

Report to: Place, Regeneration and Housing Committee

Date: 8 March 2022

Subject: **Transport Fund Review 2021**

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

1 Purpose of this report

- 1.1 This report details the process and outcomes of the annual review of the Transport Fund 2021 and sets out recommendations for revised project allocations and over-programming.

2 Information

Background

- 2.1 The West Yorkshire plus Transport Fund commenced on 1 April 2015 and is now in its seventh year of operation. It is a £1 billion programme funded as follows:

Funding Source	Funding £(m)
Transport Fund Gainshare (agreed as part of the Growth Deal)	600
Department of Transport - Majors	183
West Yorkshire Match Fund (borrowing funded through Transport Levy)	217
Total	1,000

- 2.2 The original funding programme included 33 named projects each with an allocated sum of funding which totalled £1.27 billion based on prices in 2012. It consists of both individual projects and projects within operational/delivery programmes which include the Corridor Improvement Programme, Station Gateways Programme and the Rail Parking Package. The total number of projects in the programme has now increased to 124 projects, up from 118 projects at this time last year. This is as a result of the development of projects within operational programmes or individual projects that have been phased. A couple of new projects were also added in following a call for projects in 2017 (approved in 2018), these are the Leeds Inland Port and City Connect Phase 3.
- 2.3 The Transport Fund is now reviewed annually, this is the third full review. The main purpose of the review is to consider requests for additional funding with the aim to manage the level of over-programming on the programme. The Investment Committee previously agreed to fix a baseline grant allocation for each project and further that increases to this amount should only be given in line with the following principles and exceptional circumstances (Investment Committee 8 June 2021):
- (i) A project that experiences a change in design standards or where new regulations need to be implemented, a review of scope options and value engineering needs to take place. Once all options have been explored, the project will be considered for additional funding through the Assurance Process.
 - (ii) All projects need a comprehensive QRA risk register that includes extraordinary risks. Other exceptional risks (where they are unforeseeable) will be considered for additional funding through the Assurance Process if value engineering and a scope option review has taken place.
 - (iii) All projects should continually review overall risk to project delivery. If the overall risk to delivery is very high, a review of the viability of the project needs to take place in partnership with the Combined Authority.
 - (iv) 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.
 - (v) New guidance or regulations must be included in project development at the strategic outline case and outline business case stages in the assurance process.
 - (vi) Inflation must be included in project budget costs.
 - (vii) VAT needs to be understood and factored into project costs where relevant.

Review 2021

- 2.4 The Transport Fund Review 2021 commenced in November 2021 following a Place, Regeneration and Housing Committee workshop on 18 November 2021. The review sought any requests for additional funding in line with the criteria outlined in 2.3 above as well as updated timetable information for each project (this allows changes to be made to business case submission dates without the requirement for individual change requests).
- 2.5 The requests received for additional funding for projects have been split into four categories:
- Requests for increased allocations that fit with the exceptional criteria
 - Requests for increased funding where the project is within an operational programme
 - Requests for increased funding that are not recommended for approval
 - Requests for increased funding which may fit with exceptional criteria but where funding requirements and fit with criteria have not been finalised at this time.

Requests for increased allocations that fit with the exceptional criteria

- 2.6 The following are recommended for approval:
- Calder Valley Line - Elland Station – increase of £3.29 million due to change in design regulations
 - York Programme – The partnership agreement with York City Council agrees that a maximum of £85 million should be available for the York element of the Transport Fund programme. The current provision available within the Transport Fund is £84.1 million it is therefore proposed that additional provision of £0.9 million is included to ensure the full amount of funding is available in accordance with the York Partnership Agreement (note York City Council pay a transport levy towards this as do other partner councils).
- 2.7 The following requests for funding have been highlighted in the review and have already been approved through the Governance process:
- Harrogate Road New Line – request for additional funding of £1.15 million due to exceptional circumstances approved at Finance, Resources and Corporate Committee on 6 January 2022
 - Leeds City Centre Network (LCCN) and Interchange Package - Armley Gyratory – request for an increase of £1.47 million by reallocating funding within the LCCN Programme, approved at Finance, Resources and Corporate Committee on 6 January 2022.
Note this is a reallocation within the LCCN package rather than an increase in the overall package allocation.
- 2.8 Total additional funding: £5.34 million

Requests for increased funding from projects within an operational programme

2.9 The Investment Committee at its meeting on 7 January 2021 agreed that 'each operational programme board will consider requests for changes to funding allocations. Any changes to indicative funding allocations will be reported back to the Investment Committee'. The following projects seeking additional funding are included within operational programmes and have been referred to the relevant Programme Boards.

- **Corridor Improvement Programme (CIP)**

- Bradford - A6177 Great Horton Road - Horton Grange Road
Additional £0.43 million reflecting cost estimate at full business case
- **Bradford - A6177 Thornton Road - Toller Lane**
- Additional £0.68 million, changes are as a result of compulsory purchase order costs being more than expected and design changes as a result of legislation / standards and interface with Transforming Cities Fund
- Kirklees - A62 Smart Corridor additional £1.70 million due to higher than expected tender price and increased provision for risk. The CIP Board have confirmed an increase of £0.85m to the indicative approval to be funded from the CIP programme contingency.
- Kirklees - Holmfirth Town Centre additional £1.2038 million, the proposed cost increase allows for changes to scope to take on board feedback received through the consultation and additional costs associated with utilities diversions. The CIP Board have confirmed an increase of £1.2038m to the indicative approval to be funded from the CIP programme contingency
- Kirklees - Huddersfield Southern Corridors
Potential shortfall of £2.46 million to support re-design to include LTN 1/20 guidance. The CIP Board have confirmed an increase of £1.248m to the indicative approval to be funded from the CIP programme contingency.
- Leeds - Fink Hill
£2.17 million returned to the CIP programme following announcement of Levelling Up Funding contribution towards the scheme

- **Rail Station Car Parking**

- Guiseley - Additional £0.37 million, scheme is currently at pre-costed design stage. The Programme Board have considered the request and the indicative approval will not be increased at this point. There will be opportunities at outline business case and full business case to demonstrate the case for additional costs.
- Moorthorpe - Additional £0.33 million. Estimated scheme costs have increased following change to industry design standards relating to car park gradient. The Programme Board have

considered the request and this can be accommodated within existing programme contingency.

- **Transformational Programme**

Unallocated £2.45 million funding within the Transformational Programme will be indicatively allocated subject to approval through assurance framework to support:

- Transformational - Wakefield Transport Model (50% contribution) £0.60 million
- Transformational - West Yorkshire Strategic Transport Model £1.85 million

Requests for increased funding that are not recommended for approval

2.10 The following requests for additional funding are not recommended for approval:

- **A6110 Leeds Outer Ring Road**

Additional £2 million due to increased Statutory Utilities estimates increased to £2.50 million for the Elland Road South (ERS) phase one element.

- **LCCN and Interchange Package**

Alternative funding sources are to be explored for an increase to the overall programme allocation of £3.87 million to support:

- Leeds City Centre Network and Interchange Package
- Leeds City Centre Network and Interchange Package - Infirmary Street
- Leeds City Centre Network and Interchange Package - Meadow Lane

- **LCCN and Interchange Package - Regent Street**

Request for additional £6.9 million does not meet the criteria for additional funding

- **Mirfield to Dewsbury to Leeds (M2D2L) – Additional £1.72 million**

Projects not recommended for approval at this time

2.11 The following projects have been identified with the potential to require additional funding that may fit with the exceptional circumstances. These funding requirements have not been finalised at this time and requests for further funding will be addressed at a later date when further details are available:

- **A629 (Phase 5) - Ainley Top into Huddersfield**
- **CityConnect Phase 3 Huddersfield Town Centre**
- **Corridor Improvement Programme: Wakefield - A638 Doncaster Road**

Organisational Overhead and Programme Management Costs

- 2.12 In 2021 the Combined Authority reconsidered its methodology for recovery of organisational overhead against the capital funding programmes. The agreed methodology is that 3% will now be charged against the total spend of each project. A provision for this has now been included in addition to the indicative sum for each project rather than taking away any of the indicative sum already agreed (which could seriously affect project delivery). When the Transport Fund was developed in 2012 to 2014 no provision was included within programme for either the organisational overhead or the direct staffing costs of managing the programme. Therefore, adding a provision in at this stage will require additional over-programming as follows:

Organisational Overhead to support the delivery of capital schemes –
charged at 3%. Provision made for £22.23 million

Programme Management Costs - £8.30 million

Transport Fund Over-programming

- 2.13 When the Programme was submitted to Government in 2014 the level of over-programming at that time was £227 million. The Investment Committee at its meeting in January 2021 agreed to over-programme the Transport Fund up to £115.34 million. The recommended increases in this report will have a combined impact of increasing over-programming to £151.20 million.
- 2.14 The purpose of over-programming is to manage risk within the programme and to provide certainty of funding allowing projects to progress. The Transport Fund includes funding to support risk within each project (quantified risk assessment and contingency across projects currently totals £98 million). Furthermore a number of projects which are still being developed may change or not progress in the current form given recent changes in strategic priorities and consideration given to tackle the climate emergency. The over-programming will be actively managed down to reduce the value of the programme to the £1 billion in total by the end of programme.

3 Tackling the Climate Emergency Implications

- 3.1 While there are no climate emergency implications directly arising from this report, projects within the Transport Fund are challenged on achieving a reduction in carbon through creating a mode shift to public transport and active travel. As a result projects within the Transport Fund focus on providing improved public transport and active travel infrastructure.

4 Inclusive Growth Implications

- 4.1 Projects within the Transport Fund provide transport improvements to deprived neighbourhoods and hard to reach groups to enable access to employment, opening up land for housing development, access to leisure and improvement to health and wellbeing.

5 Equality and Diversity Implications

5.1 Projects within the Transport Fund improve access to public transport and active travel for accessible groups.

6 Financial Implications

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

7 Legal Implications

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

8 Staffing Implications

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

9 External Consultees

9.1 No external consultations have been undertaken.

10 Recommendations

10.1 That the Place, Regeneration and Housing committee approves:

- (i) The proposed revised funding allocations as set out in Appendix 1 and detailed in paragraphs 2.6 and 2.10;
- (ii) The revised programme dates for each project as set out in Appendix 2;
- (iii) The increase in over-programming on the Transport Fund from £115.34 million to £151.20 million

11 Background Documents

11.1 There are no background documents referenced in this report.

12 Appendices

- Appendix 1 – Transport Fund Review 2021 Finances
- Appendix 2 – Transport Fund Review 2021 Schedules