



meeting Communities Departmental Briefing

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agenda item number 7

Report of the Cabinet Member for Environment

NOTTINGHAM EXPRESS TRANSIT (NET) PHASE TWO

Purpose of the Report

1. To advise Members of Programme Entry Approval granted to Nottingham Express Transit (NET) Phase Two by Department for Transport on 25 October 2006.

Background

2. Reports to Cabinet and County Council on NET Phase Two since 2001 have considered a range of matters, including procurement options for the extensions, consultation arrangements, the alignment of the two proposed routes (Clifton via Wilford, and Chilwell via QMC and Beeston), and the submission of the 'Annex E' economic case. Since the Annex E submission in mid-2003, work has continued on the preparation of the documents for the Transport and Works Act Order (TWAo) submission whilst Government considered whether, in their view, NET Phase Two represents good value for money.
3. It had been expected that Government would have reached a decision regarding the approval of the economic case (Annex E) for NET Phase 2 by summer 2004. This was delayed whilst the Department for Transport sought further information to assist with their decision. Government's decision to grant Programme Entry Approval (PEA) to NET Phase Two was announced on 25 October 2006.

Programme Entry Approval

4. PEA means that Government has confirmed its intention to support the NET Phase Two tram project financially by approving the entry of the project into the Department for Transport's (DfT) Local Authority Major Schemes Programme. This is a key milestone for the project as it confirms that the Government considers the project to be viable proposal.

Benefits of NET Phase Two

5. Studies have shown that NET Line One has had a direct impact on investment, resulting in £100 million of new money for the East Midlands economy. It has also been the catalyst for regeneration in areas such as Hyson Green and Hucknall.
6. NET is seen as crucial for business, moving employees and visitors quickly and conveniently between commuting areas, offices, district centres such as Hucknall, and the city centre. There are benefits for the education sector, with staff and students at Nottingham Trent already using NET Line One, connecting their city centre campus with accommodation centres and the railway station; Phase Two would connect with the University of Nottingham and Broxtowe College. NET Phase Two could give Nottingham a competitive advantage in attracting and retaining students and commuting professionals. It will also be a catalyst for the regeneration of Beeston Town Centre.
7. NET Line One was cited as a key reason behind Nottingham achieving a position in the top five UK retail cities; Phase Two will make it even easier for visitors to navigate the city. A NET network will ease the million patient journeys to the QMC per year, as well as helping to recruit and retain commuting health staff.
8. Greater Nottingham must continue to grow in a sustainable fashion, which makes reducing car use essential. NET Phase Two will make public transport more attractive and help towards reducing climate changing gases generated by transport.

Costs and funding for NET Phase Two

9. The net cost of Phase 2 is £400m. This is split £300m (75%) Government and £100m (25%) Local Authorities.
10. Government have put a 20% optimism bias premium on the cost and this is split 50/50 between Government and the promoting authorities (Nottingham City Council and Nottinghamshire County Council). This makes the cost £340m Government, and £140m authorities.
11. The Government figure of £340m is then turned into a PFI credit (with a 6% discount rate) and this equates to £437m.
12. A quarter of the scheme cost will need to be found locally. Work towards the development of a Workplace Parking Levy (WPL) scheme within the City is continuing. Other potential sources of funding to meet the local contribution include developer contributions, prudential borrowing, council taxes or other income generating systems.
13. Programme Entry has been approved subject to 11 conditions, which include the requirement for additional costs to be met locally, clear governance and project management arrangements being explained to DfT, notifying DfT if

significant changes are made to the scope, design or expected benefits of the scheme, evaluating the success of the project, taking accessibility issues into account, and sharing experience with organisations looking into similar schemes.

Decision making process

14. Nottinghamshire County Council and Nottingham City Council now need to decide whether to apply for a Transport and Works Act Order (TWAO), and confirm the scheme proposals. It is likely that this decision report will be taken to County Council in early Spring 2007. In order to supplement the detailed information in that report, a Member seminar will be held in the New Year. At that seminar, Members will receive further information about all aspects of the proposals.
15. A TWAO application would request the Government to provide the Promoters with the planning powers to build and operate NET Phase Two. When the TWAO application is submitted this will be advertised and there will be a period of six to eight weeks when interested parties can formally comment on the scheme. Should there be objections, a Public Inquiry would be called in autumn 2007.
16. The findings and recommendations from the Public Inquiry would be reported to the Secretary of State for Transport, who would then confirm or reject the application. If confirmed, there would then be a competitive tendering process during which private companies will bid for the work of building and running NET Phase Two. It could take a year to negotiate this commercial contract and get the final proposals agreed by Government. The new company – who would take over running NET Line One as well as building and running NET Phase Two – could start construction work by 2010 with trams running on the extended NET system by early 2013.

Sensitive issues on the routes

17. There are a number of sensitive issues relating to the County parts of the two routes. A number of retirement flats at Neville Sadler Court would need to be acquired and replaced; a group of stakeholder organisations led by the County Council have worked up proposals for minimising the impact on residents. Discussions are taking place with the managing company, Housing 21, to agree how this will proceed.
18. The possible impact of the construction process on traders on Chilwell Road / High Road has been a matter of concern for businesses in the area. A possible financial assistance scheme, which could operate in addition to statutory compensation available, has been developed through consultation with businesses in the area. The proposals for such a scheme and its financial implications will be considered by the authorities when deciding whether to proceed to TWAO stage.

19. One serious problem which arose from the delay to Programme Entry Approval was the impact on those residents and property owners significantly affected by the route alignments. Officers have been in regular contact with the 13 householders in the County (10) and City (3) whose properties are regarded as the most significantly affected by the proposals, to maintain a dialogue and listen to their concerns.

Councillor Stella Smedley

Cabinet Member for Environment