

Report to: West Yorkshire and York Investment Committee

Date: 7 January 2021

Subject: **West Yorkshire plus Transport Fund Review 2020**

Director: Melanie Corcoran, Director of Delivery

Author(s): Lynn Cooper, Portfolio Lead, Monitoring and Reporting

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" 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 report details the process and outcomes for the annual review of the Transport Fund 2020 and sets out recommendations for managing the fund both now and going forward.

2 Information

Background

- 2.1 The West Yorkshire plus Transport Fund commenced on 1 April 2015. This is a £1 billion programme funded as follows:

Funding Source	Amount (£) million
Local Growth Fund	600
Transport Majors	183
Local Contribution (borrowing)	217
Total	1000

- 2.2 The original funding programme included 33 named projects each with an allocated sum of funding which totalled £1.27 billion based on prices in 2012. It has now increased to 118 projects, up from 82 projects at this time last year. This is as a result of the development of projects within operational

programmes (e.g. Corridor Improvement Programme, Station Gateways Programme, Rail Parking Package) or individual projects that have been phased. A couple of new projects were also added in following a call for projects in 2017 (approved in 2018), these are the Leeds Inland Port and City Connect Phase 3.

- 2.3 The first full review of the Transport Fund took place in 2019. The review was undertaken to address concerns raised by the Investment Committee in 2018 relating to differences in the funding requested and funding allocated to the schemes submitted for consideration through the assurance process. There were various reasons for the differences including: cost increases, scope creep, scope change or revised scheme requirements.
- 2.4 Following a full review of the Transport Fund, that included all partner councils, the following recommendations were agreed by the Investment Committee and Combined Authority in January 2020:
- (i) To fix a revised funding baseline allocation for each project. This amount is fixed and cannot be increased unless additional funding is sourced outside the Transport Fund or is considered to be acceptable at a future annual Transport Fund Review. Whilst these allocations represent maximum funding levels, they will be subject to approval through the Assurance Framework at the relevant Decision Points.
 - (ii) To undertake an annual review of the Transport Fund to consider, for all projects: any increased requirement for funding; the QRA and risk of underspend; actual spend and forecast spend; and programme dates. Any future changes to the baseline figures will be dealt with either individually through the Assurance Framework at the relevant Decision Points or through a further report to the Investment Committee following the annual review. Reference will be made to how the change will be managed at the programme level to ensure it is still affordable within the revised overall baseline.
 - (iii) To over-programme to a percentage within the level of identified risk (QRA and other areas of possible underspend). This to be monitored annually as projects progress through the assurance process. Appendix 1 includes over-programming of just over 11% (£113.81 million) with QRA included within projects of £120.95 million. As the funding programme progresses the levels of underspend will be monitored, and over-programming levels may need to be adjusted.
 - (iv) Two new transport projects and some additional funding for existing projects were agreed as part of the Call for Projects approved by the Combined Authority in June 2018. These are now all included within the Transport Fund.

Review 2020

- 2.5 The 2020 review commenced in August 2020. Information on the current position of all projects was circulated internally within the Combined Authority and to all partner councils. All project sponsors were asked to review forecast spend for all years; QRA and Contingency values; dates for submission and approval of business cases.
- 2.6 Partner council project teams were briefed that if all projects sought an uplift, this will not be affordable, therefore where possible if scheme costs are going up, they should also identify where costs can go down to balance this out. It was made clear that there was no guarantee that any of these changes would be agreed. This would be subject to Investment Committee and Combined Authority consideration.
- 2.7 The returns from all partners and internally managed Combined Authority projects were submitted on 25 September 2020 and have now been reviewed. Clarification sessions with each partner council were undertaken. One of the main reasons for these sessions was to ensure the information put forward was consistent and did not include any incorrect information or misunderstandings.
- 2.8 The following guidelines have been used in considering requests for increased funding:
- Total overprogramming should not exceed current pre-2020 review levels which were at £115.19 million (11.5%). This is slightly higher than the £113.81 million reported to the Investment Committee in January 2020, due to errors found relating to contingency on operational programmes (which had not been included) and was identified following further checks.
 - Operational Programme budgets* – funding can be moved between projects within the programme allocation.
- *The original Transport Fund submission included 33 projects, a number of these projects are being run as operational or delivery programmes. This is where there is an overall sum for delivery and this is then broken down into a series of projects that are jointly managed. Operational programmes within the Transport Fund include: A629 corridor (Halifax to Huddersfield), City Connect, Corridor Improvement Programme, Leeds City Centre Network and Interchange Package, Rail Parking Package, Station Gateways, Transformational Schemes, Urban Traffic Management and Control, York Central Access Road and Station Improvements and York Northern Outer Ring Road. Where these programmes include more than one partner council they are managed via the Combined Authority.
- 2.9 QRA and contingency figures on all projects, where these are available, have now been collated, the new total is £141.64 million. This is just over 14% of

the programme. This does provide further leeway to over-programme should the Investment Committee consider this appropriate. It should be noted that the QRA / contingency figure has not been estimated on all projects so this figure will increase as projects progress through the assurance process.

- 2.10 The Transport Fund Programme as a whole is still in the early stages of delivery. After 5.5 years of the programme 29% of projects (that will result in physical development) are either complete or currently in construction. Whilst a significant proportion of project development work has been completed there is still more to do and the current forecast year for completion of spend on the programme is 2030/31 a further 10 years, with the majority of delivery completed by 2026/27.

Proposed Revisions to Indicative Funding Allocations

- 2.11 Appendix 1 sets out the detail of each project in the Transport Fund. Including the spend allocations at the start of the process (column D), the additional funding requested (column T) and the proposed revised funding allocation (column U). The following amendments to the programme are proposed:

- Merger of the phases on the following programmes to allow greater flexibility to move available contingency budget between projects and improved management: **Rail Park and Ride** (merger of Phases 1 and 2), **Corridor Improvement Programme** (merger of Phases 1, 2 and 3). Unallocated funding within all of the operational programmes will remain as contingency to support any future issues arising.
- Merge **Huddersfield Station Gateway Phases 1 and 2** into one project within the Station Gateways programme.
- Discussions have been ongoing with Leeds City Council in consideration scope changes in the **Leeds City Centre Network and Interchange Package (LCCP)**. It is proposed that the A64 Regent Street Bridge is now included within the LCCP with an allocation of £12 million. Leeds City Council will match this with £12 million borrowing to support the funding of the A64 Regents Street Bridge whilst continuing to seek alternative funding from sources such as DfT and TfN.
- Increase of £0.34 million allocation to the **City Connect** programme to support an extension to the Canals project covering a 'missing link' between Silsden and Kildwick.
- **Castleford Growth Corridor** – additional funding land purchases of £0.40 million are required to enable the scheme to go ahead
- The **A6110** Leeds Outer Ring Road scheme will be split into phases. Phase 1 will include the first phase of on-street interventions and the outline business case for the corridor. The proposed funding allocation for Phase 1 work is £3.00 million (reduced from £11.99 million).
- The funding allocation for the **Leeds Bradford Airport** connection schemes, covering surface access and a new Parkway rail station, will be reduced from £75m to £70m.

- **Transport Fund Combined Authority Delivery Costs** – no provision has been included within the Transport Fund for these costs beyond 2020/21. It is proposed that an initial provision should be included of £1 million per annum for 2021/22. Future years will be considered as part of future annual reviews.
- 2.12 No further increases on funding allocations are recommended for approval at this time as there is no further headroom within the programme/current over-programming level
- 2.13 A number of requests for funding were received for projects within operational programmes, in particular the **Corridor Improvement Programme**. Costs should be managed within the programme allocation. It is proposed that any changes to individual projects should be considered by each operational programme board and final recommendations brought for approval to the Investment Committee at that point. These requests must remain within the envelope of each operational programme.
- 2.14 The original purpose of the Corridor Improvement Programme was to provide small to medium scale measures to road corridors to improve traffic flow and bus access. Informal agreement was that costs per project should not exceed £15 million. It is proposed that this should be formalised which will help to ensure that the programme budget can be managed within the current funding envelope.
- 2.15 The proposed increases and decreases across all projects are summarised in the table below:

Scheme	Programme	Indicative Funding (£M)	Recommended change to Indicative Funding	Revised Indicative Funding Allocation
A6110 Leeds Outer Ring Road	Individual projects not included in programmes	11.99	-8.99	3.00
A629 (Phase 2) - A629 Phase 2, Halifax Town Centre	A629	50.78	-2.94	47.84
A629 (Phase 2) - Halifax Bus Station	A629	0.83	-0.43	0.41
A629 (Phase 5) - Ainley Top into Huddersfield	A629	12.09	1.21	13.30
A65 - Leeds Bradford International Airport Link Road	Individual projects not included in programmes	75.00	-5.00	70.00
Castleford Growth Corridor Scheme	Individual projects not included in programmes	6.87	0.40	7.27
CityConnect Phase 3 Canals	CityConnect	1.36	0.34	1.70
CityConnect Phase 3 Leeds	CityConnect	6.50	-0.15	6.35
Corridor Improvement Programme - Bradford - A6177 Great Horton Road - Cross Lane (12)	Corridor Improvement Programme	0.24	0.15	0.39
Corridor Improvement Programme - Bradford - A6177 Great Horton Road - Horton Grange Road (15)	Corridor Improvement Programme	4.21	0.32	4.53
Corridor Improvement Programme - Bradford - A6177 Thornton Road - Toller Lane (10)	Corridor Improvement Programme	9.66	2.35	12.01
Corridor Improvement Programme - Calderdale - A58 - A672 Corridor	Corridor Improvement Programme	5.80	-0.82	4.98
Corridor Improvement Programme - Calderdale - A646 - A6033 Corridor	Corridor Improvement Programme	4.95	-0.89	4.06
Corridor Improvement Programme - Kirklees - Huddersfield Southern Corridors	Corridor Improvement Programme	8.20	0.50	8.70
Corridor Improvement Programme - Leeds - Dyneley Arms	Corridor Improvement Programme	2.48	-0.50	1.98
Corridor Improvement Programme - Leeds - Fink Hill	Corridor Improvement Programme	3.98	3.02	7.00
Leeds City Centre Network and Interchange Package - Regent Street	Leeds City Centre Network and Interchange Package	0.00	12.00	12.00
PROGRAMME: A629 Contingency	A629	0.00	2.16	2.16
PROGRAMME: CityConnect	CityConnect	0.17	0.35	0.52
PROGRAMME: Corridor Improvement Programme	Corridor Improvement Programme	50.21	-4.13	46.08
Rail Parking Package - Outwood	Rail Parking Package	1.54	1.12	2.66
Rail Parking Package (Phase 1)	Rail Parking Package	3.10	-1.12	1.98
Transformational - North Kirklees Orbital Route Feasibility Study	Transformational	0.25	0.04	0.29
West Yorkshire Plus Transport Fund Delivery	Individual projects not included in programmes	4.08	1.03	5.11
		264.3	0.0	264.3

Proposed Revisions to Programme Dates

- 2.16 There are a number of changes to the proposed project submission and approval dates. There are numerous reasons for these changes, including, scope creep, scope change and / or revised scheme requirements. This reflects the usual ongoing development of projects and changes required following consultation and engagement, survey works, land assembly, detailed design and more detailed cost estimating. The Investment Committee is requested to recommend to the Combined Authority the revised programme dates for each project (Appendix 2).

Future Reviews

- 2.17 It is proposed that in future:

- (i) Over-programming will be capped at the current level (£115.19 million or 11.5%).
- (ii) All indicative funding levels will be capped, except:
 - Where projects are part of an operational programme in this case funding can move between projects or take up unallocated programme headroom funding (all amendments to allocations within operational programmes must be approved by the Investment Committee).
 - In exceptional circumstances. Officers of the Combined Authority and partner councils will work together to set out the events that would trigger this consideration. Any additional funding requirement will be subject to the availability of headroom within the overprogramming and would need to be agreed before the business case can be approved.
- (i) The Transport Fund will continue to be reviewed annually (commencing in August each year to inform the annual budget setting process). The scope of the review will include: any increased requirement for funding; actual spend and forecast spend; review of overall progress (number of projects in development, delivery and complete); monitoring of the level of over-programming and the estimates of QRA /contingency; and project timetable dates. (Note: decreases in funding can be agreed at any time)
- (ii) An interim review will also be undertaken in the spring of 2021 to consider any urgent requests for increases or decreases in project indicative allocation. This review will have a turnaround time of one month and will be undertaken following closure of the annual accounts in May each year and be considered by the Investment Committee at its meeting in July.
- (iii) Within the year each operational programme boards will consider requests for changes to funding allocations. Any changes to indicative funding allocations will be reported back to the Investment Committee.
- (iv) Underspend on completed projects or completed operational programmes will be returned to the Transport Fund central pot to address overprogramming.

2.18 In agreeing these proposals there is a fine balance between allowing flexibility within the programme to fund exceptional requirements and ensuring there is adequate financial control. Activity will therefore be undertaken to:

- (i) Review the opportunities for transferring developed projects to alternative funding sources.
- (ii) Review all projects, within the 2021 year, to determine viability with a view to removing projects from the programme that are no longer able to progress.

- (iii) Review the methodology of risk and QRA estimates and ensure these are applied consistently across all schemes.

3 Financial implications

- 3.1 Financial implications are included within the body of the report.

4 Legal implications

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

5 Staffing implications

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

6 External consultees

- 6.1 No external consultations have been undertaken.

7 Recommendations

- 7.1 The Investment Committee recommends to the Combined Authority that:

- (i) The proposals set out in section 2.17 and 2.18 above.
- (ii) The proposed revised funding allocations as set out in Appendix 1 and detailed in paragraphs 2.12 to 2.15 of this report.
- (iii) The revised programme dates for each project as set out in Appendix 2.

8 Background documents

- 8.1 None.

9 Appendices

- 9.1 Appendix 1 Transport Fund Review Finances
- 9.2 Appendix 2 Transport Fund Review Schedules