

WEST YORKSHIRE PLUS TRANSPORT FUND – TECHNICAL SUMMARY REPORT

1.0	Introduction
1.1	<p>This report sets out the progress that has been made in developing the approach to, and scope of a West Yorkshire Plus Transport Fund. It covers:</p> <ul style="list-style-type: none"> • The rationale behind and need for establishing the Fund • The scope, cost and impacts of a prioritised package of investments in West Yorkshire (the Core Package) • The implications for establishing a Fund, with sufficient buying power to deliver the prioritised packages, on the budgets of the West Yorkshire and York and the commitments each District would need to make • A summary of on-going negotiations around the City Deal and the Combined Authority • How the Fund could be delivered in partnership with York
2.0	Background
2.1	<p>Transport connectivity is acknowledged as being critically important in unlocking and stimulating economic growth, closing the ‘wealth’ gap between our City Region and others, and improving the overall quality of living, working and doing business in West Yorkshire. The spatial inter-relationships affecting the economic geography of West Yorkshire result in an inter-dependency between the Districts and there is a significant level of cross boundary commuting. Investment in one District can be seen to deliver benefits to other neighbouring Districts. The evidence assembled to underpin the development of the Fund has clearly shown this cross boundary effect at play in West Yorkshire.</p>
2.2	<p>The development of a West Yorkshire Transport Fund (WYTF) has the potential to:</p> <ul style="list-style-type: none"> • Generate significant additional economic investment that would deliver jobs in the short and longer term; • Enhance connectivity to, from and within West Yorkshire; • Establish a fully integrated transport system for West Yorkshire; and • Substantially reduce dependence on central funding, giving local communities and businesses surety over a 10 year programme of major transport schemes
2.3	<p>Previous reports to Districts have made the case for transport investment as a</p>

	highly effective means of supporting growth in GVA and employment, and increasing the productivity of businesses. The methodology and appraisal used in this work forecasts a scale of impacts on GVA and employment comparable with the forecasts produced when a Transport Fund was developed for Greater Manchester. A previous report to the Districts has set out progress with the analysis being undertaken to develop the Fund and the schemes it would deliver.
2.4	<p>There is clear evidence that without significant and well-targeted investment in the transport network in West Yorkshire the opportunities for economic growth will be constrained. This will be a result of increasing levels of congestion, rising costs of motoring and public transport and the ability to recruit a workforce, interact with other businesses or transport goods and services to people and business that need them. Significant investment in transport is therefore needed:</p> <ul style="list-style-type: none"> • To enable existing, and new, businesses to become more productive (through reducing lost time caused by congestion); • To expand the size of the workforce that could both support the growth of existing businesses and the creation of new employment, particularly in major growth locations (such as Aire Valley); • To expand the numbers and types of employment opportunities that can be reached from existing communities, and new housing sites, to improve the opportunities available to the existing and the future workforce.
2.5	The Core Package of schemes in the Fund will work together to deliver a combined impact across the transport network which will be greater than the sum of the individual impacts. Together, and with the addition of other committed improvements, they will help close the economic gap between our city region and others. These investments will help ensure that the Leeds City Region becomes a leading city region in the UK and Europe. The combined package of improvements to be delivered will enhance connectivity with West Yorkshire, across the north and the rest of Yorkshire and the UK.
2.6	The WYITA, on behalf of the partners, has allocated £700,000 to develop and utilise the analytical tools to enable an evidence based approach to developing the Fund. York has committed around £70,000. The analytical tools were developed from previous work undertaken by Metro and Leeds using DfT specified appraisal guidance. The methodology used to develop the Fund followed the approach successfully used to establish the Greater Manchester fund. To put that allocation in context, it is understood Greater Manchester spent in excess of £2million to get to a similar position.
2.7	A Portfolio Holders Steering Group (made up of lead members from each Districts and the Chair of the ITA) has provided the scrutiny, direction and overview to ensure the Fund would be capable of delivering on the pre-defined objectives, supporting District LDF aspirations and identifying a mechanism to deliver local

	control over the identification, development and delivery of long term investments in the transport network of West Yorkshire and York. On-going consultation and engagement with Leaders, Chief Executives and Directors of Development has informed the process.
2.8	<p>Those objectives were:</p> <ul style="list-style-type: none"> • The primary objective is to maximise an increase in employment and productivity growth by the completion of transport schemes across West Yorkshire, irrespective of boundaries • Against this background, two employment accessibility minima are proposed: <ul style="list-style-type: none"> ○ A better than average improvement in employment accessibility for residents in the most deprived 25% of WY communities and ○ Every WY district to gain an average improvement in employment accessibility no less than half the average across WY • The overall impact of the Fund’s interventions would be carbon neutral at the package level
2.9	An improvement in people’s ability to access jobs, with a particular focus on those living in the most deprived communities, will be an important complementary measure of the Programme of schemes.
2.10	Appendix B lists the schemes that have been identified within the West Yorkshire Core Package.
2.11	The detailed definition of all schemes in the West Yorkshire Core Package would be refined during detailed business case development, including appropriate value engineering, consultation, optioneering, fit with LTP objectives and appraisal. This would be done to ensure all schemes offer best value for money.
2.12	It should be noted that the Core Package is one that would be deliverable within 10 years and that comprises the schemes that are most effective in supporting short term growth in GVA and employment. In turn these will have the most impact on generating ‘Earn Back’, which would be used to extend expenditure into longer term transformational schemes.
3.0	West Yorkshire Schemes
3.1	A number of high profile transformational and gateway schemes are already committed for delivery in West Yorkshire and York by 2020. These are from external budgets outside the Fund. They include the following schemes with capital works costing in the region of £550 million:

	<ul style="list-style-type: none"> • Electrification of York-Leeds-Manchester and Selby-Leeds • Associated capacity improvements (such as at Huddersfield station) • NGT lines 1 and 2 in Leeds • Leeds station southern entrance • Leeds station Masterplan • HLOS rail capacity expansion (an average 20% increase in rail capacity) • Smartcards • Bus Quality Contracts or Partnership approach (currently being developed)
3.2	<p>The government has announced its intention to proceed with a longer term delivery (circa 2032) of high speed rail between Leeds and South Yorkshire, East Midlands, West Midlands and London, including a new city centre HS2 rail station in Leeds. HS2 would be funded centrally from sources outside the Fund, but it is important that relevant schemes delivered through the Fund will be designed to maximise the positive impacts and benefits of HS2 for the whole of West Yorkshire, York and the Leeds City region.</p>
3.3	<p>The Fund would also include work to support the production of robust evidence, lobbying material, development and detailed design associated with longer term and more complex transformational schemes which will need to be developed and delivered in partnership, and may involve re-shaping longer term land use reallocation to generate sufficient demand to establish a Financial case. The schemes which will be progressed would include:</p> <ul style="list-style-type: none"> • Full electrification of the Caldervale rail line linking Leeds, Bradford, Halifax and Manchester • Full electrification of the Leeds-Harrogate-York rail line • Fixed link connections (such as tram-train) between Bradford, LBIA and Leeds • Expansion of the NGT network, e.g. west to Bradford • Delivery of essential improvements identified in the Yorkshire Rail Network Study
3.4	<p>The West Yorkshire Core Package addresses network wide and specific locations and corridor based needs where transport constraints will inhibit economic growth. The Package will help to extend the benefits of committed investments across the whole of West Yorkshire, in a way that transform transport connectivity within and between the main urban centres, and ensure that regional employment locations (such as the Aire Valley Leeds) are well connected to residents and businesses in all West Yorkshire Districts.</p>
3.5	<p>The Core Package would provide a step change in connectivity across West Yorkshire through the delivery of the following projects, which would have a transformational set of impacts:</p> <ul style="list-style-type: none"> • Speed and frequency increases on the Caldervale rail line

	<ul style="list-style-type: none"> • New and improved motorway junctions, including junction 24a on the M62 • Major end to end corridor works such as Bradford to Leeds, Halifax to Huddersfield and Dewsbury to Leeds • Significant works in Leeds and Halifax centre to reduce car impacts, open up development land and improve connectivity and sustainable access • Significant expansion of park and ride at rail stations and through new bus or NGT based services • A comprehensive package of highway improvements (on around 500km of WY roads) to reduce congestion, improve traffic speeds and reliability and increase flows, and address local air quality, safety and frontage activity • Major highway improvements to unlock critically congested junctions and provide access to new development sites such as Cooper Bridge • A package of bus measures to increase frequency, reduce delays and unreliability, introduce 'greener' more efficient hybrid buses and provide a framework for reduced bus fares (circa 10% in real terms) to be delivered via Quality Contracts or Bus Partnerships • Expansion of the NGT network into Leeds Aire Valley 																
3.6	<p>The schemes in the Core Package will have a significant transport impact at a local level, but when delivered as a package they will deliver greater benefits at a network wide level. This will facilitate faster, more reliable highway connectivity between the national motorway system, strategic destinations such as Aire Valley, East Wakefield, Canal Road and the airport, and across the City Region. In parallel the significant enhancements to public transport will facilitate sustainable, low carbon, economic growth in our urban centres by improving connectivity into, and between the key centres of Leeds, Bradford, Wakefield, Huddersfield and Halifax, as well as beyond to York, Manchester and Sheffield.</p>																
3.7	<p>The combined effect of this core package would support additional employment and GVA growth in West Yorkshire at the following scale, above the situation without the package. The difference between 'additional employment' and 'additional West Yorkshire residents in employment' is made up by an increase in-commuting from outside West Yorkshire and an increase in out-commuting, to Manchester for example.</p> <table border="1" data-bbox="320 1570 1445 1727"> <thead> <tr> <th></th> <th>2024</th> <th>2030</th> <th>2036</th> </tr> </thead> <tbody> <tr> <td>Additional employment</td> <td>12,500</td> <td>15,800</td> <td>18,200</td> </tr> <tr> <td>Additional GVA (per year)</td> <td>£810m</td> <td>£1,100m</td> <td>£1,230m</td> </tr> <tr> <td>Additional WY residents in employment</td> <td>10,700</td> <td>13,000</td> <td>14,700</td> </tr> </tbody> </table>		2024	2030	2036	Additional employment	12,500	15,800	18,200	Additional GVA (per year)	£810m	£1,100m	£1,230m	Additional WY residents in employment	10,700	13,000	14,700
	2024	2030	2036														
Additional employment	12,500	15,800	18,200														
Additional GVA (per year)	£810m	£1,100m	£1,230m														
Additional WY residents in employment	10,700	13,000	14,700														
3.8	<p>The WY package of schemes performs well in terms of GVA 'bought' per £ invested. The Greater Manchester Fund (circa £1.5billion) was calculated to buy £0.90 of GVA per £1.00 invested. The circa £1billion WY package is calculated to buy £1.23 of GVA per £1.00 invested.</p>																

3.9	The employment forecasts (for permanent jobs) would be additional to temporary employment in the construction industry as a result of this level of infrastructure investment. This is estimated to be around 7,500 job years (e.g. for example, 750 jobs lasting 10 years).
3.10	<p>The Core Package would also deliver the against the secondary criteria:</p> <ul style="list-style-type: none"> • Improved accessibility to employment from ‘deprived wards’ greater than the West Yorkshire average (by a factor of +7%) • Equitable distribution of improved accessibility geographically, with all Districts seeing an improvement greater than half the West Yorkshire average
3.11	<p>The analysis to date forecasts that because of the prioritised Core Package, there would be:</p> <ul style="list-style-type: none"> • an 8% increase in employment (and hence commuting levels) • an increase in average commuting distances • an increase in business to business and business to market trips
3.12	This increased level of commuting is forecast to be accommodated through a reduction in the absolute levels of car commuting and an increase in the absolute levels of bus and rail use. By 2024, with the Core Package in place, the forecast predicts a reduction of 2% in car commuting, a 20% increase in bus commuting and a 13% increase in rail commuting at the West Yorkshire level.
3.13	An objective of Fund is to ensure it Core Package ‘carbon neutral’. That is to say, that compared to a future year baseline, the Fund would not lead to an increase in carbon emissions from transport. Achieving sustainable (zero carbon) economic growth is actually a very tough objective, particularly given the polycentric nature of West Yorkshire, the dispersed nature of cross boundary commuting, the role of the M62/M1 corridors and the location of growth sites, which are often away from the major centres of housing.
3.14	<p>Because of the strategic nature of the modelling it is not yet possible to accurately predict the impact on carbon. The initial estimate is for an increase of 1-2%, but this analysis excludes significant benefits of decongestion, which could result in a net decrease. A better understanding of the impact on carbon will be obtained at the detailed design and business case stage. It will be possible to set more ambitious targets for carbon as part of the design specification, or as add-on’s to scheme designs which could attract additional funding or third party contributions which could facilitate the following types of intervention:</p> <ul style="list-style-type: none"> • Further improvements in bus technology such as an increased rate of conversion to hybrid vehicles

3.19	The conventional BCR (Benefit to Cost ratio) for the Core Package is calculated as between 3.5 and 5.0, depending on the scale of decongestion benefits achieved. As defined by DfT, a strong BCR would be 2.0 or above.																		
3.20	A provisional £50m has been identified to promote and accelerate the co-funding and delivery of rail station gateway schemes, such as Leeds and Bradford city centre stations. This would be used to accelerate Network Rail investments through co-funding and enabling works. This was the approach adopted in Greater Manchester.																		
3.21	<p>The estimated cost of the West Yorkshire Core Package is between £780 and £1,100 million (depending on the scale of optimism bias applied). The following table summarises the costs associated with the West Yorkshire investment package.</p> <table border="1" data-bbox="320 824 1430 1346"> <thead> <tr> <th data-bbox="320 824 762 898"></th> <th colspan="2" data-bbox="762 824 1430 898">Allocated Funds (£ million)</th> </tr> <tr> <th data-bbox="320 898 762 972"></th> <th data-bbox="762 898 1102 972">Minimum (zero optimism bias)</th> <th data-bbox="1102 898 1430 972">Maximum (full optimism bias)</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 972 762 1084">Enabling schemes (from Core Package)</td> <td data-bbox="762 972 1102 1084">430</td> <td data-bbox="1102 972 1430 1084">620</td> </tr> <tr> <td data-bbox="320 1084 762 1196">Transformational schemes (from Core Package)</td> <td data-bbox="762 1084 1102 1196">300</td> <td data-bbox="1102 1084 1430 1196">430</td> </tr> <tr> <td data-bbox="320 1196 762 1270">Gateways works</td> <td data-bbox="762 1196 1102 1270">50</td> <td data-bbox="1102 1196 1430 1270">50</td> </tr> <tr> <td data-bbox="320 1270 762 1346">WY TOTAL</td> <td data-bbox="762 1270 1102 1346">780</td> <td data-bbox="1102 1270 1430 1346">1100</td> </tr> </tbody> </table>		Allocated Funds (£ million)			Minimum (zero optimism bias)	Maximum (full optimism bias)	Enabling schemes (from Core Package)	430	620	Transformational schemes (from Core Package)	300	430	Gateways works	50	50	WY TOTAL	780	1100
	Allocated Funds (£ million)																		
	Minimum (zero optimism bias)	Maximum (full optimism bias)																	
Enabling schemes (from Core Package)	430	620																	
Transformational schemes (from Core Package)	300	430																	
Gateways works	50	50																	
WY TOTAL	780	1100																	
3.22	Similar work has been undertaken to identify a Package of investments in York. The opportunity would be explored to manage a Fund jointly, while maintaining separate and equitable funding pots to deploy in West Yorkshire and York. The analysis has shown that while cross-boundary effects are very significant in West Yorkshire, they are not significantly apparent between West Yorkshire and York so there is no basis in using West Yorkshire funds in York and vice versa.																		
4.0	Funding Package																		
4.1	In order to enable expenditure of between £780 million and £1,100 million in West Yorkshire (and between £60 million and £80 million in York), analysis has been undertaken to consider the options of establishing a Fund with £1 billion buying power.																		

4.2	<p>In time, and during detailed development and phasing work, the size of the Fund and the scale of the expenditure will need to be iterated to match each other. This report presents an indicative approach to this income and expenditure balance, which is considered appropriate at this stage. On this basis the mechanism for creating £1 billion of spending power is set out.</p>
4.3	<p>The three sources of direct contributions into the Fund, and the ‘buying power’ attributable to each element are as follows:</p> <ul style="list-style-type: none"> • District Contributions (£749 million) • LTP top slice at a level of 40% from LTP into the Fund (£101 million) • DfT local major scheme funding (£150 million)* • TOTAL (£1 billion) <p><i>* this may be increased once the implications of the recent announcement on devolved major scheme funding has been assessed (WY and York will receive £182m over 10 years)</i></p>
4.4	<p>Top slicing the LTP budget by 40% would need careful management to ensure the remainder was targeted to the types of schemes not specifically addressed by the Fund, for example road safety, cycling or travel planning. The Fund would result in significant and extensive investment in schemes aimed at economic growth, which would reduce the call on the LTP, hence the need to consider rebalancing the LTP allocations to other spend areas.</p>
4.5	<p>The City Deal negotiations are seeking certainty on the LTP and local major contributions from DfT, and this report is seeking agreement from the West Yorkshire and York Leaders that they can commit to the scale of the District Contributions proposed in order to establish a £1 billion Fund. These are summarised in the table below</p>

4.6	<p>To build up the £749 million element of the Fund, District contributions are illustrated to start in 2014/15 and increase (through extra levy) year on year to up to a maximum in 2022/23. That additional contribution would be maintained for a period of 30 years. The table below sets out the District Contributions that would be required, in the first three and last years. Contributions are based on June 2011 population figures. The first year (2013/14) assumes zero contributions from the Districts and would be met from a ring fenced ITA allocation.</p> <table border="1" data-bbox="320 488 1433 808"> <thead> <tr> <th></th> <th>2013/14</th> <th>2014/15</th> <th>2015/16</th> <th>2016/17</th> <th>2017/18</th> <th></th> </tr> </thead> <tbody> <tr> <td>Leeds</td> <td>656</td> <td>1,061</td> <td>3,433</td> <td>5,148</td> <td>6,866</td> <td>and</td> </tr> <tr> <td>Bradford</td> <td>461</td> <td>735</td> <td>2,392</td> <td>3,589</td> <td>4,785</td> <td>ramping</td> </tr> <tr> <td>Wakefield</td> <td>299</td> <td>447</td> <td>1,493</td> <td>2,239</td> <td>2,986</td> <td>up</td> </tr> <tr> <td>Calderdale</td> <td>176</td> <td>291</td> <td>934</td> <td>1,401</td> <td>1,867</td> <td>year</td> </tr> <tr> <td>Kirklees</td> <td>359</td> <td>967</td> <td>1,934</td> <td>2,902</td> <td>3,869</td> <td>on</td> </tr> <tr> <td>York</td> <td></td> <td>452</td> <td>905</td> <td>1,357</td> <td>1,809</td> <td>year</td> </tr> <tr> <td>Total</td> <td>1,951</td> <td>3,953</td> <td>11,091</td> <td>16,636</td> <td>22,182</td> <td></td> </tr> <tr> <td>Per head of population</td> <td>£0.80</td> <td>£1.63</td> <td>£4.57</td> <td>£6.86</td> <td>£9.15</td> <td></td> </tr> <tr> <td>Per week per head (pence)</td> <td>1.5p</td> <td>3.1p</td> <td>8.8p</td> <td>13.2p</td> <td>17.6p</td> <td></td> </tr> </tbody> </table> <p><i>District contributions are in £000's</i></p>		2013/14	2014/15	2015/16	2016/17	2017/18		Leeds	656	1,061	3,433	5,148	6,866	and	Bradford	461	735	2,392	3,589	4,785	ramping	Wakefield	299	447	1,493	2,239	2,986	up	Calderdale	176	291	934	1,401	1,867	year	Kirklees	359	967	1,934	2,902	3,869	on	York		452	905	1,357	1,809	year	Total	1,951	3,953	11,091	16,636	22,182		Per head of population	£0.80	£1.63	£4.57	£6.86	£9.15		Per week per head (pence)	1.5p	3.1p	8.8p	13.2p	17.6p	
	2013/14	2014/15	2015/16	2016/17	2017/18																																																																		
Leeds	656	1,061	3,433	5,148	6,866	and																																																																	
Bradford	461	735	2,392	3,589	4,785	ramping																																																																	
Wakefield	299	447	1,493	2,239	2,986	up																																																																	
Calderdale	176	291	934	1,401	1,867	year																																																																	
Kirklees	359	967	1,934	2,902	3,869	on																																																																	
York		452	905	1,357	1,809	year																																																																	
Total	1,951	3,953	11,091	16,636	22,182																																																																		
Per head of population	£0.80	£1.63	£4.57	£6.86	£9.15																																																																		
Per week per head (pence)	1.5p	3.1p	8.8p	13.2p	17.6p																																																																		
4.7	<p>The West Yorkshire Districts would need to commit to this scale of additional contribution, ramping up from 2014/15 to 2022/23, and then remaining in place for 30 years.</p>																																																																						
4.8	<p>While direct comparisons are difficult it is worth noting that the Greater Manchester Transport Fund includes a levy increase rising to circa £80 million after 10 years compared to circa £50 million in the West Yorkshire Plus Fund.</p>																																																																						
4.9	<p>It is recognised that these are challenging levels of contribution given the current position on local government funding. There is an opportunity to effectively spread the first year cost by making an initial contribution through an increased levy in 2013/14. This would again be ring-fenced by the ITA and should a decision be made not to proceed with the Fund then this sum could be rebated back through the 2014/15 levy discussions.</p>																																																																						
4.10	<p>During detailed development, design and phasing work the Funding Model would be used to optimise the phasing of the expenditure and borrowing requirements. The District commitments are therefore likely to change to some small degree, but the figures shown represent a realistic scale and profile of commitments required to establish a Fund of circa £1 billion.</p>																																																																						

4.11	<p>The Fund would be used to address decades of under investment in West Yorkshire. In that context it is helpful to understand the level of contributions paid across other Metropolitan Authorities. The table below shows levy and population comparisons in the ITAs in 2011/12 (excluding the additional Fund levy in Greater Manchester). West Yorkshire clearly had the lowest levy per head of population by a significant margin (£43 per head).</p> <table border="1" data-bbox="320 450 1437 786"> <thead> <tr> <th></th> <th>Levy £ 000s</th> <th>Population 000s</th> <th>Levy / head £</th> <th>Levy / head % of highest</th> <th>Levy / head % of GMITA</th> </tr> </thead> <tbody> <tr> <td><i>Integrated Transport Authority</i></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>West Yorkshire (Metro)</td> <td>97,600</td> <td>2,250</td> <td>43</td> <td>49%</td> <td>68%</td> </tr> <tr> <td>West Midlands (Centro)</td> <td>140,718</td> <td>2,655</td> <td>53</td> <td>60%</td> <td>83%</td> </tr> <tr> <td>Greater Manchester</td> <td>168,900</td> <td>2,629</td> <td>64</td> <td>73%</td> <td>100%</td> </tr> <tr> <td>Tyne & Wear</td> <td>71,706</td> <td>1,120</td> <td>64</td> <td>73%</td> <td>100%</td> </tr> <tr> <td>South Yorkshire</td> <td>93,000</td> <td>1,328</td> <td>70</td> <td>80%</td> <td>109%</td> </tr> <tr> <td>Merseyside</td> <td>119,076</td> <td>1,353</td> <td>88</td> <td>100%</td> <td>137%</td> </tr> </tbody> </table>		Levy £ 000s	Population 000s	Levy / head £	Levy / head % of highest	Levy / head % of GMITA	<i>Integrated Transport Authority</i>						West Yorkshire (Metro)	97,600	2,250	43	49%	68%	West Midlands (Centro)	140,718	2,655	53	60%	83%	Greater Manchester	168,900	2,629	64	73%	100%	Tyne & Wear	71,706	1,120	64	73%	100%	South Yorkshire	93,000	1,328	70	80%	109%	Merseyside	119,076	1,353	88	100%	137%
	Levy £ 000s	Population 000s	Levy / head £	Levy / head % of highest	Levy / head % of GMITA																																												
<i>Integrated Transport Authority</i>																																																	
West Yorkshire (Metro)	97,600	2,250	43	49%	68%																																												
West Midlands (Centro)	140,718	2,655	53	60%	83%																																												
Greater Manchester	168,900	2,629	64	73%	100%																																												
Tyne & Wear	71,706	1,120	64	73%	100%																																												
South Yorkshire	93,000	1,328	70	80%	109%																																												
Merseyside	119,076	1,353	88	100%	137%																																												
4.12	<p>With the Fund in place the West Yorkshire figure of levy/head of population would rise to around nearly £64 after 10 years.</p>																																																
5.0	City Deal																																																
5.1	<p>Discussions on the City Deal are still on-going. A key element to be agreed is the scale of the Earn Back formula, and the agreed level of additional business rates that would be paid to the West Yorkshire and York Authorities going forward. Specifically the Authorities need clarity on an acceptable level of 'new' funding that would be a future income stream to the West Yorkshire and York Authorities.</p>																																																
5.2	<p>A number of further areas are still under discussion, and it is the view that agreement is being aimed for by Autumn 2013, allowing an implementation of the Fund in April 2014.</p>																																																
5.3	<p>The areas still under discussion include:</p> <ul style="list-style-type: none"> • The geography of the Local Transport Board and Combined Authority • Securing long term commitments to funding from DfT • Early release of block funding at the start of DfT spending periods • Securing rail devolution • Agreement on DfT role in developing and delivering improvements identified in the Yorkshire Rail Network Study (such as electrification of the Caldervale and Harrogate lines) 																																																
5.4	<p>The availability of Earn Back as a future revenue stream has not been taken into account when building up the Financial Model, and profiling borrowing powers.</p>																																																

	<p>This approach is prudent, and creates the potential for future flexibility around a number of future choices around how this future revenue is used, which could include some or all of the following:</p> <ul style="list-style-type: none"> • Delivery of longer term transformational transport schemes, for example a fixed-link to the Airport • Global or targeted subsidy of different transport costs, such as for example reduced bus fares for young people or people/families with low income • Transport investment with an added emphasis on regeneration or urban realm schemes (such as town centre pedestrianisation/urban quality schemes)
5.5	<p>It should also be noted that additional revenue income associated with increased public transport usage has not been assumed as a revenue stream to service the debts of the Fund. The current work suggests the level of this additional income revenue would be significant, and within a Quality Contract framework (or an acceptable Bus Partnership arrangement) or devolved rail framework it would be an important revenue future steam. This revenue could present the same opportunities as described in the previous paragraph.</p>
5.6	<p>The scale of Earn Back is still being negotiated, but has been estimated (from the Greater Manchester experience) as generating of an income of £20m per year, which could generate £300m plus of spending power. This could become available 5 years after the start of the Fund.</p>
5.7	<p>The scale of additional public transport revenue would also be significant. Access to it will be influenced by the arrangements for Rail Devolution and whether a Quality Contract or Bus Partnership Framework is in place. With the Core package in place, the analysis forecasts a growth of circa 20 million public transport passengers (bus, rail and NGT) per year by 2024 This suggests a significant level of net 'new' funding in the tens of millions per year, if some or all of this can be captured by the public sector.</p>
6.0	Relationship with York
6.1	<p>At the outset it was considered possible that expenditure in West Yorkshire could have direct and significant impacts in York and vice versa. Subsequent analysis has shown that two largely discrete and independent Core Packages have been identified for priority delivery within 10 years.</p>
6.2	<p>The option of a joint Fund for West Yorkshire and York is therefore not mutually dependent. However there is benefit in considering the establishment and management of a Fund jointly, even if the decisions on the scale of allocations between the two areas, is clearly dictated by the scale of input from each area.</p>

6.2	As longer term projects are developed there is scope to consider the concept of joint funding and the equitable allocation of funding from each area. This could apply to the work on electrification of the Leeds-Harrogate -York rail line for example.
7.0	Next Steps
7.1	Each District Council needs to consider the scale of year on year contributions they would need to commit to establish a combined spending power of circa £1 billion. Similarly they need to endorse the Core Package of priority investments that the Fund would deliver.
7.2	If agreed then a delivery phasing programme would be established, and detailed work carried out to refine and optimise schemes development to get the most effective, value for money designs. This would involve consultation with members, public, businesses and partners
7.3	The full agreement to commit to District expenditure to the Fund should be conditional on on-going City Deal negotiations. A key benefit of establishing a West Yorkshire Plus Transport Fund would be to enable access to additional funding that would be earned through the Earn Back process. The scale of that earn back would determine the scale of further investment that could be delivered in WY, beyond the Core Package.