



## **Leadership Board**

Tuesday, 19th January 2016 at 2.00 pm

Meeting to be held at North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

[www.northeastca.gov.uk](http://www.northeastca.gov.uk)

---

# SUPPLEMENTAL AGENDA

---

	<b>Page No</b>
7. <b>Project Approvals</b>	<b>1 - 20</b>

Contact Officer: Tel: 0191 211 5118 E-mail: [victoria.miller@northeastca.gov.uk](mailto:victoria.miller@northeastca.gov.uk)

**To All Members**

**This page is intentionally left blank**

## North East Combined Authority

### Leadership Board

---

**Date:** 19<sup>th</sup> January 2015

**Subject:** Project Approvals

**Report Of:** Executive Officer for Transport, Head of Paid Service and Chief Finance Officer

#### Executive Summary

This report provides an update on Local Growth Funding (LGF) approvals and provides details on eight specific projects for approval, these being as follows:

- A19 Employment Corridor Access Improvements
- A191 Junctions including Coach Lane and Tyne View Park
- Sunderland Low Carbon Zone
- Northern Access Corridor Phase 2 (Cowgate to Osborne Road)
- Scotswood Bridgehead Improvements
- Newcastle Central Station to Stephenson Quarter
- South Shields Interchange
- Northern Access Corridor Phase 3 (Osborne Road to Haddrick's Mill)

The report also provides an update on other LGF transport projects with a 2015/16 start at LGF programme entry that have yet to be presented to the North East Leadership Board or Transport North East Committee (TNEC).

The report explains that, in order to maximise the delivery of the programme in terms of the use of LGF grant in 2015/16, it is proposed to bring forward capital spending on schemes originally scheduled for 2016/17, where this is possible, and to apply LGF grant to schemes that have been approved and are spending in the current year, in place of other funding that can then be carried over and used to fund LGF projects in future years. This would be subject to the approval of the NELEP and DCLG/BIS, where necessary, and would be fiscally neutral in terms of maintaining the level of funding for individual projects in the LGF programme.

#### Recommendations

The Leadership Board is recommended to approve the following actions for the projects listed below:–

1. A19 Employment Corridor Access Improvements – The project is approved to proceed to grant funding agreement and construction based on a full and compliant business case, with an LGF grant of £4.7m;

# North East Combined Authority

## Leadership Board

---

2. A191 Junctions including Coach Lane and Tyne View Park – The project is approved to proceed to grant funding agreement and construction based on a full and compliant business case, with an LGF grant of £1.5m;
3. Sunderland Low Carbon Zone – The project is approved to proceed to grant funding agreement and construction based on a full and compliant business case, with the release of LGF grant of £5.95m;
4. Northern Access Corridor Phase 2 (Cowgate to Osborne Road) – To delegate the decision to approve the business case and funding release to the Head of Paid Service, in consultation with the Thematic Lead for Transport, the Chief Finance Officer and the Monitoring Officer, subject to receipt of a full and compliant business case and no increase in the overall level of LGF grant for the project;
5. Scotswood Bridgehead Improvements – To delegate the decision to approve the business case and funding release to the Head of Paid Service, Service in consultation with the Thematic Lead for Transport, the Chief Finance Officer and the Monitoring Officer, subject to receipt of a full and compliant business case and no increase in the overall level of LGF grant for the project. In the event of a delay in finalising the full business case it is proposed that a 1<sup>st</sup> phase advance approval (around £500,000) be granted.
6. Newcastle Central Station to Stephenson Quarter – To agree to a phased approval and release of LGF for the project, beginning with a 1<sup>st</sup> phase approval for £850,000 for design and advanced junction works, anticipating a subsequent full business case and remaining LGF approval request expected to be made in late Spring 2016;
7. South Shields Interchange – To agree to a phased approval and release of LGF for the project, beginning with a 1<sup>st</sup> phase approval for £1,600,000 for design, consultancy fees and site assembly works, anticipating a remaining LGF approval for £5,300,000 expected to be made in late spring 2016;
8. Northern Access Corridor Phase 3 (Osbourne Rd to Haddrick's Mill) – To agree to a phased approval and release of LGF for the project, beginning with a 1<sup>st</sup> phase approval of £635,000 for advance works, anticipating a remaining LGF approval for £3,795,000 expected to be made in late Spring 2016.

The Leadership Board is requested to consider and agree the use of LGF grant to the two Enterprise Zone schemes in order to maximise the use of the LGF grant in the current year as set out in section 2.4, subject to the approval of NELEP and DCLG/BIS, where this is necessary.

# North East Combined Authority

## Leadership Board

---

### 1. Background

#### Local Growth Fund

- 1.1 In January 2015 the Leadership Board agreed its capital programme for 2015-16, which included the list of approved schemes to be funded from the Local Growth Fund; the total cost of the schemes; the total to be funded by LGF grant and the amount of the LGF grant funding planned for 2015/16. An update on the programme was reported in November and a further update is included in the Capital Programme report on this agenda. This funding related to specific projects that had been agreed by NECA and NELEP as part of the LGF Growth Deal.
- 1.2 In March 2015 the Government confirmed payment of the Local Growth Fund (LGF) grant for 2015/16 of £53.91m and set out the indicative profile of LGF funding for future years of £166.487m (£79.402m in 2016/17; £31.819m in 2017/18; £24.065m in 2018/19; £16.650m in 2019/20; and £14.550m in 2020/21). This included £75.4m of 'tail funding' for projects planned to start in 2015/16. It also included funding for six highway major schemes.
- 1.3 The funding profile for 2016/17 and future years was subject to formal confirmation after the Spending Review. This funding uncertainty and the lack of funding for additional projects meant that it was not possible to include 'over-programming' in the 2015/16 capital programme.
- 1.4 A letter (attached as appendix A) has now been received which confirms that the funding for future years is the same as set out in the earlier indicative profile. While the profile is also subject to the 'Annual Conversation' exercise with the Department, this is progressing well and it is proposed to confirm funding for those projects that have had their final business case approved in order to enable them to let tenders with confidence.
- 1.5 It is important to demonstrate delivery on the 2015/16 programme, which includes achieving a high level of spending of the £53.91m LGF grant. To manage the programme, where some spending on 2015/16 projects has slipped back into future years due to a range of factors, including the previous uncertainty of funding, options to bring forward spending on projects from 2016/17 has been explored and is reflected in the programme. This report highlights the spending that has been brought forward and sets out the further opportunities for consideration and approval.
- 1.6 As part of the Devolution Agreement there is the opportunity to submit a bid for additional funding for new LGF projects as part of a five year programme, when the next bidding round for Local Growth Funding opens. Work is progressing on the development of the project pipeline for consideration and approval by NELEP and the Leadership Board early in 2016.

# North East Combined Authority

## Leadership Board

---

### **2 Update on Local Growth Fund Programme for 2015/16 and Future Years**

- 2.1 The November report to the Leadership Board identified a potential spend of £50.935m against the £53.910m LGF funding programme for 2015/16, subject to no further slippage occurring.
- 2.2 The latest profile of funding and spending for the existing projects in the LGF Programme is set out in Appendix A to the report on the Capital programme. This shows the latest profile of potential spend funded by LGF grant in 2015/16 amounting to £50.17m. This includes all LGF grant funded schemes, including the projects highlighted in this report.
- 2.3 The programme spending is now heavily profiled into the last few months of the financial year and further slippage is possible due to the complexity of the projects involved and the significant work needed to secure the final business case approvals. It is important that we can demonstrate strong delivery and appropriate use of the LGF grant this year. To help manage this risk, further options to bring forward spending from 2016/17 have been explored with the NELP and DCLG/BIS. LGF projects scheduled to start in 2016/17 are incurring or have the potential to incur spend in the current year and could be funded from LGF grant subject to confirmation of the future years funding by DCLG. The River Tyne project is one such project, which was agreed in November and discussions with other projects, have identified potential for spending this year, including the Sunderland Central Business District.
- 2.4 Following guidance from DCLG that the LGF grant can be used very flexibly to fund capital expenditure in 2015/16, we are now proposing that we seek approval to use LGF grant to finance approved infrastructure spending on two Enterprise Zone schemes this year on a temporary basis in order to avoid borrowing costs on these projects this year. These schemes are the approved infrastructure works in the Sunderland and the Newcastle North Bank of Tyne Enterprise Zones. It is expected that around £4.6m of LGF grant will be used to fund these schemes this year. NECA will refinance the scheme next year releasing £4.6m to fund spending on LGF schemes that have slipped into future years.
- 2.5 The last three items are not yet reflected in the projected programme for 2015/16 and would help offset any further slippage and increase spending towards the full £53.91m that has been received this year.

### **Phased LGF project approvals and Assurance Framework amendments**

- 2.6 In managing the LGF programme throughout 2015/16 it has become clear that certain requirements of the existing North East LGF Assurance Framework may be providing an unduly challenging regulatory environment in respect of enabling timely project and programme expenditure. This is especially true where a project

# North East Combined Authority

## Leadership Board

---

encounters legitimate issues that affect the timing of the finalisation of its full project business case, such as extension of the time to complete design work, procurement, supplier identification, site investigations and the preparation of planning applications. It is apparent that flexibilities, particularly in the requirements of each 'Gateway' and final funding approval stages, together with phased approvals of allocated LGF, could help to achieve more timely LGF expenditure and greater resource value, as well as providing assistance to project promoters in the period prior to the finalisation of all business case components. It is suggested that a phased approval procedure would be utilised only where overall risk to project delivery and cost is demonstrated as minimal through appropriate interim business case documentation. To this end, it is recommended that two projects detailed in this report are given a '1<sup>st</sup>-phase' approval to claim and spend LGF for works prior to a '2<sup>nd</sup>-phase' full approval, which would be requested when full and robust business cases have been finalised.

- 2.7 It is anticipated that the Assurance Framework will be amended by the end of the current financial year to accommodate phased approvals of LGF for future and delayed LGF projects, with a 1<sup>st</sup> phase approval typically being granted for design, planning, business case and/or investigatory works, and in some cases where risk is assessed as low, for advanced works including acquisition of land and equipment.

### 3. Schemes covered in this report

- 3.1 This report lists schemes in four categories. For schemes in categories 'a', 'b' and 'c', the Leadership Board is requested to approve the actions listed in the "Recommendations" section of this report. Details of the schemes in category 'd' are provided for information only and no decision is requested from Leadership Board at this stage. The four categories are: -
- a) Projects that are expected to have full and compliant business cases in place by 19<sup>th</sup> January 2016 and are seeking full approval at January Leadership Board;
  - b) Projects that are expected to have full and compliant business cases in place by February 2016 and are seeking approval to proceed via a delegated decision to the Head of Paid Service in consultation with others;
  - c) Projects for which a full business case and contract costs will not be in place until early in the next financial year, and for which a decision is sought for phased LGF funding release, with a first phase approval at the January Leadership Board for design fees and advanced works in 2015/16;

# North East Combined Authority

## Leadership Board

---

- d) An update on other LGF transport projects with a 2015/16 start at LGF programme entry that have yet to be presented to the Leadership Board or TNEC for a decision for business case approval and funding release.
- a) **Projects that are expected to have full and compliant business cases in place by 19th January 2016 and are seeking full approval at January Leadership Board.**
- 4. A19 Employment Corridor Access Improvements**
- 4.1 The A19 Employment Corridor Access scheme will improve multiple junctions along key access routes to Cobalt Business Park and Silverlink Retail Park in North Tyneside. The overall cost of the scheme is £5.11m, with £4.7m in all years funded by LGF grant.
- 4.2 The scheme includes the following improvements:
- Capacity enhancements along the A191 corridor between Silverlink North and A19 Holystone Interchange;
  - Capacity enhancements and signalisation of A191 / Norham Road junction, the Middle Engine Lane / Addington Drive junction and The Silverlink roundabouts;
  - Bus priority measures at the Quicksilver Way/ Silverlink North junction. Bus priority measures are also being considered along the adjoining A191 corridor;
  - Improvements to the walking and cycling networks serving Cobalt Business Park from the Coast and Northumberland and linking into strategic cycle route enhancements along the Coast Road corridor.
- 4.3 The objectives of the scheme include:
- Reduced congestion and delays;
  - Journey time savings for bus, car and cycle users;
  - Improved access to key employment sites, making it more attractive to do business at those sites;
  - Safer roads for vulnerable road users.
- 4.4 The full scheme business case shows a satisfactory benefit to cost ratio of 5.3:1.
- 4.5 The cost and funding for the project as included in the programme approved in November and the latest business case is set out in the table below. The total project cost has increased to reflect other funding contributions. The total LGF grant is unchanged, although the profile of spending is updated.



# North East Combined Authority

## Leadership Board

---

	Total	LGF Grant £000				
	Cost	Total	2015/16	2016/17	2017/18	2018/19
Programme	4,700	4,700	700	2,200	1,800	0
Business Case	5,110	4,700	526	1,412	2,762	0

### Business case status

- 4.6 A full business case has been received and undergone independent review. Minor issues relating to aspects of the economic case, match funding security and options testing have been identified. The promoter is considering and reviewing the responses on these issues and will modify the business case if necessary, which will again be checked. Any outstanding issues will be reported to the Leadership Board meeting.

### **5. A191 Junctions including Coach Lane and Tyne View Park**

- 5.1 The scheme will implement improvements at key junctions along the A191, including the A191 Whitley Road/B1317 Station Road Junction, and the widening of Whitley Road from Tyne View Park and Coach Lane. The scheme aims to contribute to regional economic growth by supporting the creation and retention of jobs, reducing congestion, improving travel choice, improving infrastructure capacity to cater for future traffic demand, and developing walking and cycling facilities along the A191 Corridor. The overall cost of the scheme is £1.7m, with £1.5m funded by LGF grant.
- 5.2 Furthermore, the scheme seeks to link the already funded A199/A189 Four Lane Ends Pinch Point Scheme and the A19 Employment Scheme, which is also funded through the LGF.
- 5.3 The full scheme business case demonstrates a benefit cost ratio of 5.85:1.
- 5.4 The cost and funding for the project as included in the current programme and the business case is set out in the table below. The total project cost has increased to reflect other funding contributions. The total LGF grant is unchanged, although the profile of spending is updated.

	Total	LGF Grant £000				
	Cost	Total	2015/16	2016/17	2017/18	2018/19
Programme	1,500	1,500	800	700	0	0
Business Case	1,700	1,500	620	880	0	0

# North East Combined Authority

## Leadership Board

---

### Business case status

- 5.5 A full business case has been received and undergone independent review. Minor issues relating to aspects of the economic case, match funding security and options testing have been identified. The promoter is considering the review comments and will modify the business case if necessary, which will again be checked. Any outstanding issues will be reported to the Leadership Board meeting.

### **6. Sunderland Low Carbon Zone**

- 6.1 The Low Carbon Zone scheme is situated in Washington to the west of the existing Nissan Motor Manufacturing (UK) automotive manufacturing facility. The overall cost of the scheme is £13.5m, with £5.95m in total funded by LGF.
- 6.2 The scheme will provide the infrastructure enablement works for the Low Carbon Zone, one of the North East's Enterprise Zones. The scheme will provide a new highway link between the A1290 Washington Way to the north and Nissan Way to the south. The existing single carriageway along Nissan Way will be upgraded to dual carriageway.
- 6.3 The scheme will reduce congestion – especially by providing clearer manoeuvrability for articulated vehicles – enhance access to the Enterprise Zone, support job creation and improve road safety. The scheme will provide access to up to 1,500 jobs on the Hillthorn Farm development site, as well as supporting the existing 34,000 jobs in the area.
- 6.4 The scheme business case demonstrates a benefit to cost ratio of 3.3:1.
- 6.5 The cost and funding for the project as included in the current programme and the business case is set out in the table below. The total costs and LGF grant are unchanged, although the profile of spending is updated.

	Total	LGF Grant £000				
	Cost	Total	2015/16	2016/17	2017/18	2018/19
Current Programme	13,500	5,950	2,800	3,150	0	0
Business Case	13,500	5,950	2,650	3,300	0	0

### Business case status

- 6.5 A full business case has been received and undergone independent review. Minor issues relating to aspects of the economic case, cost certainty and options testing have been identified. The promoter is considering review comments and will modify the business case, which will again be checked. Any outstanding issues will be reported to the Leadership Board meeting.

# North East Combined Authority

## Leadership Board

---

6.6 There is an opportunity with this project to apply an additional LGF grant of around £4m to the currently approved Enterprise Zone phase 1A works, as previously mentioned in section 2.4. This will enable more expenditure to be defrayed against the LGF programme in this financial year. It is proposed that this be approved as one of the options for maximising the use of LGF grant in 2015/16.

**b) Projects that are expected to have full and compliant business cases in place by February 2016 and are seeking subsequent approval to proceed via a delegated decision to the NECA Head of Paid Service in consultation with Leaders.**

### **7. Northern Access Corridor Phase 2 (Cowgate to Osborne Road)**

7.1 The scheme involves a package of works between Cowgate on the A167 and the junction of Osborne Road with the A189, via Blue House Roundabout. The scheme will create an upgraded Urban Traffic Management system, enabling better management of congestion and improved journey times during peak periods. The overall cost of the scheme is £8.1m, with £4.1m coming through the LGF and the local contribution coming from current work directly linked to current schemes at Cowgate (Phase 1) and in Gosforth.

7.2 The objectives of the scheme are:

- To reduce congestion at peak periods;
- To create conditions for more reliable and punctual bus services;
- To increase the market share and competitiveness of public transport;
- To ensure existing and new developments are easily accessible by bus;
- To provide improved pedestrian and cycle access;
- To encourage modal shift;
- To provide reduce injury road accidents;
- To address transport related social exclusion.

7.3 The outline business case has indicated that a benefit to cost ratio of up to 17.8:1 could be achieved by the scheme. This is subject to further business case development work.

7.4 The forecast LGF expenditure of £3m in 2015/16 comprises of the following elements:-

- £1.3m Gosforth Transport Corridor (referenced in the initial proforma as match funding contribution to the NAC);
- £0.2m Variable Messaging Signals supply;
- £0.25m Scheme design and development costs;
- £1.25m Northern Access Corridor Phase 1 (Cowgate).

# North East Combined Authority

## Leadership Board

---

- 7.5 The claiming of a proportion of the overall project's Phase 1 works (£1.25m) provides an opportunity to increase total 2015/16 LGF programme expenditure. This spend has been delivered within 2015/16 and will be exchanged with Phase 2 project LGF funding, with the corresponding Phase 1 funding contributing to 2016/17 Phase 2 works
- 7.6 The cost and funding for the project as included in the current programme and is set out in the table below. The total cost and funding is unchanged, although the profile of spending is updated.

	Total	LGF Grant £000				
	Cost	Total	2015/16	2016/17	2017/18	2018/19
Programme	8,100	4,090	2,000	2,090	0	0
Latest Estimate with revised proposal	8,100	4,090	3,000	1,090	0	0

### Business case status

- 7.7 An outline business case has been received and reviewed. A planning consent, detail design and contract prices are still needed for certain elements of this corridor project, as well as further adjustments to the economic and management aspects of the business case. The full business case with final costs is due to be received in February 2016. It is proposed that the approval of this business case be delegated to the Head of Paid services after consultation with the Thematic Lead for Transport, the Chief Finance Officer and Monitoring Officer – subject to there being no increase in the overall level of LGF grant for the project.

## **8. Scotswood Bridgehead Improvements**

- 8.1 The scheme comprises highway alignment and signal improvements to the junctions immediately leading into Scotswood Bridge and the adjacent junctions to the east and west. It will improve access to Scotswood Bridge from the north, west and east as well as reducing congestion impacts on all road-based modes. Furthermore, the improvements will also facilitate access to a number of development sites in the local area. The overall cost of the scheme is £4.2m, with £3.7m in all years funded by LGF grant.
- 8.2 The main objectives of this scheme are to:
- i) assist in the reduction of peak time congestion;
  - ii) ensure that all dependent developments are easily accessible by bus;
  - iii) reduce injury road accidents at the main bridge entry junctions.
- 8.3 The benefit to cost ratio of the scheme is expected to be around 4.9:1.

# North East Combined Authority

## Leadership Board

---

- 8.4 The cost and funding for the project as included in the current programme and is set out in the table below. The total cost and funding is unchanged, although the profile of spending is updated.

	Total	LGF Grant £000				
	Cost	Total	2015/16	2016/17	2017/18	2018/19
Current Programme	4,200	3,700	700	3,000	0	0
Latest Estimate with revised proposal	4,200	3,700	500	3,200	0	0

### Business case status

- 8.5 An outline business case has been received and reviewed. Detail design and contract prices are still needed for the scheme, as well as a review of the modelling exercise undertaken and related economic case aspects of the business case. The full business case with final costs is due to be received in February 2016. It is proposed that the approval of this business case be delegated to the Head of Paid services Service in consultation with The Thematic Lead for Transport, the Chief Finance Officer and Monitoring Officer – subject to there being no increase in the overall level of LGF grant for the project. In the event of a delay in finalising the full business case it is proposed that a first advance approval of around £500k be granted.

- c) **Projects for which a full business case and contract costs will not be in place until early in the next financial year, and for which a decision is sought for phased LGF funding release, with a first phase approval at January Leadership Board for advanced works in 2015/16.**

## 9 Newcastle Central Station to Stephenson Quarter

- 9.1 This scheme involves the creation of a direct pedestrian link from Newcastle Central Station to the Stephenson Quarter business zone, addressing current physical severance that limits accessibility between the two locations. A shorter, direct route will reduce travel time making the Stephenson Quarter a more attractive area for business. Provisionally, the scheme has a total cost of £10m, with £6m coming from the LGF.
- 9.2 The objectives of the scheme include improving equality of access opportunities, supporting the growth of key employment sites (Stephenson Quarter and Forth Yards), and maximising the growth of the NECA economy by enhancing its competitive position.
- 9.3 The initially-preferred option of a bridge link has encountered significant issues upon advanced site investigations. Challenging levels at the back of the rail

# North East Combined Authority

## Leadership Board

---

station would reduce the effectiveness of a footbridge due to poor journey time savings arising from the need to create access ramps and/or a lift, as well as not addressing the station's accessibility issues and having a negative impact on the station structure, which is a listed building.

- 9.4 An option of an underpass beneath the railway at the rear of the station is being investigated jointly by Newcastle City Council, Network Rail, Virgin Trains East Coast and English Heritage. This option is likely to increase project costs and additional funding sources are being explored, with a current bid to government for an additional £6m due to be determined shortly. This further option development and request for additional funding means that progress of the full business case has been delayed. However, there is a clear opportunity to demonstrate LGF expenditure against the project in this financial year for design works (£250k) and related signal, road alignment and safety works at Westmorland Road (£600k) junction necessary to deliver the full project. This would require a phased approval of LGF for the project, with a 1<sup>st</sup> phase approval for £850k at the January Leadership Board meeting, followed by a subsequent LGF approval at a Leadership Board meeting in April or June 2016.
- 9.5 The project agreement will set out what will happen in respect of grant clawback arrangements in the event of the scheme not proceeding. The advance payment of grant for design fees that the promoter would have had to incur is expected to be subject to a clawback arrangement in the event that the scheme does not proceed and no outcomes are delivered. The advance payment for works which deliver outcomes in any event, should not be subject to clawback. The details of the grant conditions to be attached to the advanced funding will be agreed between the NELEP and the promoter.
- 9.6 An early estimate of a benefit to cost ratio for the scheme is 4.1, although this could change significantly when the preferred option and project costs are finalised.
- 9.7 The cost and funding for the project as included in the current programme and is set out in the table below.

	Total	LGF Grant £000				
	Cost	Total	2015/16	2016/17	2017/18	2018/19
Current Programme	10,000	6,000	1,000	3,000	2,000	0
Latest Estimate with revised proposal	10,000	6,000	850*	3,000	2,150	0

\* Phase 1 advance approval

# North East Combined Authority

## Leadership Board

---

### Business case status

9.8 Submission of a full business case will be deferred to allow further assessment of the Station to Stephenson Quarter link options and pursuit of necessary additional funding opportunities. It is intended that a full business case is submitted in early April 2016 potentially leading to a decision for full LGF approval at the April or June 2016 meetings of Leadership Board.

### **10. South Shields Interchange**

10.1 This scheme involves the construction of a transport interchange in South Shields which will better integrate Metro and bus services. The interchange will replace the existing Metro Station in the town and the bus shelters located along Keppel Street and Chapter Row. The overall cost of the scheme is £13m, with £6.9m funded by LGF grant.

10.2 The objectives of the scheme are to:-

- Support the wider South Shields 365 regeneration programme;
- Improve the economic performance of South Shields District;
- Improve accessibility by public transport;
- Encourage sustainable mobility across the South Shields area;
- Improve the customer experience.

10.3 The scheme's business case has demonstrated a benefit cost ratio of 5.62:1.

10.4 A primary contractor has been procured and appointed to manage the development of the wider 365 regeneration project in South Shields Town Centre; however, the procurement of sub-contractors to deliver various components of the project is still outstanding. Final contract prices are expected to be confirmed later in spring 2016 within the next financial year. Therefore the finalisation of the full business case with final contract prices has not yet been achieved. It is possible however for the project to deliver £1.6m of LGF expenditure within 2015/16 (as previously planned in the programme) on design and consultancy fees (£400k) and site assembly work (£1.2m). Additional LGF expenditure in 2015/16 for the project may be possible, which is currently being explored by the project promoter. Allowing this spend to be defrayed in 2015/16 against the LGF will provide a significant advantage in realising allocated LGF across the overall programme within the current financial year. The details of the grant conditions to be attached to the advanced funding will be agreed between the NELEP and the promoter.

10.5 The cost and funding for the project as included in the current programme and is set out in the table below. At this stage the figures are unchanged.

# North East Combined Authority

## Leadership Board

---

	Total	LGF Grant £000				
	Cost	Total	2015/16	2016/17	2017/18	2018/19
Current Programme	13,000	6,900	1,600	4,830	470	0
Latest Estimate with revised proposal	13,000	6,900	1,600*	4,830	470	0

\* Phase 1 advance approval

### Business case status

- 10.6 The full business case (without final contract prices) has been received and reviewed, with modifications sent back to the promoting authority/Nexus. Generally, the business case is robust. The outstanding matters relate to an absence of contract costs (the primary developer for the '365' regeneration scheme is yet to procure sub-contractors for various elements of the wider scheme) and a final cost risk management arrangement.

### **11. Northern Access Corridor Phase 3 (Osborne Rd to Haddrick's Mill)**

- 11.1 This project was due to be taken to the 26<sup>th</sup> February 2016 meeting of TNEC for final funding approval, being one of the projects that had previously been approved by the Local Transport Body. However, the promoter has indicated that resolution of a number of issues will extend beyond the current financial year. This is due to the fact that additional government funding for this scheme has been secured. This funding will ensure that the opportunity presented by works at this location is maximised by also addressing significant maintenance liabilities in the vicinity. This has added to the scope of the scheme from one with a total cost of £4.93m (of which £4.43m was LGF) to a scheme with a total cost of £17.93m, but with no additional cost to the LGF – which would remain at £4.43m.
- 11.2 In order to maximise use of LGF grant in 2015/16 it would be possible to agree a first-phase approval (expected to be approximately £650k) for advanced works to enable spend to be claimed against the LGF in 2015/16. The total cost of the scheme is £17.93m, of which £4.43m is sourced through the LGF.



# North East Combined Authority

## Leadership Board

---

- d) **Update on other LGF transport projects with a 2015/16 start at LGF programme entry that have yet to be presented to the Leadership Board or TNEC for a decision for business case approval and funding release.**

### 12. Horden Rail Station

- 12.1 Early site options assessment revealed significant issues with initial sites due to land contamination and operational railway safety factors. Further sites are now being examined by Durham County Council in conjunction with Network Rail. However, costs are expected to rise and a further funding application for ERDF is currently being progressed. It is expected that a full business case will be submitted by late summer 2016, after which a request for full funding approval will be made to the Leadership Board or TNEC. An update on progress will be provided to subsequent Board meetings. The project can receive full approval at TNEC (depending on timing) due to its previous approval at the North East Local Transport Body. The provisional cost of the scheme is £10m of which £3.34m is allocated from the LGF.

### 13. A167 Park & Ride Corridor

- 13.1 It has been known since June 2015 that the A167 Park & Ride Corridor had encountered an issue in securing the necessary site and subsequently a Compulsory Purchase process was entered into by Gateshead Council. The latest information indicates that the likely date for the resolution to the land acquisition for the project will mean a more realistic project start on site date is now expected early in 2017/18. The finalisation of the full business case is now likely to fall into mid-to-late 2016/17, and a revised LGF expenditure profile has since been incorporated into the LGF programme. An update on scheme progress will be provided to subsequent Board meetings.

### 14. Next Steps

- 14.1 If the recommendations of this report are approved, the next steps are expected to be the preparation and issue of grant funding agreements for the projects in Section 'A' (full approval sought) and Section 'C' (1<sup>st</sup> phase approval sought). These five projects will then proceed to implementation. Further progress on the outstanding elements of the two projects set out in Section 'B' (deferred approval) working to the submission of full business cases.
- 14.2 Options to maximise the use of LGF grant funding in 2015/16 on approved projects will continue to be explored and reported to future Leadership Board meetings with any urgent decisions that may be needed between meetings being raised through the Delegated Decision process with members.

# North East Combined Authority

## Leadership Board

---

### **15. Potential Impact on Objectives**

- 15.1 Approval of the recommendations will enable the effective management of the LGF programme contributing to the delivery of the SEP objectives. The various projects listed have been tested and demonstrate alignment with the objectives of the Strategic Economic Plan and a very high value for money. Delivery of the schemes will therefore assist the Combined Authority in its objective of maximising the area's opportunities and potential.

### **16. Finance and Other Resources**

- 16.1 The funding for the projects set out in this report is part of the overall Local Grant Funded programme and the latest copy of the programme is attached to the Capital Programme report on this agenda.

### **17. Legal**

- 17.1 The NECA, as Accountable Body for the NELEP, enters into funding agreements with the recipients of Local Growth Funding. The agreements reflect the requirements and obligations of the funding providers including provisions relating to clawback, in particular those relating to State Aid. The recipient local authorities will be required to enter into funding agreements to enable the release of the proposed LGF funding contributions for each of the projects referred to in this report and approved to receive LGF funding

### **18 Other Considerations**

#### **18.1 Consultation/Community Engagement**

Full consultation of affected parties in relation to the Highway schemes has been carried out and any necessary modifications made to the schemes as a result. Stakeholder Engagement Plans have been developed as part of the relevant scheme business cases and will be implemented once the schemes listed have been given approval to proceed.

#### **18.2 Human Rights**

There are no specific human rights implications arising from this report.

#### **18.3 Equalities and Diversity**

The implementation of the various highways and public transport scheme proposals listed in this report will have a positive impact on low income and vulnerable groups by making walking, cycling and bus travel safer, more reliable and more convenient.

# North East Combined Authority

## Leadership Board

---

### 18.4 Risk Management

Appropriate risk registers are in place for each individual scheme. Actions are set out in the report to help manage the delivery risk in relation to the overall programme. A risk sharing arrangement with regard to advance approvals is currently being discussed with the LEP and the promoters.

### 18.5 Crime and Disorder

There are no crime and disorder implications arising from this report.

### 18.6 Environment and Sustainability

Delivering the schemes outlined in this report will assist the Combined Authority in achieving a more sustainable transport system for the region.

## 19. Background Documents

19.1 “More and Better Jobs” – the Strategic Economic Plan for the North East – available at <http://nelep.co.uk/wp-content/uploads/2014/11/North-East-Strategic-Economic-Plan-More-and-Better-Jobs.pdf>

19.2 Full business cases for the following projects:-

- A19 Employment Corridor Access Improvements
- A191 Junctions including Coach Lane and Tyne View Park
- Sunderland Low Carbon Zone

Outline business cases for the following projects:-

- Northern Access Corridor Phase 2 (Cowgate to Osborne Road)
- Scotswood Bridgehead Improvements

Outline programme entry proforma for the following projects:-

- Newcastle Central Station to Stephenson Quarter
- Northern Access Corridor Phase 3 (Osborne Road to Haddrick’s Mill)

Draft full business case for the following project:-

- South Shields Interchange

## 20. Links to Plans in the Policy Framework

This report has no direct link to plans in the policy framework.

# North East Combined Authority

## Leadership Board

---

### 21. Appendices

Appendix A: LGF Funding Letter from DCLG

### 22. Contact Officers

Mark Wilson, Head of Transport Policy (North East Combined Authority)

[mark.wilson@newcastle.gov.uk](mailto:mark.wilson@newcastle.gov.uk) 0191 211 5679

Paul Woods, Chief Finance Officer (North East Combined Authority)

[paul.woods@northtyneside.gov.uk](mailto:paul.woods@northtyneside.gov.uk) 07446 936840

### 23. Sign off

Head of Paid Service ✓

Monitoring Officer ✓

Chief Finance Officer ✓



Department for  
Communities and  
Local Government

**Cities and Local Growth Unit**  
**Department for Communities and Local**  
**Government**

1<sup>st</sup> Floor, Fry Building, 2 Marsham Street,  
London SW1P 4DP

22 December 2015

Paul Woods  
Paul.Woods@northtyneside.gov.uk

Dear Paul

**Local Growth Fund Profiles**

Following the recent Spending Review, I am writing to confirm your indicative Growth Deals funding profile between 2016-17 and 2020-21. You will want to consider this in the wider context of the ongoing discussion of the implementation of your Devolution Deal. This profile will, as agreed, be subject to the annual review conversation the Cities and Local Growth Unit has put in place to oversee the payments of Growth Deal funding. Funds will then be transferred in April.

For the sake of clarity, please find below the unchanged indicative profile of annual grant payments from 2016-17 onwards for the North East LEP Growth Deal as presented in your previous letter:

2016-17	2017-18	2018-19	2019-20	2020-21
£79,401,982	£31,818,761	£24,065,417	£16,650,627	£14,550,627

Please note that these figures do not include funding related to Department for Transport ‘portfolio schemes’ or ‘tail majors’. Funding profiles for these schemes are agreed with the Department for Transport as schemes are approved.

In addition, these figures do not include funding allocated to each LEP area under the separate arrangements for Housing Revenue Account, Local Infrastructure Funding, or the European Structural Investment Fund.

I can also confirm that we will continue to pay £250,000 of core funding to each LEP in 2016-17. We are confirming this now in response to LEPs’ calls for certainty over future funding. It will be allocated and distributed as in previous years, with £250,000 going to each LEP at the start of the financial year via section 31 payment to accountable

bodies. As previously, we will require LEPs to match this funding locally. Further details on the separate capacity funding in 2016-17, and both core and capacity funding in subsequent years, will follow in the New Year.

I hope that this confirmation will equip you and the Local Enterprise Partnership to plan with greater confidence, including initiating work on projects due to start from 2016-17 onwards. If you would like to discuss this or any other aspect of this Spending Review further, please contact your LEP Relationship Manager or Alex Greaves on 0303 444 2938 or [alex.greaves@communities.gsi.gov.uk](mailto:alex.greaves@communities.gsi.gov.uk).

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Tom Walker', written in a cursive style.

Tom Walker  
Director, Cities and Local Growth Unit