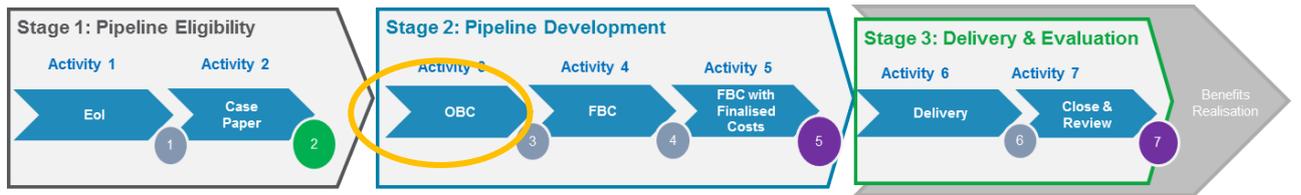


## Section A: Scheme Summary

<b>Name of scheme:</b>	<b>Leeds Inland Port</b>
<b>PMO scheme code:</b>	CFP-006
<b>Lead organisation:</b>	Canal & River Trust
<b>Senior responsible officer:</b>	
<b>Lead promoter contact:</b>	Stephen Higham, EU Funding Manager, Canal & River Trust
<b>CA Project Manager:</b>	Chris Moses
<b>CA Case officer:</b>	Daisy Johnson
<b>Applicable funding stream(s) – Grant or Loan:</b>	Leeds City Region Growth Deal
<b>Growth Fund Priority Area (if applicable):</b>	SEP Priorities 1, 2, 3 and 4
<b>Approvals to date:</b>	Expression of Interest (EOI) recommended for approval at Activity 1 by Investment Committee (03/01/18) and approved at Combined Authority (01/02/18). Case Paper approved at Activity 2 by Combined Authority on 28 <sup>th</sup> June 2018. OBC approved by PAT on 24.01.19 subject to further detail being supplied.
<b>Forecasted full approval date (decision point 5):</b>	June 2020
<b>Forecasted completion date (decision point 6):</b>	March 2021
<b>Total scheme cost (£):</b>	£3.370 million
<b>Combined Authority funding (£):</b>	£3.170 million Local Growth Deal
<b>Total other public sector investment (£):</b>	N/A
<b>Total other private sector investment (£):</b>	Canal & River Trust (registered charity): £0.200 million

Is this a standalone project?	Yes
Is this a programme?	No
Is this project part of an agreed programme?	No

**Current Assurance Process Activity:**



**Scheme Description:**

The scheme enables the potential of the 100 km waterway between Hull and Immingham and Leeds to be unlocked through the delivery of a new wharf facility at Stourton to enable the transportation of non-perishable freight such as aggregates, timber, oil and steel from the Humber estuary into Leeds.

The wharf, which will be located on land off Haigh Park Road, Stourton, LS10 (easting 433225 and northing 430920), an already well-established distribution site that is well connected by motorway and also hosts the largest inland rail terminal east of the Pennines. However, no freight currently uses rail from the Humber ports to Stourton.

The scheme will comprise:

- The construction of a 11,875sqm concrete apron on a three acre brownfield site in the Trust's ownership to enable aggregate storage, screening and distribution;
- The installation of a basic mobile crane;
- The installation of 80m of sheet piling to establish an apron for boats to moor against;
- The dredging of the waterway to improve the navigability of the waterway at this point.

It is anticipated that the project will support the development of flagship projects such as Leeds Southbank and High Speed 2 by enabling construction materials to be transported on water, thereby reducing congestion on the roads and generating carbon savings.

The stated objectives are to:

1. Complete construction of a new 80m wharf facility within **18 months** of the funding being awarded;
2. Move 200,000 tonnes of freight from road to water after year one, resulting in reduced road congestion;
3. Reduce carbon emissions from road vehicles by 894 tonnes by the end of year three resulting in improved air quality for the Leeds City Region;
4. Create up to 16 new jobs, safeguard three jobs, and assist 25 businesses, thereby supporting economic growth in the region.

The proposed outputs are:

- one new freight facility for the city of Leeds;
- Up to 16 new jobs;
- 200,000 tonnes of freight moved to water per annum.

The proposed outcomes are:

- An improvement in air quality as reliance on road freight transport is diminished;
- Increased connectivity between the Humber ports and northern Europe.

Planning consent was granted in September 2019 subject to conditions, six months later than expected.

The project supports Strategic Economic Plan Priorities 1, 2, 3, and 4.

### Business Case Summary:

#### Strategic Case

There are several key strategic drivers for Leeds Inland Port.

1. Key freight infrastructure in the Leeds City Region is at capacity.
2. Air quality in Leeds is among the poorest in Europe.
3. Market failure resulting from the decades-long policy of shifting freight from water to road.
4. A number of high profile regeneration and transport schemes that Leeds Inland Port scheme could support, including High Speed 2, Leeds South Bank, and Hunslet Riverside Regeneration.

Connecting with the new Goole Intermodal Terminal, recently funded by the Humber Local Enterprise Partnership, will shorten timescales and reduce the costs of moving goods in the region.

Leeds Inland Port therefore provides a very attractive opportunity. By transporting goods by water, it will be possible to:

- Support future developments in the Leeds City Region, including a number of flagship infrastructure and regeneration projects.
- Reduce the demands of road and rail transport.
- Have a positive effect on air quality in the region.

The scheme aligns with the following Leeds City Region Strategic Economic Plan (SEP) priorities:

1. **Growing Business:** Providing a viable alternative to road freight transport resulting in growth and efficiency.
2. **Skilled People, Better Jobs:** The creation of up to 16 new jobs and skills development.
3. **Clean Energy and Environmental Resilience:** 894 tonnes of carbon savings by the end of year 3 and a reduction in road freight by 200,000 tonnes after year one.
4. **Infrastructure for Growth:** Support regeneration and growth on flagship developments in the region.

**Commercial Case**

The case for Leeds Inland Port is based upon reducing the user cost of moving freight between the Humber ports and West Yorkshire or ports to the West of West Yorkshire, and the associated net reduction in non-user costs of removing HGVs from the road network.

Per tonne kilometre, the cost of movement of goods by large barge (approximately 500 tonnes cargo capacity at present in this case) is less than by road or rail, but account has to be taken of the cost of onward distribution where origins and destinations are not waterside.

The development of Leeds Inland Port exploits the fact that a large waterway is already available; it simply lacks a suitable berth in Leeds to handle the type of cargo that is available.

Further upgrade of the waterway to class II will allow larger barges of around 650 tonnes capacity to operate.

The Humber Ports represent the largest concentration of port traffic in Britain; some 77m tonnes in 2017 or 17% of the total for Great Britain. In total the GB Freight Model indicates that over 7m tonnes of dry cargo per annum passes from the Humber to West Yorkshire and the North West of England; almost all passing along the M62.

Given these volumes, the promoter has noted the importance of entering into an agreement with a company that is active in the freight sector who will both market and (directly or indirectly) stevedore / maintain Leeds Inland Port. This company will reduce the cost for shippers of trading through the Humber to West Yorkshire and the North West, rendering the Humber a more competitive route than other ports such as the Tees or the Mersey; increase the capacity of the area available to hold goods; bring expertise in marketing, stevedoring and maintaining port infrastructure; and act as a tenant at the Port, which will guarantee a flow of revenue to maintain the infrastructure.

At present the only berth commercially available on the Aire & Calder Navigation in West Yorkshire to handle dry cargo from barges is in Wakefield, and this can only handle aggregates and has no space available to add value on site (e.g. through concrete batching) or to store cargo, so the synergies with such activities cannot be exploited. There is no opportunity to handle steel, forest products or containerised traffic.

Work completed to date by the Canal & River Trust and Transport for the North has revealed that there is a demand to move cargoes such as aggregates, timber, oil, and steel by water in the Leeds City Region. More specifically, there appears to be some 3.0m tonnes of dry cargo moving to West Yorkshire that would be available for the waterway service to compete for, plus 4.1 million tonnes that passes to the North West.

There is also an emerging in-bound trade in sea-dredged aggregates. This is expected to grow rapidly and is expected to form the initial trade to Leeds Inland Port. In a report by URS for Leeds City Council in 2014 on marine aggregates it was forecast that the volume of marine dredged aggregates to the Humber (then 192,000 tonnes p.a.) would grow to 2 million tonnes, which would then represent around two thirds of all sand and gravel consumed in the Yorkshire and the Humber region. This is in addition to current traffic levels from the ports and will substitute for land-won material (mainly from north Yorkshire). A substantial proportion of this traffic is likely

	<p>to be destined for West Yorkshire given that it constitutes 41% of the region's population.</p> <p>There are already wharf facilities on the Aire &amp; Calder Navigation that are already in use, but the Trust's ambition is to bring freight back into Leeds City Centre.</p> <p>Given the pressures that Leeds City Region is currently facing around traffic congestion and air quality, the use of waterborne freight could bring both commercial, environmental and health benefits.</p> <p>Procurement will be carried out using an existing procurement framework, of which details have been supplied.</p> <p>The site has been in the ownership of the promoter since 2002.</p>
<b>Economic Case</b>	<p>Three main options have been considered: do nothing; construct one wharf for Leeds Inland Port; construct two wharves for Leeds Inland Port. Shortlisting confirmed that the option to construct one wharf would be most viable. A second wharf is not expected to be needed until the facility is handling over one million tonnes of freight per annum.</p> <p>The critical success factors of usability, affordability, market take-up, environmental design and low maintenance design were applied in the design process.</p> <p>The 80m wharf proposed will be sufficient size to accommodate vessels between 60-65m in length.</p> <p>The objectives set out in the OBC state that the project will create up to 16 new jobs, assist 30 businesses, and result in 894 tonnes of carbon savings.</p> <p>Transport Economists MDS Transmodal have assisted with the economic case in their document "A Case for Port Leeds". This document indicates that the wharf only needs to transfer 38,000t of aggregates for it to be deemed viable against Green Book principles.</p> <p>The adjusted benefit cost ratio of 4.896:1.</p>
<b>Financial Case</b>	<p>The total project delivery costs are currently estimated at £3.37 million, of which the West Yorkshire Combined Authority is invited to contribute £3.17 million (94% of total project costs).</p> <p>Match funding to a value of £0.2 million is proposed by the Canal &amp; Rivers trust, along with land to a value of £1.100 million, giving a total contribution of £1.300 million in 2019 values and prices.</p> <p>Project budgets include a contingency and risk allocation. It is anticipated that any cost overruns will be handled on a pain-share basis with appointed contractors.</p> <p>Any financial return when the wharf is in operation will be ring-fenced and allocated for further improvements to the navigation with a view to expanding use of the facility.</p> <p>The promoter is in advanced discussions with a private provider about taking on the long term management of the facility.</p> <p>Regarding revenue costs, given that the promoter is in close dialogue with a private provider about them being the port operator upon completion, it is likely that they will take on maintenance costs of the site as part of the</p>

	<p>lease. This will be negotiated as part of the future commercial agreement. In the interim, or in the event that the private deal does not come to fruition, revenue costs will be met by the promoter through the generation of tolls which are proposed at £2 per tonne for the use of the waterway infrastructure, the use of the berth (cargo dues) and the storage area on the quay. The facility will be staffed by Canal &amp; River Trust operational staff in the first instance, with responsibility transferring to the private provider in the longer term if this deal is agreed.</p> <p>The main financial risks are construction inflation and cost overruns. A Quantified risk assessment will be provided at the next stage.</p>
<p><b>Management Case</b></p>	<p>The Canal &amp; River Trust is the promoter and will lead on the overall development and delivery of the scheme.</p> <p>A principal project manager has been appointed to deliver the project and further supervision will be provided through both internal engineering and dredging expertise as well as external contract managers.</p> <p>Technical drawings and studies have been prepared to enable submission of a full planning application (reference: 18/07051/FU), which was granted in September 2019, subject to conditions, six months later than planned.</p> <p>The main risks identified by the promoter, and which can be mitigated as the project develops, include cost overruns, and lack of market take-up. These will be captured in a quantified risk assessment at the next stage.</p> <p>The project management structure including project board will be addressed at the next stage of project development.</p>



