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**Report to:** Finance, Resources and Corporate Committee

**Date:** 06 January 2022

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

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## **1 Purpose of this report**

- 1.1 To report on proposals for the progression of, and funding for, a number of West Yorkshire Combined Authority supported projects that have been considered at stages 1, 2 and 3 of the Combined Authority's assurance process.
- 1.2 The Finance, Resources and Corporate Committee has delegated decision making authority approved by the Combined Authority on 24 June 2021. Where the Finance, Resources and Corporate Committee is asked to make an approval decision this will be highlighted in the summary table and made clear in the recommendations.
- 1.3 The recommendations can be found in Section 13 of this report.

## **2 Impact of COVID-19**

- 2.1 With the impact of COVID-19 on the region and its economy, 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.
- 2.2 Although it is generally expected that in the medium and long-term behaviours will return to the pre COVID-19 position, the impact of COVID-19 in relation to travel behaviour into and around towns and cities will be assessed as part of scheme appraisal and any assumptions made to address issues identified prior to the pandemic will be re-tested.

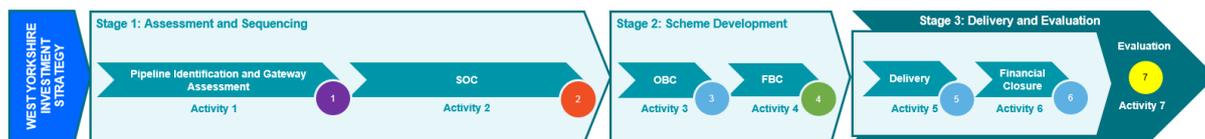
## **3 Tackling the Climate Emergency Implications**

- 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.
- 3.3 Work to refine the toolkit methodology is continuing and is currently finalising the results from assessments of a selection of existing capital schemes progressing through the assurance process. The results of these assessments along with explanatory reporting are currently being prepared for publication. It is anticipated that this will be in March 2022. This represents a delay due to difficulties encountered carrying out carbon impact assessments on an initial subset of schemes. This has allowed the consultants to take these challenges into account in making improvements to the methodology. 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 training element to ensure carbon assessment is properly embedded in the assurance process.
- 3.4 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 four schemes through the Combined Authority's assurance process in line with the Combined Authority's Assurance Framework. These schemes have a funding value of £68,153,960 when fully approved, of which £62,382,000 will be funded by the Combined Authority. A total expenditure recommendation to the value of £30,077,000 is sought as part of this report for the development and delivery of these schemes. Further details on the schemes summarised below can be found as part of this report.
- 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 For more detail 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**.



## Stage 1: Assessment and Sequencing

- 4.4 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).
- 4.5 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

- 4.6 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.
- 4.7 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.

- 4.8 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

- 4.9 Once a scheme gains FBC approval and the conditions set have been met, the scheme can progress into Activity 5 (Delivery).
- 4.10 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.
- 4.11 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.
- 4.12 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.
- 4.13 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.

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

- 4.14 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.

- 4.15 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.
- 4.16 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. This is in line with HM Treasury guidance where appraisal should take account of all five cases (strategic, commercial, economic, financial and management) and the economic case be balanced with these.
- 4.17 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.
- 4.18 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.

<p><b>Bus Franchising Needs Assessment</b></p> <p>West Yorkshire</p>	<p><b><u>Scheme description</u></b></p> <p>This scheme will investigate the options for the proposed bus franchising scheme. This will include a thorough needs assessment, incorporating an assessment of the benefits and impacts of bus franchising, a comparison of these against other bus reform options, an audit of the proposed scheme, and the preparation and launch of public consultation. The outcomes will form the basis for a full business case.</p> <p>This scheme supports the Mayor's pledge to bring buses back into public control. This assessment forms a key part of this pledge and is a statutory process.</p> <p>The scheme will be funding by Combined Authority Gainshare funding.</p> <p><b><u>Impact</u></b></p> <p>The key benefit of this scheme is to provide an evidence base upon which the Combined Authority can make a fully informed decision on whether to progress with a bus franchising scheme for West Yorkshire which would bring buses back into public control.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 2 (strategic outline case) and work commences on activity 4 (full business case).</p> <p>Total value of the scheme - £7,000,000</p> <p>Total value of Combined Authority funding - £7,000,000</p> <p>Funding recommendation sought - £1,000,000</p> <p>A decision by the Finance, Resources and Corporate Committee using the delegated authority from the Combined Authority is sought as part of this report</p>
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<p><b>Scheme</b></p> <p><b>York Castle Gateway</b></p> <p>Location: York</p>	<p><b><u>Scheme description</u></b></p> <p>This scheme is part of the wider York Castle Gateway Masterplan, which will be delivered in two phases. Phase 1 will include a new pedestrian cycle bridge, creating new strategic routes into and across the city for pedestrians and cyclists. Phase 2 includes enhancements to public spaces, involving reducing the number of car carrying roads, replacement and upgrading of bus stops and an upgraded pedestrian and cycle crossing.</p> <p>This scheme is funded from the West Yorkshire plus Transport Fund (WY+TF).</p> <p><b><u>Impact</u></b></p> <p>The scheme supports the Mayor's pledges of supporting businesses and being a champion for the regional economy and tackling the climate emergency and protecting our environment.</p> <p>The scheme presents a benefit cost ratio (BCR) of 0.81:1. This is categorised as poor value for money, however, it is not uncommon for schemes of this nature to return a low BCR. The scheme has a strong strategic case, which Government advises is of importance in deciding whether a scheme should be progressed.</p> <p>The wider benefits include health benefits through promotion of healthy active travel plus improvements to air quality by reducing motor vehicle use in the city centre. The new public park will enhance the setting of a number of popular visitor attractions.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 3 (outline business case) and work commences on activity 4 (full business case).</p> <p>Total value of the scheme - £5,429,960</p> <p>Total value of Combined Authority funding - £4,600,000</p> <p>Funding recommendation sought - £0</p> <p>A decision by the Finance, Resources and Corporate Committee using the delegated authority from the Combined Authority is sought as part of this report</p>
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<p><b>Armley Gyratory</b></p> <p>Leeds</p>	<p><b><u>Scheme description</u></b></p> <p>The Armley Gyratory scheme has been identified for delivery through the £78,800,000 Leeds City Centre Package (LCCP) programme funded by the West Yorkshire plus Transport Fund (WY+TF).</p> <p>The scheme will increase highway capacity through increasing lane numbers and widening approach roads. Signal upgrades will improve the operational efficiency of the gyratory and better accommodate re-routed traffic following closure to City Square.</p> <p>It will also replace the existing footbridges over the A58 and A643 with a new 4 metre wide bridge for pedestrians and cycle (compliant with LTN1/20 design standards) and widen the existing footpaths at the gyratory.</p> <p><b><u>Impact</u></b></p> <p>Enhancement to the highway capacity is considered necessary to accommodate the additional traffic following the planned closure to City Square. This is forecast to increase carbon emissions by 184,038 tonnes over a 60 year appraisal period (3,067 tonnes per annum). However, early indications suggest that as we expect to see an increasing number of electric vehicles on the road in future years, this should reduce to approximately 111,000 tonnes (1,850 tonnes per annum). Furthermore, it is anticipated that following the implementation of all planned activities within Leeds city centre across the LPTIP, TCF, City Connect, and LCCP funding programmes, that overall local air quality benefits will be realised.</p> <p>The scheme will reduce congestion levels and reduce journey times for motorists, including bus services. Buses, especially core city services will further benefit from the implementation of MOVA adaptive signal control which features virtual bus priority measures.</p> <p>The scheme will also improve walking and cycling connectivity and safety, by replacing the existing footbridges with LTN1/20 compliant shared provision and landscaping treatments, making users more visible to motorists.</p> <p><b><u>Decision sought</u></b></p> <p>Approval to proceed through decision point 4 (full business case) and work commences on activity 5 (delivery).</p> <p>Total value of the scheme - £41,970,000</p> <p>Total value of Combined Authority funding - £41,970,000</p> <p>Funding recommendation sought - £27,930,000</p> <p>A decision by the Finance, Resources and Corporate Committee using the delegated authority from the Combined Authority is sought as part of this report</p>
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<p><b>Harrogate Road New Line</b></p> <p>Bradford</p>	<p><b><u>Scheme description</u></b></p> <p>This scheme will improve the existing junction at Greengates and includes the widening of the existing highway on all four arms of the junction, signal upgrades, junction improvements and improvements for pedestrians and cyclists.</p> <p><b><u>Impact</u></b></p> <p>This scheme supports the Strategic Economic Plan priority 4 – Infrastructure for Growth with a particular emphasis on transport infrastructure and services.</p> <p>The scheme benefit cost ratio is now 9.83:1 as a result of this change. This is categorised as very high value for money based on the Department for Transport’s criteria.</p> <p>This scheme has encountered unexpected difficulties due to the discovery of previously unmapped water utility infrastructure during construction. This exceptional circumstance has caused unforeseen delay and increase in cost.</p> <p>The project’s wider benefits include improved facilities for pedestrians and cyclists, a reduction in the number and/or severity of accidents and improvements to air quality. Moreover, the scheme enhances quality of life through improved access to hubs such as Bradford city centre and Leeds Bradford Airport.</p> <p><b><u>Decision sought</u></b></p> <p>The change request to the Harrogate Road – New Line is approved to increase the total value of Combined Authority funding from the current approval of £7,665,000 to £8,812,000 (increase of £1,147,000) due to exceptional circumstances. Bradford Council match funding has been increased from £2,736,000 to £3,016,000 (increase of £280,000). The total project value is £13,754,000.</p> <p>Bradford Council undertook a value engineering exercise to reduce the cost impact to the value requested in this report.</p> <p>Total value of the scheme - £13,754,000</p> <p>Total value of Combined Authority funding - £8,812,000</p> <p>Funding recommendation sought - £1,147,000</p> <p>A decision by the Finance, Resources and Corporate Committee using the delegated authority from the Combined Authority is sought as part of this report</p>
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## **5 Information**

5.1 The Combined Authority's assurance framework requires that formal approval is given to the following elements of a scheme as part of its development:

- The progression of a scheme through a decision point to the next activity.
- Indicative or full approval to the total value of the scheme funding requested.
- The Combined Authority's entry into a funding agreement with the scheme's promoter.
- The assurance pathway and approval route for future decision points.
- The scheme's approval tolerances.

5.2 This report provides information required to enable the Combined Authority to approve each of the above elements.

## Projects in Stage 1: Assessment and Sequencing

<b>Project Title</b>	<b>Bus Franchising Needs Assessment</b>
<b>Stage</b>	1 (eligibility)
<b>Decision Point</b>	2 (strategic outline 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:		
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

### Background

- 5.3 The Mayor was elected alongside a pledge to bring buses back into public control. The Bus Franchising Needs Assessment (the Assessment) forms a key part of supporting this pledge, through building an evidence base to evaluate bus reform options. The Assessment is a statutory process to be undertaken to introduce a Franchising scheme.
- 5.4 The National Bus Strategy sets out two bus reform options; Enhanced Partnership and Franchising, both of which will secure future bus funding. The Combined Authority wishes to explore both options to deliver the best bus service for customers.
- 5.5 The Assessment will consider and prepare a full business case for the proposed bus franchising scheme. This will incorporate an evaluation of the benefits / impacts of bus franchising and compare these with other bus reform options, an audit of the proposed scheme, and the preparation and launch of public consultation on the documents produced. This process will result in the completion of a full business case.
- 5.6 The key benefit of the Assessment is to provide an evidence base on which the Combined Authority can make a fully informed decision on whether to progress with a bus franchising scheme for West Yorkshire and supporting the mayoral pledge of bringing buses back into public control.
- 5.7 To date, the scheme has:
- Started the recruitment process for the role of Franchising Policy Manager.

- Started the tender process for client-side support, which will provide specialised skills to advise on the framing, scope and structure of the Assessment, the final business case and any associated studies.
- The bus reform assessment, previously the bus reform road map, has been completed in advance of the Bus Franchising Needs Assessment.

5.8 On the 24 June 2021 the Combined Authority approved the following:

- Approval for the publication of the ‘Notice to Prepare An Assessment of the Need for a Franchising Scheme’ and ‘Notice of Intent for the Enhanced Partnership’.
- Endorsement of the vision and objectives for the ‘Bus Service Improvement Plan’.
- Endorsement for the deployment of emergency funding for bus services for the remainder of 2021/22.
- Indicative approval of funding from the Single Investment Fund / Gainshare for £1,000,000 to provide initial resources required to undertake an assessment relating to Bus Franchising.

5.9 A summary of the scheme’s business case is included in **Appendix 2**.

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

5.10 The National Bus Strategy seeks to strengthen the role of Local Transport Authorities (LTAs) through devolution of funding with a total national funding pot of £3 billion for buses first announced in February 2020. It also acknowledges the failures in the deregulation of buses which has seen patronage continue to decline. This is especially important when acknowledging the climate emergency, with increased bus use of key importance within the Combined Authority’s decarbonisation plans.

5.11 The Assessment will include the Combined Authority’s corporate objectives around the climate emergency into the evaluation of bus reform options. It will also assess governance mechanisms against their ability to deliver on climate targets.

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

5.12 The scheme outputs and benefits include:

- To support the ambition set out in the Mayor’s pledge and Economic Recovery Plan to bring buses back into public ownership.
- To enable the mayor to make a fully informed decision on whether to progress with bus franchising for West Yorkshire by January 2024.
- To secure long term, future bus funding post April 2022.
- To enhance the Combined Authority’s understanding and evidence base for bus reform in order to inform the mayoral decision by January 2024.

- To ensure the sustainability of the bus network in the future.
- To better understand customer views on the current bus service and future aspirations for the service.
- The potential indirect benefit of an increase in access to bus services and ensure continuity post-COVID.

### **Equality and Diversity Implications**

- 5.13 An Equality Impact Assessment (EQIA) has been undertaken for the project and equality and diversity impacts taken account of as part of the development of the project and the business case development. As the Bus Franchise Needs Assessment develops, equality and diversity impacts will be further taken account of.

### **Risks**

- 5.14 The main scheme risk is:
- That a lack of suitably qualified staff could delay the start of the Assessment. This is being mitigated by an early start to the process of recruitment of the right personnel. However the risk remains that the recruitment process may not find suitably qualified or experienced candidates as quickly as hoped.

### **Costs**

- 5.15 The scheme costs are:
- An allocation for this scheme has been made available within the Gainshare funds and £1,000,000 was indicatively approved at the Combined Authority meeting in June 2021.
  - The forecast cost for the work required to undertake the Assessment, including the assessment, audit and consultation, is between £4,000,000 and £7,000,000.
  - The cost of the project is to be 100% funded by Combined Authority gainshare funding.
  - The strategic outline case (SOC) is requesting an additional indicative approval of £6,000,000 to take the full indicative approval for the project to £7,000,000.
  - At this point the scheme is requesting draw down of the already indicatively approved £1,000,000, so that this can be available to progress the initial stages of the Needs Assessment.

## Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
2 (strategic outline case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Finance, Resources and Corporate Committee	06/01/2022
4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	29/04/2022
Approval to Proceed	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	20/05/2022
5 (delivery)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	27/01/2023
6 (financial closure)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	28/06/2024
7 (evaluation)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	31/10/2024

## Other Key Timescales

Return of 'Provision of Pre-franchising needs assessment Support Services tenders'	12th November 2021
Enter into contract with successful tenderer – Following internal approvals	January 2021
Commence Needs Assessment	May 2022
Conclude initial franchising needs assessment	April 2023

Audit concludes. Combined Authority decide if progress to consultation	July 2023
Public consultation concludes reviewed and decision whether to progress to franchising	January 2024
Decision on final option	February 2024

### Assurance Tolerances

<b>Assurance tolerances</b>
Combined Authority costs remain within 0% of those outlined in this report
Closure (DP5) timescales remain within 0 months of those outlined in this report.

### Appraisal Summary

- 5.16 There is a clear alignment of this scheme with the mayors pledges as well as local, regional and national policy. The need for the scheme is a key aspect of wider bus reform and is a key requirement of government as set out in the National Bus Policy.
- 5.17 The project to undertake a Needs Assessment has considered a number of options and has concluded that the preferred way forward is to carry out external recruitment for a number of key positions and to procure external consultancy support. This means that the key considerations around the scheme are in procurement and recruitment.
- 5.18 Due to the nature of the scheme, it is not possible to determine quantifiable benefits or to state what the value for money position is. The demand for the scheme is largely determined by the strategic case, however supporting information around the fall in bus passenger numbers is provided.
- 5.19 The forecast cost for the work required to undertake the Assessment, including the assessment, audit and consultation, is between £4,000,000 and £7,000,000. The costs of the project are to be 100% funded by Combined Authority gainshare funding. An allocation for this scheme has been made available within the Gainshare funds and £1,000,000 was indicatively approved at the Combined Authority meeting in June 2021. The strategic outline case (SOC) is requesting an additional indicative approval of £6,000,000 to take the full indicative approval for the project to £7,000,000. At this point the scheme is requesting full approval of the already indicatively approved £1,000,000, so that this can be available to progress the initial stages of the Assessment.

5.20 Delivery is due to commence in May 2022 and be complete by January 2024 . The end date of the project is not supported by a programme, with the date being externally imposed rather than having been developed, therefore it cannot be stated if this is achievable. Delivery may be delayed due to the need to recruit and to procure an external consultancy advisor.

### **Recommendations**

5.21 The Finances, Resources and Corporate Committee approves that:

- (i) The Bus Franchising Needs Assessment project proceeds through decision point 2 (strategic outline case) and work commences on activity 4 (full business case).
- (ii) An indicative approval to the total project value of £7,000,000 is given with full approval to spend being granted once the scheme has progressed through the assurance process to Decision Point 5.
- (iii) Development costs of £1,000,000 are approved in order to progress the scheme to Decision Point 5, taking the total project approval to £1,000,000.
- (iv) 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.

## Projects in Stage 2: Scheme Development

<b>Project Title</b>	<b>York Castle Gateway</b>
<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:		
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

### Background

- 5.22 This scheme will be funded from the West Yorkshire plus Transport Fund (WF+TF). 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.
- 5.23 The scheme is promoted by City of York Council (CYC) and forms part of the overarching Castle Gateway Masterplan. The scheme has two phases.
- Phase 1 covers the Foss Riverside area and involves creation of a new riverside public park. This will include a new pedestrian cycle bridge over the river Foss, creating new routes into and across the city for cyclists and pedestrians.
  - Phase 2 includes Clifford Street and Tower Street and will make improvements to the public space. These will involve carriageway reduction, as well as rationalisation, replacement and upgrading of bus stops and an upgraded pedestrian and cycle crossing.
- 5.24 The scope of the overall scheme has been changed since it was presented at strategic outline case (SOC).
- 5.25 The scope changes are:

- The scheme name has changed, it was formerly York City Centre Access Improvements.
- The scheme now only encompasses 2 phases (formerly 3 phases).
- The proposed public space improvements and open air events space elements (Phase 2) have been removed to tighten the transport focus of the project. These elements remain part of the wider York Castle Gateway masterplan and will be funded from other sources.
- The proposed multi storey car park at St George's Field has been removed from this scheme and will be pursued and funded separately under the overall Castle Gateway Masterplan.
- The super crossing of the Inner Ring Road has been removed from this scheme and will be funded from other sources.

5.26 Reducing the scope of the scheme has also reduced the overall cost to £5,429,960 from the previous indicative estimate of up to £10,125,000. Consequently, the Combined Authority contribution has reduced from the previous £8,100,000 to the now requested £4,600,000.

5.27 A summary of the scheme's business case and location map is included in **Appendix 3**.

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

5.28 The scheme provides new strategic walking and cycling routes and makes improvements to the bus network, which will encourage greater use of sustainable travel options. The scheme is expected to remove 6,000 car km from the local traffic network per year.

5.29 The scheme provides new high quality strategic routes on the local cycling and walking network, making these more attractive to users. Achieving an increase in the number of people using these sustainable travel options will reduce the levels of carbon and other emissions from car use.

5.30 The scheme provides better walking and cycling routes between York University and the proposed York Central development which has potential for 6,500 jobs and 2,500 homes. The Castle Gateway is also served by bus routes to York College.

5.31 The scheme also supports the government's ambition for green buildings by encouraging the reuse and investment in empty and underutilised upper floor spaces.

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

5.32 The scheme outputs and benefits include:

#### **Outputs**

- New pedestrian / cycle bridge across the river Foss, providing links to the walking and cycling network.

- New Local Transport Note (LTN) 1/20 compliant walking and cycling links.

### **Benefits**

- Unlocking a development site which is expected to provide 106 apartments and 1458 sqm of commercial space. Income from the development will part-fund the wider masterplan for the area.
- Supporting the regeneration of an area which is currently less attractive than other parts of the city.
- Promoting the visitor economy through providing better accessibility to attractions and making improvements to their surrounding areas, thereby enhancing their settings and improving York's sense of place.
- Promoting increased use of walking and cycling for journeys within the city by removing barriers to active travel by improving connectivity through providing new LTN1/20 compliant strategic links.
- Enhancing the local bus network

### **Inclusive Growth Implications**

- Providing increased connectivity via low-cost healthy transport options.
- Providing better walking and cycle routes to education and training opportunities at York University and enhancing the bus routes which connect to York College.

### **Equality and Diversity Implications**

- 5.33 An Equality Impact Assessment (EQIA) has been undertaken for the project and equality and diversity impacts taken account of as part of the development for the project and business case development. Positive impacts include consideration of lighting and security for the new pedestrian and cycle bridge. Bus priority measures and safer bus shelters will provide better information and a safer environment for passengers

### **Risks**

- 5.34 The scheme risks include:

- Projects costs risk being higher than the available budget. This is being mitigated by (i) detailed cost analysis of each stage of the design process, (ii) breaking the project down into self-contained work packages (phase 1 indicative costs from contractor are within budget), (iii) seeking and applying for regional and national funding streams (iv) any shortfall in funding could be covered by City of York Council.
- Risk of failure to secure external funding or to deliver against funding conditions. This is being mitigated by (i) research of potential funding streams and checking objectives against those for the project (ii) allowing sufficient time to produce high quality bid submissions.

- Risk of loss of public or political support. This is being mitigated by (i) continuing to progress My Castle Gateway engagement, (ii) continual updates via My Castle Gateway social media accounts (iii) ongoing dialogue with all political party leaderships (iv) attendance at Ward committee and public meetings.

## Costs

5.35 The scheme costs are:

- The total forecast cost of the scheme is £5,429,960.
- Reducing the scope of the scheme has also reduced the overall cost to £5,429,960 from the previous indicative estimate of up to £10,125,000. Consequently, the Combined Authority contribution has reduced from the previous £8,100,000 to the now requested £4,600,000.
- The requested Combined Authority contribution is £4,600,000 from West Yorkshire plus Transport Fund. At last approval stage (strategic outline case), this figure was £8,100,000.
- The promoter has applied for £829,000 from City Region Sustainable Transport Settlement (CRSTS) but the outcome of this request is not yet known.
- At previous stages of the assurance process, development funding approval for £355,000 has been given. The promoter states that this will be sufficient to develop the scheme to full business case and no further funding request is made as part of this submission.

## Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Managing Director	30/06/2022
Approval to Proceed	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	30/07/2022
6 (financial closure)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	01/12/2023
7 (evaluation)	Recommendation: Combined Authority's Programme Appraisal Team	02/12/2024

	Decision: Combined Authority's Director of Delivery	
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### Other Key Timescales

5.36 The promoters programme includes the following key milestones:

- Full business case submission Phase 1 June 2022
- Phase 1 start of construction September 2022
- Phase 1 completion December 2023
- Phase 2 start of construction Autumn 2023
- Phase 2 completion September 2024

### Assurance Tolerances

<b>Assurance tolerances</b>
Combined Authority costs remain within +10% of those outlined in this report.
Delivery (DP5) timescales remain within 3 months of those outlined in this report.

### Appraisal Summary

- 5.37 This submission involves a change of name and change of scope for the project formerly known as York City Centre Access Improvements. The renamed York Castle Gateway scheme forms part of the overarching Castle Gateway Masterplan.
- 5.38 The submission presents an opportunity to breathe new life and vitality into an under-utilised area of York city centre. The scheme achieves this by delivering high quality public space and new strategic walking and cycling routes, as well as reducing the intrusion of motor vehicles into the city centre and improving public transport infrastructure. The scheme also unlocks a mixed commercial and residential development.
- 5.39 The submission sets out a strong and detailed strategic case which presents alignment with policy at local, regional and national level. The scheme supports the Strategic Economic Framework (SEF) priorities and Mayoral pledges:
- 5.40 The project presents a strong commercial case. It is part of the overarching Castle Gateway Masterplan, which has an estimated positive Gross Value Added (GVA) impact of up to £400,000,000.
- 5.41 This scheme will facilitate the delivery of the wider Masterplan. The bridge featured in Phase 1 of this scheme is a planning condition for the adjacent Castle Mills Apartments development (promoted by CYC) to be occupied. The commercial income from the apartments will be used by CYC to fund the Masterplan

- 5.42 The economic case for the scheme is less strong. It presents a benefit Cost Ratio (BCR) of 0.81:1, which is categorised as poor. However, it should be noted that active travel and public realm improvement schemes tend to produce lower BCR's due to the way benefits of transport schemes are monetised using TAG methodologies. Government advice suggests that schemes such as this one, which present a strong strategic case can still be considered for progression even if they produce a less optimal BCR
- 5.43 Further clarity on funding for the scheme will be needed at full business case (FBC) as the promoter is still awaiting the outcome of a request for £829,000 from City Region Sustainable Transport Settlement (CRSTS). If this funding request is not successful, alternative funding will be required.
- 5.44 The management case notes that there are some constraints and interdependencies to resolve which include several planning conditions around the construction of the footbridge.
- 5.45 Phase 2 of the scheme has an interdependency with the Eye of York works (redevelopment of the Castle Car Park as an outdoor events space) and will be delivered alongside them. The programme for this will be clarified in the full business case submission.
- 5.46 Overall the submission is rated as Amber, reflecting the current funding gap, the poor BCR and the constraints and interdependencies. However, the submission gives sufficient confidence to recommend approval to progress to the next assurance stage, by which time the funding position and other issues should be clarified.

### **Recommendations**

- 5.47 The PAT recommends to the Finance Resources and Corporate Committee that:
- (i) The York Castle Gateway scheme proceeds through decision point 3 and work commences on activity 4 (full business case)
  - (ii) An indicative approval to the total value of £4,600,000 is given from the West Yorkshire plus Transport Fund with full approval to spend once the package has progressed through the assurance process to decision point 5.
  - (iii) 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>	<b>Leeds City Centre Package: Armley Gyratory</b>
<b>Stage</b>	2 (development)
<b>Decision Point</b>	4 (full business case)

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

## Background

5.48 The Armley Gyratory scheme has been identified for delivery through the £78,800,000 Leeds City Centre Package (LCCP) programme funded by the West Yorkshire plus Transport Fund (WY+TF). The LCCP aspiration is to transform travel within Leeds city centre through the removal of unnecessary through traffic and to re-prioritise major routes to public transport, pedestrians, cyclists, and public realm.

### Strategic Context

5.49 Since the 2008 vision for the future of Leeds city centre, the Council and partners have been progressing and delivering a people, and not car, first approach to its infrastructure delivery.

5.50 Through a range of co-produced and collaborative strategies, the city is making major progress in the delivery of a people centric infrastructure and public spaces across the city centre. Such projects focus on providing high quality spaces in between buildings which meet the needs of people first, to improve connectivity to and from surrounding neighbourhoods (amongst the most deprived in the country), help tackle the climate emergency and to foster enjoyment, community, innovation and collaboration – all whilst ensuring there is sufficient resilience within the highway network and promoting sustainable transport modes.

5.51 Accordingly, this has long been embedded within Planning Policy, which sets out a strategy that:

- Traffic will be encouraged to move around the city centre rather than through it. The Inner Ring Road will have the greatest volume of traffic, while a proposed City Boulevard will accommodate slower moving

vehicles, prioritising pedestrians and cyclists in a pleasant and safe environment.

5.52 In order to achieve this, the vision is predicated upon the removal of through traffic from the city centre and provide additional capacity by improving the M621, Armley Gyratory on an alternative route via the inner ring road. This has been the foundation of bold regeneration momentum in Leeds. The Armley Gyratory proposal will directly support:

- (i) Better connectivity for deprived neighbourhoods – routes to main growth areas for the communities of New Wortley, Holbeck and Hunslet will be vastly improved and road safety will be dramatically improved with fewer roads.
- (ii) The delivery of Aire Park – the largest new city centre greenspace in the UK, which is being delivered in partnership with the Combined Authority through the Getting Building Fund. In addition, the infrastructure changes will substantially enhance pedestrian and public transport access for over 10,000 students using Leeds City College, University Technical College and Leeds College of Building.
- (iii) The delivery of City Square – a core commitment in the co-produced Leeds Station Masterplan, a crucial component in Channel 4's location at the Majestic, and a central focus for Leeds 2023, the delivery of a nationally significant public realm scheme at city square as a major cultural outdoor events space and world class gateway entrance into the city cannot be delivered without the Armley Gyratory works. It will also eliminate the pedestrian pinch point under the Queens hotel and resolve the air quality issues at Neville Street.
- (iv) Housing growth – on the back of the strategy, there is a greater confidence on city centre housing on brownfield sites due the city centre being liveable. 4,000 homes are under construction in Leeds, with a pipeline of over 4,000 more in the South Bank alone.
- (v) Jobs growth – increasingly, businesses are highlighting the need for quality spaces between buildings to attract talent and the proposals benefit the target of 8,000 new jobs across the South Bank, as well as making the West End, the prime office core, along Wellington Street a more attractive proposition and better connected to New Wortley and Holbeck.
- (vi) Mass Transit – through the Leeds Integrated Station Masterplan, there is the proposal for Mass Transit to run through Neville Street to connect the system between North and South Leeds. Removal of through traffic is essential to the effective delivery of Mass Transit in this location and to stop the street being amongst the most polluted in the UK.

5.53 The delivery of Armley Gyratory is a fundamental component of these outputs and those under construction have been delivered on the basis that the Armley Gyratory enhancements will be delivered. Continued progression of

this strategy is considered to be crucial to the city's post-covid recovery as to achieve the ambitions of the economic recovery framework, Inclusive Growth Strategy and Climate Emergency declaration, as we plan for future growth and the delivery of the Leeds Integrated Station Masterplan.

#### Leeds City Centre Package (including Armley Gyratory)

- 5.54 The LCCP programme complements schemes being delivered through the Combined Authority's Leeds Public Transport Investment Programme (LPTIP), Transforming Cities Fund (TCF), and City Connect, as well as those led by Highways England (National Highways) through their Road Investment Strategy (RIS). The LCCP programme includes:
- Infirmiry Street Gateway and Park Row (already approved and under construction via LPTIP but funded by LCCP)
  - Meadow Lane (part of the Corn Exchange Gateway approved via LPTIP but funded by LCCP)
  - A64 Regent Street flyover (already approved and under construction, part funded by LCCP)
  - Armley Gyratory (this scheme - at full business case)
  - City Square 'Plus' comprising City Square closure, the advanced element of Boar Lane works, East Parade, City Centre Signage Strategy, Westgate Slip Road, and Globe Road Signalisation (at outline business case)
- 5.55 The Armley Gyratory scheme has revised its preferred option from that presented at outline business case, principally to support its affordability. It has done this by removing the central active mode link route, reducing the scheme's effect on third party and contaminated land, and subsequently the infrastructure and risk costs.
- 5.56 The revised preferred option will still accommodate rerouted traffic away from the city centre on to the more appropriate Inner Ring Road and the M621 orbital route following closure to City Square and deliver highway journey time benefits, reducing congestion levels.
- 5.57 Bus services, especially core city services, will realise journey time savings too by the implementation of MOVA adaptive signal control which features virtual bus priority measures.
- 5.58 The scheme will also replace the existing footbridges over the A58 and A643 with new 4 metre wide shared provision (compliant with LTN1/20 design standards) and widen the existing footpaths at the gyratory to address walking pinch points. It will also deliver landscaping treatments to improve pedestrian and cyclist visibility to passing motorists, improving safety.
- 5.59 The scheme will also explore green features such as a green wall for the underpass and will replant trees on a 3:1 ratio, supporting biodiversity and habitat gains.

- 5.60 The scheme comes forward at full business case at a total scheme cost of £41,970,000, to be wholly funded by the WY+TF.
- 5.61 To support its affordability within the LCCP programme, a funding strategy paper has been provided by Leeds City Council. It sets out commitment of £41,970,000 to Armley Gyrotory in addition to the funding already allocated to LCCP schemes. Alternative funding sources have been identified and will be explored to bridge the remaining funding gap concerning the City Square Plus package. More detail on this will be presented through the City Square Plus business case.
- 5.62 It is to be noted that Leeds City Council has taken a decision to phase the scheme, with phase 1 being the completion to the highway works so that the gyrotory is operational by December 2022 ahead of City Square closure, supporting the preparation for the Leeds Year of Culture 2023. The full business case for the structure works (replacement of the footbridges) will be progressed as phase 2 across 2022 with its construction forecast for mid to late 2023.
- 5.63 A summary of the scheme's business case and location map is included in **Appendix 4**.

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

- 5.64 Enhancement to the highway capacity is considered necessary to accommodate the additional traffic following the planned closure to City Square. This is forecast to increase carbon emissions by 184,038 tonnes over a 60 year appraisal period (3,067 tonnes per annum). However, early indications suggest that as we expect to see an increasing number of electric vehicles on the road in future years, this should reduce to approximately 111,000 tonnes (1,850 tonnes per annum). Furthermore, it is anticipated that following the implementation of all planned activities within Leeds city centre across the LPTIP, TCF, City Connect, and LCCP funding programmes, that overall local air quality benefits will be realised.
- 5.65 The scheme does include provision for walking and cycling, notably through replacing the existing footbridges with LTN1/20 compliant shared provision, whilst journey time benefits through the signal upgrades will be realised for bus users – encouraging sustainable travel.
- 5.66 In addition to reducing its carbon footprint through construction and use of materials, the scheme is exploring green features such as a green wall for the underpass and will replant trees on a 3:1 ratio, supporting biodiversity and habitat gains.

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

- 5.67 The scheme outputs and benefits include:

##### Outputs

Highway Works by December 2022:

- Increasing capacity on A643 between railway bridge and the gyratory, increasing from 3 lanes to 5 (1 left turn lane (Wellington Road), 1 left onto gyratory (i.e., circulate for A647 exit) and 3 ahead (A58) lanes)
- Increasing capacity at the revised Canal Street stop line, increasing from 2 to 5 lanes (2 left turn into the city, 2 ahead onto Ingram Distributor, and 1 right to Wellington Road)
- Widen the A647 approach, removing the left free flow turn and providing 5 signal-controlled lanes
- Signalisation of the B6154 Wellington Road approach to improve safety, provide a controlled crossing, and enhance bus priority.
- Introduction of MOVA adaptive signal technology to provide enhancements for general traffic and the introduction of virtual bus priority measures.
- Widening the existing footpaths on the eastern side of the gyratory to safely accommodate both cyclists and pedestrians.
- Landscaping treatments, improving personal security for pedestrians and cyclists through passive surveillance by passing motorists.

#### Structure Works by late 2023:

- Removing the existing footway pinch-points (less than 2m wide) under the railway on the A58 by setting back redundant bridge abutments and through carriageway realignment.
- Demolition and the replacement of existing footbridges on the A58 (across Wellington Road) and A643 (Gelder Road exit, and Spence Lane entrance) arms of the roundabout with wide shared use footway/cycleways (LTN1/20 compliant) and shallower ramp gradients to provide accessibility improvements.

#### Benefits

- Reduce congestion and improve journey times for motorised vehicles, including bus services passing through the gyratory, by December 2022.
- Redistribute through traffic away from the city centre by December 2022, enabling public transport, active mode, and public realm plans to be realised in the city centre.
- Improve the connectivity, safety, and accessibility for pedestrians and cyclists, encouraging modal shift from the car, by October 2023.

#### Inclusive Growth

5.68 By replacing the footbridges, including new accessible ramps, and footway widening across the gyratory, it will support residents and users of all characteristic groups to better navigate the gyratory via walking or cycling, improving active mode access to employment, education, housing, and retail

sites within or in proximity of Leeds city centre. It will also encourage a more active and healthier lifestyle.

### Value for Money

- 5.69 The value for money assessment reflects a benefit cost ratio (BCR) of 3.28.1, reflecting the scheme as High value for money (VfM) when assessed against the Department for Transport's value for money criteria. The majority of the benefits will be realised through journey time savings for private vehicles and bus services passing through the gyratory.

### **Equality and Diversity Implications**

- 5.70 As a transport infrastructure scheme, it does not have any diversity implications. The new gyratory layout will be accessible to all characteristic groups. However, the modelling and appraisal assessment suggests that it could result in an unequal distribution of benefits with regards air quality, but on reflection, the severity of the potential air quality dis-benefits is likely to be low and attributable to a small section of housing southwest of the gyratory, whilst delivery of improved walking & cycling connectivity should deliver meaningful changes for residents on accessing employment, retail, and education opportunities. The design also includes new accessible ramps.

### **Risks**

- 5.71 The scheme risks include:

- The risk of major statutory diversion delays including at the Spence Lane footbridge ramp which sits over the line of the Extra High Voltage (EHV) main, causing additional costs to the scheme and impacting affordability and deliverability. The modified preferred option (removal of the central link route) has reduced statutory diversion risks considerably, however consultation with statutory undertakers is ongoing with the scheme seeking revised C2 estimates for the modified preferred option. Regarding the Spence Lane footbridge, it is expected that through the detailed design stage, the footbridge design is modified to avoid diversion requirements given the lead time for diversion of c. 12-18 months would take it outside the scope of the programme.
- Footbridge demolitions – The existing Wellington Road bridge is a retaining structure; therefore, demolition will be subject to Network Rail approval and will require new support to embankment as part of proposals. The risk has been mitigated by drawing down a sum of £500,000 from the risk pot for the additional retaining structure to embankment.
- Footbridge demolitions – The impact of demolition to road closures and potential delay to the programme during the decommissioning phase. This will be mitigated by undertaking a decommissioning study to determine methodology and implications of temporary road closures.
- The additional cost and delay to secure Network Rail approvals given the scheme's interface with Network Rail assets, notably obtaining approval

associated with the Network Rail abutments (removal of pinch point on Wellington Road for pedestrians and cyclists). The scheme has held detailed discussions with Network Rail with confidence expressed in the proposal. An Asset Protection Agreement has been signed in principle between Leeds City Council and Network Rail for the detailed design element, whilst Network Rail has granted numerous possessions to enable additional site investigations.

## Costs

5.72 The scheme costs are:

- The total scheme cost estimate at full business case is £41,970,000, which is to be wholly funded by the West Yorkshire plus Transport Fund.
- Phase 1 is £27,930,000 plus the previous approval of £3,580,000 for development costs (£31,510,000). Phase 2 is £10,460,000.

## Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
Decision point 4 (full business case) (Highway Works)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Finance & Resource Committee	06/01/2022
Approval to Proceed (Highway Works)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	26/01/2022
Decision point 5 (Highway Works)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Director of Delivery	28/12/2022
Decision point 4 (full business case) (Structure Works)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Managing Director	28/10/2022
Approval to Proceed (Structure Works)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	30/12/2022
Decision point 5 (Structure Works)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Director of Delivery	20/10/2023

## Other Key Timescales

5.73 Other key timescales are:

- July 2021 – Planning application submitted
- December 2021 – Planning approval
- Highway Works
- December 2021 – Completion to detailed design and development of a Target Cost
- January 2022 – Approval to Proceed
- January 2022 – Construction commences
- December 2022 – Practical Completion
- Structure Works
- October 2022 – Full business case
- December 2022 – Approval to Proceed
- October 2023 – Practical Completion

**Assurance Tolerances**

Assurance tolerances
That Combined Authority costs remain within those outlined in this report.
That delivery timescales remain within +3 months of those outlined in this report.

**Appraisal Summary**

- 5.74 The strategic rationale for the proposal is demonstrated, with enhancement to the highway capacity at Armley Gyratory considered pivotal to the realisation of benefits of the Leeds Connectivity Strategy. This is principally based on the reprioritisation of highway space to walking, cycling, and public transport in Leeds city centre. Central to this is the closure to City Square and schemes of the LCCP programme, but it is also important to note that a significant amount of public sector investment has already been committed to LPTIP, City Connect, and TCF schemes, with many of these already in construction or delivered.
- 5.75 The scheme does forecast journey time benefits for motorists and bus services travelling through the gyratory, supporting a High value for money classification. However, in isolation the scheme presents environmental and social challenges. Firstly, it is forecasting an increase in carbon emissions, and secondly, that the modelling and appraisal assessment suggests that this may result in an unequal distribution of benefits with regards air quality. The severity of the potential air quality disbenefits is likely to be low and attributable to a small section of housing southwest of the gyratory and mitigations will be put in place and the new footbridges will address barriers to connectivity for residents, with improved walking & cycling access to the city centre.

- 5.76 The scheme has now secured planning approval, however approval of funding at Approval to Proceed for phase 1 is conditional on the scheme completing detailed design and securing the necessary land to mobilise and construct the highway works. Similar conditions have been set for phase 2, notably securing the necessary Network Rail approvals.
- 5.77 Scheme risks have been suitably presented. It is evident that they largely relate to phase 2 (constructing the footbridges). More detail on the promoter addressing them will be expected as part of its full business case.

### **Recommendations**

- 5.78 The PAT recommends to the Finance and Resource Committee that, subject to the conditions set by PAT:
- (i) Phase 1 of the Leeds City Centre Package Armley Gyratory scheme proceeds through decision point 4 and work commences on activity 5 (Delivery).
  - (ii) Approval of £27,930,000 for Phase 1 of the Leeds City Centre Package Armley Gyratory scheme is given from the West Yorkshire plus Transport Fund, bringing the total approved to £31,510,000.
  - (iii) Phase 2 of the Leeds City Centre Package Armley Gyratory scheme continues to develop its Final Business Case.
  - (iv) Indicative Approval of £10,460,000 for Phase 2 of the Leeds City Centre Package Armley Gyratory scheme is given from the West Yorkshire plus Transport Fund.
  - (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.

### **Conditions**

The following conditions have been set by PAT to gain Approval to Proceed to Delivery for Phase 1:

- (i) Complete detailed design to inform a Target Cost (price) affordable to the scheme.
- (ii) Conclude land acquisition and secure required licenses.
- (iii) Evidence pre-scheme (Autumn 2021) Monitoring & Evaluation data capture.

## Projects in Stage 3: Delivery and Evaluation

<b>Project Title</b>	<b>Harrogate Road and New Line</b>
<b>Stage</b>	3 (delivery and evaluation)
<b>Decision Point</b>	5 (delivery)

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

### Background

- 5.79 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.
- 5.80 The scheme will improve the existing junction at Greengates and includes the widening of the existing highway on all four arms of the junction, signal upgrades, junction improvements and better provision for pedestrians and cyclists. More specifically the scheme includes:
- Improvements to facilities for pedestrians including the provision of pedestrian controlled crossings and central pedestrian islands.
  - Improvements to facilities for cyclists including the introduction of cycle lanes and advance stop lines at traffic signals.
  - Creation of a new access to the supermarket.
  - New and replacement planting and landscaping in multiple locations.
  - Road lighting improvements.
  - Relocation of five bus stops.
- 5.81 Work began on site in July 2020. Construction works uncovered uncharted culverts, ground water and dozens of unknown pipes, ducts and cable. Although planning had involved the necessary site investigations and

discussions with utilities companies, these were not able to be identified and were not mapped, and so could not have been identified prior to construction. This has significantly increased the complexity of the scheme, and specialist contractors have needed to be brought in to ensure that the relocation of existing services are carried out whilst maintaining services to residents and businesses.

- 5.82 The Investment Committee at their meeting of 24 June 2021 agreed the following exceptional circumstances for cost escalations on the West Yorkshire plus Transport Fund projects:
- (i) Value Engineering and cost review: All projects must demonstrate value for money. Where costs are increasing value engineering must be evidenced, and other sources of funding explored before further funding will be considered.
  - (ii) Regulatory Change: A project that needs to change due to changed regulations CA policies / strategies, e.g. carbon / climate emergency targets, new cycleway design guidance.
  - (iii) Genuine unforeseen issues, e.g. archaeological, unexploded bombs, unexpected mineshafts, Covid etc. Other than what should be on a risk register.
  - (iv) Dependencies: A project that is dependent upon another major scheme, and in not going ahead affects the delivery of the major scheme.
  - (v) Carbon impact tool – carbon mitigation costs and how these are managed
- 5.83 Extensive design changes have been required to this project to enable works to progress. The work required to deal with the uncharted underground utilities has caused a substantial delay, with estimates of more than 30 weeks resulting in significant increases to cost and delivery timescales. The scheme was further delayed by Covid 19, with staff needing to isolate with symptoms of Covid 19 affecting all parties involved, further contributing to the scheme delays.

5.84 The project therefore meets the exceptional circumstance (iii) above.

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

- 5.85 The scheme is forecast to have positive impacts upon the region's clean growth and net carbon zero targets:
- An estimated reduction of CO<sub>2</sub> by up to 25,508 Tonnes over a sixty year period.
  - A 10% reduction in nitrogen dioxide concentration levels in the operational year and achieving legal compliance objective (of 40µg/m<sup>3</sup>)

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

5.86 The forecast outputs, benefits and inclusive growth implications of the scheme are:

- Relieving congestion by reducing the journey times by 20% in the morning peak and 31% in the evening peak respectively by 2026.
- Making it easier for people to walk and cycle through the provision of dedicated facilities at the junction, increasing footfall by 15% in the operational year.
- A 10% reduction in nitrogen dioxide concentration levels in the operational year and achieving legal compliance objective (of 40µg/m<sup>3</sup>).
- Supports the creation of new housing developments in the area through releasing transport constraints.
- Improved access to Leeds Bradford Airport and the new rail station at Apperley Bridge by increasing junction throughput by 12% and 18% in the morning and evening peak by 2026.
- Improved green infrastructure in line with the Green Infrastructure Task Group.

The scheme has a forecast benefit cost ratio of 9.83:1, placing the scheme in the 'Very High' Value for Money (VfM) category. However it should be noted that due to the lack of availability of a suitable strategic transport model, a limited scope model was used for the appraisal.

### **Equality and Diversity Implications**

5.87 An Equality Impact Assessment (EQIA) was undertaken for the project and equality and diversity impacts taken account of as part of the development of the project and the business case development. There are no Equality & Diversity implications arising as a result this change request.

### **Risks**

5.88 The remaining scheme risks include:

- Further delays caused by a shortage of materials due to ongoing issues with the global supply chain.
- Further delays caused by poor weather, due to additional works taking place over the winter period.
- Changes to Covid restrictions imposed by Government affecting the availability of key resources.
- Further delay and increased costs caused by the discovery of further uncharted culverts, ground water or other utility infrastructure, requiring further redesign and relocation of services.

### **Costs**

5.89 The scheme costs are:

- 5.90 The total cost of the scheme is £13,754,000. The Combined Authority will fund £8,812,000 from the West Yorkshire plus Transport Fund (WY+TF). The remaining costs will be funded by Bradford Council (£3,016,000) and private sector match funding of £1,926,000.
- 5.91 This change request is seeking approval for an additional £1,147,000, in addition to the £7,665,000 already approved, bringing the total Combined Authority contribution to £8,812,000 (+£1,147,000) from the West Yorkshire plus Transport Fund (WY+TF). Bradford Council match funding has been increased from £2,736,000 to £3,016,000 (£280,000).

### Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
6 (financial closure)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	01/04/2022
7 (evaluation)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Director of Delivery	02/01/2023

### Other Key Timescales

- 5.92 Text

### Assurance Tolerances

Assurance tolerances
Combined Authority costs remain within 0% of those outlined in this report Delivery (DP5) timescales remain within 3 months of those outlined in this report

### Appraisal Summary

- 5.93 Unfortunately, the scheme could not have identified the exceptional items raised in terms of the utilities and managing COVID-19 during the construction process. The scheme will still improve the traffic flow and will greatly improve the safety for the non-motorised users at the junction.
- 5.94 Following the increase in costs a further Value for Money exercise was undertaken which resulted a benefit to cost ratio of 9.83:1, classified as being in the Very High category.

### Recommendations

5.95 The PAT recommends to the Finance, Resources and Corporate Committee that:

- (i) The change request to the Harrogate Road – New Line is approved to increase the total value of Combined Authority funding from the current approval of £7,665,000 to £8,812,000 (increase of £1,147,000) due to exceptional circumstances. CBMDC match funding has been increased from £2,736,000 to £3,016,000 (increase of £280,000). The total project value is £13,754,000.
- (ii) The Combined Authority enters into an addendum to the existing Funding Agreement with Bradford Council for expenditure of up to £8,812,000 from the West Yorkshire Plus Transport Fund.
- (iii) 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.

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

- 6.1 The Climate Emergency implications have been considered on all projects included in this report as part of their business case development.

## **7 Inclusive Growth Implications**

- 7.1 The inclusive growth implications have been considered on all projects included in this report as part of their business case development.

## **8 Equality and Diversity Implications**

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

## **9 Financial Implications**

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

## **10 Legal implications**

- 10.1 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.

## **11 Staffing implications**

- 11.1 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.

## **12 External consultees**

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

## **13 Recommendations (Summary)**

### **Bus Franchising Needs Assessment**

- 13.1 The Finance, Resource and Corporate Committee approves that:
- (i) The Bus Franchising Needs Assessment project proceeds through decision point 2 (strategic outline case) and work commences on activity 4 (full business case).
  - (ii) An indicative approval to the total project value of £7,000,000 is given with full approval to spend being granted once the scheme has progressed through the assurance process to Decision Point 5.

- (iii) Development costs of £1,000,000 are approved in order to progress the scheme to Decision Point 5, taking the total project approval to £1,000,000.
- (iv) 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.

### **York Castle Gateway**

13.2 The Finance, Resource and Corporate Committee approves that:

- (i) The York Castle Gateway scheme proceeds through decision point 3 and work commences on activity 4 (Full business case)
- (ii) An indicative approval to the total value of £4,600,000 is given from the West Yorkshire plus Transport Fund with full approval to spend once the package has progressed through the assurance process to decision point 5.
- (iii) 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.

### **Leeds City Centre Package: Armley Gyratory**

13.3 The Finance, Resource and Corporate Committee approves that, subject to the conditions set by PAT:

- (i) Phase 1 of the Leeds City Centre Package Armley Gyratory scheme proceeds through decision point 4 and work commences on activity 5 (Delivery).
- (ii) Approval of £27,930,000 for Phase 1 of the Leeds City Centre Package Armley Gyratory scheme is given from the West Yorkshire plus Transport Fund, bringing the total approved to £31,510,000.
- (iii) Phase 2 of the Leeds City Centre Package Armley Gyratory scheme continues to develop its Final Business Case.
- (iv) Indicative Approval of £10,460,000 for Phase 2 of the Leeds City Centre Package Armley Gyratory scheme is given from the West Yorkshire plus Transport Fund.
- (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.

### Conditions

The following conditions have been set by PAT to gain Approval to Proceed to Delivery for Phase 1:

- (i) Complete detailed design to inform a Target Cost (price) affordable to the scheme.
- (ii) Conclude land acquisition and secure required licenses.
- (iii) Evidence pre-scheme (Autumn 2021) Monitoring & Evaluation data capture.

### **Harrogate Road and New Line**

13.4 The Finance, Resource and Corporate Committee approves that:

- (i) The change request to the Harrogate Road – New Line is approved to increase the total value of Combined Authority funding from the current approval of £7,665,000 to £8,812,000 (increase of £1,147,000) due to exceptional circumstances. CBMDC match funding has been increased from £2,736,000 to £3,016,000 (increase of £280,000). The total project value is £13,754,000.
- (ii) The Combined Authority enters into an addendum to the existing Funding Agreement with Bradford Council for expenditure of up to £8,812,000 from the West Yorkshire Plus Transport Fund.
- (iii) 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.

## **14 Background Documents**

14.1 None as part of this report.

## **15 Appendices**

**Appendix 1** – Background to the Combined Authority’s Assurance Framework

**Appendix 2** – Bus Franchising Assessment – Business Case Summary

**Appendix 3** – York Castle Gateway – Business Case Summary

**Appendix 4** – Leeds City Centre Package: Armley Gyrotory