

Report to: West Yorkshire and York Investment Committee

Date: 5 December 2018

Subject: **Capital Spending and Project Approvals**

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1 Purpose of this report

- 1.1 To put forward proposals for the progression of, and funding for, a number of West Yorkshire Combined Authority supported projects, including West Yorkshire plus Transport Fund (Transport Fund) and Growth Fund, for consideration by the Investment Committee at stages 1, 2 and 3 of the Combined Authority's assurance process.
- 1.2 This report presents proposals for the progression of 7 schemes through the Combined Authority's assurance process in line with the Leeds City Region Assurance Framework. These schemes have a total combined funding value of £61.823 million when fully approved, of which £47.474 million will be funded by the Combined Authority. A total expenditure recommendation to the value of £2.898 million is sought as part of this report for the development and delivery of these schemes. Further details on the schemes summarised below can be found as part of this report.

| Scheme | Scheme description | Decision sought |
|--------------------------------------|--|---|
| Investor Readiness Support Programme | <p>The project will support small and medium sized enterprises across the Leeds City Region to grow, become productive and provide better quality jobs by supporting them to attract the right amount and type of external investment by the provision of advice.</p> <p>The project closely aligns to priority 1 of the Strategic Economic Plan – Growing Businesses,</p> | <p>Approval to proceed through decision point 2 and work commences on activity 5 (full business case with finalised costs)</p> <p>Total value - £1.429 million</p> <p>Total value of Combined Authority funding - £1.429 million</p> <p>Funding recommendation sought - £0.</p> |

| Scheme | Scheme description | Decision sought |
|--|---|--|
| | <p>The scheme will be funded from ESIF £714,500 and a public match from West Yorkshire Combined Authority via the Leeds City Region Business Rates Pool of £714,500</p> <p>The project will deliver good value for money in terms of cost per output for business support projects of this nature. The unit cost per business supported is £4,750, which is below similar existing ERDF-funded projects</p> <p>The scheme's wider social benefits include allowing businesses to grow and create new jobs.</p> | |
| <p>Transformational – A1620 Leeds Northern Outer Ring Road Improvements, Leeds</p> | <p>A scheme, which is part of the wider Transformational Programme, to undertake an initial feasibility study to identify what could be delivered from an expansion or upgrade of the Leeds Northern Outer Ring Road (A6120) between Dawsons Corner (A647) and Horsforth Roundabout (A65).</p> <p>The scheme supports delivery of Priority 4 'Infrastructure for Growth' of the Leeds City Region Strategic Economic Plan.</p> <p>The feasibility work will be funded from the Transformational allocation of the West Yorkshire plus Transport Fund.</p> | <p>Approval to proceed through decision point 2 and work commences on the feasibility study which is the only output of this project</p> <p>Total value - £492,500</p> <p>Total value of Combined Authority funding - £392,500</p> <p>Funding recommendation sought - £392,500</p> |
| <p>Corridor Improvement Programme Phase 1 – A647 Dawsons Corner Leeds</p> | <p>To fully remodel and enlarge the four-arm signal-controlled roundabout, which is the junction of A6120 Outer Ring Road \ B6157 Bradford Road \ A647 Stanningley Bypass \ A647 Bradford Road in Pudsey. The scheme will contribute to goals of the Leeds City Region Strategic Economic Plan (SEP) by improving connectivity and better</p> | <p>Approval to proceed through decision point 3 and commence work on activity 4 (full business case)</p> <p>Total value: £20.159 million</p> <p>Total value of Combined Authority funding: £19 million.</p> <p>Corridor Improvement Programme West Yorkshire plus Transport Fund (£15</p> |

| Scheme | Scheme description | Decision sought |
|---|--|---|
| | <p>connecting people, jobs and goods.</p> <p>The scheme is funded primarily by the West Yorkshire plus Transport Fund Corridor Improvement Programme and partially by Leeds Public Transport Investment Programme.</p> <p>The scheme has a benefit to cost ratio of 11:1.</p> <p>Upgraded facilities for cycling and walking at the junction will encourage active travel and improve general fitness levels. Air quality should improve by both reducing congestion and improving journey reliability to reduce the frequent stopping, idling and acceleration that generate the highest levels of emissions. Landscaping features will also help collect harmful nitrogen oxides and the absorption of carbon dioxide.</p> | <p>million, Leeds Public Transport Investment Programme (£4 million)</p> <p>Funding recommendation sought: £1.599 million</p> |
| <p>Corridor Improvement Programme Phase 1 - Dyneley Arms</p> <p>Leeds</p> | <p>To provide 'quick win' additional capacity required in the short and medium term to mitigate existing congestion, accommodate continued traffic growth and enable development in the Dyneley Arms junction area of Pool Bank New Road, Pool In Wharfedale. The scheme will contribute to goals of the Leeds City Region Strategic Economic Plan (SEP) by improving connectivity and better connecting people, jobs and goods.</p> <p>The scheme is funded from West Yorkshire plus Transport Fund Corridor Improvement Programme.</p> <p>Dyneley Arms junction scheme currently has a benefit cost ratio of 1.6:1 which will be developed</p> | <p>Approval to proceed through decision point 3 (outline business case) and work commences on activity 4 (full business case).</p> <p>Total value - £2.747 million</p> <p>Total value Combined Authority funding: £2.747</p> <p>Funding recommendation sought: £373,000</p> |

| Scheme | Scheme description | Decision sought |
|--|---|---|
| | <p>further at the next decision point.</p> <p>The scheme is anticipated to also improve journey times, increase journey reliability and potentially reduce carbon dioxide emissions.</p> | |
| <p>Corridor Improvement Programme Phase 1 – Fink Hill scheme Leeds</p> | <p>To deliver junction improvements which will assist with accessibility to key growth sites in north Leeds by enhancing outer ring road capacity whilst providing safer infrastructure for both pedestrians and cyclists. The scheme will contribute to goals of the Leeds City Region Strategic Economic Plan (SEP) by improving connectivity and better connecting people, jobs and goods.</p> <p>The scheme is funded by the West Yorkshire plus Transport Fund.</p> <p>The preferred option has a benefit cost ratio of 1.05:1.</p> <p>The wider benefits will include, environmental, health and well-being, connectivity, place making, network resilience, severance and improved drainage network.</p> | <p>Approval to proceed through decision point 3 and commence work on activity 4 (full business case)</p> <p>Total value: £4.150 million</p> <p>Total value of Combined Authority funding: £4.150</p> <p>Funding recommendation sought: £404,000</p> |
| <p>Corridor Improvement Programme Phase 1 – A650 Newton Bar scheme Wakefield</p> | <p>To deliver a major junction improvement of an existing roundabout and approach roads around the A650 at Newton Bar, Wakefield. The scheme will contribute to goals of the Leeds City Region Strategic Economic Plan (SEP) by improving connectivity and better connecting people, jobs and goods.</p> <p>The scheme is to be funded by the West Yorkshire plus Transport Fund.</p> <p>The benefit cost ratio at outline business case is</p> | <p>Approval to proceed through decision point 3 and work commences on activity 4 (full business case).</p> <p>Total value - £6.752 million</p> <p>Total value of Combined Authority funding - £6.708 million</p> <p>Funding recommendation sought - £129,800.</p> |

| Scheme | Scheme description | Decision sought |
|--|--|---|
| | <p>25.6:1 (to be refined at full business case).</p> <p>The scheme's wider social benefits include health benefits by promoting active travel through provision of walking and cycling facilities, and improving air quality through reducing congestion.</p> | |
| <p>Institute of High Speed Railways and System Integration – Phase 1 Leeds</p> | <p>A scheme to create two initial world-leading test facilities (infrastructure and vehicle) for the new institute in Leeds. The scheme will contribute to the Strategic Economic Plan most specifically to priority 2: skilled people, better jobs.</p> <p>It will be funded through the Combined Authority's Local Growth Fund and University of Leeds match funding.</p> <p>The strategic case includes a high level value for money assessment which indicates that the project will offer good value for money. The benefits include leveraging in investment in the region contributing to job and gross value added increases and establishing an international reputation for Leeds City Region in the sector.</p> | <p>Approval for Phase 1 of the scheme to proceed beyond decision point 3 (outline business case) and work commence on activity 5 (full business case with finalised costs).</p> <p>Total value - £26.093 million</p> <p>Total value of Combined Authority funding - £13.047 million</p> <p>Funding recommendation sought - £0</p> |

- 1.3 This report also presents recommendations for the following scheme that has had a change request report assessed in line with the Combined Authority's assurance process. This schemes has a total funding of value of £34 million when fully approved, all of which will be funded by the Combined Authority. A total expenditure recommendation to the value of £7 million is sought as part of this report for the development and delivery of this scheme. Further details on the scheme summarised below can be found as part of this report.

| Scheme | Scheme description | Decision sought |
|----------------------------------|---|--|
| <p>Business Growth Programme</p> | <p>This is an extension to an already successful investment programme providing businesses with grants to accelerate/enable investment leading to the</p> | <p>The change request is to approve a £7 million extension to the expenditure approval of the Business Growth Programme to capitalise on the on-going successful uptake of the</p> |

| Scheme | Scheme description | Decision sought |
|--------|---|--|
| | creation or safeguarding of an additional 560 jobs. | scheme by businesses across the region. A £7 million approval to allow the extension of the programme is sought as part of this report, which would take the total expenditure approval for the Business Growth Programme to £34 million. |

1.4 Since the Investment Committee's meeting on 7 November 2018, the following change requests and decision points have been assessed in line with the Combined Authority's assurance process and approved through the agreed delegation to the Combined Authority's Managing Director. Under the delegation a total expenditure of £6.198 million has been approved.

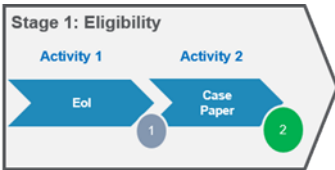
| Scheme | Scheme description | Decision |
|------------------------------------|---|--|
| Wyke Beck Flood Alleviation scheme | A project that will improve flooding and drainage issues in the Wyke Beck Valley area of Leeds. The Wyke Beck watercourse starts at Waterloo Lake in Roundhay Park in north Leeds and flows through the east of the city, into the Aire Valley Enterprise Zone, before joining with the river Aire, south-east of the city centre. The scheme will deliver the following benefits: a reduction in the risk of flooding, a reduction in the extent of flooding, to provide brownfield land for residential development. | Decision point 5 (full business case with finalised costs) for total Combined Authority contribution of £2.558 million and work commence on Activity 6 (Delivery). |
| Mytholmroyd Station Park & Ride | The scheme is part of the rail station park and ride programme to encourage increased rail patronage across the Leeds City Region. The scheme will deliver the following outputs: +203 parking spaces including 10 Blue Badge Bays, CCTV, LED Lighting, re-surfaced access road, future proofing for potential EV Charging schemes, community landscaping. | Decision point 5 for the total project value of £3.64 million from the West Yorkshire plus Transport Fund, of which £171,828 is development costs spent from previous funding approvals. |

2 Information

2.1 The background information on the Combined Authority’s assurance framework through which each of the schemes outlined in this report are being approved is provided in Appendix 1. In addition, this appendix also provides a description of the approach for the future assurance approval pathway and the assurance tolerances for each scheme.

Programmes and projects for consideration

Projects in stage 1: Eligibility



2.2 Projects at the eligibility stage are seeking entry into the portfolio and should demonstrate a strategic fit in terms of project outcomes, with further project definition including costs and detailed timescales to be developed as the project progresses through the assurance process. At this stage funding may be sought to enable this work to progress.

| | |
|-----------------------|-------------------------------------|
| Project Title | Investment Readiness Project |
| Stage | 1 (Eligibility) |
| Decision Point | 2 (Case paper) |

Background

2.3 The project will support the growth of SMEs across Leeds City Region by providing them with an impartial and confidential advice service on how to prepare for, and access, the full range of finance options available to them. This will include finance products and services delivered by the private and public sectors, including the LEP’s grants and loans, the Northern Powerhouse Investment Fund, Start-Up Loans, R&D Tax Credits, Innovate UK, mainstream commercial finance and new technology-led options, such as crowdfunding, factoring and bitcoin.

2.4 It will meet a clear gap in the market in Leeds City Region for a responsive and bespoke support service that can help businesses increase their productivity, and benefit their local economies, by accessing the external finance required to realise their growth plans, in the process creating good quality jobs. It will focus on the importance of producing detailed and compelling investment propositions and business plans, and on maintaining

tight controls on the financial management of businesses, something that can often be the deciding factor for an investor.

- 2.5 The Investment Readiness project will support at least 300 small and medium-sized enterprises (SMEs) across the City Region to grow, become productive and provide better quality jobs by supporting them to attract the right amount and type of external investment. It will also directly create at least 50 jobs in the SMEs supported, and facilitate significantly more employment creation indirectly by enabling firms to attract investment and then grow as a result. It is estimated that this could create up to an additional 1,000 new jobs over the future years.
- 2.6 This clear focus on directly supporting business growth will contribute to generating increased business rates receipts for Local Authorities over the coming years.
- 2.7 The project closely aligns to priority 1 of the Strategic Economic Plan – Growing Businesses, with a clear focus on access to finance as well as the Business Rates Pool Prospectus, by helping SMEs to access the full range of finance and external funding options available to them, in order to create good quality employment and business growth opportunities within the City Region. Furthermore, the project will create growth and employment that enables businesses to start-up, scale-up, innovate, train their staff and enter new markets
- 2.8 A summary of the scheme's business case is included in **Appendix 2**.

Outputs, benefits and inclusive growth implications

- Increased awareness and take-up of support available across the City Region.
- Increase in SME productivity, investment, turnover and jobs created.
- Increase in business inward investment a more buoyant and joined-up marketplace for SME finance in the City Region,
- Higher levels of private investment into SME growth.
- The scheme will support at least 300 small and medium-sized enterprises (SMEs) across the city Region to grow. The ESIF bid has a contractual requirement to provide 12 hours of support to 150 SMEs over the 3 year funding period.
- It is anticipated that the 50 new jobs will be created by those SMEs that receive the most intensive support (typically the one-to-one coaching, which is expected to be taken up by circa 50 SMEs i.e. an average of one job created by each of them).
- The project will deliver good value for money in terms of cost per output for business support projects of this nature. The unit cost per business supported is £4,750, which is below similar existing ERDF-funded projects currently in delivery in the City Region (e.g. Ad:Venture, Strategic Business Growth, Access Innovation and Digital Enterprise),

and the cost per business supported intensively (equating to at least 12 hours of support) is also relatively modest at £9,500.

Risks

2.9 The key risks and mitigating actions for this scheme are:

- Difficulty in procuring suitable sub-contractor
- Mitigation – consultation and engagement with possible contractors has already begun via a market awareness session attended by almost 30 organisations with an interest in delivering the contract. The external procurement exercise will commence in January 2019. The same rigorous tender assessment and award process will be used as for the current Strategic Business Growth project
- Loss of ERDF funding if contractual outputs are not met
- Mitigation – The Business Support Team is currently operating three similar ERDF-funded projects and, therefore, can use the same effective and efficient processes already in place to manage this one successfully. The team, and wider organisation, possess the knowledge and expertise to manage contractor performance.
- Project will be reliant on the contractor performing well for the scheme to be successful.
- Mitigation - robust and detailed processes will be followed for procurement, contracting and monitoring. These are in place for the Strategic Business Growth project and are operating effectively.

Costs

2.10 The total scheme cost is £1.429 million.

2.11 The scheme will be funded from ESIF funding of £714,500 and a public match from West Yorkshire Combined Authority via the Leeds City Region Business Rates Pool of £714,500. Both sources of funding have already been secured.

Timescales

- Decision point 5 (full business case with finalised costs) will follow procurement in February 2019.
- Recruitment of project team will commence in December 2018.
- Full Project launch i.e. delivery to SMEs commences in April 2019.
- Project delivery will complete in December 2021.

Assurance pathway and approval route

| Assurance pathway | Approval route |
|---|---|
| Decision point 2 (case paper) | Recommendation – Investment Committee Decision - the Combined Authority |
| Decision point 5 (full business case with finalised costs) | Recommendation – Programme Appraisal Team Decision - the Combined Authority's Managing Director delegated decision |

Assurance Tolerances

| Project tolerances |
|---|
| That the scheme costs remain within the figure set out in this report That the project delivery timescale remains within three months of the timescales identified within this report. |

Project responsibilities

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|---------------------------------|---------------|
| Senior Responsible Officer | Henry Rigg |
| Project Manager | TBC |
| Combined Authority case officer | Sarah Thacker |

Appraisal summary

- 2.12 There is a strong case for this scheme and the Combined Authority and its partners are ideally placed to commence delivery quickly and in line with the scheme objectives.
- 2.13 The biggest risk is the potential withdrawal of ERDF funding if the contractual outputs are outside the 10% tolerance. However, the Business Support Team is experienced in delivering ESIF/ERDF projects and is familiar with the required documentation and processes, and has processes in place that it can execute for this scheme e.g. output monitoring forms, progress reports, claims documents and risk registers.
- 2.14 The economic case was completed in line with stringent and robust ESIF/ERDF requirements.

Recommendations

- 2.15 That Investment Committee recommends to the Combined Authority that:
- (i) The Investment Readiness project proceeds through decision point 2 and work commences on activity 5 (full business case with finalised costs).

- (ii) An indicative approval to the Combined Authority's contribution of £1.429 million is given (which will be funded from £714,500 from the Leeds City Region Business Rates Pool and £714,500 from ESIF), with Full Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5. The total project value is £1.429 million with funding already secured.
- (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team subject to the scheme remaining within the assurance tolerances outlined within this report.

West Yorkshire plus Transport Fund Transformational Schemes

- 2.16 The West Yorkshire plus Transport Fund Transformational Schemes is a programme of potentially transformational schemes. There is an approved £12.5 million allocation for the development and scoping of these schemes. Transformational change will allow for the economic growth aspirations identified in the Strategic Economic plan to be realised and this available funding will fund early pre-feasibility development of projects to be considered from a strategic case perspective.
- 2.17 Works under the transformational projects route would be to establish and understand the strategic case for a project. The district partners which are promoting the schemes are clear that the allocation of feasibility funding does not guarantee projects being future funded through the West Yorkshire plus Transport Fund. It is anticipated that the feasibility works undertaken as a result of this funding will provide sufficient detail for a submission to other sources of funding.
- 2.18 At the point of gaining approval from the Combined Authority for £12.5 million the A6120 Leeds Northern Outer Ring Road scheme was not originally listed as Leeds City Council were still in discussions on which scheme should be brought forward. By adding this scheme, which requires a Combined Authority contribution of £392,500, the programme remains within the original allocation of £12.5 million.

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| Project Title | Transformational - A6120 Leeds Northern Outer Ring Road Improvements, Leeds |
| Stage | 1 (Eligibility) |
| Decision Point | 2 (Case paper) |

Background

- 2.19 The A6120 Leeds Northern Outer Ring Road Improvements is being considered for pre-feasibility funding under the transformational projects criteria where funds are sought for strategic scoping, master planning and concept design as well as assessing the contribution the scheme would make to the West Yorkshire/Leeds City Region economic growth.
- 2.20 The Transformational Programme has been initially allocated £12.5 million for the development of transformational projects which will be delivered post 2025. The A6120 Leeds Northern Outer Ring Road Improvements is the submission from Leeds City Council.
- 2.21 This project is to perform an initial feasibility study to identify what could be delivered from an expansion or upgrade of the Ring Road between Horsforth Roundabout (A65) and Dawsons Corner (A647). There are currently two

schemes progressing at Dawsons Corner, one from the Corridor Improvement Programme to upgrade the roundabout and the second from the Leeds Public Transport Investment Programme to improve public transport. Improvements to this area will enable a transformation of the highway network and alleviate congestion bottlenecks caused by a limited highway capacity.

2.22 A summary of the scheme's business case is included in **Appendix 3**.

Outputs, benefits and inclusive growth implications

2.23 This project is to conduct a feasibility study only. Outputs of the feasibility study include:

- Bridge assessments to be undertaken/funded by LCC
- Appraisal summary report
- Options appraisal report
- Environmental constraints and impacts review
- A Northern Outer Ring Road strategy
- A strategic outline business case

Risks

2.24 The feasibility study will provide options that could be carried out to improve traffic constraints in the area. There is a risk that the delivery of the project will not proceed due to a lack of clarity around future funding availability.

Costs

- The total project cost is £492,500.
- The Combined Authority contribution is £392,500.
- Leeds City Council are providing £100,000 for the bridge assessment aspect of the feasibility study to be carried out.
- The Combined Authority will need to enter into a funding agreement with Leeds City Council for up to £392,500.
- Total scheme costs will be confirmed following this initial work.

Timescales

- The feasibility study will be completed by 2021.

Assurance pathway and approval route

| Assurance pathway | Approval route |
|-------------------------------|---|
| Decision point 2 (case paper) | Recommendation: Combined Authority's Investment Committee Decision: Combined Authority |

Assurance Tolerances

| Project tolerances |
|--|
| That the Combined Authority contribution should remain within the amount set out in this report. |

Project responsibilities

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|---------------------------------|-----------------------------------|
| Senior Responsible Officer | Gary Bartlett, Leeds City Council |
| Project Manager | Paul Roberts, WSP |
| Combined Authority case officer | Heather Briggs |

Appraisal summary

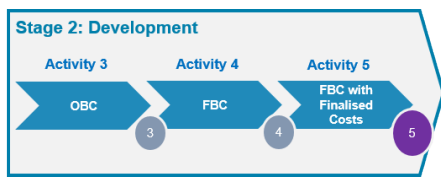
- 2.25 There is a clear need for a project in this area to improve journey times due to the severe congestion causing delays to all road users. The congestion also limits housing developments and economic growth. This work will enable a project to be defined which will improve access to Leeds Bradford Airport, jobs, public transport and education which meets the transformational programme criteria that was endorsed by the Combined Authority in 2014.
- 2.26 The feasibility study will identify options to consider for a project to progress in the future. Consultants will assist with the development of the feasibility study with the aim for this to be completed by 2021.

Recommendations

- 2.27 That Investment Committee recommends to the Combined Authority that:
- (i) The A6120 Leeds Northern Outer Ring Road Improvements (A647 to A65) proceeds through decision point 2 and work commences on the feasibility study.
 - (ii) An expenditure approval is given to the total value of £392,500 to Leeds City Council to fund a feasibility study.
 - (iii) That the Combined Authority enter into a funding agreement with Leeds City Council for expenditure of up to £392,500 to be funded from the West Yorkshire plus Transport Fund.

- (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Projects in Stage 2: Development



- 2.28 Projects at this development stage should demonstrate that they have tested the feasibility of a solution through their business case. This business case should then be developed in order to confirm and detail the preferred solution including finalising its cost.

Corridor Improvement Programme summary

- 2.29 The Corridor Improvement Programme (CIP) is a programme of low and medium cost highway interventions on strategic highway corridors on the West Yorkshire Key Route Network (WYKRN), which aims to improve connectivity and accessibility to support economic growth. In order to achieve this the programme aims to deliver an 8% reduction in journey times for all traffic, with a higher target of 12% reduction in journey times for buses.
- 2.30 The creation of a West Yorkshire Key Route Network (WYKRN) is designed to facilitate economic growth and job creation by delivering reliable journey times for all modes across the core road network in West Yorkshire, regardless of authority boundaries. Improved reliability of the WYKRN will contribute to goals of the Leeds City Region Strategic Economic Plan (SEP) by improving connectivity and better connecting people, jobs and goods. Such improvements will help to attract investment and facilitate housing growth across the City Region.
- 2.31 The Corridor Improvement Programme will be delivered in three phases. The total forecast cost of the programme is £130.3 million, £125 million of which will be funded from the Combined Authority's West Yorkshire plus Transport Fund.
- 2.32 The Corridor Improvement Programme received decision point 2 (case paper) approval from the Combined Authority in June 2017 for the programme as a whole, as part of this approval it was agreed that the 13 projects within the programme would be progressed on an individual basis to outline business case. At decision point 2, a total forecast cost for phase 1 of the programme received an indicative approval of £67.754 million, £62.441 million West Yorkshire plus Transport Fund and £5.313 million third party contributions. Phase 1 of the CIP has a total development cost approval of £4.483 million in order to progress the schemes to outline business case stage.
- 2.33 Following consultation on the future steps that should be taken to manage the programme, it is proposed that the costs for individual Phase 1 schemes within the Corridor Improvement Programme should remain within the indicative budget allocation for each Partner Council within the CIP Programme. Where the forecast costs of schemes are increasing above the Partner Council indicative budget allocation, the schemes should either:

- be re-designed to meet the indicative budget envelope of the Partner Council or;
- the Partner Council should prioritise which schemes they wish to take forward which fit within the indicative budget envelope.

- 2.34 As the outline business cases for the individual Corridor Improvement Programme schemes are received and appraised by the Combined Authority, it has emerged that a Change Request for the programme as a whole is required in order to re-baseline individual scheme allocations, funding and tolerances. It is intended that this Change Request will be brought for consideration by Investment Committee and Combined Authority in February 2019.
- 2.35 This report contains proposals for the progression of four schemes through decision point 3 (outline business case). These schemes are being progressed now, as they are judged to be within the principles of the Investment Committee proposals and the intended programme change request. Three of the schemes are located within the Leeds District and one in Wakefield. At decision point 2, Leeds Council received a Phase 1 allocation of £23.95 million of West Yorkshire plus Transport funding. All of the Leeds schemes have now progressed to outline business case and are requesting a combined total of £21.897 million of West Yorkshire plus Transport funding and as result remain within the Leeds City Council Phase 1 allocation. At decision point 2, Wakefield Metropolitan District Council received a Phase 1 allocation of £4.236 million of West Yorkshire plus Transport funding.
- 2.36 An additional scheme in Wakefield was added to the programme in early 2018. The scheme at the Owl Lane / A638 roundabout in Ossett was approved with a forecast cost of £2.561 million and development costs of £75,000. This increased the Phase 1 allocation to £6.797 million of West Yorkshire plus Transport funding.
- 2.37 The A650 Newton Bar scheme has progressed to outline business case, but the A638/ Owl Lane scheme is not expected for submission until early 2019. It is understood that scheme costs have increased on both schemes and that Wakefield would require a combined total of £10.490 million of West Yorkshire plus Transport funding to deliver both schemes. This amount would exceed the Phase 1 allocation for Wakefield Council.
- 2.38 Due to the increase of the scheme costs over and above the Wakefield Phase 1 CIP allocation, Wakefield will now only take forward the A650 Newton Bar scheme. It should however be noted that outline business case work will be completed on the A638/ Owl Lane scheme. With this change the Wakefield CIP scheme will remain within the Wakefield Phase 1 allocation of £6.797 million.

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| Project Title | Corridor Improvement Programme Phase 1 – A647 Dawsons Corner |
| Stage | 2 (Development) |
| Decision Point | 3 (Outline business case) |

Background

- 2.39 The Dawsons Corner project is part of Phase 1 of the CIP. At decision point 2 this scheme had an indicative allocation of £15 million from the Corridor Improvement Programme. An allocation of £4 million was also allocated from the Leeds Public Transport Investment Package.
- 2.40 The preferred option for the Dawsons Corner project, which is being promoted by Leeds City Council, is a full remodel and enlargement of the four-arm signal-controlled roundabout, which is the junction of A6120 Outer Ring Road / B6157 Bradford Road / A647 Stanningley Bypass / A647 Bradford Road in Pudsey.
- 2.41 The Calder Valley line runs to the south of the junction through the Wood Nook Tunnel. There is an option to continue widening on the Stanningley bypass approach to the junction which would require widening of the Wood Nook Tunnel.
- 2.42 New Pudsey rail station is located to the southeast of Dawsons Corner. A car park expansion at the station is currently being planned. This will increase car parking from c.400 to c.800 spaces, allowing the station to be used for Park and Ride (P&R), reducing car trips to Leeds and Bradford. Addressing current capacity constraints at Dawsons Corner will simplify and making access to the station more reliable, whilst increasing parking capacity will make P&R more attractive, encouraging sustainable modal shift and helping to address future traffic growth
- 2.43 The scheme will contribute to goals of the Leeds City Region Strategic Economic Plan (SEP) by improving connectivity and better connecting people, jobs and goods.
- 2.44 A summary of the scheme's business case and location map is included in **Appendix 4**.

Outputs, benefits and inclusive growth implications

- 2.45 The key benefits associated with this scheme are:
- To accommodate future traffic growth at this key junction, to accommodate the cumulative effect of traffic from future housing units

and other development as planned for in both the Leeds and Bradford site allocations plans;

- To facilitate increased capacity at New Pudsey rail station park and ride site from approximately 400 spaces to approximately 800 spaces;
- To reduce peak hour delay for all modes at the junction and to increase journey time reliability;
- To enhance the Leeds-Bradford Cycle Superhighway facilities in this location by enhancing the at-grade crossing facilities with formal signal controlled crossings;
- Support bus priority facilities at a key Leeds Public Transport Investment Programme (LPTIP) intersection;
- To reduce peak hour bus delays at the junction and to reduce journey time variability;
- To contribute to LPTIP objectives on the Leeds Bradford corridor by accommodating bus priority features into any junction improvement works in conjunction with the wider A647 corridor improvement works proposed under the LPTIP;
- To reduce air pollution caused by standing traffic; and
- To contribute to the wider CIP benefit of creating an additional 2,500 West Yorkshire jobs and 3,500 West Yorkshire residents in employment.

2.46 The scheme appraisal has used two specialist modelling tools, both of which are too limited for the scope of this scheme. An evaluation part way between each modelling outcome has been used for the purposes of this outline business case stage. The modelling approach would need to be confirmed, assessed and agreed by Leeds Council and the Combined Authority prior to commencement of any works at full business case stage.

2.47 There are also expected to be wider social benefits with the scheme, including an increase in walking and cycling and consequently potential health benefits. The scheme also has the potential to have a beneficial impact on air quality. Firstly the reduction in traffic congestion and improvements to journey reliability. Secondly, the provision of landscaping features will help collect harmful vehicle emissions.

2.48 The scheme currently has a high benefit to cost ratio (BCR) of 11:1 but due to the limitations of the modelling tools used as noted in paragraph 2.44 above the BCR is likely to reduce but still expected to remain high value for money.

Risks

2.49 The key risks along with the mitigation are outlined below:

- Risk: Network Rail may require formal possessions of the railway line for the full duration of works to widen the Woodnook railway tunnel which may cause delays to the programme and increase costs. Mitigation: Two possible solutions which may enable works to be undertaken without full

possessions are being considered. Initial engagement is underway with landlords Network Rail.

- Risk: Ground investigation scope may be limited by presence of Japanese knotweed. Mitigation: Delay part of the ground investigations and adapt programme if required until after the Japanese knotweed has been treated.
- Risk: Cost estimates for statutory undertaking equipment (underground utilities etc.) diversions may be insufficient. Mitigation: Robust estimate in lieu of lack of information - accept risk. Consider design amendments if returns are significantly higher than anticipated.
- Risk: There may be excessive traffic disruption during the construction period. Mitigation: Development of traffic management plan to phase the works to minimise impact on general traffic.

Costs

- 2.50 The total scheme costs are £20.159 million.
- 2.51 The indicative budget allocation for Leeds Council CIP schemes at expression of interest stage was £23.950 million. The current cost of the three Leeds Council CIP schemes is £21.897 million, excluding Leeds Public Transport Investment Programme (LPTIP) funding and therefore the scheme is affordable within the Corridor Improvement Programme.
- 2.52 Phase 1 of the Corridor Improvement Programme received a total development cost approval of £4.483 million, of which £1.008 million was allocated for the development of this scheme to outline business case. The additional amount required to take the scheme to decision point 5 (full business case with finalised costs) is £1.599 million, including £499,000 additional development costs and £1.1 million land assembly costs. This brings the total development funding to £1.507 million. This equates to 7.5% of the total scheme costs.
- 2.53 An indicative approval to the Combined Authority's contribution of £19 million (which will be funded through £15 million from the CIP Phase 1 fund and £4 million from the LPTIP fund) is sought with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The total project value is £20.159 million with the remaining funds to come from Section 106 contributions.
- 2.54 The Combined Authority will be required to issue an addendum to the existing funding agreement with Leeds Council for expenditure of up to £1.599 million from the West Yorkshire plus Transport Fund taking the total approval to £2.607 million. This development funding is required for full business case development, design development, invitation to tender and evaluation of tenders for construction and land assembly.
- 2.55 The total cost of the A647 Corridor Bus Priority scheme within Leeds Public Transport Investment Programme (LPTIP) is £13.7 million of which £4 million

was identified at decision point 2 for Dawsons Corner junction improvements. The costs for the element to be funded from the LPTIP are to remain within the current LPTIP budget allocation.

Timescales

2.56 The timescales of the project beyond outline business case approval are:

- Delivery partner tender award – March 2019
- Planning permission – August 2019
- Detailed design \ full business case (full business case) – August 2019
- Full business case submission activity – 4 September 2019
- Full business case approval – 4 November 2019
- Decision point 5 approval (full business case with finalise costs) – December 2019
- Construction activity 6 – January 2020
- Scheme completion – June 2021
- Post completion review activity – 7 July 2021
- Monitoring & evaluation (1 year post opening) – 8 June 2022
- Monitoring & evaluation (5 years post opening) – June 2026

Assurance pathway and approval route

| Assurance pathway | Approval route |
|--|---|
| Decision point 3 (outline business case) | Recommendation: Combined Authority's Investment Committee Decision: Combined Authority |
| Decision point 4 (full business case) | Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director |
| Decision point 5 (full business case with finalised costs) | Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director |

Assurance Tolerances

| Project tolerances |
|---|
| That Combined Authority costs should remain within 10% of the costs outlined in this report. That timescales should remain within 3 months of the timescales set out in this report. |

Project responsibilities

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| Senior Responsible Officer | Melanie Corcoran, Combined Authority |
| Project Manager | Mohammed Mahmood, Leeds City Council |
| Combined Authority case officer | Nick Fairchild |

Appraisal summary

- 2.57 The promoters, Leeds City Council, have demonstrated a need for the project by setting out the current situation of a heavily congested junction at a key part of the Leeds outer ring road on the West Yorkshire Key Route Network. This congestion would act to constrain local growth and development unless addressed, especially considering traffic demand is predicted to increase by approximately 18% by 2036. Junction improvements at Dawsons Corner would contribute to Leeds City Region Strategic Economic Plan (SEP) with particular emphasis on Priority 4 - an integrated, accessible transport system, including investment in transport infrastructure and services, to support the growth and regeneration of prioritised areas within the city region.
- 2.58 A number of options for remodelling Dawsons Corner to address the current and future issues described above have been assessed by Leeds City Council. The preferred option has been identified based on its ability to address existing congestion issues and its compatibility with recently delivered highway improvement schemes in the area as well as parallel schemes currently under development on the LPTIP A647 Corridor, New Pudsey Station Parking Expansion, Future Dualling of ORR between Dawsons Corner and Horsforth Roundabout. The scheme development has also been cognisant of future local housing developments which will increase the demand on the junction across Leeds and Bradford. The best performing option from the initial option testing study involves splitting roads over more than one level, which poses significant environmental and deliverability challenges, with significantly higher costs for limited additional benefits, therefore offers poor value for money – thus the promotion of the preferred option and not the best performing option in pure transport benefit terms.

Recommendations

- 2.59 That Investment Committee recommends to the Combined Authority that:
- (i) The Dawson's Corner project proceeds through decision point 3 and work commences on activity 4 (full business case).
 - (ii) An indicative approval is given to the total project value of £20.159 million, with the Combined Authority's contribution of £19 million (which will be funded through £15 million from the CIP Phase 1 fund and £4 million from the LPTIP fund) is given with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The total project value is £20.159 million.

- (iii) That development costs of £1.599 million, (including £499,000 additional development costs and £1.1 million land assembly costs) are approved in order to progress the scheme to decision point 5 (full business case with finalised costs), taking the approval to £2.607 million
- (iv) That the Combined Authority issue an addendum to the existing funding agreement with Leeds Council for additional expenditure of up to £1.599 million from the West Yorkshire plus Transport Fund taking the total value to £2.607 million.
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

| | |
|-----------------------|--|
| Project Title | Corridor Improvement Programme Phase 1 – Dyneley Arms |
| Stage | 2 (Development) |
| Decision Point | 3 (Outline business case) |

Background

- 2.60 The A660/A658 Dyneley Arms project is part of Phase 1 of the Corridor Improvement Programme (CIP). At decision point 2 this scheme had an indicative allocation of £8 million from the CIP.
- 2.61 This scheme proposes improvements to the Dyneley Arms junction with the A660 Leeds Road and A658 Pool Bank New Road in Bramhope. All arms are signal controlled except for the north-to-east movement from the A658 Pool to the A660 towards Leeds, which is priority controlled.
- 2.62 Leeds City Council (LCC) has undertaken considerable work to identify an improvement scheme for Dyneley Arms junction. However, the junction presents several engineering challenges due to local topography, land ownership and property constraints. Traffic approaching the junction from Pool and the north does so on a very uphill steep gradient, and traffic from the south approaches on a (less steep) downhill gradient to the junction. The gradients complicate improvement options at the junction and significant engineering works are therefore required to achieve a scheme with appropriate capacity. A report to Leeds City Council, the Executive Board in September 2017 recognised these challenges and stated that an improved junction will require purchase of third party agricultural land.
- 2.63 This scheme details an interim, ‘quick win’ scheme that will provide the additional capacity required in the short and medium term to mitigate existing congestion, accommodate continued traffic growth and enable development, whilst recognising that a larger scheme is needed in the medium-to-long term.
- 2.64 Therefore, the ‘quick win’ could have a longer lifespan than currently indicated by the forecast growth. Further, the proposed improvement will provide an almost immediate short-term capacity gain, provide congestion relief and is deliverable early within the Corridor Improvement Package (CIP) phase 1 funding window. The likely delivery cost is also more in line with the levels of funding currently available.
- 2.65 A summary of the scheme’s business case and location map is included in **Appendix 5**.

Outputs, benefits and inclusive growth implications

2.66 The forecast outputs, benefits and inclusive growth implications are:

- Facilitates improved access to Leeds Bradford Airport.
- Growth and productivity: facilitating more efficient and reliable operation of the highway network will allow work related journeys to be made more quickly and efficiently. The removal of a key capacity constraint will also unlock development.
- Environmental sustainability: reduced congestion and smoother vehicle flows will reduce greenhouse gas emissions.

2.67 The preferred option has a benefit cost ratio of 1.59:1 which demonstrates a medium value for money solution over a 7 year period, based on the 'quick win' solution.

Risks

2.68 The key risks to the project and the related mitigation are:

- Risk: The procurement of contracts for the delivery partner poses a delivery constraint as until a contract is in place, detailed design and subsequently on-site construction cannot commence. Mitigation: The early indication of the tender process is key to ensure timely release of tender documentation and a suitable tender period for responses. It should further be noted that the quick win nature of the scheme means that delivery risk has already been significantly reduced when compared to a larger scheme.
- Risk: The scheme does not secure third party land. Mitigation: Leeds Council is already engaging with the land owner about the parcel of land and is not expecting there to be any delay which would impact on project delivery.
- Risk: Vegetation removal will be within the breeding bird season (March to September). Mitigation: to remove vegetation outside the breeding bird season.
- Risk: Not being able to secure consent / agreement from the landowner for works on 3rd party land adjoining the highway. Mitigation: to actively engage with landowners to secure early purchase of land.

Costs

2.69 The project costs can be summarised as:

- Total project value £2.747 million
- Project development costs to outline business case - £261,000
- Project development costs to full business case with finalised costs - £264,000

- Land assembly - £250,000
- 2.70 The indicative budget allocation for Leeds Council CIP schemes at expression of interest stage was £23.950 million. The current cost of the three Leeds City Council CIP schemes is £21.897 million and therefore the scheme is affordable within the Corridor Improvement Programme.
- 2.71 Phase 1 of the Corridor Improvement Programme received a total development cost approval of £4.483 million, of which £402,000 was allocated for the development of this scheme. The additional amount required to take the scheme to decision point 5 (full business case with finalised costs) is £373,000, including £123,000 additional development costs and £250,000 land assembly costs. This brings the total development funding to £525,000. This equates to 19% of the total scheme costs.
- 2.72 The scheme's original scheme allocation was £8 million. An indicative approval to the Combined Authority's contribution of £2.747 million is sought with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The total project value is £2.747 million.
- 2.73 The Combined Authority will be required to issue an addendum to the existing funding agreement with Leeds City Council for expenditure of up to £373,000 from the West Yorkshire plus Transport Fund taking the total approval to £775,000 (£525,000 development funding and £250,000 land assembly costs). This development funding is required for full business case development, design development, invitation to tender and evaluation of tenders for construction and land assembly.

Timescales

- Consultation – October 2018
- Outline business case approval – December 2018
- Full business case submission activity 4 – May 2019
- Full business case activity 5 – July 2019
- Start of implementation – August 2019
- Scheme completion – October 2019

Assurance pathway and approval route

| Assurance pathway | Approval route |
|--|---|
| Decision point 3 (outline business case) | Recommendation: Combined Authority's Investment Committee Decision: Combined Authority |
| Decision point 4 (full business case) | Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director |
| Decision point 5 (full business case with finalised costs) | Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director |

Assurance Tolerances

| Project tolerances |
|--|
| That Combined Authority costs should remain within 10% of the costs outlined in this report. That timescales should remain within 3 months of the timescales set out in this report |

Project responsibilities

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|--|---|
| Senior Responsible Officer | Melanie Corcoran, Combined Authority |
| Project Manager | Mark Philpott, Leeds City Council |
| Combined Authority case officer | Mott McDonald (consultants) with Paul Coy |

Appraisal summary

- 2.74 The promoters Leeds City Council have demonstrated a need for the project by setting out the current situation of a heavily congested junction at a key part of the West Yorkshire Key Route Network.
- 2.75 Dyneley Arms acts as a crucial intersection connecting Wharfedale, North Yorkshire, A1 Corridor, Leeds Bradford International Airport and Leeds. While there are no immediately adjacent development sites, improvement to Dyneley Arms will facilitate access and increased demand to and from the surrounding urban areas including access to employment and housing.
- 2.76 The existing traffic signal-controlled junction is heavily trafficked during weekday peak periods. The resultant queues and delays impact on journey time reliability and creates adverse localised environmental issues such as increased noise and particulate matter emissions, also contributing to issues

with the Pool AQMA (Air Quality Management Area) designated north of the junction.

Recommendations

2.77 That Investment Committee recommends to the Combined Authority that:

- (i) The Dyneley Arms junction project proceeds through decision point 3 and work commences on activity 4 (full business case) and 5.
- (ii) An indicative approval to the total project value of £2.747 million is given from the West Yorkshire plus Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs)
- (iii) Additional development costs of £373,000 (which include £250,000 for land assembly) are approved in order to progress the scheme to decision point 5 (full business case with finalised costs) taking the total approval to £775,000.
- (iv) The Combined Authority issues an addendum to the existing funding agreement with Leeds Council for additional expenditure of up to £373,000 from the West Yorkshire plus Transport Fund (giving a total funding agreement value of £775,000).
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

| | |
|-----------------------|--|
| Project Title | Corridor Improvement Programme Phase 1 – Fink Hill scheme |
| Stage | 2 (Development) |
| Decision Point | 3 (Outline business case) |

Background

- 2.78 The Fink Hill project is part of Phase 1 of the CIP. At decision point 2 this scheme had an indicative allocation of £950,000 from the Corridor Improvement Programme.
- 2.79 There has been a change of scope since the approval of the Programme case paper (decision point 2) in June 2017. The original scope of the scheme was focused around providing pedestrian crossing improvements and accessibility benefits, whilst still looking to reduce journey times. This scheme was proposed to address existing severance and safety issues associated with crossing the outer ring road.
- 2.80 During development of the outline business case it was found that the provision of formal pedestrian crossing facilities would introduce additional congestion and delay to traffic on the A6120, therefore to provide these facilities additional highway capacity and widened approaches are required to ensure general traffic is not dis-benefited. These have now been included within the enhanced scope of the scheme which includes, in addition to signal controlled pedestrian crossings, widening of the A6120 between Horsforth Roundabout and Fink Hill to provide two lanes in each direction, an additional lane in both directions of the A6120 at Fink Hill to provide two ahead lanes and a turning lane into Fink Hill.
- 2.81 The increased scope of the proposed scheme improvements at Fink Hill will contribute to the wider benefits to be secured through other planned schemes to improve junctions and in particular the outer ring road. These include those associated with East Leeds Orbital Road (ELOR); and associated outer ring road (ORR) junction improvements at King Lane and Harrogate Road (A61) roundabouts and Shadwell Lane and Roundhay Park crossroads and the Leeds Public Transport Investment Programme (LPTIP).
- 2.82 The proposed scheme is located at the junction of the A6120 outer ring road, Fink Hill and Parkside and forms a four arm signal controlled junction. Parkside and Fink Hill are offset by approximately 45 metres.
- 2.83 The scheme will introduce signal controlled pedestrian crossings across Fink Hill and both arms of the ORR, simplified movements at the A6120 Ring Road / Parkside junction which becomes left in / left out only and widening of the A6120 between Horsforth roundabout and Fink Hill to provide two lanes in each direction. The scheme also includes an additional lane in both directions

of the A6120 at Fink Hill to provide two ahead lanes and a turning lane into Fink Hill.

- 2.84 The junction improvements will assist with accessibility to key growth sites in north Leeds by enhancing outer ring road capacity whilst providing safer infrastructure for both pedestrians and cyclists. This is a key junction because it is close to the A65 / A6120 Horsforth roundabout and provision of sufficient capacity is important for the functioning of both the A65 radial route and the A6120 orbital route.
- 2.85 A summary of the scheme's business case and location map is included in **Appendix 6**.

Outputs, benefits and inclusive growth implications

- 2.86 The key benefits associated with this scheme are:
- Growth and productivity: facilitating more efficient and reliable operation of the highway network will allow work-related journeys to be made quickly and efficiently. The removal of a key capacity constraint on the network will ensure adequate capacity for future housing growth and developments and for people to be able to access jobs more easily with consistent travel times.
 - Safer infrastructure for both pedestrians and cyclists, reduced severance between communities and jobs, increased journey time reliability, and reduced traffic congestion and delay.
 - This is a key junction because it is close to the A65 / A6120 Horsforth roundabout and provision of sufficient capacity is important for the functioning of both the A65 radial route and the A6120 orbital route
- 2.87 The preferred option has a benefit cost ratio of 1.05:1, which demonstrates a low value for money. This is because the operations of the crossing has a detrimental impact on the left and right turning movements into Fink Hill (in terms of queue and delay). It should be noted that this BCR is based purely on the economic modelling for the scheme and does not consider the wider strategic benefits which are not captured. The scheme will deliver wider benefits including safety benefits from formalising two lane operation reducing the scope for collisions, improvements to pedestrian safety when crossing the outer ring road and reducing severance for pedestrians and cyclists.
- 2.88 Although the benefit cost ratio for the preferred option is low value for money at this stage, the scheme needs to be regarded as the 'sum of all the parts' with other developments including, for example, the housing development and other planned transport schemes in the local area as a whole will benefit from these improvements.
- 2.89 These wider benefits of the scheme will be explored further at full business case stage.

Risks

- 2.90 A risk register has been completed for the scheme and a Quantified Risk Allowance (QRA) has been calculated.
- 2.91 The key risks to the project and the related mitigation are:
- Risk: Widening of the carriageway may lead to increased costs through noise compensation claims. Mitigation – Air and noise assessment may be required at additional cost to demonstrate noise impact. Scheme design will be reviewed in the context of air and noise impact. This risk has been included within the QRA.
 - Risk: Cost estimates for equipment diversions may be insufficient. Mitigation – Cross check risk allocation with cost estimates and consider re-engineering options to minimise statutory diversion requirements.
 - Risk: There may be traffic disruption during the construction period. Mitigation – development of appropriate traffic management plan to phase the works to minimise impact on general traffic.
 - Risk: Solution to surface water run off maybe too expensive. Mitigation – Gather and review all available drainage records and ensure missing information is provided. Upstream capacity options to be considered.

Costs

- 2.92 Total scheme costs are £4.150 million, an increase of £3.2 million over the indicative value outlined at decision point 2 (£950,000). The reasons for this variation, as mentioned above, is due to the increase in scope of the project, which includes, in addition to signal controlled pedestrian crossings, widening of the A6120 between Horsforth Roundabout and Fink Hill to provide two lanes in each direction, an additional lane in both directions of the A6120 at Fink Hill to provide two ahead lanes and a turning lane into Fink Hill. The project will be funded entirely from the West Yorkshire plus Transport Fund.
- 2.93 The indicative budget allocation for Leeds City Council CIP schemes at expression of interest stage was £23.950 million. The current cost of the three Leeds Council CIP schemes is £21.897 million and therefore the scheme is affordable within the Corridor Improvement Programme.
- 2.94 Phase 1 of the Corridor Improvement Programme received a total development cost approval of £4.483 million, of which £115,000 was allocated for the development of this scheme. The additional amount required to take the scheme to decision point 5 (full business case with finalised costs) is £404,000. This brings the total development funding to £519,000. This equates to 12% of the total scheme costs. This development funding is required for full business case development, design development, invitation to tender and evaluation of tenders for construction.
- 2.95 The approval of the increase in the indicative allocation for the full scheme costs by an additional £3.2 million (from £950,000 to £4.150 million) is required to deliver the preferred option put forward by Leeds Council. It is

considered that this increase in scheme costs is affordable within the indicative budget allocation for Leeds Council CIP schemes of £23.950 million. The current forecast cost of the three Leeds Council CIP schemes is £21.897 million.

- 2.96 The Combined Authority will be required to issue an addendum to the existing funding agreement with Leeds Council for expenditure of up to £404,000 from West Yorkshire plus Transport Fund taking the total approval to £519,000. This development funding is required for full business case development, design development, invitation to tender and evaluation of tenders for construction and land assembly.

Timescales

- Planning permission: December 2018
- Detailed design full business case: April 2019
- Full business case submission activity 4: May 2019
- Activity 4 approval: July 2019
- Full business case costs approval activity 5: August 2019
- Start of implementation: September 2019
- Scheme completion: July 2020

Assurance pathway and approval route

| Assurance pathway | Approval route |
|--|---|
| Decision point 3 (outline business case) | Recommendation: Combined Authority's Investment Committee Decision: Combined Authority |
| Decision point 4 (full business case) | Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director |
| Decision point 5 (full business case with finalised costs) | Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director |

Assurance Tolerances

| Project tolerances |
|--|
| That Combined Authority costs should remain within 0% of the costs outlined in this report. That timescales should remain within 3 months of the timescales set out in this report. |

Project responsibilities

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| Senior Responsible Officer | Melanie Corcoran, Combined Authority |
| Project Manager | Gwyn Owen, Leeds City Council |
| Combined Authority case officer | Paul Coy, Combined Authority |

Appraisal summary

- 2.97 The junction currently experiences congestion, delaying traffic movements on A6120 outer ring road which is a key strategic route for the city. The provision of formal pedestrian crossing facilities would introduce additional congestion and delay to traffic on the A6120, therefore to provide these facilities additional highway capacity and widened approaches are required to ensure general traffic is not dis-benefited
- 2.98 This scheme is focused around the widening of the highway and upgrading the junction at Fink Hill, as well as improved pedestrian and cycle infrastructure. The finalised scheme may require tree removal and the requirement of landscaping to ensure that the green space is still adequately maintained.
- 2.99 Although the benefit cost ratio (1.05:1) for the preferred option is considered to be lower value for money at this stage, the scheme needs to be regarded as the 'sum of all the parts' included the wider benefits afforded by this scheme. These include safety benefits from formalising two lane operation reducing the scope for collisions, improvements to pedestrian safety when crossing the outer ring road and reducing severance for pedestrians and cyclists, as well the fit with other planned transport schemes in the local area.

Recommendations

- 2.100 That Investment Committee recommends to the Combined Authority that:
- (i) The Corridor Improvement Programme Phase 1 Fink Hill project proceeds through decision point 3 (outline business case) and work commences on activity 4 (full business case).
 - (ii) An indicative approval to the total project value of £4.150 million is given from the West Yorkshire plus Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
 - (iii) Additional development costs of £404,000 are approved in order to progress the scheme to decision point 4 (full business case) taking the total project approval to £519,000.
 - (iv) The Combined Authority enter into an addendum to the existing funding agreement with Leeds City Council for additional expenditure of up to £404,000 from the West Yorkshire plus Transport Fund taking the total value to £519,000.

- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject remaining within the tolerances outlined in this report.

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| Project Title | Corridor Improvement Programme Phase 1 – A650 Newton Bar scheme |
| Stage | 2 (Development) |
| Decision Point | 3 (Outline business case) |

Background

- 2.101 The scheme comprises a major junction improvement of an existing roundabout and approach roads around the A650 at Newton Bar, Wakefield. It involves the construction of a new signalised ‘hamburger’ roundabout (where the main road goes through the centre of the roundabout), upgrade of adjacent signal controlled junction, additional traffic lanes, the provision of shared cycle/pedestrian footways, signalised pedestrian/cycle crossings, and the extension of a bus lane along the A650/A61 corridor.
- 2.102 Through the above, the scheme will improve journey time reliability by reducing journey times by 8% (by 2025), and will enhance connectivity for all modes of transport.
- 2.103 The scheme supports delivery of priority 4 ‘Infrastructure for Growth’ of the Leeds City Region Strategic Economic Plan.
- 2.104 The scheme cost has increased by £2.252 million to £6.752 million following further detailed costs investigation, including those for statutory undertakers design costs, and diversion estimates, leading to an increase in the construction costs of the scheme. The scope of the scheme has not changed and the cost can be met within the corridor improvement programme.
- 2.105 A summary of the scheme’s business case and location map is included in **Appendix 7**.

Outputs, benefits and inclusive growth implications

- 2.106 The forecast outputs, benefits and inclusive growth implications are:
- To improve journey time reliability by reducing journey times by 8% by 2025.
 - Improve connectivity for all modes.
 - Enhance provision for active modes by providing 1.32 km of footpath/cycle way and pedestrian/cycle crossing facilities by opening year.
 - Not to worsen air quality by ensuring that annual mean nitrogen dioxide levels observed in the Wakefield air quality management area are no worse than existing levels by the opening year.

- Improve road safety by reducing the number of collisions by 10% by 2025.
- Facilitate future housing growth and development by reducing transport constraints to development.
- Provide an attractive gateway to Wakefield city centre by replacing trees and implementing the landscape scheme in the first planting season after the opening year.
- The benefit cost ratio (BCR) is 25.6:1 driven by forecasting of significant reduction in journey times. This is noted to be higher than industry benchmarks. Further modelling work during activity 4 will refine the scheme, which should see a reduction in the BCR at full business case (decision point 4) and more in line with industry benchmarks.
- Improved public health through promoting active travel with provision for walking and cycling facilities, and improving air quality through reducing congestion.

Risks

2.107 The key risk to the project and the related mitigation is:

- The scope and cost of service diversions are not fully known. Wakefield council have made allowance in the budget for surveys and reducing risk by ensuring adequately detailed costs at full business case. A significant cost increase for service diversions could impact on the affordability of the scheme and the business case viability.

Costs

2.108 The project costs can be summarised as:

- The current total cost forecast for the scheme at decision point 3 is £6.752 million, of which the Combined Authority through the West Yorkshire plus Transport Fund will fund £6.708 million. This is a cost increase of £2.208 million from the allocation made from the West Yorkshire plus Transport Fund programme fund at decision point 2.
- The promoters have secured £44,000 through private sector Section 106 contribution, with possibility of securing a further £222,000 Section 106 contribution. If successful, this sum would be offset against the funding sought from the Combined Authority's West Yorkshire plus Transport Fund.

2.109 The indicative budget allocation for Wakefield Council Phase 1 Corridor Improvement Programme schemes at expression of interest stage was £6.797 million. The current cost to the West Yorkshire plus Transport Fund of the single Wakefield Council Corridor Improvement Programme scheme to be progressed is £6.708 million (excluding any third party contributions) and is therefore within the phase 1 allocation.

2.110 Phase 1 of the Corridor Improvement Programme received a total development cost approval of £4.483 million, of which £75,000 was allocated for the development of this scheme to outline business case. The additional amount required to take the scheme to decision point 5 (full business case with finalised costs) is £129,800. This brings the total development funding to £204,000. This equates to 3% of the total scheme costs.

2.111 An increase in the indicative allocation for the full scheme costs by an additional £2.208 million (from £4.236 to £6.708 million) is required to deliver this scheme. It is considered that this increase in scheme costs is affordable within the indicative budget allocation for Wakefield Council Corridor Improvement Programme schemes of £6.797 million.

Timescales

- Submit planning application - December 2018
- Outline business case (decision point 3) - December 2018
- Appoint lead designer - January 2019
- Secure planning permission - March 2019
- Full business case (decision point 4) - June 2019
- Full business case with finalised costs (decision point 5) - September 2019
- Appoint principal contractor - October 2019
- Construction commences - January 2020
- Construction completes (decision point 6) - December 2020

Assurance pathway and approval route

| Assurance pathway | Approval route |
|--|---|
| Decision point 3 (outline business case) | Recommendation: Investment Committee Approval: Combined Authority |
| Decision point 4 (full business case) | Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director |
| Decision point 5 (full business case with finalised costs) | Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director |

Assurance Tolerances

| Project tolerances |
|---|
| That total Combined Authority costs remain within 0% of the costs identified in this report. That project delivery programme timescales remain within 3 months of the timescales set out in this report. |

Project responsibilities

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|---------------------------------|-----------------------------------|
| Senior Responsible Officer | Graham West, Wakefield Council |
| Project Manager | Paul Stevenson, Wakefield Council |
| Combined Authority case officer | Asif Abed |

Appraisal summary

- 2.112 The A650 Newton Bar scheme is to be delivered as part of Phase 1 of the CIP Programme. The strategic case for the A650 Newton Bar scheme has a clear fit with the Leeds City Region Strategic Economic Plan, specifically in delivery against priority 4 infrastructure for growth - by enhancing connectivity and access for all modes, providing cycling and walking provision to promote active travel, improve journey times, and facilitate future housing growth and development.
- 2.113 The scheme has minimal risk in securing planning and land transfer with the majority of the land to be developed in Wakefield Council's ownership. Early positive engagement has already been had regarding purchase of a small parcel of 3rd party land. Multiple sources of evidence have been provided to demonstrate the commercial case for delivery of the scheme such as population growth statistics from the ONS and evidence of housing growth through the City Fields housing development.
- 2.114 Public consultation and briefing of key stakeholders has been undertaken, with positive feedback received on the proposal, specifically in the ability of the proposal to address the concerns and constraints of the existing conditions
- 2.115 Wakefield Council will be the delivery lead and to manage all aspects of contract and project management. The scheme will continue reporting to the monthly Corridor Improvement Programme Board, chaired by the Combined Authority.
- 2.116 Wakefield Council have demonstrated experience of delivering similar schemes such as the Kirkgate Highway Improvement scheme, as well as major construction projects such as Pontefract Northern Relief Road, Bretton Reservoir, and the Wakefield Eastern Relief Road. Planning permission and land transfer risks are minimal, with the council's in house Transportation and Highways team able to oversee this.

2.117 The scheme has a very high benefit cost ratio (BCR) of 25.6:1. The Economic Case is satisfactory, but further development works will be required at during activity 4 to refine the scheme. This should see a reduction in the BCR at full business case (decision point 4) to a level more in line with industry benchmarks.

Recommendations

2.118 That Investment Committee recommends to the Combined Authority that:

- (i) The Corridor Improvement Programme Phase 1 A650 Newton Bar project proceeds through decision point 3 and work commences on activity 4 (full business case).
- (ii) An indicative approval to the total project value of £6.752 million is given from the West Yorkshire plus Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
- (iii) Development costs of £129,800 are approved in order to progress the scheme to decision point 4 (full business case) taking the total project approval to £204,800.
- (iv) The Combined Authority enters into an addendum to the existing funding agreement with Wakefield Council for additional expenditure of up to £129,800 from the West Yorkshire plus Transport Fund taking the total value to £204,800.
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report (including through delegation to the Combined Authority's Managing Director at decision points 4 and 5) following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

| | |
|-----------------------|---|
| Project Title | Institute of High Speed Railways and System Integration (IHSRSI) |
| Stage | 2 (Development) |
| Decision Point | 3 (Outline business case) |

Background

- 2.119 High Speed 2 (HS2) is Europe's largest railway project, and a vital part of the UK Government's strategic plan for regeneration, growth and rebalancing of the UK economy. It also represents a significant opportunity for the UK to capitalise on a rapidly growing high-speed rail global market. The lack of testing facilities in high-speed rail represents a significant barrier to the future development of high-speed rail research and innovation, but presents a significant opportunity for the Leeds City Region (LCR) to be a global lead.
- 2.120 The University of Leeds, working closely with partners from industry, government and the University sectors, is seeking to establish the Institute for High Speed Railways and System Integration (IHSRSI) in the LCR with the ambition of helping to unlock the full economic potential of high speed rail, nationally and globally to the benefit of job and wealth creation in the LCR.
- 2.121 This will provide the City region with a major new hub for high-speed rail innovation in track infrastructure and dynamics, rolling stock technology and system integration.
- 2.122 A number of options have been considered and fully researched to locate the facilities on a new campus called the Leeds Engineering and Technology Campus (LETeC). The current preferred option is for the LETeC to sit alongside the HS2 depot and within the Leeds Enterprise Zone (Aire Valley). Land purchase is at an advanced stage and it is expected to complete December 2018 / January 2019 with outline planning permission submission in December 2018.
- 2.123 The development and success of the IHSRSI is not dependent on HS2 or the HS2 depot, but its co-location with HS2 represents a strategic opportunity to have an even greater economic impact within the LCR.
- 2.124 The scheme will be delivered in two concurrent phases. The funding requested from the Combined Authority will part fund the delivery of Phase 1 only:
- 2.125 Phase 1 - creation of two world-leading test facilities for the new institute, these being a high-speed railways infrastructure test facility (ITF) and a high speed vehicle test facility (VTF). Specifically, world class high speed rail infrastructure test & Research & Development facilities to include:

- A full-scale 400 kilometre per hour capable world-leading fully dynamic high-speed rail Infrastructure Test Facility which will be able to test full-scale railway track structures, including embankments, preformed systems and ground stabilization technologies. By researching and developing new track support structures the facility will revolutionize the way conventional and high-speed tracks will be designed and built in the future and allow full cost reduction technologies and strategies to be fully validated.
- A full-scale high-speed 400 kilometre per hour capable Vehicle Test Facility capable of testing full-scale rolling stock and their interaction (behaviour) with different track systems. This world-leading facility will incorporate advanced technologies that allow the full duty cycle of the vehicle to be tested including all electrical and mechanical systems. This will allow advanced technologies to be developed and tested, and therefore help to de-risk the introduction of new rolling stock onto the rail network. The VTF will also have a full scale power test facility that will allow rolling stock to be powered directly through the pantograph and catenary test equipment. The construction of sidings will allow future connection to the HS2 depot and hence rail network placing the IHSRSI at the very heart of the rail industry and projecting the LCR as a global centre for railways.

2.126 Phase 2 - By linking the above two test facilities to a new System Integration and Innovation Centre (subject to additional funding applications) a whole system integration approach can be developed. By connecting the conventional and digital train control systems, a complete test-bed platform can be developed within an integrated research environment. This will create a unique research and development facility allowing transformational change in railway research and development. This is in direct response to calls from the national and international rail industry for the IHSRSI to have significant system integration capability to support the conventional and high-speed rail sectors. The system integration capabilities will allow de-risking in relation to the command and control systems including signalling.

2.127 In addition the facilities will be linked to the existing University of Leeds Passenger Motion Simulator to allow the passenger experience to be researched. This motion simulator allows full accelerations to be felt in the vertical, lateral and horizontal directions within a virtual reality simulation. The technology includes eye tracking, psychophysiological metrics and other systems to assess the passenger experience. This simulator is supported by the recent construction of an immersive virtual reality cave to research the passenger experience in new stations and railway environments.

2.128 HS2 will be of major economic benefit to the city region and the IHSRSI will help to maximise these benefits, by establishing the University and the LCR as a global lead in high speed rail engineering and research. The IHSRSI will complement and build upon the existing regional academic and industry expertise in rail research and education (e.g. University of Huddersfield) and will help cement the LCR as a world-leading centre of excellence.

- 2.129 The IHSRSI will also act as a catalyst for an Advanced Manufacturing Park which will be based on further investment from engineering and manufacturing companies within the East Leeds Enterprise Zone.
- 2.130 The scheme received decision point 2 (case paper) approval from the Combined Authority on 28 June 2018 as part of the “Call for Projects”. These schemes will be funded through over-programming against the local growth fund and were prioritised on the basis of the benefits derived and their ability to be delivered by March 2021. The Combined Authority have stated to the promoter that funding of this project is dependent on approval of Full Business Case with Finalised costs (decision point 5) by 30th June 2020 and all Combined Authority funding being committed by March 2021.
- 2.131 Since its decision point 2 approval the total project value has increased and as a result the request for Combined Authority funding has now increased from £11.44 million to £13.047 million.
- 2.132 The increase is due to the fact that at Expression of Interest (EoI) stage the brief was at an embryonic stage and costs for the two world leading test facilities were based on an outline budget for the specialised equipment for the two facilities described above and industry norms in terms of gross internal floor area for the VTF building. During RIBA Stage 1 the Design Team was able to define the brief more clearly, and design and size the building accordingly. The Design Team also worked alongside an equipment manufacturer and supplier to develop the equipment feasibility design and its interconnections with the civils build. This includes new capabilities in terms of system integrating the ITF and VTF facilities with command and control systems. This specialist has supplied budget costings for the equipment to which the University have added a contingency sum of 10%.
- 2.133 The University commits in full to underwriting any overspend on the IHSRSI project cost of £26.093m.
- 2.134 A summary of the scheme’s business case and location map is included in **Appendix 8**.

Outputs, benefits and inclusive growth implications

- 2.135 Outputs, benefits and inclusive growth implications can be summarised as:
- Phase 1: Infrastructure Test Facility (ITF) – a full-scale 400km/h capable high-speed rail infrastructure systems test facility that will be able to test full-scale railway track structures, including embankments, preformed systems and ground stabilisation technologies. This outdoor facility is adjacent to the Vehicle Test Facility;
 - Phase 1: Vehicle Test Facility (VTF) - a full-scale high-speed 400 km/h capable vehicle systems test facility capable of testing full-scale rolling stock and their interaction (behaviour) with different track systems. Housed in a building, this facility will potentially in the future accept rolling stock driven directly from the rail network via the HS2 depot.

- Phase 2: System Integration and innovation Centre (SIIC) capable of replicating the system interaction of the civil, mechanical, electrical and digital systems across the railway operational environment. This phase is subject to additional funding applications and is dependent on Phase 1 being fully funded.

2.136 All phases:

- Establishing an international reputation that will attract key industry investment, spur new enterprise, Small to Medium Enterprises and supply chains, to the Leeds City Region;
- Creation of high value employment and uplifting skills of local workforce (apprentices, technicians, undergraduates and postgraduates in the skills industry needs) and attracting new international students to Leeds;
- Increased retention of graduates in the Leeds City Region;
- Growing research and innovation expertise and manufacturing skills across the North;
- Leverage significant 'international' private sector and public research investment in Research & Development;
- De-risking UK and global high speed rail projects by providing facilities and expertise to assess track and vehicle designs and prototypes prior to deployment;
- Co-location of the HS2 depot, HS2 Yorkshire Hub Station and the IHSRSI provides the catalyst for significant future inward investment and export potential including the development of an Advanced Manufacturing Park – Leeds Council estimate that the AMP will generate 3,000 new jobs; and
- Helping to increase the GVA of the region;
- Business rate income to the Combined Authority as a result of its location in an Enterprise Zone.

Risks

2.137 The key risks to the project and the related mitigation are

- Securing all the required match funding and follow-on investment to realise the full vision for the IHSRSI. The University has secured private sector investment to support Phase 2 development. This funding is dependent on Phase 1 being fully supported. The University is in the process of formally approving the final portion of the £13.047 million matched funding for Phase 1.
- Deliverability within timescales and budgets for Phase 1. The university will under-write any potential scheme overspend in order to reduce this risk.

Costs

2.138 The project costs can be summarised as:

- The total cost of Phase 1 is forecast at £26.093 million, of which £13.047 million will be funded by the Combined Authority. This is a £1.634 million increase from the Combined Authority contribution which received indicative approval at decision point 2 (case paper) and is the maximum available from the Combined Authority.
- Funds from the university will be used as match funding (£13.047 million). The Combined Authority funding will only receive full approval once the promoter has demonstrated that the University of Leeds funding has received formal approval.
- Further funding for Phase 2 is currently being sought from other funding sources and private sector investors. This will be substantiated with the scheme's forthcoming full business case.

Timescales

- Decision point 5 (full business case with finalised costs) approval for Phase 1 is forecast for January 2020.
- Phase 1 of the scheme is due to be delivered by December 2020.
- Phase 2 of the scheme is due to be delivered by February 2021

Assurance pathway and approval route

| Assurance pathway | Approval route |
|-------------------|---|
| Decision point 3 | Recommendation: Investment Committee Decision: Combined Authority |
| Decision point 5 | Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director |

Assurance Tolerances

| Project tolerances |
|--|
| The Combined Authority's contribution remains at the figure outlined in this report. Programme timescales remain within 3 months of the timescales outlined within this report. |

Project responsibilities

| | |
|----------------------------|---|
| Senior Responsible Officer | Professor Lisa Roberts, University of Leeds |
| Project Manager | Professor Peter Woodward, University of Leeds |

Appraisal summary

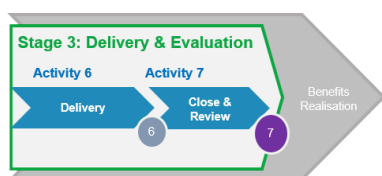
2.139 The scheme has a strong strategic, commercial and economic case at this stage, although the financial and management cases require more detail. As the full business case is developed, delivery costs and programmes will require additional clarity, to ensure the scheme is deliverable. The Combined Authority will appoint a Project Manager who will work with the University to ensure compliance with the Combined Authority assurance processes and to reduce perceived risk through close working relationships.

Recommendations

2.140 That Investment Committee recommends to the Combined Authority that:

- (i) The Institute for High Speed Rail and System Integration scheme Phase 1 proceeds through decision point 3 and work commences on activity 5 (full business case with finalised costs).
- (ii) An indicative approval to the Combined Authority's contribution of £13.047 million is given, which will be funded through over-programming against the Local Growth Fund, with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The total Phase 1 value is £26.093 million (The University of Leeds will contribute match funding of £13.047 million).
- (iii) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision point 5 (full business case with finalised costs) through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report

Projects in Stage 3: Delivery and Evaluation



| | |
|-----------------------|----------------------------------|
| Project Title | Business Growth Programme |
| Stage | Stage 3 (Delivery) |
| Decision Point | Change Request at Activity 6 |

Background

- 2.141 The Business Growth Programme (BGP) was launched in February 2013, with funding previously awarded through the regional growth fund (for the original programme which ran from February 2013 to March 2015). Once the Growth Deal was agreed a further £18 million was awarded through the local growth fund round 1 April 2015 to March 2018 following by £9 million through round 3 to extend the programme to March 2021.
- 2.142 The Business Growth Programme continues to be an extremely popular programme with businesses and has contributed to the creation of 2,540 jobs and the safeguarding of a further 1,682 jobs since its launch and leveraged in £183.4m of private sector funding, currently £20.8 million of the £27 million approved funding is committed. This may mean that the programme will need to close imminently to new applicants, which will be before the end of the funding cycle.
- 2.143 The programme supports businesses operating within the Local Enterprise Partnership's priority sectors (manufacturing, food and drink, low carbon & environmental, financial & business services, digital & creative and health & life sciences) by providing grants of between £10,000 and £250,000, where grant support is needed/adds value by filling a funding gap, accelerating an investment, enabling an investment to happen on a larger scale or in a particular location. The programme primarily supports small medium enterprises (SME), though large companies are considered by exception.
- 2.144 Funding supports the expansion, modernisation and diversification of economic activities. Activities supported include the purchase of plant, machinery and equipment, fit out of new premises and alterations and extensions to existing premises. Research and development activity (excluding basic/fundamental research) can be supported where this supports employment and business growth.

- 2.145 Investments must be specifically linked to job creation, or clearly demonstrate the investment is linked to growth (e.g. in the supply chain), an increase in productivity or skills development (leading to a recognised qualification). Overall, the programme will lead to productivity improvements and a net increase in the average number of employees in recipient businesses. All employment posts will be maintained for at least 3 years in SMEs and at least 5 years in large businesses. All applicants are expected to provide match funding of at least 80%. The programme aims to provide an overall funding ratio of at least 1:4 (Public to Private).
- 2.146 Applicants are required to provide a business case and demonstrate the additionality grant support will bring to the project.
- 2.147 In most cases, funding is awarded through the General Block Exemption Regulations, which allow provision of support at a 20% intervention rate for small businesses or 10% for medium sized businesses (and 10% for large businesses in assisted areas). In some cases (where the business is a large company and the project is not located in an assisted area) funding is awarded through De Minimis provisions, which allow grant support of up to 200,000 euros in a rolling three year period.
- 2.148 The existing growth deal 3 funded scheme (£9 million) will run until March 2021 and will support the creation of over 500 net new jobs to the Leeds City Region, supporting 165 businesses in the City Region's priority sectors and leveraging in £50m of private sector investment. The scheme has exceeded its forecasts and continues to deliver strongly, to the extent that it is likely to have committed all funding and delivered all targets in advance of 2021. If additional funding was allocated to the scheme it would enable the programme to deliver until the closure date of March 2021 and support a greater number of businesses.

Description of the Change Request

- 2.149 To assign an additional £7 million of Local Growth Funding to extend the programme, thereby increasing the total funding available to £34 million.
- 2.150 Securing additional funding will enable the programme to continue to provide grant support to businesses until the end of the programme (31st March 2021)
- 2.151 The change does not require any change to the delivery model; the existing project team will deliver the additional outputs. The delivery costs are approximately £475, 000 for the three year period 2018/2019 to 2020/2021. This represents 5% of the total project cost. As there will be no increase in the delivery costs should the change request be approved, the delivery costs will represent only 3% of the total project cost if approved.
- 2.152 Changes have already been made to the programme criteria to reduce financial constraints on the programme, such as removing the property purchase as an eligible criteria and restricting applications to a maximum of three cumulative value of £250k over a three year period.

2.153 The existing funding allocated (of £27 million) is not sufficient to meet the demands of businesses applying to the fund and it is expected that the fund will be fully committed by the end of quarter two 2019/2020. It has therefore been identified that allocating £7 million of additional funding to this programme will build on the existing good track record of delivery and increase the jobs created by 560. This additional allocation will be funded through overprogramming on the Local Growth Fund. If this funding is not made available to the programme there is some potential for reputational damage to the Combined Authority and the fund will be essentially closed in 2019. It is anticipated that the programme is particularly vital to supporting businesses in the forthcoming period of uncertainty surrounding Brexit.

Outputs, benefits and inclusive growth implications

2.154 The forecast outputs, benefits and inclusive growth implications from the funding requested as part of this change request are:

- Create / safeguard an additional 560 jobs (delivering at least 1,060 jobs overall)
- Leverage an additional £35 million in private sector funding (delivering at least £85 million in private sector funding overall)
- Provide grants to an additional 125 businesses (providing grants to at least 290 businesses overall)
- Cost-effective and proven way to support businesses, whilst investing the Combined Authority's Local Growth Fund on eligible activity i.e. grants for capital investment by businesses;
- Supporting Small to Medium sized businesses to capitalise on the opportunities that may be presented from Brexit

Risks

2.155 There are few risks associated with extending the funding available to the programme as it is currently in delivery and operating successfully. The key risk to the programme is:

- Brexit may result in small medium enterprises losing confidence with the market and as a result not seeking out business growth support.
Mitigation – proactive engagement with small medium enterprises to ensure that the relevant policies can be implemented in a manner that is timely to their business planning processes.

Costs

2.156 The project costs can be summarised as:

- The preferred option is to assign an additional £7 million of Local Growth Funding to the Business Growth Programme. This will increase the total funding approved for the programme to £34 million.

Timescales

2.157 The forecast completion of the Business Growth Programme is March 2021

Assurance pathway and approval route

| Assurance pathway | Approval route |
|---------------------------|--|
| Activity 6 Change Request | Recommendation: Investment Committee and Decision: Combined Authority |

Assurance tolerances

| Assurance tolerances |
|---|
| That the total Combined Authority costs for the project remain within the costs outlined within this request; That the programme delivery timescales remain within 3 months of those set out in this report Creation of jobs to be not less than 10% lower than the 560 figure in this report (and therefore should be at least 504) Applicant private sector match funding to be not less than 10% lower than the £35 million figure in this report (and therefore should be at least £31.5m) |

Project responsibilities

| | |
|---------------------------------|------------------------------------|
| Senior Responsible Officer | Henry Rigg – Combined Authority |
| Project Manager | Lorna Holroyd – Combined Authority |
| Combined Authority case officer | Paul Coy |

Appraisal summary

2.158 The Change request is in line with the overall business for the Business Growth Programme, and the proposed change will derive further positive outcomes for the programme, for partnership-working and for the local economy.

Recommendations

2.159 That Investment Committee recommends to the Combined Authority that:

- (i) The change request to the Business Growth Programme is approved to provide additional £7 million of funding to the Business Growth Programme. This will be funded from over programming against the Local Growth Fund. This would take the expenditure approval for the total programme to £34 million.

- (ii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined within this report.

Decisions made through the delegation to the Managing Director

2.160 Since Investment Committee's meeting on the 7th November, decisions regarding the following schemes has been exercised. This decision was made through the delegation to the Combined Authority's Managing Director following a recommendation from Combined Authority's Programme Appraisal Team. In order for a decision to be made through a delegation to the Managing Director, the scheme must remain within the assurance tolerances that have been approved at an earlier decision point. All the schemes outlined below have remained within their approved delegations unless stated otherwise below

Wyke Beck Flood Alleviation scheme

- 2.161 The decision point 5 approval related to the Wyke Beck Valley flood alleviation scheme and work starting on activity 6 (delivery).
- 2.162 The overall Wyke Beck flood alleviation scheme project consists of three independent but complementary schemes all situated within Local Nature Reserves associated with Wyke Beck, all of which provide multiple benefits.
- 2.163 The full business case plus finalised costs (full business case plus) for the first two schemes at Arthur's Rein and Halton Moor (Phase 1) was approved by the Combined Authority's Managing Director on 27 March 2018, at which time the Killingbeck Meadows project (Phase 2) was still in design and PAT were unable to recommend it for full business case plus approval. An updated full business case plus has now been submitted and that is the subject of this approval. The Managing Director approved decision point 5 and to the Combined Authority's contribution of £1.583 million towards the Wyke Beck Valley project, to be funded through the Local Growth Fund is given. In addition to the £975,000 approved in March 2018 for the first phase of the project, this brings the total Combined Authority contribution to the project to £2.558million. The total project value is £4.750 million.
- 2.164 The scheme will deliver the following benefits, benefits cost ratio: 2.87, Residential development on circa 15 hectares of brownfield land in East Leeds, a reduction in the risk of flooding to 29 homes in a 1:20 flood year event, 5 homes in a 1:75 year event and 3 homes in a 1:200 year event, a reduction in the extent of flooding in 1:20 year event by 18,952m². Also net present benefits of £4.84 million over 100 years.

Mytholmroyd Station Park & Ride

- 2.165 The decision point 5 approval related to Mytholmroyd Station Park & Ride scheme and work starting on activity 6 (delivery).
- 2.166 Mytholmroyd will be the 5th station car park extension to be approved within the £30.5 million Rail Park & Ride Programme and deliver much needed parking capacity onto the Calder Vale line.

- 2.167 The scheme will deliver the following outputs: +203 parking spaces including 10 Blue Badge Bays, CCTV, LED Lighting, re-surfaced access road, future proofing for potential EV Charging schemes, community landscaping.
- 2.168 The landowner, Network Rail, has approved the design. Northern have agreed to operate and maintain the finished car park. De-vegetation has been conducted by Network Rail on the schemes behalf, free of charge.
- 2.169 The scheme has synergy with the West Yorkshire Transport Strategy 2016-36, Rail Plan 7 and contributes to the SEP through Priority 4- Infrastructure for Growth. The Combined Authority are the funder and will project manage the scheme. It is being delivered through Arriva Rail North who will ultimately operate and maintain the car park.

3 Inclusive growth implications

- 3.1 The inclusive growth implications are outlined in each scheme, see above.

4 Financial implications

- 4.1 The report seeks endorsement to expenditure from the available Combined Authority funding as set out in this report.

5 Legal implications

- 5.1 The payment of funding to any recipient will be subject to a funding agreement being in place between the Combined Authority and the organisation in question.

6 Staffing implications

- 6.1 A combination of Combined Authority and local Partner Council project, programme and portfolio management resources are or are in the process of being identified and costed for within the schemes in this report.

7 External consultees

- 7.1 Where applicable scheme promoters have been consulted on the content of this report.

8 Recommendations

Investor Readiness Support Programme

- 8.1 That Investment Committee recommends to the Combined Authority that:
- (i) The Investment Readiness project proceeds through decision point 2 and work commences on activity 5 (full business case with finalised costs).
 - (ii) An indicative approval to the Combined Authority's contribution of £1.429 million is given (which will be funded from £714,500 from the Leeds City Region Business Rates Pool and £714,500 from ESIF), with Full

Approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5. The total project value is £1.429 million with funding already secured.

- (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 5 through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team subject to the scheme remaining within the assurance tolerances outlined within this report.

Transformational – A1620 Leeds Northern Outer Ring Road Improvements, Leeds

8.2 That Investment Committee recommends to the Combined Authority that:

- (i) The A6120 Leeds Northern Outer Ring Road Improvements (A647 to A65) proceeds through decision point 2 and work commences on the feasibility study.
- (ii) An expenditure approval is given to the total value of £392,500 to Leeds City Council to fund a feasibility study.
- (iii) That the Combined Authority enter into a funding agreement with Leeds City Council for expenditure of up to £392,500 to be funded from the West Yorkshire plus Transport Fund.
- (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report

Corridor Improvement Programme – Dawsons Corner

8.3 That Investment Committee recommends to the Combined Authority that:

- (i) The Dawson's Corner project proceeds through decision point 3 and work commences on activity 4 (full business case).
- (ii) An indicative approval is given to the total project value of £20.159 million, with the Combined Authority's contribution of £19 million (which will be funded through £15 million from the CIP Phase 1 fund and £4 million from the LPTIP fund) is given with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The total project value is £20.159 million.
- (iii) That development costs of £1.59 million, (including £499,000 additional development costs and £1.1 million land assembly costs) are approved in

order to progress the scheme to decision point 5 (full business case with finalised costs), taking the approval to £2.598 million

- (iv) That the Combined Authority issue an addendum to the existing funding agreement with Leeds Council for additional expenditure of up to £1.59 million from the West Yorkshire plus Transport Fund taking the total value to £2.598 million.
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Corridor Improvement Programme Phase 1 - Dyneley Arms

That Investment Committee recommends to the Combined Authority that:

- (i) The Dyneley Arms junction project proceeds through decision point 3 and work commences on activity 4 (full business case) and 5.
- (ii) An indicative approval to the total project value of £2.747 million is given from the West Yorkshire plus Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs)
- (iii) Additional development costs of £373,000 (which include £250,000 for land assembly) are approved in order to progress the scheme to decision point 5 (full business case with finalised costs) taking the total approval to £775,000.
- (iv) The Combined Authority issues an addendum to the existing funding agreement with Leeds Council for additional expenditure of up to £373,000 from the West Yorkshire plus Transport Fund (giving a total funding agreement value of £775,000).
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Corridor Improvement Programme Phase 1 – Fink Hill

8.4 That Investment Committee recommends to the Combined Authority that:

- (i) The Corridor Improvement Programme Phase 1 Fink Hill project proceeds through decision point 3 (outline business case) and work commences on activity 4 (full business case).

- (ii) An indicative approval to the total project value of £4.150 million is given from the West Yorkshire plus Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
- (iii) Additional development costs of £404,000 are approved in order to progress the scheme to decision point 4 (full business case) taking the total project approval to £519,000.
- (iv) The Combined Authority enter into an addendum to the existing funding agreement with Leeds City Council for additional expenditure of up to £404,000 from the West Yorkshire plus Transport Fund taking the total value to £519,000.
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject remaining within the tolerances outlined in this report.

Corridor Improvement Programme Phase 1 – A650 Newton Bar

8.5 That Investment Committee recommends to the Combined Authority that:

- (i) The Corridor Improvement Programme Phase 1 A650 Newton Bar project proceeds through decision point 3 and work commences on activity 4 (full business case).
- (ii) An indicative approval to the total project value of £6.752 million is given from the West Yorkshire plus Transport Fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs).
- (iii) Development costs of £129,800 are approved in order to progress the scheme to decision point 4 (full business case) taking the total project approval to £204,800.
- (iv) The Combined Authority enters into an addendum to the existing funding agreement with Wakefield Council for additional expenditure of up to £129,800 from the West Yorkshire plus Transport Fund taking the total value to £204,800.
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report (including through delegation to the Combined Authority's Managing Director at decision points 4 and 5) following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Institute of High Speed Railways and System Integration – Phase 1

8.6 That Investment Committee recommends to the Combined Authority that:

- (i) The Institute for High Speed Rail and System Integration scheme Phase 1 proceeds through decision point 3 and work commences on activity 5 (full business case with finalised costs).
- (ii) An indicative approval to the Combined Authority's contribution of £13.047 million is given, which will be funded through over-programming against the Local Growth Fund, with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (full business case with finalised costs). The total Phase 1 value is £26.093 million (The University of Leeds will contribute match funding of £13.047 million).
- (iii) Future approvals are made in accordance with the approval pathway and approval route outlined in this report including at decision point 5 (full business case with finalised costs) through a delegation to the Combined Authority's Managing Director following a recommendation by the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

Business Growth Programme

8.7 That Investment Committee recommends to the Combined Authority that:

- (i) The change request to the Business Growth Programme is approved to provide additional £7 million of funding to the Business Growth Programme. This will be funded from over programming against the Local Growth Fund. This would take the expenditure approval for the total programme to £34 million.
- (ii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined within this report.

9 Background documents

9.1 None as part of this report.

10 Appendices

Appendix 1 – Background to the report

Appendix 2 - Business case summary – Investment Readiness Support Programme

Appendix 3 - Business case summary – Transformational – A1620 Leeds Northern Outer Ring Road Improvements

Appendix 4 - Business case summary – CIP Phase 1 – A647 Dawsons Corner

Appendix 5 – Business case summary - CIP Phase 1 - Dyneley Arms

Appendix 6 - Business case summary – CIP Phase 1 - Fink Hill

Appendix 7 - Business case summary – CIP Phase 1 – Newton Bar

Appendix 8 - Business case summary – Institute of High Speed Railways and System Integration – Phase 1