

Report of the Director of City Strategy

## **Result of Regional Transport Board Capital Bids and Application for Use of Contingency Funds.**

### **Summary**

1. This report provides details of the results of the Regional Transport Board meeting on 4 April which assessed bids from Local Authorities in the region for funds to undertake major schemes. Members are asked to approve the release of funds from reserves to progress the development of the Access York bid.

### **Background**

2. A new process introduced in 2006 gives the Regions more control over a Regional Funding Allocation (RFA) for major transport schemes on Local Authority and Trunks roads which are not of national strategic importance. The RFA for transport is approximately £90m per year with £845m allocated up to 2015/16. The Regional Transport Board (RTB) of the Yorkshire and The Humber Region reviews all larger schemes (generally over £5m) and manages the programme. The RTB advises the Department for Transport (DfT) which schemes they wish to promote within the Region and Ministers take account of this advice when determining the list of projects to be funded.
3. Following the identification of headroom and overprogramming allowance of approximately £159m in the early years of the RFA programme, due to delays in the delivery and approval of some of the larger transport projects, the Regional Transport Board invited bids for additional schemes for submission by 15 February for determination at the RTB meeting on 4 April meeting. Bids were restricted to schemes costing less than £30m which could be delivered before 2013/14. A full refresh of the programme extended up to 2017/18 is expected to be undertaken later in the year where further schemes could be introduced.
4. The Council submitted a bid for £26.5m (including 15% optimism bias) from the RFA programme for phase one of the Access York project which includes the construction of 2 new Park & Ride sites on the A59 and Wigginton Road and the relocation of the existing Askham Bar site. There were three other bids promoted by other Agencies/Authorities which involved work in the York area:

- Hopgrove Roundabout upgrade. (Promoted by the Highways Agency).
- Yorcard. The provision of a regional smartcard for rail and bus passengers. (Promoted by Metro, SYPTE and all authorities in the region).
- Regional Information Systems. The provision of enhanced Real Time Passenger Information for bus services in the region. (Promoted by all Authorities in the region).

5. The decision of the RTB was:

<b>Proposal</b>	<b>Decision</b>
Access York: Park & Ride Bid	All three Park & Ride sites approved for inclusion within the Regional Funding Allocation programme (£20.8m)
Yorcard	Approved for inclusion within the Regional Funding Allocation programme
Hopgrove Roundabout	Identified as a block 3 priority. Decision deferred until next RTB meeting in July
Regional Information Systems	Identified as a block 5 priority. Decision deferred until next RTB meeting in July

6. Acceptance by the RTB is the start of a long process to deliver the schemes. The RTB must first gain approval from Ministers for the proposed changes to the programme. Additional appraisal and design work will need to be undertaken by the Council before submitting a full Major Scheme Bid to the DfT later in the year. The DfT then have a three stage approval process prior to releasing funds for construction.
7. The DfT anticipate that they will take approximately 6 months to analyse the bid and determine whether it is acceptable for Programme Entry status. Following approval by the DfT additional design work would be undertaken and statutory approvals, such as planning consent, obtained prior to re-submitting the bid for Conditional Approval. Before granting Final Approval of the scheme the DfT require tenders for the construction works to have been received. Providing there have not been significant changes to the value for money of the scheme the DfT will grant Final Approval and construction can commence. If the scheme costs or value for money has changed by more than 10% then re-approval by the Regional Transport Board will be required.
8. The Park & Ride outline business case prepared for the RTB will need further work to ensure it meets the full requirements of the DfT. In particular additional transport modelling, site surveys and economic appraisal will be needed to confirm the costs, value for money and deliverability analysis.

9. The success of the Yorcard scheme bid means that the benefits of an integrated electronic ticketing system for the region will be realised in the next few years. The current smart card system on the Park & Ride service will be replaced with the Yorcard system allowing easier access to other network services including routes provided by other operators. It should be recognised that the Yorcard proposal only provides the technology to assist in the provision of integrated ticketing. There are considerable additional governance, competition and contractual issues to resolve before the full benefits of integrated cross ticketing could be achieved. The scheme will be progressed by the main promoters, South Yorkshire and West Yorkshire PTEs, in the region with the local contribution sourced predominantly from transport operators.
10. The Hopgrove Roundabout is one of the key constraints on the capacity of the Outer Ring Road, particularly in the evening peak. The deferral of the decision for the bid for funding means that there will be further delay in improving this junction. It is hoped that a positive decision will be made in July however it is probable that completion of the work will now not be possible until after the summer of 2009 to avoid impacting on the holiday traffic in the area. The Highways Agency will review their bid and resubmit to the RTB. If the Hopgrove scheme is not approved in July and the Highways Agency can not fund the scheme through its own resources then it will be proposed to include the improvements in the proposed Access York Major Scheme Bid.
11. The Regional Information Systems bid for the provision of additional Real Time Passenger Information equipment at stations and key points on the bus network in the region. The bid will be reviewed by the regional partners and re-submitted to the RTB in July.

### **Application for Use of Contingency Funds to Prepare the Major Scheme Bid**

12. The DfT expect authorities to fully fund the development of the Major Scheme Bid up to Programme Entry acceptance stage. Following acceptance of the bid for Programme Entry the DfT will fund 50% of the further preparatory costs required to progress the scheme through to construction. The DfT would then fund approximately 90% of the construction costs with the remainder to be funded from local resources.
13. An allocation of £164k was identified in the 2008/09 revenue contingency budget to develop the Access York proposal pending the decision of the RTB. If Members agree it is proposed to use the funds to progress two main elements of the scheme:- preparation of a Major Scheme Bid for the Park and Ride proposal and development of a further bid to the RTB for the remainder of the Access York project including improvements to the Outer Ring Road.
14. It is estimated that up to £100k will be required to develop the existing outline business case up to the standard required for a full Major Scheme Bid (MSB) to the DfT. The MSB will be based upon the bid already prepared but will include additional survey work (archaeological, environmental, site investigation and topographical) to ensure all risks are identified and further

modelling and economic analysis to confirm the accuracy of the value for money appraisal. Consultation with key stakeholders and landowners will also be undertaken during this period and planning applications progressed where required. The Major Scheme Bid will be presented to Members for acceptance prior to submission to the DfT.

15. In addition it is proposed to use the contingency funds to progress the development of a bid for the remainder of the Access York project including upgrading the Outer Ring Road. It is proposed to prepare a bid to meet the Regional Funding Allocation refresh timetable with bids currently expected to be requested for submission in the Autumn. It is proposed to undertake preliminary modelling work to review the recommendations of the previous Outer Ring Road study undertaken in 2005 and report back to Members in the Summer before finalising a preferred option to enable a bid to be submitted to the RTB later in the year. It is anticipated that up to £64k will be needed to undertake traffic modelling, prepare outline designs for costing purposes, undertake the economic appraisal of the proposal and prepare the bid documentation. Further funds will be required in 2009/10 if the Regional Transport Bid was successful to progress a Major Scheme Bid to the DfT.
16. The projected costs for the two elements of the development of the Access York Project is £164k in 2008/09 which would fully use the contingency allocation of £164k. If additional funds are needed to complete the bids it is proposed to fund the shortfall from existing City Strategy budgets.

### **Consultation**

17. Internal consultation on the Park & Ride bid was undertaken with Finance, Property, Environmental Protection and Transport Planning to ensure that the proposals was acceptable. Consultation on the proposed sites will be undertaken during the pre-planning application stage and the views of stakeholders incorporated into the final bid to the DfT.

### **Corporate Priorities**

18. The development of the Park & Ride service and improvements to the Outer Ring Road are key elements of the Council's transport strategy set down in the Local Transport Plan (LTP). In addition the proposals support the Council's strategy to increase the use of public and environmentally friendly modes of transport.

### **Implications**

19. The provision of a successful Access York project is essential for the continued prosperity of the city and the desire to reduce congestion and improve air quality in the city centre. There are implications across a wide range of areas both within the Council and externally.
20. **Financial Implications** The DfT approves funding for Major Schemes on the basis that 10% of the funding is locally sourced. The local funds could be from the LTP settlement, developer contributions or Council resources. To progress

the Park & Ride sites approximately £3.3m spread over 3 years would need to be contributed from local sources. Additional funds from local resources would be required to progress the remainder of the Access York Project.

21. If the local contribution for the Park & Ride sites was funded from the LTP settlement it could mean less funding would be available for other integrated transport schemes across the city during that period. Approximately £1.3m was allocated in the original 5 year LTP programme for the enlargement of the Askham Bar site. The remainder of the contribution could be sourced from other blocks within the LTP programme and local resources including the possible sale, subject to Member approval, of the existing Askham Bar Park & Ride site. Currently it is not anticipated that any developer contributions would be available to support the provision of the Park & Ride sites in the timescale required however it may be possible to fund future expansion of the sites from specific developments. In particular it is anticipated that developer contributions from the York Northwest development may be available to expand the A59 site to meet the increased demand.
22. Preparatory costs incurred prior to the acceptance of the scheme by the DfT are not recoverable through the Major Scheme Bid process and would need to be provide from Council Revenue sources. It is anticipated that approximately £164k would be required to prepare a Major Scheme Bid for the full package and progress the remainder of the Access York Bid in 2008/09. Additional funding, if required, would be sourced from within existing City Strategy revenue budgets. Once the bid has been accepted by the DfT 50% of the further development costs after acceptance to take the bid through the approval process are recoverable from the DfT. The DfT will then fund 90% of the construction costs and 50% of any additional risk costs up to an agreed level. Any additional costs above this agreed level would have to be funded fully from local sources.
23. The cost of the development of Access York was identified as a potential budget pressure (in the sum of £164k) as part of the council's budget preparation, and as such was included within the list of pressures that may require funding from either the Council's Contingency Fund or from reserves. The total of all the possible cost pressures identified was over £2m and the Contingency Fund was set at £800k. Given the one-off nature of the expenditure it was indicated that if resources were required they should be considered for funding from reserves.
24. The Council has reserves that can be used to fund non-recurring expenditure, which will leave the contingency available to fund recurring items. It is important that the Council maintain a minimum level of revenue reserves to deal with any unforeseen events. The value of the minimum level of these reserves is determined by a risk assessment undertaken by the Director of Resources and included in the annual Revenue Budget report. The resulting calculation indicates that the council should, as a minimum, hold general reserves of £5.219m for 2008/09 and £5.375m for 2009/10. The Director of Resources recommended that the Council looks to remain above this target for the next two years, although the current forecasts show the Council will move below these levels in the future, and that it is particularly important that the

reserves are reviewed once the 2007/08 out-turn is known. It is estimated that there will be approximately £1.376m of other revenue reserves available, thus the level of the general fund balance should not fall below £3.843m. The current forecast level of the general fund balance at the end of 2008/09 is £4.575m, although there are also future commitments to use the general fund reserve amounting to £1.316m, which will take the level down to £3.259m. If this application is approved the balance will reduce to £3.095m.

25. There will be further financial implications to the Council relating to the operation of the new sites. Currently a licence fee is paid to the Council by the operator of the service. The contract for the operation of the new sites would need to be procured in accordance with the Council's financial regulations which may result in a lower rate being received for the new sites owing to the risk associated with patronage numbers in the early years of operation.
26. **Human Resources (HR)** There are no Human Resource implications for staff employed by the Council. The role of the Park & Ride monitoring officer will change to include the additional sites. A project team will need to be created to progress the construction of the new sites however it is likely that some of the work will be undertaken by Consultants.
27. **Equalities** There are no equalities implications of progressing the bid at this stage.
28. **Legal** There are no legal implications of progressing the bid at this stage.
29. **Crime and Disorder** There are no crime and disorder implications.
30. **Information Technology (IT)** There are no IT implications.
31. **Property** If the new site at Askham Bar is constructed the existing site, owned by the Council, would be vacated and available for possible sale.
32. **Other** None.

### **Risk Management**

33. In compliance with the Council's risk management strategy the main risks that have been identified in this report are those which could lead to financial loss, non-compliance with legislation, damage to the Council's image and reputation and failure to meet stakeholders' expectations. However measured in terms of impact and likelihood, the score for all risks has been assessed at less than 16. This means that at this point the risks need only to be monitored as they do not provide a real threat to the achievement of the objectives of this report.
34. At this stage in the bid process the Council does not commit to funding or underwriting the construction of the new sites. Separate reports will be submitted to the Executive as the bid progresses indicating the financial commitment and level of risk at each stage.

## **Recommendations**

35. Members are asked to:

- 1) Note the decision of the Regional Transport Board.
- 2) Agree to the release of £164k from council reserves to progress the Major Scheme Bid for the development of the Park & Ride sites and prepare a bid for the remainder of the Access York project to be submitted to the Regional Transport Board later in the year.

Reason: To obtain funding to improve transport provision in the City.

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**Report Approved**  **Date** 9 April

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**Report Approved**  **Date**

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**Wards Affected:** List wards or tick box to indicate all

**All**

**For further information please contact the author of the report**

**Background Papers:**  
2<sup>nd</sup> Local Transport Plan  
Access York Phase 1: Park & Ride Development: Proposed Submission to the  
Regional Transport Board - Report to 12 February 2008 Executive

**Annexes**