



**Notice of a public meeting of
Customer and Corporate Services Scrutiny Management
Committee (Calling In)**

To: Councillors Crawshaw (Chair), Fenton (Vice-Chair), Baker (Substitute for Cllr D Taylor), Hollyer, Hook (Substitute for Cllr Hunter), Kilbane (Substitute for Cllr Barnes), Pearson, Pavlovic (Substitute for Cllr Musson) and Rowley

Date: Thursday, 13 August 2020

Time: 10:30 am

Venue: Remote Meeting

AGENDA

1. Declarations of Interest

At this point, Members are asked to declare:

- any personal interests not included on the Register of Interests
- any prejudicial interests or
- any disclosable pecuniary interests

which they may have in respect of business on this agenda.

2. Public Participation

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the committee.

Please note that our registration deadlines have changed to 2 working days before the meeting, in order to facilitate the management of public participation at remote meetings. The deadline for registering at this meeting is **5:00pm** on **Tuesday**,

11 August 2020.

To register to speak please contact Democratic Services, on the details at the foot of the agenda. You will then be advised on the procedures for dialling into the remote meeting.

Webcasting of Remote Public Meetings

Please note that, subject to available resources, this remote public meeting will be webcast including any registered public speakers who have given their permission. The remote public meeting can be viewed live and on demand at www.york.gov.uk/webcasts.

During coronavirus, we've made some changes to how we're running council meetings. See our coronavirus updates (www.york.gov.uk/COVIDDemocracy) for more information on meetings and decisions.

- 3. Minutes** (Pages 1 - 4)
To approve and sign the minutes of the last meeting, held on 3 February 2020.

- 4. Called-In Item: York Central Update** (Pages 5 - 30)
To consider the decisions made by the Executive on 23 July 2020 in relation to the above item, which have been called in by Councillors Myers, K Taylor and Wells in accordance with the Council's Constitution.

A cover report is attached setting out the reasons for the call-in and the remit and powers of the Customer & Corporate Services Scrutiny Management Committee (Calling-In) in relation to the call-in, together with the original report and the decisions of the Executive.

- 5. Urgent Business**
Any other business which the Chair considers urgent under the Local Government Act 1972.

Democratic Services:

Telephone: 01904 551024

E-mail: fiona.young@york.gov.uk

For more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

 **(01904) 551550**

This page is intentionally left blank

City Of York Council

Committee Minutes

Meeting	Customer and Corporate Services Scrutiny Management Committee (Calling In)
Date	3 February 2020
Present	Councillors Crawshaw (Chair), Fenton (Vice-Chair), Hunter, Rowley, Vassie, Wann, Musson and Kilbane (Substitute for Cllr Barnes)
Apologies	Councillors Barnes and D Taylor

1. **Declarations of Interest**

Members were invited to declare at this point any personal interests not included on the Register of Interests, any prejudicial interests, or any disclosable pecuniary interests, which they might have in the business on the agenda.

Cllr Kilbane declared a personal interest in Agenda Item 3 (the Called-in Item), as a member of the Bishopthorpe Road Traders' Association. Cllr Hunter declared a personal interest in the same item, as Chair of the Acomb Traders' Association.

2. **Public Participation**

It was reported that there had been one registration to speak at the meeting under the council's Public Participation Scheme.

Gwen Swinburn spoke on Agenda Item 3 (the Called-in Item), expressing support for the original decisions, except for allocation of Inclusive Growth funding to the 'greening our commercial estate' project, which she considered should be funded from the council's commercial profits.

The Chair responded to the speaker, confirming that she was welcome to contribute to meetings under public participation, but in doing so should refrain from making adverse comments on the personal integrity of Council Members and officers.

3. Called-In Item: Inclusive Growth Initiatives Fund - Progress and Authority to Spend

Members considered a report which set out the reasons for the call-in of the decisions made by the Executive Leader at his Decision Session on 15 January 2020, in respect of the Inclusive Growth Initiatives Fund, and the Committee's remit and powers in relation to the call-in.

The decisions were set out in Annex 1 to the report, along with the original report to the Decision Session at Annex 2.

Paragraph 11 of Annex 2 explained the background to the proposed allocation of £300k inclusive growth funding to 8 projects. The decisions had been called in by Cllrs Douglas, K Taylor and Webb for the following reasons:

- i. While many of the proposals have some merit, very few of them relate to inclusive growth, resulting in a misappropriation of retained business rates funding;*
- ii. A number of the items funded are items that would either have to be funded anyway or should be funded from another budget, suggesting the Leader is using inclusive growth funding to allow for savings elsewhere, e.g. consultation on the Economic Strategy, energy efficiency survey of the council's commercial estate.*
- iii. Making growth genuinely inclusive requires a long-term strategy, supported by measures that are significant and won't be halted after one or two years – for many of the funding decisions taken it is difficult to see how they will make any meaningful impact given the level of funding and time period involved."*

Under with the provisions of the council's constitution and the requirements of Local Government Act 2000, the following options were available:

- A – not to refer the matter to Executive, in which case the original decisions would be confirmed, or
- B - refer the matter to Executive with specific recommendations.

Cllr Douglas addressed the committee on behalf of the Calling-In Members, explaining in more detail the reasons for the calling-in, and responding to questions put by Members. The Executive Member for Economy & Strategic Planning, on behalf of the Executive Leader, then outlined the reasons for the

original decisions, and responded to Members' questions. Finally, questions were put to officers responsible for the report at Annex 2. During this part of the meeting, it was confirmed that:

- There was no alternative funding source for the 'greening our retail estate' project;
- Profits from the council's commercial estate were used to fund council services as part of the base budget;
- No external bodies had been consulted on the funding allocation; this would not have been normal practice;
- The effectiveness of community jobs fairs had not been formally assessed; it was intended to do this in future;
- There were many definitions of 'inclusive growth', depending on local economic context, place and political perspective;
- As in many other local authorities, there was currently no formal definition of 'inclusive growth' in York.

After a full debate in the light of all the information provided, the Executive Member was asked whether he was prepared to be involved in a discussion at a scrutiny committee on the definition of 'inclusive growth'. He confirmed that he was. It was then

Resolved: (i) That Option A be approved and the original decisions of the Executive Leader not be referred to the Executive.

Reason: The committee do not consider that there are grounds to make specific recommendations to the Executive on the decisions.

- (ii) That the Executive Member for Economy & Strategic Planning, during his attendance at the next meeting of the Economy & Place Policy & Scrutiny Committee, facilitate a discussion on the definition of 'inclusive growth' in order to achieve a common understanding of the term.

Reason: To assist Members in understanding the principles underlying the allocation of inclusive growth funding, and the potential for future development of an inclusive growth strategy.

Cllr J Crawshaw, Chair

[The meeting started at 5.30 pm and finished at 7.15 pm].



**Customer and Corporate Services Scrutiny
Management Committee (Calling In)****13 August 2020**

Report of the Director of Governance

Called-in Item: York Central Update**Summary**

1. This report sets out the reasons for the call-in of the decision made by the Executive on 23 July 2020 in respect of the York Central Update. The report also sets out the powers and role of the Customer and Corporate Services Scrutiny Management Committee (Calling-In) in dealing with the call-in.

Background

2. An extract from the Decision Sheet issued after the Executive meeting on 23 July is attached as Annex A to this report. This sets out the decisions taken on the called-in item. The original report to the Executive is attached as Annex B.
3. The decision has been called in for review by the Customer and Corporate Services Scrutiny Management Committee (Calling-In) by Cllrs Myers, K Taylor and Wells, in accordance with the Constitutional requirements, for the following reasons:-
 - i. The decision to commit a further £1.96m of council taxpayers' money without any Covid economic impact review and updated risk assessment of the York Central scheme is premature;*
 - ii. The grant terms of the Government's £77.1m infrastructure funding should be agreed by the Executive in public rather than in private, given the magnitude of the grant and its potential to change plans for what goes on the York Central development;*
 - iii. The council's business as usual approach to York Central also ignores the fact that infrastructure requirements for a Government*

department/House of Lords relocations may differ significantly to existing plans.

Consultation

4. In accordance with the requirements of the Constitution, the calling-in Members have been invited to attend and/or speak at the Calling-in meeting, as appropriate.

Options

5. The following options are available to the CCSMC (Calling-In) in relation to dealing with this call-in, in accordance with the constitutional and legal requirements under the Local Government Act 2000:
 - a) To decide that there are no grounds to make specific recommendations to the Executive in respect of the report. If this option is chosen, the original decisions taken on the item at the Executive meeting on 23 July 2020 will be confirmed and will take effect from the date of the CCSMC (Calling-in) meeting; or
 - b) To make specific recommendations to the Executive on the report, in light of the reasons given for post-decision call-in. If this option is chosen, the matter will be considered at a meeting of Executive (Calling-In) to be held on 27 August 2020.

Analysis

6. Members need to consider the reasons for call-in and the original report to the Executive and form a view on whether there is a basis to make specific recommendations to the Executive in respect of the item called in.

Council Plan

7. There are no direct implications for this call-in in relation to the delivery of the Council Plan and its priorities for 2020/21.

Implications

8. There are no known Financial, HR, Legal, Property, Equalities, or Crime and Disorder implications in relation to the following in terms of dealing with the specific matter before Members; namely, to determine and handle the call-in.

Risk Management

9. There are no risk management implications associated with the call in of this matter.

Recommendations

10. Members are asked to consider all the reasons for calling in this decision and decide whether they wish to confirm the decision or to refer the matter back for reconsideration and make specific recommendations on the report to the Executive.

Reason: To enable the called-in matter to be dealt with efficiently and in accordance with the requirements of the Council's Constitution.

Contact Details

Author:

Dawn Steel
Head of Democratic Services
dawn.steel@york.gov.uk
Tel: 01904 551030

Chief Officer Responsible for the report:

Janie Berry
Director of Governance
Tel: 01904 555385

Report Approved Date 5 August 2020

Wards Affected:

All

For further information please contact the author of the report

Annexes

Annex A – Extract from the Decision Sheet produced following the Executive meeting, setting out the decisions made on the called-in item.

Annex B – Report of the Director of Economy & Place to the Executive Meeting on 23 July 2020 – York Central Update

This page is intentionally left blank

Executive

Thursday, 23 July 2020

Decisions

Set out below is a summary of the decisions taken at the Executive meeting held on Thursday, 23 July 2020. The wording used does not necessarily reflect the actual wording that will appear in the minutes.

Members are reminded that, should they wish to call in a decision, notice must be given to Democracy Support Group no later than 4pm on the second working day after this meeting.

5. York Central Update

- Resolved:
- (i) That further funding of £1.96m be committed to cover City of York Council (CYC) project team and consultancy support costs, undertake further essential survey works, and fund an early enabling infrastructure works contract to April / May 2021.
 - (ii) That authority be delegated:
 - a) to the Interim Head of Paid Service, in consultation with the Executive Leader, to take such steps as are necessary to deliver the package of early site enabling works and
 - b) to the Director of Economy & Place, in consultation with the Director of Governance, to taken such steps as are necessary to enter into the resulting funding agreement.
 - (iii) That authority be delegated to the Interim Head of Paid Service, in consultation with the Executive Leader, to take such steps as are necessary to agree the grant terms with MHCLG for £77.1m of infrastructure funding and to enter into the resulting funding agreement.
 - (iv) That approval be given to procure the further project support consultancy services necessary to for the delivery phase, and that the authority to take such steps as are necessary to procure, award and

Annex 1

enter into the resulting contracts be delegated to the Director of Economy & Place, in consultation with the Director of Governance.

Reason: To ensure that appropriate progress can be made on project development, focusing on delivery readiness for the first phase of the York Central enabling infrastructure.

(v) That approval be given to dispose of the land at Alliance House / Chancery Rise to Network Rail (NR), to facilitate the relocation of rail infrastructure maintenance facilities from the York Central site, with NR to reimburse the council for expenditure incurred by the council in connection with its ownership since 2016, totalling £426,967; the disposal price to be £1 (the same price for which it was purchased by the council from NR in 2016), and to include a restrictive covenant to limit the future use of the land to the purpose agreed in this disposal.

Reason: To ensure that York Central is cleared of operational rail activity and made available for redevelopment.

Executive**23 July 2020**

Report of the Director of Economy & Place
Portfolio of the Leader

York Central Update**Summary**

1. The delivery of York Central is a city wide priority. Regeneration of this brownfield site will bring significant economic growth space and new housing, in this central, sustainable location. The importance of York Central is highlighted in the Local Plan, and in the Strategic Economic Plans of both regional Local Enterprise Partnerships. York Central will also play a pivotal role in the city wide economic recovery from the Covid 19 pandemic.
2. The council has continued its commitment to York Central all through the Covid 19 lock down and response phase, and has maintained the level of resources allocated to the project due to its strategic importance to long term economic recovery. The delivery of York Central is still a priority objective within our economic strategy and will provide the location for new economic growth space and facilitate the future development of new sustainable business sectors to augment the existing economy.
3. In the March 2020 budget the council received the long awaited news that the Ministry of Housing Communities and Local Government (MHCLG) had agreed to award £77.1m to fund the enabling infrastructure for the site. This is a hugely positive breakthrough that will finally unlock the site.
4. After decades of stalled delivery, the crucial enabling infrastructure works can finally now commence. Ultimately York Central will become a thriving addition to the existing city centre with; new business space, new homes a re-modelled railway station and a transformed National Railway Museum. Movement through the site will benefit from pedestrian and cycle priority with dedicated / segregated routes along the main west to east axis. This route will be well served by Park and Ride / local bus services with an inbound priority Bus Lane. Encompassing all of this, and perhaps most important of all, the new park and urban realm will deliver high quality amenity space for the benefit of all our residents, workers and visitors. Designed to meet best practice standards the landscaping will deliver significant new tree planting and have Sustainable Urban Drainage (SUDs) and biodiversity considerations at its heart.

Annex B

5. This report provides an update on progress to deliver the scheme, and sets out proposals for proceeding with further development activity to maintain the positive momentum and ensure readiness for delivery whilst we await the confirmation of the conditions of the grant funding.

Recommendations

6. Executive is asked :-
- i. To commit further funding of £1.96m to cover CYC project team and consultancy support costs, undertake further essential survey works, and to fund an early enabling infrastructure works contract to April / May 2021.
 - ii. To delegate to the Interim Head of Paid Service in consultation with the Leader the acceptance of the £1.53 million YNYER grant to deliver the package of early site enabling works and to delegate to the Director of Economy and Place, in consultation with the Director of Governance, the authority to take such steps as are necessary to enter into the resulting funding agreement.
 - iii. To delegate to the Interim Head of Paid Service in consultation with the Leader the authority to take such steps as are necessary to agree the grant terms with MHCLG for £77.1m of infrastructure funding and to enter into the resulting funding agreement.
 - iv. To approve the procurement of the further project support consultancy services necessary for the delivery phase, and to delegate to the Director of Economy and Place, in consultation with the Director of Governance, the authority to take such steps as are necessary to procure, award and enter into the resulting contracts.

Reason: To ensure that appropriate project development progress can be maintained, focussing on delivery readiness for the first phase of the York Central enabling infrastructure

- v. To agree to dispose of the land at Alliance House/Chancery Rise to Network Rail (NR) to facilitate the relocation of rail infrastructure maintenance facilities from the York Central site, with NR to reimburse the council for expenditure incurred by the council in connection with our ownership since 2016, totalling £426,967. The disposal price to be £1 (the same price as it was purchased by the council from NR in 2016) and to include a restrictive covenant to limit the future use of the land to the purpose agreed in this disposal.

Reason: To ensure that York Central is cleared of operational rail activity and made available for redevelopment.

Annex B

Background

7. York Central is one of the largest brownfield sites in northern England, see plan at Annex 1. The 45ha development site will deliver: up to 2500 new homes; the potential for 6500 jobs, in grade A commercial office space; a transformation of the National Railway Museum with a new Central Gallery. The creation of new public spaces and community facilities directly linked to an improved Railway Station are also key project outcomes.
8. The council has been instrumental in the project development to date, securing and making funding available to break the deadlock of decades and bring York Central forward for development. The council has worked positively with partners to ensure that the development will deliver benefits to the people of York, and these will continue to be shaped by the commitments to future public engagement. As the principal conduit for infrastructure funding and through its statutory roles as Local Planning Authority (LPA) and Highways Authority (HA) the council has significant influence and control over key future decisions and will continue to represent the views of the people of York in all partnership discussions.
9. Extensive community engagement was undertaken ahead of the planning process which showed significant support for the scheme despite its many challenges. Previous attempts by the market to bring a scheme forward on this site have floundered and, given the unique risk profile of the site, it will require public sector leadership to bring the site forward for development.
10. The scheme is being promoted by the York Central Partnership (YCP) which is made up of Network Rail (NR) Homes England (formerly the Homes and Communities Agency or HCA), the National Railway Museum (NRM) and the City of York Council (CYC).
11. Over the last 4 years YCP have developed a comprehensive masterplan for the 45ha site and secured Outline planning consent which will deliver up to 112,000 sq. m of commercial space and up to 2500 homes as well as a large park, public squares and an expanded Railway Museum.
12. To support our aspiration for delivering high quality affordable homes on York Central, positive discussions have taken place between the council and Homes England. Together we are exploring options for early phase delivery where our adjoining land interests have the potential for council led delivery on part of the site. Partnership working and delivery can better secure the creation of a spatially coherent and high quality new neighbourhood. A further update will be provided on this approach as part of a Housing Delivery Programme paper this autumn.

Annex B

13. We have also secured funding from the YNYER LEP to undertake a feasibility study to assess the potential for securing BREAM Outstanding office buildings on York Central.
14. The significant progress made to date is demonstrated by the key project milestones set out below :
 - In December 2018 Full Council agreed to create the £155m capital budget to fund the delivery of the enabling infrastructure.
 - The council also submitted an application for £77.1m of Housing Infrastructure Funding to MHCLG.
 - In January 2019 Executive agreed the Heads of Terms of the YCP Partnering Agreement – which is now being finalised for signature by the partners.
 - In February 2019 West Yorkshire Combined Authority (WYCA) Investment Committee approved the business case for West Yorkshire Transport Fund (WYTF+) funding (subject to conditions) and work towards a Full Business Case plus (FBC+) continues.
 - In March 2019 Planning Committee resolved to grant permission for the Outline Planning Application for the site – the s106 agreement was signed in December 2019.
 - John Sisk was appointed to provide Early Contractor Involvement (ECI) in September 2019 under a Pre-construction services contract to offer value engineering, buildability and programme advice to inform the final detailed design work.
 - On the 12th October 2019 the Department of Culture Media and Sport confirmed the award of £18.58m towards the £55m target budget for the delivery of the NRM Vision 2025 plans.
 - 23 October 2019 YNYER LEP agreed £1.58m LGF grant to support further design work on the first phase of infrastructure.
 - Over the autumn and winter we undertook detailed design of the first phase of infrastructure (Water End junction new Severus Pedestrian / Cycle Bridge, new ECML bridge and spine road)
 - In February YCP undertook pre-application engagement on the content of the Reserved Matters Application for the first phase infrastructure
 - In the March 2020 Budget, the Chancellor of the Exchequer announced the award of £77.1m grant to fund the York Central enabling infrastructure
 - In March 2020 Homes England, NR and NRM made an application to the Department for Transport (DfT) for the Stopping up of the part of Leeman Road where it bisects the museum. This has been consulted on by DfT.
 - In April 2020 CYC, Network Rail and Homes England submitted the RMA for the first phase of infrastructure to the Local Planning Authority

Annex B

- June 2020 – the detail design of the enabling works package has been completed and issued to the contractor for price confirmation.
- YNYER funding to deliver this package was confirmed on 18 June 2020.

15. The total cost of the enabling infrastructure necessary to bring the site forward for development was set out in the November 2018 Exec report as being £155m. The indicative breakdown of the key elements of the infrastructure scheme updated to June 2020 are as follows:

Table 1 Total Infrastructure Costs

Infrastructure Elements	£'000
Enabling Works including site clearance, early demolitions,	4,330
Phase 1 Infrastructure including bridge access onto site, new spine road, drainage	90,250
New Park	17,960
Museum Square and Boulevard	9,560
Southern Access to Site	6,290
Compliant Station Access	6,420
Full Western Station Entrance	9,840
Leeman Road Tunnel, Marble Arch Link	2,300
Leeman Road East	inc above
Utilities into site	7,840
Total Infrastructure	154,790

16. Full Council established the budget to fund this key site enabling infrastructure in Dec 2018 to allow viable development to proceed. The funding comprises a combination of external grants, previously agreed approvals, developer contributions and significant new Enterprise Zone backed borrowing of £35m. The works and funding options outlined in this report are part of this core budget.

Table 2 York Central Budget

Funding Source	Budget	Prior Approvals	Approvals Sought	Budget Remaining
	£'000	£'000	£'000	£'000
CYC	4,662	(1,110)	(1,960)*	1,592
CYC Borrowing – Enterprise Zone	35,000			35,000
MHCLG funding	77,100			77,100
YNYER LEP	3,110	(1,580)	(1,530)	0
WYTF Contribution	23,500			23,500

Annex B

Balance – Developer Contributions, Land Values, Cost Control	11,628			11,628
Total Funding Available	155,000	(2,690)	(3,490)	148,820

17. The WYTF Full Business Case (FBC) was conditionally agreed in February 2019 (with £23.5m for the York Central component) and this will proceed to final sign off when the Stage 4 design is priced. It is also conditional upon confirmation of the conditions of the MHCLG grant funding following the budget announcement in March, which is still pending.

Current Progress

18. In October 2019 Executive made the commitment to undertake further project development activity, working with the York Central Partnership, to ensure the scheme maintained momentum and would be ready to progress into delivery phases when decisions on external grant funding were confirmed.
19. The £2.275m budget agreed by Executive, including YNYER grant, has funded significant activity to finalise and submit the Reserved Matters Application (RMA), following a comprehensive pre-application information exercise. The detailed (RIBA stage 4) design work will be completed imminently to enable confirmation of the construction costs and submission of the WYTF+ final business case.
20. The timescale for the determination of the RMA for the first phase infrastructure has been impacted by Covid 19. The finalisation of documentation and submission at the end of March was impacted by the shift to home working arrangements and the commencement of critical archaeological evaluation work on site was delayed due to the furloughing of the contractors staff. The overall delay is c3 months.
21. The Executive report of October 2019 released funding for the project through to May 2020 and determination of the RMA. Robust management of the project team and budget has enabled the funding to stretch to July. However, the remaining contingency would be completely exhausted by September.
22. A proposal for maintaining project momentum, by drawing down further funds from the previously approved York Central Budget is set out below:
23. **£3.49m to April / May 21.** This will deliver:
- i. Conclusion of the detailed design work and confirmation of the construction cost and programme for delivery of the infrastructure works.

Annex B

- ii. Submission of the FBC+ to secure the WYCA funding for the construction phase.
- iii. Formalising the necessary pre-construction agreements between the partners and statutory authorities.
- iv. The ability to let an enabling works construction contract including: site clearance, demolitions and site preparations, infrastructure package 1. This would be funded by acceptance and draw down of the recently approved £1.53m YNYER grant funding, and a further drawdown of the CYC York Central Capital Budget of up to £1.96m

24. The table below provides a summary of the costs of the proposal :

Activity	£'000
Project Team	370
Project and programme Support	170
IP1 – enabling works including contract administration	4330
Less NR works	-1,200
Less existing committed	-180
Total	3,490

Analysis

25. Concluding the detailed design work and confirming the contractors priced proposals is necessary to submit the WYCA FBC+. If this is not undertaken it would lead to delays in the delivery of York Central, and could lead to difficulty in achieving grant spend within the currently understood funding windows. Any delivery delay will also result in a reduction in the amount of retained business rates likely to be generated as part of the Enterprise Zone to fund the proposed £35m of prudential borrowing to fund the further phases of enabling infrastructure. Any significant delay also introduces risk to the procured construction contract where the tendered rates were only valid for 12 months.
26. The ability to commit to site preparation works ahead of the main contract would allow the main contract for the first phase infrastructure works to commence in early 2021. If this is not possible the conditional contract with the Millennium Green Trust is also at risk.
27. Since last Oct CYC have progressed with project development to ensure delivery readiness. The March budget announcement of the £77m funding by

Annex B

MHCLG was hugely significant. Early Contractor Involvement (ECI) has been extremely beneficial in refining the detail design and delivery programming. Our preferred construction partner Sisk is now confirming pricing for the works packages to enable the confirmation of the WYCA funding, through the FBC+ gateway.

28. The project programme has been updated to reflect some delay to the RMA determination, as a result of Covid 19 impacting archaeological works on site. However, the RMA determination is pending and undertaking a package of enabling works commencing in late 2020 will allow the main infrastructure works to commence in early 2021. This timing is important to take advantage of the existing Millennium Green conditional contract and to ensure that the infrastructure delivery is in line with the requirements of the NRM Masterplan.
29. The York Central Partnership has signed a Partnering Agreement, which commits the partners to work jointly to deliver the scheme. Partners have already made investments at risk and secured further commitments totalling over £50m for York Central.
30. Network Rail has spent £5.842m so far on land assembly, rail relocation works, rail design for enabling works/relocations, planning, legal and consultant's fees. Network Rail have also recently confirmed that they will fund the site clearance and rail infrastructure alteration elements of the enabling works to the value of £1.2m as part of the early enabling works. These works are necessary before the main infrastructure works contract can commence.
31. Homes England has committed £18.9m towards land assembly and contributed a further £355k towards the planning costs of the site, on top of a previous £200k contribution in 2018. Homes England have more recently confirmed a further budget of £7.6m subject to the MHCLG decision having invested in a dedicated delivery team working for the Project Director. Although some of this investment is backed by asset acquisitions these will not be realised unless the scheme is developed out so are "at risk" at this stage.
32. The NRM have spent £1.95m on their Vision 2025 masterplan for their museum development scheme and they have now secured a £18.58m DCMS grant to commence delivery of their £55m transformation scheme. The design team for the new Central Hall has now been appointed following the public exhibition of the shortlisted proposals in February. As an important cultural anchor they will continue to help shape the overall scheme and integrate their plans with the development of York Central, but their role differs from the major land owners NR and Homes England and from the Council as the custodians of a new part of the city and enablers of the future scheme. As a charitable organisation, NRM cannot undertake any development activity on non-Museum land, so NRM will not share in either the York Central development costs or receipts. The NRM have disposed of their surplus land assets to Homes

Annex B

England in order to integrate the land into the overall scheme and facilitate the early phases of the Vision 2025 development plans.

Disposal of land at Alliance House/Chancery Rise to network Rail

33. The Chancery Rise land was acquired in 2016 from Network Rail as part of a larger property deal whereby CYC sold a 5 acre Holgate Rd site to Network Rail for £1.55m to enable them to relocate maintenance facilities off the York Central site. As part of the same deal CYC acquired a strip of land at the southern end of their Holgate Works depot at Chancery Rise for £1, to facilitate a technically feasible access route into the York Central site. However, at that time work was already underway to evaluate alternative access options.
34. This (southern) access route was discounted in the Nov 2017 access options report, subject to final agreement and approval of the planning permission for the western access at Water End. The Chancery Rise site is therefore no longer needed to facilitate access to York Central.
35. Network Rail have approached us to buy back the strip of land as their plans for the 5 acre site are compromised by the Holgate Beck Culvert, and they require the additional adjacent land at Chancery Rise to accommodate their depot needs.
36. Officers have negotiated a deal for Network Rail to refund all our ownership costs since 2016 (£427k) and sell for the same price we paid - £1
37. If this land is not transferred NR would not be able to easily vacate the whole of the YC site and operational rail maintenance activities may have to remain alongside the new residential and commercial uses. The Partnering Agreement requires all parties to endeavour to deliver the overall scheme and not to use our land assets as ransom strips. The sale of the land at the price paid is consistent with that commitment.

Council Plan

38. The project will assist in the creation of a Prosperous City for All, and being 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.

Annex B

- 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. We engage with our communities, listening to their views and taking them into account.

Implications

Financial –

39. In December 2013 Members agreed to earmark £10m towards the delivery of York Central. Currently £6,448k has been released to support technical work, masterplan development through to planning, land acquisition costs and site preparation works. There have also been other grant contributions from WYTF, Homes England, One Public Estate, LCR LEP, YNYER LEP and Department for Communities and Local Government (DCLG) EZ funding.
40. The proposed changes recommended in this report would increase the drawdown of CYC funds by £1.96m, also accepting a further grant of £1.53m. These proposals take total funding to a maximum of £16,924k.

	£'000	£'000
CYC – (£10m Allocation)		
Land purchase approval	1,014	
NRM Masterplan contribution	200	
Other Approvals	<u>7,194</u>	
Total CYC		8,408
YNYER LEP		6,000
WYTF Contribution		947
OPE Grant		250
Homes England Grants		1,084
LCR LEP Grant		200
DCLG EZ		35
Total Funding Available		16,924

Table 3 York Central Funding

41. Actual expenditure to June 2020 and current forecast

	Expenditure £'000
2015/16	112
2016/17	1,565

Annex B

2017/18	2,197
2018/19	4,764
2019/20	910
2020/21 to June 2020	397
2020/21 Estimated Exp to May 2021	6,976
Total	16,924

Table 4 York Central Expenditure

42. Any CYC funding will be at risk until the scheme has sufficient funding for the scheme to progress into delivery. If the MHCLG funding is not forthcoming and if the scheme does not go ahead then an element of these costs may be classed as abortive and need to be written off back to revenue. There are also risks that should the scheme not progress funding partners could seek reimbursement of their contributions. Any expenditure incurred on land not in ownership of the council that proves to be abortive would also result in additional VAT charges.
43. The potential level of abortive costs is assessed at £6,394k based on expenditure to Dec 2020. This is a significant sum in the context of the overall council finances however this would be mitigated by EZ retained business rates already collected at the site (estimated at £0.9m to the end of 2019/20) as well as future more limited development on the site from the existing infrastructure. Executive has also agreed to set aside up to £3m of the Venture Fund to support the EZ borrowing which would not be required if the scheme were not to progress.
44. It should be noted, however, that the positive funding announcement in the March 2020 budget significantly increases the likelihood of development and therefore reduces the risk of there being abortive costs.

Human Resources (HR) – none

Equalities – Equalities impacts were considered in the OPA and will be considered in the RMA for the first phase infrastructure

Legal –

Infrastructure Contracts

45. The procurement of the construction partner for the phase 1 infrastructure works was carried out using the YORCivils2 Framework and was structured in such a way that ensures the resulting contractual arrangements will not expose the council to further risk should the MHCLG funding not be forthcoming. The council entered into the Pre-construction Services Contract (for ECI services in the first instance) with the successful bidder, John Sisk, without an obligation to enter into the further two contracts for the construction phase with that bidder,

Annex B

should funding not be available to do so. Similarly the council may enter into the enabling works contract (IP1) with John Sisk without an obligation to enter into the further main construction contract (IP2) with John Sisk, should funding not be available to do so.

YNYER Funding

46. The standard YNYER Funding Agreement requires CYC to carry out the Project Activities specified within the funding Application within the timescales set out in the Project Programme and achieve the Milestones and Project Outputs within the time limits set out in the Agreement. Not doing so would constitute an Event of Default, for which YNYER would be entitled to suspend payment, reduce payment, cease payment and require repayment of funds or terminate the agreement.
47. There is an absolute requirement for CYC to notify YNYER if it:
 - i. becomes aware that it will be unable to make a Grant Claim;
 - ii. there is an event which may adversely affect the carrying out and/or Completion of the Project Activities; or
 - iii. There is an event which may adversely affect the Delivery of the Project by the Agreed Project Completion Date.
48. CYC have the opportunity to agree Changes with YNYER in respect of the Milestones and Project Outputs, which should be pursued in order to avoid the risk of future issues in respect of the matters outlined above.

Disposal of land at Alliance House/Chancery Rise to Network Rail

49. If the council wishes to dispose of property for less than best consideration reasonably obtainable/full market value then specific consent must be obtained from the Secretary of State for Housing, Communities and Local Government unless the council is satisfied that:
 - (i) The difference between the price being obtained and best consideration/full market value is less than £2 million and
 - (ii) The purpose of the disposal will facilitate/contribute to the improvement of the environmental, economic or social well-being of its area
50. If the council does decide to dispose of this land to Network Rail for £1 (and in return for NR reimbursing the council for expenditure incurred by the council in connection with our ownership of the land since 2016), it is recommended by Legal Services that any Transfer Deed to NR should contain provisions restricting the purpose for which NR can use the land and requiring the council's consent if they wish to dispose of it to someone else (so that, for example, NR cannot use/sell the land for something other than which facilitates the development of the York Central site in accordance with the terms and principles of the YC Partnering Agreement).

Annex B

Procurement of further project support consultancy services necessary for the delivery phase

51. In order to facilitate proper and appropriate contract and quality management for the IP1 and IP2 works contracts to ensure the successful management of the delivery phase a structured delivery support team needs to be established consisting of the following services:
- i. Ongoing Engineering support and review
 - ii. Ongoing Environmental support and review
 - iii. Contract Administration support including supervision, programme control, risk management and reporting functionality
52. Officers have worked with the procurement and legal teams to identify the most appropriate procurement route and have selected the Homes England 'Multi-disciplinary' Framework due to the following:
- i. Major organisations have been pre-selected through a robust and legally compliant procurement process by Homes England within the Framework enabling a quicker route to market than an open or restricted procurement process
 - ii. This Framework is the same as is currently being utilised to deliver the Stage 4 Design works
 - iii. Subcontract and sub consultant agility to be able to apply continuity of work to date as, and if, required by nomination.
 - iv. Familiar contractual terms with the ability to request for Upper Limiting Fee rather than Lump Sum to enable the council to have a level of commercial control throughout the duration of the contract
53. If the procurement is not undertaken there is a risk that the council would need to manage the works contracts with limited resources risking cost and quality or that the start on site of the IP1 works may be delayed due to the duration required of the procurement process

Information Technology (IT) - none

Crime and Disorder - none

Property – none

Risk Management

54. In September 2019 Audit and Governance Committee undertook a comprehensive review of risk management arrangements for the York Central project.

Annex B

55. The previous report in July 2019 detailed the key risks of the project progressing and they are still considered to be relevant at this time

Contact Details

Author:

Chief Officer Responsible for the report:

Tracey Carter - Assistant Director
for Regeneration and Asset
Management.
Tel No. 01904 553419

Neil Ferris – Director of Economy and Place

David Warburton
Head of Regeneration
Programmes

Specialist Implications Officer(s)

Financial – Patrick Looker
Finance Manager
Tel No. 01904 551633

Legal – Cathryn Moore
Legal Manager – Projects and Governance
Tel No. 01904 552487

Wards Affected: Holgate, Micklegate

For further information please contact the author of the report

Background Papers:

Previous Executive Reports:

- 15 November 2017- York Central – Preferred Access Route and Preparation for Planning
- 15 March 2018 - York Central - York Central Access Construction
- 21 June 2018 - York Central Master Plan and Partnership Agreement
- 30 August 2018 - York Central Update - Western Access
- 29th November 2018 - York Central Enterprise Zone Investment Case
- 17th January 2019 - York Central Partnership Legal Agreement
- 18th July 2019 - York Central Partnership Update
- 24th October 2019 - York Central Partnership Update

Annexes

Annex 1 – Site plan

Annex 2 – plan showing land at Chancery Rise for disposal

List of Abbreviations

CYC - City of York Council

DfT – Department for Transport

Annex B

ECI - Early Contractor Involvement

EIF – Economic Infrastructure Fund

EZ – Enterprise Zone

FBC+ - Financial Business Case with full costings

HE – Homes England

HIF - Housing Infrastructure Fund

HA - Highways Authority

LCR - Leeds City Region

LEP - Local Economic Partnership

LGF – Local Growth Fund

LPA - Local Planning Authority

MHCLG –Ministry of Housing Communities and Local Government

NR – Network Rail

NRM - National Railway Museum

OPA – Outline Planning Application

PSC – Pre-Construction Services Contract

RIBA –Royal Institute of British Architects

RMA – Reserved Matters Application

WYCA – West Yorkshire Combined Authority

WYTF – West Yorkshire Transport Fund

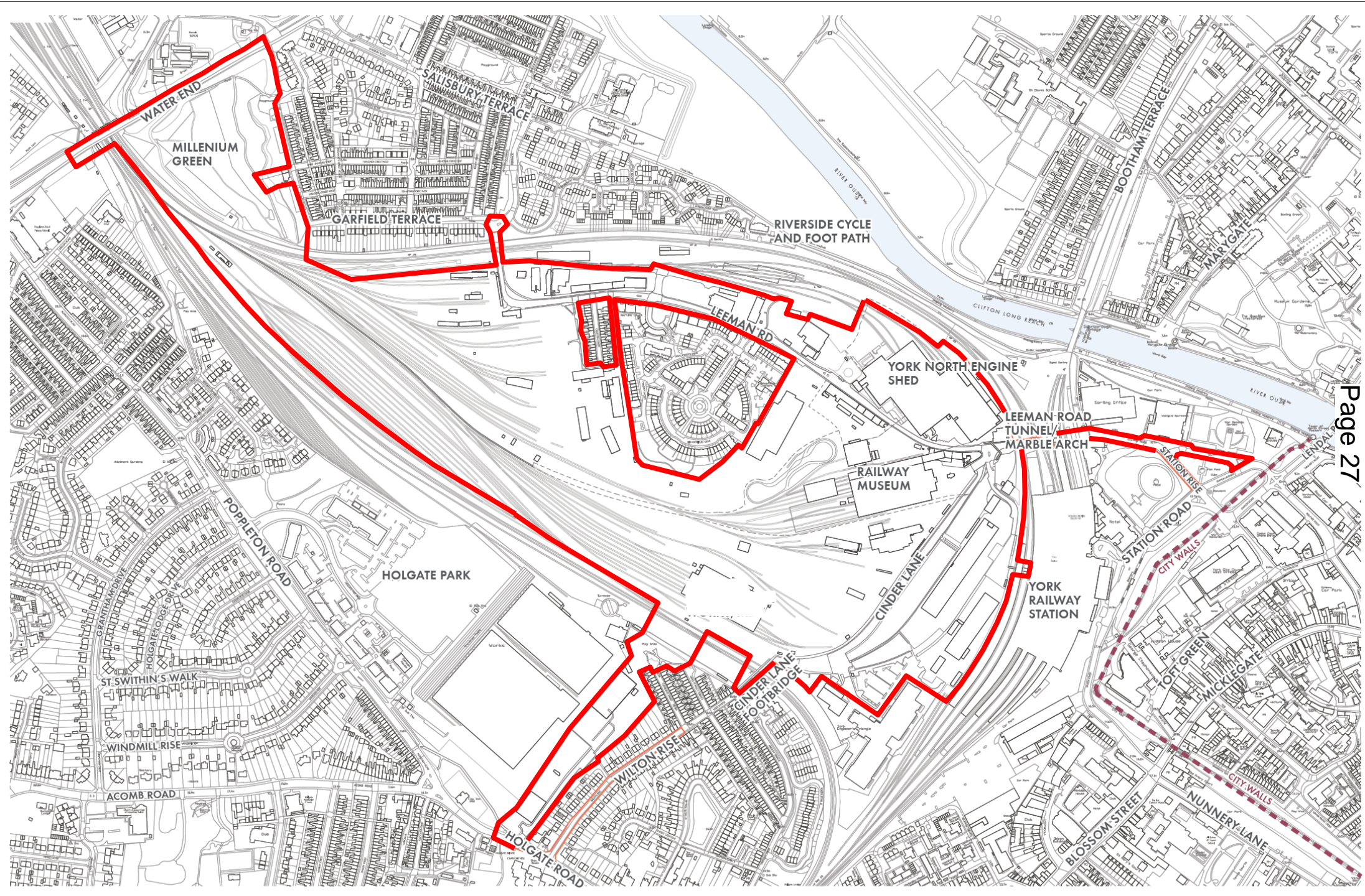
YC - York Central

YCP - York Central Partnership

YNYER – York, North Yorkshire & East Riding

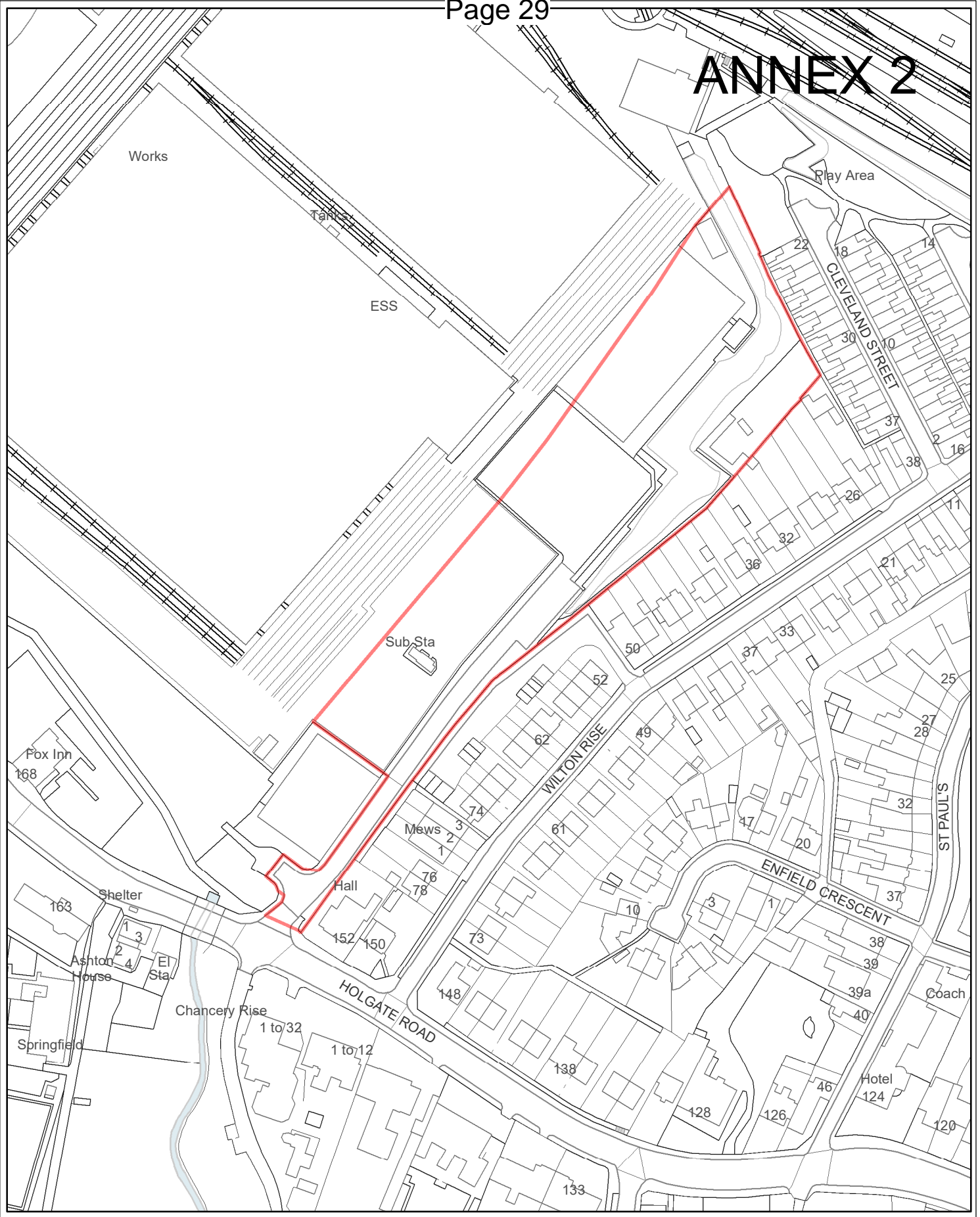
This page is intentionally left blank

Annex 1: Outline Planning Application Site Boundary



This page is intentionally left blank

ANNEX 2



Holgate Park Site



SCALE 1:1,750

DRAWN BY: KLM

DATE: 01/07/2020

Originating Group:

Asset & Property Management

Drawing No.

**Asset & Property
Management**

This page is intentionally left blank