website link for the WY+TF process. Agendas and papers will continue to be publically available one week ahead of meetings.</li> <li>• Summary Business Cases for Gateways Approvals will be published in advance to allow for external views to be sought.</li> <li>• WYCA will also administer any statutory information requests.</li> </ul>
Complaints / Whistleblowing	<p>WYCA will utilise the existing Complaints/ Whistleblowing process to investigate and resolve any case where it is alleged that the WYCA is acting unlawfully, failing to adhere to the Assurance Framework or failing to safeguard public funds. Cases will be referred to the DfT if they cannot be resolved locally.</p>
<b>PART II – SCHEME PRIORITISATION</b>	
Prioritisation	<ul style="list-style-type: none"> <li>• Prioritisation is an important first stage to create a focused programme of investment</li> <li>• Transport Fund scheme prioritisation process already in place which is line with the emerging Single Appraisal Framework (SAF).</li> <li>• The SAF will facilitate the prioritisation of what could be a 'long-list' of candidate schemes to be taken forward for further detailed business case development</li> <li>• Criteria for the prioritisation includes: – Strategic Case, including contribution to increasing jobs and GVA , Scheme Optimisation, Gateway Reviews, VFM indicators, Other Criteria, Deliverability.</li> <li>• List of Core Projects are included within the LCR Growth Deal 2014.</li> </ul>
Scheme Eligibility	<ul style="list-style-type: none"> <li>• Only schemes prioritised for investment in the WY+TF will be considered for funding;</li> <li>• Devolved major scheme element of the Fund is only available as capital;</li> <li>• Locally determined minimum cost threshold of £5m per package (inc optimism bias)</li> </ul>
Scheme Types	<p>5 types of schemes have been prioritised to date:</p> <ul style="list-style-type: none"> <li>• Radial</li> <li>• Orbital</li> <li>• Development areas</li> <li>• Motorway access</li> <li>• Improvements between Major Centres</li> </ul>
<b>PART III – PROGRAMME MANAGEMENT AND INVESTMENT DECISIONS</b>	
Applicability of Framework for Transport Fund	<p>Assurance Framework will apply to the whole of the WY+TF irrespective of the source of funding within the £1bn Transport Fund, but applied on a proportionate and partial basis as set out above below:</p> <p><u>&gt;£50m</u></p> <ul style="list-style-type: none"> <li>• Full application of the Assurance Framework appraisal techniques selecting only high VFM (BCR&gt;2.0) schemes;</li> </ul> <p><u>£20m - £50m</u></p> <ul style="list-style-type: none"> <li>• Light touch or full application Assurance Framework appraisal techniques depending on scheme complexity, selecting only high VFM schemes (BCR&gt;2.0);</li> </ul> <p><u>&lt;£20m</u></p> <ul style="list-style-type: none"> <li>• Light Touch Appraisal – proportionate and partial application of the</li> </ul>

	<p>Assurance Framework appraisal techniques selecting only high VFM (BCR&gt;2.0) schemes;</p> <p><b>'Hard to Demonstrate'</b></p> <ul style="list-style-type: none"> <li>• 'Hard to Demonstrate' Appraisal - proportionate and partial application of the Assurance Framework appraisal techniques selecting schemes that do not necessarily demonstrate a high BCR using conventional appraisal techniques, but do support the Fund's key objectives of jobs and GVA growth.</li> </ul>
Scheme Assessment and Approval	<p>The SAF incorporates a 3 Stage Gateway Approval process :</p> <ul style="list-style-type: none"> <li>• Gateway 1 – Development Approval;</li> <li>• Gateway 2 – Construction Procurement Approval;</li> <li>• Gateway 3 – Implementation Approval.</li> </ul> <p>Appropriate 'Health Check Gateways' will also be undertake to provide assurance</p>
Transport Business Case	<p>In order to provide a clear framework for the development of robust business cases the SAF has adopted and complies with HM Treasury Five Cases principles and DfT Business Case Guidance:</p> <ul style="list-style-type: none"> <li>• Strategic case – the scheme fits with one or more of the four strategic pillars of the LCR Strategic Economic Plan and wider public policy objectives;</li> <li>• Economic case – the scheme demonstrates value for money;</li> <li>• Commercial case – the scheme is commercially viable;</li> <li>• Financial case – the scheme is financially affordable;</li> <li>• Management case – the scheme is deliverable and its objectives achievable.</li> </ul>
Value for Money	<ul style="list-style-type: none"> <li>• GVA/£ ratio utilised</li> <li>• WebTAG will be used for all schemes, proportionate to the size, complexity and funding source of the scheme;</li> <li>• A Value for Money Statement will be prepared for each scheme;</li> <li>• Generally, only 'high' VFM schemes will be approved with BCR&gt;2.0, but flexibility retained to approve 'hard to demonstrate' schemes with BCR&lt;2.0 where GVA/jobs benefits are not captured in appraisal process.</li> </ul>
External views on Business Case	<p>Summary Business Cases will be published in advance on the web site before Gateway Approval decisions are made.</p>
Monitoring and Evaluation	<p>Scheme promoters will monitor the scheme's progress against a set of standard measures as set out in the DfT's 'Monitoring and Evaluation Framework for Local Authority Major Schemes September 2012'.</p>
Release of funding, cost control and approval conditions	<ul style="list-style-type: none"> <li>• Funding is capped with a claw back provision;</li> <li>• Any request to fund cost overruns from the WYTF will be considered by the WYCA following a reworking of the Business Case. DfT's devolved major scheme funding will not be used to fund overspends;</li> <li>• Promoter's Section 151 Officer to sign off all expenditure;</li> <li>• Funding released in advance in quarterly instalments with reconciliation to accelerate or pause payments to keep pace with actual spend;</li> <li>• Local audit of schemes to detect any mis-use of funds.</li> </ul>
Programme and Risk Management	<ul style="list-style-type: none"> <li>• A named Officer (David Hoggarth, Director, WYCA) will be responsible for advising the WYCA on Programme and Risk Management;</li> <li>• Risk Management Statement to be published that sets out how programme risk will be managed, including cost overruns, slippage, and over-programming.</li> </ul>

## Introduction

- i. The Department for Transport (DfT) has abolished the competitive process where scheme sponsors compete for funding from the 'national Major Scheme funding pot'.
- ii. Instead, from the 2014 Spending Review period, the DfT will devolve and distribute funding based on population to voluntary local partnerships and with decisions on this funding being taken by accountable local partners. This new local partnership is to be known as a 'Local Transport Body' (LTB).
- iii. In addition to this DfT proposition for major scheme funding, the Leeds City Region secured its City Deal in July 2012 to unlock and drive economic and productivity growth by investing in infrastructure, skills and business through devolved power and resources covering: transport; an economic infrastructure investment fund; trade and inward investment; and skills and worklessness.
- iv. As a part of the City Deal, the West Yorkshire local authorities and York have worked collaboratively to create the WY+TF and a Combined Authority (from April 2014). The new Fund will include devolved major transport scheme funding as well as other sources of funding.
- v. These arrangements are being put in place to help deliver a world class, fully integrated transport system that drives economic growth and creates jobs.
- vi. The City Deal agreement with HM Government also contained a commitment to establish a **"Single Appraisal Framework" (SAF)**, with the aim to develop a consistent robust appraisal process which is HM Treasury and DfT approved, enabling devolved investment decision making. The SAF, which will be fully operational from April 2015, therefore forms a vital component of the Combined Authority's and Leeds City Region's Enterprise Partnership (LEP) assurance framework covering all Government funding flowing through the CA and LEP.
- vii. The West Yorkshire Combined Authority (WYCA) will administer the requirements of the Local Transport Body for the WY+TF.
- viii. The DfT have advised that a share of the national Major Transport Scheme funding pot will be allocated in West Yorkshire and York as shown in Figure 3 below:

**Figure 3: Indicative Funding Allocations**

<b>Funding Allocations from Major Scheme Funding Devolution</b>	
<b>Funding Period</b>	<b>Funding</b>
2015 - 20	£101m
2021	£82m
<b>Totals</b>	<b>£183m</b>

- ix. The West Yorkshire District Councils, WYCA, City of York Council and the LCR LEP all strongly support this approach, believing that devolution will lead to more efficient and locally-led decision making which will allow the area to better prioritise and

deliver its local priorities and supports the establishment of the £1bn Transport Fund. This approach to devolution also compliments our on-gong work with Rail North to be more involved with the local rail franchises from 2016 with partners across the North and with the DfT.

- x. This Assurance Framework sets out the appropriate safeguards and processes to be put in place to ensure the proper use of public funds and that value for money is secured. The Framework has been prepared in accordance with DfT Guidance issued on 23 November 2012.
- xi. The WY+TF and the prioritised list of Core Projects and Gateway Schemes is now a core part of the Leeds City Region Growth Deal (July 2014).

### **West Yorkshire Combined Authority**

- xii. Following the West Yorkshire Governance Review and publication of a scheme, in line with the requirements of the Local Democracy, Economic Development and Construction Act (2009) and Local Transport Act (2008) the **West Yorkshire Combined Authority** was established on 1 April 2014 in line with the proposition set out in the City Deal.
- xiii. The Combined Authority is made up of Elected Members from the five West Yorkshire District Authorities and York and a member of the Leeds City Region LEP.
- xiv. The West Yorkshire Combined Authority is responsible for strategic economic development and transport and has taken all powers and functions of the West Yorkshire Integrated Transport Authority (ITA), which has now been dissolved.
- xv. The Combined Authority is the Local Transport Authority and is the legally-constituted decision making Local Authority with York as an associate member. York is able to consider becoming a full member of the Combined Authority when legislation allows.

### **Local Transport Body**

- xvi. For the Interim Period to 31 March 2014, the LTB functions were administered on an interim basis by the WYITA who also acted as the Interim Accountable Body for the LTB.
- xvii. From 1 April 2014, **WYCA** became responsible for the LTB functions and became the Accountable Body for the LTB.

### **Single Appraisal Framework**

- xviii. As previously mentioned the City Deal agreement with HM Government contained a commitment to establish a “**Single Appraisal Framework**” (**SAF**), with the aim to

develop a consistent robust appraisal process which is HM Treasury and DfT approved. The SAF, which will be fully operational from April 2015, will form a vital component of the Combined Authority's and Leeds City Region's Enterprise Partnership (LEP) assurance framework covering all Government funding flowing through the CA and LEP.

xix. The SAF has been designed to build on our existing appraisal and project development processes (e.g. those adopted for the prioritization and appraisal of West Yorkshire plus Transport Fund schemes, Growing Places Fund schemes and Regional Growth Fund). The SAF, which has been designed in line with HM Treasury Green Book and Five Cases principles and DfT WebTAG appraisal guidance, **does not take decisions, instead it:**

- **provides an objective system of appraisal by which programmes and individual projects can be assessed against agreed criteria** (economic, strategic, financial, management and commercial), so that prioritisation (*in terms of the allocation of funding and prioritising between proposals*) can occur; and investment decisions informed; and
- **provides a consistent and robust process by which a pipeline of projects is developed**, including the detailed business case work required once a scheme has been identified for funding, to ensure that proposals are optimised and that they present value for money and realistically deliverable solution.

xx. This staged approach has been designed to provide a clear framework for the identification of priority schemes and development of robust business cases and assessment that is structured around the following five case assessment:

**Strategic case:** 'does the scheme fit with the strategic pillars of the Strategic Economic Plan and wider public policy objectives?'

**Economic case:** 'does the scheme demonstrate value for money?'

**Commercial case:** 'is there demand for scheme and is it commercially viable?'

**Financial case:** 'is the scheme financially affordable and sustainable?'

**Management case:** 'is the scheme is deliverable and are its objectives achievable?'

### Transport Fund

xxi. Following the announcement of the Local Growth Deal in July 2014, the arrangements for the £1bn WY+TF are being finalised. The Local Growth Deal will allow the establishment of a £1bn fund (subject to periodic reviews of delivery against objectives) over a 20 year period. The Transport Fund schemes have been developed, prioritised and appraised in line with the emerging SAF.

xxii. The agreed prioritisation criteria for the WY+TF are:

- Primary objective - to maximise the increase in employment and productivity growth across West Yorkshire and York by the delivery of transport schemes;
- Secondary objectives - to improve the ability of people in every West Yorkshire district and York to access jobs, with a particular focus on those living in the most deprived communities, and to achieve a carbon neutral impact at the package level.

xxiii. Whilst accepting that the primary objective of the Fund is to maximise employment and productivity, it has been agreed that York's overall funding contribution to the Fund including the devolved major scheme funding is directed to:

- Schemes with a mutual benefit to West Yorkshire and York (and potentially other LTB's), or;
- Schemes of benefit to York and its hinterland.

xxiv. The DfT devolved major scheme funding will be part of this fund as below. The local Growth Deal element will be subject to 5 yearly independent review. The process for these reviews is subject to agreement with Government.

Year	WY+TF Funding Component	£m
2015/16 – 2020/21	LGF - 6 years @ £30m per year	180
2015/16 – 2025/26	Devolved Major Scheme Funding (already announced)	183
2021/22 – 2034/35	LGF - 14 years @ £30m per year (subject to satisfactory delivery and economic impact in first 6 years)	420
2015/16 – 2034/35	Public Sector match funding including committed levy	217
<b>Total</b>	(excludes any future 'earn back' and CIL funding etc)	<b>1,000</b>

xxv. It is envisaged that the Assurance Framework will apply to the whole of the WY+TF irrespective of the source of funding, but applied on a sliding scale as below:

- **Schemes >£50m** - Full application of the Assurance Framework appraisal techniques selecting only high VFM (BCR>2.0) schemes;
- **Schemes between £20m and £50m** – Light touch or full application Assurance Framework appraisal techniques depending on scheme complexity selecting only high VFM (BCR>2.0) schemes;
- **Schemes <£20m** - Light Touch Appraisal – proportionate and partial application of the Assurance Framework appraisal techniques selecting only high VFM (BCR>2.0) schemes;
- **'Hard to Demonstrate' Appraisal** - proportionate and partial application of the Assurance Framework appraisal techniques selecting schemes that do not necessarily demonstrate a high BCR using conventional appraisal techniques, but do support the Fund's key objectives of jobs and GVA growth.

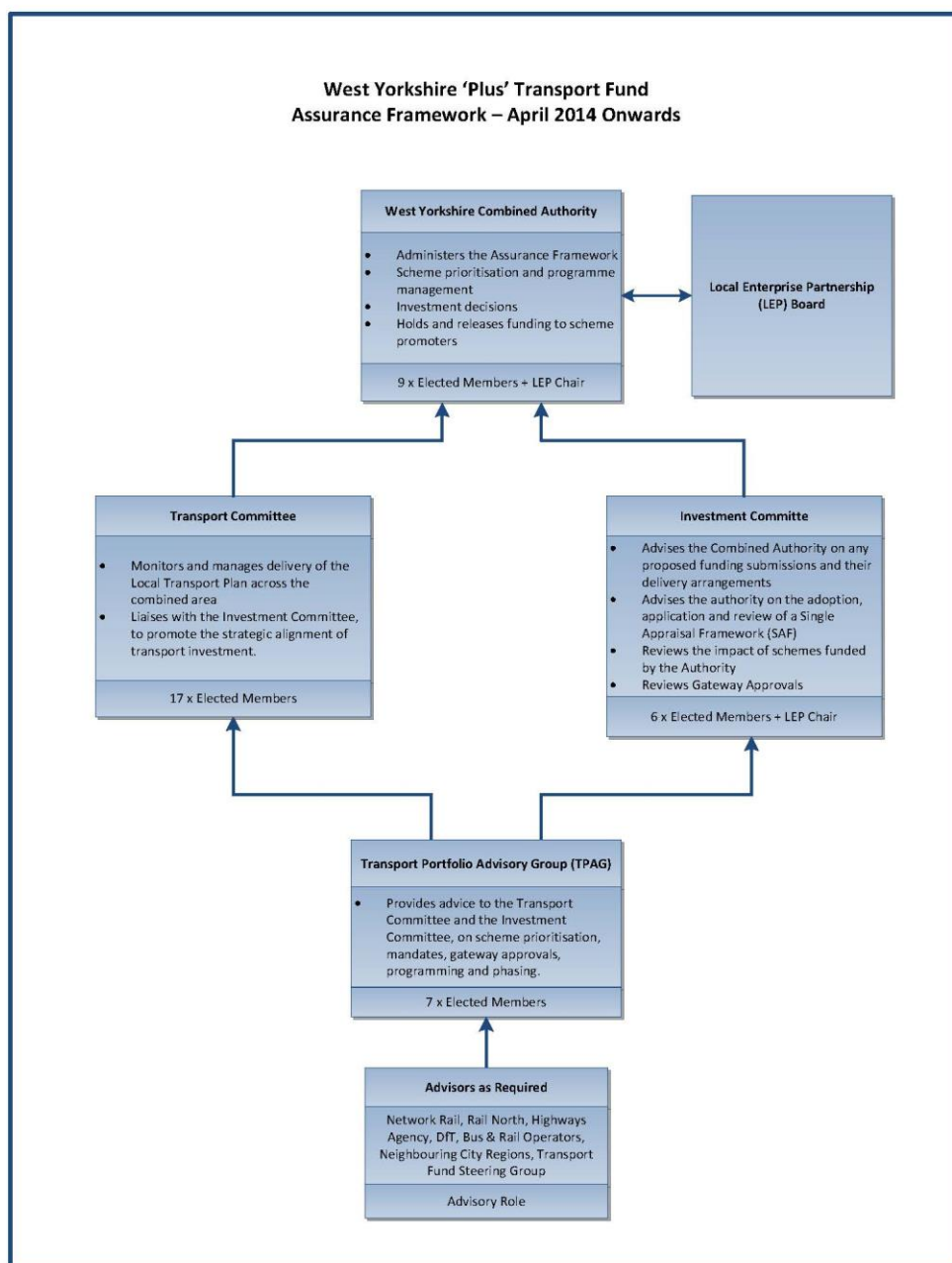


**PART I - Purpose, Structure and Operating Principles**

**Name**

- 1.1 The Local Transport Body covering West Yorkshire and York is the **West Yorkshire Combined Authority (WYCA)**. The WYCA is also the Accountable Body for the LTB.
- 1.2 The structural arrangements for WYCA for WY+TF decision making are set out below:

Fig 4: WYCA Arrangements





schemes within West Yorkshire and York, and any cross boundary schemes with neighbouring LTB areas;

- Manages the WY+TF to ensure it remains strategically aligned;
- Reviews business cases, make decisions on scheme approvals and recommend funding is prioritised to approved schemes;
- Monitors the delivery progress of individual schemes, and actively performance manage the overall WY+TF programme to respond to changing circumstances;
- Monitors Benefits Realisation in relation to strategic objectives;
- Ensures value for money is achieved from the WY+TF based on the principles set out in HM Treasury Green Book.

#### **Conflict of Interest**

- 1.10 Elected Members on the WYCA are subject to the existing Conflicts of Interest protocols/policies of the WYCA. The register that record Member's interests is publically available on the WYCA website.

#### **Gifts and Hospitality**

- 1.11 Elected Members on the WYCA are subject to the Gifts and Hospitality protocols/policies of the WYCA.

#### **Accountable Body**

- 1.12 The WYCA acts as the Accountable Body.
- 1.13 The Accountable Body is responsible for:
- Responsibility for ensuring that the decision making framework of the LTB is legally defensible ;
  - Ensuring that the approved Assurance Framework is being adhered to;
  - Releasing funds to scheme promoters;
  - Withholding funds if the Framework is not adhered to or places undue financial risk on the WYCA;
  - Ensuring (through the Section 151 Officer) that the funds are used legally and appropriately;

- Ensuring that the decisions conform to the legal requirements for equalities, environmental, EU issues.
- Preparing appropriate Financial Statements as required;
- Maintaining the official record of WYCA proceedings and holding all documents.

1.14 The WYCA has clear accounting processes in place to ensure that all funding sources (including devolved Major Scheme Transport Funding) are accounted for separately and that funds can only be used in accordance with the WYCA decisions.

### **Local Audit and Scrutiny**

1.15 An annual independent local scrutiny will be carried out by a Qualified Auditor on an annual basis to ensure that the WYCA , operates effectively within the terms of the agreed Assurance Framework. Any necessary actions to remedy any shortcomings will be put in place. These local annual Audits will be submitted to the DfT.

1.16 The WYCA's Overview and Scrutiny Committee will also provide additional scrutiny.

### **Support and Administrative**

1.17 Two key support and administration arrangements are in place to deliver the project mandates:

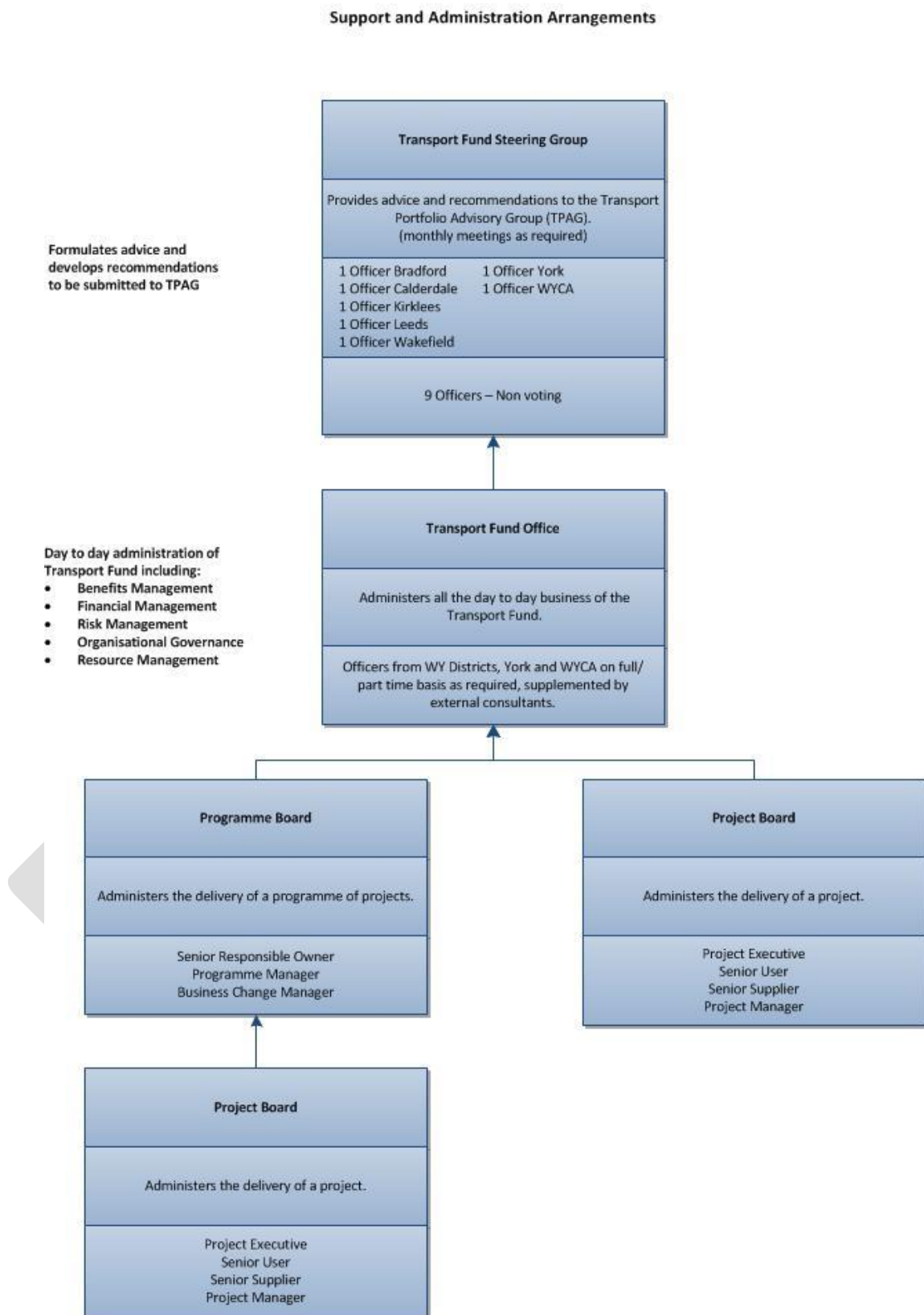
- **WY+TF Steering Group** comprising of Chief Officers from the District Authorities and WYCA (plus Highways Agency and Network Rail where appropriate) meet monthly to formulate advice and recommendations for the WYCA;
- **WY+TF Office** (staff from District Authorities and WYCA, plus consultants if required) manage the Programme and Project Boards established on a full/ part time basis.

1.18 Support for the LTB, and the delivery of the Projects that the WYCA mandates is carried out using recognised Office of Government Commerce best practice, namely:

- PRINCE2;
- Managing Successful Programmes;
- Management of Portfolios.

1.19 The Support and Administration structure is shown in Figure 6 overleaf.

**Figure 6: Support and Administration structure.**



- 1.20 The WY+TF Office administer all the business, prioritisation, business cases, and funding recommendations on behalf of the WY+TF Steering Group, including co-ordination of:
- Management Control;
  - Benefits Realisation Management;
  - Financial Management;
  - Risk Management;
  - Stakeholder Engagement;
  - Organisational Governance;
  - Resource Management;
  - WebTAG appraisal capability.
- 1.21 The WY+TF Office are in regular dialogue with the various **Programme Boards** and **Project Boards**.
- 1.22 The scale of staff resources in the WY+TF Office will be proportionate to the level of activity and will be actively performance managed. In the short-term Consultants will be procured through existing Consultancy Frameworks that partners currently operate. Work is underway to consider the most appropriate mechanisms to provide the level of external support required to deliver the Fund.
- 1.23 The main point of contact for the WY+TF Office is David Hoggarth  
[david.hoggarth@westyorks-ca.gov.uk](mailto:david.hoggarth@westyorks-ca.gov.uk)

#### **Working Arrangements and Meeting Frequency**

- 1.24 The WYCA, as the LTB, meets approximately nine times a year at various locations. The main point of contact for the WYCA is the Deputy Clerk, [david.burrell@westyorks-ca.gov.uk](mailto:david.burrell@westyorks-ca.gov.uk) or 0113 251 7216.
- 1.25 The WYCA meet in public to consider WY+TF investment priorities, business cases, funding, and programme monitoring, etc. Notice of the meeting and agenda items are normally provided one week in advance of the meeting.
- 1.26 A web site / link will be set up for the Transport Fund. All matters relating to the WY+TF and the decision making process for the Fund will be available.
- 1.27 The WYCA seeks to take decisions by consensus, or on the basis of a simple majority vote. Voting is by a show of hands.

#### **Transparency and Local Engagement**

- 1.28 The WYCA adheres to the Local Government Transparency Code and will continue to engage with public/stakeholder groups as part of its decision making process for the Transport Fund. Engagement with stakeholder and other public groups are a key part of the process.

- 1.29 As part of the WY+TF prioritisation process, the constituent authorities and the WYCA have agreed a draft core package of interventions at their Council/Executive meetings. This agreed core package of prioritised interventions was submitted to the DfT in July 2013.
- 1.30 This Assurance Framework will be publically available on the WY+TF web site / link.
- 1.31 The WYCA meeting agendas are made available to the public one week ahead of the meetings. All meeting papers, summary scheme business cases, evaluation reports and the decisions made as appropriate are published on the web site. A nominated point of contact is made available to receive public and stakeholder comments.
- 1.32 Summaries of business cases to be considered by the WYCA as part of the Gateway Approval process are published on the web ahead of the meeting to allow for external views to be sought. Any document that is indicated as 'not for publication' will not be publically available to ensure that confidentiality is maintained.
- 1.33 Members of the public may ask questions or make statements at a meeting of the WYCA if they have provided 3 working days' notice. Each speaker will be limited to 3 minutes on any item.
- 1.34 All meetings of the WYCA are minuted, and once agreed by the next meeting of the WYCA, will be published on the website.
- 1.35 Regular scheme and programme progress reports will also be available on the website.
- 1.36 The WYCA is subject to the Freedom of Information Act 2005 and the Environmental Impact Regulations 2004 and will receive statutory information requests. This will be set out on the WY+TF website.

### **Complaints and Whistleblowing**

- 1.37 The WYCA utilises its Complaints/ Whistleblowing process to investigate and resolve any case where it is alleged – by stakeholders, members of the public or internal whistle-blowers - that it is acting in breach of the law, failing to adhere to the framework or failing to safeguard public funds.
- 1.38 Where the WYCA cannot resolve an issue in relation to its LTB role to the complainant's satisfaction, the issue may be passed to the DfT.

**PART II - Prioritisation**

**Figure 7: Prioritisation**

**Part II Prioritisation**





### **Prioritisation of Candidate Schemes**

- 2.1. The agreed prioritisation criteria for the WY+TF are:
- Primary objective - to maximise the increase in employment and productivity growth across West Yorkshire, (irrespective of boundaries) by the delivery of transport schemes;
  - Secondary objectives - to improve the ability of people in every West Yorkshire district and York to access jobs, with a particular focus on those living in the most deprived communities, and to achieve a carbon neutral impact at the package level.
- 2.2. The WY+TF utilises a two stage prioritisation process which is detailed below:
- Initial Prioritisation;
  - Verification using the emerging SAF Strategic Fit Assessment.
- 2.3. The cost of undertaking this prioritisation process is met from within the Fund, but shall not utilise the devolved major scheme funding element of the Fund.
- 2.4. The prioritisation process was published in full in October 2012.

### **Initial Prioritisation**

- 2.5. The prioritisation has been completed and a list of Core Projects and Gateway Schemes has been agreed by the WYCA and District Council/Executive Boards.
- 2.6. Further candidate schemes may be put forward to the WYCA for consideration within the Transport Fund. In particular, a number of Transformational Schemes are also being developed for consideration when more feasibility detail has been progressed.
- 2.7. The Initial Prioritisation carried out for the WY+TF includes consideration of 3 key selection criteria set out in DfT's Guidance:
- Value for money;
  - Deliverability;
  - Environmental, social, distributional impacts.
- 2.8. The Initial Prioritisation for the WY+TF included:
- **Establish Long List** - initial candidate schemes to support employment growth has been established through consideration of growth points, transport bottlenecks, inputs from Portfolio Holders;
  - **Prioritise Long List** - by the primary objective using a ratio of (changes in GVA) / (the NPV of whole life costs). The Leeds City Region Urban Dynamic Model (UDM) was utilised, see below;

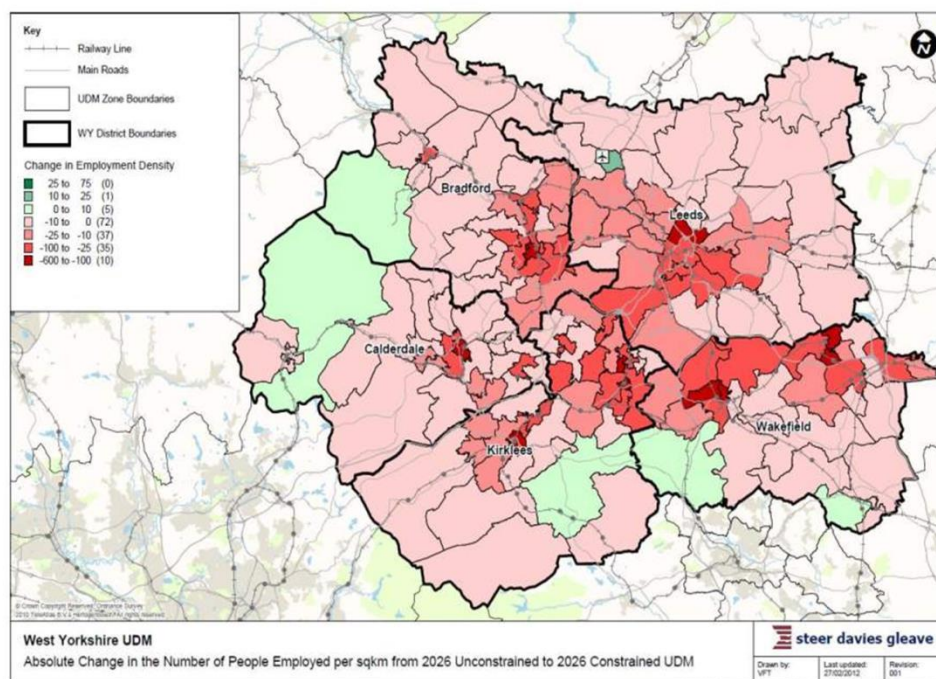
- **Scheme Optimisation** - review scheme costs and determine elements that deliver most benefits (to maximise benefits and minimise costs);
- **Gateway Reviews** – analyse evidence of jobs supported,
  - increase and whole life costs to prioritise only the most effective schemes;
- **Value for Money Indicator** – GVA/£ ratio utilised to prioritise in lieu of WebTAG BCR at this stage, including a check that any potential investments will not constitute State Aid;
- **Deliverability** - high level development and delivery timetable produced;
- **Other Criteria** – review the prioritisation by consideration of secondary objectives through modelling to predict changes in carbon, accidents, mode splits, and impacts at different geographies including 'deprived' communities.

## Urban Dynamic Model and Regional Economic Model

- 2.9. The prioritisation methodology utilised the Leeds City Region Urban Dynamic Model (UDM) and Regional Economic Model (REM).
- 2.10. The UDM is a simulation of how an urban area evolves overtime, with particular emphasis on how transport, land-use, population and employment all interact. It simulates how developers provide new infrastructure, inward and outward migration of households, and the start-up and closure of businesses. It includes internal models of highways, bus and rail services, walk and cycle, and connecting places together to influence relative advantages as places to live or work. It also incorporates planned land-use changes and investment in transport infrastructure or services.
- 2.11. Historically, REM has been used to understand the economic impact of employment schemes, and to identify employment land needs.
- 2.12. A methodology to integrate the use of both the REM and the UDM in appraising projects and programmes under the SAF has now been identified, tested and agreed.
- 2.13. The two models have unique strengths but neither is capable of satisfying all the appraisal requirements of the diverse schemes entering the SAF. Maintaining the integrity of each model is crucial and it therefore makes sense to employ a pragmatic approach and use the models to complement and validate each other. It is not prudent to subsume one model into the other but harness the respect strengths of both to help validate and test the full range of economic benefits flowing from SAF investment. The recommended approach will be robust and will ensure the double-counting of outputs and impacts is avoided.

- 2.14. Baseline data from the REM will be used to calibrate the UDM to ensure the both models have a similar 'starting point'.
- 2.15. The UDM generates an extensive set of outputs allowing detailed examination of how and why conditions change in the simulated area. Detailed UDM outputs are available on:
- Travel patterns, volumes and mode shares;
  - Changes in land-use (housing units and employment premises);
  - Changes in households, population and the workforce;
  - Changes in employment (jobs filled) and the unemployment rates;
  - Changes in CO<sub>2</sub> emissions from transport activity;
  - Time saving benefits and wider economic impacts on productivity and agglomeration.
- 2.16. The UDM was calibrated to employment forecasts predicted by the latest version of the Regional Econometrics Model (REM) and used to assess the impact of candidate schemes against the key objectives of maximising GVA per £ invested and the accessibility criteria, but also reported on:
- Increases in employment;
  - Increases in employed residents;
  - Volumes of commuting by car, bus, rail and active modes;
  - Differentiation of effects (accessibility/employment levels) at a zonal level, including 'deprived' areas;
  - Changes in carbon emissions.
- 2.17. 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:
- Reduction in the size of labour pools for employers to recruit from (average reduction of 23% in 2026);
  - Reduction in the number of accessible jobs for commuters (average reduction in accessible jobs of 18% in 2026, but 20% for commuters from the most deprived communities);
  - Rising costs and reduced productivity for business.

**Fig 8: Typical UDM Output**



- 2.18. The evidence from the model predicts that investing in improved transport connectivity will support significant levels of employment growth and a corresponding increase in GVA.
- 2.19. Based on initial modelling, 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. 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 prioritised for funding.
- 2.20. The UDM work has identified three types of employment impacts could be generated by the investments prioritised from the Transport Fund:
- 20,000 (at 2026) new permanent jobs supported because of increased connectivity and the reduced costs and times of travel. Job numbers would increase further beyond 2026;
  - 10,000 direct temporary jobs created (predominantly in the construction industry) due to the effect of investing £1 billion in transport infrastructure;
  - 2,000 - 4,000 permanent jobs in the transport sector associated with the operation of new schemes (bus/train drivers and park and ride staff for example).
- 2.21. Overall, 25,000 - 30,000 new jobs could be supported by the investments delivered through the Fund after 10 years from the start of the Fund.
- 2.22. This initial work is currently being re-based to form the basis of the 5-yearly Growth Deal review process.

### Identification of schemes

- 2.23. Around 60 interventions in West Yorkshire and 10 in York were identified with a delivery cost of around £4 billion. Clearly this was beyond the scale of the proposed Fund. All schemes have been tested and appraised to measure their Gross Value added (GVA) impact per £ invested. This ensured that only the most effective schemes are prioritised.
- 2.24. The list of Core Projects and Gateway Schemes to be funded from the Fund have been developed collectively across West Yorkshire and York 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;
  - 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 possible solutions.
- 2.25. Five types of schemes have been identified:
- **Radial** improvements to allow more people to travel into urban centres, more quickly, more cheaply and more comfortably.
  - **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;
  - Transformation of **key development areas** (e.g. Aire Valley, Leeds; Canal Road, Bradford; Cooper Bridge, Kirklees; East Wakefield, Wakefield) where land is available for expansion, but access into it from local communities and beyond is currently constrained by congestion and/or a lack of roads and/or public transport;
  - **Motorway Access** that provide faster and more convenient access to/from the motorway network for good vehicles and for commuters who could switch to park and ride or car share for parts of their journey;
  - **Improvements between major centres** such as Leeds - Bradford, and Halifax - Huddersfield to ensure high capacity, modern, fast and attractive connectivity.
- 2.26. Further work has been completed to analyse how the schemes interact and work together to produce added benefits, including an analysis of the equitable spread and distribution of benefits across all communities, particularly those with high levels of unemployment and deprivation.

- 2.27. The Core Projects and Gateway Schemes prioritised were tested to ensure they support the Local Transport Plan objectives in West Yorkshire and York, allowing the assessment of other criteria such as carbon and 'quality of life' can also be assessed.
- 2.28. The list of Core Projects and Gateway Schemes prioritised also reflect plans being developed by the Highways Agency and Network Rail to ensure added value and impact can be achieved.

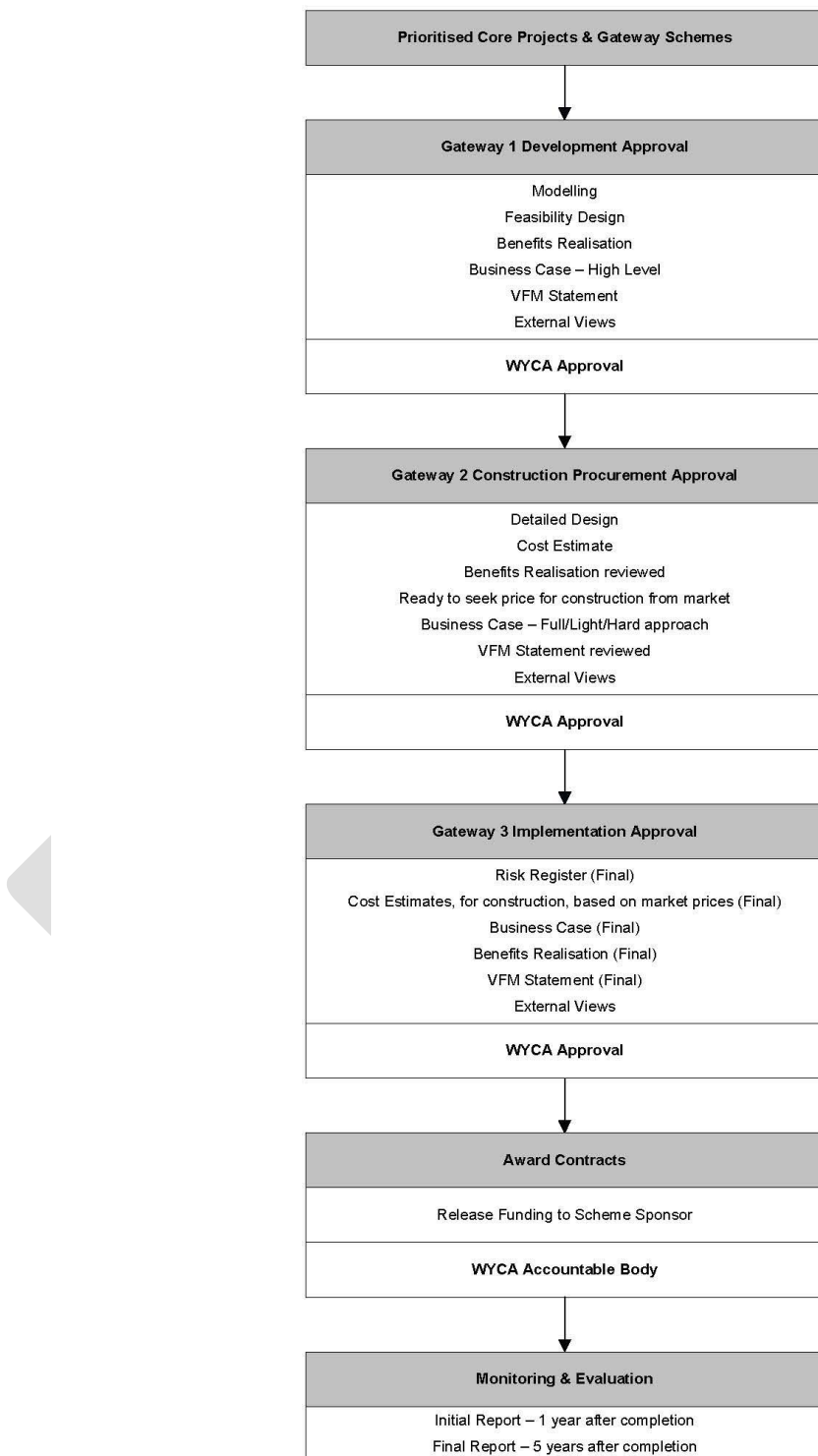
### **Scheme Eligibility**

- 2.29. Funding will be considered only for schemes that satisfy the strategic objectives of the Fund, have a clearly defined scope and have been prioritised in the process set out in Part II of the Assurance Framework.
- 2.30. The minimum WY+TF cost threshold for schemes will normally be set at £5 million including optimism bias.
- 2.31. The devolved major scheme funding can only be used as capital funding for prioritised schemes. Third party, neighbouring LTB, or developer's funding can also contribute towards prioritised schemes.

**3. PART III - Programme Management and Investment Decisions**

**Figure 9: Programme and Investment Decisions**

**Part III Programme & Investment Decisions**



### **Applicability of the Framework to the Transport Fund**

- 3.1. The Assurance Framework will apply to the whole of the WY+TF irrespective of the source of funding within the £1bn Transport Fund, but applied to schemes on a proportionate and partial basis:
- **Schemes >£50m** - Full application of the Assurance Framework appraisal techniques selecting only high VFM (BCR>2.0) schemes;
  - **Schemes between £20m and £50m** – Light touch or full application Assurance Framework appraisal techniques depending on scheme complexity selecting only high VFM (BCR>2.0) schemes;
  - **Schemes <£20m** - Light Touch Appraisal – proportionate and partial application of the Assurance Framework appraisal techniques selecting only high VFM (BCR>2.0) schemes;
  - **'Hard to Demonstrate' Appraisal** - proportionate and partial application of the Assurance Framework appraisal techniques selecting schemes that do not necessarily demonstrate a high BCR using conventional appraisal techniques, but do support the Fund's key objectives of jobs and GVA growth.

### **SAF Scheme Assessment and Appraisal**

- 3.2. Following initial prioritisation by WYCA, scheme promoters are responsible for developing detailed scheme proposals and producing project and programme mandates, and business cases, in line with PRINCE2 and MSP.
- 3.3. Mandates and business cases for schemes will be subject to PRINCE2 and MSP governance and assurance principles and processes, including:
- Initiating a Project;
  - Directing a Project;
  - Controlling Project Stages;
  - Benefits Realisation.
- 3.4. WYCA has adopted a 3 stage **'Gateway Approval'** process to protect the financial interests of the WYCA and to ensure value for money is achieved:
- Development Gateway Approval;
  - Construction Procurement Gateway Approval;
  - Implementation Gateway Approval.
- 3.5. The Gateway Approval process is administered by the WYCA, with support from the WY+TF Steering Group and WY+TF Office. The assurance process ensures there is a clear separation between the WYCA and the promoter.



- 3.6. Each Gateway submission is subject to a peer review by a panel of officers from the non-promoting authorities. Where appropriate external consultancy support will be procured to support the process. The panel will provide a recommendation as to whether the scheme has reached a stage where it is appropriate to pass the relevant Gateway. Written feedback will be provided to the promoter on the outcome of the Gateway review including any recommendations to increase the projects overall likelihood of success.
- 3.7. The Gateway Approval process was developed by the Leeds City Region as part of the earlier 'Delivering a Sustainable Transport System' (DaSTS) work that was published in 2010 to develop internal capability to administer Major Scheme submissions.
- 3.8. The Gateways are analogous to Office of Government Commerce gateways and the DfT's existing major scheme process.
- 3.9. The WYCA Gateway approval process is set out as follows:
- **Development Approval (Gateway 1)** - scheme sponsors undertake modelling, appropriate feasibility work and the preparation of a high level business case. This is part of 'Project Initiation' in the PRINCE2 process. The WYCA reviews the business case and the overall criteria set out at the Prioritisation stage. If satisfactory, Gateway 1 is passed (similar to the current Programme Entry status). The DfT require that no devolved major scheme funding is used to secure Gateway 1 approval.
  - **Construction Procurement Approval (Gateway 2)** - scheme sponsors continue to develop more robust cost estimates, undertake high level WebTAG appraisal appropriate to the nature and complexity of the scheme, progress detail design work, refine risk levels, and updates the business case in preparation to seek a price from the market to construct the scheme. WYCA reviews the updated business case and any permissions/powers that are required. If satisfactory, Gateway 2 is passed (similar to the current Conditional Approval status).
  - **Implementation Approval (Gateway 3)** – WYCA needs to be satisfied that the final cost estimates are robust, risk exposure is acceptable, and that forecast outcomes remain comparable with those agreed in earlier gateways. If satisfactory, Gateway 3 is passed (similar to the current Full Approval status) allowing any construction (or other) contracts to be awarded, funding allocated and for construction to commence.
- 3.10. For less complex schemes, Gateways 2 and 3 can be combined and the level of WebTAG appraisal reduced to be proportionate to the scheme.

- 3.11. Business Cases will be framed as formal agreements between WYCA and the scheme promoter at Gateway 3 setting out respective responsibilities and risks, including providing regular financial and delivery information to WYCA.
- 3.12. Project changes are carefully monitored by promoters through project and programme exception reporting and change control processes. At Gateway 1, the WYCA sets out the price and risk/contingency profile which is reviewed through the three gateways including appropriate levels of contingency and optimism bias. If a scheme is subject to significant change, the WYCA could re-prioritise the scheme and could require the promoter to renew its mandate and revisit the business case.
- 3.13. Appropriate 'Health Check Gateways' are also undertaken where appropriate to provide additional assurance. This Health Check Gateway (by 4ps or similar) examines with key project players and stakeholders what actions/activities could enhance the probability of success.

### **Transport Business Case**

- 3.14. In addition to complying with PRINCE2 and MSP best practice, business cases submitted to WYCA are developed in accordance with the DfT Business Case Guidance and HM Treasury Five Cases/Green Book principles, setting out five cases:
  - Strategic case – the scheme fits with wider public policy objectives;
  - Economic case – the scheme demonstrates value for money;
  - Commercial case – the scheme is commercially viable;
  - Financial case – the scheme is financially affordable;
  - Management case – the scheme is achievable.
- 3.15. The WY+TF Office provides advice to scheme promoters on the scope, detailed requirements, including the appropriate level of appraisal required, and quality assurance required for Business Cases. Every business case will set out a clear statement of objectives and outcomes to support the evaluation. Assessing fit with the requirements of the DfT Guidance will be the responsibility of David Hoggarth [david.hoggarth@westyorks-ca.gov.uk](mailto:david.hoggarth@westyorks-ca.gov.uk)
- 3.16. Business Cases are prepared using a proportionate approach depending on the complexity and size of the proposed scheme as set out earlier.
- 3.17. To progress the schemes to business case a proportional appraisal approach is applied. The table overleaf summarises the approach by scheme cost and complexity.

Complexity	Cost £m			
		Low (less than £20m)	Medium	High (greater than £50m)
	Low	BCR simple appraisal	BCR simple appraisal	Full webTAG compliant business case; GVA assessment
	Medium	BCR GVA Wider benefits appraisal	Full webTAG compliant business case; GVA assessment*	Full webTAG compliant business case; GVA assessment
High	Full webTAG compliant business case; GVA assessment	Full webTAG compliant business case; GVA assessment	Full webTAG compliant business case; GVA assessment	

\*Full webtag would be required at Gateway 2. Requirement for full webTAG at Gateway 1 would be reviewed on a case by case basis

### Value for Money

- 3.18. Modelling and the appraisal of schemes is carried out using NTEM forecasts (DfT's planning dataset) or other appropriate forecasts, and in accordance with the guidance set out in WebTAG .
- 3.19. The appraisal work is carried out by the promoter and scrutinised by the WY+TF Office, using a mix of both internal and external resources, so that appropriate recommendations can be provided to WYCA that are independent of the scheme promoter. The assessment and scrutiny of business cases will be quality assured by the WYCA's Chief Internal Auditor as part of the annual Audit process.
- 3.20. The WYCA will review a 'Value for Money Statement' for each scheme (prepared in accordance with WebTAG guidance) at each Gateway Approval. A named Section 151 Officer - Angela Taylor [angela.taylor@westyorks-ca.gov.uk](mailto:angela.taylor@westyorks-ca.gov.uk) Chief Financial Officer of WYCA, is responsible for signing-off the statements as true and accurate. This sign off will be informed by the review of the VfM statement by the Review Panel established for each Gateway Submission. The VfM statement will be reported to the WYCA at each Gateway stage.
- 3.21. The WY+TF Office ensures that a standardised approach to capture all the relevant impacts of a scheme (monetised and non-monetised) is utilised as part of the appraisal process. This is in line with DfT guidance on Value for Money published in December 2013.

- 3.22. Each Business Case is assessed and scrutinised by appropriately skilled members of a Peer Review Panel, or utilising external consultants as required through existing Framework Consultancy arrangements already in place.
- 3.23. Generally, WYCA will only approve schemes that offer at least a 'high' (BCR>2.0) value for money case. However, the WYCA will retain the flexibility to fund schemes that do not necessarily demonstrate a high value for money case, such as a scheme that unlocks a key development site, or a scheme that supports significant jobs/GVA growth that cannot be captured properly in the conventional appraisal process.
- 3.24. The BCR for all schemes are scrutinised as part of the Peer Review undertaken at each Gateway Stage. Schemes with a BCR lower than 2.0 will be clearly identified when Gateway Approval is sought from the WYCA and a clear case made for why it offers Value for Money.
- 3.25. The mechanism for monitoring and evaluating delivered schemes will be set out at Gateway Approval 3. The WYCA will publish the evaluation and monitoring results and will arrange for periodic independent review of this evaluation.

#### **External Views on Business Case**

- 3.26. Summary Business cases are published and publicised in advance on the website for a period of at least one week before Gateway Approval decisions are made so that the views of external stakeholders and the public can be taken into consideration by WYCA.
- 3.27. All comments received will be made available to WYCA before decisions are made.

#### **Monitoring and Evaluation**

- 3.28. A comprehensive monitoring and evaluation system will be agreed with each promoter through the Gateway Approval process to ensure that the benefits realised can be understood, disseminated, and lessons taken forward into other schemes.
- 3.29. All scheme promoters will monitor the scheme's progress against a set of standard measures as set out in the DfT's publication 'Monitoring and Evaluation Framework for Local Authority Major Schemes September 2012'.
- 3.30. The measures include inputs, outputs, outcomes and impacts for:
- Scheme build;
  - Delivered scheme;
  - Costs;
  - Scheme Objectives;
  - Travel demand;
  - Travel times and reliability of travel times;
  - Impacts on the economy;
  - Carbon Impacts.

3.31. Scheme promoters will submit a detailed Monitoring and Evaluation Plan to the WY+TF Office as part of the Gateway 3 submission or before any data collection is programmed. Once agreed by WYCA, it will be published on the website.

3.32. The timing for reporting will be as follows:

- Initial Report based on data collected at least one year (but less than two years) after scheme opening; with a report published within two years of scheme opening;
- Final report based on further data collected about 5 years after scheme opening; with a report published within 6 years of scheme opening.

### **Release of Funding, Cost Control and Approval Conditions**

3.33. The following funding conditions will be specified in the Gateway Approval 3:

- Funding to scheme promoters will be capped at the maximum level agreed in Gateway Approval 3;
- Any potential over spends (costs exceeding the agreed tolerances) will be escalated by the Project Executive to WYCA. WYCA will consider the appropriate options which will include a requirement for the Business Case to be re-worked and represented back to the WYCA for further consideration. If the scheme fails to have an adequate Business Case it will be deferred;
- Promoter's Chief Internal Auditor to provide assurance and to certify all expenditure on an annual basis as is the case for LTP expenditure;
- Promoter's Section 151 Officer to sign off all expenditure as is the case in the current arrangements for LTP expenditure;
- Claw back provision in place to ensure funding is only to be spent on the specified scheme and that any cost savings achieved on the completed scheme are returned to the Fund;
- WYCA, as the Accountable Body, will release funding in advance in quarterly instalments but only when it is needed. Quarterly reconciliation will be adopted to accelerate or pause payments to keep pace with actual spend;
- WYCA will arrange for local audit of schemes to detect any mis-use of funds.

3.34. Overall, the WYCA's Internal Audit arrangements will sign off all total expenditure as part of the Annual Audit process.

### **Purchasing and Procurement**

3.35. Value for money principles will be achieved through the procurement process of the WYCA in accordance with internal policies and procedures (Standing Orders and Financial Regulations (*SOFR*), Procurement Law governing procurement within the United Kingdom and EU Public Procurement Directives.

### **Programme and Risk Management**

- 3.36. A named Officer, David Hoggarth, Director WYCA is the WYCA main point of contact and is responsible for advising WYCA on Programme and Risk Management.
- 3.37. WYCA will publish a Risk Management Statement that sets out exactly how risk will be managed at a programme level, including cost overruns, slippage, and over-programming;

DRAFT

**WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY**

**Project Ref:** 55 **Project Name:** Harrogate Road / New Line Junction Improvement

**Summary**

Promoting Authority	City of Bradford Metropolitan District Council (CBMDC)
Project Executive	Richard Gelder
Project Manager	Richard Day
Gateway Stage for which approval is sought	Gateway 1 - Development Approval
Approval for expenditure being sought	£198k to progress to Gateway 2

**Project description**

The A658 Harrogate Road / A657 New Line junction is situated on the corridors between Bradford and Leeds Bradford Airport and between Airedale/ShIPLEY & Leeds. The crossroads junction is currently a significant congestion pinch point with delays on all four legs having a detrimental impact on journey times both in the peak and inter-peak.

Improvements to this junction will improve traffic flows and reduce congestion both on the A658 and A657, improve access to Leeds Bradford Airport and to the new rail station at Apperley Bridge. It will also facilitate housing development in the immediate area and improve safety and reduce severance for pedestrians and cyclists.

The Business Case demonstrates that the improvements to this junction will support the key objectives of the Transport Fund to maximise a growth in local GVA (gross value added - a measure of the local economy), increase business productivity and to improve accessibility to employment within West Yorkshire.

The scheme specific objectives are:

- Reduced congestion leading to reductions in vehicle delays on all approaches
- Increased safety provision for cyclists and pedestrians
- Improved air quality for local residents
- Supports the creation of new housing developments by releasing transport constraints
- Improves access to Leeds Bradford Airport and the new railway station at Apperley Bridge
- Incorporates Added Value in line with the Green Infrastructure Task Group where appropriate
- The project should be complete by December 2017 in order to accommodate development traffic from the Simpsons Green development
- The project should be designed to meet the requirements of the DMRB, any applicable locally determined standards and any relevant legislation

**Total Cost and Funding Profile (all figures in £000s)**

Funding Source	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/21	22/23	23/24	TOTAL
WY+TF	16	416	3,087	916	465							4,900
3rd Party Contributions		300	200	426	1,000							1,926
<b>Total</b>	<b>16</b>	<b>716</b>	<b>3,287</b>	<b>1,342</b>	<b>1,465</b>							<b>6,826</b>

Key Outcomes	Quantified Impact	Comments
WY GVA / £	3.1	Based on GVA p.a. at 2026 in 2009 prices.
WY Jobs	150	Net WY jobs compared to Do Minimum at 2026.
WY Housing	0	Net WY households compared to Do Minimum at 2026.

**Summary of current scheme against baseline**

**Summary**

The original prioritisation of this project, relative to other projects being considered in the Transport Fund prioritisation and definition stage, was based on high level estimates of scheme costs and traffic impacts. Subsequent work set out in this Gateway 1 submission (based on more robust and up to date information) is predicting slight cost reductions and more significant traffic benefits compared to the original assumptions. This demonstrates that the project would enhance the delivery of the overall objectives of the WY+TF and the original assumed level of economic benefits would be exceeded.

**Costs**

The total cost to the fund is £3.7m (excluding OB at 44%). The total cost to the fund including 44% OB is £4.9m. The project also relies on the use of 3rd party funding of £1,926m maximum secured via a S106 Agreement (based on a 30% developer contribution/70% WY+TF split). The developer contribution would be reduced to suit the scheme costs accordingly to ensure a 30% contribution rate was

## WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

**Project Ref:** 55      **Project Name:** Harrogate Road / New Line Junction Improvement

### Benefits

The scheme has been retested following microsimulation modelling of the preferred option which now demonstrates journey time savings on all arms of the junction rather than only two arms of the junction as used in the initial assumptions. Additionally, the journey time savings are greater than those used to generate the initial GVA/£ that was used to prioritise this scheme within the WY+TF.

-GVA/£ at 2026 has increased from 0.6 to 3.1 (this is a value for money measure (value of the scheme to the WY economy) including the value of new employment and enhanced business productivity) while the '£' reflects the net cost to the Transport Fund excluding 3rd party contributions and discounted to a consistent basis.

- Net WY jobs at 2026 have increased from 31 to 150.

- There is no change in the number of WY households at 2026 from the baseline of 0. The initial tests did not include land for housing.

Key risks	Description
Risk 1	Land Assembly and CPO Proceedings - delay to delivery
Risk 2	CPO Proceedings - lack of resource/recent exposure to CPO process
Risk 3	Reliance on 3rd party funding - payments agreed, planning approval granted subject to signing of S106.

### Land Acquisition

Land acquisition will be required to deliver the preferred option outlined above. Once the scheme has received Gateway 1 approval from the Combined Authority and CBMDC Executive Board approval the council will open discussions with landowners in an effort to assemble the required land by agreement. However, it is the intention to run CPO proceedings alongside any negotiations should CPO powers be required and this has been factored into the delivery programme.

### Key Stakeholders

Internal (City of Bradford Metropolitan Council)	External bodies
Highway Authority	Leeds City Council - Highway Authority (Co-ordination of works)
Planning Authority	DfT - CPO Powers
Local Ward Members - Bradford and Leeds	DfT - LBIA Connectivity Study
MPs	WYCA - Liaison Apperley Bridge Station Works
Planning & Highways Access Forum	WYCA - WY+TF Portfolio
	WYCA - Bus Services
	Bus Operators
	English Heritage
	Friends of War Memorial
	Local Residents
	National & Local Businesses
	LBIA
	Network Rail - Apperley Bridge Station Works
	Miller Homes - 3rd Party Contributions
	Statutory Undertakers
	Greengates Primary School
	B-SPOKE Cycle Forum

### Consultation

In the absence of a Gateway 1 Approval for a preferred option and subsequent CBMDC Executive Board approval public consultation has not yet been carried out. This will be carried out as part of the detailed design process prior to Gateway 2 approval.

### Associated Documents

West Yorkshire Plus Transport Fund, 26th March 2013, CBMDC Council  
 West Yorkshire Plus Transport Fund, Item 9, 29th May 2014, WYCA



### Value for Money Statement

<b>Scheme Name</b>	Harrogate Road / New Line Junction Improvement
<b>Scheme Promoter</b>	City of Bradford Metropolitan District Council
<b>Gateway Stage</b>	Gateway 1 - Development Approval

<b>Quantified Benefits</b>			
Present Value of Benefits	Time Savings	£57m	Source - WebTAG Appraisal
	Vehicle Operating costs	£m	
	Greenhouse Gases	£m	
	Indirect Tax	£m	
	Other	£m	
	<b>Total</b>	<b>£m</b>	
<b>Cost</b>			
Optimism Bias	44%	Optimism Bias is an economic tool used to uplift costs for the purpose of estimating a robust BCR. It is not included however in the Outturn Cost.	
Base year	2010	Base year used for appraisal	
Total Present Value of Costs	£4.9m	The sum of total capital and operating costs for the scheme including any revenue implications, presented in real terms to remove the effect of inflation, and discounted to reflect the value of future costs in a common base year	
<b>BCR (Benefit to cost ratio)</b>			
Initial	11.6	The Benefit Cost Ratio (BCR) considers the impacts to the economy, society, the environment and the public accounts. It offers an estimate of the value of benefit generated for every £1 of public expenditure on a project or scheme.  The Initial BCR is constructed using the DfT's guidance on monetising the different benefits and costs of a transport intervention	
Adjusted	-	No adjusted BCR	
<b>Qualitative Benefits</b>			
Qualitative Benefits	Largely Major Beneficial or Slightly Beneficial	Itemised in Appraisal summary table	
<b>VfM (value for money)</b>			
Value for Money Category	Very High	Categorisation of the schemes value for money using DfT defined criteria based on Benefit to cost ratio (BCR)  <div style="text-align: right;">                     &lt;1.0 = poor                      1.0 – 1.5 = low                      1.5 – 2.0 = medium                      2.0 – 4.0 = high                      &gt;4.0 = very high                 </div>	

<b>Name</b>	Angela Taylor
<b>Title</b>	Director Resources
<b>Organisation</b>	WYCA
<b>Signature</b>	

**WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY**

**Project Ref:**                      **Project Name:**                      **York Northern Outer Ring Road**

**Summary**

Promoting Authority	City of York Council
Project Executive	Tony Clarke
Project Manager	Ruth Stephenson
Gateway Stage for which approval is sought	Gateway 1
Approval for expenditure being sought	£208,000 (from 2015/16 budget - CYC covering other costs)

**Project description**

The YORR project is a strategic, targeted and focused project which not only addresses a current transport problem in terms of congestion by increasing capacity at 7 roundabout junctions, but it allows for investment to be brought forward and further schemes to be considered by alleviating and improving access to key regeneration sites within the City.

The project is part of a wider strategic plan to improve economic attractiveness of the city by enhancing the city centre environment and improving traffic flow within and around the city. The city centre suffers from congestion, exacerbated by the historic layout and narrow streets. By reducing congestion, improving the traffic flow and journey times on the outer ring road to the north of the city, traffic can be encouraged out of the city centre and onto the strategic highways where the traffic flows can be managed effectively. This will be supported by the other York WY+TF projects to improve public transport in the city centre to 'lock in' the benefits that the YORR will deliver.

There is a clear Business Case for the YORR as it will deliver targeted GVA/£ priorities but will also realise wider benefits by future proofing locations for long term further investment and growth. Other key objectives are:

- Enhance connectivity to the A1(M) and other strategic destinations
- Reduced end to end journey times around the northern section of the YORR by approximately 20% by 2021. The impact of the upgrades at some congested junctions, such as Haxby roundabout, will be more significant.
- Enhanced journey time reliability for cross-country movements (estimated to be 15-20% of traffic) between origins and destinations in North Yorkshire.
- Reduced localised congestion and delays on approach and exit from the junctions.
- Removal of through traffic from York City centre due to decongestion of the Outer Ring Road route.
- Improved safety through the reduction in road accidents.
- Enable better access to employment, retail, health and leisure sites in York which serve the surrounding population.

**Total Cost and Funding Profile (all figures in £000s)**

Funding Source	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/21	22/23	23/24	TOTAL
WY+TF		700	4,200	8,000	9,200	8,700	6,800					37,600

**Key Outcomes**

**Quantified Impact**

**Comments**

WY GVA / £	0.2	Based on GVA p.a. at 2026 in 2009 prices.
WY Jobs	100	Net WY jobs compared to Do Minimum at 2026.
WY Housing		Net WY households compared to Do Minimum at 2026.

**Summary of current scheme against baseline**

**Summary** The original prioritisation of this project, relative to other projects being considered with the WY+TF was based on CYC's key priorities for transport improvements in the region. In direct comparison to other projects both within York and the remainder of the WY+TF list of projects, the YORR has a relatively low GVA/£ output, however, the YORR is addressing an existing traffic constraint on a key route into and across York that is critical to the traffic movement around the City as a whole and will set the foundations for longer term improvements through dualling.

In addition, the YORR is the first project in York's portfolio of projects within the WY+TF that starts to realise and deliver on real economic growth and job creation in the City. The improvements to these key junctions of the Outer Ring Road will enhance and address traffic constraints into the City reducing the traffic limitations on larger longer term projects such as British Sugar and York Central.

**Costs** The total cost to the fund is £37.6m, however this incorporates an Optimism Bias of 44% which will significantly reduce as the designs are developed and certainty as the impact on structures and land is confirmed. The economic assessment and benefits analysis of the scheme does show a PVC of £27.8m but this will be further clarified and confirmed through GW2.



### Value for Money Statement

<b>Scheme Name</b>	York Northern Outer Ring Road
<b>Scheme Promoter</b>	City of York Council
<b>Gateway Stage</b>	Gateway 1

Criteria	Assessment	Comments
<b>Quantified Benefits</b>		
Present Value of Benefits	Time Savings	£227,920m
	Vehicle Operating costs	£m
	Greenhouse Gases	£2,420m
	Indirect Tax	£-5,130m
	Other	£-5,130m
	<b>Total</b>	<b>£225,220m</b>
<b>Cost</b>		
Optimism Bias	44%	Optimism Bias is an economic tool used to uplift costs for the purpose of estimating a robust BCR. It is not included however in the Outturn Cost  44% used in BCR calculations, higher than the 15% estimate. This results in a more conservative BCR being estimated
Base year	2010	Base year used for appraisal
Total Present Value of Costs	£27,870m	The sum of total capital and operating costs for the scheme including any revenue implications, presented in real terms to remove the effect of inflation, and discounted to reflect the value of future costs in a common base year
<b>BCR (Benefit to cost ratio)</b>		
Initial	8.08	The Benefit Cost Ratio (BCR) considers the impacts to the economy, society, the environment and the public accounts. It offers an estimate of the value of benefit generated for every £1 of public expenditure on a project or scheme.  The Initial BCR is constructed using the DfT's guidance on monetising the different benefits and costs of a transport intervention
Adjusted	Potentially 13.69	The Adjusted BCR considers further qualitative and quantitative information on some impacts and how these contribute to the Value for Money of the scheme.  At GW1 alternative low and high growth scenarios for the YORR have been assessed utilising PEARS this figure is the High growth BCR.
<b>Qualitative Benefits</b>		
Qualitative Benefits		Itemised in Appraisal summary table
<b>VfM (value for money)</b>		
Value for Money Category	Very High	Categorisation of the schemes value for money using DfT defined criteria based on Benefit to cost ratio (BCR)  <div style="text-align: right;">                     &lt;1.0 = poor                      1.0 – 1.5 = low                      1.5 – 2.0 = medium                      2.0 – 4.0 = high                      &gt;4.0 = very high                 </div>

<b>Sign-off</b>	
<b>Name</b>	Angela Taylor
<b>Title</b>	Director Resources
<b>Organisation</b>	WYCA
<b>Signature</b>	

<b>WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY</b>												
<b>Project Ref:</b>	9		<b>Project Name:</b>	Wakefield Eastern Relief Road								
<b>Summary</b>												
Promoting Authority	Wakefield MDC											
Project Executive	Neil Rodgers											
Project Manager	Tracey Brewer											
Gateway Stage for which approval is sought	Gateway 3 - Implementation Approval											
Approval for expenditure being sought	£32.355m (£33.954m including approved funding to date)											
<b>Project description</b>												
<p>The Wakefield Eastern Relief Road (WERR) will be a single carriageway highway between the A638 Doncaster Road to the south east and the A642 Aberford Road to the north east of the city centre. The Road crosses the River Calder and the Wakefield – Normanton – Castleford railway line.</p> <p>The WERR will open up substantial job creation opportunities by providing direct access into the East Wakefield (City Fields) employment growth area for residents across Wakefield and beyond. The road also provides an alternative route around the City Centre and will therefore reduce congestion and increase accessibility to/from Wakefield city centre. Providing this additional highway capacity will improve conditions for bus services, pedestrians and cyclists and will enable further opportunities to provide complementary sustainable transport measures within and to the city centre and the Lower Kirkgate area in particular. It will also help to accommodate future development traffic in the east of the district.</p> <p>The Business Case for the WERR demonstrates how the new road will support the key objectives of the Transport Fund to maximise a growth in local GVA (gross value added - a measure of the value of the local economy), increase business productivity and to improve accessibility to employment within West Yorkshire. The specific scheme objectives are as follows:</p> <ul style="list-style-type: none"> <li>- To reduce inbound congestion issues which are the major cause of air quality issues, slow journey times during peak travel times and inefficient highway network operation</li> <li>- Improve the safety of the A638 and A642 radial highway routes Wakefield, and enhance local environmental conditions</li> <li>- Increase the accessibility of future housing and employment growth allocated in the Local Development Framework (LDF)</li> <li>- Support the new City Centre Developments in Wakefield through accommodating growth sustainably through a growth in the use of non-car travel modes</li> <li>- Support the Emerald Ring "green vision" through a shift to more sustainable and environmentally acceptable travel in the city centre</li> <li>- Reduce the number of accidents caused by the high levels of car usage for trips into the city centre</li> </ul>												
<b>Total Cost and Funding Profile (all figures in £000s)</b>												
<b>Funding Source</b>	<b>13/14</b>	<b>14/15</b>	<b>15/16</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>21/21</b>	<b>22/23</b>	<b>23/24</b>	<b>TOTAL</b>
WY+TF	349	1,559	17,340	13,805								33,053
Other (to be underwritten by WMDC)				901								901
<b>Total</b>	<b>349</b>	<b>1,559</b>	<b>17,340</b>	<b>14,706</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33,954</b>
<b>Key Outcomes</b>												
<b>Key Outcomes</b>	<b>Quantified Impact</b>					<b>Comments</b>						
WY GVA / £	5.6					Based on GVA p.a. at 2026 in 2009 prices.						
WY Jobs	2728					Net WY jobs compared to Do Minimum at 2026.						
WY Housing	173					Net WY households compared to Do Minimum at 2026.						
<b>Summary of current scheme against baseline</b>												
<b>Summary</b>												
<p>The original prioritisation of this project, relative to other projects being considered in the Transport Fund prioritisation and definition stage was based on high level estimates of scheme costs and traffic impacts. Subsequent work set out in this Gateway submission (based on more robust and up to date information) is predicting marginal cost changes but more significant traffic benefits compared to the original assumptions. This demonstrates that the project would enhance the delivery of the overall Transport Objectives and the originally assumed level of economic benefits predicted can be realised (and indeed exceeded).</p>												
<b>Costs</b>												
<p>The total cost to the fund is £33.053m in out-turn prices. (£29.342m in 2012 prices compared to £29.4m which was assumed when the project was initially prioritised)</p>												
<p>This estimate includes a quantified risk allowance of £2.866m</p>												

## WEST YORKSHIRE PLUS TRANSPORT FUND BUSINESS CASE SUMMARY

**Project Ref:** 9      **Project Name:** Wakefield Eastern Relief Road

### Benefits

The scheme has been retested to account for revised highway modelling results and changes to scheme components. The revised highway model results demonstrate greater journey time improvements compared to the baseline.

- GVA / £ at 2026 has increased from 4.7 to 5.6 (this is a value for money measure using GVA (value of the scheme to the WY economy, including the value of new employment and enhanced business productivity) while '£' reflects the net cost to the Transport Fund excluding third party contributions and discounted to a consistent basis. 5.6 represents a very high value for money score (by comparison the overall GVA/£ for the full WY package is 1.5)
- Net WY jobs at 2026 has increased from around 1,800 to around 2,700. This increase is based on updated economic forecasts as a result of updated traffic journey time predications provided by more up to date modelling of journey time benefits. The effect of these improved traffic speeds and decongestion, is to increase the scale of the accessible work force, reduce business costs and improve business connectivity which is forecast to make the location more developable and enable employment growth.
- The new increase in WY households at 2026 has reduced from around +300 to around +170. Total household growth (including areas outside WY) has increased compared to baseline, but with higher growth is now forecast in South Yorkshire. The site is more attractive to a wider work force including locations in West Yorkshire, South Yorkshire and other areas of the Leeds City Region (such as Barnsley and Selby)

Key risks	Description
Risk 1	Development Partners Withdraw
Risk 2	Specific construction risks - bridge design
Risk 3	Land to be dedicated for the scheme

### Land Acquisition

The WERR goes through land owned by a Consortium, which has agreed to dedicate/offer land on licence for the construction of the road. A CPO would be used as a last resort, and this has been prepared by the WMDC Legal team in that eventuality. Deeds of Dedication / Licences are currently being prepared and expected to be signed by early November, although letters / emails from the consortium have been received with an agreement in principle.

### Key Stakeholders

Internal (Wakefield Council)	External bodies
Highways	Police & Emergency Services
Councillors	Department for Transport
UTC & Traffic	Highways Agency and Environment Agency
Regeneration	Statutory undertakers
Drainage	Local MPs
Finance	Local Businesses (within an agreed area)
Communications	Community / environmental groups / bodies
Town & parish councils	WYCA / bus operators
	Local forums
	Cycle / Walking groups Local Residents (within an agreed area)
	Freight operators
	Local Councils and planning authorities
	Local media
	Equality groups

### Consultation

As part of the LDF consultation and Examination in Public, a number of consultations / exhibitions were held, both by the Council and the Consortium. The LDF was approved at Full Council in 2012. As part of the Phase 1 planning application, a consultation exercise was undertaken by the developers. A consultation event was held on 15 & 16 July 2014, to inform residents of the proposed planning application. At the same time, a comprehensive consultation letter was sent to relevant / interested bodies as part of the Statement of Community Involvement.

### Associated Documents

<http://www.wakefieldeast.co.uk/applications>  
 West Yorkshire Plus Transport Fund, Item 9, 29 May 2014, WYCA  
 Leeds City Region Growth Deal Delivery, Item 6, 18 September, WYCA

### Value for Money Statement

<b>Scheme Name</b>	Wakefield Eastern Relief Road
<b>Scheme Promoter</b>	Wakefield MDC
<b>Gateway Stage</b>	Gateway 2

Criteria	Assessment	Comments
<b>Quantified Benefits</b>		
Present Value of Benefits	Time Savings	£298.6m
	Vehicle Operating costs	£38.7m
	Greenhouse Gases	£2.4m
	Indirect Tax	-£6.1m
	Other	£0.8m
	<b>Total</b>	<b>£334.4m</b>
<b>Cost</b>		
Optimism Bias	44%	Optimism Bias is an economic tool used to uplift costs for the purpose of estimating a robust BCR. It is not included however in the Outturn Cost  44% used in BCR calculations, higher than the 15% estimate. This results in a more conservative BCR being estimated
Base year	2010	Base year used for appraisal
Total Present Value of Costs	£32.1m	The sum of total capital and operating costs for the scheme including any revenue implications, presented in real terms to remove the effect of inflation, and discounted to reflect the value of future costs in a common base year
<b>BCR (Benefit to cost ratio)</b>		
Initial	10.4	The Benefit Cost Ratio (BCR) considers the impacts to the economy, society, the environment and the public accounts. It offers an estimate of the value of benefit generated for every £1 of public expenditure on a project or scheme.  The Initial BCR is constructed using the DfT's guidance on monetising the different benefits and costs of a transport intervention
Adjusted	Potentially 16.7	The Adjusted BCR considers further qualitative and quantitative information on some impacts and how these contribute to the Value for Money of the scheme.  For the Wakefield Eastern Relief Road this could include additional benefits for Accidents (£10m) and GVA (£192m). These are referred to in Major Scheme Business Case but additional benefits not calculated
<b>Qualitative Benefits</b>		
Qualitative Benefits	slight to moderate on most indicators	Itemised in Appraisal summary table
<b>VfM (value for money)</b>		
Value for Money Category	Very high	Categorisation of the schemes value for money using DfT defined criteria based on Benefit to cost ratio (BCR)  <div style="text-align: center;"> <p>&lt;1.0 = poor</p> <p>1.0 – 1.5 = low</p> <p>1.5 – 2.0 = medium</p> <p>2.0 – 4.0 = high</p> <p>&gt;4.0 = very high</p> </div>

<b>Sign-off</b>	
<b>Name</b>	Angela Taylor
<b>Title</b>	Director Resources
<b>Organisation</b>	WYCA
<b>Signature</b>	

## **REPORT FRONT SHEET**

### **AGENDA ITEM: 10**

**Combined Authority: 12 December 2014**

**Report Title: Rail Update**

### **Report Summary**

The report provides an update on a number of Rail Issues including the report on HS2 by Sir David Higgins and the meeting WYCA Members had with Sir David. It also provides an update on the proposed Transport for the North programme including the governance arrangements and representation for the Leeds City region. It covers a proposed Memorandum of Understanding with Network Rail (to facilitate delivering of the WYCA Rail investment programme) and also an update on rail franchising including the recent announcement on the new East Coast franchise.

### **Possible Questions**

- 1. Does WYCA agree with the recommendations (relating to West Yorkshire and York) set out in the 'Rebalancing Britain' report by Sir David Higgins (Chairman of HS2)**
- 2. Following the positive meeting with Sir David, how can a strong working relationship be developed and maintained with HS2?**
- 3. Is WYCA happy to support the proposed Transport for the North strategy and contribute (existing) staffing resources to develop the strategy?**
- 4. Is WYCA happy with the proposed governance and leadership arrangements for the Transport for the North programme?**

**Note: The above questions may arise during the debate, but do not preclude other items for discussion and debate.**



Originator : David Hoggarth  
Development, Director



## ITEM 10

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**Report to:** Combined Authority

**Date:** 12 December 2014

**Subject:** Rail Update

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### 1. Purpose

- 1.1. To provide WYCA with an update on rail issues including an update on High Speed 2 and Transport for the North.

### 2. Information

#### Sir David Higgins 'Rebalancing Britain' Report

- 2.1. An announcement was made by Sir David Higgins, Chairman of HS2 Ltd on 27 October 2014 regarding his report and recommendations to the Government. The key points of his report are as below:
- The strategic proposal for Phase Two is right and there is a need to take forward both legs of the proposed HS2 Y-network.
  - The proposed hubs in the East Midlands and in South Yorkshire are, on balance, the best solutions to deliver the benefits of HS2 to their regions as a whole, and to achieve the best fit with the existing network.
  - By the time Phase Two is complete, the existing station at Leeds will need to be remodelled, so there is a clear need for a fundamental review of the best solution for the city considering growth in existing rail services, and the introduction of HS2 and potential new East-West services.
  - There is a clear market for improved services to York, Newcastle, and the rest of the North East.
  - Substantially improved services East-West across the North are not only desirable, but possible. Network Rail has undertaken an initial study that demonstrates a much improved service is possible, delivering a journey time of somewhere between 26 to 34 minutes for Leeds to Manchester. This, plus further electrification and upgrades will further improve journey time from Liverpool to Leeds and from Manchester to Hull and Newcastle.

- Northern cities should speak with one voice. Higgins suggests that the major local authorities across the North (from the five city regions of Liverpool, Manchester, Leeds, Sheffield and Newcastle) formed a joint body so that they speak with one voice. This group could be called “Transport for the North”.
  - Phase Two is three years behind Phase One. There is a need to use that time and space to learn the lessons from elsewhere in the world.
- 2.2 Subsequently, the Combined Authority and the West Yorkshire plus York Chief Executives met with Sir David Higgins on 18 November. A key point from the discussion was the need for a single strategy linking HS2/HS3/One North and local connectivity. The meeting was very positive as seen as the start of a new relationship between the WYCA and HS2. Following the meeting, Sir David wrote to the Chair of WYCA to say that he thought the session was most productive. He has suggested a further meeting in around three months’ time.
- 2.3 WYCA officers currently working closely with HS2, Network Rail, Leeds City Council and Department for Transport on developing the proposition for the future Leeds station(s) to ensure that the city region is provided with a transport hub with best possible transport connectivity spanning high-speed, classic rail, local transport and optimised access. The proposed station should also be integrated into the fabric of its built environment in a way that will enable and attract new development and act as a catalyst for wider development and regeneration.
- 2.4 WYCA is leading on the development of an HS2 ‘connectivity package’. By the end of this year, the connectivity work should identify a high level vision for the Leeds City Region with a high level intervention programme and the economic impact of addressing the connectivity gaps which seeks to maximise and spread the benefits of HS2 around the city region. A workshop for Transport Committee members and Portfolio Holders was held on 5 December.

#### One North / Transport for the North

- 2.5 As previously reported, the northern City Regions (Leeds, Liverpool, Manchester, Newcastle and Sheffield) responded to the challenge set by Sir David Higgins (in his first report) by setting out the transformational change needed in east – west connectivity across the North. In August, the first One North report – ‘the Proposition’, was published. The proposed East –West connectivity improvement referred to in the recent Higgins announcement is in line with the strategic approach set out by the One North partners.
- 2.6 One North partners have now completed, in draft, a second report. The 25-year ‘implementation programme’ will define the high level interventions and costs to maximise the benefits of the One North programme, covering strategic highways, rail and international connectivity through ports and airports. A copy of the draft Executive Summary of the report is attached as **Appendix A**.

- 2.7 Following the recommendations made in the 'Re-balancing Britain report', cities in the North are working with the Department for Transport and the national transport agencies including Network Rail, HS2 Ltd and Highways Agency to create a Transport for the North (TfN) Partnership Board. TfN will help achieve a united and long term view of the transport needs for the north, considering not just HS2, but also the east/west strategy and other transport priorities, and using One North's multi-modal integrated programme as the platform for the work. The Combined Authority Board members have previously commented that the One North proposition does not fully reflect the Combined Authority's connectivity priorities and work is on-going through the Single Transport Plan to ensure that this is addressed.
- 2.8 The proposal from government is to work together on a transport strategy for the North (including developing further the HS3 proposition). The first step is to produce an interim report by March 2015. This will be developed through a number of workstreams: -
- Rail Infrastructure
  - Highway Network Development
  - City Connectivity
  - Integrated Transport Services
  - Strategic Economic Case
  - Communications and Stakeholder Engagement
- 2.9 It is proposed that the Combined Authority will provide technical input to all the work streams of TfN as well providing the leadership role on 'City Connectivity' which closely reflects the work already been undertaken on local connectivity into HS2 and HS3. WYCA may also need to contribute financially to the cost of the work.
- 2.10 The governance arrangements will include a Partnership Board with a City Leaders and LEP representative from each city region. Following his previous role on the One North Leaders' group, it is proposed that Cllr Keith Wakefield will represent the Leeds City Region.

#### Closer working relationship with Network Rail

- 2.11 WYCA working with the Leeds City Region has been awarded the single largest Local Growth Fund package in the country. This award includes funding for the West Yorkshire Plus Transport Fund (WY+TF) of £1 billion to be invested over the next 20 years across West Yorkshire and York on transport projects. As there is potentially more joint working with Network Rail across the north and within the Leeds City Region on the One North programme and HS2 connectivity package, WYCA is developing a framework to enable a new, more effective and efficient working relationship with Network Rail.

## Rail North/ Rail franchising

- 2.12 An update was previously provided to the Combined Authority regarding the governance of Rail North including an Association of Rail North Partner Authorities and Rail North limited (a Special Purpose Vehicle). The majority of Local Transport Authorities across the Rail North area have either signed up to the governance arrangement or are in the process of getting the necessary approvals. The Long Term Rail Strategy was also formally approved by the Rail North Local Transport Authority Leaders on 10<sup>th</sup> November 2014.
- 2.13 The next step in the franchising procurement process is to finalise and issue the Invitations to Tender (ITT) setting out the specification for the Northern and Trans-Pennine franchises and this is planned to be issued by the Department for Transport shortly.

## East Coast Franchise

- 2.14 The announcement of the award to InterCity Rail (Stagecoach/Virgin) was made on 27 November 2014. The franchise is set to see more than £140m invested in delivering an improved service including the following proposed improvements:
- Faster journey times – regular services to Leeds in two hours.
  - New trains from 2018 with multi-million pounds train refresh programme for existing fleet.
  - Direct links / more trains to:-
    - Huddersfield, Dewsbury – 1 train per day each way
    - Bradford/Shipley - 7 trains per day each way
    - Harrogate/Horsforth – 7 trains per day each way
    - Leeds – an additional 5 services per day each way
  - New technology such as new website, smartphone apps and free Wi-Fi on trains and stations.
  - Enhanced personalised travel experience.
- 2.15 The additional through links proposed reflect the strong case made by WYCA and dialogue with the three bidders to improve connectivity to/from places not currently well-served by the East Coast Main Line. The new franchise commences in March 2015.

## **3. Financial Implications**

- 3.1. There may be further expenditure required in relation to the HS2 station location work and Transport for the North. A further report will be brought once the extent of any contribution is known. In the meantime work will be funded from existing budgets.

#### **4. Legal Implications**

4.1. None as a result of this report.

#### **5. Staffing Implications**

5.1. In the short term, existing staff resources will continue to be used on Rail North and Transport for the North, including providing a leadership role for one of the TfN work streams.

5.2. Future staffing arrangements associated with Rail North and Transport for the North will be the subject of future reports.

#### **6. Consultees**

6.1. Adrian Lythgo (Head of Paid Service and Chief Executive with lead responsibility for transport) and John Henkel (WYCA Acting Director of Transport) have provided advice in the preparation of this report.

#### **7. Recommendations**

7.1. The Combined Authority is asked to note the contents of the Rail Update and comment accordingly.

#### **8. Background Documents**

- Report to the Transport Committee in September 2014 'Rail Franchising'
- Report to the WYCA in September 2014 'Strategic Rail Update'
- Report to the WYCA in November 2014 'Meeting with Sir David Higgins, Chair of HS2 Ltd'
- Rail North Long Term Rail Strategy [www.railnorth.org/strategy](http://www.railnorth.org/strategy)
- RailPlan 7 [www.wymetro.com/wyltp/](http://www.wymetro.com/wyltp/)

## Executive Summary

### The One North proposition

The first One North report – the ‘Proposition’ – initially commissioned by the five City Regions of the North (Leeds, Liverpool, Manchester, Newcastle and Sheffield), responded to the challenge set by Sir David Higgins in March this year. It set out the level of transformation in connectivity needed across the North to deliver what the Chancellor of the Exchequer subsequently termed: the ‘Northern Powerhouse’.

Our great northern cities represented here individually are quite small on the global stage - but combined they rival in size London or New York or Tokyo. It was this opportunity to create a Northern Powerhouse that I identified earlier this year.

I said that if we can bring our northern cities closer together – not physically, or in some artificial political construct – but by providing modern transport connections, supporting great science and our universities..., giving more power and control to civic government; then we can create a northern powerhouse with the size, the population, the political and economic clout, to be as strong as any global city.

What I find exciting, very exciting, about this moment is that there is the prospect of a real consensus that this is the way forward.

And it is the plan that resounds loud and clear from this excellent report on transport connections, whose very title – One North – captures the approach we seek.

*Rt. Hon. George Osborne, Chancellor of the Exchequer speaking at Leeds Civic Hall, October 27th 2014*

There is a gulf between the economic productivity of the South East and the North which Government is determined to address. It wants the national economy re-balanced – geographically and across business sectors – as the Prime Minister made clear speaking at the launch of Sir David Higgins’ successor report, in Leeds on 27<sup>th</sup> October 2014.

As evidence collected here shows, there are strong precedents in, for example, Germany and the Netherlands, for clusters of cities, joined by high quality transport infrastructure – to deliver much stronger economic outcomes. The key, as others have noted, is for such cities to build on each other’s strengths.

In practical terms, the continued strengthening of collaborative arrangements between the North’s key city regions will provide an effective economic

complement and counterweight to the huge and continuing strength of London. Their labour markets need to be able to expand; northern businesses need access to wider markets and supply chains; good connections to ports become even more essential (the North's exports are in broad balance with its imports) and, with business transactions increasingly taking place across national boundaries, so too does access to high quality international air services. Achieving this requires transformational change to infrastructure in the North.

The 'Proposition' identified the need to double the capacity for commuting into city centres, to transform journey times between the city regions (and therefore the wider North), to create a logistics network that would capitalise on private sector investment in the North's ports and to transform access to Manchester Airport.

## How can better connectivity be achieved?

Since the summer – when 'One North: a proposition' was launched – the five city regions responsible determined to push on and examine the question of how these connectivity outcomes could be achieved. Our first step was to invite Hull City Council, representing its own city region and the wider Humber estuary, to join the group. The aim then was simple:

- (i) to confirm the economic case for the One North strategy *and*
- (ii) to identify the programme of interventions needed.

This report is the result of this follow-up stage of work.

We kept to a set of guiding principles and – meeting at a series of workshops, as well as reaching out to meet the transport authorities across the wider North – we determined that three criteria would apply to selecting the necessary interventions:

- connectivity: *do they deliver the transformational change needed?*
- affordability: *and do they represent good value for money?*
- deliverability: *can they be delivered without undue disruption and other unwanted impacts?*

The work also embraced consideration of digital connectivity and the role this should play alongside better transport provision.

### Guiding Principles

The aim is to invigorate the North's economy as a whole, delivering higher levels of productivity and greater competitiveness through transformed connectivity

The vision is 'multi-modal' both for logistics and for personal travel

Rail is the means of travel that is growing strongest and will have to play a much increased role in the decades to come

The presumption is of strong growth in the North's economy along with a growing population

Investment that delivers best overall return in terms of net national growth will be prioritised

The proposition is *transformational* in intent.

## The Economic Case

There has recently been a number of reports analysing the problem of the North's transport system and showing how its limitations need to be overcome to give the North's economy the opportunity to flourish. There seems to be no real dissent from the view that better connectivity across the North now needs to be prioritised.

Two comparator regions – the *Randstad* in the Netherlands and the *Rhine-Ruhr* region of Germany – have higher levels of employment (73-76%) than the North (68%) and generate much higher levels of annual GDP *per capita* (€36k - €39k, compared with the North's €22k); they also have much more developed transport networks, both for person travel and freight & logistics.

An analysis was made of two key parts of the One North Proposition using a model that examines the dynamic relationship between transport capability, land use/development and employment and productivity. This showed that, if the faster passenger rail journey times between the North's city regions were achieved, and if the North's strategic highway network could operate in future at no worse levels of congestion than today's (despite a growing economy), then the northern economy would benefit by £67bn (Gross Value Added discounted present value). The contributions from rail and from highways were roughly equal.

It is estimated that the benefits from other strategy elements not included in this assessment – such as improving connectivity *within* city regions – would add similar levels of wider economic benefit and therefore, the overall One North programme could add as much as £130bn to GVA.



With an economy much more geared to exports than the UK average, freight and logistics and especially access to ports are especially important for the North. Investment here will reduce production and distribution costs and is seen as central to achieving the productivity uplift that better connectivity brings.

#### Key Economic Drivers

- **Improved labour market efficiency**, and wider employment opportunities
- **Improved business efficiency**, through quicker and more reliable journeys
- **Stimulating business investment, innovation and business start-ups**
- **Bringing firms closer together** to achieve agglomeration and supply chain benefits
- **Increasing competition by opening access to new markets**
- **Attracting international capital to the UK**, through an attractive business environment and a high quality of life
- **Increasing productivity and trade** by reducing logistics costs.

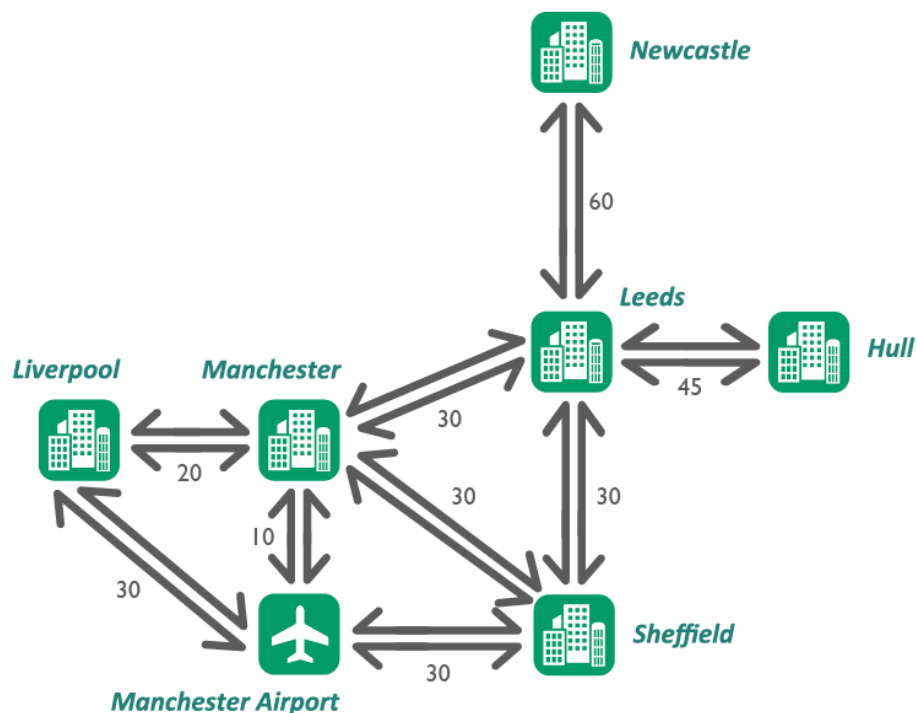
## The Integrated Programme

The programme covers connectivity *between city* regions and *within* them; both are needed and, taking a business and customer perspective, what is needed is to create coherence, so that travel choices can readily take advantage of a planned set of transformational improvements. This means attention to measures that complement infrastructure improvements. It means including information and fare payment systems in the programme, and thinking about how services are planned to connect with each other as well to connect different places.

The programme has been conceived as a multi-modal integrated whole. It is not a matter of picking and choosing between programme elements. But there are key choices to be made in terms of delivery timescale and, for the larger infrastructure projects, their design and alignment.

A key part of the package is better rail connectivity across the North. Investment in TransNorth and the North East Corridor will deliver higher speeds and capacities across the network from Liverpool, through Manchester, Leeds and Sheffield, to Hull and Newcastle – and complementary measures across the city region networks will maximise the connectivity benefits.

## Faster One North City to City Rail Connections



Delivering the TransNorth package will require choices to be made. Decisions here are fundamentally as much about the arrangements to be adopted for expanded rail capabilities east-west across the cities of Manchester, Leeds and Sheffield as they are about the corridor across the Pennines. Finding the right options for connectivity to Liverpool and Manchester Airport, and eastwards to Hull and Newcastle are also key priorities.

The improvements already planned through the Northern Hub and the electrification programme for rail in the Liverpool-Manchester-Leeds corridor offer significant connectivity benefits for each of the city regions (except Sheffield) and should be delivered by 2019. But soon enough, the capacity created through the Northern Hub and associated route electrification will be used up.

Another important factor is the question of accommodating a mix of services – fast intercity trains, local commuter services to the important and growing towns *en route* and meeting the needs of the freight and logistics sector. And these questions cannot be considered for rail alone, since the M62 is such a crucial artery for the North and because a direct motorway connection between Sheffield and Manchester is most noted by its absence. Management of the local and strategic highway networks and mitigation of any strategic gaps that are predicted to constrain economic growth will be key.

The TransNorth package will provide connectivity to HS2 for the core cities.

The Investment Plan presumes and indeed fully supports both phases of HS2 being fully implemented. It endorses bringing forward a key northern component – early extension to Crewe – and adds a second: early construction of the Yorkshire section of the eastern arm of the network between Leeds and Sheffield to support a range of longer distance cross country services. This helps achieve the balanced improvement in connectivity that the North requires. Analysis of the options for each element of the TransNorth rail package needs to be progressed quickly so that plans for the possible integration with HS2 can be developed without delay.

Complementary measures to improve rail and enhance station gateways are needed too, but are not part of the Investment Plan. These are generally not yet funded and will require significant extra resources through future City Growth Deals so that Combined Authorities can plan and deliver them locally.

<b>One North Integrated Programme</b>	
<p><b>Rail infrastructure</b></p> <ul style="list-style-type: none"> <li>• <i>TransNorth</i> transformational investment in the North’s east-west rail infrastructure and services from Liverpool to Hull including improved connections to Manchester Airport</li> <li>• <i>Accelerated delivery of, and connectivity to, HS2</i> in the North</li> <li>• <i>Northeast Corridor</i> between Newcastle and Leeds</li> <li>• <i>City Region</i> networks</li> </ul> <p><b>Highway network development</b></p> <ul style="list-style-type: none"> <li>• Extending the Highways Agency programme into the longer term</li> <li>• Addressing strategic gaps in the North’s highway network</li> <li>• Meeting the wider user needs on the A-Road network</li> </ul> <p><b>Digital infrastructure/telecommunications</b></p>	<p><b>Freight, logistics and ports</b></p> <ul style="list-style-type: none"> <li>• Gauge cleared railways east west to the North’s major ports, with sufficient capacity</li> <li>• Focus for highway investment</li> <li>• Expanded network of rail-connected distribution centres</li> </ul> <p><b>Airports</b></p> <ul style="list-style-type: none"> <li>• New east-west rail access to Manchester Airport</li> <li>• Development of the major regional airports – wider intercontinental flights at Newcastle and rail access at Liverpool and Leeds/Bradford</li> </ul> <p><b>Integrating transport services for customers</b></p> <p><b>Connections with adjoining regions &amp; nations</b></p>

Total capital costs are estimated to be in the range £9bn - £16bn for this programme, but this excludes the significant costs that will arise for the within-city region programme – the funding channel for which has been initiated through the 'city deals' programme, but which will require a major uplift in funding allocation if the ambitions of One North are to be realised. And of course, much investment, especially in freight and logistics and in digital, will be made by the private sector.

The strategic investment plan covers all modes of travel and informs national and local decision-making over multiple Comprehensive Spending Review periods. It is a strategy driven by its economic value with its scope set to deliver the economic 'Northern Powerhouse' identified in George Osborne's Manchester speech of June 2014.

## Next Steps

Government has announced the creation of a new body called Transport for the North to take this programme forward and the city region authorities warmly welcome this development.

"The government, working with Transport for the North, will now produce a comprehensive transport strategy for the region. This will include options, costs and a delivery timetable for a HS3 east west rail connection. An interim report will be produced next March."

*Chancellor of the Exchequer, speaking at Leeds Civic Hall, 27<sup>th</sup> October 2014*

"The government also welcomes the report's recommendation that cooperation on transport issues should be formalised in the north. We will create a new body called Transport for the North (TfN), made up of the main northern city regions. This body will work together with other authorities and stakeholders and allow the north to speak with one voice on the big decisions, to benefit the region as a whole.

I would like to invite these cities to come together and work with the government on the options for HS3, alongside a wider transport strategy for the north."

*Secretary of State for Transport written statement to Parliament October 27<sup>th</sup> 2014*

City Leaders will meet with Ministers to work out the detail of how this will best work in practice. There is urgency because of the stated challenge of publishing the next stage of development – including on HS3, which is represented in One North by the TransNorth proposal – by March 2015.

Delivery of One North requires the creation of a Programme Board and TfN will provide this facility. It will be based here in the North, and it should comprise Government representation, the city regional authorities, city business representatives and the national agencies<sup>1</sup>. It will be guided by the economic ambition, not narrower transport objectives. It will create and resource teams jointly across the participating organisations.

The role of the TfN Programme Board is to act as the custodian of the One North Vision for the North; acting as the principal Project Office for ensuring the work of the various bodies is co-ordinated and properly sequenced, giving clear advice on priorities and business case development, and setting out how future Government can support delivery through appropriate fiscal periods and programmes. We agree it will need a Programme Director to achieve this.

There is a requirement as well to join-up the strategic plans produced by TfN with the transport and strategic economic plans of the City Regions and so Combined Authority/LEP collaboration will be crucial too.

The cities welcome this institutional strengthening and will work wholeheartedly to ensure its success in making rapid progress on turning One North into a reality.

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<sup>1</sup> These include but may not be restricted to: Highways Agency, Network Rail, HS2 Ltd

## **REPORT FRONT SHEET**

### **AGENDA ITEM: 11**

**Combined Authority: 12 December 2014**

**Report Title: 2015/16 Budget proposals**

### **Report Summary**

The report provides an update on the work that has been undertaken to further develop budget proposals for WYCA for 2015/16 ahead of the meeting in January 2015 where a budget approval will be sought.

The Budget Working Group has considered the current budgets for transport and the underlying pressures and challenges on them. The proposal is that the transport levy is frozen for 2015/16 (other than the WY+Transport Fund agreed escalator) but that during 2015/16 a programme to review areas for cost reduction/service cuts be undertaken in order to deliver a reduced budget for subsequent years.

The budget for economic activities is currently administered and managed by Leeds City Council and agreed through the Leaders' Board. It is expected that this will transfer across to the WYCA from 1 April 2015 with funding provided, as at present, by a combination of contributions from District Councils and central government.

### **Possible Questions**

- 1. Does the WYCA support a freeze on the transport levy for 2015/16?**
- 2. Are there any service provision areas the WYCA like to see reviewed during 2015/16?**

**Note: The above questions may arise during the debate, but do not preclude other items for discussion and debate.**

## ITEM 11

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**Report to:** Combined Authority

**Date:** 12 December 2014

**Subject:** 2015/16 Budget Proposals

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### 1. Purpose

- 1.1. To consider the work underway to establish a budget for 2015/16 for the West Yorkshire Combined Authority (WYCA) and to set out a proposed approach for 2015/16.

### 2. Information

- 2.1. An initial draft of a medium term financial strategy (MTFS) was considered by the WYCA in September and further work was identified in order to be able to present a budget for approval to the meeting in January 2015. A Budget Working Group has been established to enable a more detailed consideration of the underlying detail of the 2014/15 budget and understand the pressures and assumptions behind the individual lines, in order to inform the setting of a budget for 2015/16.
- 2.2. The 2014/15 budget adopted by WYCA at its inaugural meeting in April 2014 covered the transport activities of the organisation. The agreed action was to ensure that going forward any budget and MTFS would need to include the economic strategy dimension as currently delivered by the LEP and any other wider plans and aspirations of the WYCA, including delivering on devolution of powers, the West Yorkshire plus Transport Fund (WY+TF) and the Strategic Economic Plan.
- 2.3. With regard to the economic activities of the WYCA the current arrangements are in a transitional phase. The LCR/LEP team have moved to Wellington House so that they are co-located with their WYCA colleagues and this is facilitating closer working on shared agendas. The funding for these activities is from budgets currently established and managed through the Leaders' Board and administered by Leeds City Council. The LCR/LEP team have developed a first draft of a budget for 2015/16 and are working with officers from WYCA to ensure it provides the appropriate level of resource to deliver the economic activities required in 2015/16.
- 2.4. The LCR/LEP budget (both costs and funding) will be considered by the Leaders' Board and is likely to then transfer to the WYCA from 1 April 2015 which is also the

planned date for the TUPE of the staff from Leeds City Council. The budget proposal for the LCR/LEP is based upon the current levels of funding from District Councils, supported by money from central Government and the use of funding from external grants to provide for the staff required to deliver the wide range of projects underway or that will be delivered through the Growth Deal from 1 April.

2.5. With regard to the transport element of the 2015/16 budget work has been undertaken by the Budget Working Group (BWG) which has considered the detail of each budget block, the opportunities to reduce these costs and the savings and reductions made to date. In a parallel process WYCA officers have considered each budget block line by line to establish a revised outturn for 2014/15 and a first draft budget for 2015/16.

2.6. The outcome of that work is set out below.

<b>WYCA BUDGET:TRANSPORT</b>				
	All £000's	Original budget 2014/15	Latest Estimate 2014/15	Forecast 2015/16
Concessionary travel		53,242	54,341	55,474
Subsidised Services		19,490	19,343	19,632
Passenger Services		8,172	7,971	7,794
Prepaid Tickets		31,000	31,000	31,000
Rail- Franchise Costs		64,391	43,155	43,155
Pensions		1,431	1,406	1,406
Financing charges		7,356	6,983	6,703
Strategic Priorities		250	100	0
Development & Corporate		6,112	6,109	6,250
		191,444	170,408	171,414
Prepaid Tickets		-31,000	-31,000	-31,000
Special Rail Grant		-64,209	-43,155	-43,155
Transport levy		-96,198	-96,198	-96,198
Use of reserves		37	55	1,061
Remaining reserves at year end		5,892	6,515	5,454

2.7. For the purposes of establishing an initial position for transport responsibilities it has been assumed that all current activities and services continue to be provided and this is done within a levy freeze. A large proportion of the budget is in effect non-discretionary ie £44m of statutory concessions, £1.4m legacy pension payments and £6.7m of debt servicing costs. This means that there are more limited opportunities to reduce expenditure without impacting on service delivery.

2.8. The following paragraphs provide information on each of the budget blocks and the relevant issues arising.

#### **Concessions**

2.9. Almost £44m of this budget relates to the English National Concessionary Travel Scheme and as such is a statutory cost that cannot be reduced. There is a continuing



challenge to manage annual increases in these costs when there is no corresponding increase in funding.

- 2.10. There is an aspiration to improve the concessionary offer for young persons which would align with the City Region aim of reducing the number of NEETs (young people not in employment, education or training). Further work is underway to consider the options available and the costs of implementing them.

#### **Subsidised bus services**

- 2.11. This block covers the net direct costs paid to bus operators for schools, non schools and Accessbus services. The non schools costs have been reduced from £19m three years ago to £15.4m this year following a series of network reviews and there is little opportunity for further savings in the resultant network without taking out services. An increase in 2015/16 is inevitable given that inflation applies to all contracts.

#### **Passenger services**

- 2.12. This block covers the direct costs of provision of bus stations, bus shelters and all passenger information across West Yorkshire. This includes the provision of 8 major bus stations with security staff, travel centres, toilets, CCTV, retail and electronic information. Opportunities to generate further income at bus stations continue to be explored and there is currently a high level of occupancy of the retail units. WYCA maintains 14,000 bus stops and 4,000 bus shelters, part funded by an advertising contract that generates income of £800k pa.
- 2.13. This block also covers all the direct costs of passenger information, including the MetroLine call centre, printed bus and rail timetables, printed bus stop timetable displays and bus real time information. Marketing campaigns to get key messages to public transport users take place periodically and support work to encourage commuters to use public transport through the Travel Plan Network.
- 2.14. This budget also includes the costs of service monitoring (surveys to establish bus usage and adherence to conditions), travel planning, management and planning of bus networks and tenders and the provision of schools transport liaison.

#### **Rail costs**

- 2.15. The costs of meeting the rail franchise in West Yorkshire are paid out via the WYCA but fully funded from the Department for Transport. In addition an administration grant is received which meets the costs of managing the franchise, including the rail monitoring team and producing rail timetables. The cost of providing rail services is shown for the current franchise extension period where it continues to be met by the Department for Transport. The future of this grant is unclear in the light of the move to Rail North and a shared franchising agenda with the Department for Transport. It is assumed that any cost sharing/ investment arrangements to support Rail North will be considered separately by the WYCA.

#### **Pensions**

- 2.16. This block represents the fixed pension costs payable to the West Yorkshire Pension Fund in relation to former bus employees prior to 1986.

### **Financing charges**

- 2.17. These relate to the interest and minimum revenue provision for the WYCA's current loan book of £70m. The loans in place are part of the capital financing undertaken in the years prior to receiving capital funding as grant and are all at low rates of interest.
- 2.18. At this stage the financing costs of delivering the West Yorkshire plus Transport Fund have not been included. A separate paper on this agenda considers the level of local contribution required to support the planned borrowing costs; the outcome of this decision will be included in the proposed budget for 2015/16.

### **Strategic priorities**

- 2.19. The strategic priorities block was approved in order to allow progress with key projects such as bus partnership, the development of rail partnership and the residual costs of establishing the WYCA. These costs have not been required in full in 2014/15 and no allowance has yet been made in 2015/16 for any similar costs.

### **Corporate and development**

- 2.20. The corporate and development budget block covers all central costs including accommodation and all the costs of ICT, HR, finance, PR, planning/development and legal and democratic services, including staffing, insurance and Members allowances. Savings and efficiencies have continually been sought in these areas through staffing reviews and renewals of contracts. A vacancy target is set each year and a process to challenge all vacancies before proceeding to recruitment is in place.

### **Conclusions for 2015/16**

- 2.21. During 2015/16 the transport and economic budgets will be reviewed and merged together to ensure the most effective use of funds to deliver key WYCA activities. The organisational structure will also be considered to ensure it is best aligned with WYCA's agenda and priorities. Work is also underway to ensure a focus on delivery of the Strategic Economic Plan and West Yorkshire plus Transport Fund and this will be reported to a future meeting of the WYCA. This will lead to further integration of the LEP back office and support functions to enable a clear focus on delivery.
- 2.22. The continued growth of the statutory concessions budget and the bus tendered services lines means that a balanced budget is not achievable within a levy freeze for the period covered by the medium term financial strategy. For 2015/16 it is proposed that the budget is balanced by using reserves of £1m. This would leave reserves by the end of 2015/16 at £5.5m which is just within the previously agreed reserves strategy.
- 2.23. The ongoing use of reserves to support revenue expenditure is not advised and the proposal, endorsed by the Budget Working Group, is to embark upon a programme to review options for cost reductions or service cuts during 2015/16 with the objective of achieving a balanced budget from 2016/17 onwards which does not require reliance on the use of reserves. The challenge is to achieve this whilst supporting the increased levels of work required to deliver WYCA's ambition to drive economic growth as set out in the Strategic Economic Plan. A number of areas for further consideration for service reductions have already been identified through the Budget Working Group, including discretionary concessionary travel, frequency of

cleaning shelters, provision of paper bus timetables and leaflets and levels of insurance. A full review programme will be put together with input from the Transport Committee, with any proposals subject to equality impact assessments. Opportunities to generate income will also continue to be explored along with continuing to bid for grant funding which aligns with WYCA objectives. Income generating opportunities could include toilet charging at bus stations (following the introduction of charging at the new facility at Castleford).

- 2.24. The Budget Working Group has also recommended that as part of this review work the opportunity be taken to consider areas of collaboration or joint working with District Council partners. This is to be undertaken both from the perspective of identifying work which could be undertaken by the WYCA on behalf of the Districts or where WYCA work could be transferred to one or more District Councils, in order to provide savings or increase capacity.
- 2.25. The Budget Working Group will meet again in January to consider the detail of the proposed 2015/16 budget for the WYCA. A full report will be provided to the WYCA meeting of 29 January to seek approval to the revenue and capital budgets, the reserves policy, the transport levy on the West Yorkshire Districts and the treasury management policy and also to provide further detail of the planned work on service reductions and opportunities for collaboration.

### **3. Financial implications**

- 3.1. As set out in the report.

### **4. Legal Implications**

- 4.1. None arising directly from this report.

### **5. Staffing Implications**

- 5.1. None arising directly from this report.

### **6. Consultees**

- 6.1. The Head of Paid Service, the Budget Working Group and Directors of WYCA have been consulted in preparing this report.

### **7. Recommendations**

- 7.1. That the Authority agree the proposed approach to the budget and transport levy for 2015/16 and the proposed further work to be undertaken in 2015/16.

**MINUTES OF THE MEETING OF THE  
TRANSPORT COMMITTEE  
HELD ON FRIDAY 26 SEPTEMBER 2014 IN WELLINGTON HOUSE, LEEDS**

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**Present:** Councillor James Lewis (Chair)

Councillors R Billheimer, Y Crewe, E Firth, A Hussain, M Johnson, D Kirton, M Lyons, A Pinnock, R Poulsen, L Smaje, D Sutherland, T Swift and E Taylor

In attendance: Councillors V Slater (Bradford), P McBride (Kirklees) and D Levene (York)

Observer: Councillor B Collins (Calderdale),

**33. Apologies for Absence**

Apologies for absence were received from Councillors A Carter, G Lowe, M Ward and R Lewis (Leeds).

**34. Declarations of Disclosable Pecuniary Interests**

There were no pecuniary interests declared by Members at the meeting.

**35. Minutes of the Meeting of the Transport Committee held on 11 July 2014**

**Resolved:** That the minutes of the Transport Committee held on 11 July 2014 be approved and signed by the Chair.

**36. Minutes of the Meetings of the District Consultation Sub-Committees**

**Resolved:**

- (a) That the minutes of the meeting of the Leeds District Consultation Sub-Committee held on 7 July 2014 be approved.
- (b) That the minutes of the meeting of the Calderdale District Consultation Sub-Committee held on 8 July 2014 be approved.
- (c) That the minutes of the meeting of the Kirklees District Consultation Sub-Committee held on 9 July 2014 be approved.

- (d) That the minutes of the meeting of the Bradford District Consultation Sub-Committee held on 14 July 2014 be approved.
- (e) That the minutes of the meeting of the Wakefield District Consultation Sub-Committee held on 17 July 2014 be approved.

### **37. WYCA Funded Socially Necessary Bus Services**

The Committee considered a report:

- Seeking the endorsement of guidelines for the provision of socially necessary bus services.
- To confirm the basis under which Boxing Day, Dalesbus and free town/city bus services were provided.
- Progress with upgrading MyBus vehicles under the Clean Bus Technology Fund.

It was reported that under the Transport Act 1968, the Combined Authority had a duty to consider the need for socially necessary services and the power to procure those services.

The former WYITA had developed criteria aimed at achieving savings required by the financial strategy whilst retaining as far as practicable, accessibility to local facilities. Members were informed that the Guidelines had been adopted in 2011 and had proved to be robust and fundamental to the successful process of saving money through the network reviews over the last 3 years.

#### **Boxing Day Services**

It was reported that Boxing Day services had been very successful since their reintroduction in 2007. It was proposed to procure and maintain the same level of service for 2014 as in 2013 primarily focussed on access to Leeds and Huddersfield town centres where Boxing Day retail activity was at its strongest. Members were also advised that it was proposed to trial an additional service between Leeds and Wetherby.

#### **Dalesbus**

It was reported that since 2007 the former WYITA had supported and provided a grant contribution to the Dales & Bowland Community Interest Company to operate a number of Sunday services throughout the year, providing leisure access for West Yorkshire residents visiting the Dales.

Members recognised the benefits to the residents of West Yorkshire and recommended that their support be continued in 2015/16.

### **FreeTown/City Bus**

It was reported that the former WYITA, in partnership with the relevant West Yorkshire District Councils, had match funded the operation of free town/city services in Bradford, Dewsbury, Huddersfield and Wakefield. It was proposed that this approach be confirmed and thereby, in the event of a Local Authority wishing to pull out of that arrangement, the match funding from the Combined Authority would be withdrawn.

### **MyBus Vehicles**

It was reported that in 2013/14 the former WYITA had been awarded a £1m capital grant under the Department for Transport's Clean Bus Technology Fund together with match funding from the Local Transport Plan to install emission control systems to 119 Euro 3 Yellow MyBus vehicles.

Members were advised a further bid of £277,550 to equip an additional 23 vehicles had now been accepted by the DfT. It was also proposed that match funding from the LTP programme would be sought to undertake complementary work to extend the operational life of the vehicles together with a strategy to address the 23 vehicles not included in the current award.

### **Resolved:**

- (i) That the 'Guidelines for the Provision of WYCA Funded Socially Necessary Bus Services' be endorsed.
- (ii) That the provision of Boxing Day services for 2014 as outlined in paragraph 2.6 of the submitted report be approved.
- (iii) That the continued support for the Dalesbus services, subject to the availability of funding and the use of the WYCA's wellbeing powers in relation to the cross-boundary element within the scheme be endorsed.
- (iv) That the position regarding co-funding of town/city bus services be noted.

### **38. Rail Franchising**

The Committee considered an update report on the progress being made on the refranchising of the Northern Rail and TransPennine Rail franchise.

It was reported that the DfT and Rail North had announced a shortlist of 3 bidders for both franchises. The next key milestone in that process was to develop and issue an Invitation to Tender setting out the specifications for both franchises in December 2014. In this respect all Rail North partners including the WYCA were heavily involved in all details of the work to inform the eventual franchise specification,

covering the key priorities which were outlined in paragraph 2.8 of the submitted report.

Reference was also made that whilst the formal franchise consultation had now closed and the responses were being analysed, it was understood that the North had collectively submitted a strong submission.

The Committee was also advised that good progress was being made to introduce formal governance structures for the Association of Rail North Leaders, Rail North Ltd and a legally underpinned partnership with the DfT.

**Resolved:** That the report be noted.

### **39. Smartcard and Information Programme Update**

The Committee considered a report which provided an update on the Smartcard and Information Programme (SCIP).

The report highlighted a number of notable milestones which had been achieved in respect of the six component projects in the SCIP programme:

- Successful launch of the new website content management system which had resulted in a large increase in the usage of the wymetro.com website particularly from mobile devices.
- Mcard was now the most comprehensive ticketing scheme outside London.
- The conversion of all entitlement passes to smartcard had almost been completed.
- The Smart enabled retail network, including 700 Payzone outlets, had been commissioned.

Members noted that Post Office Counters Limited had not submitted a bid to offer a smart enabled retail network and it was planned to withdraw all Post Office sales by the end of December 2014.

It was reported that good progress on specifying the contract for the yournextbus realtime information was being made. The WYCA, SYPTTE and the City of York were working in partnership to procure a replacement system.

Members were advised that in view of the technology which had evolved since the current contract was let, views on additional user requirements had been sought from the former Passenger Consultative Committees, bus operators and other user groups.

**Resolved:** That the report be noted.

#### **40. Local Transport Plan Approvals**

The Committee considered a report which sought funding approval for the following projects, which formed part of the approved 2014/15 Capital Programme:

- Leeds Bus Station Carriageway
- Local Transport Plan Feasibility and Monitoring/Evaluation Evidence
- Rail Devolution
- High Speed/One North Work
- ICT Data Centres

Members commented that the Local Transport Plan Committee had provided a useful forum to discuss programmes and schemes. Councillor Swift, as the WYCA member on the Transport Committee, noted these comments and would refer them for consideration.

#### **Resolved:**

- (i) That expenditure of £825,000 for the resurfacing of carriageways at Leeds Bus Station, to be funded through the LTP be approved.
- (ii) That expenditure of £505,000 in relation to the 5 year contract for the external data centre to be funded through the LTP be approved.
- (iii) That expenditure of £500,000 on the Rail Devolution Programme be approved. WYCA will contribute up to £150,000 to be funded through the LTP. Contributions towards the overall programme cost will continue to be apportioned among the partners.
- (iv) That expenditure of £500,000 to fund LTP Feasibility Studies and LTP Monitoring and Evaluation Evidence data during IP2, to be funded through the LTP be approved.
- (v) That expenditure of £277,550 to equip 23 Euro 4 MyBus vehicles, to be funded through the Clean Vehicle Technology Fund be approved.
- (vi) That the contribution to the work associated with One North proposals for improving cross-Pennine connectivity works be noted.

#### **41. West Yorkshire Plus Transport Fund**

The Committee considered a report which provided an update on the process for re-profiling the development and delivery schedule for transport investments included in the West Yorkshire Plus Transport Fund.

It was reported that following the successful bid, subsequent feedback from the Government had now provided clarity on future funding profiles to be made



available to the WYCA and York over the 20 year commitment period 2015-34. In this respect members were informed that funding from the Government beyond 2021 would be the subject to 5 yearly independent reviews that would assess the economic impacts of the schemes delivered as well as delivering on time and within budgets.

The WYCA and York partners were reviewing the overall timescales and funding requirements for the development and delivery of the priorities for a number of 'early win' schemes based on set criteria including deliverability, affordability, key project risk and timescales and opportunities to 'lever in' additional funding. A revised programme had now been proposed to enable engagement with District Council partners and other stakeholders with a view to a report being presented to the Combined Authority at its December meeting, setting out the revised schedule for the Fund. Members were advised that this work would be overseen by the WYCA Transport Committee and Investment Committee.

**Resolved:** That the report be noted.

#### **42. NGT Update**

The Committee considered a report on the current status of the NGT Project including the Public Inquiry.

It was reported that in February 2014, prior to the commencement of the Public Inquiry, the former WYITA had reaffirmed their support for NGT. The Committee was given an update on work which was continuing on developing the NGT Trolleybus Project and on the Public Inquiry which had commenced on 29 April and was now expected to finish in late October 2014.

Members were advised that discussions were ongoing with objectors who were directly affected by the proposal in order to understand their concerns in more detail and, wherever possible, to try and resolve them in order to enable withdrawal of objections. The Chair referred to a number of emails that members of the Transport Committee had received from objectors to the scheme. He proposed to send a response to the correspondents on behalf of the Committee.

**Resolved:** That the report be noted.

#### **43. Exclusion of Press and Public**

The Transport Committee considered a recommendation to exclude the press and public from Agenda Items 12, 13 and 14, which contained exempt information defined in Paragraph 3 of Schedule 12A Local Government Act 1972.

**RESOLVED:** It was agreed that for the reasons outlined below, the public interest would be better served by maintaining the exemption, and, therefore, the press and public were excluded for Agenda Items 12, 13 & 14:

- (a) It was agreed that because disclosure of Item 12 (NGT – Objection Management) would reveal the commercial negotiations between WYCA and the other parties involved with the various property transactions this would be prejudicial to the negotiating position of the Authority and those parties.
- (b) It was agreed that because disclosure of Agenda Item 13 (Concessionary Travel Update) would reveal the commercial negotiations between WYCA and bus operator companies this would be prejudicial to the negotiating position of the Authority and those companies.
- (c) It was agreed that because disclosure of Agenda Item 14 (Wakefield Kirkgate Station) would identify the maximum contribution WYCA would make towards the project this would be prejudicial to the negotiating position of the Authority.

**\*44. NGT – Objection Management**

The Committee considered a report recommending commercial arrangements involving interests in land, amongst other things, be entered into with objectors to the NGT scheme.

**Resolved:**

- (i) That the recommended agreements with objectors be entered into on the terms set out in the report.
- (ii) That negotiations continue with one objector as recommended in the report.

**\*45. Concessionary Travel Update**

The Committee considered a report which provided an update with the larger bus operators on the reimbursement in relation to the 2008 English National Concessionary Travel Scheme (ENCTS) for the period 2014/15 to 2016/17.

The report also sought approval to continue negotiations with Stagecoach Yorkshire and Yorkshire Tiger on ENCTS reimbursement and proposed amendments to the scheme with regard to concessionary travel for young persons.

**Resolved:**

- (i) That the position on ENCTS Agreements with the larger bus operators be noted.
- (ii) That the sums as detailed in paragraph 3.7 of the submitted report be approved as the basis for concluding agreements with Stagecoach Yorkshire and Yorkshire Tiger.

- (iii) That the amendments to the Transport Act 1983 Concessionary Travel arrangements as detailed in the submitted report be approved.

**\*46. Wakefield Kirkgate Station**

The Committee considered a report seeking expenditure towards the Wakefield Kirkgate Station redevelopment.

**Resolved:** That expenditure towards the Wakefield Kirkgate Station redevelopment to be funded through the Local Transport Plan as detailed in the submitted report be approved.

**MINUTES OF THE MEETING OF THE  
TRANSPORT COMMITTEE  
HELD ON FRIDAY 31 OCTOBER 2014 IN WELLINGTON HOUSE, LEEDS**

---

**Present:** Councillor J Lewis (Chair)

Councillors R Billheimer, E Firth, A Hussain, M Johnson, G Lowe, M Lyons,  
A Pinnock, R Poulsen, L Smaje, D Sutherland, T Swift, E Taylor and M Ward

In attendance: Councillors V Slater (Bradford), P McBride (Kirklees),  
R Lewis (Leeds) and D Levene (York)

Observer: Councillor B Collins (Calderdale)

**47. Apologies for Absence**

Apologies for absence were received from Councillors A Carter, Y Crewe and  
D Kirton.

**48. Declarations of Disclosable Pecuniary Interests**

There were no pecuniary interests declared by Members at the meeting.

**49. Minutes of the Meeting of the Transport Committee held on 26 September 2014**

**Resolved:** That the minutes of the Transport Committee held on 26 September 2014  
be approved and signed by the Chair.

**50. Minutes of the Meetings of the Local Bus Services Working Group held on  
29 September 2014**

**Resolved:** That the minutes of the Local Bus Services Working Group held on  
29 September 2014 be approved.

**51. Transport Business Plan 2014/15 Progress**

The Committee considered a report which provided an update on progress with  
delivery of the Transport Business Plan 2014/15 and also sought members' input to  
the 2015/16 plan.

Members noted progress in the delivery of the Business Plan in order to ensure that the agreed actions were progressing and to identify any further actions that should be included in future business plans.

The 2014/15 Transport Function Business Plan was attached at Appendix 1 to the submitted report and set out actions and deliverables under Local Transport Plan headings of Enhancements, Travel Choices, Connectivity, Asset Management, Supporting Activities and Engagement with Customers.

The Committee was advised that the Business Plan would be updated for 2015/16 to reflect the WYCA's priorities. An initial draft of the key transport actions was attached at Appendix 2 to the submitted report. Members suggested that key transport actions with regard to the Authority's Bus Strategy, Rail Devolution, early win schemes within the West Yorkshire plus Transport Fund and freight be incorporated within the plan.

Members expressed the need to maximise media opportunities to highlight the Combined Authority's achievements with regard to the successful delivery of high profile schemes.

**Resolved:** That progress on delivery of the 2014/15 Transport Business Plan be noted.

## **52. Transport Update**

The Committee considered a report on the development of a Single Transport Plan for the Combined Authority together with a progress update on a number of strategic rail issues.

### **Single Transport Plan**

It was reported that good progress had been made in the development of a Single Transport Plan and vision for West Yorkshire and York that reflected the ambitions of the Combined Authority, the evolution of the West Yorkshire plus Transport Fund within the Growth Deal, Bus Strategy, HS2/HS3 and rail devolution.

Members were advised that a further workshop for members of the Committee and the Transport Portfolio Advisory Group would be held in December to discuss the emerging Plan and how HS2/HS3 connectivity was at the core of the vision for the Single Plan.

### **Rail North Update**

It was reported that the majority of the Northern Local Transport Authorities had or were in the process of joining Rail North Ltd. In working closely with the Department for Transport, Rail North officers were continuing to make the case for growth

franchises, in line with the West Yorkshire RailPlan 7 and the Rail North Long Term Strategy to support the economic aspirations set out in the Strategic Economic Plan.

The Chairman also made reference that, following correspondence received from RMT, he had met with representatives regarding their concerns on some of the proposals set out in the franchise consultation document, particularly on staffing levels and the role of on train staff.

### **HS2, One North and HS3**

It was reported that the WYCA continued to lead on the HS2 Connectivity Study which formed part of the City Region's HS2 Growth Strategy work.

Reference was made to the workshop which had been held involving members of the Transport Committee and the Transport Portfolio Holders to discuss the vision in relation to maximising and spreading the benefits of HS2 across the City Region and the North of England. It was confirmed that a further workshop would be held, at the conclusion of the Transport Committee on 5 December 2014, to consider the One North report and its significance for West Yorkshire and York. This workshop would reflect the implications of the Higgins Report and the ongoing HS2 connectivity work.

Members also commented on the launch of the Sir David Higgins report 'Rebalancing Britain: From HS2 Towards a National Transport Strategy' which was held in Leeds on 27 October 2014. A supplementary note was circulated at the meeting. A key conclusion of the report was the need to improve connectivity across the North of England and for the Government and the Local Authorities to build upon the work of the One North report in developing an implementation plan.

The Committee commented that whilst the investment in a new high speed link between London and the North was welcomed, the impact on the region would be limited if connecting journeys to other towns and cities in the region were not improved.

Reference was made to the ongoing work being carried out by the WYCA and other City Region Local Authorities to understand the interventions required to help deliver the vision, as well as the strategic economic business case for the investment that was required. A progress report would be brought to a future meeting of the Transport Committee.

**Resolved:** That the report be noted.

### **53. Local Transport Plan Approvals**

The Committee considered a report which sought approval to the revised Local Transport Plan (LTP) Implementation Plan 2 (IP2) Integrated Transport Block

programme. Approval was also sought for LTP Quarter 3 2014/15 payments for the following programmes:

- LTP IP2 Integrated Transport and Highway Maintenance Blocks
- Cycle City Ambition Grant for CityConnect programme
- West Yorkshire 'plus' Transport Fund.

The Committee also considered the approval for expenditure on the following IP2 schemes:

- Transport Hubs
- Bus Hot-Spots
- Cycling and walking schemes.

### **2014/15 Integrated and Highways Maintenance Block – Quarter 3 Allocations**

It was noted that the proposed Integrated Transport Block and Highways Maintenance Block Quarter 3 allocations for 2014/15 were outlined in Table 1 of the submitted report.

### **Integrated Transport Block Fund**

It was reported that following the Local Growth Fund Bid announcement and future LTP allocations by the Department for Transport (DfT), a review of the IP2 Programme and the overall capital plans had been undertaken with the District Council partners with a view to identifying an affordable programme. Members were advised that there would be a further opportunity for review as part of the emerging Single Transport Plan.

### **DfT Cycling Delivery Plan**

It was reported that the DfT had launched a 10 year Cycling Delivery Plan for consultation on 16 October 2014. The plan sought a step change in the numbers of people cycling by outlining plans to double cycling by 2025. The Delivery Plan identified the first stage in the partnership process as local authorities providing an Expression of Interest. This would then be followed by dialogue between the DfT and local authority and its partners about the scale of ambition and how the partnership would work to realise this ambition.

In welcoming the plan, members stressed the need for a coherent cycling strategy with a long term, sustainable funding stream.

### **Resolved:**

- (a) That the revised LTP IP2 programme set out in Appendix 1 to the submitted report be approved.

- (b) That the quarterly payments as set out in Table 1 of the submitted report be approved.
- (c) That the expenditure of £2.711m in 2014/15 from the Combined Authority reserves to progress the West Yorkshire 'plus' Transport Fund be approved.
- (d) That the expenditure of £435,000 to fund the delivery of the IP2 Transport Hubs Programme, to be funded through the Local Transport Plan be approved.
- (e) That the expenditure of £326,000 to fund the delivery of the IP2 Bus Hotspots Programme and £115,000 to fund the development of future Hotspots schemes, to be funded through the Local Transport Plan be approved.
- (f) That the expenditure of £295,000 on the delivery and development of additional cycling and walking schemes in Calderdale, Kirklees and Wakefield, to be funded through the Local Transport Plan be approved.
- (g) That the expenditure of £15,000 in 2014/15 to prepare for a potential bid to government to encourage take up of Ultra Low Emission Vehicles in West Yorkshire, to be funded through the Local Transport Plan be approved.
- (h) That A response to the Department for Transport confirming interest in forming a partnership to increase cycling be approved.

#### **54. Bus Strategy**

The Committee considered a report and the Bus Strategy and also discussed a report which had been considered by the Combined Authority at its meeting on 18 September 2014, a copy of which was attached at Appendix A to the submitted report.

The Transport Committee considered that it was important that the operators were clear about the WYCA requirements for a bus system which contributed to a high quality cohesive, comprehensive network that met the needs of the public and businesses of West Yorkshire. In this respect members highlighted that any partnership offer must address integrated ticketing, clarity regarding the timetable for 'greener' fleet improvements, partnership governance arrangements and contributions to the infrastructure costs of the West Yorkshire plus Transport Fund Highways Efficiency and Bus Package.

#### **Resolved:**

- (a) That the Chair of the Transport Committee arrange a meeting with bus operators to ascertain how the requirements set out above would be met.



- (b)** That a progress report be brought to the next meeting of the Transport Committee.

## ITEM 12c

**MINUTES OF THE MEETING OF THE  
WEST YORKSHIRE & YORK INVESTMENT COMMITTEE  
HELD ON WEDNESDAY 1 OCTOBER 2014 IN WELLINGTON HOUSE, LEEDS**

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<b>Present:</b>	Cllr David Green (Chair)	-	WYCA/City of Bradford MDC
	Cllr Val Slater	-	City of Bradford MDC
	Cllr Peter McBride	-	Kirklees MC
	Cllr Richard Lewis	-	Leeds City Council
	Cllr James Alexander	-	WYCA/City of York Council
	Cllr David Levene	-	City of York Council
	Roger Marsh	-	WYCA/Leeds City Region LEP

**In attendance:**

	Rob Norreys	-	WYCA/LEP
	Colin Blackburn	-	Leeds City Region
	Nigel Guy	-	Leeds City Region
	Jeff English	-	WYCA
	David Burrell	-	WYCA
	Ruth Chaplin	-	WYCA

**Observers:** Councillors Eric Firth and James Lewis

**24. Apologies for Absence**

An apology for absence from Councillor Denise Jeffery was noted.

**25. Declarations of Disclosable Pecuniary Interests**

There were no pecuniary interests declared by members at the meeting.

**26. Exclusion of the Press and Public**

There were no items on the agenda requiring exclusion of the press and public.

## **27. Minutes of the Meeting held on 16 July 2014**

**Resolved:** That the minutes of the West Yorkshire and York Investment Committee held on 16 July 2014 be approved and signed by the Chair.

## **28. Local Growth Fund Delivery**

The Committee considered a report which provided an update on Local Growth Fund delivery and the process for re-profiling the transport investments included in the West Yorkshire plus Transport Fund.

It was reported that the work required to deliver the Growth Deal under each of the four strategic pillars of the Strategic Economic Plan (SEP) had now commenced and formal project management procedures were being developed. This would include proposals for new governance structures and a dashboard mechanism to report progress and members discussed the updated dashboard for non-transport schemes which was circulated at the meeting. They asked to be kept fully informed of changes to the dashboard and that any problems regarding delivery of schemes were highlighted so that replacement projects could be brought forward into the programme for consideration, thus ensuring that the conditions of the Local Growth Fund satisfied the Government's requirements. The Committee requested that a detailed report be prepared for the next meeting.

Members also commented on the need for cohesion between all schemes to ensure there was no duplication of work. They were advised that it was the intention to refine the dashboard to incorporate all Growth Deal, City Deal and transport schemes together. They also discussed the risk and contingency issues associated with each scheme. It was suggested that this matter be referred to the Governance & Audit Committee for their consideration and their recommendations be brought back to the Investment Committee.

In respect of the West Yorkshire plus Transport Fund (WY+TF), it was noted that feedback from Government had provided clarity on future funding profiles and details were outlined in the submitted report. It was noted that work was being undertaken on the following 4 work streams and this was being overseen by the Transport Portfolio Advisory Group (TPAG):

- Establishing the financial arrangements for the Fund
- Establishing the gateway review process
- Revising the development and delivery schedule
- Updating the Local Assurance Framework

The WYCA and York partners are currently reviewing the overall timescales and funding requirements for the development and delivery of the 'early win' schemes based on set criteria outlined in the submitted report with a view to a revised delivery programme being presented to the Combined Authority at its December meeting. It was noted that this work would be overseen by the Investment and

Transport Committees. A dashboard summarising the current progress on the WY+TF 'early win' projects was attached at Appendix 2.

Members also considered the updated draft Assurance Framework which was attached at Appendix 3.

It was proposed that the next meeting of the Investment Committee be rescheduled so that they could consider the programme of early win schemes before the final proposals were recommended to the Combined Authority for approval on 12 December 2014.

**Resolved:**

- (i) That a further report be prepared for the next meeting.
- (ii) That the Governance & Audit Committee consider the risk and contingency issues and their recommendations be brought back to a future meeting.
- (iii) That the draft Assurance Framework be noted.
- (iv) That the review process for re-profiling a development and delivery schedule be noted.
- (v) That the next meeting be held on 28 November 2014.

**29. Single Appraisal Framework**

The Committee considered a report which outlined the draft proposals for the LCR Single Appraisal Framework (SAF), including further details on project pipeline development, project appraisal and the role of the Investment Committee.

Members noted the draft set of proposals which were attached at Appendix 1 to the submitted report and considered the proposed SAF appraisal procedure which had been developed in line with the HM Treasury's Five Cases Model. Members were advised that the model provided a step by step guide for appraising, developing and planning the delivery of major programmes/projects including the key gateway milestones for projects to progress.

The Committee discussed the proposed Strategic Fit Criteria under each of the 4 pillars of the SEP which would allow a score to be determined for each project appraised. It was noted that this was critical in ensuring that projects met the WYCA and LEP strategic priorities of supporting economic growth, job creation and reducing carbon emissions. In noting that a scheme should achieve 75% in at least one pillar, members considered that there should be flexibility to reflect those schemes which had elements of investment and transport included. It was recognised that the Investment Committee would play a key role in overseeing the development of the project pipeline and the SAF appraisal process.

It was also requested that a review of the SAF approach be undertaken by the Committee in May/June 2015.

Members noted the allocation of c£340m to fund a range of capital and revenue projects from the European Structural and Investment Fund (ESIF). They asked that the Strategic Fit Criteria for ESIF schemes in the SAF be adjusted and brought back to the Committee.

**Resolved:**

- (i) That the proposals for the operation of the SAF project pipeline and the appraisal of projects be noted.
- (ii) That the Committee be provided with an indication of where each SEP project in the Dashboard currently sits within the SAF project pipeline and appraisal process.
- (iii) That a review of the SAF approach be carried out in May/June 2015.

**30. European Structural and Investment Funds (ESIF) - Governance**

The Committee considered a report which provided an update on the establishment of the new ESIF Local Sub-Committee (LSC).

It was reported that in order to deliver a range of ESIF capital and revenue projects the Government had required the 39 Local Area Partnerships to establish a Local Sub-Committee. Members were advised that the LSC had now been formed and the recruitment process and details of the LSC were noted. Consideration would be given to further align the LSC and ESIF processes with the work of the Investment Committee.

It was suggested that copies of agendas and minutes of the LSC be circulated to all Local Authority Chief Executives.

**Resolved:**

- (i) That the work undertaken to establish the Committee alongside its membership as outlined in Appendix 1 of the submitted report be noted.
- (ii) That copies of agendas and minutes of the ESIF Local Sub-Committee be circulated to all Local Authority Chief Executives.
- (iii) To endeavour to schedule a meeting with Richard Corbett MEP.

**31. Joseph Rowntree Foundation – More Jobs, Better Jobs**

The Committee considered a report which provided an update on the Joseph Rowntree Foundation (JRF) project, 'More Jobs, Better Jobs'.

Members noted that the partnership between JRF, Leeds City Council and the city region LEP had been launched in February 2014 and was a 4 year project. The defining feature of the partnership was to approach growth and poverty as a single agenda based on a set of objectives which focussed around raising skills levels, employment, pay and increasing productivity. It was commented that the LEP Chair would continue to engage with the JRF as to how the Combined Authority could be involved further in the partnership, particularly with regard to accessing employment through the West Yorkshire plus Transport Fund.

A briefing note which provided further information was attached at Appendix 1 to the submitted report.

**Resolved:** That the work of the Joseph Rowntree Foundation on the 'More Jobs, Better Jobs' project be noted.

**ITEM 12d**

**MINUTES OF THE MEETING OF THE  
OVERVIEW & SCRUTINY COMMITTEE HELD ON  
TUESDAY 23 SEPTEMBER 2014 IN WELLINGTON HOUSE, LEEDS**

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<b>Present:</b>	Cllr Stephen Baines MBE (Chair)	-	Calderdale MBC
	Cllr Ferman Ali	-	Calderdale MBC
	Cllr James Baker	-	Calderdale MBC
	Cllr Barbara Boyce	-	City of York Council
	Cllr Simon Cooke	-	City of Bradford MC
	Cllr Pauleen Grahame	-	Leeds City Council
	Cllr Kim Groves	-	Leeds City Council
	Cllr Julie Gunnell	-	City of York Council
	Cllr Ron Halliday	-	Wakefield MDC
	Cllr Peter Harrand	-	Leeds City Council
	Cllr Hassan Khan	-	City of Bradford MC
	Cllr Graham Turner	-	Kirklees MC

**In attendance:**

David Hoggarth	-	WYCA
Angela Taylor	-	WYCA
Nick Winney	-	WYCA
David Burrell	-	WYCA
Ruth Chaplin	-	WYCA

**7. Opening Remarks**

The Labour members of the Committee were concerned that the Chair and Deputy Chair were Conservative and Liberal Democrat members. They requested that a lead Labour member be appointed to act as their spokesperson and Councillor Pauleen Grahame was nominated for this role.

**Resolved:** That Councillor Pauleen Grahame be the lead Labour spokesperson for the Committee.

**8. Apologies for Absence**

Apologies for absence from Councillors Keith Aspden, Andrew Cooper, Albert Manifold, Betty Rhodes and Michelle Swallow were noted.

**9. Declarations of Disclosable Pecuniary Interests**

There were no pecuniary interests declared by members at the meeting.

**10. Exclusion of the Press and Public**

There were no items on the agenda requiring exclusion of the press and public.

**11. Minutes of the Meeting held on 21 July 2014**

**Resolved:** That the minutes of the meeting held on 21 July 2014 be approved and signed by the Chair.

**12. Proposals to Change Standing Orders**

The Committee considered a report on the outcome of the request to amend elements of Scrutiny Standing Orders in respect of the call-in arrangements.

Members were advised that the request had been considered at the WYCA's meeting held on 18 September 2014 and a copy of the report including the call-in arrangements in place at each of the West Yorkshire and York Councils was attached to the submitted report.

It was reported that the WYCA had resolved that the request to amend Scrutiny Standing Orders with regard to call-in arrangements be refused. Members expressed their disappointment regarding the decision and asked to be provided with a copy of the minutes.

The Committee was advised that there may be an opportunity to revisit the call-in procedures when a review of governance was undertaken after the first year of the Combined Authority. Comment was made that consideration should be given to appointments made by the District Councils to the Combined Authority and its Committees and gender balance as part of that review.

**Resolved:**

- (i) That the outcome of the request to amend Standing Orders in respect of call-in arrangements be noted.
- (ii) That the minutes of the WYCA relating to the above decision be circulated to the Committee.

**13. Forward Programme of Work**

The Committee considered the updated work programme for the coming year which had been amended to incorporate the requests made at the previous meeting.



In discussing the future work programme for the Committee, members commented that they were still unsure of their role and remit in delivering the aims, ambitions and aspirations of the Combined Authority. They suggested that it would be helpful to have an informal meeting with a member of the Combined Authority to seek clarification.

Members noted the future work programme and suggested that the following items be considered at the meeting to be held on 25 November 2014:

- Future resourcing requirements including the budget position to 30 September 2014
- Green Economy
- Combined Authority working with the third sector including European funding
- Carriage of Cycles on Trains

Members also asked that an item on subsidised travel for students be considered at a future meeting.

It was requested that briefing notes be circulated on the Green Economy, Combined Authority working with the third sector and European Structural & Investment Funds (ESIF) prior to the meeting.

The Committee was given a short summary of the key impacts, objectives and targets outlined in the Strategic Economic Plan (SEP). Members discussed the SEP and other strategic plans and considered it would be beneficial to arrange an additional meeting to provide an overview on them. This should also include the work which was currently being undertaken to maximise the benefits for local supply chains, skills, training and apprenticeships for local people.

In respect of New Generation Transport (NGT), it was the Committee's view that this should not be included on an agenda until the outcome of the ongoing Public Inquiry was known. However it was requested that a briefing note be circulated to members.

At the last meeting members had proposed a visit Greater Manchester to observe a meeting of their Scrutiny Committee and a copy of their agenda for meetings for 2013/14 was attached to the submitted report. Members considered that it would be a worthwhile exercise for them to visit Greater Manchester on 12 December 2014 when Public Service Reform and a Transport Update were on their Scrutiny agenda and also to arrange an informal discussion with their Scrutiny members following the meeting.

**Resolved :**

- (i) That the future programme of work be noted.
- (ii) That briefing notes be provided on the Combined Authority working with the third sector, European Funding and NGT.
- (iii) That arrangements be made for members to visit Greater Manchester on 12 December 2014.

#### **14. Rail Services in West Yorkshire & York**

The Committee considered a report which provided information on rail services and rail devolution in West Yorkshire & York.

Members were advised of the work being undertaken by Rail North to develop proposals for rail devolution and the necessary governance arrangements. It was noted that the objectives of the rail devolution proposition was designed to support economic growth, improve the quality and make the railway more efficient. In response to the proposals, the Secretary of State for Transport had offered a partnership arrangement with the Department for Transport to Rail North as a way of phasing in full devolution. It was noted that Rail North were putting in place formal governance structures which included the establishment of Rail North Ltd.

In response to concerns raised regarding accountability of the new company, it was reported that Rail North Ltd consisted of elected council members across the North who had been nominated by their Authorities. It was considered that local passenger focus groups should also be involved with Rail North Ltd and the Committee's views would be forwarded to the DfT for consideration.

The Committee was also given an overview of the approach to replace the two current rail franchises, Northern and TransPennine Express, covering local and regional services across the North. Members noted the key areas of the specification for West Yorkshire and York which were outlined in the submitted report. In respect of the recent announcement to increase rail fares, members stressed that any new franchise should stipulate that income generated from rail fares should be reinvested in the North.

#### **Resolved:**

- (i) That the Committee welcomed the work being undertaken and requested that this be considered at a future meeting as the proposals progressed.
- (ii) That the Committee's comments in respect of representation by passenger focus groups on Rail North Ltd be forwarded to the Department for Transport for consideration.
- (iii) That copies of Rail North's maps for the region be circulated to members.

#### **15. West Yorkshire Plus Transport Fund**

The Committee considered a report which provided an overview on the development of the West Yorkshire Plus Transport Fund (WY+TF) and the work being carried out to update a prioritised development and delivery plan.

Members discussed the work that had been carried out by the former WYITA in partnership with the District Councils. This included identifying the key transport and infrastructure objectives of maximising economic growth and how the impacts of the £1 billion core package of prioritised schemes could give the best return on the investment. It was noted that the approach and development work was now under the control of the WYCA and its Committees.

The Committee was advised that the WY+TF would deliver immediate improvements to the transport network particularly through the early win schemes starting from 2015/16, some of which would address decades of under investment.

It was also recognised that whilst it was important to focus on large transformational transport schemes, local 'everyday' transport issues (eg. early morning and rural bus services) should not be overlooked. It was reported that the Combined Authority had reiterated the former WYITA's decision to proceed with Bus Quality Contracts which would ensure the investment across the whole of the core bus network.

Comment was made that there were a number of existing strategic plans and programmes in respect of transport and the economy for West Yorkshire and York. It was reported that work was being undertaken to develop a Single Transport Plan for West Yorkshire and York which would bring together all the plans (eg. Local Transport Plan, RailPlan, Northern Hub, Bus Strategy etc) to align with the SEP, setting out a clear strategy highlighting the WYCA's objectives and ambitions for transport development and economic growth. In response to a question raised regarding freight movement, it was noted that freight was included in the Local Transport Plan and would be incorporated in the Single Transport Plan. A copy of the current Freight Plan would be circulated to members.

Members were advised of the funding awarded to the Leeds City Region as part of the Growth Deal settlement and the 'payments by results' element. A review and re-prioritisation of the overall WY+TF would be undertaken to ensure that the anticipated economic outcomes could be delivered. It was also noted that different financing mechanisms to borrow against future funding streams were being explored.

**Resolved:**

- (i) That the overview on the development of the WY+TF and the work being carried out to update a prioritised development and delivery plan be noted.
- (ii) That the proposed work to develop a Single Transport Plan, to run in parallel with the Strategic Economic Plan be noted.
- (iii) That a copy of the Freight Plan be circulated to members.

**ITEM 12e**

**MINUTES OF THE MEETING OF THE  
GOVERNANCE & AUDIT COMMITTEE  
HELD ON TUESDAY 21 OCTOBER 2014 IN WELLINGTON HOUSE, LEEDS**

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**Present:** Councillor H Richards (Chair)  
Councillors G Burton, G Hussain and N McIlveen  
In attendance: N Rayner (Deloitte)

**23. Apologies for Absence**

Apologies for absence were received from Councillors R Downes (Leeds), L Smith (Bradford) and R Light (Kirklees).

**24. Declarations of Disclosable Pecuniary Interests**

There were no pecuniary interests declared by members at the meeting.

**25. Minutes**

**Resolved** - That the minutes of the meeting held on 29 July 2014 be approved.

**26. External Audit Update**

The Committee considered a report which provided an update on:

- Current position with the appointment and remuneration of External Auditors
- Annual Audit letters sent by Deloitte

Members noted the Annual Audit letters which summarised the key matters arising from the work that had been carried out in respect of the Audit and Financial Statements of West Yorkshire Integrated Transport Authority and West Yorkshire Passenger Transport Executive for the year ended 31 March 2014. Members noted the Annual Audit letters which had been circulated prior to the meeting.

## **Appointment and Remuneration of External Auditors**

With regard to the remuneration of External Auditors, it was reported that the Authority had been consulted on the fee of £45,000 for the first year of audit, which was £22,000 less than the current combined WYITA and WYPTE audit fees. Following consultation with the Chair, a positive response was sent by the 1 September 2014 deadline date and the formal confirmation of the fee was awaited.

It was reported that a formal letter confirming the appointment of Mazars from 2015 as the Authority's External Auditors was still awaited. Members were also advised that a formal consultation on audit fees for 2015/16 had just been announced and proposed a reduction of 25% to the scale fees. This would bring the Authority's fee down to £33,000. It was noted however that the actual fee would be subject to the views of the incoming auditors and could be adjusted depending on their view of the work involved. It was agreed to accept the proposal of £33,000 for the 2015/16 audit.

### **Resolved -**

- (a) That the current position regarding the appointment and remuneration of external auditors be noted.
- (b) That the Annual Audit letter be noted.
- (c) That the reduction of 25% to the 2015/16 scale fee be welcomed.

## **27. Internal Audit Progress Report**

The Committee considered a report on work undertaken by the Internal Audit Section and the key issues which had been identified.

It was reported that the following areas of work had been reviewed since the last meeting and these were detailed in the submitted report along with the Audit Opinion.

<b><u>Review</u></b>	<b><u>Opinion</u></b>
Tendered Subsidised Bus Services	Controlled
Procurement	Controlled
Travel Centre Procedures	Controlled

### **Realtime Information System – Source Code Escrow**

It was reported that a joint review had been undertaken by the South Yorkshire Passenger Transport Executive and WYCA on the adequacy of arrangements to securely hold realtime information system source code data within the escrow management system. Members were advised that the review had recognised that there was real value in having arrangements in place which held information in a secure environment and allowed the system to be rebuilt when necessary.

In noting the introduction of the updated realtime information system which was planned for 2015, it was recommended that the full system verification of source code be performed by third party specialists and that this be supplemented with annual integrity testing performed in conjunction with officers from WYCA and South Yorkshire PTE.

### **West Yorkshire Local Transport Plan 3 – Grant Certification 2013/14**

It was reported that certification of expenditure incurred in 2013/14 by the WYITA and the five District Councils in respect of LTP3 grant allocation had been completed. A declaration providing assurance that, in all significant respects, the conditions attached to the Local Transport Capital Block Funding had been met had been forwarded to the Department for Transport.

**Resolved** - That the report be noted

### **28. Revision of Internal Audit Plan**

The Committee considered a report on proposed revisions to the schedule of Internal Audit reviews for 2014/15.

Members considered a number of revisions to the Annual Audit Plan 2014/15 which had been identified following the mid-year review. The content and progress of the work undertaken would continue to be regularly monitored and reported back to the Committee.

It was noted that at its next meeting the Committee would have the opportunity to input to the 2015/16 audit plan.

**Resolved** - That the revisions to the Annual Audit Plan 2014/15 as detailed in the submitted report be recommended for approval by the WYCA.

### **29. Internal Controls and Financial Monitoring**

The Committee considered a report on any changes to the Authority's internal control arrangements since the last meeting and to consider the current financial position.

#### **Internal Controls**

It was reported that since the last meeting there had been no significant changes to the arrangements for internal control within the Authority.

#### **Revenue Budgets**

The Committee was given an update on the position with regard to the revenue budgets.

It was reported that overall expenditure was broadly in line with the budget apart from a number of minor increases in concessionary travel reimbursement which had been offset by savings in tendered services.

The Committee was advised that the WYCA had discussed at its last meeting the 3 year medium financial strategy and had agreed to establish a working group to consider the proposed budget in detail prior to it being considered by the WYCA for approval on 29 January 2015.

**Resolved** - That the report be noted

### **30. Risk Management Arrangements**

The Committee considered a report on the Combined Authority's risk management arrangements. Members' views were sought on any aspects of risk management which they would like to see progressed.

It was reported that the risk management manual, which was attached at appendix 1, had been reviewed and updated to reflect the current working arrangements of the WYCA. Members were advised that the document set out the detail of how risks were identified, assessed, recorded, monitored and reviewed. Further work to develop arrangements would be required as the economic activities of LEP were transferred to the WYCA. It was suggested that the WYCA's reserves policy and the major incident/emergency procedure be incorporated within the manual.

The Committee also noted the query referred from the Investment Committee regarding the financial risk attached to schemes in the West Yorkshire plus Transport Fund and that this was addressed in the finance handbook that supported the Fund.

Comment was made that the corporate risk register consisted of a small number of high level strategic risks that affected the organisation as a whole. It was proposed that the register would be further developed and reviewed on a six monthly basis by the Committee. The current draft corporate risk register for the WYCA was set out in paragraph 2.8 of the submitted report.

In noting that the WYCA operated an electronic performance management system (Covalent) to record key actions and measure performance, members requested a presentation and further information in respect of the of the Covalent system to a future meeting.

**Resolved** -

- (a) That the WYCA's risk management arrangements be noted.
- (b) That the outline corporate risk register be noted.
- (c) That the WYCA's reserves policy and the major incident/emergency procedure be incorporated within the risk management manual.

- (d) That a presentation and further information in respect of the Covalent system be provided at a future meeting.