

## **Executive**

**17 January 2019**

Joint report of the Director of Economy and Place and the Director of Corporate and Customer Services

Portfolio of the Executive Member for Finance and Performance and Executive Member for Economic Development & Community Engagement

## **York Central Partnership Legal Agreement**

### **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, see plan at Annex 1. It provides a huge opportunity for regeneration providing new homes, Grade A commercial office space, an enhanced National Railway Museum and a range of new public spaces and facilities.
2. 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).
3. The council has been instrumental in breaking the deadlock of decades and bringing forward York Central for development and the council has worked positively with partners to ensure that the development will deliver benefits to the people of York and will continue to be shaped by extensive 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.
4. This report sets out the proposed Heads of Terms for a formal agreement between the above partners, to be developed into a legal contract prior to the commencement of infrastructure construction. The report also requests the allocation of £6.25m to commence the first phase of site preparation works ahead of the construction of core infrastructure. £5m of this is subject to the award of planning permission and the award of external grant funding.

5. The report also sets out some early work being undertaken to ensure that York Central delivers significant social economic and environmental benefits for the whole city, including the development of business cases for housing delivery and economic development work with both universities. As part of the future delivery arrangements the report also proposes a revised approach to future community engagement.

## **Recommendations**

6. Executive is asked :-
  - i. To agree the Heads of Terms for the York Central Partnership legal agreement and delegate to the Director of Economy and Place and the Director of Corporate and Customer Services to take such steps as are necessary to enter into the legal agreement.
  - ii. To commit £1.25m of the £155m York central capital budget, funded initially from CYC capital budget to undertake pre-construction site preparations, including telecommunications mast and rail line relocation and site segregation from the operational railway and bridge agreements with Network Rail as set out in paragraph 40.
  - iii. To commit a further £5m of the £155m York Central capital budget, to be funded from Housing Infrastructure Fund, subject to planning and external funding awards, to commence the enabling works including site clearance, utility diversions, Millennium Green preparation as set out in paragraph 42-43.
  - iv. To acknowledge that a further report will be brought back to Executive to agree the submission of the reserved matters planning application and commit the capital budget for the delivery of the Phase 1 infrastructure, including bridge access onto the site, new spine road, drainage, construction of an additional pedestrian and cycle deck onto Severus Bridge and construction of a new rail connection between the NRM and the East Coast Main Line, subject to the award of Outline planning permission for the scheme and the final agreement of the external grant funding from both the West Yorkshire Transport Fund (WYTF) and the Housing Infrastructure Fund (HIF).

Reason: - To ensure the delivery of York Central and to provide funding for enabling infrastructure including a new access route to York Central within the timescale of available grant funding

- v. To receive a further report setting out proposals for economic development on York Central
- vi. To agree to the preparation of a business case for the council to acquire affordable housing on York Central as part of the first phase of residential development.
- vii. To agree to the development of proposals for the next phase of community engagement and acknowledge that a report will be brought to Executive to seek financial support for community groups to develop capacity to engage

effectively with YCP with a view to active engagement to deliver social and economic benefits

Reason; To ensure that the social, environmental and economic benefits of York Central are delivered and are strongly influenced by community engagement.

## **Background**

7. The delivery of York Central is essential to the growth of York, contributing significantly to the growth of the regional economy, through the provision of high quality office space, and to meeting housing need in the city. Though the site has been earmarked for regeneration for many years, previous attempts to deliver the scheme have not come to fruition and we are now poised to seize this once in a lifetime opportunity to make this development a reality and to ensure that the development also meets the broader social, economic and environmental needs of the city.
8. York Central Partnership (YCP) is a partnership of landowning bodies on the York Central site and is comprised of Network Rail, Homes England National Railway Museum and CYC. Over the last 3 years YCP have developed a comprehensive masterplan for the 72 ha site and are currently awaiting the determination of an outline planning application for the 45ha main site to the west of the railway station, 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 (over a net developable area of c25ha). Delivery of the site is central to the Strategic Economic Plans (SEPs) for both Local Enterprise Partnerships (LEPs) and has enjoyed wide spread national and regional support with it's designation as both a Housing Zone and an Enterprise Zone.
9. Extensive local consultation and engagement has been undertaken ahead of the planning process which has shown 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 and ownership to bring the site forward for development.
10. There have been a number of developments which have finally enabled the scheme to be brought forward :-
  - i. The establishment of the York Central Partnership bringing together all the public sector land owners
  - ii. Assembling the land for redevelopment and commencing the clearing of operational rail use

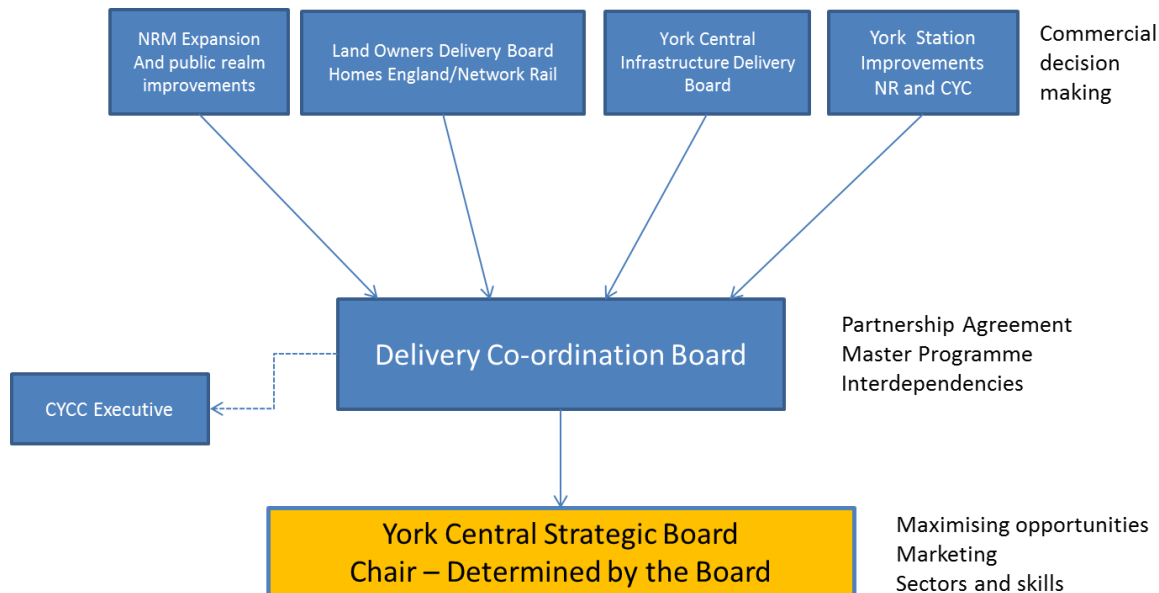
- iii. Establishment of Housing Zone Status which has brought investment from Homes England to support the delivery of housing on the site.
  - iv. Establishment of the Enterprise Zone which brings with it the potential to retain the additional business rates generated from the site to allow investment in delivering economic growth on the site.
  - v. Securing significant enabling funding from a range of government agencies including the WY+TF, YNYER LEP, Leeds City Region LEP, the One Public Estate Programme, Homes England and the Ministry of Housing, Communities and Local Government (MHCLG).
11. An Outline Planning Application is under consideration by the Local Planning Authority. Detailed assessment work is underway and public consultation is ongoing as the large amount of supporting technical information is reviewed with a view to consideration by planning committee in early March 2019. This is a very large application with significant technical detail; all Statutory Consultees have been actively engaged for many months and the applicants' team are working to resolve any outstanding matters prior to determination.
12. The York Central Partnership has been an informal partnership working jointly to deliver the scheme and all partners have already made significant investments at risk. Network Rail has already spent £4.4m on land assembly and rail clearance. Homes England has committed £18.9m towards land assembly and has contributed a further £200k towards the planning costs of the site. In addition Homes England is investing heavily in the establishment of a dedicated delivery team. Though 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.
13. The NRM have spent £1.14m on the master planning of their museum development scheme and they continue to fundraise. 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 custodian for a new part of the city and an enabler 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 the Homes England in order to integrate them into the overall scheme and facilitate the early phases of their £50m development plans.

## **Partnership Heads of Terms**

14. In June 2018 the York Central partners agreed a Memorandum of Understanding (MoU) to detail these joint commitments and move towards a more formal contractual agreement. These broad commitments have been worked up into heads of terms which outline how partners will operate in future as York Central moves into delivery, how the partnership will be governed and critically how the financial and land investments will be contributed and how financial returns will be shared by the partners. It sets out how the quality of the scheme will be delivered and monitored in the long term. The proposed Heads of Terms are set out in Annex 2.
15. In addition to the partnership legal agreement, the Council will also be able to influence and shape the scheme through use of its statutory powers as Planning Authority and Highways Authority. The council will also have opportunities for direct investment and development on the site through its work on city wide partnership development, community engagement, investment and economic development.
16. The council will continue to have a very important and influential role in the future development of York Central despite owning only 5% of the land on the site and the terms of the York Central Partnership legal agreement will provide high levels of confidence that the financial support that the council has made to bring the scheme forward will ultimately be repaid in full and, should the scheme be very successful, that future development uplift will be retained in the city with a potential return to the council of up to £77.1m for future housing funding and up to £110m to fund the EZ backed borrowing of £35m. In theory this could bring a max additional receipt of c£130m over the 25 years of the EZ into the council, once all up front investment has been repaid, although this is entirely subject to the successful development of the scheme and the prevailing economic conditions.

## **Governance**

17. The Heads of Terms set out proposed governance arrangements for the project as it moves into the delivery phase - an appropriate time to review and evolve the existing governance arrangements to ensure coherent delivery across a large programme of interdependent projects, including the front of York Railway station and the station itself. This is represented diagrammatically below.



18. The **Executive** will agree the sign off of funding for all future infrastructure packages, and where CYC are the delivery agent Executive will sign off designs for the submission of planning applications for that infrastructure. The council will sign off funding agreements with WYCA and HIF and as Accountable Body for those grants will oversee the delivery programme and the YCP legal agreement.
19. This is entirely separate from the council's statutory functions as both Local Planning Authority (LPA) and Highways Authority. All planning decisions will be undertaken by the LPA and the **Planning Committee** is not constrained by any decisions of the Executive to submit planning applications or agree the York Central Partnership Agreement.
20. The **York Central Strategic Board** will be constituted from senior representatives of all partner organisations and both LEPs and will meet at least quarterly. They will determine the chair and will be responsible for :-
  - a. Oversight and promotion of the scheme
  - b. Maximising opportunities
  - c. Ensuring Strategic fit
  - d. Sectors and skills development
  - e. Advocating for the scheme
  - f. Oversight of the promotion and marketing
  - g. Leading effective decision making within their organisation
21. The **Delivery Co-ordination Board** includes senior representatives of all partners and will be responsible for :-
  - a. Delivering the commitments set out in the York Central Partnership legal agreement
  - b. Ownership of the Master Programme, cost and quality benchmarks as set out in the York Central Partnership legal agreement

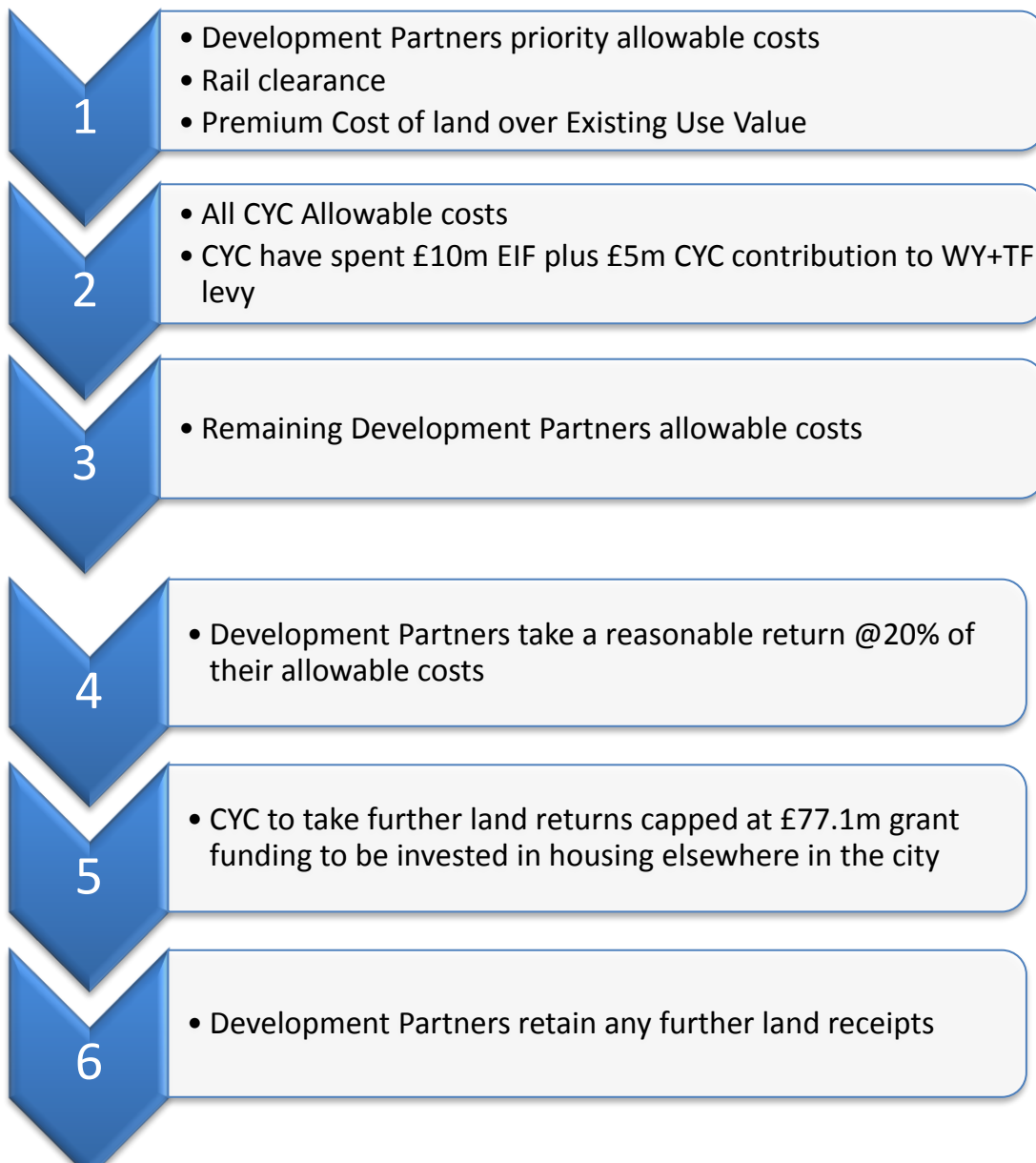
- c. Baseline off plot infrastructure cost plan – agreed quality standard and extent
  - d. Coordinating agreement of the delivery of future infrastructure packages
  - e. Baseline development appraisal
  - f. Proactive reporting from each of the “projects” on deviation from all the above, early identification of issues affecting the critical path
  - g. Manage interdependencies
  - h. Programme assurance and independent reporting to the Strategic Board
22. There will be a series of individual **project boards** which will all feed into the Delivery Co-ordination Board and will be individually responsible for reporting to funding bodies and providing project assurance
- Infrastructure Delivery – led by CYC
  - Front of Station and Station Board overseeing the works to the front of and including the railway station led by CYC and NR
  - Development Partners – led by Homes England and Network rail
  - NRM masterplan project

### **The Partnership Agreement Financial Mechanisms**

23. The YCP is constituted entirely of public sector bodies and is being enabled using significant public grant and business rates-backed borrowing. It is therefore not like a conventional commercial development partnership. Due to the high cost of enabling infrastructure required, public sector leadership and significant grant funding are needed to bring the scheme forward. Without this the scheme is not viable. In this context each partner needs to ensure that the costs they have incurred are recovered and that if there is then any surplus that the level of effort they have put into the scheme and the level of risk they have taken over many years is recompensed in the context that they are each public bodies. This is not a short term scenario and the ultimate commercial returns of the scheme will not be known for up to 15 years.
24. For the city of York it is also essential that York Central delivers sustainable city growth and social economic and environmental benefits for existing residents and businesses and that this growth can be reinvested into the city for the longer term prosperity and well being of the city. Through partnership working to date all partners have abided by the principles of fairness, openness and transparency with a combined approach to sharing the risks and sharing any future financial upside.
25. CYC is the recipient of, and the Accountable Body for, the entire grant funding for the site and is the responsible body for the Enterprise Zone. This means that we are able to undertake prudential borrowing to fund the infrastructure which will be repaid from future business rates. In addition CYC have invested

£10m from the Economic Infrastructure Fund to undertake early feasibility and master planning work at risk and have contributed £5m of funding as part of the WYTF levy.

26. The major landowning partners, Network Rail and Homes England have assembled the land from third parties, including the NRM, and between them expect to incur circa £55m on site acquisition and clearance of operational rail use. They have entered into a Collaboration Agreement to combine their land holdings and to act as master developers for the site. This means that they will be responsible for bringing plots to market, seeking development partners and ultimately realising the land value from the site.
27. The following mechanism is proposed to set out how development costs will be recovered by all parties from land receipts. As land is sold for development the funds will be distributed to partners in the following priority:





28. As plots of land are disposed of by Homes England and Network Rail for development, the money will be distributed as per the priorities set out above. The total potential land value will be driven by a number of changing market forces over the next 15 years so it is impossible to accurately predict the likely value of land receipts but, from development appraisals done to date based upon conservative and prudent estimates, there is a strong likelihood that this model will enable CYC to recoup its' upfront investment costs, assuming that the scheme is successfully developed out.
29. In agreeing both the £10m EIF funding and the £5m contribution to the WYTF CYC has not made any assumptions that these would be repaid in financial strategy reports so this repayment mechanism is an improvement on the financial assumptions made to date and significantly mitigates the risks identified in the November 2018 report regarding the EZ backed borrowing.
30. If the scheme is hugely successful this model will recycle up to £77.1m of HIF grant funding back into the city, for investment in housing elsewhere in the city.
31. This model also enables Homes England and Network Rail to recoup their up front investment and if the scheme is successful to make a reasonable developer return on that investment. This is capped at 20% of their allowable costs. This level of return and the recycling of increased land values above that level into CYC are both prescribed by the HIF funding terms. This gives a clear route to reinvest Central Government grant money into the local area rather than allowing large profits to be drawn away from York.
32. In addition, as part of the Enterprise Zone, CYC will retain 50% of the business rates that would normally be returned to Central Government. As set out in the November 2018 Executive report, modelling shows that with prudential assumptions as to the speed and scale of build out of the commercial elements of the scheme this should be sufficient to repay the £35m of EZ backed borrowing to be undertaken by CYC.
33. If the scheme is very successful there will be more business rates generated than are needed to repay borrowing. Any surplus business rates income will be available for investment in economic development in the York area (decisions to be undertaken in conjunction with the sponsoring YNYER LEP).
34. The most ambitious scenario modelled would see Business rates income of £109m which would repay the borrowing and leave and create a surplus of £52m for investment in economic development in the city.
35. Thus it can be seen that if the scheme is successful, the city stands to gain significantly, with the scheme generating future funding for both housing and economic growth elsewhere in the city. This could total up to £123m over the

next 25 years (a £52m potential surplus EZ business rate income plus the local retention of the £77m HIF grant).

36. The YCP Partnership Agreement will protect the financial interests of the council and should see the repayment of all CYC investment as the scheme is built out. There will of course remain the risk that land values do not achieve targeted levels and land sale receipts are therefore not sufficient to repay all partner costs. CYC have already budgeted for the £15m of development and transport costs (£10m EIF and £5m WYTF levy) and the risks of the scheme not generating enough business rates to repay EZ borrowing were covered in the November 2018 report. This scenario is mitigated by the Heads of Terms as they commit partners to bringing commercial plots to market in a timely manner. The Partnership Agreement will also have a mechanism for revisiting the masterplan should demand for commercial space be less than that set out in the masterplan.

### **Delivering the first Phase of Infrastructure**

37. In December 2018, Full Council established a budget totalling £155m to fund core abnormal site infrastructure on York Central and allow viable development to proceed. This will be funded by a combination of external grants, contributions, previously agreed approvals and also significant new borrowing. Funding decisions are expected by WYTF in February (£23.5m) and by MHCLG for the Housing Infrastructure Fund by March 2019 (£77.1m).
38. The total cost of the infrastructure to bring the site forward is £155m, but this spend is phased over approximately 5 years and will use grant funding first before any EZ backed borrowing is undertaken. The full investment case was set out in the November 2018 Executive report. The indicative breakdown of the key elements of the infrastructure scheme are as follows

Table 1 Total Infrastructure Costs

	£'000
Enabling Works including site clearance, early demolitions, utility diversions, Millennium Green preparation	11,200
Phase 1 Infrastructure including bridge access onto site, new spine road, drainage	75,800
New Park	19,000
Museum Square and Boulevard	14,400
Southern Access to Site	4,800
Compliant Station Access	3,200
Full Western Station Entrance	17,400
Leeman Road Tunnel, Marble Arch Link	1,700
Leeman Road East	700
Utilities into site	6,800
<b>Total Infrastructure</b>	<b>155,000</b>

39. In order to achieve the programme of spend within tight funding deadlines it is essential to commence the construction of the first phase of infrastructure in mid to late 2019. This requires early site preparation work to commence in March/April 2019 whilst CYC procure a construction partner to be in place by July 2019. Early enabling works are necessary to de-risk delivery both in giving confidence to a construction contractor that the site is ready for construction, to ensure that time / seasonal critical operations are carried out at the correct time of year and within the period set out in the agreement made with the Millennium Green Trust.
40. This report therefore seeks for the release of £1.25m of the overall York Central capital budget to fund the early site preparation works set out below.
- Rail bridge agreement for infrastructure design and construction
  - Site fencing and safety works to separate the development site from the operational railway
  - GSM Telecomms Mast relocation
  - Sidings and overhead line relocation
  - Further seasonal ecological surveys
  - Site clearance of scrub
41. This work will be undertaken ahead of planning and grant decisions and will hence be at risk. It will be funded from the remaining £4.662m of EIF funding already agreed. This will increase abortive costs should the scheme not go ahead but failure to commence site preparation would have an impact on the overall construction timetable and this is judged to be an acceptable level of additional risk and remains lower than other partners' financial risks.
42. Further enabling works including site clearance, early demolitions, utility diversions, Millennium Green preparation are also on the critical path to delivery but cannot commence until planning permission has been secured and funding agreed from both WYTF and HIF. It is therefore recommended that a further £5m of the York Central Capital budget is agreed to fund enabling works subject to planning and funding decisions.
43. A detailed breakdown of these enabling works is set out in the table below.

<b>Works</b>	<b>£'000</b>
Utilities disconnections / diversions	120
Asbestos removal	150
Building demolitions	660
Slab removal / crushing for re-use	2,180
Site clearance / preparation and levelling	770
Off site disposals of surplus material	440
Ecology	100
Fees	580
<b>TOTAL</b>	<b>5,000</b>

44. A further funding request for the first phase of infrastructure will be brought back to Executive in March 2019 along with the detailed infrastructure designs and a decision to submit these as a Reserved Matters planning application. As the scheme goes forward this will be followed by further Executive reports to draw down funding and agree delivery arrangements for the remaining infrastructure packages.

### **Securing the Social and Economic Benefits of York Central**

45. The council plays a unique place making role in the partnership as long term custodians of the city with an ongoing remit to ensure that the scheme delivers the social and environmental benefits set out in the masterplan and that community engagement sits at the heart of the scheme as it is planned and delivered.

46. In June 2018 Executive agreed a series of city objectives to be developed as part of the delivery of the scheme relating to

- Housing
- Economy
- Public realm
- Sustainability
- Community
- Culture

47. York Central presents a once in a life time opportunity to create a modern urban extension to the city. Unlike any other development, the central location, historic context, proximity to the station and connections across the country will mean it is ideally placed to help deliver the ambitions of the city for economic and residential growth. It will also improve the wellbeing of residents, connecting communities to the city and beyond. York Central will contribute to the revitalisation and invigoration of our economy and provide much needed residential provision but it also needs to be a great place, an integrated high quality urban extension to the city that has a palpable sense of community and contributes positively to our social economic and environment aspirations of the city.

48. As democratically elected representatives of York's diverse communities, the council has a very specific leadership role in helping city partners, stakeholders and communities to actively, sensitively and intelligently develop solutions to the economic social and environmental challenges faced by the city.

49. The community engagement activity undertaken to inform the development of the York Central scheme has positively engaged public debate in the future of York and many of the themes emerging from that consultation relate to broader aspirations for the city and a call for a more discursive form of public debate.

50. This emerging thinking suggests that there is an immediate desire within the city for the council to take an active role in enabling the development of the social, as well as the physical, infrastructure of the site. Below are some of the emerging themes and opportunities for delivering added value that the council is seeking to develop and support.

## **Housing**

51. The need for an increased supply of housing is a key issue in York as it is throughout the country. York Central is one of the largest sites allocated for housing in the Draft Local Plan and it is also the most urban major development site. The planning application includes provision of 20% affordable housing in line with CYC planning policy.
52. The Council is keen to develop council housing on the site as part of the affordable allocation and will develop a business case for Executive to consider ahead of a future competitive bidding process that the master developers will undertake to procure registered providers on the site.
53. The council has a Housing Delivery programme (also featured on this agenda) which is using council land for the direct delivery of general needs mixed tenure housing and which seeks to trial exemplar community led housing schemes that harness social and financial investment to deliver targeted housing need. The council is also running an Older Persons Accommodation Programme to facilitate increased supply of accommodation for older people, both residential & nursing care home provision, independent living accommodation and age restricted housing. It is proposed that these two programmes develop proposals and a business case for future CYC investment in housing on York Central. This will then need to be agreed with the YCP master developer partners on a commercial basis.

## **Economy**

54. The York Central master developers (Homes England and Network Rail as majority landowners) are ultimately responsible for identifying occupiers for the new business growth space on York Central but the council has a significant strategic role to play in attracting the right occupiers, promoting the city and maximising the economic impact of the development across the city. The council will therefore remain engaged with the development partners and will undertake further engagement with businesses to focus the occupier strategy and integrate the commercial spaces within the broader area.
55. The council has committed to exploring opportunities for direct investment in delivering the first wave of development on the site that will attract important anchor tenants and attract other businesses to locate onto the site as well as support for inward investment. The council has been working with organisations in the city who are key drivers of economic growth, including both

Universities. Discussions are ongoing and a further report will be brought back to Executive in March to consider proposals for collaboration on York Central.

## **Public Realm**

56. The YCP is committed to creating quality new places that integrate with existing communities. The creation of exciting, vibrant, public spaces, both landscaped and green, that promote health and cultural creativity for all ages whilst ensuring ease of maintenance is essential and in order for this to really meet the needs of communities those communities must be involved in the design and possibly in the future management arrangements.
57. The council will continue to advocate on behalf of the city to build positive constructive relationships with engaged community groups and individuals to shape future design of things like the parks and squares but it is also interested in the potential for community co-production – the active engagement of communities in the delivery and curation of public space.

## **Sustainability**

58. The planning application sets out a multi-modal transport strategy that augments the existing pedestrian and cycle networks and improves public transport provision whilst mitigating the negative impacts of additional traffic on our roads. The early delivery of the enabling infrastructure will see new cycle and pedestrian routes created and will create a dedicated new access road that will enable the rerouting of traffic and public transport away from small residential streets and create new public transport links to the western station entrance that will integrate with further improvements to the existing eastern station entrance.
59. The whole scheme has been designed to discourage large increases in vehicular traffic to the city centre though, inevitably, in a development of this scale there will be more journeys created.
60. Going forward the council is keen to explore how sustainable transport for the site can be integrated into provision for the rest of the city, how public transport will serve the city best and by making provision of car share schemes and electric vehicle charging points. The council will continue to pursue these ideas with developers and with commercial parties.

## **Community**

61. The S106 agreement of a future planning permission will allow both space and financial contribution for the creation of community facilities on the site that meet the need of the new and surrounding communities. It is essential that the detail of this is shaped by communities so that it meets their needs and could possibly be delivered and/or managed by those communities.

62. The site will contribute significant new patient numbers for GP surgeries and the existing primary care infrastructure is unlikely to be able to meet the needs of new patients without further investment and remodelling of on site primary health care facilities to meet the needs of new and existing communities. CYC has begun conversations with health partners and will need to work effectively with GPs and commissioners to develop proposals for on site primary health provision and explore innovative ideas that may integrate such new provision into residential, commercial or community buildings on the site.
63. Though plans for a new free school on the site have been withdrawn by the Department for Education, consideration still needs to be given to how the site will positively contribute to school place provision, particularly in the city centre. It is the view of Education colleagues that the development will not necessitate a new primary or secondary school as it is not expected that the number and type of dwellings created in York Central will generate the numbers of pupils that would require new school provision and there is already spare school place capacity within nearby primary schools. Early additional demand could be immediately accommodated, and as the scheme is built out it is likely that the remainder will be supported through the re-drawing of catchment areas to support the new development.
64. As part of the planning process the developers will agree a S106 agreement with the council which will make provision for the education provision arising from the development. If this does not necessitate a new school then it will involve a financial contribution for provision elsewhere in the city. As the scheme is built out and new homes are created, plans will need to be developed to ensure that this enables schools to meet new demand for places and continues to look at potential future school provision on site in a way that enhances existing local schools. These conversations will be pursued post planning.
65. Early Years provision will be needed and the proximity to the city centre will create attractive commercial opportunities for nursery providers.

## **Culture**

66. Through the YCP the council will continue to support the expansion of the NRM to improve their visitor offer and integrate this with the broader scheme and showcase the rail heritage of the city.
67. York Central as a whole will create a range of active public spaces and suitable commercial and community spaces that could support cultural innovation, events and businesses and use great public art in the development of those public spaces. This is another area where engagement with communities, cultural institutions and creative industries could develop exciting ideas and

proposals for York Central as it is built out. This, along with other aspirations for community uses and public realm, will require considerable ongoing community engagement.

## **Community Engagement**

69. Both CYC and YCP have made strong and ongoing commitments to engage communities in the development of York Central as set out in the York Central Engagement Charter (Annex 3). Community engagement has resulted in significant change to the masterplan and this influence is set out in the Statement of Community engagement that is part of the Outline Planning Application.
70. York Central Community Forum was set up in November 2016 to facilitate engagement by YCP with the local communities and stakeholders around York Central and across the city. It was established to :-
- a) Provide a sounding board for the development at key stages of the process.
  - b) Bring interested parties together to share information, ideas and different perspectives.
  - c) Feed-in the views of local communities and broader city wide stakeholders to help shape the development proposals.
  - d) Feed-back the work of the Forum to local communities and city wide stakeholders.
  - e) Enable Partners to keep the Forum informed of progression.
  - f) Develop shared understanding.
71. The YCCF was supplemented during the spring and summer of 2018 when YCP commissioned My Future York (MFY) to assist with engagement activity during The Festival of York Central. MFY used the methodology successfully deployed as part of the council's Castle Gateway project and developed My York Central (MYC) to run a series of interactive events workshops and social media interactions designed to promote constructive, open debate and extend reach of consultation activity and harness the input of a wide a range of people.
72. York Central Community Forum has met eleven times and has benefitted from two guided site visits. The Very Revd Vivienne Faull, Dean of York Minster, stood down as the independent chair to the group in June 2018 to take up the post of Bishop of Bristol. This alongside the pause in meetings during the planning determination period has given rise to an opportunity to review the current effectiveness and structure of YCCF.
73. The future of the Community Forum was discussed with YCCF members at the June and July meetings. The main issues identified with the current structure are:



- The "invite-only" nature of the Forum alienated those who weren't invited and generating a perception that discussions were being held within a closed group.
- The expectation that individuals were representative of broader community bodies, when in some cases little communication onto these broader bodies took place and was not aided by the need to present timely information to the forum thus precluding their ability to consult more widely prior to the meetings.
- The expectation that volunteer members would attend meetings covering a wide agenda, when in some cases they had focussed geographic or thematic interests.
- Attendees felt frustrated that the agenda was set by YCP and that this limited their ability to actively engage in the issues that concerned them or where they sought greater involvement and input.

74. Though some of these issues may be inevitable when part of the purpose of the forum was focussed on planning engagement, however the forum in its current guise does not appear to be a suitable vehicle for future engagement. Through discussions with existing forum members and working with My York Central alternative engagement proposals are emerging for an open forum with an agenda owned by the forum, not YCP, in order to provide a better platform for active participatory engagement, not just receiving information and being asked to respond. This could provide a better forum for developing community capacity for active involvement, e.g. running the park, developing proposals for community housing scheme, meanwhile uses or community space definition and operation, all of which are an essential part of delivering the social economic and environmental benefit of York Central.

75. YCP will continue to need to engage as the scheme is delivered and there will be a need for specific communication and engagement activity as development work commences starting with workshops in early 2019 prior to the submission of the reserved matters application for the first phase of infrastructure. In addition the council will need to consider how it supports community groups and individuals to create the capacity and capability to take some of the exciting and interesting ideas forward and shape deliverable community led propositions. This may require practical and financial support to existing and new communities.

76. Following an initial discussion with My Future York, and learning from the Festival of York Central held in Spring, a new structure could create:

- Open participation by anyone who lives, works, or otherwise has an interest in the city and in the role York Central will play in its development.
- Participation which does not require formal membership, and where continuity is provided by a clear process of the development of ideas, rather than a specific body of people.

- Participation with the opportunity for ongoing long-term engagement in specific issues and engagement with specific proposals, without expectation of any overall commitment to the broader project.
- Agendas set by participants (rather than by YCP or CYC) in order for the process to be grass-roots-led and independent.

77. This will require some collation and co-ordination and needs to engage interested parties in shaping a proposition. Rather than be prescriptive it is proposed that My Future York are asked to continue their engagement activity to pull together the interested parties to co-design a new approach to the YCCF, to create an open dialogue about York Central which is transparent in operation and with opportunities for groups and individuals to get more involved in carrying forward ideas and help develop the ethos of “making change together”.
78. Early ideas for the new YCCF structure have been in the form of quarterly meetings with a workshop framework spanning between them, similar to the successful My York Central approach demonstrated during the Festival of York Central. However, the exact form will be subject to further community input. The previous YCCF independent chair role could be replaced by employing an independent facilitator to oversee the quarterly meeting, event and support elements.
79. It is proposed that the outstanding funding from the My York Central engagement programme budget (£2500 approx) will be committed to extending the engagement of My Future York to convene discussions with community groups to develop these ideas and make a proposal back to YCP and CYC for future consideration. Once established, the forum could apply for ward funding and/or other CYC or YCP funding to continue, on the basis of benefits which can be demonstrated. The forum could continue for as long as there is public support, both in terms of attendance and engagement, and in terms of committing funding. Evidence of the audience reach/breadth of participants would need to be monitored throughout.

## **Delivery Programme**

80. The delivery programme will evolve during the delivery phase of the project. A summary of key milestones is provided below:

- |  |                |
|--|----------------|
| • Submission of Outline Planning Application   | Aug 2018       |
| • WYTF funding decision                        | March 2019     |
| • Infrastructure delivery contractor selection | Mar/April 2019 |
| • HIF Funding decision                         | Mar 2019       |

- Submission of Reserved Matters Planning Application for ph 1 infrastructure (western access bridge and spine road) April 2019
- Pre construction enabling works commence Mar 2019
- Main Infrastructure contract let July 2019
- Marketing of residential plots June 2019
- Procurement of Commercial development partners July 2019
- Western Access / Bridge and spine road complete July 2021

## Council Plan

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

## Implications

**Financial** – In addition to the implications set out in the report and the risk section, Full Council approved the creation of a budget totalling £155m. The table below shows the overall funding split and the impact of the budget releases recommended in this report.

.All figures £'000	Overall Funding	Less £1.25m Allocation	Less £5m Conditional Allocation	Balance Remaining
CYC (Residual EIF)	4,662	-1,250		3,412
CYC Borrowing – EZ	35,000			35,000
Housing Infrastructure Fund*	77,100		-5,000	72,100
YNYER LEP	3,110			3,110
WYTF Contribution*	23,500			23,500
Balance – Developer Contributions, Land Values, Cost Control	11,628			11,628
<b>Total Funding Available</b>	<b>155,000</b>	<b>-1,250</b>	<b>-5,000</b>	<b>148,750</b>

\* Both funding sources are subject to final agreement by the grant givers

**Human Resources (HR)** – none

**Equalities** – Equalities impacts will be considered in the full infrastructure planning application and detailed design process

**Legal** – The Council has the power to enter into the proposed arrangements with Homes England, Network Rail and the National Railway Museum by virtue of the general power of competence contained in section 1 of the Localism Act 2011. This power enables the Council to ‘do anything that individuals generally may do’.

Section 1 of the Local Authorities (Goods and Services) Act 1970 allows the Council to provide certain goods and services to any other public body. These include the provision of administrative, professional or technical services. Each of the members of the Partnership are classed as public bodies for the purposes of the 1970 Act. The provision of goods and services between public bodies is governed by the Public Contracts Regulations 2015 however there is an exemption in Regulation 12 where public bodies are working in collaboration with each other. The collaborative nature of the arrangements between the parties to the York Central Partnership falls within the exemption.

The Public Contracts Regulations 2015 will apply to any contracts for works and services placed by the individual parties in respect of the development of York Central and this is dealt with in the Heads of Terms.

The YCP Heads of Terms have been reviewed by colleagues in Legal Services and amended in accordance with advice received. It is noted that whilst the term ‘Partnership’ is used, there is no intention to create a formal legal partnership between the four parties and the Partnership Agreement will reflect this. It is recommended that the drafting of the Partnership Agreement is carried out in consultation with colleagues in Legal Services.

**Information Technology (IT)** - There are no IT implications.

**Crime and Disorder** - none

**Property** – none.

### **Risk Management**

82. The previous report in November detailed the key risks of the project progressing and they are still considered to be relevant at this time. There are however some further risks that this report brings forward.
83. Abortive Costs - The further release of £1.25m from CYC's EIF funding increases the potential abortive costs from £3.324m to £4.574m. If the project were ultimately not to progress these costs would need to be written off to revenue. Whilst this can be mitigated by surplus EZ receipts this will have a significant financial impact on the council.
84. Borrowing Risk - The proposed agreement whereby CYC will potentially recover its' investment in the scheme (up to £15m) significantly mitigates the risk of the EZ backed borrowing agreed by Full Council in December. The further opportunities for additional returns to CYC should the scheme be financially successful to the developers provides the council with a significant potential financial benefit.
85. There is a risk that land values do not achieve targeted levels and land sale receipts are therefore not sufficient to repay all partner costs. CYC have already budgeted for the £15m of development and transport costs (£10m EIF and £5m WYTF levy) and the risks of the scheme not generating enough business rates to repay EZ borrowing were covered in the November 2018 report. This scenario is mitigated by the Heads of Terms as they commit partners to bringing commercial plots to market in a timely manner.

### **Contact Details**

**Author:**

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

**Chief Officer Responsible for the report:**

Neil Ferris – Director of Economy and Place



**Specialist Implications Officer(s)** *List information for all*

Financial – Patrick Looker  
Finance Manager  
Tel No. 551633

Legal – Cathryn Moore  
Legal Manager – Projects  
Tel No.552487

**Wards Affected:** Holgate, Micklegate

All

**For further information please contact the author of the report**

**Annex**

Annex 1 – Site Plan

Annex 2 - York Central Partnership Heads of Terms

Annex 3 - York Central Engagement Charter

**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
- 29<sup>th</sup> November 18 - York Central Enterprise Zone Investment Case

**List of Abbreviations**

- CYC - City of York Council
- ECML - East Coast Main Line
- EZ – Enterprise Zone
- FAL - Freight Avoiding Lines
- HIF - Housing Infrastructure Fund
- HA - Highways Authority
- LCR - Leeds City Region
- LEP - Local Economic Partnership
- LPA - Local Planning Authority
- MHCLG –Ministry of Housing Communities and Local Government
- MFY - My Future York
- MYC – My York Central
- NRM - National Railway Museum
- WYTF – West Yorkshire Transport Fund
- YC - York Central
- YCCF - York Central Community Forum
- YCP - York Central Partnership