

## Combined Authority Transport Case and Principal Opportunities

1. This annex sets out supporting evidence as to why, from a transport perspective, legislative changes should be made to enable City of York Council to become a full member of the Combined Authority (CA).
2. Over and above the economic rationale there is an evolving and growing transport case for full membership of the CA. Transport linkages between the City of York and West Yorkshire (particularly Leeds) are already well established and are of growing importance given the developing linkages between employment growth sectors in York and the Leeds City Region (LCR) and demographic, labour market and housing market trends.
3. In particular:
  - Existing connectivity between York and the wider Leeds City Region (LCR) has enabled commuting journeys to support deep labour markets by widening labour search areas – this is evident from the commuting flow data available from the Annual Population Survey, Axciom data and the Census (2001);
  - The existing and growing links between York's and the LCR's growth sectors means that over time the current two-way commuting flows between York and the wider city region will increase further;
  - In York, with the likely forecast long term employment growth of around 1,000 jobs per annum It is probable that higher levels of in-commuting will occur under most reasonable scenarios; given that both employment and housing growth will further strengthen York's role as a sub regional centre.
  - York is likely to continue to see out-commuting to the LCR (and in particular Leeds) as those working in higher value jobs such as in Knowledge Intensive Businesses continue to seek residence in more affluent areas of the City Region such as York.
4. There is strong evidence that York is part of the LCR FEMA (Functioning Economic Market Area) in both economic and transport terms.
5. There are significant strategic investment opportunity benefits for York being a full member of the CA from 1st April 2014, or as near

to this date as any legislation change would allow. The principal opportunity is participation in the West Yorkshire Plus York Transport Fund (WYYTF). This would enable greater leverage of investment to meet York's future transport infrastructure needs. A significant scale of funding is required to tackle York's transport issues and manage future employment and housing growth.

6. Further detail on the opportunities afforded by full membership of the CA are included in Annex C which focuses on transport functions.

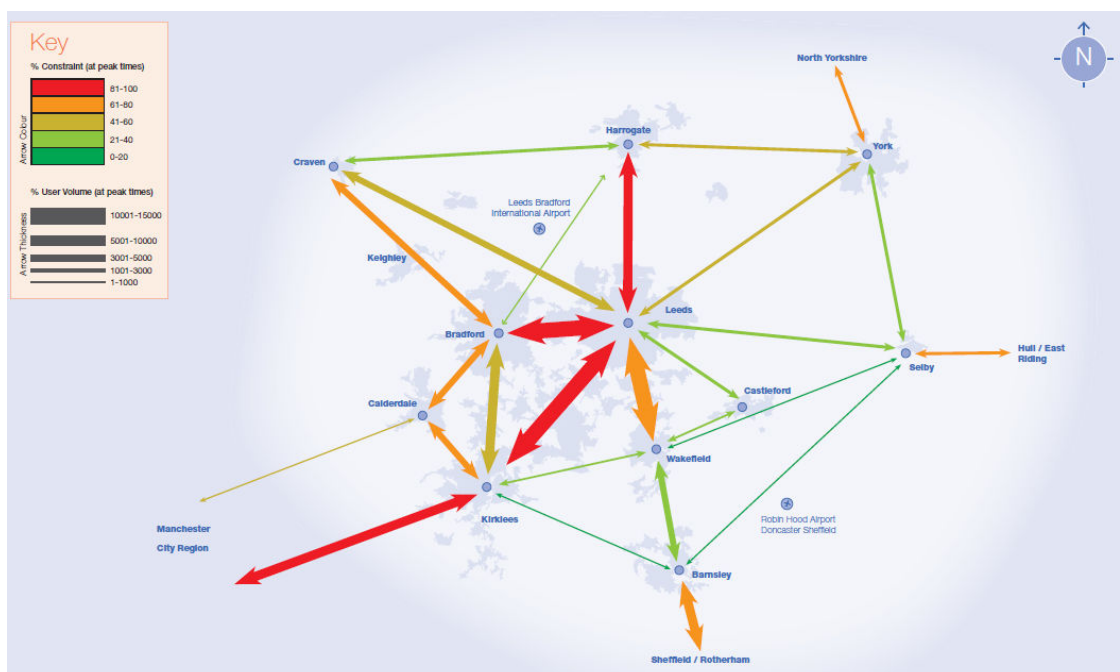
## **Background**

7. The Council has taken the decision to engage proactively in the development of a CA for West Yorkshire and York, ultimately agreeing in the short term to non-constituent membership but with the intention in the longer term of becoming a full member of the CA.
8. A Scheme and Order for the CA have now been submitted to Parliament. The Department of Communities and Local Government has now launched a consultation and published a consultation paper on 7 November 2013.
9. It is anticipated that there will be a consultation on further legislative changes in late 2013 (or early 2014). This would, amongst other changes to existing legislation governing the establishment of CAs, allow York to become a full member of the Combined Authority. A key change would be the removal of the requirement that Local Authorities in a CA must have contiguous boundaries, which is why York is seeking non-constituent membership of the at the present time.
10. This Annex builds on three reports first presented to Cabinet on 7th May 2013. The first of these reports clearly set out the economic rationale for York and West Yorkshire being one "functioning economic market area" (FEMA). This Annex expands upon this report and concentrates on the transport reasons as to why York is now, and will be in the future, part of a joint FEMA. In doing so, this Annex provides further evidence of the relationship between the City of York and the West Yorkshire authorities to assist the Council in pursuing full membership of the CA in the future. .
11. The second and third reports from 7th May 2013 examined the opportunities for York to access considerably more funding for major transport schemes through the West Yorkshire Plus York Transport Fund, and the review of governance that would allow

such opportunities to be realised. This report provides further insight into the potential opportunities afforded by membership of the CA, whilst Annex C sets out some of the potential issues that may arise and how York may reduce any associated risks.

## Transport Case for York's Inclusion

12. In order to overcome existing legislative barriers to full membership of the CA, supporting evidence is required as to why such an order should be made. In the case of the CA, this needs to be why York is an integral part of the LCR FEMA and how the links will grow even stronger in the future.
13. In transport terms, connectivity between York and the wider LCR has enabled commuting journeys to support deep labour markets by widening labour search areas and by encouraging more people into work through reduced commuting costs. In terms of in-commuting, Annual Population Survey data shows that as of 2011, 3.84% of commuters into York originate in West Yorkshire, with 3.1% of those travelling from Leeds. Viewed from West Yorkshire's perspective, Axiom data show that 7% of West Yorkshire out-commuters travel to York for employment, whilst York residents account for 3% of those working in West Yorkshire. In total there are current flows of over 6,100 York residents to West Yorkshire, and an inflow of 4,100 West Yorkshire residents to the city of York.
14. Figure 2 overleaf, taken from the Leeds City Region Transport Strategy, similarly shows the level of commuting flows across the region and provides an indication of the quality of the transport links during the peak hours.



## Figure 2: Principal Journeys to Work (2001 Census data)

15. The existing and growing links between:
- the city of York's biosciences expertise and high end enterprise in technical design and the LCR's growing healthcare and medical technologies sector;
  - York's insurance providers and the LCR's financial and business services sectors; and
  - the city of York's and the LCR's creative and media arts industries,

means that over time the current two-way commuting flows between York and the wider City Region will probably increase further as greater agglomeration can lead to enhanced labour market fluidity.

16. Furthermore, the future level of commuting flows is likely to be related to the projected increase in housing and employment across the LCR and within the City of York itself. The 2011 Census results indicate that the population of York has increased since the 2001 Census by 9.1%. The 2010 based sub national population projections forecast that the population of City will increase from 197,000 in 2010 to 216,800 in 2026. The preferred options City of York Local Plan makes provision over the plan period to 2030 for an annual target of 1250 dwellings in order to meet the needs and aspirations of present and future residents of the city and to support a thriving economy. Based on the City of York Economic and Retail Growth and Visioning study (2013) the Local Plan) aims to support the forecast employment growth of approximately 1000 jobs per annum.
17. As York is part of a broader strategic housing and labour market, demands on York's transport networks are influenced by the economic and housing policies of authorities across the LCR. Ultimately, transport demand between York and the wider LCR will depend on the balance of additional housing provision and jobs growth in these areas. It will also depend on the phasing of housing delivery and job creation overtime in different locations.
18. York has one of the stronger economies in the LCR and the likely forecast long term employment growth is around 1,000 jobs per annum. Therefore, it is probable that higher levels of in commuting will occur under most reasonable scenarios alongside local growth and increased opportunities for people to live and work locally. However, York is likely to continue to see out commuting to the

LCR (and in particular Leeds) as those working in higher value jobs such as in the Knowledge Intensive Businesses continue to seek residence in more affluent areas of the City Region such as York.

19. It should also be highlighted that together, York and the LCR also benefit from national and international transport connections which support sustainable economic growth and development. York provides a gateway to the LCR via its connection to the East Coast Main Line. Its position on the UK national rail network (and the international rail network via Kings Cross and St. Pancras) enables York and the LCR to be well connected nationally and internationally by rail. York is the second busiest station in Yorkshire and Humber (after Leeds) and the two-way station to station flow between Leeds and York is the busiest rail movement in all of Yorkshire and Humber. In addition, Leeds Bradford International Airport provides York with further international transport connections supporting York's growth sectors and its tourism economy.
20. The natural links between economic areas within the LCR is strengthened by recent evidence produced by the OECD, *Redefining Urban: a new way to measure metropolitan areas* (2013). The research (based on population density and commuting patterns) classifies York as a medium sized urban area with a hinterland that fundamentally overlaps with the Leeds hinterland.
21. So the evidence is strong that York is indeed already part of the LCR FEMA, and that these links will only become more pronounced in the future.

### **Opportunities for York with the CA**

22. The principal opportunity for York with membership of the CA lies in the participation in the WYYTF, which would secure a longer term funding commitment for York as well as providing the greatest ability to leverage York's co-investment in the WYYTF.
23. The WYYTF Finance Working Group (made up of Strategic Finance Managers from the five West Yorkshire Local Authorities, York and Metro) identified three main sources of direct contributions into the Fund, and the 'buying power' attributable to each element as follows:
  - District Contributions (£749 million)
  - Local Transport Plan (LTP) top slice at a level of 40% from LTP into the Fund (£101 million)

- DfT local major scheme funding (£182 million)

This gives a potential value of the WYYTF of over £1 billion over 10 years.

24. To build up the £749 million capital element of the Fund, Local Authority revenue contributions would start in 2014/15 and increase year on year up to a maximum in 2022/23. That additional contribution would then need to be maintained for a period of 30 years. Agenda Item 7a on 7<sup>th</sup> May 2013 set out what this would mean for the Council.
25. It was also proposed to top slice 40% of the LTP to add an additional £101 million, although the availability of funding is dependent on future LTP settlements. The final figure will also be dependent on the amount of top slicing of the LTP that is included within the proposed Single Local Growth Fund (SLGF), and whether any of this will be competitive across all LEPS.
26. The indicative funding allocations for York for devolved major local transport scheme funding are £5.0 million from 2015-19 and £10.2 million from 2019-25, which when combined with the 10 year indicative allocation of £167.6 million for the five West Yorkshire Authorities, gives £182.8 million.
27. Agenda Item 7a on 7<sup>th</sup> May 2013 also set out the York package element of the WYYTF, which included five priority schemes at an estimated cost of £83.5 million, including optimism bias. Together, these five schemes were forecast to deliver additional Gross Value Added (GVA) of £70 million per year in 2024, rising to £130 million per year in 2036, with 1,200 additional York residents in employment by the latter date.
28. If York were not within the WYYTF, its 10 year allocation for major local transport schemes would be around £15 million in total, meaning that only two of the five schemes within the York package could be delivered – A19 bus lane and designer outlet park and ride improvements and Clifton Moor park and ride and corridor improvements.
29. Neither the Northern Outer Ring Road Improvements (Low Intervention) nor city centre/York Central interchange/major public transport/access improvements could be progressed within the next 10 years, which would have a major negative impact on the economic growth aspirations of the City.
30. The Council could try and assemble its own infrastructure fund, based upon the proposed WYYTF model, but the level of

borrowing possible would be significantly less, given the lower value of future income in York alone. In this case, it would significantly limit the scope to bring forward major improvements such as the Northern Outer Ring Road improvements.

31. Membership of the CA would also bring opportunities to work collaboratively with other CA districts in sharing resources, from design to implementation, as well as procurement, programme management and business case preparation. This should help ensure that budgets and deadlines are met and that value for money for the investment required from the Council is maximised.
32. Annex C sets out further detail on the opportunities that full membership of the CA could bring, including:
  - Continued involvement in the Economic Investment Fund (EIF) – a revolving fund aimed at investing in projects that support economic growth and kick-starting investment in York’s infrastructure priorities;
  - Rail franchising – having a greater say in the specification of the Northern and Transpennine rail franchises that underpin York’s connectivity to adjacent city regions;
  - Strategic network planning with the Highways Agency and Network Rail – an enhancement to existing Leeds City Region LEP arrangements that will promote joint investment planning across the strategic networks.