

Chief Executives' Group – North Yorkshire and York

6 February 2014

LEP Strategic Economic Plan – Transport scheme promotion

1.0 Implications of being a scheme promoter

- 1.1 Whilst the precise implications of becoming a scheme promoter for a transport scheme included in the Strategic Economic Plan (SEP) are not yet certain this note sets out the best working assumptions at the moment.
- 1.2 In broad terms this means that all the required scheme preparation costs (revenue funded) are borne by the promoter, the promoter must take responsibility for the construction of the scheme and all the financial risks associated with the scheme fall to the promoter.

Scheme preparation costs

- 1.3 Based on recent County Council experience from the preparation costs for schemes such as the Bedale, Aiskew and Leeming Bar Bypass and on a smaller scale the Whitby Park and Ride it is estimated that scheme preparation costs could be in the region of 10% of the scheme cost i.e. £0.5m for a scheme costing around £5m.

Potential cost increases

- 1.4 Whilst it is still unclear how the Government or the LEP would address the issue of cost increases for schemes it is possible that once a scheme has been programmed the scheme promoter would be responsible for any cost increases of the scheme over and above the initial funding agreed by the LEP.

Local contribution

- 1.5 Additionally, whilst the SEP guidance does not specifically require promoters to provide a local contribution to the scheme costs it does strongly recommend that there should be some local contributions and not just Local Growth Fund money. Recent experience of Department for Transport funding streams would suggest that a contribution of around 10% would be a realistic minimum. This may be from the scheme promoters own funds or it may be from third party contributions (e.g. CIL).

2.0 Potential options

- 2.1 It is not realistic or feasible for the County Council to carry the full risk exposure for every transport scheme being proposed.
- 2.2 In broad terms the County Council is prepared to consider solely promoting a scheme where there are benefits to the highway network. There is also the potential for joint promotion between the County Council and district councils in circumstances where a scheme is required to facilitate development and also addresses a highway issue or potentially delivers other benefits the County Council wish to support i.e. job creation. The apportionment of costs/risks would need to be relative to the benefits to each party.

2.3 There is also the potential in some instances to put in place a mechanism whereby developers carry the bulk of the costs and associated risks. Clearly this is the ideal scenario for all partners and needs to be properly explored. We must also ensure that whatever is proposed does not compromise work already being done through the development process to deliver transport infrastructure through Section 278 and Section 38 Agreements.

3.0 Suggested way forward

3.1 The County Council is more than happy to work with district councils to look at the options for delivering schemes that have been proposed.

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