

Report to: West Yorkshire and York Investment Committee

Date: 7 January 2020

Subject: **Leeds Public Transport Investment Programme (LPTIP) Review 2020 – Part One**

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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:	

1 Purpose of this report

- 1.1 This is part one of the report which details the outcomes of a review of the Leeds Public Transport Investment Programme (LPTIP) and sets out recommendations for managing the bus infrastructure and programme management elements of the programme up to the programme's end. Part two of the report will be presented to Investment Committee early in 2021, and will cover the remaining elements of the programme, these being the bus delivery and rail packages.

2 Information

Background

- 2.1 The Leeds Public Transport Investment Programme (LPTIP) commenced in 2017. This is a £183.4 million programme using devolved Department for Transport funding supplemented with contributions from Leeds City Council and the Combined Authority. A further £86.76 million has been leveraged as match funding from bus operating companies' investment in fleet, as well as £8.77 million from Section 106, European Regional Development Fund (ERDF) and Leeds City Council's Capital Programme. The £183.4 million of investment is being monitored through the Combined Authority's assurance process. The funding contributions are as follows:

Funding Source	Amount (£) million
Department for Transport	173.50
Leeds City Council	8.93
Combined Authority	0.97
Total	183.4

- 2.2 This programme aims to support economic growth by unlocking transport constraints, improve public transport journey times, reliability and usage and improve health outcomes by reducing overall transport emissions. In this way, the programme seeks to contribute towards the doubling of bus patronage over a 10-year period in a manner which contributes to carbon reduction by encouraging modal shift away from the private car and supports inclusive growth by making it easier to access education, employment, and public services. It will also create:
- A world-class connected city, that allows seamless end to end public transport journeys internationally, nationally, regionally, and locally.
 - An ambitious city, that attracts and plans for inclusive growth.
 - A smart city that embraces innovative technology to efficiently use, manage and maintain the transport network.
 - A people-focused city, with well-connected neighbourhoods and a city centre that is easily accessible for everyone.
 - A healthy city, that allows more people to walk, cycle and be more active, with reduced traffic and emissions to create cleaner air.
- 2.3 Whilst the impact of Covid-19 has had a significant detrimental impact on bus passenger demand in the short term, initial findings prior to the onset of the pandemic indicated a growth of passenger numbers on those corridors that have experienced early investment, such as where the new bus fleet has been introduced. The longer timescales for realisation of most infrastructure interventions have largely prevented any observation of their impacts to date. However, it is anticipated that their delivery will assist in the recovery of public transport use once the impact of the pandemic subsides, with future growth in the longer-term building on the initial growth that investment in vehicle fleet had started to deliver.
- 2.4 Whilst inception of the programme pre-dates commitments made by both Leeds City Council and the West Yorkshire Combined Authority to become a net-zero carbon economy by 2030, the measures introduced will contribute to realising the shift towards greater bus use, walking, and cycling that will be necessary to achieve this target. Initial assessments of the bus infrastructure package predict this could help cut greenhouse gas emissions by 23,443 tonnes of CO2 equivalent as a result of mode shift.
- 2.5 Following the approval of the Strategic Outline Case (SOC) at decision point 2 in April 2017, the Department for Transport (DfT) outlined a funding deadline

of March 2021, giving the team less than four years from initial concept stage to develop, design and construct a complex programme and fully expend £173.5 million of external grant. At decision point 2, a development grant of £15.31 million was approved by the Combined Authority for the progression of schemes within LPTIP. This grant was allocated by the programme board to the packages, where it was then allocated to schemes.

- 2.6 The programme is split into three separate packages plus an overall programme management element:
- Bus infrastructure package
 - Bus delivery package
 - Rail package
 - Programme Management
- 2.7 The packages comprise a number schemes, which have progressed through the Combined Authority's assurance process individually.
- 2.8 The programme was originally anticipated to deliver 17 schemes through these packages, which would be completed by March 2021. This has increased to 38 schemes as a result of priority corridor schemes being split up into smaller schemes to enable value for money impacts and deliverability to be maximised (Bus infrastructure package – 24, Bus delivery package - 8, Rail package - 6). The list of schemes is included in Appendix 1 (table 1).
- 2.9 The LPTIP bus infrastructure package and programme management element have been reviewed, with full input from Leeds City Council, to reflect changes in the programme and to ensure the necessary approvals are in place to move forward. Work is underway on reviewing the bus delivery and rail package and part two of the report will follow in early 2021.
- 2.10 The changes proposed are affordable within the overall LPTIP funding for which the Combined Authority is the accountable body. The programme developed with a high level of over-programming to provide resilience for scheme substitution in the event a particular scheme was found to be undeliverable within the funding period. This has had the added benefit of developing a pipeline of schemes suitable for delivery via other funding mechanisms. Affordability has been achieved mainly as a result of developing schemes which were then able to attract alternative sources of funding and therefore moved out of LPTIP.
- 2.11 The changes proposed to development costs do not exceed the overall allocation of £15.31 million at decision point 2. Where additional funding is sought from the Combined Authority this does not exceed the Department for Transport funding envelope of £173.5 million, for which the Combined Authority is the accountable body.

- 2.12 Other costs outside the £173.5 million envelope will be borne by Leeds City Council's LPTIP contribution (£8.93 million), the Combined Authority's contribution (£0.97 million) or other funding streams as outlined in this report.

3 Overall Programme Update

- 3.1 To date 37 business cases have been submitted and 12 schemes have now received Full Business Case plus finalised costs (FBC+) approval through the assurance process. All remaining FBC+ approvals are expected to be complete by March 2021.
- 3.2 Construction work started on the first scheme, Elland Road Park and Ride second expansion, in April 2019, with another six schemes following during 2019. All nine remaining bus infrastructure schemes will have started construction by the end of 2020. Autumn/Winter 2020 is the busiest period for construction activity across the package and in turn the highest period of spend.
- 3.3 In the last three months, construction has been completed on five schemes including the reopening of Elland Road Park and Ride expansion, which has had to adapt as a result of changes initiated by the Covid-19 pandemic. The Temple Green Park and Ride site that was included in the original scope has also now been reworked into a Covid-19 testing site. This extension will now be delivered using funding made available by government through the Getting Building Fund. The remaining schemes are due to be completed between March 2021 and Spring 2022.
- 3.4 Throughout the Covid-19 pandemic the financial and programme impacts of the national and local lockdown restrictions have been very closely monitored. The delivery teams have been key in ensuring that impacts are kept to a minimum while still maintaining government safety guidelines and having the wellbeing of both staff and public as a priority. The current financial impact which is directly related to Covid-19 has been estimated at £2 million for the programme.
- 3.5 To ensure full take up of the government grant by the original stated deadline of March 2021, a large number of proposals were initiated at the outset. This approach has been very successful in ensuring funds will be spent and has led to the development of a number of "shovel-ready" schemes that are ready for implementation as and when other funding opportunities arise. These are further detailed in this report.
- 3.6 A recent affordability review looking at the overall finance position of the programme was undertaken to RAG rate and prioritise schemes for final delivery. The overprogramming and subsequent prioritisation process has enabled the budgets to be allocated to delivering schemes which will give the greatest outputs, and which are deliverable within the tight timeframes of the funding window. A number of schemes that have been developed under the programme up to or beyond Outline Business Case (OBC), but which have

been agreed that should not progress to delivery, are looking for alternative funding and delivery options.

- 3.7 Through discussion with the Department for Transport the deadline for delivery of 31 March 2021 has been extended. The current programme is that schemes are required to be contractually committed by the 31 March 2021 and substantially complete by 31 March 2022. The programme is expected to therefore end in quarter 2 or quarter 3 in financial year 2022/23.
- 3.8 There are a number of schemes which will be in contract before the original programme end date of 31 March 2021 but still on site for delivery, however the team are working hard to ensure that this is kept to a minimum. The current financial profiles indicate that circa £65.1 million of funds will be required in 2021/22, which will consist of £28 million of DfT LPTIP contribution, £9.7 million of Leeds City Council and Combined Authority match funding, together with external contributions of £27.4 million.
- 3.9 The final grant payment of £44.38 million was received from the Department for Transport (DfT) in November 2020.
- 3.10 There are three schemes which will be delivered through 2021/22. The first is the A647 corridor scheme, which is still on target to be in contract and committed prior to March 2021 but delivery will continue after March 2022. DfT has confirmed that provided schemes are in contract by the end of March 2021, funding will be made available. It should be noted the DfT funds will be fully expended by the end of quarter 2 2021/22 based on the latest forecast. Any expenditure beyond March 2022 will be from Leeds City Council, Combined Authority, or other match funding contributions.
- 3.11 The Corn Exchange enabling works were paused whilst the programme affordability review was undertaken in June/July 2020. The enabling works commenced on 24 August 2020. A series of value engineering workshops have subsequently been undertaken to try and reduce the overall Full Business Case plus finalised costs target cost to bring the programme to a balanced budget.
- 3.12 Leeds Bus station is scheduled to go into contract with the delivery partner in February / March 2021 with an end date for completion of March 2022. While timescales are tight, this is a key scheme for delivery as the bus station plays a pivotal role in the bus network for the city.
- 3.13 As of December 2020, the programme is currently showing an anticipated over-programming position of £1.3 million. This is being dealt with through movements in package savings, together with pro-actively value engineering projects to reduce the costs.

4 Proposed revisions to the Bus Infrastructure Package

- 4.1 The bus infrastructure package aims to deliver a step-change in the quality of the bus network, by delivering a range of improvements across a number of

schemes, which have progressed through the assurance process individually. The improvements include:

- a new high frequency bus network and measures to increase the network's attractiveness and reliability,
- enhanced interchange facilities and more bus stops with real time information
- new, more environmentally clean buses, through bus operator investment and,
- additional park and ride spaces

4.2 Following the review, the changes identified fall into four categories:

Reallocation of schemes to other funding programmes

4.3 Alternative funding streams have been identified for the schemes outlined in Appendix 1 (table 2). It is proposed that the schemes transfer out of LPTIP to the other programmes and funding streams identified. This will allow the development and delivery costs, at the levels shown in Appendix 1 (table 2), to be redistributed within LPTIP. It should be noted that each of the other programmes has already had approval to accept these schemes and their associated costs.

Recommendation

4.4 That Investment Committee approves

- (i) The reallocation of schemes to other funding programmes as outlined in Appendix 1 (table 2) of this report

Reprofiling of decision point 2 development cost approval

4.5 The programme gained its decision point 2 (Strategic Outline Case) approval from the Combined Authority in June 2017 and £15.31 million of development costs were approved.

4.6 A change is now proposed in how the programme-wide development cost approval is allocated across schemes in the bus infrastructure package. This is necessary to:

- Redistribute funding previously allocated to those schemes which are now being funded through alternative funding streams,
- Ensure sufficient allocation to cover development costs to date for pipeline schemes where alternative funding streams are yet to be identified

4.7 The proposed reallocation of decision point 2 approvals is shown in Appendix 1 (table 3). This includes:

- Development costs for schemes now reprioritised into the development pipeline
- Development and delivery costs of enabling schemes that have been delivered early to expedite spend but where the wider corridor on which they sit has been reprioritised into the development pipeline, preventing submission of an associated business case to claim back costs retrospectively (applicable to A58 York Street and A58 St. Peter's Street only)
- Initial development of LPTIP schemes taken forward individually through the assurance process, for which further approval at subsequent decision points then increased the associated approval amount.

4.8 It is important to note that the changes proposed will mean that the costs will remain with the £15.31 million decision point 2 approval.

Recommendation

4.9 That Investment Committee approves:

- (i) The reprofiled decision point 2 development costs, as set out in Appendix 1 (table 3).

Reprioritisation of schemes into the development pipeline

- 4.10 A number of schemes have been advanced to various stages of development but will now pause and will not progress to delivery as part of LPTIP. These pipeline schemes all remain priorities for future delivery, however risks associated with their development, and/or the nature of outcomes achievable through their delivery, make them less suited for progression under LPTIP than other schemes within the programme, given the constrained funding window and over-programming position.
- 4.11 Alternative funding mechanisms for these schemes are yet to be identified, however the development costs to date will be funded from LPTIP. These are outlined in Appendix 1 (table 4).
- 4.12 The promoter is clear that there is a desire to see these schemes progressed to delivery in future, and costs incurred to date will help facilitate early delivery of these schemes should other funding opportunities be identified.
- 4.13 The majority of development costs against pipeline schemes can be accommodated by reprofiling the development budget from the programme-wide decision point 2 approval.
- 4.14 However, the two most advanced schemes, A58 Beckett Street and Alwoodley Gates Park and Ride require approval of additional funding, over and above the decision point 2 development costs outlined in Appendix 1 (table 3), to cover costs already incurred to date.

- 4.15 **A58 Beckett Street** - Decision point 3 (Outline Business Case) approval was secured for the combined A58 Beckett Street and York Street in January 2020. This did not request the release of additional development costs at that time since initial development costs were covered by the programme-wide decision point 2 approval. Any additional development costs required were to be captured retrospectively once the combined scheme reached decision point 5 (Full Business Case plus finalised costs), in line with the approach adopted across other schemes within the bus infrastructure package.
- 4.16 The scheme is being paused, pending further funding streams being identified and approval is now being sought retrospectively for the additional development costs incurred, given the Full Business Case plus finalised costs will not now be submitted.
- 4.17 Overall, the A58 corridor was allocated £0.45 million of development costs at decision point 2. The corridor comprised of three schemes as shown below.

A58 corridor component	Development Costs (£ million)	Adjusted DP2 approval (£ million)	Additional approval request (£ million)	Total funding required (£ million)
Beckett Street	1.779	0.506	1.273	1.779
York Street	0.593	0.593	-	0.593
St Peters Street	0.385	0.385	-	0.385
TOTAL	2.757	1.487	1.273	2.757

- 4.18 It is proposed that the existing decision point 2 approval be reprofiled to cover development and delivery of York Street. Following confirmation that the St Peters Street scheme is also to be funded through the bus infrastructure package as an early intervention, it is proposed that costs for its development and delivery are also accommodated in the decision point 2 reprofiled approval.
- 4.19 A shortfall in approved funding still exists, to cover development work to date on Beckett Street, which is over and above the proposed decision point 2 reprofiled amount of £0.506 million. Approval is therefore being sought for £1.273 million to cover the additional development costs already incurred, bringing the total development costs for A58 Beckett Street to £1.779 million.
- 4.20 The LPTIP Programme Board has indicated its desire to continue progressing the A58 Beckett Street element through to decision point 4 (full business case) to maximise the opportunity for securing funding for delivery from other funding streams. However, the scheme will pause until the LPTIP over programming position is clarified and there is clarity on whether the additional development costs to progress the scheme to Full Business Case are affordable with the LPTIP programme. If the costs are affordable, it is proposed that a project Change Request is submitted seeking approval to spend the additional development costs from the LPTIP Fund and that Investment Committee delegate approval to the Combined Authority's Managing Director.

- 4.21 **Alwoodley Gates Park and Ride** – the scheme has paused prior to seeking approval to progress through decision point 3 (Outline Business Case), although it should be noted that the Outline Business Case has been developed and planning consent is underway. The scheme was allocated development costs of £0.2 million as part of the decision point 2 development cost approval for the programme and will not change as a result of the proposed re-profiling.
- 4.22 Approval is now sought for an additional £0.716 million, to recover costs to date and anticipated costs for land acquisition, bringing the total development costs for Alwoodley Gates Park and Ride to £0.916 million. Following the outcome of the current planning process in December 2020, no further work is to be undertaken on the scheme until a future funding mechanism for delivery is identified.

Recommendations

- 4.23 That Investment Committee approves:
- (i) Additional development costs of £1.273 million for A58 Beckett Street, bringing the total development costs to £1.779 million from the LPTIP Fund.
 - (ii) That authority is delegated to the Combined Authority's Managing Director to approve, via a Change Request, additional development costs from the LPTIP Fund for the A58 Beckett Street scheme, should the costs be affordable within the LPTIP programme.
 - (iii) Additional development costs of £0.716 million for Alwoodley Gates Park and Ride bringing the total development costs to £0.916 million from the LPTIP Fund.

Exceedance of decision point 5 approvals

- 4.24 A number of schemes are forecast to exceed their Decision Point 5 (Full Business Case plus finalised costs) approvals due to cost escalation resulting from Covid-19 impact and/or materialisation of risks in excess of agreed budgets. These are shown in Appendix 1 (table 5). Where costs are projected to exceed decision point 5 approvals and alternative funding sources have not been identified, any overspend is to be addressed by allocating Leeds City Council's LPTIP contribution to cover any residual shortfalls (accounting for £5.67 million of Leeds City Council's £8.93 million contribution to the programme). To ensure expenditure of the DfT LPTIP grant first, drawdown of any Leeds City Council's contributions will occur once the DfT grant is expended.

5 Proposed revisions to Programme Management Costs

- 5.1 The LPTIP programme management costs have been reviewed as part of overall programme review. These costs are inclusive of a range of services which are outlined in Appendix 2.
- 5.2 An indicative allocation of £4 million was given for programme management costs, with initial approval to spend £1 million gained at decision point 2, as part of the overall programme development costs of £15.31 million. It was always intended that the programme would seek to gain approval for the remaining allocation of £3m once the arrangements for the management of the programme were embedded and fully understood.
- 5.3 As a result of the programme being extended by 18 months beyond the original end date of 31 March 2021, the indicative allocation of £4 million is not sufficient to manage the programme through to its new end date of September 2022. A review of programme management costs, across both Leeds City Council and the Combined Authority has identified that additional costs of £1.558 million are now required, bringing the total programme management costs to £5.558 million. This includes costs for programme management, assurance of schemes through the assurance process and a behavioural change project. The additional funding costs of £1.558 million will be met from within the existing LPTIP global budget and through on-going negotiations with DfT for additional funding.
- 5.4 The factors that have led to this increase are outlined below:
- Extended programme timescales
 - More schemes being delivered as packages are worked up and broken down into individual schemes
 - Future behavioural change and monitoring and evaluation
 - Increased requirements for public consultation
 - Management of over-programming and prioritisation
 - Management of Covid-19 impacts
 - Charge for support costs
 - Set up and management of programme office
 - More intensive programme management
- 5.5 The LPTIP programme management team have worked very hard to keep this increase to a minimum and to ensure that value for money is still being achieved. The initial estimate of £4 million for management of a £183.5 million programme is a little over 2.18% which is less than would normally be expected for a programme of this size and scope.

Recommendation

5.6 That Investment Committee approves:

- (i) An additional £1.558 million for programme management costs, bringing the total programme management costs to £5.558 million from the LPTIP Fund and full approval to spend programme management of costs £5.558 million, from the LPTIP Fund

6 Financial implications

6.1 Financial implications are included within the body of the report.

7 Legal implications

7.1 There are no legal implications directly arising from this report.

8 Staffing implications

8.1 There are no staffing implications directly arising from this report.

9 External consultees

9.1 No external consultations have been undertaken.

10 Recommendations

10.1 The Investment Committee approves:

- (i) The reallocation of schemes to other funding programmes as outlined in Appendix 1 (table 2)
- (ii) The reprofiled decision point 2 development costs, as set out in Appendix 1 (table 3)
- (iii) Additional development costs of £1.273 million for A58 Beckett Street, bringing the total development costs to £1.779 million from the LPTIP Fund
- (iv) That authority is delegated to the Combined Authority's Managing Director to approve, via a Change Request, additional development costs from the LPTIP Fund for the A58 Beckett Street scheme, should the costs be affordable within the LPTIP programme.
- (v) Additional development costs of £0.716 million for Alwoodley Gates Park and Ride bringing the total development costs to £0.916 million from the LPTIP Fund
- (vi) An additional £1.558 million for programme management costs, bringing the total programme management costs to £5.558 million from the LPTIP Fund and full approval to spend programme management of costs £5.558 million, from the LPTIP Fund

- (vii) That the Combined Authority issues addendums to the existing Funding Agreements with Leeds City Council for expenditure from the LPTIP Fund.

11 Background documents

- 11.1 None.

12 Appendices

- 12.1 Appendix 1 – LPTIP detailed costs and proposed approvals
- 12.2 Appendix 2 – Programme Management Services