

**Report to:** West Yorkshire and York Investment Committee

**Date:** 04 December 2019

**Subject:** **Capital Spending and Project Approvals**

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**Director:** Marc Cole, Interim Director of Delivery

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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 The Investment Committee has delegated decision making authority, this was approved by the Combined Authority on 13 December 2018. Where Investment Committee is asked to make an approval decision this will be highlighted in the summary table and made clear in the recommendations.

## **2 Integrated Clean Growth**

- 2.1 Through the Assurance Framework and other internal decision-making procedures, we will review and embed clean growth considerations into our activities.
- 2.2 We will:
  - Build on the recent work to strengthen how clean growth and climate change impacts are considered as part of all new schemes that come through the Combined Authority's Assurance Framework (Decision point 1 and 2) and we will review decision point 2 onwards and continue to strengthen clean growth considerations, including climate change impacts.
  - Develop a robust quantifiable methodology for assessing all new schemes predicted carbon emissions/ wider clean growth impacts. This will include a review of all existing Combined Authority schemes and additional resource to support the development and implementation of the new assessments.

### 3 Report

- 3.1 This report presents proposals for the progression of nine 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 £108.098 million when fully approved, of which the total value of £89.140 million will be funded by the Combined Authority. Further details on the schemes are summarised below and can be found as part of this report.
- 3.2 The Benefit Cost Ratio (BCR) for some of the LPTIP schemes in this report potentially represents low value for money because the BCR for transport projects is calculated using WebTAG, which has a bias towards private transport, e.g. the value of time of a motorist is higher than a public transport user. Therefore, the wider economic and strategic benefits (improving the quality of the bus passenger experience and encouraging travel by sustainable modes, like walking and cycling) has been taken account of in the appraisal of these schemes.

<b><u>Scheme</u></b>	<b><u>Scheme description</u></b>
<b>Bradford Interchange Carriageway Works</b> Bradford	<p>The Bradford Interchange carriageway is showing signs of deterioration and has been subject to a number of repairs over a number of years. This deterioration and constant repairs are causing disruption for passengers and bus operators and affecting the day to day operation of this key transport facility in the city centre.</p> <p>The scheme will involve resurfacing of the bus carriageways on a phased basis ensuring the facility remains operational and any disruption is kept to a minimum. The initial works will require structural surveys to be undertaken to determine the extent of repairs required. Once all the works have been completed future repair and maintenance costs will be minimised for around the next 10 to 15 years.</p> <p>The scheme is part of the Integrated Transport Block (ITB) programme submitted to the Combined Authority and approved at meeting of 25 April 2019 and was allocated a budget of £2 million.</p> <p><b><u>Impact</u></b></p> <p>This project is required to maintain an operational public transport asset and will allow the continued, safe operation of the Interchange. The repair and resurfacing of the carriageway is one part of a proposed programme to further improve Bradford Interchange.</p> <p><b><u>Decision sought</u></b></p> <p>That the Bradford Interchange Carriageway Works proceeds through decision point 2 and work commences on Activity 4 (full business case)</p> <p>Total value - £2 million</p> <p>Total value of Combined Authority funding - £2 million</p> <p>Funding recommendation sought - £461,400</p>

	A recommendation to the Combined Authority is sought as part of this report.
<p><b><u>Scheme</u></b>  <b>Connecting Innovation</b>  Leeds City Region</p>	<p><b><u>Scheme description</u></b></p> <p>Connecting Innovation (CI) is proposing a broader approach to increase the innovation capacity of SMEs within the Leeds City Region. CI will focus more on inspiring SMEs that have a lower propensity to engage and supporting them through the complex eco system of innovation support. The project aims to increase the take of up of all innovation support and funding including Innovate UK, Catapult Centres, Knowledge Transfer Partnerships (KTPs), universities and private sector innovation and product development companies.</p> <p>The programme will comprise of 3 main work streams:</p> <ul style="list-style-type: none"> <li>• Innovation Brokerage/Support</li> <li>• Innovation Voucher – Small Grant Scheme</li> <li>• Targeted Innovation Fund – Larger, targeted grants to SMEs in key sectors.</li> </ul> <p>This scheme is to be funded through the Local Growth Fund</p> <p><b><u>Impact</u></b></p> <p>Full time equivalent employment increase in the region.</p> <p>A positive change in the innovation culture in the region with more SMEs engaging R&amp;D.</p> <p>An increased uptake of other innovation support provision and funding (e.g. UK Funding of Knowledge Transfer Partnerships)</p> <p>More SMEs that successfully deliver R&amp;D projects because of investment in innovation and project management techniques.</p> <p>Aligned to new inclusive growth grant criteria, all grant recipients will be asked to voluntarily commit to inclusive growth outcomes. This will be compulsory for all grants of over £25,000 value.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 2 and work commence on activity 5 (full business case plus costs)</p> <p>Total value - £4,057,771</p> <p>Total value of Combined Authority funding - £2,779,846</p> <p>Funding recommendation sought - £0.</p> <p>A recommendation to the Combined Authority is sought as part of this report.</p>
<p><b><u>Scheme</u></b>  <b>Leeds Bus Station Gateway</b>  Leeds</p>	<p><b><u>Scheme description</u></b></p> <p>The scheme is part of the Leeds Public Transport Investment Programme and consists of a series of improvements to Leeds Bus Station. These include upgrading passenger facilities (new seating areas, self-service units and retail units), public realm and signage / wayfinding improvements to ensure the bus station remains accessible for all users and upgrades to the fabric of station building including the provision of photovoltaic solar panels to improve energy efficiency</p>

	<p>The scheme will deliver benefits to all bus station users and supports the delivery of Priority 3 (Clean Energy and Environmental Resilience) and Priority 4 (Infrastructure for Growth) of the Strategic Economic Plan.</p> <p>The scheme is funded by the Leeds Public Transport Investment Programme.</p> <p><b><u>Impact</u></b></p> <p>The scheme aims to improve the overall customer experience at Leeds Bus Station, making it more accessible and safer for all users and increase pedestrian footfall, which has the potential to generate new employment opportunities in the station.</p> <p>The scheme also aims to improve the environmental sustainability of the bus station by introducing photovoltaic (PV) cells on the roof to generate electricity and reduce carbon emissions.</p> <p>The scheme presents a benefit cost ratio (BCR) of 1.45:1 when taking account of these wider economic and environmental benefits.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 3 (outline business case) and work commences on activity 5 (full business case with finalised costs).</p> <p>Total value - £4.984 million</p> <p>Total value of Combined Authority funding - £4.984 million</p> <p>Funding recommendation sought - £350,000</p> <p>A recommendation to the Combined Authority is sought as part of this report.</p>
<p><b><u>Scheme</u></b></p> <p><b>A58 Beckett Street &amp; York Street</b></p> <p>Leeds</p>	<p><b><u>Scheme description</u></b></p> <p>The scheme is one of five prioritised corridors in the LPTIP Bus Infrastructure Package and consists of a series of improvements along Beckett Street and York Street including new bus lanes, bus signal prioritisation, segregated cycle tracks, new pedestrian crossings, and widened footways, extended bus stops and waiting areas.</p> <p>The scheme will deliver benefits to bus users and those walking and cycling in the corridor, improving bus journey reliability and encouraging modal shift and supports the delivery of Priority 4 (Infrastructure for Growth) of the Strategic Economic Plan (SEP) by increasing connectivity, improving access to jobs and services and reducing carbon emissions.</p> <p>The scheme is funded by the Leeds Public Transport Investment Programme.</p> <p><b><u>Impact</u></b></p> <p>The scheme presents a benefit cost ratio (BCR) of 1.47:1 which represents Low Value for Money (VfM) when accounting for disbenefits to car users from the introduction of bus, cycle and pedestrian prioritisation measures. This is expected to increase when the impact of bus reliability benefits are further assessed</p> <p>However, it has the potential to deliver a reduction in bus journey times along Beckett Street and York Street, improving</p>

	<p>the bus passenger experience, improve network safety for all users as well as improve access to employment and training via public transport.</p> <p>The scheme aims to promote modal shift from car to bus, taking up to 55,000 car kilometres per annum off the road network following completion, helping to reduce levels of nitrogen oxides on a key transport corridor adjacent to residential areas and hospital.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 3 (Outline business case) and commence work on activity 4 (Full business case)</p> <p>Total scheme cost: £14.536 million</p> <p>Combined Authority contribution: £14.536 million</p> <p>Funding approval sought: £0</p> <p>A recommendation to the Combined Authority is sought as part of this report.</p>
<p><b>Bradford Shipley Route Improvement</b> Bradford</p>	<p><b><u>Scheme description</u></b></p> <p>The Bradford-Shipley Route Improvement Scheme (BSRIS) will primarily deliver improvements at key junctions along the A6037 Canal Road corridor in Bradford to enhance the highway capacity and connectivity to/from Shipley town centre. The scheme will also improve accessibility to Frizinghall rail station, improve the urban environment at Bradford Beck, and improve the walking and cycling provision along the Manningham Lane corridor.</p> <p>The scheme is to be funded through the West Yorkshire plus Transport Fund (WY+TF).</p> <p><b><u>Impact</u></b></p> <p>The scheme is anticipated to reduce current and forecast congestion, improve journey time reliability for all modes, and widen the sustainable travel opportunities with enhanced cycling and walking infrastructure and connectivity to rail. The scheme will also deliver de-culverting works at Bradford Beck and improve the urban environment.</p> <p>The scheme will support economic growth by facilitating the delivery of the full suite of housing and employment sites identified in Bradford Council's Area Action Plan.</p> <p>The value for money assessment reflects a benefit cost ratio (BCR) of 13.16:1 judging the scheme as very high value for money when assessed against the Department for Transport's value for money criteria.</p> <p>The scheme supports delivery of inclusive growth by facilitating new housing and employment opportunities and a better quality of life, with better air quality, encouraging active mode travel (walking, cycling), improving rail accessibility, and enhancing the urban environment, specifically at Bradford Beck.</p> <p><b><u>Decision sought</u></b></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 - £47.9 million</p>

	<p>Total value of Combined Authority funding - £47.9 million</p> <p>Funding recommendation sought - £2.382 million</p> <p>A decision by the Investment Committee using the delegated authority from the Combined Authority is sought as part of this report.</p>
<p><b>Infirmary Street Gateway</b> Leeds</p>	<p><b><u>Scheme description</u></b></p> <p>The Infirmary Street Gateway forms a component project of the Leeds City Centre Package (LCCP), delivering the changes necessary to both Infirmary Street and Park Row to facilitate adaptation of bus routes in preparation for the City Square closure, which will be delivered after the Infirmary Street Gateway through a series of other LCCP projects.</p> <p>Infirmary Street, which is currently one-way eastbound, will become a two-way operation for buses and hackney carriages only. Park Row is to become a one-way south-bound operation for buses and hackney carriages only, with one running lane and the reallocation of bus bays. This will narrow the carriageway along Park Row, creating wider footways in areas with high pedestrian footfall and creating space for a segregated cycle facility on the northern side of the carriageway.</p> <p>The scheme is to be funded by the West Yorkshire plus Transport Fund (WY+TF).</p> <p><b><u>Impact</u></b></p> <p>Scheme delivery is anticipated to reduce bus journey times by improving journey reliability (complementing network improvements proposed through other schemes), enhance the quality of sustainable transport infrastructure (bus, pedestrian, cycling), and improve the public realm offer along a core city centre gateway. This will support increasing bus patronage and active travel, to in turn improve air quality and reduce car dominance in the city centre.</p> <p>The value for money assessment reflects a benefit cost ratio of 1.48:1 judging the scheme as low value for money against the Department for Transport's value for money criteria.</p> <p>The scheme however supports inclusive growth by complementing public transport network improvements in the city centre to enable better, more sustainable access to employment and education.</p> <p>Additionally, it supports a better quality of life by encouraging modal shift to bus and active travel (walking, cycling), and enhancing the urban environment, forecast to improve air quality and the attractiveness of the city centre environment.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 4 (full business case) and work commences on activity 5 full business case with costs.</p> <p>Total value - £8.9 million</p> <p>Total value of Combined Authority funding - £8.9 million</p> <p>Funding recommendation sought - £0</p>

	A recommendation to the Combined Authority is sought as part of this report.
<p><b><u>Scheme</u></b></p> <p><b>Wakefield South East Gateway – Rutland Mill</b></p> <p>Wakefield</p>	<p><b><u>Scheme description</u></b></p> <p>The Wakefield City Centre, South East Gateway scheme forms part of the Housing and Regeneration programme. The objectives of this programme are to deliver commercial floor space and homes in the Leeds City Region.</p> <p>The scope of the project is the restoration of historic buildings at Rutland Mills and creation of high quality public realm at the Waterfront to deliver a creative industries jobs hub through studio, office and learning space along with associated hotel, food and beverage offer</p> <p>This scheme is to be funded through the Local Growth Fund</p> <p><b><u>Impact</u></b></p> <p>The economic case has monetised the benefits that could result from the scheme and the resulting GVA demonstrates that the project could have a positive benefit cost ratio (BCR) of 4.9:1.</p> <p>The Rutland Mill development will deliver 7,000 square metres in commercial floor space and enable 219 jobs.</p> <p>The scheme’s wider social benefits include new local employment opportunities and attracting footfall to Wakefield.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 4 and work commences on activity 5 full business with finalised costs.</p> <p>Total value £20.57 million</p> <p>Total value of Combined Authority funding £2.89 million</p> <p>Funding recommendation sought - £0</p> <p>A decision by the Investment Committee using the delegated authority from the Combined Authority is sought as part of this report.</p>
<p><b><u>Scheme</u></b></p> <p><b>A660 Holt Lane</b></p> <p>Leeds</p>	<p><b><u>Scheme description</u></b></p> <p>The scheme is the first of a series of proposed improvements to the A660 corridor coming forward through LPTIP. It involves improvements to the junction of the A660 Otley Road and Holt Lane in Adel, north of Lawnswood roundabout.</p> <p>The current priority junction will be replaced by a signalised junction to enable bus priority, controlled pedestrian crossings and a new bus stop lay-by on the southbound carriageway to reduce delays to general traffic.</p> <p>The scheme is funded by the Leeds Public Transport Investment Programme.</p> <p><b><u>Impact</u></b></p> <p>The scheme will deliver benefits to bus users through improving journey times and reliability.</p> <p>The scheme supports the delivery of Priority 4 (Infrastructure for Growth) of the Strategic Economic Plan (SEP), increasing connectivity, improving access to jobs and services and reducing carbon emissions.</p>

	<p>The scheme aims to promote modal shift from car to bus and has a benefit cost ratio (BCR) of 1.19:1 based on benefits to public transport users, improving bus journey times and reliability. It will potentially remove up to 7,300 car kilometres per annum off the road network following completion, helping to reduce levels of nitrogen oxides on a key arterial road.</p> <p><b>Decision sought</b></p> <p>Approval to proceed through decision point 5 (full business case with finalised costs)</p> <p>Total value - £1.150 million</p> <p>Total value of Combined Authority funding - £1.150 million</p> <p>Funding recommendation sought - £1.150 million</p> <p>A recommendation to the Combined Authority is sought as part of this report.</p>
<p><b><u>Scheme</u></b></p> <p><b>Leeds PIPES District Heating Network</b></p> <p>Leeds</p>	<p><b><u>Scheme description</u></b></p> <p>The scheme focusses on construction of a 4.5km district heating network, using underground super insulated steel pipes, to deliver heat from the Recycling and Energy Recovery Facility (RERF) in the Aire Valley to businesses and residential properties in Leeds city centre.</p> <p><b>Impact</b></p> <p>The scheme is in delivery stage and is supplying heat to Leeds Playhouse and several council owned flats. The scheme aims at tackling fuel poverty by reducing fuel bills by 11-30%, reducing CO2 emissions and stimulate additional investment in district heating networks.</p> <p><b>Decision sought</b></p> <p>Activity 6 change request to retrospectively extend the grant agreement from June 2019 to March 2020 and amend the drawdown conditions, on the basis that one condition has been met in full and the second condition has been met in part.</p> <p>Total value – £4 million</p> <p>Total value of Combined Authority funding – £4 million</p> <p>Funding recommendation sought - £0</p> <p>A decision by the Investment Committee using the delegated authority from the Combined Authority is sought as part of this report.</p>

- 3.3 Since the Investment Committee’s meeting on 7<sup>th</sup> November 2019, the following decision points and change requests 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 £22.756 million has been approved.

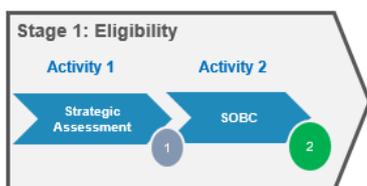
<p><b><u>Scheme</u></b></p> <p><b>Headrow City Centre Gateway</b></p> <p>Leeds</p>	<p><b><u>Scheme description</u></b></p> <p>Headrow City Centre Gateway scheme forms part of the Leeds Public Transport Investment Programme. The scheme delivers a series of bus infrastructure, public realm, pedestrian and cycling infrastructure improvements, to enhance a major</p>
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	<p>Gateway to Leeds city centre, making the city centre more attractive to visitors, residents, employees and prospective investors. This will include changes to highway geometry, bus re-routing, new general traffic restrictions, footway widening, removal or relocation of on street parking (including loading bays and taxi provision), provision of new green infrastructure, and new protected cycle lanes.</p> <p><b><u>Decision</u></b></p> <p>The Managing Director approved the decision point 5 on 25 October 2019 and that work can commence on delivery point 6. Approval to the Combined Authority's contribution of £22.456 million to be funded from the Leeds Public Transport Investment Programme (LPTIP), is given. The total project value is £22.756 million.</p>
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## 4 Information

- 4.1 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.

## **Projects in stage 1: Eligibility**



- 4.2 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.

<b>Project Title</b>	<b>Bradford Interchange Carriageway Works</b>
<b>Stage</b>	1 (Eligibility)
<b>Decision Point</b>	2 (Case paper)

Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

### **Background**

- 4.3 The scheme will be funded from the Local Transport Plan – Integrated Transport Block. This is a £26.9 million fund, covering all West Yorkshire partner councils. The Integrated Transport Block (ITB) provides funding support to local authorities for transport capital improvement schemes worth less than £5 million.
- 4.4 Areas of carriageway are showing signs of deterioration and have been subject to a number of repairs over a number of years. The cost of repairs will become uneconomical when compared to a complete re-surfacing of the affected areas. These works are therefore needed for the continued uninterrupted operation for all users of Bradford Interchange.
- 4.5 The scheme will resurface the carriageway to the suspended deck. This will likely ensure that future maintenance costs will be significantly reduced for a period of 10 to 15 years to the areas resurfaced.

- 4.6 The scheme has been initially allocated a budget of £2 million from the Local Transport Plan (LTP) – Integrated Transport Block. This allocation was included as part of the Integrated Transport Block (ITB) programme submitted to the Combined Authority and approved at meeting of 25 April 2019.
- 4.7 This project is required to maintain a public asset and allow the continued, safe operation of a public transport facility. The repair and refurbishment of the carriageway is required before further projects to improve Bradford Interchange being promoted by City of Bradford Metropolitan District Council can be delivered.
- 4.8 A summary of the scheme's business case and location map is included in **Appendix 2**.

### **Outputs, benefits and inclusive growth implications**

- 4.9 Future maintenance costs will be significantly reduced for a period of 10 to 15 years to the areas resurfaced. Currently ad hoc repair costs are approximately £40,000 per annum and are expected to increase to £215,000 if the repairs are not undertaken.
- 4.10 The repair and resurfacing of the carriageway is one part of a proposed programme to further improve Bradford Interchange and these works will ensure structural integrity of the facility to allow the future enhancement projects to be delivered.

### **Clean growth / climate change implications**

- 4.11 There are no direct clean growth/climate change implications related to this scheme as this is focussed on improvement of an existing facility and delivering VfM by avoiding future revenue costs.

### **Risks**

- 4.12 There is a risk that structural surveys may discover a far greater extent of repair works than anticipated. Mitigation is that surveys are already being undertaken to determine the works required.
- 4.13 Disruption to users of Bradford Interchange. Mitigation is that the bus station will continue to operate during the works which will be delivered in phases. The phasing of the works will be planned so as to suit the requirements of the bus station management and users of Bradford Interchange.

### **Costs**

- 4.14 The total scheme cost is £2 million of which the cost to the Combined Authority is £2 million to be funded from the Local Transport Plan - Integrated Transport Block.
- 4.15 Development costs of up to £461,400 are sought to do the structural surveys and progress the scheme to DP5. These will clarify the extent of the work required and the potential impact on total budget.

- 4.16 The Combined Authority will need to enter into a Funding Agreement with Bradford Council for expenditure of up to £300,000 from the Local Transport Plan Integrated Transport Block. The remainder of the development costs are for Combined Authority costs, including project management fees.

### Assurance pathway and approval route

Assurance pathway	Approval route	Forecast approval date
2 (Case paper)	Recommendation: Investment Committee Decision: Combined Authority	09/01/2020
4 (Full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	27/05/2020
5 (Full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	14/07/2020
6 (Delivery)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	20/07/2021
7 (Review and close)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	20/07/2022

### Other Key Timescales

- 4.17 Construction to commence in September 2020 and complete in May 2021.

### Assurance Tolerances

Assurance tolerances
Any increase to Combined Authority costs above 10% will require further approval from the Combined Authority Timescale for scheme completion to remain within 3 months of the timescales set out in this report

### Project responsibilities

Senior Responsible Officer	David Dufton – Combined Authority
Project Manager	Nick Fairchild – Combined Authority

### Appraisal summary

- 4.18 The Bradford Interchange Carriageway Works is in a position to progress through decision point 2.
- 4.19 The scheme has an indicative funding allocation of £2 million which is to be provided from the Integrated Transport Block programme. It must be noted that further survey work is required at Bradford Interchange to understand the extent of work which is required as part of this scheme. If further funding is required, this will need to be presented at the full business case stage.
- 4.20 In terms of value for money it is appropriate to spend capital from the Integrated Transport Block rather than continue with increasing revenue maintenance costs to maintain the Bus Interchange.

### Recommendations

- 4.21 The Investment Committee recommends to the Combined Authority:
- (i) That the Bradford Interchange Carriageway Works proceeds through decision point 2 and work commences on Activity 4 (full business case)
  - (ii) An indicative approval to the total project value of £2 million is given from the Local Transport Plan - Integrated Transport Block with full approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5.
  - (iii) Development costs of £461,400 are approved in order to progress the scheme to Decision Point 5.
  - (iv) That the Combined Authority enter into a Funding Agreement with City of Bradford Metropolitan District Council for expenditure up to £300,000.
  - (v) That future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 6 through a delegation to the 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.

<b>Project Title</b>	<b>ERDF – Connecting Innovation</b>
<b>Stage</b>	1 (Eligibility)
<b>Decision Point</b>	2 (Case paper)

Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

## Background

- 4.22 Innovation is reflected in the Industrial Strategy as one of the five ‘foundations’ that support the Government’s vision for a transformed economy. It is a particular challenge in the City Region where rates of innovation are lower than in other areas of the country.
- 4.23 Business R&D in the region is very low - proportionally six times lower than the East of England and four times lower than the South East despite slightly higher than average Higher Education Institution (HEI) spending on R&D. There is also low take up of Innovate UK opportunities (and other innovation support) by Leeds City Region businesses.
- 4.24 The Strategic Economic Plan (SEP) identifies headline initiatives under each of the strategic priorities. The first headline initiative under ‘Growing Businesses’ is to ‘Implement coordinated and wide-ranging action to radically increase innovation.’
- 4.25 The SEP explains that innovation is critical to future growth and prosperity. This includes R&D, links to higher education institutions and a creative culture that drives better products and services.
- 4.26 The Combined Authority is currently delivering the ERDF funded Access Innovation programme which has focussed largely on encouraging collaboration with research intensive organisations (typically universities or other publicly funded bodies). Access Innovation is on track to:
- Support 285 business with either grant funding or innovation capacity support.
  - Fund projects worth a total of £4.6 million
  - Bring in around £2,745,500 of match funding from SME investment in innovation projects.
  - Deliver associated innovation and job creation outputs.

- 4.27 The programme will finish at the end of June 2020. In May 2019, a full application for ERDF funding for a successor programme, Connecting Innovation (CI), was submitted to the Ministry for Housing, Communities and Local Government. Detailed feedback has not yet been received but is expected in late November 2019. Connecting Innovation is due to begin in April 2020 providing continuity to the current programme.
- 4.28 Connecting Innovation is proposing a broader approach to increase the innovation capacity of Small and Medium sized Enterprises (SMEs) within the Leeds City Region. CI will focus more on inspiring SMEs that have a lower propensity to engage and supporting them through the complex eco system of innovation support. The project aims to increase the take up of all innovation support and funding including Innovate UK, Catapult Centres, Knowledge Transfer Partnerships (KTPs), universities and private sector innovation and product development companies.
- 4.29 There are three key components of the Connecting Innovation programme:
- **Innovation Brokerage/Support:** A team of four Innovation Growth Managers will support SMEs to develop their innovation capacity and capabilities, access specialist expertise, apply for funding and other dedicated support, and make connections into universities including opportunities around KTPs, graduate placements, incubation space, etc. 110 SMEs will receive at least 12 hours support from the team of Innovation Growth Managers who will provide a mix of the following:
  - **Innovation Vouchers:** Feedback from businesses, research organisations, and other innovation funding organisations suggests that many SMEs do not have the capacity, maturity or knowledge to successfully apply for larger innovation grants (e.g. through Innovate UK). Connecting Innovation will provide a small grant scheme (funding of up to 50% of innovation project costs of up to £25,000) to assist SMEs to undertake collaborative R&D projects. This will be targeted at SMEs who are either new to collaborative R&D, or that need earlier stage research in order to move their project on to be able to access further investment/funding. The project expects to deliver a minimum of 39 small grants.
  - **Targeted Innovation Fund:** Larger grants (funding up to 50% of innovation project costs of up to £100,000) to innovative SMEs are aligned with the sectors identified within the Strategic Economic Plan (Digital and Creative, Low Carbon and Environmental, Health and Life Sciences and Innovative Manufacturing). These may be revised subject to any new sector priorities identified through the process of developing the Local Industrial Strategy. The project expects to provide 21 large grants to SMEs that are able to demonstrate strong strategic alignment, deliverability, technical innovation and impact.
- 4.30 A summary of the scheme's business case is included in **Appendix 3**.

## **Clean Growth / Climate Change Implications**

- 4.31 Experience of Access Innovation suggests that many funded projects involve innovation that positively contribute towards reducing energy consumption. To prioritise these type of projects, Low Carbon has been included as one of the priority sectors for the Targeted Innovation Fund. The programme will also refer into the proposed REF2 programme, particularly in relation to innovation related to circular economy business models.

## **Outputs, benefits and inclusive growth implications**

- 4.32 The forecast outputs from Connecting Innovation are as follows:
- The project will support (in terms of claimable outputs) over 160 SMEs with either grant support or 12 hours of non-financial innovation capacity support.
  - The project will have the added benefit of benefiting approx. 250 SMEs as many will be helped through less than 12 hours of support and through brokering support from other innovation services.
  - 110 SMEs will receive at least 12 hours support from the team of Innovation Growth Managers
  - 60 SMEs will receive grant support towards collaborative innovation projects securing £1.27 million of SME match funding.
  - Creation of at least 35 new jobs
  - 50 SMEs delivering new to the firm, or new to the market, products or processes.

## **Risks**

- 4.33 **Risk** - Failure to deliver project outputs and spend as profiled could result in underspend and/or clawback of funding – **Mitigation** – Strong project management on the part of the Programme and Project Manager combined with strategic review and oversight from the Project Steering Group will identify and rectify areas of under-performance early. Programme outputs and spend profiles have been carefully profiled based on the practical experience of delivering Access Innovation.
- 4.34 **Risk** – Unwillingness of Small Medium enterprises to invest in innovation in an uncertain economic climate surround the UK's withdrawal from the EU resulting in lower than expected demand and therefore targets not being met. **Mitigation** – Investment in marketing and communications resource will provide positive messaging about the benefits of innovation in an uncertain economic climate.

## Costs

- 4.35 £750,961 will be funded through Access to Capital Grants element of the Local Growth Fund, £2,028,885 from the European Regional Development Fund, £1,277,925 match funding from Small Medium Enterprises. The total project value is £4,057,771.

## Assurance pathway and approval route

Assurance pathway	Approval route	Forecast approval date
2 (Case paper)	Recommendation: Investment Committee Decision: Combined Authority	09/01/2020
5 (Full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	31/01/2020

## Other Key Timescales

- 4.36 Start date of Quarter 2 2020 and end date of Quarter 1 2022.

## Assurance Tolerances

Assurance tolerances
Any increase to Combined Authority costs above 20% will require further approval from the Combined Authority
If the programme is forecast to slip beyond its original approval but is less than 6 months, then this can be approved by the Managing Director and will not require further approvals from the Combined Authority. If the programme is forecast to slip by more than 6 months, then this will require further approvals by the Combined Authority.

## Project responsibilities

Senior Responsible Officer	Vincent McCabe – Head of Business Support
Project Manager	Patrick Robertson – Service Manager
Combined Authority case officer	Paul Coy

## Appraisal summary

- 4.37 The scheme has a strong strategic case as it clearly addresses the problem of lowest innovation rates in the Leeds City Region.
- 4.38 There is a good fit with the Combined Authority's adopted policy, and the scheme is expected to provide contribution to a number of SEP Priorities.

- 4.39 The primary benefits of the scheme are to increase the number of businesses innovating to bring new products / service to market in the region, increase productivity, investment and jobs creation in the region. Learning from previous experiences assist in clear delivery mechanism for this scheme.
- 4.40 The proposed model is 50% of ERDF funding, approximately £2 million, with £750,000 from the Access to Capital grants. The remaining £1.25 million is from small, medium enterprise match contribution, which demonstrates good value for money (Connecting Innovation 47%) in comparison to the previous match for Access Innovation (31%).

### **Recommendations**

- 4.41 The Investment Committee recommend to the Combined Authority:
- (i) That in respect of the ERDF Connecting Innovation project proceeds through decision point 2 and work commences on Activity 5 (full business case plus)
  - (ii) An indicative approval of £2,779,846, comprised of £750,961 from the Access to Capital Grants element of the Local Growth Fund and £2,028,885 from the European Regional Development Fund. The total project costs are £4,057,771 million, with Small Medium Enterprise match funding of £1,277,925 million.
  - (iii) That 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. This will be subject to the scheme remaining within the tolerances outlined in this report.

## Projects in Stage 2: Development



- 4.42 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.

<b>Project Title</b>	<b>Leeds Bus Station Gateway</b>
<b>Stage</b>	2 (Development)
<b>Decision Point</b>	3 (Outline business case)

Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

### Background

- 4.43 This scheme forms part of the Leeds Public Transport Investment Programme, a £173.5 million programme using devolved Department for Transport funding supplemented with contributions from Leeds City Council and the Combined Authority. This programme aims to support economic growth by unlocking transport constraints, improve public transport journey times and usage and improve health outcomes by reducing overall transport emissions.
- 4.44 The improvements to Leeds Bus Station follow a wider assessment to understand the role and function of Leeds Bus Station, within Leeds city centre. This study considered the longer term ambition and opportunity for the bus station, which is the largest in the city.
- 4.45 The emerging conclusion is to retain a bus station facility in Leeds city centre and keep the bus station on the existing site. The key factors in this are:
- The east side of Leeds city centre is growing with Victoria Gate, the markets and Quarry Hill. It is likely that Quarry Hill will have in excess of 2,000 students, many are likely to use the bus station.

- The existing location is the only site in the City Centre which has the capacity to provide all facilities in one place making it an efficient operation
- 4.46 These include upgrading passenger facilities (new seating areas, self-service units and retail units), public realm and signage / wayfinding improvements to ensure the bus station remains accessible for all users, upgrades to the fabric of station building including the provision of photovoltaic solar panels to improve energy efficiency and improvements to public realm.
- 4.47 The scheme will bring improvements to the pedestrian environment around the bus station, improved customer experience, reduced carbon emissions, improvement in air quality and a reduction in electricity spend by the Combined Authority by using energy efficient resources.
- 4.48 This scheme fits with Priority 3: Clean Energy and Environmental Resilience and Priority 4: Infrastructure for Growth of the Leeds City Region Strategic Economic Plan. The scheme will be managed by the Combined Authority.
- 4.49 A summary of the scheme's business case and location map is included in **Appendix 4**.

#### **Clean Growth / Climate Change Implications**

- 4.50 The scheme aims to improve the environmental sustainability of the bus station building, contributing towards carbon reduction, and promote modal shift from car to public transport by enhancing the bus passenger experience.
- 4.51 Photo Voltaic (PV) systems generating electricity to make the bus station self-sufficient for electricity and reduce spend on electricity by the Combined Authority. This also contributes towards making the facility carbon neutral and making a positive contribution to climate change targets by a 45% decrease in carbon emissions from the bus station.

#### **Outputs, benefits and inclusive growth implications**

- 4.52 The outputs, benefits and inclusive growth implications include:
- Upgrade to the bus station facilities including enhanced passenger waiting areas to improve the overall customer experience by 10% and increase pedestrian footfall through the bus station by 10%.
  - Improvements to the bus station to ensure it remains accessible for all customers to improve the customer experience and safety for pedestrians around the station.
  - Improved signage and wayfinding for all users for better integration between the bus station and surrounding area.
- 4.53 The scheme presents a benefit cost ration (BCR) of 1.09:1 which represents low Value for Money (VfM). The adjusted BCR, which takes into account wider economic benefits rises to 1.45:1, which is broadly similar to the forecast benefits of bus interchange refurbishment scheme's elsewhere in the country

where the focus is on improving the quality of the bus passenger experience to encourage travel by sustainable modes.

## Risks

4.54 The key risks and associated mitigation to this scheme are:

- Delays to scheme delivery before DfT funding deadline of 31<sup>st</sup> March 2021. This will be mitigated by assessing the potential for scheduling works outside normal working hours in consultation with effected parties
- Structural damage to the existing lightweight roof structure from the installation of photovoltaic (PV) cells. This will be mitigated through detailed surveys and a limit to PV surface area.
- Works may be required to be undertaken outside of normal working hours incurring additional costs and schedule impact. This will be mitigated through negotiations with all parties to agree acceptable working hours.
- The removal of the existing floor tiling exposes floor slab damage that requires significant report. This will be mitigated through undertaking early trial samples to determine the state of the sub-floor and identify the extent of the works required.

## Costs

4.55 The total cost of the scheme is £4.984 million. The Combined Authority will fund 100% of the costs from the devolved DfT Leeds Public Transport Investment Programme.

4.56 At this stage the scheme promoter is seeking to draw down £350,000 of this indicative allocation to enable progression to decision point 5 (full business case with costs) including detailed design, the development of construction tender and the procurement of construction contractor. This will be released under the existing LPTIP funding agreement between the Combined Authority and the scheme promoter, Leeds City Council.

## Assurance pathway and approval route

Assurance pathway	Approval route	Forecast approval date
3 (Outline business case)	Recommendation: Investment Committee Decision: Combined Authority	09/01/2020
5 (Full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	27/03/2020

## Other Key Timescales

- 4.57 Scheme construction commences December 2020, scheme completion March 2021

## Assurance Tolerances

Assurance tolerances
An increase in Combined Authority costs of over 10% will require further approval from the Investment Committee
Timescale for scheme completion to remain within 3 months of the timescale set out in this report
A reduction in forecast benefits of more than 20% will require further approval from the Investment committee

## Project responsibilities

Senior Responsible Officer	David Pearson
Project Manager	Helen Ellerton
Combined Authority case officer	Ian McNichol

## Appraisal summary

- 4.58 The strategic benefits of this scheme strongly contribute towards the overall Leeds Public Transport Investment Programme (LPTIP) initiatives and the development of the bus station contributes to the achievement of the Leeds City Region Strategic Economic Plan as the scheme aims to deliver a quality places and environments as part of the Good Growth agenda.
- 4.59 The economic case takes into account a range of different options and the value for money position (the preferred option has a BCR of 1.09:1 and an adjusted BCR, which takes into account wider economic benefits of 1.45:1), will be further refined as the scheme progresses through the assurance process.
- 4.60 The scheme will be managed under the established governance and project management arrangements for LPTIP. The delivery programme for this scheme appears reasonable.

## Recommendations

- 4.61 That Investment Committee recommends to the Combined Authority that:
- (i) The Leeds Public Transport Improvement Programme Leeds Bus Station Gateway project proceeds through decision point 3 (outline business case) and work commences on activity 5 (full business case with finalised costs)

- (ii) An indicative approval to the total project value of £4.984 million is given from the Leeds Public Transport Investment Programme 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 £350,000 are approved in order to progress the scheme to Decision Point 5.
- (iv) The Combined Authority enters into a variation to the Funding Agreement with Leeds City Council for release of expenditure of £350,000 from the LPTIP Fund for further project development.
- (v) 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. This will be subject to the scheme remaining within the tolerances outlined in this report.

<b>Project Title</b>	<b>A58 Beckett Street &amp; York Street</b>
<b>Stage</b>	2 (Development)
<b>Decision Point</b>	3 (Outline business case)

Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

## Background

- 4.62 The A58 Beckett Street & York Street scheme forms part of the Leeds Public Transport Investment Programme (LPTIP), a £183.5 million programme using devolved Department for Transport funding supplemented with contributions from Leeds City Council and the Combined Authority. This programme aims to support economic growth by unlocking transport constraints, improve public transport journey times and usage and improve health outcomes by reducing overall transport emissions.
- 4.63 The scheme is one of five prioritised corridors in the LPTIP Bus Infrastructure Package and consists of a series of improvements along Beckett Street and York Street including new bus lanes, bus signal prioritisation, segregated cycle tracks, new pedestrian crossings, and widened footways, extended bus stops and waiting areas.
- 4.64 The scheme will deliver benefits to bus users and those walking and cycling in the corridor, improving bus journey reliability and encouraging modal shift and supports the delivery of Priority 4 (Infrastructure for Growth) of the Strategic Economic Plan (SEP) by increasing connectivity, improving access to jobs and services and reducing carbon emissions.
- 4.65 Leeds City Council are the scheme promoter with WSP as development partner and BAM appointed as the delivery partner.
- 4.66 A summary of the scheme's business case and location map is included in **Appendix 5**.

## Clean Growth / Climate Change Implications

- 4.67 The scheme aims to promote modal shift from car to bus, taking up to 55,000 car kilometres per annum off the road network following completion, helping to reduce levels of nitrogen oxides on a key transport corridor adjacent to

residential areas and hospital. Further details of the clean growth and climate change implications of the scheme will be brought forward as the scheme progresses through the assurance process.

### **Outputs, benefits and inclusive growth implications**

- 4.68 The outputs, benefits and inclusive growth implications of the scheme will include
- A 20% reduction in bus journey times along Beckett Street and York Street on opening
  - A reduction in journey time variability and improvements to the bus passenger experience
  - Improved network safety for all users and improved access to employment and training via public transport
- 4.69 The scheme presents a benefit cost ratio (BCR) of 1.47:1 which represents Low Value for Money (VfM) when accounting for disbenefits to car users from the introduction of bus, cycle and pedestrian prioritisation measures

### **Risks**

- 4.70 The key risks to the delivery of the scheme and associated mitigation measures are: -
- Scheme expenditure extends beyond the DfT LPTIP funding deadline of 31st March 2021 – mitigated by further programme refinements and ongoing discussions with DfT
  - Refining scope regarding cycling provision leads to scheme cost increase – mitigated by additional funding from the scheme promoter
  - Delays linked to statutory service diversions – mitigating measures include designing-out requirements for diversions and regular liaison with suppliers
  - Risk of above expected levels of disruption to road network during construction – mitigating measures include effective communication with road users and monitoring of noise and pollution levels given the proximity of residential areas and hospital

### **Costs**

- 4.71 The total cost of the scheme is £14.536 million. The Combined Authority will fund 100% of this cost from the devolved DfT Leeds Public transport Investment Programme.

## Assurance pathway and approval route

Assurance pathway	Approval route	Forecast approval date
3 (Outline business case)	Recommendation: Investment Committee Decision: Combined Authority	09/01/2020
4 (Full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	24/04/2020
5 (Full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	10/07/2020

## Other Key Timescales

- 4.72 Scheme construction commences July 2020 and scheme completion March 2021.

## Assurance Tolerances

Assurance tolerances
An increase in Combined Authority costs of over 10% will require further approval from the Investment Committee
Timescale for scheme completion to remain within 3 months of the timescale set out in this report
A reduction in forecast benefits of more than 20% will require further approval from the Investment committee

## Project responsibilities

<b>Senior Responsible Officer</b>	Gary Bartlett, Leeds City Council
<b>Project Manager</b>	Robert Mason, Leeds City Council
<b>Combined Authority case officer</b>	Ian McNichol

## Appraisal summary

- 4.73 The scheme has a strong strategic case as a priority scheme in the LPTIP Bus Infrastructure Package which aims to address congestion and poor journey time reliability and the need to support modal shift on key routes into the city centre.
- 4.74 The economic case for the scheme takes account of a range of different options and the value for money position (captured by the preferred scheme

BCR of 1.47:1) will be further refined as detailed scheme designs come forward at the next stage of the assurance.

- 4.75 The scheme is part of the established governance, programme and project management arrangements for LPTIP. The approach to risk and mitigation is appropriate to the scale and complexity of the scheme and the overall delivery programme appears reasonable.

### **Recommendations**

- 4.76 The Investment Committee recommends to the Combined Authority that:
- (i) The A58 Beckett Street and York Street 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 £14.536 million is given from the Leeds Public Transport Investment Programme fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (FBC with finalised costs).
  - (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 4 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.

<b>Project Title</b>	<b>Bradford Shipley Route Improvement</b>
<b>Stage</b>	2 (Development)
<b>Decision Point</b>	3 (Outline business case)

Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

## Background

- 4.77 The Bradford-Shipley Route Improvement Scheme (BSRIS) is to primarily deliver improvements at key junctions along the A6037 Canal Road corridor to enhance the highway capacity and connectivity to/from Bradford to neighbouring towns such as Shipley, and in doing so encourage traffic reassignment currently passing through the Manningham Lane corridor on to the strategic Canal Road corridor.
- 4.78 The scheme is to be delivered through the West Yorkshire plus Transport Fund (WY+TF), a £1 billion programme designed to deliver economic growth to the Leeds City Region and support the Strategic Economic Plan (SEP) through investment in strategic transport projects across West Yorkshire.
- 4.79 The main scheme at Canal Road starts at the junction of the A650 Canal Road / A6181 Hamm Strasse and ends at the junction of the A6038 Otley Road / A657 (Fox Corner) - a total route length of approximately 4.6km and will comprise of 2 lanes northbound and 2 lanes southbound. The proposed interventions on this route include traffic signal upgrades, new signalled controlled junctions, road widening / merging, changes to traffic movement and restrictions, a segregated cycle way, and the de-culverting and flood risk management works at Bradford Beck.
- 4.80 The proposed interventions to the Manningham Lane corridor will include traffic signal upgrades, junction improvement, and changes to the pedestrian crossing facilities.
- 4.81 As a result of interventions to Canal Road, it is anticipated to directly support better journey times for all modes on this corridor, improve accessibility to Frizinghall rail station and neighbouring towns (primarily Shipley), encourage uptake of cycling through delivery of a segregated cycle way, and improve the urban environment at Bradford Beck. The highway capacity enhancements will also facilitate the delivery of strategic employment and housing sites identified

along the corridor through Bradford Council's Area Action Plan (forecast to create up to 3200 new dwellings by 2030) by being better able to accommodate forecast traffic growth.

- 4.82 The introduction of improvements to the Canal Road corridor will enable the parallel Manningham Lane to become a sustainable transport route, supporting better bus journey times and improving bus journey reliability, as well as improving the walking provision with better crossing facilities.
- 4.83 A summary of the scheme's business case and location map is included in **Appendix 6**.

### **Clean Growth / Climate Change Implications**

- 4.84 The scheme aim is to reduce congestion on this corridor and therefore reduce emissions and also to support walking and cycling.

### **4.85 Outputs, benefits and inclusive growth implications**

The scheme outputs and benefits include:

- Reduce congestion on the A6037 Canal Road corridor for all modes by 8% (buses by 12%) by 2030.
- Improve journey time reliability for bus services along the A6037 Canal Road with a 7% increase in bus frequency by 2030.
- Support a more sustainable transport network, anticipated to increase bus and rail patronage as well as cyclists along the corridor by 2030.
- Facilitate the housing and employment developments along the Bradford-ShIPLEY route, forecast to create over 3,200 new dwellings, of which 640 within 5 years of scheme opening.
- To improve air quality by reducing levels of particulate matter such as Nitrogen Oxide within 5 years of scheme opening.
- The value for money assessment reflects a benefit cost ratio (BCR) of 13.16:1, judging the scheme as very high value for money when assessed against the Department for Transport's value for money criteria. It is acknowledged this is based on using a limited traffic forecasting model, with the promoter to re-run modelling appraisal using the Bradford Transport Model once ready for use as part of full business case development. It is not anticipated to impact the scheme's value for money category, however a reduction to the BCR would be expected
- The scheme will support inclusive growth by facilitating new housing and employment opportunities and support a better quality of life by reducing congestion levels to improve journey times and air quality, encourage active mode travel (walking, cycling) and improve rail accessibility, and improve the urban environment, specifically at Bradford Beck.

## Risks

4.86 The scheme risks include:

- Detailed design cost estimates from utility companies give rise to planning or phasing issues impacting on scheme costs and delay to the programme. To be mitigated through early and continuing engagement in the planning process with utility companies.
- Ground contamination exceeds allowance impacting on scheme costs and the delivery programme. To be mitigated through development of a waste management strategy in accordance with regulations.
- Securing approval of new and amended Traffic Regulation Orders. To be mitigated through the scheme design minimising impact on parking and traffic flow.
- Land acquisition with risk of Compulsory Purchase Order process. To be mitigated through early engagement with landowners, and the inclusion of CPO risk costs within the risk budget.

## Costs

4.87 The project costs can be summarised as:

- The scheme is being designed to a total scheme cost of £47.9 million.
- The scheme is to be wholly funded through the West Yorkshire plus Transport Fund (WY+TF).
- The scheme has previously secured development funding of £1.597 million for OBC development. Further approval of £2.382 million development costs is now requested in order to develop an FBC and for land negotiations, taking total approval to £3.979 million.
- The Combined Authority to enter into an addendum to the existing funding agreement with Bradford Council for total expenditure of up to £3.979 million from the WY+TF.
- The promoter has highlighted land acquisition costs of up to £4.65 million, to be sought once cost certainty and land purchase negotiations are reasonably progressed during full business case development.

## Assurance pathway and approval route

Assurance pathway	Approval route	Forecast approval date
3 (Outline business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Investment Committee	04/12/2019
4 (Full business case)	Recommendation: Combined Authority's Programme Appraisal Team	31/03/2022

	Decision: Combined Authority's Managing Director	
5 (Full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	30/09/2022

### Other Key Timescales

- 4.88 Land acquisition is forecast to complete by December 2021.
- 4.89 Construction commence is forecast for September 2022 with practical completion forecast for April 2025.

### Assurance Tolerances

<b>Assurance tolerances</b>
An increase in Combined Authority costs of over 10% will require further approval from the Investment Committee
That the programme remains within 6 months of timescales set out in this report.

### Project responsibilities

<b>Senior Responsible Officer</b>	Richard Gelder
<b>Project Manager</b>	James Williams
<b>Combined Authority case officer</b>	Asif Abed

### Appraisal summary

- 4.90 The Bradford-Shipley Route Improvement Scheme predominantly reflects a highway capacity enhancement scheme along the Canal Road corridor, however within the scope of the overarching proposal, support for local and regional public transport strategies and policies can be acknowledged. For instance, reducing congestion levels will support better air quality, whilst inclusion of a segregated cycle way and improving connectivity to rail will encourage uptake of alternative modes of travel for full or partial commuter trips. Also, works to Canal Road will support the Manningham Lane corridor to become a more sustainable travel route.
- 4.91 The scheme also highlights support to the Leeds City Region economic growth ambitions by facilitating the development of strategic employment and housing sites identified along Canal Road.
- 4.92 The value for money assessment at this stage is to be considered indicative given the traffic forecast appraisal will need to be re-run using the more robust and appropriate Bradford Transport Model, expected to be ready in 2020. This could influence the scheme design put forward at full business case and

subsequently the benefit assumptions currently forecast. It is however anticipated that although the benefit cost ratio (BCR) could decrease, the very high value for money classification as per the Department for Transport's value for money criteria will be maintained.

### **Recommendations**

- 4.93 The Investment Committee using the delegated authority from the Combined Authority Board approves:
- (i) The Bradford-Shipley Route Improvement Scheme proceeds through decision point 3 and work commences on activity 4 (full business case).
  - (ii) An indicative approval to the total project value of £47.9 million is given, to be funded 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) Approval of further development costs of £2.382 million in order to progress the scheme to Decision Point 5, taking the total approval to £3.979 million.
  - (iv) The Combined Authority enters into an addendum to the existing funding agreement with Bradford Council for additional expenditure of £2.382 million, taking the total approval to £3.979 million.
  - (v) Future approvals are made in accordance with the Assurance pathway and Approval route outlined in this report including at decision point 4 and 5 through a delegation to the Combined Authority's Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

<b>Project Title</b>	<b>LCCP Infirmary Street</b>
<b>Stage</b>	2 (Development)
<b>Decision Point</b>	4 (Full business case)

Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

## Background

- 4.94 The Infirmary Street scheme is to be delivered through the Leeds City Centre Package (LCCP), which brings together a set of related projects in to one programme. This includes the proposed expanded public space at City Square, major junction and inner ring road improvements at Armley Gyratory, and highway alterations to the Southbank to support the Southbank Regeneration Framework. The programme is forecast to cost £185 million, to which a £66.8 million funding contribution has been secured through the West Yorkshire plus Transport Fund.
- 4.95 The scheme was initially presented as part of the LPTIP programme which secured programme approval (decision point 2) at the Combined Authority Board of June 2017. However, as part of a wider review of the LPTIP programme deliverability and affordability, Leeds City Council have requested that the scheme to be funded through the Leeds City Centre Package, which as alluded to above, is part funded by the West Yorkshire plus Transport Fund (WY+TF).
- 4.96 Infirmary Street, which is currently one-way eastbound, will become a two-way operation for buses and hackney carriages only. Park Row is to become a one-way south-bound operation for buses and hackney carriages only, with one running lane and the reallocation of bus bays. This will narrow the carriageway along Park Row, creating wider footways in areas with high pedestrian footfall and creating space for a segregated cycle facility on the northern side of the carriageway.
- 4.97 The changes to both Infirmary Street and Park Row are to facilitate adaptation of bus routes in preparation for the City Square closure and interface with the bus re-routing network to be delivered through the LPTIP Headrow Gateway scheme.

- 4.98 As a result of scheme delivery, it is anticipated to reduce bus journey times by improving journey reliability (complementing network improvements proposed through other schemes), enhance the quality of sustainable transport infrastructure (bus, pedestrian, cycling), and improve the public realm offer along a core city centre gateway. This will support increasing bus patronage and active travel, to in turn improve air quality and reduce car dominance in the city centre, supporting several local and regional public transport strategies and policies.
- 4.99 A summary of the scheme's business case and location map is included in **Appendix 7**.

### **Clean Growth / Climate Change Implications**

- Improve air quality across the Leeds city centre by supporting and encouraging modal shift to more sustainable transport modes, reducing emissions of NOx in the city centre.
- The scheme also supports inclusive growth, supporting a better quality of life by enhancing public transport and active mode access to employment and education, supporting better air quality in the city centre, and enhancing the urban environment.

### **Outputs, benefits and inclusive growth implications**

4.100 Scheme outputs and benefits include:

- Improving the quality of bus routing through the Leeds City centre with a 20% improvement in end to end journey times for selected services by 2021.
- Increase overall bus patronage by 25% by 2026.
- Enhance the quality of sustainable transport infrastructure through the delivery of 200 metres of segregated cycle lanes by 2021.
- Improve the quality of the bus passenger experience and levels of satisfaction by 2022.
- Enhance pedestrian streetscapes, the built environment and improve green infrastructure, to support a 1% uplift in footfall by 2026.
- The value for money assessment reflects a benefit cost ratio of 1.48:1, judging the scheme as low value for money – however the scheme's support to local and regional transport strategies, specifically its interface to LCCP and LPTIP schemes demonstrates the wider impact of the proposal.

### **4.101 Risks**

Scheme risks include:

- Redundant services encountered during construction, causing delay and possible costs to the scheme. To be mitigated through undertaking of ground investigations (GPRS, trial holes, slit trenches).
- Influence of key stakeholders may affect programme schedule, such as noise complaints by businesses adjacent to the works. To be mitigated through early engagement with businesses with programme development to minimise noisy operations during peak trading hours.

## Costs

4.102 The project costs can be summarised as:

- The total forecast scheme cost at full business case (activity 4) is £8.9 million, to be wholly funded by the West Yorkshire plus Transport Fund (WY+TF) through the £66.8 million WY+TF allocation to the Leeds City Centre Package (LCCP).
- Given the scheme was initially profiled for delivery through the Leeds Public Transport Investment Programme (LPTIP), the promoter has established scheme affordability through the £66.8 million WY+TF allocation to the LCCP.

## Assurance pathway and approval route

Assurance pathway	Approval route	Forecast approval date
4 (Full business case)	Recommendation: Investment Committee Decision: Combined Authority	09/01/2020
5 (Full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	31/01/2020

## Other Key Timescales

4.103 Scheme construction to commence late January 2020 with practical completion anticipated for April 2021.

## Assurance Tolerances

Assurance tolerances
Any increase to Combined Authority costs above 10% will require further approval from the Combined Authority
That the delivery programme remains within 3 months of that set out in this report.

## Project responsibilities

<b>Senior Responsible Officer</b>	Gary Bartlett
<b>Project Manager</b>	Gwyn Owen
<b>Combined Authority case officer</b>	Asif Abed

## Appraisal summary

- 4.104 The scheme at full business case adequately captures the strategic drivers for investment, reflecting its support to the delivery of local and regional public transport strategies and policies across West Yorkshire, but more pertinently to deliver works to complement and accommodate current and forthcoming schemes through the Leeds City Centre Package (LCCP) and the Leeds Public Transport Investment Programme (LPTIP).
- 4.105 The commercial and management cases are suitably developed, and very much reflective of processes in place for the LPTIP programme, which is to be expected given the scheme has been developed through LPTIP. Going forwards, scheme implementation is to be delivered and funded through LCCP. Given the interface with LPTIP schemes, specifically Headrow Gateway, construction progress will be monitored at both programme boards, with appropriate governance in place.
- 4.106 Scheme cost estimates are clearly presented and deemed to be relatively robust, with development of a contractor target cost at full business case with finalised costs (activity 5) expected to be within budget. The promoter has also presented the latest LCCP and LPTIP programme funding papers to demonstrate scheme and programme affordability.
- 4.107 The value for money assessment reflects low value for money scheme, however, the strategic alignment and wider role in facilitating enhancement of public transport network and expansion of public space at City Square, in long term, outweighs the low value for money assessment.

## Recommendations

- 4.108 That Investment Committee recommends to the Combined Authority that:
- (i) The Infirmary Street Gateway scheme proceeds through decision point 4 and work commences on activity 5 (full business case with finalised costs).
  - (ii) An indicative approval to the total project value of £8.90 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) 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. This will be subject to the scheme remaining within the tolerances outlined in this report.

<b>Project Title</b>	<b>Wakefield South East Gateway – Rutland Mills</b>
<b>Stage</b>	2 (Development)
<b>Decision Point</b>	4 (Full business case)

Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

## Background

- 4.109 This scheme is part funded through the Local Growth Fund. The purpose of this funding is to attract the next generation of jobs and deliver a step change to the growth of the City Region. The Growth Deal enables implementation of the priorities set out in the Strategic Economic Plan including the development of housing and commercial sites, expansion of a skilled workforce, support to growing businesses, promotion of resource efficiency and investment in integrated transport.
- 4.110 The Wakefield City Centre, South East Gateway scheme forms part of the Housing and Regeneration programme. The objectives of this programme are to deliver commercial floor space and homes in the Leeds City Region.
- 4.111 Development of the Wakefield City Centre South East Gateway is a key priority for Wakefield Council and the Leeds City Region, to raise the national profile of Wakefield within the cultural and creative sector and to transform the city's image by redeveloping the waterfront as a distinct part of the city centre.
- 4.112 The Wakefield City Centre, South East Gateway scheme consists of two projects, Waterfront (Rutland Mills) and Kirkgate. The joint OBC received decision point 3 approval from the Combined Authority in April 2019 for an indicative funding allocation of £6.5 million Local Growth Fund.
- 4.113 The recommendation at decision point 3 to progress the individual elements of the Wakefield South East Gateway scheme as separate full business cases, for Kirkgate and Rutland Mills, was approved.
- 4.114 The scope of the Rutland Mill project is the restoration of historic buildings and creation of high quality public realm at the Waterfront to deliver a creative industries jobs hub through studio, office and learning space along with associated hotel, food and beverage offer.

- 4.115 The development proposed at Rutland Mills was approved for Local Growth Funding in April 2019, at which time.
- 4.116 At decision point 3 the Rutland Mill project was seeking £4.9 million in LGF towards a total scheme cost of £32.62 million. The total cost is now £20.57 million and the funding sought reduced to £2.89 million. The project was forecast to deliver 301 jobs through the creation of 6,920 square metres of commercial floor space. This has been revised to 219 full time equivalent jobs.
- 4.117 A summary of the scheme's business case and location map is included in **Appendix 8**.

### **Clean Growth / Climate Change Implications**

- 4.118 The Rutland Mill project delivers against Priority 3 of the Strategic Economic Plan to promote Clean Energy and Environmental Resilience. This will be achieved by:
- The restoration of the listed mill buildings will entail recycling demolition materials within the site, thereby reducing waste to landfill.
  - Low energy heating and lighting systems will be installed within the buildings to reduce carbon emissions.
  - Derelict mill buildings will be brought back into productive use and a former brownfield site will be decontaminated thereby reducing the development of green field sites.
  - High quality green infrastructure along with sustainable drainage systems will be integrated into the public realm design.
  - The scheme will undertake flood defence works in completing the final section of flood defences for the entire Waterfront site. These flood protection works complement the Environment Agency's strategy for the River Calder corridor and increase the standard of protection to the waterfront area.

### **Outputs, benefits and inclusive growth implications**

- 6,920 sqm commercial floor space constructed/refurbished by
- 219 gross full time equivalent (FTE) jobs created by March 2025.

### **Risks**

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
Due to changes to market demand and failure to attract tenants there is a risk that the project becomes unsustainable	Inability to achieve predicted levels of occupancy causes reduced delivery against jobs outputs target by March 2025.	The development contract outlines that if 100% of the floor space isn't developed by December 2022, Wakefield can step in to buy back at 70% market value.

following completion of the development.		The Combined Authority funding agreement to include for provision to clawback funding if floor space is not achieved by March 2023 and jobs outputs are not achieved by March 2025.
Delays to procurement and demolition/build programmes.	Local Growth Funding fails to be spent by the March 2021 deadline, impacting on Growth Deal spend targets.	The Combined Authority Project Team to attend Project Board meetings and keep informed of any risk to contract delays and be party to discussion on potential to accelerate individual works packages.
The Combined Authority fails to gain a share in the return of profits resulting from the scheme	Public funding could be used to benefit the developer and an opportunity for a reinvest able return to the Leeds City Region missed.	The Combined Authority to seek commercial advice regarding overage and appropriate security for this scheme which will be included within funding and legal agreements.
Cost increases due to extended dilapidation of buildings/increased costs of labour and materials/inadequate surveys/Inflation/Brexit impact on markets.	Delay to delivery would impact on the ability to spend by March 2021 and potentially reduce completed floorspace delivered by December 22 and jobs outputs achieved by March 2025.	Estimated costs have been independently reviewed and approved. Some intrusive surveys have taken place. Contingency in cost plan. Clawback and buy back mechanism within funding agreements.  Local Growth Funding is capped with no tolerance.

## Costs

4.119 The scheme seeks a funding contribution of £2.89 million from the Combined Authority Local Growth Fund against a total project cost of £20.57 million.

- £1.5 million of Business Rate Pool funding
- £7.160 million Wakefield Council funding
- £9.020 million developer funding

4.120 The payment mechanism to be applied to the Local Growth Fund allocation is an intervention rate of 14% to the overall project costs. If the overall project costs reduce, the LGF allocation would come down in line with the intervention rate. If costs increase the funding would remain capped at £2.89 million.

4.121 Funding will only be paid out against evidenced expenditure, and payments only made against spend up to 31 March 2021.

- 4.122 Provision will be made within the funding agreement to claw back funding against non/under delivery of outputs. That is, the Combined Authority funding agreement to include for provision to proportional clawback funding if floor space (6,920 square metres) is not achieved by March 2023 and jobs outputs (219 gross full time equivalent (FTE)) are not achieved by March 2025.
- 4.123 The potential for a return on uplift in developer profit will be assessed and if applicable captured within the Combined Authority funding agreement.

### Assurance pathway and approval route

Assurance pathway	Approval route	Forecast approval date
4 (Full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Investment Committee	04/12/2019
5 (Full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	26/06/2020

### Other Key Timescales

4.124 Other key timescales are:

- Start of demolition – January 2020
- Demolition complete – July 2020
- Start of construction works – January 2021
- End of construction – December 2022

### Assurance Tolerances

Assurance tolerances
<p>The funding request sought under this full business case is capped and fixed at £2.89 million to be spent by March 2021.</p> <p>That programme timescales should remain within 2 months of the timescales set out in this report.</p> <p>If the commercial floor space and jobs being delivered are reduced by 10% further approval is required from the Investment Committee.</p>

### Project responsibilities

Senior Responsible Officer	Clare Elliott, Wakefield Council
Project Manager	James Stephenson, Wakefield Council

<b>Combined Authority case officer</b>	Seamus McDonnell
<b>Combined Authority Project Lead</b>	Polly Hutton

### **Appraisal summary**

- 4.125 The scheme has a relatively strong strategic case. Rutland Mills occupies a strategic location on the edge of the city centre adjacent to the River Calder and the Hepworth Gallery. The buildings are in various states of disrepair and represent a blight on the area. The project could deliver local regeneration, new jobs and activities and build on the cultural/leisure offer of the Hepworth Gallery.
- 4.126 The main mill building is listed and the nature and extent of works required means that there is a significant viability gap for the project. Without public sector support the project would not proceed and there is clear evidence of market failure.
- 4.127 The commercial case underpinning the project has raised a number of issues particularly regarding the market demand for the project and procurement. The developer intends to take on space within the development and integrate other users from its similar development within London. However, a lack of certainty remains as does the speculative nature of the development. The issues identified within the commercial case could impact on the other cases within the appraisal.
- 4.128 This particularly applies to the economic case. The project has the potential to deliver significant economic returns and generate a good benefit to cost ratio, but this is wholly dependent on the forecast jobs actually being created.

### **Recommendations**

- 4.129 The Investment Committee using the delegated authority from the Combined Authority Board approves:
- (i) That the Wakefield City Centre, South East Gateway – Rutland Mill proceeds through decision point 4 and work commences on activity 5 (full business case with finalised costs).
  - (ii) An indicative approval to the Combined Authority’s capped contribution of £2.89 million to the Rutland Mill scheme to be funded from the Local Growth Fund programme is given towards a total scheme cost of £20.57 million 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) That decision point 5 (full business case with finalised costs) is conditional upon the Wakefield Council providing a finalised development contract which demonstrate that if 100% of the floor space isn’t developed by December 2022, Wakefield can step in to buy back at 70% market value.

- (iv) 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 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.

<b>Project Title</b>	<b>LPTIP: A660 Holt Lane</b>
<b>Stage</b>	2 (Development)
<b>Decision Point</b>	5 (Full business case with finalised costs)

Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

## Background

- 4.130 The A660 Holt Lane scheme forms part of the Leeds Public Transport Investment Programme (LPTIP), a £183.5 million programme using devolved Department for Transport funding supplemented with contributions from Leeds City Council and the Combined Authority. This programme aims to support economic growth by unlocking transport constraints, improve public transport journey times and usage and improve health outcomes by reducing overall transport emissions.
- 4.131 The scheme is the first of a series of proposed improvements to the A660 corridor coming forward through LPTIP. It involves improvements to the junction of the A660 Otley Road and Holt Lane in Adel, north of Lawnswood Roundabout. The current priority junction will be replaced by a signalised junction to enable bus priority, controlled pedestrian crossings and a new bus stop lay-by on the southbound carriageway to reduce delays to general traffic.
- 4.132 The scheme will primarily deliver benefits to bus users through improving journey times and reliability and supports the delivery of Priority 4 (Infrastructure for Growth) of the Strategic Economic Plan (SEP), increasing connectivity, improving access to jobs and services and reducing carbon emissions.
- 4.133 The A660 is one of five prioritised corridors in the LPTIP programme which received Strategic Outline Case (decision point 2) approval from the Combined Authority on 29<sup>th</sup> June 2019. Due to its relatively small scale, the Holt Lane scheme has come forward at full business case with finalised costs (decision point 5).
- 4.134 Further improvement schemes along the A660 corridor will come forward for consideration in early 2020. These are expected to include bus prioritisation measures at Headingley Hills (north of Hyde Park Corner) and traffic signal upgrades south of Lawnswood Roundabout.

- 4.135 Leeds City Council are the scheme promoter with WSP as development partner and BAM appointed as the delivery partner.
- 4.136 A summary of the scheme's business case and location map is included in **Appendix 9**.

### **Clean Growth / Climate Change Implications**

- 4.137 The scheme aims to promote modal shift from car to bus, taking up to 7,300 car kilometres per annum off the road network following completion, helping to reduce levels of nitrogen oxides on a key arterial road. Outputs, benefits and inclusive growth implications
- 4.138 The outputs, benefits and inclusive growth implications of the scheme will include
- Improving end-to-end journey times for buses
  - Improving punctuality by reducing journey time variability
  - Improving the quality of bus passenger experience and levels of satisfaction
  - Improving access to employment and training via public transport
  - Improving network safety for all users
- 4.139 Recognising that this scheme is a relatively small scale intervention, specific targets at a corridor-level will be brought forward as furthermore significant improvement schemes are brought forward.

### **Risks**

- 4.140 The key risks to the delivery of the scheme and associated mitigation measures are: -
- Unforeseen and/or unidentified services discovered during construction – mitigated by detailed surveys in areas where works cross areas with utilities
  - Long lead times for traffic signal equipment and bus shelters – mitigated by early specification and engagement with suppliers

### **Costs**

- 4.141 The total cost of the scheme is £1.150 million. The Combined Authority will fund 100% of this cost from the devolved DfT Leeds Public Transport Investment Programme.

## Assurance pathway and approval route

Assurance pathway	Approval route	Forecast approval date
5 (Full business case with finalised costs)	Recommendation: Investment Committee Decision: Combined Authority	09/01/2020

## Other Key Timescales

4.142 Start on site November 2019, construction complete January 2020

## Assurance Tolerances

Assurance tolerances
Any increase to Combined Authority costs above 10% will require further approval from the Combined Authority
Timescale for scheme completion to remain within 3 months of the timescales set out in this report

## Project responsibilities

Senior Responsible Officer	Gary Bartlett, Leeds City Council
Project Manager	Morgan Tatchell-Evans
Combined Authority case officer	Ian McNichol

## Appraisal summary

4.143 The scheme has a strong strategic case within the context of LPTIP and the proposed interventions on the A660 corridor. The case for intervention is well made in terms of the impact of delays on high frequency bus services routed through the junction and associated safety issues which impact on all users.

4.144 The economic assessment produces a core benefit cost ratio (BCR) of -2.39. However, when the value of highway dis-benefits to car users are excluded this rises to 1.19 and the economic case demonstrates a range of potential benefits in relation to safety, severance and access to services (pedestrians and cyclists) and air quality.

4.145 The scheme is fully funded through LPTIP and will be delivered by retained contractors under established governance arrangements.

## Recommendations

4.146 The Investment Committee recommends to the Combined Authority that

- (i) The A660 Holt Lane project proceeds through decision point 5 and work commences on activity 6 (Delivery).

- (ii) Approval to the total project value of £1.150 million is given from the LPTIP fund.
- (iii) The Combined Authority enters into an addendum to the Funding Agreement with Leeds City Council for expenditure of up to £1.150 million from the LPTIP Fund.
- (iv) 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 to the scheme remaining within the tolerances outlined in this report.

## Projects in Stage 3: Delivery and Evaluation



4.147 Once in Delivery and Evaluation the scheme is delivered and Combined Authority funding is drawn down. When delivery is completed a review is carried out to ensure that the scheme has met all its requirements and outputs in accordance with its Funding Agreement. Finally, information about a scheme's performance following its completion is collected, in order to evaluate the success of the scheme.

<b>Project Title</b>	<b>Leeds PIPES District Heating Network</b>
<b>Stage</b>	3 (Delivery and Evaluation)
<b>Decision Point</b>	Change request (activity 6)

Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	N/A	

### **Background**

4.148 The project comprises the construction of a 4.5km district heating network, using underground super-insulated steel pipes, to connect the Recycling and Energy Recovery Facility (RERF) in the Aire Valley to businesses in and around Leeds city centre, and 1,983 council tenants in multi storey flats to the north of the city centre.

4.149 A Leeds City Region Growth Deal allocation of £4 million was awarded to this project. This was accrued to 2018/19 financial year but not yet paid out.

4.150 The project has performed well against the objectives set:

- The network of underground pipework and energy centres have been constructed and the project will be accepted as complete subject to agreed defects in Q3 2019/20. This represents a delay to the project of around six months.
- The network is now connected to the RERF, which has been steadily supplying heat since September 2019.

- Annual heat sales are growing month on month and are projected to reach 1000MWh by December 2019. Whilst this is behind the 15,800 MWh target, the increasing demand for heat from flats, the arrival of cold weather and the reopening of Leeds Playhouse after refurbishment will increase heat demand.
- Monitoring of annual CO2 reductions is underway and the first report is expected in Q1 2020/21.
- Monitoring of notional fuel bills is underway and the first report is expected in Q1 2020/21.
- The promoter has recently secured Heat Networks Investment Project (HNIP) funding to expand the network (phase two), which demonstrates commitment to growing the network up to 2053.

4.151 Notwithstanding the progress made, a delay in completing the network has been incurred whilst a permanent gas main, supplying backup gas boilers, is fitted. To mitigate this, temporary boilers have been hired and connected to the network, so the heat supply is resilient. Northern Gas Networks have forecast a completion date of January 2020 for the permanent gas main. With the use of the temporary boilers the network is considered to be resilient and will be accepted as such in Q3 2019/20, with the permanent gas main connection being a defect item.

4.152 The scheme required fulfilment of two conditions before Combined Authority funds could be released, encompassing a heat sales agreement (with Leeds Playhouse and Leeds College of Music) and an interface agreement to be entered into between the two arms of the same company constructing and operating the project.

4.153 The scheme has met the second condition in full but has met only part of the first condition.

### **Description of Change Request**

4.154 The proposed changes are twofold:

- **Programme and Grant Agreement Extension:** The project tolerance stated that the scheme would need additional approvals if the construction programme extended beyond April 2019. Whilst the project has made excellent progress, the promoter is now working towards accepting the network as complete with defects from the contractor in Q3 2019/20, a delay of circa six months. The grant agreement expired on 30th June 2019 and options in regard to the grant conditions (see below) were assessed through the autumn period prior to requesting a change. A retrospective extension to March 2020 is therefore requested to enable the £4 million grant funding to be paid out to the promoter when the drawdown conditions have been met to the satisfaction of the funder.
- **Change to Conditions of Drawdown:** There were two conditions of grant drawdown attached to this project. One has been met in full, whilst the second has been met in part:

- Condition 1a (met): A heat sales agreement has been entered into with Leeds Playhouse. In August 2019, heat demand from this building along with growing numbers of council-owned flats was ~165MWh (mega-watt hours). Around 1000 flats are expected to be connected by December 2019. The increase in customers, together with greater seasonal heat demand, is projected to increase consumption to ~1000MWh for the month of December 2019.
- Condition 1b (not met): The element outstanding is to enter into a heat sales agreement with Leeds College of Music. Due to factors linked to the current heating arrangements of the building, and outside of the scope of this project, it has not yet been possible to enter into the agreement and the current estimate is early in 2020/21. Leeds College of Music remains committed to connecting to the network. The target heat demand from this customer was estimated to be only ~3.8% of the total. The proposed change is to remove the requirement for a heat agreement with the College of Music as the promoter has evidenced demand from alternative sources and other potential customers.
- The purpose of requiring heat agreements with the College of Music was to demonstrate sufficient demand for the heat network, albeit the College of Music represents a modest contribution (3.8%) towards the 2019/20 target. Although the recommendation is to remove the condition relating to the College of Music, the promoter has evidenced demand from alternative sources including the connection of the flats which represent 86% of the 2019/20 heat demand target. There is considerable interest in the network from prospective customers and the recent confirmation of Heat Networks Investment Project funding from BEIS for phase two, provides additional comfort demand for the network is growing. Furthermore, Leeds College of Music remains committed to connecting to the network but delays outside of the scope of this project have meant a heat sales agreement cannot be entered into as soon as was expected.
- Condition 2 (met): An interface agreement has been entered into between the two arms of the same company constructing and operating the project.

### **Clean Growth / Climate Change Implications**

4.155 The project continues to make a strong strategic contribution to the Leeds City Region's vision by responding to the challenges set out in Priority 3 of the Strategic Economic Plan, and the recently announced Climate Emergency:

- **New energy generation:** The low carbon heat source comes from waste heat from the Recycling and Energy Recovery Facility, which is expected to result in annual CO<sub>2</sub> reductions of 4,300 tonnes in the 2020/2021 financial year and 5,000 tonnes of carbon per annum by 2023/24.

- **Resource efficient business:** By connecting commercial premises like Leeds Playhouse to the network and expanding the network in future, the project supports the vision to support resource efficient business.
- **Empowering consumers:** By reducing notional fuel bills by between 11-30% (a direct saving of up to £250 per annum per household converted from electrical heating to district heating) the project tackles fuel poverty and empowers customers to be energy efficient.
- **Low Carbon infrastructure:** By delivering 4.5km of pipework and two energy centres to support the system, the project delivers green infrastructure.

### **Outputs, benefits and inclusive growth implications**

4.156 This change request does not affect the originally outlined outputs, benefits and inclusive growth implications of the scheme.

4.157 These were:

- Connection of the District Heat Network, Heat Transfer Station and Energy Centre to the Recycling and Energy Recovery Facility (RERF);
- A minimum of 1,983 council flats in 34 multi-storey blocks owned by Leeds City Council in the Saxton Gardens, Lincoln Green and Ebor Gardens areas of the city;
- Anchor loads including but not limited to West Yorkshire Playhouse, Leeds College of Music, Private developments

### **Risks**

4.158 The project has performed well against the objectives set and the network of underground pipework and energy centres have been constructed and the project will be accepted as complete subject to agreed defects in Q3 2019/20. Therefore, no high risks remain to the project.

### **Costs**

4.159 The £4 million allocated to the project from the Leeds City Region Local Growth Deal was accrued to 2018/19 financial year but has not yet been paid out.

4.160 Approval of this change request will enable the £4 million grant funding to be paid out to the promoter when the drawdown conditions have been met to the satisfaction of the funder.

4.161 The project cost has increased from £21.276 million to £22.559 million, which (at +6%) remains within the 10% project cost tolerance and has been funded by Leeds City Council.

## Assurance pathway and approval route

Assurance pathway	Approval route	Forecast approval date
Change Request (Activity 6)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Investment Committee	04/12/2019
6 (Delivery)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	04/12/2019
7 (Review and close)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	02/06/2020

## Other Key Timescales

- 4.162 The council intends to accept completion of the entire network, subject to agreed defects, during Q3 2019/20.

## Assurance Tolerances

Assurance tolerances
Combined Authority costs should remain within 0% the costs set out in this report. The timeframes should remain within 3 months of those set out in this report.

## Project responsibilities

<b>Senior Responsible Officer</b>	Neil Evans – Leeds City Council
<b>Senior Project Manager</b>	George Munson – Leeds City Council
<b>Project Manager</b>	Daisy Johnson- Combined Authority
<b>Combined Authority case officer</b>	Paul Coy

## Appraisal summary

- 4.163 The council's contractor has been successful in installing a 4.5km network of underground pipework and two energy centres required to carry waste heat from the RERF to heat homes and businesses in Leeds city centre.
- 4.164 The RERF has been steadily supplying heat to the network since September 2019 with 400 council flats and Leeds Playhouse already connected.

- 4.165 The project will be accepted as complete, subject to agreed defects, in Q3 2019/20. The agreed defects are expected to be resolved by Q4 2019/20.
- 4.166 Whilst one of the grant conditions has been met in full and the second condition has been met in part, one element remains outstanding, which is to enter into a heat sales agreement with Leeds College of Music. This has been delayed due to factors outside of the scope of this project. Given that the target heat demand from the College of Music was only 3.8% and the remaining conditions have been met, it is recommended to remove this condition on the basis that a sufficient and growing level of heat demand has been evidenced and achieved.
- 4.167 The proposed retrospective extension of the grant agreement to March 2020 is recommended, given that the agreed defects are expected to be resolved in Q4 2019/20. This will enable the accrued grant money to be paid to the promoter.

### **Recommendations**

- 4.168 That Investment Committee approves that:
- (i) The change request to the Leeds District Heating Network project to extend the time for the completion date be approved.
  - (ii) The change request to remove Leeds College of Music contract condition be removed as the promoter has evidenced demand from other sources.
  - (iii) The Funding Agreement for Leeds City Council is retrospectively extended from June 2019 to March 2020 and removes the requirement for a heat sales agreement with the Leeds College of Music.
  - (iv) That future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 6 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.

## **Decisions made through the delegation to the Managing Director**

4.169 Since Investment Committee's meeting on 7th November 2019, decisions regarding the following schemes has been exercised. These decisions were made through the delegation to the Combined Authority's Managing Director or Director of Delivery 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 or Director of Delivery, 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.

### **Headrow City Centre Gateway**

4.170 This decision related to the Headrow City Centre Gateway scheme achieving decision point 5 (full business case with finalised costs) approval and work starting on activity 6 (Delivery).

4.171 The Headrow Gateway scheme is located to the north of the pedestrianised core of Leeds city centre. The scheme includes The Headrow, Westgate, Vicar Lane between the Headrow and North Street, New Briggate, Cookridge Street between the Headrow and Great George Street, Harrison Street, and small lengths of other intersecting streets.

4.172 The scheme delivers a series of bus infrastructure, public realm, pedestrian and cycling infrastructure improvements, to enhance a major Gateway to Leeds city centre, making the city centre more attractive to visitors, residents, employees and prospective investors. This will include changes to highway geometry, bus re-routing, new general traffic restrictions, footway widening, removal or relocation of on street parking (including loading bays and taxi provision), provision of new green infrastructure, and new protected cycle lanes.

4.173 The Managing Director approved the decision point 5 on 25 October 2019 and that work can commence on delivery point 6. Approval to the Combined Authority's contribution of £22.456 million to be funded from the Leeds Public Transport Investment Programme (LPTIP), is given. The total project value is £22.756 million.

## **5 Financial implications**

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

## **6 Legal implications**

6.1 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.

## **7 Staffing implications**

- 7.1 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.

## **8 External consultees**

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

## **9 Recommendations**

### **Bradford Interchange Carriageway Works**

- 9.1 The Investment Committee recommends to the Combined Authority:
- (i) That the Bradford Interchange Carriageway Works proceeds through decision point 2 and work commences on Activity 4 (full business case)
  - (ii) An indicative approval to the total project value of £2 million is given from the Local Transport Plan - Integrated Transport Block with full approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5.
  - (iii) Development costs of £461,400 are approved in order to progress the scheme to Decision Point 5.
  - (iv) That the Combined Authority enter into a Funding Agreement with City of Bradford Metropolitan District Council for expenditure up to £300,000.
  - (v) That future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 6 through a delegation to the 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.

### **ERDF – Connecting Innovation**

- 9.2 The Investment Committee recommends to the Combined Authority:
- (i) That the ERDF Connecting Innovation project proceeds through decision point 2 and work commences on Activity 5 (full business case plus)
  - (ii) An indicative approval of £2,779,846 is given, comprised of £750,961 from the Access to Capital Grants element of the Local Growth Fund and £2,028,885 from the European Regional Development Fund, with full approval to spend being granted once the scheme has progressed through the Assurance Process to Decision Point 5. The total project costs are £4,057,771 million, with Small Medium Enterprise match funding of £1,277,925 million.

- (iii) That 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. This will be subject to the scheme remaining within the tolerances outlined in this report.

### **Leeds Bus Station Gateway**

9.3 That Investment Committee recommends to the Combined Authority that:

- (i) The Leeds Public Transport Improvement Programme Leeds Bus Station Gateway project proceeds through decision point 3 (outline business case) and work commences on activity 5 (full business case with finalised costs)
- (ii) An indicative approval to the total project value of £4.984 million is given from the Leeds Public Transport Investment Programme 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 £350,000 are approved in order to progress the scheme to Decision Point 5.
- (iv) The Combined Authority enters into a variation to the Funding Agreement with Leeds City Council for release of expenditure of £350,000 from the LPTIP Fund for further project development.
- (v) 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. This will be subject to the scheme remaining within the tolerances outlined in this report.

### **A58 Beckett Street & York Street**

9.4 The Investment Committee recommends to the Combined Authority that:

- (i) The A58 Beckett Street and York Street 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 £14.536 million is given from the Leeds Public Transport Investment Programme fund with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (FBC with finalised costs).
- (iii) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 4

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.

### **Bradford Shipley Route Improvement**

- 9.5 The Investment Committee using the delegated authority from the Combined Authority Board approves:
- (i) The Bradford-Shipley Route Improvement Scheme proceeds through decision point 3 and work commences on activity 4 (full business case).
  - (ii) An indicative approval to the total project value of £47.9 million is given, to be funded 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) Approval of further development costs of £2.382 million in order to progress the scheme to decision point 5, taking the total approval to £3.979 million.
  - (iv) The Combined Authority enters into an addendum to the existing funding agreement with Bradford Council for additional expenditure of £2.382 million, taking the total approval to £3.979 million.
  - (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 4 and 5 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.

### **LCCP Infirmary Street**

- 9.6 That Investment Committee recommends to the Combined Authority that:
- (i) The Infirmary Street Gateway scheme proceeds through decision point 4 and work commences on activity 5 (full business case with finalised costs).
  - (ii) An indicative approval to the total project value of £8.90 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) 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 Programme Appraisal Team. This will be subject to the scheme remaining within the tolerances outlined in this report.

## **Wakefield South East Gateway – Rutland Mills**

- 9.7 The Investment Committee using the delegated authority from the Combined Authority Board approves:
- (i) That the Wakefield City Centre, South East Gateway – Rutland Mill proceeds through decision point 4 and work commences on activity 5 (full business case with finalised costs).
  - (ii) An indicative approval to the Combined Authority's capped contribution of £2.89 million to the Rutland Mill scheme to be funded from the Local Growth Fund programme is given towards a total scheme cost of £20.57 million 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) That decision point 5 (full business case with finalised costs) is conditional upon the Wakefield Council providing a finalised development contract which demonstrates that if 100% of the floor space isn't developed by December 2022, Wakefield can step in to buy back at 70% market value.
  - (iv) 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 to the scheme remaining within the tolerances outlined in this report.

## **LPTIP: A660 Holt Lane**

- 9.8 The Investment Committee recommends to the Combined Authority that:
- (i) The A660 Holt Lane project proceeds through decision point 5 and work commences on activity 6 (Delivery).
  - (ii) Approval to the total project value of £1.150 million is given from the LPTIP fund.
  - (iii) The Combined Authority enters into an addendum to the Funding Agreement with Leeds City Council for expenditure of up to £1.150 million from the LPTIP Fund.
  - (iv) 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 to the scheme remaining within the tolerances outlined in this report.

## **Leeds PIPES District Heating Network**

9.9 That Investment Committee approves that:

- (i) The change request to the Leeds District Heating Network project to extend the time for the completion date be approved.
- (ii) The change request to remove Leeds College of Music contract condition be removed as the promoter has evidenced demand from other sources.
- (iii) The Funding Agreement for Leeds City Council is retrospectively extended from June 2019 to March 2020 and removes the requirement for a heat sales agreement with the Leeds College of Music.
- (iv) That future approvals are made in accordance with the assurance pathway and approval route outlined in this report including at decision point 6 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.

## **10 Background documents**

10.1 None as part of this report.

## **11 Appendices**

**Appendix 1** - Background

**Appendix 2** - Bradford Interchange Carriageway Works

**Appendix 3** - Connecting Innovation

**Appendix 4** - Leeds Bus Station Gateway

**Appendix 5** - A58 Beckett Street & York Street

**Appendix 6** - Bradford Shipley Route Improvement

**Appendix 7** - Infirmary Street Gateway

**Appendix 8** - Wakefield South East Gateway – Rutland Mill

**Appendix 9** - A660 Holt Lane