
Urgency Committee

17 July 2006

Report of the Director of City Strategy

Leeds City-Region

Summary

1. This report is an item for consideration by the Urgency Committee. The reasons for bringing the report at this time are due to recent developments in the emerging debate on the City-Region and the formation of a Congestion Partnership who are preparing a bid to the Government for pump priming funding in advance of a full bid to the Transport Innovation Fund. The pump priming bid must be submitted to the Government by the end of July 2006.
2. This report describes the progress being made in relation to the emerging City-Region debate and in particular the Leeds City-Region. It provides a background to that debate including governance and the development programme. A City-Region Congestion Partnership has been set up to investigate the issue of congestion on a regional basis and to prepare a pump priming bid to the DfT's Transport Innovation Fund. The Report seeks approval to continued membership of the partnership and an in principle approval for the submission of the bid.

Background to City-Regions

3. City-Regions are now high on the national economic agenda. In effect they are the wider territories from which the main urban areas draw people for work and services such as shopping, education, health, leisure and entertainment. Looking at examples of City-Regions on the continent, it has become apparent that their success is based on the ability of their economies to drive forward the interests of significantly wider geographic areas which extend beyond traditional administrative boundaries.
4. The government has recently published several reports which underline the potential of cities as economic drivers. Perhaps the most notable of these has been "State of the English Cities" produced in March. This was an independent report produced by a group of city experts which the government regards as an authoritative audit of the status quo, the opportunities and challenges faced in an international context and the policy steps that need to be taken. The benefits of developing the City-Region concept are strongly reinforced in this report, and York featured very strongly across many of the indicators.

5. This autumn the new Communities and Local Government Secretary will publish a White Paper which is expected to enthusiastically back the City-Region model.
6. The origins of the English City-Regions lie with the 'Core Cities'. Birmingham, Bristol, Liverpool, Manchester, Newcastle, Nottingham, Sheffield and Leeds. York is included in the Leeds City-Region. Within the North of England, the Northern Way proposals are based on 8 City-Regions:
 - Central Lancashire
 - Hull & Humber Ports
 - Liverpool
 - Manchester
 - Sheffield
 - Tyne & Wear
 - Tees Valley
 - and Leeds
7. The Secretary of State is thought to favour a mayoral system of governance for City-Regions although no one system is being put forward at this stage. However, the greater powers that are being promised, along with the budget responsibilities that will support them, could demonstrate a need for directly elected, locally accountable leadership.
8. Within Yorkshire and the Humber, Yorkshire Forward is starting a review of investment planning which will look at whether the existing sub-regional model or a revised City-Region model should be followed in future. This review will run in parallel with White Paper discussions. York has a key input to both models but the rewards could be greater through a City-Region model that will need to be assessed in the autumn.

Background to Leeds City-Region

9. The concept of developing greater City-Region collaboration through the creation of a strategic alliance was formally recognised in June 2003, when a report was produced in response to the Deputy Prime Minister's invitation for the 'Core Cities' to present ideas on how they could maximise their potential as economic drivers. In the Leeds City-Region, discussion over future possibilities was crystallized at an Economic Summit which focused on the future agenda and collaborative activity.
10. The City-Region covers all of West Yorkshire (Bradford, Calderdale, Leeds, Kirklees, Wakefield) and extends into Barnsley in South Yorkshire and Craven, Harrogate, Selby and York in North Yorkshire. Eleven local authorities are therefore involved in the partnership.
11. In 2005, the first edition of the Leeds City-Region Development Programme was published. This set out the key interventions that were required to help close the productivity gap between the north and south, promising that partners would work together differently to produce an internationally recognised City-

Region with prosperity and quality of life benefits being enjoyed by all. The key interventions picked out include Connectivity, Innovation Enterprise and Science, Skills and Labour Supply, Business Infrastructure and Support, Housing, Quality of Life, Niche Clusters/Growth Sectors. These themes are being revised and developed for the second edition of the document.

12. Currently, the City-Region is moving forward based on decisions taken at bi-monthly Leaders meetings advised by alternating bi-monthly Chief Executives meetings. A Policy Advisory Group of officers also meets on a monthly basis. The secretariat is provided by Leeds City Council and a Project Manager has now been appointed to oversee future development. The main challenge of the moment is to revise the City-Region Development Programme with a view to submitting it to government at the back end of the year and in plenty of time for it to be considered within the Government's Comprehensive Spending Review scheduled for 2007. A "launch" is being planned at the House of Commons in November.

Governance

13. A substantive item on the latest Leaders meeting agenda concerned future governance issues. In the past Leaders have agreed that they would initially pursue arrangements which would promote greater alignment of strategy and delivery. This would involve a review of other but related organisations, their budgets and spatial issues.
14. The latest government thinking, however, suggests that consideration of new accountability and governance arrangements will be necessary if devolved powers from government to the City-Region (which might include the areas of transport, economic development, housing and planning, employment and skills and general funding capabilities) are to be awarded. Other functions which might be devolved "upwards" might include inward investment, sites & premises databases and certain related marketing/promotional activities.
15. There are a number of possible mechanisms that could be adopted to provide governance to the City-Region under an all embracing Executive Board. The latter could elect a Chair or a 'City-Region Leader' could be elected by all Councillors representing the participating local authorities.
16. The recommendation at the latest Leaders meeting was that if fully devolved spending powers are seen to be a prize, then a Chief Executive led task group should be established to investigate European best practice and develop proposals for Leaders to consider.

Manchester and Birmingham City-Regions Evolving Models

17. These are generally considered to be the most robust and radical which have already been placed before the Secretary of State. Very briefly:-

Manchester

- Proposed high level Executive Board for Greater Manchester.

underpinned by (up to 6) Strategic Boards delivering specific functions - health, transport, economy/skills/employment, housing and strategic planning, public protection, environmental protection.

- Scrutiny provided by existing mechanisms suitably adjusted.
- Business Leadership Team established to ensure the effective engagement of business interests (however, accountability would remain with the Executive Board).

Birmingham

- Executive board with responsibility for strategic planning in transport, spatial planning, economic development, skills, housing, cultural development, etc.
- City-Region Development Programme to provide strategic framework.
- Establishment of a Development Fund.
- Establishment of a Programme Board responsible for delivery comprising Chief Executives.
- Executive Board to be guided by a City-Region Area Agreement with Government focusing on transport, economic development, skills, regeneration and housing policy and funding areas.
- City-Region Project Director already in place leading a team seconded from the constituent local authorities.
- Shadow Executive Board currently being established, involving wider (including business) interests.

Leeds City-Region Development Programme

18. Housing. Consultants are looking at the relationship between residential and economic development issues. Affordability and the imbalance of development pressures across the City-Region are being assessed. There are significant disparities in the quality and supply of housing in different parts of the City-Region which impact on economic potential (and vice versa). Workshops have been organised for stakeholders and the consultants are considering the better evidence base which is emerging and which will feed into future policy making.
19. Innovation. This has been led in the past through Science City York representation. Consultants have been appointed to move forward the evidence base which is being developed into specific proposals. The mapping of existing innovation research differential demand and has been undertaken as part of this process. City-Region imperatives have now been dove-tailed with the Key Cities Group, providing a funding resource and a complete across-region picture.
20. Connectivity. Within the Programme, this is the most developed theme. A 25 year vision is emerging for transport across the region. Consultations have taken place with each of the constituent local authorities using consultants. They have produced a draft vision and investment plan which established the broad costs (some £3 billion) and the potential for accessing funds.
21. The vision is based around the following themes:

- Highways: additional capacity to alleviate bottlenecks
 - Rail: electrification, additional capacity, better frequencies / journey times, tram-train
 - Bus: quality and access improvements, Bus Rapid Transit
 - Complementary solutions: strategic park & ride, interchange
22. The next stage is to undertake consultation on the draft vision (including with key stakeholders). Following consultation, a final version of the vision will be prepared as part of the City-Region Development Programme for which approval will be sought at a future meeting of the City-Region Leaders.
23. It is recognised that the Transport Innovation Fund (TIF) will be a key source of funding to implement the Transport vision. The City-Region has come together under the banner of a “Congestion Partnership” to formulate a bid to access pump priming funding as part of the TIF initiative.

The Congestion Partnership

24. Transport is one of the key issues affecting the future prosperity of the Leeds City-Region. The City-Region Transport Vision is part of the process of developing the City-Region Development Programme. This Vision will highlight the need for better connectivity within the City-Region, as well as the improvements to local transport developed and implemented through the Local Transport Plan process and inter-regional and international connectivity being developed through the Northern Way Growth Strategy.
25. The work undertaken for second Local Transport Plans confirms that current strategies and investment will be beneficial, but will not be sufficient to prevent growing congestion, with the resultant adverse consequences on economic performance.
26. The City-Region has therefore come together to form the Congestion Partnership to develop a better understanding of congestion, the future impacts it will have on the economic sustainability of the region, what measures need to be put in place to address it and the role that demand management and fiscal measures may play.
27. The Government announced that it was setting up a Transport Innovation Fund (TIF) in July 2004 which would represent a significant element of national funding for transport investment, rising from £290m in 2008/09 to over £2.5 billion per annum by 2015/16.
28. The Transport Innovation Fund is intended to support:
- The costs of smarter, innovative local transport packages that combine demand management measures, with measures to encourage modal shift, and better bus services;

- Local mechanisms which raise new funding for transport schemes; and
 - Regional, inter-regional and local schemes that are beneficial to national productivity.
29. There are two strands (productivity and congestion) to the Transport Innovation Fund. The congestion strand is primarily aimed at local transport authorities as a way of delivering innovative packages that include enhancement to public transport as well as demand management measures.
 30. DfT guidance sets out a process for accessing the congestion strand of TIF funding. This process is illustrated in Annex 1. The first stage, which is not mandatory but is clearly extremely beneficial, involves studies and related feasibility work to examine the issue of traffic congestion in the City-Region linked to additional investment in public transport. DfT are making pump-priming funding available to resource this first stage and inform the national debate.
 31. The deadline for submission for this (and possibly last) round of pump-priming funding is 31 July 2006. In total up to £9 million DfT funding is still available, which is to be matched by local funding for each pump-priming submission. The DfT guidance states that their contribution will normally be no more than 50% of the costs.
 32. The City-Region Leaders' meeting of 26 April endorsed the preparation of a bid for TIF pump-priming funding to develop a better understanding of the current and future impacts of congestion on economic performance and the respective roles of investment, transport management and demand management, including fiscal measures, in tackling congestion problems.

Pump Priming TIF Bid

The Bid Content

33. The pump priming bid sets out the spatial and economic policy context of the City-Region and role for transport in helping to deliver the objectives set in the City-Region Development Programme. This context describes the priority given to addressing congestion in a consultation exercise, the current state of information on congestion and the factors that will affect congestion in the future.
34. The bid sets out a number of work-streams that would be undertaken to explore the relationship between congestion and economic performance. This work would be undertaken through a phased approach.

Phase 1 – Inception

35. The definition of the work-programme in order to undertake further studies and consultations in the most cost-effective way is complex and it is proposed that a 4-6 month inception phase is programmed in order to properly plan the

detailed work programme, identify the necessary data collection, and, to procure the various consultancy services and overall project management resource.

36. The inception phase would also recognise the new inter-authority approach of the submission and include partnership development activity to develop a strong basis for undertaking what will prove to be challenging work.

Phase 2 – Feasibility

37. Phase 2 would involve three parallel work-streams undertaken over a period of 12-18 months.
38. The first work-stream (Phase 2a) would involve data collection, detailed analysis and transport model development in order to provide a better understanding of the extent and nature of current congestion, and to provide better forecasts of future congestion.
39. Workshop sessions have indicated that the development of a new City-Region land-use / transport model would not provide value-for-money and that a better approach would be to build upon current models.
40. The second work-stream (Phase 2b) would involve market research, consultation and case studies to develop a better understanding of how congestion impacts on economic performance, including impacts on labour market efficiency and journey time reliability for businesses.
41. This work-stream (Phase 2c) would seek to define the parameters of a 'tipping point' (e.g. in terms of traffic speed and journey time reliability) at which more radical demand management measures may be beneficial to economic performance.
42. The third work-stream would be to develop the options for transport investment and other interventions, including better management of the transport system, that would address congestion and provide the necessary connectivity, choice and quality of transport within the City-Region. This work-stream would build upon the respective Local Transport Plans within the City-Region and the work being undertaken on the development of the transport vision for the Leeds City-Region. This work-stream would also start to consider issues such as the potential use of revenue streams from fiscal measures as part of an overall package to improve connectivity within the City-Region.

Phase 3 – Option Development and Appraisal

43. Phase 3 would involve detailed consideration of the outputs from the Phase 2 work-streams and the development of investment, transport management and demand management options for appraisal through modelling.
44. This evaluation phase would examine alternative scenarios to appraise the incremental benefits of transport investment, management and demand management in terms of congestion relief and hence impact on economic

performance of the City-Region. This would involve refinement of proposals on the basis of evaluation.

45. The outcome would provide greater clarity on the future role, or otherwise, of fiscal measures that may include road pricing and the areas in which they may be beneficial as part of a package to prevent congestion deteriorating to a 'tipping' point where investment is deterred and business seek to relocate.

Phase 4 – TIF Proposal Development

46. Phase 4 would only be undertaken if the appraisal undertaken as part of Phase 3 indicated the need for more radical measures and this was endorsed by the relevant transport authority(ies).
47. Phase 4 would involve the development of firm proposals and would require extensive liaison and consultation with stakeholders, businesses and the general public. This phase would also consider how fiscal charges would be addressed at a national level to understand the impact on overall travel costs, and to investigate alternatives for national and regional transport finance including issues of revenue neutrality and / or reducing costs to local businesses through, for example, off-set against National Non Domestic Rates (NNDR).
48. Phase 4 would also include the development of initial ideas on financial structures and investment packages and capacity and governance arrangements that would be required to progress with any proposal through the TIF partnership, programme entry and implementation phases shown in Annex 1.
49. The output from Phase 4, if undertaken, would be a firm proposal that the DfT would consider for the TIF Partnership stage shown in Annex 1.

Costs, Funding and Timescales

50. The costs of the proposed pump-priming activities are estimated to be £3m but these are still being refined. The cost profile is shown in the table below:

Year	2006/07	2007/08	2008/09	2009/10
DfT (£000)	100	550	550	300
Local (£000)	100	550	550	300
Total (£000)	200	1100	1100	600

51. The approach to the local element funding package is set out below and is based upon Metro's agreement to provide the match funding in the first instance because of the practical difficulties of allocating funding between partners in advance of the more detailed project scoping that would be undertaken during the inception phase. The costs in this table will be revised through more detailed discussions as the bid is finalised.

Year	2006/07	2007/08	2008/09	2009/10
Staff Time (all authorities)	40	160	150	150
Associated data collection, modelling and studies (Local Authority)	50	200	200	-
Highways Agency	-	150	150	50
Metro (with subsequent review)	10	40	50	100
Total	100	550	550	300

52. It is proposed that a revised funding package is agreed during the inception phase that reflects the benefits to participating authorities.

Communications Strategy

53. The development and implementation of a well-resourced communications strategy will be an essential component of the TIF pump-priming activities. This will run through the life of the pump priming study and will cover all aspects of the work.
54. Bid development workshops have been used to develop a communications strategy, which would be further developed as part of the Inception Phase if funding is awarded. A significant sum has been included in the cost estimates, and this reflects the experience of authorities gaining pump-priming funding last year.
55. It is also proposed to produce a briefing note, with the option of holding a breakfast briefing meeting, for key Local Authority members, MPs and local stakeholders, particularly businesses and investors. The briefing meeting would also include updates on the development of the City-Region Transport Vision, and associated consultation.
56. This briefing meeting would be followed by a briefing meeting for the region's media, who would also be provided with statements of support from Yorkshire Forward, transport operators and the business sector.

Governance Arrangements

57. It will be necessary to develop the governance arrangements. It is proposed that these arrangements build upon those put in place for the bid development and develop the Congestion Partnership as the vehicle for stakeholder involvement with the City-Region Leaders in providing overall direction.
58. The management of the TIF programme would be based on PRINCE 2 project management principles and would involve a Project Manager and Project Board for each of the work-streams. A risk workshop would be held as part of

the inception phase and risk registers would be maintained for each of the work-streams and significant activities within each work-stream.

59. It is proposed to commission an external resource to provide overall project management and co-ordination. The procurement of this resource, but not appointment, would take place in advance of the DfT funding decision to avoid delay in commencing the inception phase.
60. Metro is prepared to act as the accountable body for the receipt and accounting for DfT funds. The procurement of consultancy and other services would be undertaken in accordance with Metro's internal governance and financial control procedures and would also be undertaken in accordance with EU requirements.

Analysis of the Congestion Partnership

61. The value of the partnership for the city is that we can work together with other authorities and agency in the City-Region to develop a comprehensive and joined up approach to tackling congestion. The city can enjoy the benefits of working with partners to understand the issues and develop the options. Whilst working within the partnership the city can also maintain its identity and promote those options which could benefit the region and those locally.
62. Congestion is a growing problem affecting the City-Region with car traffic increasing by about 1-2% per year and also as a result of people buying more cars and living further from work.
63. Congestion means wasted time for business, frustrating journeys for commuters, poor air quality and increased emission of CO₂ and affects the quality of life. Current indications are that car ownership and traffic will continue to grow, journeys at the busiest times will become slower and less reliable, and roads will be busy for longer periods. Transport is recognised as representing 15% of business costs and has a very significant impact upon local, national and international productivity.
64. The purpose of pump priming work is to develop a better understanding of the issues and to enable a better informed debate about how we will tackle congestion in the City-Region in the future and keep traffic moving. By understanding the issues at a regional level the City will be better able to address the issues at a local level.
65. An important aim will be to identify the specific points where it can be predicted that severe congestion will occur or get worse and where the drawbacks such as greatly increased journey times, effects on local people's health and costs to business, are so great that it will have an economic impact such as deterring new investment in the area or causing companies to consider relocating away.
66. The City's local transport plan identified potential areas for severe congestion through its transport modelling up to 2021. However the City's model does not

connect with models on a regional basis which could have a significant impact when changes in development and workplace behaviour take place.

67. The most effective way of tackling congestion, as can be seen from other cities across the world, is by providing efficient, integrated transport systems which include providing people with a real and attractive alternative to using their cars.
68. Securing investment in high-quality public transport which builds upon the successes already achieved in the City and lays the foundations for new schemes that will have the effect of pushing the need for any form of road charging further into the future. It will also mean that should stronger demand management need to be introduced, the reliable, accessible, comfortable, clean attractive alternative for car drivers already exists.
69. Developing solutions to the problem of congestion for the city could take the form of a large package of measures possibly including new rail halts on the existing rail lines serving the city, additional and new park and ride sites, further enhancements of the bus services, new junctions on the outer ring road, bus passenger priority lanes on our radial roads. It could also include demand management measures linked to city centre and workplace parking, creation of low emission zones for more environmentally sustainable vehicles which may be linked to charging mechanisms. We could also further develop the city's traffic management potential through the use of the emerging technologies.
70. The funding from the government of the local transport plan will go only part way to providing the package of measures necessary to tackle congestion and one of the most likely alternatives will be funding from a full TIF bid.
71. No decision has been taken on charging and there are no proposals to introduce any form of charging in the Leeds City-Region. The causes of congestion are complex, so to be effective any charging system would need to reflect that complexity. Charges might be applicable at certain times, on certain stretches for certain types of journey. Transport Secretary Douglas Alexander has acknowledged it is going to be years before the technology exists to achieve that level of sophistication although some schemes are already operating in other parts of the world.
72. The TIF Pump Priming bid will be submitted in July and the outcome of the bid should be known by the autumn. The Leeds City-Region's Transport Vision, representing around £3-3.5bn of transport improvements, including bus rapid transit, tram trains, new rail stations and road improvements, is due to be unveiled in the autumn.

Corporate Priorities

73. These proposals meet corporate aim 3: Strengthen and diversify York's economy and improve employment opportunities for residents through the objective 3.6, Collaborate with regional and sub-regional partners in providing

a complementary approach to infrastructure provision, including new and improved transport/communication links, to generate new business activity.

Implications

74. The following are implications of this report.
- **Financial** If the pump priming bid is successful then further work will be done in the congestion partnership to calculate the apportionment of the costs. Members will be asked to approve York's contribution before any commitment is made to the partnership. It is expected that the contribution will be made from the LTP capital programme.
 - **Human Resources (HR)** There are no human resources implications.
 - **Equalities** There are no human equalities implications.
 - **Legal** There are no legal implications.
 - **Crime and Disorder** There are no crime and disorder implications.
 - **Information Technology (IT)** There are no information technology implications.
 - **Property** There are no property implications.
 - **Other** There are no other implications.

Risk Management

75. No specific risks are emerging within the City-Region debate although it is likely as the debate develops and issues arise which require decisions that the risks will be identified and addressed.
76. With regard to the Congestion Partnership and the pump priming TIF bid there are several risks which can be identified. The financial risk is that the bid is unsuccessful and as a result the opportunity to carry out early stages of TIF bid development are lost. To mitigate against this every effort is being made to ensure the bid is well prepared, learns from the experience of previous bids and that the DfT are consulted on the proposal at regular intervals. For the Council there is a risk that its financial contribution may be too high compared with the benefits it receives. Members approval will be sought when the outcome of the bid is known.
77. The time taken to carry out the first stage work may exceed the timetable resulting in a delay. Full project management arrangements will be applied on this project which will carry its own risk register.

78. Outcomes from the first stage work may not deliver the benefits to York. We will as far as possible engage in the completion of the bid proposal and throughout the work stage providing assistance and support where necessary.

Recommendations

79. Members are asked to note the emerging debate on the City-Region and to seek further reports at future critical stages where issues require decisions.

Reason: So that Members are kept informed of the developments in relation to the City-Region and have the opportunity to consider emerging issues and options which affect the City and where decisions will need to be made.

80. Members are asked to approve the continued membership of the Congestion Partnership and the approval in principle to the submission of a pump priming TIF bid based upon the City-Region.

Reason: To play an active part in the development of congestion management in the City-Region and locally. To access funding for the development of a full TIF bid in the future.

Contact Details

Author:

Damon Copperthwaite
Acting Assistant Director of City
Development and Transport
City Strategy
Tel No. 551448

Chief Officer Responsible for the report:

Bill Woolley
Director of City Strategy

Report Approved

Date 7 July 2006

Report Approved

Date Insert Date

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Background Papers:

No background papers

Annexes

Annex1 – Congestion TIF Stages

