

## Executive Board – 17<sup>th</sup> March 2020

<b>Subject:</b>	Nottingham Express Transit network extensions
<b>Corporate Director(s)/Director(s):</b>	Chris Henning, Corporate Director for Development and Growth Chris Deas, Major Projects Director
<b>Portfolio Holder(s):</b>	Cllr Adele Williams, Portfolio Holder for Adult Services and Transport.
<b>Report author and contact details:</b>	Steve Tough, Acting Head of Transport Projects and Public Transport. Email: steve.tough@nottinghamcity.gov.uk Tel: 0115 8764096
<b>Subject to call-in:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Key Decision:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Criteria for Key Decision:</b>	
(a) <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	
<b>and/or</b>	
(b) Significant impact on communities living or working in two or more wards in the City <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Type of expenditure:</b> <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital	
<b>Total value of the decision:</b> See exempt Appendix 3	
<b>Wards affected:</b> Dales, Meadows	
<b>Date of consultation with Portfolio Holder(s):</b> 17 <sup>th</sup> February 2020	
<b>Relevant Council Plan Key Theme:</b>	
Nottingham People	<input type="checkbox"/>
Living in Nottingham	<input checked="" type="checkbox"/>
Growing Nottingham	<input checked="" type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>	
<p>Nottingham's tram, Nottingham Express Transit (NET), is a major part of the integrated public transport network in Nottingham, and has been extremely well received by the public, stakeholders and businesses. The current tram system has nearly 19 million users per annum and is continuing to grow, with 30% of NET trips formerly undertaken by car or by park and ride. The system is of particular benefit to people with mobility difficulties and contributes significantly to economic growth in Nottingham, improving access to jobs, and maximising inward investment. NET provides a reduction in emissions as an energy efficient mode.</p> <p>This report seeks approval to undertake the next stage of the feasibility work for extensions towards Gedling (initially to the Racecourse park and ride), HS2 and Long Eaton, and Fairham Pastures, and to support Broxtowe Borough Council in its' investigation of an extension to Kimberley and Langley Mill.</p>	
<b>Exempt information: State 'None' or complete the following</b>	
<p>Information on the funding approach is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in disclosing the information. It is not in the public interest to disclose this information because it could prejudice future funding availability for Nottingham Express Transit network extensions development work.</p>	
<b>Recommendation(s):</b>	
1 To approve proceeding with the Outline Business Case stage for tram extensions towards Gedling	

	(initially to the Racecourse park and ride), HS2 and Long Eaton, and Fairham Pastures.
<b>2</b>	To approve the funding approach set out in exempt Appendix 3.
<b>3</b>	To delegate authority to the Major Projects Director to appoint consultants to undertake specialist NET development work as identified in paragraph 2.11 of the report and to enter into contracts with Broxtowe and HS2.
<b>4</b>	To note that a public consultation on the proposals will take place later in 2020.
<b>5</b>	To agree that the Council provides technical support to Broxtowe Borough Council in its' investigation of an extension to Kimberley and Langley Mill.

## **1. Reasons for recommendations**

- 1.1 Preliminary economic appraisals for tram extensions have identified viable route corridors to be taken forward. Approval of the recommendations in this report will enable the next stage of development of the extensions proposals (Outline Business Case) to take place.
- 1.2 NET development work is complex it requires specialist advisors across a number of specialist fields. These will need to be procured to support the Outline Business Case work and subsequent stages.
- 1.3 A full public consultation will be required to inform the Outline Business Case stage, and this will take place early in the process.
- 1.4 Broxtowe Borough Council has committed to preparing a preliminary economic assessment on a potential extension to Kimberley and Langley Mill. Given the Council's experience of tram delivery and its position as NET Promoter, assistance should be provided to undertake this work.

## **2. Background (including outcomes of consultation)**

- 2.1 Nottingham's tram is a major part of the integrated public transport network in Nottingham, and has been extremely well received by the public, stakeholders and businesses. The current tram system;
  - has nearly 19 million users per annum and is continuing to grow, with recent year on year increases of over 5%, and since the first tram line opened, public transport use in Nottingham has grown by nearly 25%.
  - contributes significantly to Nottingham being the only city outside London recording a reduction in car usage. 30% of tram trips were formerly undertaken by car or by park and ride.
  - is of particular benefit to people with mobility difficulties, with evidence of users gaining an increased quality of life, and of opening up new employment opportunities based on the improved accessibility provided by the system.
  - contributes to economic growth in Nottingham, improving access to jobs, and maximising inward investment, with significant commercial development adjacent to the City Centre tram stops and along the routes. Businesses in Nottingham have cited good public transport links as a major factor in business relocation and expansion.
  - provides a reduction in emissions as an energy efficient mode and is non-polluting at the point of use.

### 3. Further tram extensions

3.1 The ambition has always been to develop a number of tram routes around Nottingham, and the options under consideration for further tram extensions are linked heavily to the strategic regeneration programme in and around the Greater Nottingham conurbation. These are;

- **An eastern route to Gedling via the Meadows, new Island site development, Waterside, Daleside Road, Racecourse park and ride and Netherfield.** This route would serve the Island site (minimum 1,750 homes and 55,000 sq m of office space) and through the Waterside Regeneration area, which proposes a further 3,000 homes and 150,000 sq m of employment land, and the Council has recently adopted a Supplementary Planning Document for part of the site to help shape the proposals in this area. A full route would also serve development sites in Gedling at Teal Close (830 homes, 18,000 sq m employment) and potentially Gedling Colliery (1,050 homes, 30,000 sq m employment).
- **a route south from the current Clifton park and ride terminus through the proposed Fairham Pastures development site** which proposes 3,000 homes and 100,000 sq m of employment land, and which received planning permission in May 2019.
- **Toton P&R to HS2 and Long Eaton.** This route extension is considered essential to meet the objectives of the HS2 Growth Strategy, which identifies the potential for 74,000 additional jobs and £4bn GVA uplift in the East Midlands, with much of this benefit derived from well connected development in the area adjacent to the HS2 Hub.

### 4. Council Plan pledge

4.1 The routes under consideration are consistent with the Council Plan pledge to 'Help Nottingham people access jobs by promoting and building tram extensions south of Clifton and from Chilwell Park and Ride to the proposed HS2 Station at Toton and explore the feasibility of further major tram extensions through Netherfield to Gedling Colliery and Gamston and west of the City to Kimberley.'

4.2 Further tram extensions would also contribute to key manifesto commitments to create new jobs for Nottingham people, complete the Southside transformation, build new homes, and to become the first carbon neutral city by 2028 and improve air quality.

### 5. Preliminary economic appraisals

5.1 Preliminary economic appraisal work on potential tram extensions has been undertaken, and a summary of the findings is provided in Appendix 1. This identifies the estimated usage levels for the extensions and the forecast costs and economic benefits that would be achieved, based on the Government's economic appraisal guidance. A range of figures are provided for the eastern route which reflects different assumptions on the extent of development in the Waterside area.

5.2 Based on the appraisal findings, extensions to the Racecourse park and ride, Fairham Pastures and HS2 are currently considered viable and should be taken forward to the Outline Business Case stage. Extensions further east towards Gedling could potentially follow at a later stage when development proposal are more established in this corridor.

5.3 It is also proposed to take forward an extension from the HS2 Hub to Long Eaton. This leg of the route has been assessed through the East Midlands Gateways Connectivity Study,

which was commissioned by the Council on behalf of the HS2 Strategic Board, and has identified a strong preliminary economic case for a series of transport interventions (including the tram to Long Eaton) which are necessary to maximise the wider economic benefits of the HS2 Hub. The package of measures was approved by the HS2 Executive Board on 23rd January 2020 and this work will also provide the evidence base to support any changes required of the HS2 Hybrid Bill through the petitioning process.

- 5.4 Broxtowe Borough Council is supportive of an extension from Phoenix Park to Kimberley and then on to Langley Mill, which would link to HS2, and has allocated £100,000 for a preliminary feasibility assessment into the proposed route. It is recommended that the Council offers technical support to Broxtowe in taking this work forward.
- 5.5 Routes further west from HS2 to East Midlands Airport and Derby, which also feature in the HS2 Growth Strategy, and east towards Gamston have been considered and are likely to be longer term projects.
- 5.6 A plan showing the proposed routes to be taken forward is included at Appendix 2.

## **6. Outline Business Case (OBC) stage**

- 6.1 The next stage of this work will be to develop the Outline Business Case (OBC). This stage further develops routes and will involve undertaking consultation on the proposals, reviewing options and engineering feasibility, and undertaking more detailed environmental, financial and economic assessments. This stage is necessary to enable discussions with Government, and will be subjected to rigorous scrutiny as to the value for money and commercial viability of potential routes, and consistency with local, regional and national policy and objectives. This stage is expected to be complete in Autumn 2021.
- 6.2 Discussions about developing, procuring and funding the implementation of the extensions will also need to take place during the OBC stage with the existing NET Concessionaire, Tramlink, who has an operating concession until 2034. The concession has provisions to allow extensions to be procured without the need for termination.
- 6.3 The tram development work is extremely complex, and in order to proceed effectively, a number of specialist consultants will be required to undertake engineering, environmental, economic, financial, legal, parliamentary agent, land agent and project management work. It is proposed that consultants are commissioned on a phased basis to reflect the scope and progress of the work.
- 6.4 In order to facilitate a prompt start to the OBC stage, it is proposed that authority to appoint consultants is delegated to the Major Projects Director.

## **7. Further development and delivery stage**

- 7.1 Once the OBC is complete, the next stage would be to secure powers and consents to build and operate the extended system, either through local planning processes or through a Transport and Works Act (TWA) application.

## **8. Development Funding**

- 8.1 As already experienced through the current tram network, the successful delivery of future tram extensions will bring very significant investment into Greater Nottingham. As well as bringing in significant external funding to build the new lines, the construction phase will provide opportunities for jobs and training to local people, and supplier contracts to local businesses. Following opening, the improved transport network and accessibility will also

provide a catalyst for inward investment, further economic growth and cleaner air for citizens.

8.2 It is anticipated that significantly increased funding for infrastructure delivery is likely to become available at a national level in the next few years and the Council will only be in a position to realise the economic and environmental benefits by securing funding in the longer term if tram development work is undertaken at an early stage and that a scheme is ready for implementation.

8.3 The Government has acknowledged that there are limited current funding avenues for development work and the Council is making strong representations on this issue in an effort to influence the composition of new funding sources.

8.4 £150,000 has been made available for NET development work from the fund allocated to the region for HS2 (subject to Government ratification), and further contributions will be sought for the OBC and future stages on tram development work from any regional and national pot that becomes available.

8.5 Further detail regarding the funding approach is set out in exempt Appendix 3.

## **9. Timescales and Project Assurance**

9.1 An outline delivery programme has been prepared and has identified that full development and implementation is likely to take up to 10 years to complete. The timescales for each route option may vary due to alternative methods of securing powers and external factors, in particular development timescales and approval processes. However there will be significant economies of scale in undertaking the development work for the recommended options together. Key preliminary milestones are as follows;

- Investigate options and Public Consultation – Autumn 2020
- Outline Business Case (OBC) completion and submission to Government – Summer/Autumn 2021
- Make Transport and Works Act application and hold Public Inquiry - Summer 2023
- Legal Order made and readiness to procure – Summer 2024
- Procurement complete and construction starts - Winter 2025/26
- Tram services start operating on extended network – 2028 – 29

9.2 The project will be subject to Major Project's robust project management approach, and will be rigorously monitored through the Council's Gateway process.

## **10 Other options considered in making recommendations**

10.1 Not progressing with this work - option rejected as it risks that the economic and environmental benefits of high quality transport links, and the benefits from developments at HS2 and in the Greater Nottingham area, are not realised. The success of a number of development sites is dependent on achieving high levels of connectivity to key population and employment centres.

## **11 Finance colleague comments (including implications and value for money/VAT)**

11.1 Please refer to exempt Appendix 4 for finance comments.

## **12 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)**

12.1 There are no significant procurement issues with the recommendations set out within the report. The procurement team will work with the client to ensure the procurement activity set out in para 6.3 is in-line with Public Procurement Regulations. Sue Oliver – Places Category Manager 24/02/2020

12.2 While this report identifies that there are significant legal issues involved in relation to the activities and actions to be undertaken as described in the report, in particular at paragraph 9.1, the recommendations themselves do not raise any significant legal issues. The appointment of consultants must be made in compliance with the City Council's Financial Regulations and the Public Contracts Regulations 2015. The Council should document the arrangements with Broxtowe BC and must ensure it complies with the funding conditions with HS2 associated with the HS2 funding. Andrew James Team Leader – Commercial, Employment and Education 25/02/2020

## **13 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)**

13.1 No implications.

## **14 Social value considerations**

14.1 The tram network provides direct access to the City Centre, Nottingham railway station and other key employment, health and education centres, significantly increasing accessibility to these key facilities. The system serves some of the most deprived neighbourhoods in the city, and has expanded catchment areas for employment and key facilities from these areas. It has facilitated a wider range of potentially better employment opportunities for many employees, and it will also encourage inward investment thereby increasing the range of opportunities available to local people.

14.2 The tram network is fully accessible to people with disabilities, with all trams 100% low floor throughout and with level boarding at all stops. There is evidence that the tram network has expanded work catchments and increased the quality of life for mobility impaired users.

14.3 The tram network is non-polluting at the point of use and the extension will contribute to the City ambition of being carbon neutral by 2028.

## **15 Regard to the NHS Constitution**

15.1 N/A

## **16 Equality Impact Assessment (EIA)**

16.1 Has the equality impact of the proposals in this report been assessed?

No



16.2 An EIA is not required because:

(Please explain why an EIA is not necessary)

16.3 An EIA is not required because the work activity will consider equality issues, addressing social issues with inequalities and low car ownership remaining in the study area. Tram extensions will in particular improve:

- accessibility for people with mobility difficulties;
- travel to work options to existing and proposed employment sites, in particular from areas with low indices of Multiple Deprivation;
- public transport to main centres of leisure and shopping and access to key facilities such as medical facilities.

**17 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

17.1 None

**18 Published documents referred to in this report**

18.1 None

### Tram extensions – main findings of preliminary studies

1. The table below identifies the estimated usage levels for the extensions and the forecast costs and economic benefits that would be achieved, based on the Government's economic appraisal guidance. A range of figures are provided for the eastern route which reflects different assumptions on the extent of development in the Waterside area.
2. The Department for Transport appraisal process considers a benefit to cost (BCR) ratio in excess of 2 as high value for money, with a BCR over 4 considered very high value for money.

	<b>Toton P&amp;R to HS2 Hub</b>	<b>Clifton P&amp;R to Fairham Pastures</b>	<b>Nottingham Station to Racecourse Park and Ride</b> Figures vary depending on route taken and extent of Waterside development
Extra Distance (kms)	1.5	1.8	2.5 - 3.0
Passengers per annum (millions)	4.7	0.8	2.0 - 5.6
Capital costs £m (2018 prices)	110	49	96 - 116
Cost (£m 2010 prices)	106	35	71 - 86
Economic benefits (£m 2010 prices)	379	78	160 - 262
<b>Benefit to cost ratio</b>	<b>3.59</b>	<b>2.26</b>	<b>2.25 – 3.68</b>

Costs include 40% risk allowance and 39% optimism bias.

Costs and benefits expressed in 2010 prices based on Government guidance for comparison between schemes

Costs exclude potential new depot/stabling, land, statutory fees, taxes, environmental mitigation works.

Wider Economic Impacts as defined in WebTAG not assessed.

