

Executive

15 December 2015

Report of the Director of City and Environmental Services

Portfolio of the Deputy Leader and Executive Member for Economic Development & Community Engagement

York Central

Summary

1. York Central is a 72 hectare (ha) area of land adjacent to the railway station and is one of the largest brownfield sites in northern England. It provides a huge opportunity for regeneration and could provide up to 2500 homes and over 100,000 sq m of Grade A commercial office space, offering the best chance to address the key problem in York's economy – relatively low wage levels, given the high level of skills in the city.
2. This report sets out progress in establishing a deliverable proposal for regeneration and seeks Executive's agreement to a range of actions to establish a delivery partnership, complete the assembly of the site, agree the approach to planning and commence a public consultation.

Recommendations

3. Executive is asked to agree:
 - i. To instruct officers to take all necessary preparatory steps to proceed with a Compulsory Purchase Order (CPO) for the portion of land on York Central currently owned by Unipart, to be undertaken in parallel with a negotiated acquisition.

Reason:- To complete the land assembly of the York Central site to ensure that a development scheme can be delivered.

- ii. To delegate to the Leader the authority to agree the final purchase price, following a negotiated acquisition of land off Leeman Road,

in advance of the potential initiation of a CPO, to be funded from the £10m set aside to support the delivery of York Central.

Reason:- To complete the land assembly of the York Central site to ensure that the land required for key infrastructure is available and so a development scheme can be delivered.

- iii. To agree an emerging York Central Planning Policy as part of the development of the Local Plan.

Reason: - To inform the site allocation within the developing Local Plan.

- iv. To agree to initiate an informal public consultation on the future development of the York Central site in order to inform the development of a formal Planning Framework.

Reason:-To ensure public engagement in the ongoing development of plans for York Central.

- v. To endorse officers to negotiate a detailed partnership agreement with land owners and investors to jointly deliver the York Central Scheme and to bring this back to Executive for agreement.

Reason:- To put in place effective partnership arrangements to ensure York Central is developed.

- vi. To bring back to Members a funding strategy to deliver upfront infrastructure to facilitate development of the York Central site, setting out how any investment will be repaid from future retained business rates arising from the award of Enterprise Zone status and from development values from the York Central site.

Reason: - To secure any investment made by the City of York Council.

- vii. To undertake due diligence on the most appropriate corporate instruments for City of York Council to use to engage in developing a York Central Partnership and to bring this back to Executive as part of the proposal for a legally binding partnership.

Reason: - To create robust delivery arrangements for the York Central project.

- viii. To delegate the Chief Executive to agree the procurement of advisors for the partnership.

Reason:- To provide the partnership with a range of professional advice specifically focussed in the long term benefit interests of the partnership.

- ix. To recommend to full Council to delegate to Executive the agreement of all future expenditure against the £10m capital budget allocated to the delivery of the York Central capital budget.

Reason:-To enable timely progress on delivery of the York Central site.

Background

4. York Central is the 72 hectare area of land adjacent to York Railway Station. The main teardrop of land to the rear of the station is constituted from former railways sidings and operational rail buildings. Land to the front and side of the station is also being included within the York Central site as there is significant regeneration potential to both complement and open up the main teardrop of land.
5. The main teardrop site contains a net area of land available for development of around 35ha. This is equivalent to two thirds of the area of the walled city. The site is land locked, sitting between the East Coast mainline, the main freight avoiding lines and the railway station, with current limited vehicular access off Leeman Road and poor pedestrian and cycle access off Holgate Road. Annex 1 sets out the site extent.
6. The regeneration of York Central is of vital importance to our city as it presents unparalleled opportunities for development of both housing and commercial space in a highly sustainable location. Making efficient use of brownfield land for residential development is critical in order to minimise the impact of meeting housing needs on York's important draft greenbelt. York also has a paucity of high quality modern office provision which is an acknowledged restrictor of inward investment, indigenous business expansion and wage levels in the city.
7. A developed York Central would deliver game changing high value economic growth for the region. The site could deliver in excess of 100,000m² of Grade A office led commercial space for private sector growth, providing an anticipated net 6,627 Full Time Equivalent (FTE) high value jobs in industries such as professional services, insurance and high value rail. This would deliver £1.16 billion direct Gross Value Added (GVA) uplift from the commercial phases alone. With strategic alignment of planned transport improvements that would also be delivered as part of site regeneration, the benefits and job opportunities would be felt across the North of England.

8. Given its location directly next to York Railway Station and the connections this provides, the site has huge potential to maximise inward investment to the UK. These existing transport connections would enable businesses locating on the site to get to London in 1 hour 45 mins (with reduced journey times once HS2 is complete), and under 2 hour 30 mins to Edinburgh, with direct connections on the doorstep to all Northern Powerhouse cities, and to every major city in England and Scotland.
9. Through its excellent connectivity, pipeline of innovation and talent from its universities, and being the City with the highest skill levels in the North of England, York has long since had virtually all the ingredients to deliver significant inward investment, particularly in high value sectors like professional services, insurance and rail. The missing piece has always been available quality office space for businesses to locate and York Central potential city centre commercial space would therefore be a paradigm shift for the region, unlocking this pent up opportunity for inward investment.
10. Due to the excellent transport links, the sites' development would also act as a driver for sustainable transport in the region, with York Station as a multi-modal High Speed Hub.
11. A developed York Central with new access routes can support up to 2500 homes, depending on density and mix of uses. This will create a sustainable and attractive new community, supported by quality public realm and community facilities. This in turn makes a significant contribution to meet the growth requirements and reduce the pressure on York's outer boundaries.
12. Historically the site's development has been hindered by a combination of abnormal site and infrastructure costs, development risk associated with operational rail use, land assembly constraints and market cycle timing.
13. Soft market testing of the national and regional developer market demonstrates that York Central is an outstanding opportunity with pent-up demand from occupiers waiting for new high quality office space to be delivered. The historic city centre is so constrained by heritage issues and highways that this is the only logical place to extend the city centre. York's housing market is also, excepting again the supply issue, very buoyant with the highest residential values/ sq m in the North of England.

Recent Work

14. Significant work has been undertaken by the Council and partners over recent years to de-risk and facilitate site development. A comprehensive phased development is now considered to be achievable over the life of the project. In summary, work has been focussed around:
 - i. Acquisition of third party freehold and leasehold interests.
 - ii. Establishment of a robust long term partnership to deliver the site, ensuring investment and return across the appropriate stakeholder bodies.
 - iii. Applications for available public sector funding to deliver the enabling infrastructure required to unlock the site.
 - iv. Identification of site constraints, to inform potential capacity of the site.
 - v. Identification of an efficient, phased infrastructure plan to provide development plots available for phased development delivery.
 - vi. Establishment of project resource and governance arrangements.

15. CYC have been working in collaboration with Network Rail, having signed a Memorandum of Understanding in September 2014. In recent months the National Railway Museum (NRM) and their parent body the Science Museums Group (SMG) who own 25% of the York Central site, have joined discussions and in April this year York Central was awarded Housing Zone status and the Homes and Communities Agency (HCA) joined the collective endeavour to bring forward York Central.

The Vision

16. Over the last 12 months a high level masterplan led exercise has been undertaken by partners. Informed by the complex site constraints, the potential capacity of the site has been identified and a vision has been created for the scheme which addresses wider regeneration objectives.

17. The vision for the site is for a high quality office-led urban extension, meeting the City's aspirations for economic growth whilst transforming how the railway station functions as a gateway to the City and allowing the National Railway Museum (NRM) to modernise and expand. Beyond this area of urban extension, a sustainable new residential neighbourhood is envisioned, making efficient use of brownfield land and meeting demand for new housing. Connecting both of these components of development will be a framework of exceptional public realm and open space, providing both local and civic amenity space, and creating new linkages for residents. The site will be served by high speed broadband. The site is bigger than the development around Kings

Cross station and has the potential to replicate the benefits of that scheme with economic and regeneration for the locality, the city, the region and beyond.

18. The principles of development at York Central are to:
 - i. Create a new mixed-use urban quarter for York including a range of commercial, residential and leisure uses;
 - ii. Provide a new central business district with critical mass of high quality new offices;
 - iii. Enhance the cultural area around the National Railway Museum (including expansion of the museum) within high quality public realm and improving connectivity of the area to the rest of the city;
 - iv. Create a distinctive new place of outstanding quality and design which complements and enhances the existing historic urban fabric of the city, safeguards those elements which contribute to the distinctive historic character of the city, and assimilates into its setting and surrounding communities;
 - v. Maximise the benefits of sustainable economic growth;
 - vi. Create a sustainable new community with a range of housing types and tenures;
 - vii. Ensure provision of social and technical infrastructure which meets the needs of the new community including sports, leisure, health, education and community facilities, internet connectivity and open space;
 - viii. Maximise integration, connection and accessibility in and out of the site, including inter-modal connectivity improvements at York Railway Station;
 - ix. Ensure as many trips as possible are taken by sustainable travel modes and to promote and facilitate modal shift from the car;
 - x. Minimise the environmental impact of vehicular trips;
 - xi. Deliver development within a green infrastructure framework which maximises linkages with the wider green infrastructure network and integrates with wider public realm in the city; and
 - xii. Ensure sustainability principles are embedded at all stages of the development.

Housing Zone

19. The York Central site was successfully designated as a Housing Zone in March 2015. This is a Central Government scheme, designed to de-risk and accelerate major housing schemes.
20. Housing Zone status has secured the involvement of the Homes and Communities Agency (HCA) in the scheme through the availability of

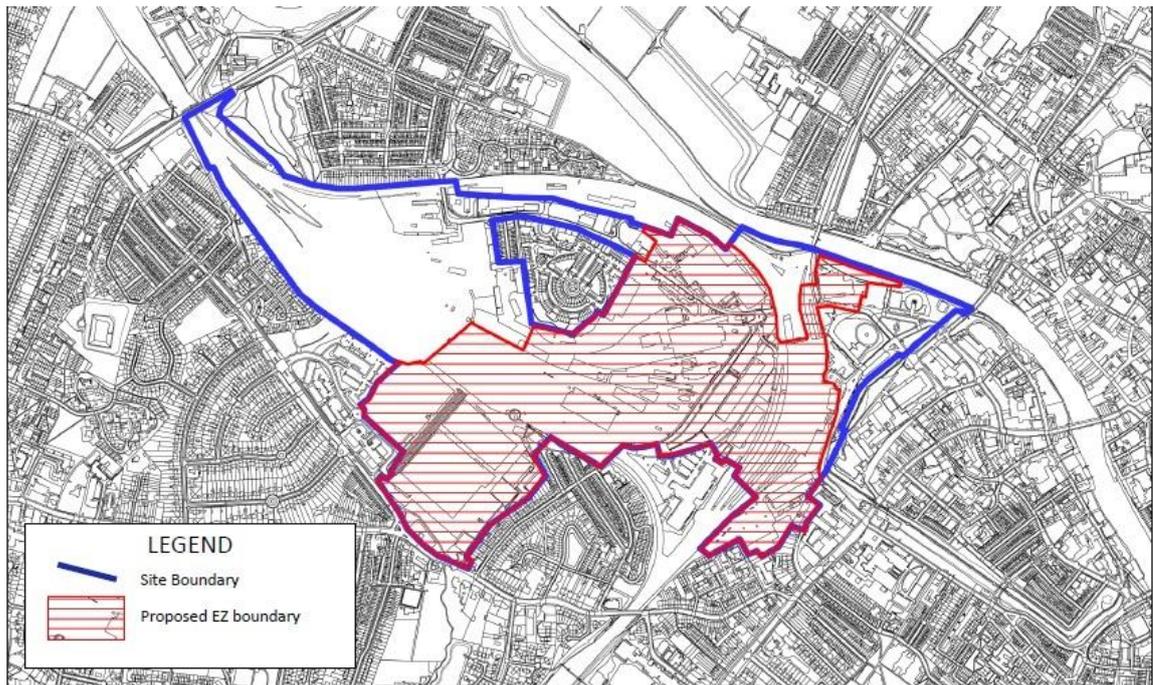
resource support and assistance from the Advisory Team for Large Applications (ATLAS). ATLAS are available to provide an independent advisory service available at the request of Local Authorities to support them in dealing with complex large scale housing led projects.

21. HCA are now seeking closer project involvement, backed by a potential £9.45m of equity investment associated with land assembly, infrastructure investment and project revenue support.

Enterprise Zone

22. Central Government extended its Enterprise Zone (EZ) scheme in summer 2015. An application for EZ status for York Central was submitted to Department for Communities & Local Government (DCLG) in September 2015 with the support of the York, North Yorkshire and East Riding Local Economic Partnership (LEP) and endorsed by the Leeds City Region LEP.
23. The award of EZ status for York Central was announced on 25 November 2015. The importance of this announcement cannot be underestimated. It is a game changing moment which now provides a realistic and achievable mechanism to fund the enabling works and kick start the development.
24. EZ status will enable CYC to retain an additional 50% of business rates from any development in the designated area over the course of 25 years. There is potential to borrow against this future income stream and uplift created through the development to facilitate upfront infrastructure and enabling works required to unlock and accelerate delivery of the York Central site. The EZ status also brings business rate discounts to any firms locating on York Central in the first 5 years and therefore incentivises commitment to early phases.
25. In September the Chancellor announced the future localisation of business rates across the country as part of the financial settlement for local government. The implications of this are still working their way through into detailed proposals and it may be some weeks before CYC can fully understand the overall financial implications for the council and more specifically how this relates to York Central. The scheme will be fiscally neutral which effectively means that a new scheme is likely to have some mechanism to even out the impact upon all authorities across the country. However the virtue of the EZ status is that it is guaranteed for 25 years and cannot, therefore, be changed by future government policy and it is in excess of current business rate income.
26. The York Central Enterprise Zone set out below extends across an area of circa 42.98 Ha (106.2 acres) and comprises the central

business district area of the scheme, the National Railway Museum, the railway station and land to the front of the station.



27. The site has been held back to date by its use for operational rail activities and the high level of abnormal costs required to unlock development. The ability to retain business rates with the level of certainty EZ status affords over this period fundamentally changes this, enabling upfront costs to be met from borrowing secured against the additional business rate income from the development. The estimated £104.6m additional retained business rates will allow for a significant level of borrowing to contribute to the funding of the initial capital works. Undertaking the enabling infrastructure works up front will accelerate and de-risk the build out and provide certainty and confidence to both the developer and occupier market that the whole scheme will be delivered and the scheme potential will be achieved.
28. The total net development value uplift estimated as the result of the Enterprise Zone once development has taken place is currently estimated to be c. £623m including both commercial and residential elements. £375m of this is attributable to the 42.98ha EZ.

Site Assembly

29. Site ownership is set out in Annex 1. Network Rail own approx 65% of the land with SMG/NRM owning 12%. There are also two areas of third party ownership which need to be in the ownership of the Partners:

- i. A 2.75 acre site owned by **Unipart** and operated as an industrial unit for the manufacture and repair of rail signalling equipment. This site sits immediately to the rear of the railway station and the land is required to form part of a new West Entrance to the station, a new Station Square and the road infrastructure to serve the site.
 - ii. A 1.34 acre site off Leeman Road owned by a private individual and currently comprising two industrial units for the Post Office vehicle repairs and a car hire company. This land would be part of Leeman Yard residential area.
30. CYC own a 5 acre site off Holgate Road which Members have already agreed to sell to Network Rail to enable an expansion of their operational rail uses and facilitate the clearance of maintenance facilities off the York Central site. This transaction will also see land transfer to CYC to enable the construction of a road and a bridge onto the York Central site from Holgate Road.
31. The land assembly strategy for York Central is being led by CYC. Gaining control of the two third party sites is considered essential for a comprehensive scheme approach. CYC have instructed Deloitte Real Estate to provide expert advice in relation to land assembly strategy and negotiations. It is common for projects in both the private and public sector to require the acquisition of property which is owned by third parties. Attempts can and should be made to assemble sites by acquiring the necessary property interests by agreement with owners. However, if it is left to the open market there might be uncertainty of whether the site could be assembled within a reasonable timetable or at a realistic price.
32. Both third parties have been approached and negotiations opened to acquire their land holdings through agreement as part of the strategic approach to York Central.
33. In parallel with acquiring land through the preferred route of agreement, adoption of acquisition through Compulsory Purchase powers has been recommended to ensure that land can be delivered within a defined timetable and at a known (or reasonably estimated) cost. It allows a comprehensive approach to development to be pursued and avoids “ransom” situations arising from landowners who are either unwilling or unable to sell.
34. CYC’s statutory powers of compulsory purchase can be used to enable the acquisition of land. The most common Enabling Act used by local authorities to deliver regeneration is s226 (1) (a) of the Town and Country Planning Act 1990. This section provides a power for local

authorities, with the consent of the Secretary of State, to compulsorily purchase land if the authority think that the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to the land; or which is required for a purpose which it is necessary to achieve in the interests of the proper planning of an area in which the land is situated.

35. It is necessary to justify the use of CPO powers by reference to the statutory tests and with regard to Guidance issued by the Secretary of State, which has recently been updated. The use of CPO powers clearly impacts on the Human Rights of land owners including the right to peaceful enjoyment of one's property. If land is purchased by CPO compensation is payable covering the market value of the land together with payments for disturbance, other loss and professional fees.

36. There are eight key stages of the CPO process. Of the eight key stages, the first six relate to obtaining the necessary powers of compulsory purchase and the final two relate to the implementation of these powers.

(1) Formulation involves the definition and justification for compulsory purchase, leading to a (2) Resolution by the acquiring authority to seek confirmation of the power to acquire by the making of an (3) Order (CPO), which then enables public scrutiny. If (4) Objections are made to the CPO this leads to a (5) Public Inquiry, held by an inspector, by way of whose recommendations the Secretary of State, having the authority to confirm or reject the CPO, will reach a (6) Decision.

If the CPO is confirmed it will enable (7) Possession to be taken, giving rise to an entitlement to appropriate (8) Compensation, settled if necessary by reference to the Upper Tribunal of the Lands Chamber (previously known as the Lands Tribunal) or other means of dispute resolution.

37. The two third party land holdings described in Para 29 are essential to the development of the York Central and must be purchased by the partnership. The land values and costs associated with the acquisition strategy are commercially sensitive at this time as negotiations continue but are set out in confidential Annex 2.

38. For the **Unipart** acquisition it is proposed that due to the time associated with a Compulsory Purchase Order, it is advisable to twin-track the process alongside acquisition by agreement. Executive are therefore requested to make a resolution to commence a Compulsory

Purchase Order to run alongside continuing negotiations. No purchase of the site will be made until a partnership agreement is determined.

39. It is of paramount importance to CYC that the businesses and their employees remain in the York area. As part of the land acquisition strategy, CYC are working closely with the landowners to identify suitable sites to maintain jobs and accommodate their longer term business requirements within the city and Unipart are currently in negotiations to secure an alternative site in York.
40. For the **land off Leeman Road** it is proposed that officers continue negotiations with a view to securing the acquisition and that delegated authority is given to the Leader to agree the final sum on the basis of the valuations set out in confidential Annex 2. This will be funded from the £10m capital budget that Council have already set aside to fund the York Central project.

Planning Approach

41. CYC and Network Rail have jointly commissioned Arup to produce a high level master plan and a more detailed Planning Framework document to guide comprehensive development across the site, identifying constraints, opportunities and the potential capacity of York Central. The Planning Framework will ultimately lead to a Supplementary Planning Document (SPD) on adoption of the Local Plan, and will be a material consideration when determining planning applications.
42. The aim of the SPD is to enable a phased development with strong themes of quality public space, design and place making, providing development platforms and enabling strong linkages so the scheme becomes a new intrinsic quarter of the city.
43. Work to date has included viability assessments, transport modelling, high level spatial plan and phasing of infrastructure requirements and development. The Framework is intended to be flexible to respond to market demand and changes over the short, medium and long term whilst embedding fundamental design principles and infrastructure to provide confidence to the development and investment market.
44. It is essential to engage with residents, businesses and stakeholders to inform the formal Planning Framework. It is proposed that two stages of consultation are undertaken – the first to consult informally on high level principles, and the second to seek views on a draft Planning Framework SPD. Responses from the first consultation will be analysed and used to inform the emerging Planning Framework document. A more formal consultation on the formal Planning

Framework SPD is programmed for spring/summer 2016 and adoption will follow this process.

45. Consultation on the first stage of the document is proposed for January/February 2016. This will be an informal consultation and an opportunity for the city to provide their views on options for the York Central site. The proposed consultation document is attached as Annex 3 along with the proposed consultation plan at Annex 4 and Executive are asked to agree to commence the consultation in January 2016.
46. The Planning Framework documents will dovetail with draft Local Plan Policy which is set out at Annex 5. This was reviewed by CYC's Local Plan Working Group on 30th November 2015, and the minutes are included at Annex 6 of this report. Since then, further work has been undertaken to model the potential range of housing densities for the options to be included in the consultation document (Annex 3). This is still a work in progress and the final figures may change before the consultation commences.
47. The policy will continue to be developed as work on both the Local Plan and York Central Planning Framework SPD progresses. Executive are asked to agree the emerging Draft York Central Planning Policy to feed into the development to the Local Plan.
48. Once the Planning Framework SPD is established, it is anticipated that a detailed planning application (or series of applications) for common infrastructure and potentially for the first phase of development will be worked up and submitted to the Local Planning Authority. This approach will further cement the commitment of the Partners to the facilitation of enabling infrastructure which is key to unlocking the site and setting the place making agenda for development plots and value creation.

Supporting the Partnership

49. City of York Council and Network Rail have already signed a Memorandum of Understanding to work together to deliver the York Central project. It sets out a series of principles that both parties will abide by but it is not a legally binding partnership. There are currently four key partners involved in the project.
50. **CYC** have small land holdings as shown on Annex 1, off Leeman Road and are finalising the sale of a 5 acre site off Holgate Road to Network Rail and will acquire the strip of land running from the A59 to the east of the Network Rail maintenance depot on which the potential access road will be built. CYC have also agreed capital funding of £10m to support

the delivery of the project, of which £500k has been released to fund project set up costs and contribute to early feasibility and planning framework costs. As city custodians and local planning and transport authority, CYC have a major role to play in shaping the future of York Central as well as being instrumental in overcoming some of the barriers to development. CYC have made a range of bids for central government and LEP funding, some of which are already agreed and some which are pending with decisions imminent.

51. **Network Rail** own 65% of the land on York Central (this includes the area to the front of the station and their maintenance depot). They commenced the current work to develop the site some years ago and have made significant steps towards a strategy to clear sidings and relocate operational uses in order to make land available for development. The strategy has also included the construction of their new Route Operating Centre and Workforce Development Centre. They currently have some operational functions still located on the site. There are future plans to move these functions. In addition, regulatory approval will be sought for consent to dispose of land within the site from the Office of Rail and Road (ORR).
52. **The SMG/NRM** own 12% of the land on the broader York Central site. The Museum has over 700,000 visitors per annum and is York's most popular visitor attraction. The NRM has plans to grow the museum and seeks to increase visitor numbers to over 1 million people per year. Their plans would improve the setting of the NRM and strengthen its connectivity with the city centre and with the station. The NRM offer a significant footfall draw to the York Central site and could be at the heart of the York Central development. It would give the new development a unique identity, and the NRM would be a hub of activity. A major new public square and events space could be created in front of the Museum to maximise this, with potential for a new NRM gallery to provide high quality enclosure to the northern side of the square. These developments would, in turn, strengthen the visitor economy in York.
53. **HCA** – Following award of Housing Zone status the HCA are potential investors in the scheme with £9.55m earmarked for the project including a potential capacity grant of £365k. Their objective is to ensure the delivery of the housing elements of the scheme whilst understanding that the infrastructure to deliver the site serves both residential and commercial elements of the project. The project has national significance for the HCA and is being given high priority in their funding deliberations.
54. Each partner is committed to the project and keen to progress towards a legally binding agreement to deliver the project. Discussions have been

had about the principle of sharing the investment and risk involved in the project and sharing the value arising from the development. There is however a lot of negotiation ahead over exactly what investment each partner makes and how their return on investment is delivered.

55. This will be informed by a more detailed understanding of the cost of the infrastructure, the investment strategy, the potential development value of the scheme and the phasing of delivery. A range of mechanisms will be considered to achieve a consensus with partners.
56. Officers will need to work with partners to develop a proposal to bring back to Executive setting out a funding strategy to deliver the upfront infrastructure to facilitate development of the York Central site, setting out how any investment will be repaid including from future retained business rates arising from the award of Enterprise Zone status and from development values from the York Central site.
57. Officers will need to negotiate a detailed partnership agreement with Network Rail, SMG/NRM and the HCA to jointly deliver the York Central Scheme and to bring this back to Executive for agreement
58. CYC will also need to consider what vehicle best delivers the project and enables the most effective partnership engagement. There may be partnership options that require the pooling of assets, the establishment of a joint decision making legal entity and the joint receipt of development income. Officers will need to evaluate the best legal and financial mechanisms to optimise the benefits and manage the risks associated with any joint investment and value sharing arrangements. It is therefore proposed that officers undertake due diligence of the most appropriate corporate instruments for City of York Council to use to engage in a developing York Central Partnership and to bring this back to Executive as part of the proposal for a legally binding partnership.

Professional Advisors

59. The partnership will require professional advisors who are answerable to the partnership and have the partnership interests at heart rather than being commissioned and answerable to one single party. If each party engages their own professional advisor base there is significant risk that we may expend important time and money covering the same ground or challenging the evidence base/position of other partners. This is clearly undesirable and all parties are seeking agreement from their Boards/Executives to appoint shared advisors to act on behalf of the “shadow” partnership.

60. The next stage of the project will require a twin track approach to crafting a delivery partnership whilst continuing to progress the plans for the site. This will involve:
- i. Progressing the consultation and developing the Planning Framework.
 - ii. Developing detailed infrastructure plans.
 - iii. Developing planning applications for early infrastructure and early phase development.
 - iv. Commencing design work on road and bridge infrastructure.
 - v. Demolition of buildings on the route of the access road.
 - vi. Ongoing site acquisition.
 - vii. Developing the partnership financial and legal structure.
 - viii. Progressing the preparation of sites for marketing to get early Developer interest and input.
61. This will require the detailed input from Legal, Financial and Technical advisors. It is proposed that CYC undertake the procurement of the advisor base for the partnership in advance of the sign off of a formal partnership structure, to prevent any delay to delivery. The advisors will be instrumental in crafting the partnership arrangements. Where any one party's interest conflicts or does not align with that of the partnership itself, the duty of care will be to the partnership. The technical advisors will also enable ongoing development of the next phase of detailed technical delivery preparation.
62. Expenditure on professional services over the entire course of the project is likely to total between £5m and £8m based upon a percentage of infrastructure costs. This will deliver detailed designs and planning application for all infrastructure which is currently estimated at approx. £78m.
63. Over the coming months, whilst the partnership is being negotiated, further development costs of approx £500k are possible.

This will fund :-

- i. Undertaking the consultation exercise
- ii. Development of the formal planning framework
- iii. Detailed transport modelling of options

- iv. Additional market demand evidence gathering
- v. Ground condition and contamination surveys
- vi. Air quality studies
- vii. Land title registration
- viii. CPO
- ix. Infrastructure design strategy and costing
- x. Planning application preparation for key elements of infrastructure
- xi. Environmental Impact Assessment (EIA) scoping
- xii. Legal and financial support for the partnership agreement negotiation and funding strategy

64. If funds are not set aside then the project delivery will be delayed. On December 3rd the One Public Estate Programme agreed a grant of £250k to fund early partnership work and at the end of December we expect a decision from the HCA on the award of a Housing Zone Capacity Grant for £365k of which £100k is for advisor costs. In total £350k of this funding is targeted at the enabling advisory works for the partnership support and technical preparation and evaluation work. Decisions are expected by the end of November/start of December. If granted these funds will be used to cover advisor costs. In addition NRM have agreed a contribution of £20k towards early advisor costs. If expenditure exceeds £370k before the partnership is agreed and/or grant funding is not forthcoming then it is recommended that CYC cover these costs to a maximum of £250k on the basis that these costs will be subsequently treated by the partnership as enabling costs to be met from the partnership and regarded as an investment on CYC's part which will eventually be returned. Network Rail will also look to contribute to further costs subject to Board approval of a land disposal strategy for the site and greater clarity re timescales for infrastructure provision.

65. This will require the further release of up to £250k from the £10m already earmarked to the York Central project. Of this £10m, £500k has already been allocated to fund the project team and early works. This has to date funded the establishment of a small dedicated project team, the development of master planning, technical work and the emerging draft planning framework, the site assembly strategy and advice. There is £320k remaining which will be required to fund the project team going forward.

Timetable

66. The project timelines are currently very fluid as there are a number of activities on the critical path where a firm timescale cannot yet be defined. Below is a high level view of the potential milestones in next 6 months and then a more speculative estimate of key delivery milestones to 2020. The longer term completion of the scheme will take 15-25 years.

Milestone	Anticipated Timeframe
Planning Framework	
Stage 1 Informal Consultation	January/February 2016
Stage 2 Formal Consultation Draft Planning Framework	May/June 2016
Procurement of Expert Advisors	
Drafting Procurement Documents	January 2016
Procurement Process – Tender Submission and Selection	February 2016
Partnership Agreement	
Negotiation with Partners	January- May 2016
Signed Agreement	May 2016
Land Assembly	
Negotiation with third parties	Ongoing
Resolution to make CPO	January 2016
5 acre site transaction	January 2016

67. Below is the 5 year plan as set out in the EZ application. This is highly indicative and subject to change when the project detail is developed.

Milestone	Anticipated Timeframe
Planning Framework	
Adoption of Planning Framework	August 2016

Submission of first Planning Applications for infrastructure and first phase	Q1 2017/18
Commence construction of highway and bridge	Q3 2017/18
Commence development	2018/19

Delivery Team

68. The York Central project is currently being delivered in partnership with Network Rail, City of York Council, the National Railway Museum and the Homes and Communities Agency.
69. From the City of York Council, the core team is led by Neil Ferris (Acting Director City & Environmental Services) and Tracey Carter (Assistant Director Finance and Asset Management) and comprises officers with relevant expertise from across the authority.
70. CYC have previously funded staff on a part time basis and sourced from a number of Departments. However, to accelerate the work programme and delivery of York Central, a dedicated full time team has been assembled. CYC has funded this team to date and HCA funding will be used to support this next year, a dedicated Commercial Project Manager has been appointed to lead the team. In addition project management resource will be recruited to lead on the transport elements of the scheme and a small team of support staff will be formally recruited to the project. Additional resource and expertise from wider teams will be essential to assist the full time team to accelerate various work streams required for successful delivery.
71. Collectively this project team has many years of experience in the public and private sectors of working on schemes of this nature and around 14 years of collective experience directly on this project. This resource represents circa £350,000 per annum rolling investment by City of York Council in project delivery and HCA are being asked to contribute £265,000 for the next year from their Capacity Fund.

Consultation

72. The future of York Central will be of interest and importance to a large proportion of York's residents and businesses and will also be a significant project regionally and nationally. Consultation will play an essential part in the future development of the site, starting with the informal consultation proposed in paras 41-42.

Council Plan

73. Under the Council Plan objectives the project will assist in the creation of a Prosperous City for All, and be a Council that listens to residents particularly by ensuring that :
- i. Everyone who lives in the city can enjoy its unique heritage and range of activities.
 - ii. Residents can access affordable homes while the greenbelt and unique character of the city is protected.
 - iii. Visitors, businesses and residents are impressed with the quality of our city.
 - iv. Local businesses can thrive.
 - v. Efficient and affordable transport links enable residents and businesses to access key services and opportunities.
 - vi. Environmental Sustainability underpins everything we do.
 - vii. We are entrepreneurial, by making the most of commercial activities.
 - viii. Engage with our communities, listening to their views and taking them into account.

Implications

Financial –

74. In December 2013 Members agreed to earmark £10m towards the delivery of York Central. Of this sum £500k was released at that time to support technical work. The initial work undertaken so far has been funded from the Infrastructure Investment Fund however a project team has now been created and the £500k budget is allocated to support the staffing cost and specialist planning and technical advisors. The budget will fund current resources through to the end of 2016/17. The remaining £9.5m was held back subject to further reports back to Cabinet.
75. The report makes it clear the scale of potential costs of infrastructure at the site but also the potential additional revenues through retained business rates. The project agreement of who will bear these costs and how risks are shared is, therefore, essential before the council can determine the funding strategy and recommend the best approach for funding these costs.
76. This report highlights however the need for limited additional resources (max £250k) to fund professional advisors and funds identified in the confidential Annex 2 to proceed with the purchase of land off Leeman

Road. It is recommended that Executive allocate the additional £250k from the earmarked budget leaving a value of £9.25m unallocated.

77. Network Rail have incurred significant costs to date in rationalising their operational activity off the York Central site and have jointly funded with CYC the Masterplan and Planning Framework development. The HCA have early approval for £9.4m of equity investment in the site (subject to final agreement of the partnership arrangements and the actual expenditure). The NRM have agreed to contribute £20k towards further development costs prior to the agreement of a partnership agreement.
78. **Human Resources (HR)** – any future additional project resource will be recruited using CYC standard policies.
79. **Equalities** – A Community Impact Assessment of the first stage consultation document is attached at Annex 7.
80. **Legal** – the body of the report contains details relating to the use of compulsory purchase powers. As proposals for a scheme are developed, detailed legal due diligence work will need to be undertaken to identify the most appropriate procurement route(s) and contractual arrangements to be put in place.
81. **Information Technology (IT)** - There are no IT implications.
82. **Crime and Disorder** - The detailed design of any future scheme will require detailed consideration of crime and disorder implications and there will be structured input from the Police Architectural Liaison Officer.
83. **Property** – All property implications are covered in the report.

Risk Management

84. The primary risk is the potential breakdown of the delivery partnership between the partners with a consequent failure to unlock the site. This has in part being mitigated by the establishment of a senior level Board and formalised via a Memorandum of Understanding with development of the site delivered under the terms of a proposed partnership agreement.
85. A key element in the success of the scheme is establishing an Infrastructure Delivery Plan (timetable and certainty of works). The recent award of EZ status creates a deliverable route to fund the key infrastructure works and hence gives greater certainty to the scheme. It also ties this partnership together more closely and emphasises the

important role of the local authority in delivering the scheme and creates parity between the delivery partners.

86. Failure to obtain the necessary regulatory approvals to dispose of land on the site for development or to clear operational railway uses from the site is another significant risk – this would prevent the development of the site in whole or part. Mitigation plans to date include the acquisition and extinguishment of long-term rail industry leases on the site by Network Rail and development of a strategy that identifies relocation sites for the rail uses. In addition, a rail land use strategy for York is being taken forward and it is believed this meets operator needs and Network Rail's planned capacity improvement schemes. This issue needs to be further mitigated by Network Rail prior to any infrastructure investment with a clear commitment under the proposed partnership agreement to remove rail uses from the site within a phasing plan to suit site development.
87. An obvious risk is of failure to secure planning permission – this is being mitigated by early involvement with CYC as local planning authority in the ongoing development plans and engagement of stakeholders and local communities at both concept stage and as detailed plans emerge.
88. There is a risk that the scheme may not attract development market interest or new occupiers. This risk has been mitigated by the proposed approach to infrastructure delivery, evidence from Make it York re new business interest in York suppressed by lack of sites and comprehensive soft market testing. In addition, the development of a delivery and marketing strategy and the award of EZ status will incentivise early business occupation.
89. There is a risk that CYC may not secure grant funding/ equity investment towards some of the costs of the enabling infrastructure. However, this will be mitigated by the EZ status and access to borrowing this brings. It will also be mitigated by early sign off of funding from HCA and comprehensive gateway process for release of West Yorkshire Transport Funds (WYTF). The risk of WYTF withdrawing offer of funding as the devolution agenda develops remains and alternative plans for funding core transport infrastructure would need to be worked up with York North Yorkshire East Riding LEP should this eventuality occur.
90. There is a risk that partners will not secure two third party land holdings on the site. This will be mitigated by negotiation with land owners and potential initiation of CPO process to assemble the whole site prior to commencement of the regeneration.
91. A full risk register will be developed by the project and will be regularly reviewed by the project board as the project progresses.

List of Abbreviations

Advisory Team for Large Applications (ATLAS)
City of York Council (CYC)
Compulsory Purchase Order (CPO)
Conservation Area Appraisal Panel (CAAP)
Department for Communities & Local Government (DCLG)
Enterprise Zone (EZ)
Environmental Impact Assessment (EIA)
Full Time Equivalent (FTE)
Gross Value Added (GVA)
Hectares (ha)
High Speed 2 (HS2)
Home and Communities Agency (HCA)
Local Economic Partnership (LEP)
National Railway Museum (NRM)
Office of the Rail Regulator (ORR)
Science Museums Group (SMG)
Supplementary Planning Document (SPD)
West Yorkshire Transport Funds (WYTF)