

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

**Date:** 7 April 2021

**Subject:** Capital Spending and Project Approvals

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**Director:** Melanie Corcoran, 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 Impact of COVID-19

- 2.1 The full implications of COVID-19 on the region and its economy and transport system are still to be understood and the impact on our programmes and schemes has been mixed. The schemes that were due to start in the first half of 2020/21 have experienced delays due to variety of factors, therefore, during schemes' business case development and appraisal process we are working closely with our council partners to ensure that the delivery timescales reflect the current issues and schemes are actively stress tested to ensure ongoing viability.
- 2.2 In the wake of COVID-19 it is more important than ever to assess the changes to the landscapes of our towns and cities and the impact on current and future planned schemes, particularly, but not exclusively, those relating to transport. The impact of COVID-19 in relation to travel behaviour into and around towns and cities will be assessed as part of scheme appraisal. However, the business cases for some schemes in this report, were developed prior to COVID-19 and aim to address issues identified prior to lockdown restrictions. Therefore, the data presented for some schemes in this report, for example,

expected increases in passenger numbers, reflects the pre COVID-19 position. Although it is generally expected that in the medium and long-term behaviours will return to pre COVID-19, as scheme business cases develop further, assumptions will be re-tested.

### **3 Tackling the Climate Emergency Implications**

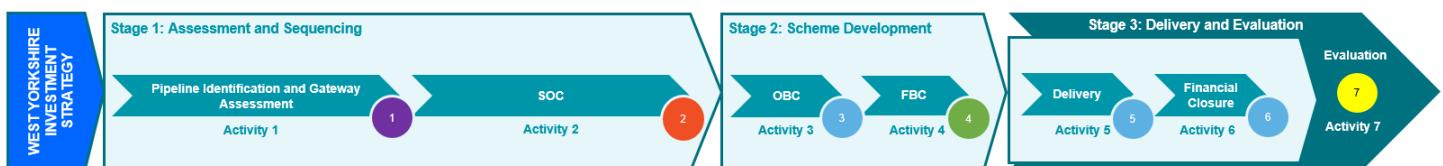
- 3.1 The Combined Authority has taken action to ensure all decisions we make include Climate Emergency considerations. The Combined Authority:
- Has strengthened how clean growth and climate change impacts are considered as part of all schemes that come through the Combined Authority's Assurance Framework.
  - Requires LEP and the Combined Authority reports to include clean growth / tackling the Climate Emergency implications, including qualitative impact assessments.
- 3.2 To fully strengthen decision making across the whole of the Combined Authority's Assurance Framework a robust, quantifiable methodology and tool for assessing all new schemes predicted carbon emissions/wider clean growth impacts is being developed. Work is currently underway to refine the toolkit methodology by assessing a selection of existing capital schemes progressing through assurance framework which are in scope of this assessment. The outcome of this assessment, including potential mitigation and recommendations for shortlisted schemes will inform the development of toolkit and will be discussed with partners, and reported to the Combined Authority in June 2021. The tool will be incorporated into the Assurance Framework so that it can be used to assess future proposals as they progress through the assurance process. This part of the commission will involve a significant training element to ensure carbon assessment is properly embedded in the assurance process.
- 3.3 Clean growth, including climate change, impact assessment / considerations are all now included in all Capital Spending and Project Approvals reports. This ensures that the business cases now reflect the Leeds City Region Climate Emergency priority and evidence that they will reduce carbon emissions (both directly and indirectly).

### **4 Report**

- 4.1 This report presents proposals for the progression of two 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 £21.506 million when fully approved, of which the total value of £20.909 million will be funded by the Combined Authority. Further details on the schemes can be found as part of this report and are summarised below.
- 4.2 The assurance process is a three-stage approach with the requirement that all projects subject to minor exceptions as detailed in the Assurance Framework, will as a minimum, need to formally pass decision point 2 (strategic outline

case) and 4 (full business case), with the requirement to meet the intervening activities deemed on a project-by-project basis.

- 4.3 The Combined Authority's Assurance Framework has been reviewed and approved by Government ahead of becoming a Mayoral Combined Authority. For more detail on this and further 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**.
- 4.4 The new framework is represented here:



#### Stage 1: Assessment and Sequencing

- 4.5 Programmes / schemes will start to be developed through an ongoing dialogue with the Region's businesses, third sector and public organisations, in line with the WYIS. Schemes will access funding through either a commissioning process or through open calls. Programmes / schemes will be assessed through a Strategic Assessment (an early-stage gateway check and challenge review) to determine if they are eligible to proceed (Decision Point 1).
- 4.6 If approved the scheme will progress to Strategic Outline Case (SOC), where schemes will be expected to demonstrate a strategic fit in terms of project outcomes and set out their proposed approach to establishing value for money (VfM). At this stage, a long list of options will be considered with a shortlist being presented in the SOC. Consultation at this stage will be limited, but will be a key to the next activity, outline business case (OBC) in Stage 2. At this stage, funding may be sought to enable work to progress on the OBC. Schemes will also be required to submit an Appraisal Specification Report (ASR). It is at the end of this stage where the Combined Authority approve the indicative funding, approval pathway and route and tolerance levels (Decision Point 2).

#### Stage 2: Scheme Development

- 4.7 If approved the scheme will progress to Outline Business Case (OBC) unless the approval pathway set at decision point 2 does not require this. The OBC should revisit the options identified within the SOC to identify the option which optimises public value, confirm the affordability of the scheme and put in place the arrangements to ensure successful delivery. The OBC should be prepared in accordance with the Green Book five-case model and should include a draft Monitoring and Evaluation Plan and a Benefit Realisation Plan. The Economic Case must be developed in consistency with the agreed ASR. Guidance will be provided to scheme promoters around the level of detail to be submitted at this stage with regards to proportionality of the business case. The scheme will

be presented for approval by the decision-maker (Decision Point 3) as set out in the approval pathway and route approved at Decision Point 2.

- 4.8 If approved the scheme will progress to Full Business Case (FBC) which will confirm the contractual arrangements for the preferred option. Affordability of the scheme is reiterated, and the scheme puts in place the final arrangements for delivery and monitoring and evaluation of the scheme. A Monitoring and Evaluation Plan and a Benefit Realisation Plan are mandatory products at this stage. The FBC should also be prepared in accordance with the five-case model and any conditions set at OBC should be resolved. The Economic Case must be developed in consistency with the agreed ASR. The scheme will be presented for approval by the decision-maker (Decision Point 4) as set out in the approval pathway and route approved at Decision Point 2.
- 4.9 The FBC approval will be granted with a condition that the scheme remains within set conditions. Where this condition has been met Approval to Proceed into Delivery (Activity 5) will be granted by the Managing Director (or by an officer under sub-delegated authority from the Managing Director). If the condition(s) is not met, the project will be required to re-submit the FBC.

### Stage 3: Delivery and Evaluation

- 4.10 Once a scheme gains FBC approval and the conditions set have been met, the scheme can progress into Activity 5 (Delivery).
- 4.11 Upon scheme completion, a Delivery Closure Report is required that details how the scheme has performed. This includes whether delivery has remained within the timeframes specified within the business case, has achieved the objectives of the scheme and associated outputs, documents what has been delivered and highlights the overall costs. The Delivery Closure Report will be presented for approval by the decision-maker (Decision Point 5) as set out in the approval pathway and route approved at Decision Point 2.
- 4.12 Following completion of Activity 6, the scheme will be required to submit a Financial Closure Report (Activity 6). The Financial Closure Report confirms the final costs for the scheme, ensuring all payments have been completed. The Financial Closure Report will be presented for approval by the decision-maker (Decision Point 6) as set out in the approval pathway and route approved at Decision Point 2.
- 4.13 The purpose of the Delivery and Financial Closure Reports is to assess the success of the scheme, identify best practice for future schemes, resolve all open issues and to capture feedback and lessons learnt to inform the development and delivery of future schemes.
- 4.14 Activity 7 (Evaluation) will be managed by the Combined Authority's Research & Intelligence team. This is a reporting point as opposed to the previous decision points in the process and will be undertaken when the scheme is completed for an evaluation of the benefits, outcomes and economic impact compared to the overall objectives set out in the SOC. Insights and learning

intelligence from evaluation will also be fed back into policy and strategy in order to inform the design and development of future schemes. Interim evaluations may also be undertaken as required as set out in the Monitoring and Evaluation Plan.

#### Transition

- 4.15 There will be a transition period to the new Assurance Framework due to business cases being submitted and appraised prior to the new Assurance Framework being approved by the Government. Therefore, some of the schemes presented in this report reflect the old Assurance Framework (highlighted).

#### **Value for Money - Benefit Cost Ratios**

- 4.16 The Benefit to Cost Ratio (BCR) for some of the schemes in this report potentially represent low value for money, when assessed using the Department for Transport's Transport Appraisal Guidance TAG on the appraisal of transport schemes.
- 4.17 This is because whilst calculating benefits to costs of a transport scheme there are many more journeys made by car than are made by bus, cycling and walking and as a consequence the monetised benefits arising from improvements to bus, cycling and walking journeys may be outweighed by the monetised dis-benefits to car users.
- 4.18 However, a key strategic objective of investment is to encourage modal switch to more sustainable modes and therefore whilst the 'core' BCR (i.e. following Green Book guidance on total impact on the society as a whole) for some schemes may be low, discounting the dis-benefits to car users from the appraisal will result in a higher BCR and where possible this 'range of BCR' will be presented to support decision making.
- 4.19 Her Majesty's Treasury (HMT) have now completed the review of the Green Book. The Green Book is guidance issued by HM Treasury on how to appraise policies, programmes and projects. This review has endorsed the Combined Authority's approach by clarifying that overall Value for Money judgement should not depend solely on the BCR but be informed by a balanced consideration of all relevant evidence, that is, appraisal should take account of all five cases (strategic, commercial, economic, financial and management) and the economic case be balanced with these.
- 4.20 In particular, HMT have clarified further that in assessing value for money, a stronger emphasis can now be placed on the strategic case and how the strategic objectives and priorities of the Combined Authority will be met through the delivery of a project. This might for example include, but not limited to, a greater focus on regional impacts to help deliver Levelling Up, ensuring transformational projects are given due consideration, supporting the climate change and good growth agenda (the Combined Authority aims to achieve net-zero by 2038), supporting an increase in active mode and public

transport use, supporting / accelerating housing development and allowing a greater emphasis on the requirement to carry out equalities analysis as required by the Public Sector Equalities Duty. The specific approach will be determined on a programme-by-programme basis as funding and investment streams come forward.

**Additional Approval – amendment to Brownfield Housing Fund Points Cross scheme**

- 4.21 On 04 March 2021, the Investment Committee approved the Brownfield Housing Fund (BHF) Points Cross scheme at decision point 5 (full business case with finalised costs). As part of this decision, approval for expenditure up to £2.755 million from BHF and approval to enter into a funding agreement with Guinness Developments Ltd, which is part of the Guinness Partnership was given. Following further discussions with the scheme sponsor the funding agreement will be entered into with Guinness Partnership not Guinness Developments Ltd. Therefore, Investment Committee, as part of this report, is requested to approve the change of organisation that the Combined Authority will contract with (enter into a funding agreement with) for the delivery of the Points Cross scheme.
- 4.22 The Investment Committee approves that:
- (i) The Combined Authority enters into a funding agreement with Guinness Partnership for the Points Cross scheme for expenditure up to £2.755 million from the Brownfield Housing Fund.

## Scheme Summaries

<b>Scheme</b>	<b><u>Scheme description</u></b>
TF: Mirfield to Dewsbury to Leeds (M2D2L)	The Mirfield to Dewsbury to Leeds (M2D2L) corridor forms a Key Route running through the heart of West Yorkshire and serving a direct catchment of around 600,000 residents as well as several existing and planned major employment, retail and housing sites.
<b>Location</b>	<p>This £13.150 million prioritised package will constitute the Phase 1 of M2D2L, with any subsequent phases currently unfunded subject to separate business cases if a funding source is identified. The scheme includes improvements to the highway including major and side-road junction upgrades, pedestrian crossings and footways, bus lanes and high-quality stops, cycle tracks, and highway space reallocations.</p>
	<p>The scheme is funded from the West Yorkshire plus Transport Fund</p>
	<p><b><u>Impact</u></b></p> <p>The proposed M2D2L scheme provides a series of transport inventions within the public highway to improve walking and cycling provisions, general travel opportunities, bus reliability and the local environment, which in turn promote development viability, access to jobs, education and services, and a step-change in health.</p>
	<p>The scheme's value for money assessment reflects a benefit cost ratio (BCR) of 7.94:1 which represents 'Very High' value for money.</p>
	<p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 3 (outline business case) and for work to commence on activity 4 (full business case).</p>
	<p>Total value: £13.150 million (Phase 1)</p>
	<p>Total value of Combined Authority funding: £12.650 million</p>
	<p>Funding recommendation sought - £0.735 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>

<u>Scheme</u>	<u>Scheme description</u>
<b>Parry Lane Enterprise Zone</b>	<p>Parry Lane is located to the south east of the Bradford Business Development Zone. It is well connected to transport links and will provide excellent opportunities for companies in north, east and south Bradford. This scheme will provide the necessary enabling works for the future development of the Parry Lane site into a regional Enterprise Zone (EZ), with an overall objective of unlocking, enabling, and accelerating site development to deliver economic growth.</p>
<b>Location</b>	<p>This scheme will facilitate commercial development by carrying out enabling works that consist of; significant mine remediation, demolition, creation of development plateaus and drainage provision. It will also provide essential highways infrastructure including a new access road, two junctions and a signalised pedestrian crossing. These works are to be funded by the Getting Building Fund with earlier preconstruction works funded by the Local Growth Fund to 31 March 2021. The outputs in terms of jobs and GVA will be attributable to the Getting Building Fund.</p>

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

- 4.23 Since the Investment Committee's meeting on 4 March 2021, 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 £0.087 million has been approved.

<b><u>Scheme</u></b>	<b><u>Scheme description</u></b>
Rail Parking Package - Shipley <b>Bradford</b>	<p>The scheme at Shipley is part of Phase 1 of the rail park and ride programme and aims to deliver an increase in car parking spaces at the station from the current 140 spaces to a total of 227 spaces.</p> <p>The scheme is funded from the West Yorkshire plus Transport Fund</p> <p><b><u>Impact</u></b></p> <p>The change request does not impact the overall scheme, in that it is not requesting additional funding simply advance of the indicative approval, to increase the already approved Section 56 funding agreement with Northern Trains enabling payments to be made to sub-contractors for the works completed.</p> <p>Given the small amount requested, if required this will be recovered through value engineering once the scheme proceeds to construction.</p> <p>The key impact of the completed scheme would be the increase in car parking spaces as outlined above.</p> <p><b><u>Decision sought</u></b></p> <p>The Managing Director gave approval on 26 February 2021 to the change request to the Rail Parking Package – Shipley scheme for an increase in the current Section 56 funding agreement with Northern by £86,939 (£0.087 million) taking the total Section 56 funding agreement approval to £252,371 (£0.253 million).</p>

### **Decisions made through the delegation to the Director of Delivery**

- 4.24 The following decision point 6 (draft project closure) and decision point 7 (project closure) reports have recently been assessed in line with the Combined Authority's assurance process and approved through the agreed delegation to the Combined Authority's Director of Delivery.

<p><b>Scheme</b></p> <p>Glasshoughton Southern Link Road</p> <p><b>Wakefield</b></p>	<p><b>Scheme description</b></p> <p>This scheme delivered a new link road extending the existing Whistler Drive and links into the Coalfields Link Road at the Flass Lane / Cutsyke Road / Premier Way roundabout to the south of Glasshoughton, Wakefield.</p> <p>The scheme was funded by the West Yorkshire plus Transport Fund (WY+TF).</p> <p><b>Impact</b></p> <p>The scheme objectives in relation to longer term impact and benefits are currently being assessed in preparation for the DP7 (project closure) report, these include:</p> <ul style="list-style-type: none"> <li>• Ease congestion issues which are a lead cause of slow peak journeys and an inefficient highway network</li> <li>• Improve the safety of the arterial network into Glasshoughton and Castleford alongside improving the detrimental environmental issues.</li> <li>• Improve access to existing employment sites and the strategic and primary route network.</li> <li>• Support the housing allocations in Glasshoughton through a sustainable transport network.</li> <li>• Support a more sustainable transport network and modal shift from private cars.</li> </ul> <p><b>Decision</b></p> <p>The Director of Delivery approved that the scheme proceeds through decision point 6, work continues on benefits realisation and work commences on activity 7 (Close and review).</p>
<p><b>Scheme</b></p> <p>Leeds Enterprise Zone Power Solution</p> <p><b>Leeds</b></p>	<p><b>Scheme description</b></p> <p>This scheme, funded by the Local Growth Fund as part of the Enterprise Zone (EZ) programme, was to deliver an increase in power supply to the Leeds (Aire Valley) EZ given that there was a prospect that there may be insufficient electricity capacity to fully develop out the EZ</p> <p><b>Impact</b></p> <p>The scheme did not progress, primarily due to the energy supplier not deeming the project to be necessary given the levels of development already accommodated on the enterprise zone within current electricity supply provision.</p> <p><b>Decision</b></p> <p>The Director of Delivery approved the decision point 7 closure report and that the advance payment from the EZ Growth Deal allocation which was made to Leeds CC is to be repaid.</p>
<p><b>Scheme</b></p> <p>York Outer Ring Road Junctions Phase 1 – Wetherby Road Roundabout scheme.</p> <p><b>York</b></p>	<p><b>Scheme description</b></p> <p>This scheme, which was Phase 1 of the A1237 York Outer Ring Road (YORR) programme, has delivered improvements to the A1237/B1224 Wetherby Road Junction.</p> <p>The scheme was funded by the West Yorkshire plus Transport Fund.</p>

	<p><b><u>Impact</u></b></p> <p>The scheme, which included widening the approaches to the roundabout from the A1237 to three lanes and the exits to two lanes, contributed to the programme objectives of enabling better access to employment, retail, health, and leisure sites in the city through enhanced journey time reliability, while also improving both safety (through accident reduction) and air quality.</p> <p><b><u>Decision</u></b></p> <p>The Director of Delivery approved the decision point 7 closure report and work is continuing on benefits realisation</p>
<p><b><u>Scheme</u></b></p> <p>Bradford College – Upskilling Tomorrow's Workforce</p> <p><b>Bradford</b></p>	<p><b><u>Scheme description</u></b></p> <p>This scheme provided capital resources to equip selected areas and rooms in the Bradford College Advance Technology Centre (ATC) with technologies that are already in use and coming into use within the dental sector, thus enabling the college to address a gap in technology-based provision, produce a pipeline of skilled workforce and upskill the existing workforce.</p> <p>The scheme was funded by the Growth Deal (Skills Capital)</p> <p><b><u>Impact</u></b></p> <p>The scheme objectives which have been met or are on target to meet include:</p> <ul style="list-style-type: none"> <li>• Number of new permanent jobs created post construction (Full Time Equivalent (FTE)) – delivered four out of seven (57%).</li> <li>• Additional businesses supported through activity of the project – delivered 60 out 150 (40%).</li> </ul> <p>The Combined Authority has agreed an action plan with the college to enable the college to deliver the learner number targets by 2025.</p> <p><b><u>Decision</u></b></p> <p>The Director of Delivery approved the decision point 7 closure report and work continuing on benefits realisation.</p>

## **5      Information**

- 5.1 The background information on the Combined Authority's new 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: Assessment and Sequencing**

- 5.2 There are no schemes requiring consideration at this assurance stage.

## **Projects in Stage 2: Scheme Development**

<b>Project Title</b>	TF: Mirfield to Dewsbury to Leeds (M2D2L)
<b>Stage</b>	2 (development)
<b>Decision Point</b>	3 (outline 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**

- 5.3 This scheme will be funded from the West Yorkshire plus Transport Fund. This is a £1 billion fund, covering West Yorkshire and York. The objectives of the West Yorkshire plus Transport Fund are to enable key employment and housing development areas and will help to create about 20,000 new jobs over the next 10 years. These strategic transport projects will be delivered to facilitate the growth priorities identified in the Leeds City Region Economic plan.
- 5.4 The Mirfield to Dewsbury to Leeds (M2D2L) corridor forms a Key Route running through the heart of West Yorkshire and serving a direct catchment of around 600,000 residents as well as several existing and planned major employment, retail and housing sites.
- 5.5 Significant sections of the A644, A638 and A653 are congested during the morning and afternoon peaks and often within the inter peak period, which also leads to poor bus service reliability and journey times along the corridor.
- 5.6 The M2D2L Scheme includes major and side-road junction upgrades, pedestrian crossings and footways, bus lanes, cycle tracks, and highway space reallocations to address the current gaps in the realisation of a cohesive multi-modal corridor that supports the region's economic, environmental and health ambitions. M2D2L is to be funded from the Transport Fund with a small amount of match being derived from S106 orders and Emergency Active travel Tranche 2 funds.
- 5.7 The M2D2L scheme has strategic links and synergies with a number of related major transport projects and programmes including: the Trans Pennine Rail Upgrade, Cooper Bridge (A62/A644), North Kirklees Orbital Route, A6110

Leeds Outer Ring Road, Dewsbury Town Centre Strategic Development Framework, Leeds Public Transport Improvements (LPTIP) and Dewsbury Road and Elland Road ‘CityConnect’ cycle highways. The scheme has been jointly developed by both Leeds City Council and Kirklees Council.

- 5.8 M2D2L was identified to directly deliver LCR-SEP Priority 4 ‘Infrastructure for Growth’ and Priority 3 ‘Clean Energy & Environmental Resilience’ as well as playing an important supporting role to delivery of Priorities 1 and 2. In particular, SEP Headline Initiatives 7, 8 and 9 will be enabled by M2D2L interventions. The total scheme cost presented is £13.150 million and is estimated to deliver very high value for money upon delivery.
- 5.9 A summary of the scheme’s business case and location map is included in **Appendix 2**.

### **Tackling the Climate Emergency Implications**

- 5.10 The M2D2Ls core objectives are to enhance access to public transport and encourage modal shift to active and more sustainable modes such as walking and cycling, which in turn will lower the amount of harmful CO<sub>2</sub> and NO<sub>x</sub> emissions in the residential and commercial areas along this corridor through the reduction of car travel. Further work to establish the climate change implications of the scheme will be undertaken as it progresses through the assurance process and the scheme designs are set.

### **Outputs, Benefits and Inclusive Growth Implications**

- 5.11 The scheme outputs and benefits include:
- Delivery of 4km of new and improved cycle infrastructure to encourage commuter trips by cycling along the corridor.
  - Delivery of 2.9km of new bus lanes to improve journey reliability for buses operating along the corridor and encourage modal shift to public transport.
  - Delivery of c. 27 new and enhanced pedestrian crossings comprising of signal-controlled crossings, pedestrian islands, and zebra crossings, to encourage walking trips along the corridor.
  - To better manage congestion and deliver a net reduction in journey times for private vehicle and public transport (buses) users by 2029.
  - To facilitate new employment and housing developments within the catchment of the M2D2L corridor by improving the transport network.
  - To improve the quality of public realm in Dewsbury town centre to support its regeneration in line with the Dewsbury Blueprint.
  - Outcomes include improved environmental impacts; noise, air quality, a reduction in CO<sub>2</sub> and thus contributes to the region’s climate commitments: improved journey times and reliability; area regeneration;

- improved physical environment; landscape, townscape; improved social impacts such as reduced severance, security journey quality.
- The scheme's value for money assessment reflects a benefit cost ratio (BCR) of 7.94:1 which represents 'Very High' value for money.

## Risks

5.12 The scheme risks include:

- Necessary land at Leeds Rd/ Challenge Way Junction is not secured. Land too expensive or CPO rejected leading to project delay or de-scoping if agreements not secured in time; mitigated by seeking to acquire land when on the market or by reducing design footprint and prepare for CPO process.
- Cost of main contract(s) higher than expected costs at planning stage due to Inflation and increases in construction demand. Subsequently scheme may need to be descoped, resulting in failure to meet some objectives. Mitigated by inclusion of 4% inflation allowance and a small contingency.

## Costs

5.13 The scheme costs are:

- The total forecast scheme cost at outline business case (decision point 3) is £13.150 million.
- The Combined Authority's Transport Fund to contribute £12.5 million, with a further £0.15 million from the Emergency Active Travel Fund (tranche 2) and £0.5 million S106.
- The scheme will explore opportunity to increase the scope with improvements to further junctions subject to securing additional match funding during activity 4 (FBC).
- Additional development costs of £0.735 million is sought at OBC (decision point 3) to progress the scheme up to FBC with finalised costs (decision point 5), taking the total development cost approval sought from the Transport Fund to £1.270 million.
- The Combined Authority to enter into an addendum to the existing funding agreement with Kirklees Council for expenditure up to £1.270 million from the Transport Fund.

## Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
Decision point 3 (outline business case)	Recommendation: Combined Authority's Programme Appraisal Team	07/04/2021

	Decision: Investment Committee	
Decision point 4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team  Decision: Combined Authority's Managing Director	29/10/2021
Decision point 5 (full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team  Decision: Combined Authority's Managing Director	28/01/2022
Decision point 6 (delivery)	Recommendation: Combined Authority's Programme Appraisal Team  Decision: Combined Authority's Director of Delivery	26/04/2024
Decision point 7 (review and close)	Recommendation: Combined Authority's Programme Appraisal Team  Decision: Combined Authority's Director of Delivery	25/04/2025

### Other Key Timescales

- Construction Contractor Tender Award – February 2022
- Construction Commence – March 2022
- Practical Completion – April 2024

### Assurance Tolerances

Assurance tolerances
The Combined Authority contribution should remain no higher than 10% of the costs set out in this report.  That the timescales should remain within 3 months of the timescales set out in this report.  That the scheme delivers the projected cycling, walking, and public transport outputs (quantified through km's)

### Project Responsibilities

<b>Senior Responsible Officer</b>	Keith Bloomfield
<b>Project Manager</b>	Robert Stanley
<b>Combined Authority case officer</b>	Neil Johnson/ Asif Abed

## **Appraisal Summary**

- 5.14 A strong strategic fit with national, regional and local policies has been comprehensively presented including a summary of how the scheme fits within the funding stream and SEP. Without intervention along the corridor to improve active travel, bus reliability and journey time plus increased capacity increased network congestion would constrain the planned growth and development set out in the Kirklees and Leeds Local Plans, and LCR SEP.
- 5.15 The scheme total is £13.150 million with value for money presented as very high. Further development work is required to firm up the value for money statement as does the economics and outputs of the scheme to stay within the funding envelope and produce the benefits. This scheme has many interdependencies especially with the A62/A644 (Wakefield Road) Link Road and North Kirklees Orbital Route schemes; therefore, a close management of constraints and interdependencies will be required.

## **Recommendations**

- 5.16 The Investment Committee approves:
- (i) The M2D2L project proceeds through decision point 3 and work commences on activity 4 (full business case).
  - (ii) An indicative approval to £12.500 million is given from the Transport Fund towards a total scheme cost of £13.150 million, with full approval to spend being granted once the scheme has progressed through the assurance process to decision point 5 (FBC with finalised costs). The total project value is £13.150 million, this will be funded from a Combined Authority contribution plus £0.500 million from the Leeds City Council Section 106 fund and £0.150 million from the Emergency Active Travel Tranche 2 funds
  - (iii) Additional development costs of £0.735 million are approved to progress the scheme up to decision point 5 (FBC with finalised costs), taking the total scheme approval from the Transport Fund to £1.270 million.
  - (iv) The Combined Authority enters into an addendum to the existing funding agreement with Kirklees Council for additional expenditure of up to £0.735 million from the West Yorkshire plus Transport Fund, taking the total funding agreement value to £1.270 million.
  - (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

<b>Project Title</b>	Parry Lane Enterprise Zone
<b>Stage</b>	2 (development)
<b>Decision Point</b>	5 (full business case with finalised costs)

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

- 5.17 The Government made £900 million available through the new Getting Building Fund (GBF) for investment in local, shovel-ready infrastructure projects to stimulate jobs and support economic recovery across the country. In September 2020, it was confirmed that the West Yorkshire Combined Authority has been allocated £52.6 million from the GBF for a wide-ranging package of projects that will deliver a much-needed boost to the local economy. This package includes £9.07 million to the Enterprise Zone programme for Parry Lane (Bradford) and Langthwaite (Wakefield). The GBF programme runs up to March 2022.
- 5.18 Parry Lane is part of the M62 Phase 2 Enterprise Zone programme consisting of nine sites in West Yorkshire running along the M62 corridor and is also part of the Business Development Zone in Bradford.
- 5.19 Located in the south east of Bradford, Parry Lane is well connected to transport links and will provide excellent opportunities for companies in north, east and south Bradford. The site currently suffers from high costs of development including significant groundworks and remediation to former mine, cut and fill levelling, signalised highways junction and service provision - making it unviable to bring forward without public sector intervention.
- 5.20 The Combined Authority funding, partially from the Local Growth Deal (LGF) and partially from the Getting Building Fund (GBF), will be used to fund enabling works to de-risk the site and provide essential infrastructure. This will include demolition works, treatment of contamination and historic mine workings, creation of development plateaus, the design and construction of a main access road on to Sticker Lane, signalised junction and controlled pedestrian crossing to Sticker Lane.

- 5.21 The costs of the project have increased by £1.290 million since the full business case was approved in January 2021. The increase is due to the complex and significant cost of remediating the extensive coal and iron ore seams, mine shafts and adits.
- 5.22 The increase in costs at Parry Lane can be accommodated by a reduction in forecasted spend at Langthwaite achieved by the descope of remediation works to meet the March 2022 spend deadline of GBF whilst still achieving the key outputs. Discussions are taking place to identify and secure additional funding to deliver descoped works at Langthwaite.
- 5.23 As a result of the works funded by the Combined Authority, the scheme will deliver 69 net construction jobs and £14.2 million of GVA, as well as facilitate the future development of the site with the commercial units capable of accommodating up to 489 jobs, generating £166 million of GVA.
- 5.24 A summary of the scheme's business case and location map is included in Appendix 3.

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

- 5.25 The scheme supports Clean Growth and Climate Change through the delivery of a biodiversity project which is proposed as an additional piece of work to the EZ site based. The Combined Authority will fund Phase 1 comprising of site design, and planting of trees to meet the Combined Authority's biodiversity net gain commitment. Further development of the biodiversity project will rely on Bradford securing future funding.

### **Outputs, Benefits, and Inclusive Growth Implications**

- 5.26 The forecast outputs, benefits, and inclusive growth implications of the scheme are:
- A de-risked, cleared, and serviced site, including a new access junction and road infrastructure through the site by March 2022.
  - 69 net construction jobs and £14.2 million of GVA.
  - Regeneration of a brownfield site and associated increase in land value of £1.211 million.
  - To facilitate the delivery of up to 11,965 sqm of commercial floorspace industrial units of varying sizes capable of accommodating up to 489 jobs, generating £166 million of GVA by March 2025. This work will be undertaken by Bradford council and their chosen delivery partner.
  - There is a potential of future Business Rate revenue to the Combined Authority of up to £5million, reliant on the occupancy rate of the units. This will be reinvested in the Leeds City Region.
- 5.27 The value for money assessment reflects a core benefit cost ratio (BCR) of 1.8:1, meaning for each £1 invested it would generate £1.80 of investment.

The scheme will also deliver wider scheme benefits such as facilitating access to two further parcels of land for employment space, business rates revenue for the public sector, and increase property values and be a catalyst for further investment in the area.

## Risks

5.28 The scheme risks include:

- Risk that ground conditions in relation to the former mine-workings are worse than surveys which could delay delivery and incur additional costs through compensation events. Comprehensive groundworks and investigation have taken place to enable the risk to be partially transferred through the fixed price NEC contract with an additional risk allowance included in the overall project costs.

## Costs

5.29 The scheme costs are:

- The total scheme cost is £8.356 million.
- The Combined Authority will contribute £8.259 million of which £1.886 million from the Local Growth Fund (LGF), and £6.373 million from the Getting Building Fund (GBF). Bradford Council is to contribute £0.097 million.
- The scheme secured approval of up to £0.610 million development costs from the LGF at outline business case (decision point 3).
- The scheme secured approval to a further £1.276 million from the LGF at full business case (decision point 4) through a delegation to the Managing Director, taking the total approval from the LGF to £1.886 million.
- The costs of the project have increased by £1.290 million since the full business case was approved in January 2021. The increase is due to the complex and significant cost of remediating the extensive coal and iron ore seams, mine shafts and adits. The increase in costs at Parry Lane can be accommodated by a reduction in forecasted spend at Langthwaite achieved by the descope of remediation works to meet the March 2022 spend deadline of GBF whilst still achieving the key outputs. Discussions are taking place to identify and secure additional funding to deliver descoped works at Langthwaite.
- The Combined Authority will need to enter into a funding agreement with Bradford council up to the value of £0.25 million. This contribution will fund adjacent highways works and potentially contribute to the biodiversity project.

5.30 It is to be noted that the full site development cost forecast is £18.85 million (including the enabling works). Bradford City Council will lead the subsequent

procurement of the commercial units in collaboration with the Combined Authority.

## **Assurance Pathway and Approval Route**

<b>Assurance pathway</b>	<b>Approval route</b>	<b>Forecast approval date</b>
4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Investment Committee	07/01/2021
5 (full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	07/04/2021
6 (delivery)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	29/04/2022

## **Other Key Timescales**

5.31 Other key timescales are:

- Completion to the early phase of enabling works by March 2021.
- Commencement of the main civil engineering works is forecast for April 2021.
- Completion of all works is forecast for March 2022.
- Delivery of all commercial units by March 2025.

## **Assurance Tolerances**

<b>Assurance tolerances</b>
That the Combined Authority costs remains within +10% of the costs identified within this report.  That time scales remain within 1 month as those outlined in this report.  That the outputs remain within 10% of the net construction jobs and GVA as a result of the direct investment from the Combined Authorities LFG and GBF programmes within this report

## **Project Responsibilities**

<b>Senior Responsible Officer</b>	Kate Thompson
<b>Project Manager</b>	Sara Brook

<b>Combined Authority case officer</b>	Asif Abed
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### **Appraisal Summary**

- 5.32 The complexity in quantifying the cost of the mine remediation works has been concluded and risk partially transferred to the contractor via the Fixed Price Contract with an additional risk-allowance held by the Combined Authority and included in the overall project costs. Concerns around affordability and delivery of the scheme (enabling works) has been removed following the Combined Authority securing GBF funding, with the GBF programme running up to March 2022.
- 5.33 A robust value for money assessment has been presented, as well as a clear delivery programme setting out the activities and timescales of the enabling works.
- 5.34 Contractual arrangements have largely been finalised between the various stakeholders, with agreement in principle to the Overage Heads of Terms between the Combined Authority and Bradford Council. This will be subsequently formalised via a commercial agreement between the Combined Authority and Bradford Council.

### **Recommendations**

- 5.35 The Investment Committee approves that:
- (i) The EZ Parry Lane scheme proceeds through decision point 5 (Full business case with finalised costs) and work commences on activity 6 (delivery).
  - (ii) Approval of to the Combined Authority contribution of £8.259 million, of which £1.886 million is from the LGF and £6.373 million from GBF, is given. The total scheme value is £8.356 million.
  - (iii) The Combined Authority to enter into a Funding Agreement with Bradford Council for a value up to £0.25 million.
  - (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report, which will be subject to the scheme remaining within the tolerances outlined in this report.

### **Projects in Stage 3: Delivery & Evaluation**

5.36 There are no schemes requiring consideration at this assurance stage.

## **6 Equality and Diversity Implications**

- 6.1 Equality Impact Assessments (EQIA) have been undertaken on all projects included in this report as part of their business case development.

## **7 Financial implications**

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

## **8 Legal implications**

- 8.1 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.

## **9 Staffing implications**

- 9.1 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.

## **10 External consultees**

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

## **11 Recommendations**

### **Brownfield Housing Fund Points Cross scheme**

- 11.1 The Investment Committee approves that:

- (i) The Combined Authority enters into a funding agreement with Guinness Partnership for the Points Cross scheme for expenditure up to £2.755 million from the Brownfield Housing Fund.

### **TF: Mirfield to Dewsbury to Leeds (M2D2L)**

- 11.2 The Investment Committee approves:

- (i) The M2D2L project proceeds through decision point 3 and work commences on activity 4 (full business case).
- (ii) An indicative approval to £12.500 million is given from the Transport Fund towards a total scheme cost of £13.150 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). The total project value is £13.150 million, this will be funded from a Combined Authority contribution plus £0.500 million from the Leeds City Council

Section 106 fund and £0.150 million from the Emergency Active Travel Tranche 2 funds

- (iii) Additional development costs of £0.735 million are approved to progress the scheme up to decision point 5 (full business case with finalised costs), taking the total scheme approval from the Transport Fund to £1.270 million.
- (iv) The Combined Authority enters into an addendum to the existing funding agreement with Kirklees Council for additional expenditure of up to £0.735 million from the West Yorkshire plus Transport Fund, taking the total funding agreement value to £1.270 million.
- (v) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

### **Parry Lane Enterprise Zone**

11.3 The Investment Committee approves that:

- (i) The EZ Parry Lane scheme proceeds through decision point 5 (full business case with finalised costs) and work commences on activity 6 (delivery).
- (ii) Approval of to the Combined Authority contribution of £8.259 million, of which £1.886 million is from the LGF and £6.373 million from GBF, is given. The total scheme value is £8.356 million.
- (iii) Combined Authority to enter into a Funding Agreement with Bradford Council for a value up to £0.25 million.
- (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report, which will be subject to the scheme remaining within the tolerances outlined in this report.

## **12 Background documents**

12.1 None as part of this report.

## **13 Appendices**

**Appendix 1 – Background to the new Assurance Framework**

**Appendix 2 – Mirfield to Dewsbury to Leeds – Business Case Summary**

**Appendix 3 – Parry Lane Enterprise Zone – Business Case Summary**