

**Executive**

**13 July 2017**

**Report of the Director of Economy and Place**

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

**York Central – Update - Partnership 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. It provides a huge opportunity for regeneration providing new homes and Grade A commercial office space. The site is identified in the Local Plan for residential development of up to 1,500 dwellings and 100,000 sqm of commercial floor space including B1 Office.
2. The scheme is being promoted by the York Central Partnership (YCP) which is made up of the City of York Council (CYC), Network Rail (NR) the Homes and Communities Agency (HCA) and the National Railway Museum (NRM). The YCP are developing a comprehensive master plan for the regeneration of York Central.
3. The project is at a crucial stage as the master planning and viability assessment approach completion and YCP prepare both for consultation leading on to planning and for the formalisation of the YCP and the agreement of a financial model.
4. This report outlines the considerable progress to date and sets out the council's commitment to developing a formal partnership agreement and the programme of work to take the scheme through to the submission of Planning Applications. This includes public consultation and outlines two consultations to be undertaken by the YCP over the summer and autumn that will seek views on the access options and then on the comprehensive master plan. The report also outlines the required finance to deliver the next phase of the project.

## Recommendations

### 5. Executive is asked :

- i. To note the plan for the York Central Partnership to undertake public consultation on access options and the master plan which will lead to the submission of outline and detailed planning applications
- ii. Agree to receive a further report in October setting out the York Central Partnership proposed master plan including a recommended access option and presenting the formal YCP partnership agreement for Executive to consider.
- iii. To recommend to Council that a budget of £37.4m be approved for the York Central Transport improvements funded from the West Yorkshire Plus Transport Fund grant.

Reason: - To ensure the delivery of York Central and to ensure that a range of access options have been considered.

## Background

6. The delivery of York Central is essential to the growth of York and the regional economy and will contribute significantly to meeting housing demand 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 bring together the landholdings and the investment to deliver the once in a lifetime opportunity to shape the missing third of our city centre.
7. The site however has significant infrastructure challenges. It is entirely circumscribed by rail lines, with the rail station at the bottom of the teardrop of land, the East Coast Main Line (ECML) forming a barrier to the north and east, and the Freight Avoiding Lines (FAL) to the south and west. Current access roads onto the site already run through minor residential streets in the Salisbury Terrace area, or under the Marble Arch Rail Bridge and have limited capacity and low bridges, limiting access for high vehicles. They are not suitable to serve a comprehensive re-development of York Central. It is therefore necessary for a new route to be constructed.
8. 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 clearing it of operational rail use

- iii. Establishment of Housing Zone Status which has brought investment from the Homes and Communities Agency 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 invest in delivering economic growth on the site
  - v. Significant enabling funding and from a range of government agencies including the West Yorkshire Transport Fund, York and North Yorkshire Local Economic Partnership (LEP) Leeds City region LEP, the One Public Estate Programme and the HCA
9. The YCP have developed a series of master planning and commercial principles that it is using to shape both the spatial plan for the site and the commercial arrangements for delivery. At the heart of the partnership are the joint objectives to meet housing need and deliver economic growth and through the creation of a quality place that will complement the rest of the city and be integrated with adjoining communities.

### **Update on Project Progress**

10. Since the last report to Executive in December 2016 the project has developed significant momentum and gained a high profile within the region and nationally. There has also been a significant amount of work on the following work streams.

#### **11. Land Assembly**

- The Fermetol Trading estate on Leeman Rd has been purchased by the council
- The Unipart site to the rear of the station has been purchased by the HCA for future land assembly
- HCA have purchased surplus land from NRM & NR
- Network Rail have achieved Office of the Rail Regulator (ORR) permissions to take part of the site out of operational rail use
- Rail Clearance has commenced
- Work has commenced to seek further permissions from the ORR
- Work has commenced to deliver Vacant Possession on sites for early phase development
- Discussions have commenced with the Millennium Green trust regarding potential access options

## **12. Master planning**

- Advisors Arup /Allies and Morrison/Gustafson Porter are developing master plan options for consultation which are currently being informed by financial and commercial inputs from KPMG/Savills
- Environmental Impact Assessment scoping submitted to planning authority
- Access options study being undertaken
- District Heating Study being undertaken
- Planning Strategy confirmed that will lead to public consultation and then on to the submission of the planning applications
- Commissioning of complementary plans for the future development of the station

## **13. Commercial Delivery Strategy**

- Viability assessment work is being undertaken to inform and iterate the master plan
- External Funding (grants and loans) of £44.7m has been provisionally secured from West Yorkshire Transport Fund, York and North Yorkshire Local Economic Partnership (LEP) Leeds City region LEP, the One Public Estate Programme and the HCA to support the delivery of the project.
- Appointment of Communications consultants
- Preparation for soft market testing and development partner procurement
- Early work on inward investment

### **Partnership Agreement**

14. The YCP is currently an informal partnership. All work undertaken to date has been undertaken at risk by all partners, which has been funded through CYC, largely from external grants. Before the scheme progresses into the planning system the partnership needs to be formalised through a binding Partnership Agreement (PA). The PA will outline the mechanisms by which the partners (NR, CYC and HCA) put land and funding into the scheme and set out the mechanisms for using land sales, grant funding, and EZ funded borrowing to repay the upfront infrastructure and development costs of the scheme. NRM having sold their developable land assets to the HCA will not be a party to the partnership agreement but will still sit on the Project Board to reflect their

ongoing interests as existing occupants and landowners and as an important cultural anchor to the scheme.

15. Work is still ongoing to negotiate and finalise these mechanisms and the costs.
16. There is high level commitment in all partner organisations to bringing the York Central scheme forward and Executive is asked to publicly reiterate their commitment to the YCP and their intent to formally agree a partnership to deliver and promote the scheme. A detailed report will be brought back to the Exec in October/November to confirm the final elements of the scheme and to seek permission to sign a formal Partnership Agreement and commit funding.

## **Consultation**

17. In 2014, a jointly funded Network Rail /CYC commission was undertaken to assess initial technical and commercial viability for the York Central development, including a draft spatial plan. In January and February 2016 partners undertook an informal consultation on the high level concepts and principles - York Central - Seeking your Views to Guide Redevelopment.
18. The early consultation results showed that there is clear overall support for the redevelopment, vision and objectives for York Central with 79% of respondents supporting the redevelopment of the site. Respondents noted the importance of realising the scheme quickly and targeting brownfield land for development.
19. The issue of the route of the access road was clearly one of the major contentious issues from the consultation and in December 2016 Executive agreed to consult on access options as part of the emerging master plan consultation.
20. As part of the planning strategy for the delivery of York Central there will be comprehensive pre application consultation on the York Central Master plan. The results of this will be fed into the planning application. In order to bring this master plan work to fruition it is necessary to identify a preferred access option

## **Access Options**

21. All routes need to cross the Freight Avoiding Line (FAL) or the East Coast Main Line (ECML) and there are differing levels of engineering complexity and therefore costs, and timings depending on how long the bridge/viaduct needs to be, where it lands and when/if the land becomes available.
22. YCP commissioned a new access options study to ensure that the evidence base upon which a future decision will be made is comprehensive and reflects

up to date costs, land availability and analysis to allow a like-for-like assessment. The study is still in draft but it has drawn up outline designs for all options to understand constructability. The options are outlined in Annex 1.

23. These options are being evaluated using the following criteria :-

- Constructability
- Indicative cost, timescale.
- Environmental Impacts
- Baseline, surveys, impacts and mitigation.
- Noise, air quality, transport, townscape, heritage, ecology, flood risk, community and place making.
- Indicative Benefit Cost Ratio.

24. In order to be considered deliverable all options must be capable of delivery by 2021 in order to bring in WYTF and EZ funding. Without this the whole scheme could not be delivered. This therefore rules out Options B, C and D which all come off Holgate Rd and land on York Yard South which will not become free from operational rail use until 2023 at the earliest.

25. Option B – This route would come off Poppleton Rd to the north west of Holgate Park, rising up over the open grassland and would cross the FAL landing on York Yard South at height in the middle of the site. This land will not become free from operational rail use until 2023 at the earliest.

26. Option C – This route would come off Poppleton Rd at the existing road junction for Holgate Park where the road would then turn and climb over the FAL, landing on York Yard South at height in the middle of the site. This land will not become free from operational rail use until 2023 at the earliest. In addition the route would clash with the fan of railway lines that are to be installed on the 5 acre site to enable further development of Holgate Engineering Works which in turn will enable operational rail uses to be cleared from the York Central site.

27. Option D - This route would come off Poppleton Rd at the northern end of the Holgate Engineering Works site where the road would need to cross the FAL and land on the end of York Yard South at height in the middle of the site. This land will not become free from operational rail use until 2023 at the earliest. In addition the route would clash with the fan of railway lines that are to be installed on the 5 acre site to enable further development of Holgate Engineering Works which in turn will enable operational rail uses to be cleared from the York Central site.

28. The remaining Options are judged to be technically deliverable within the required timescale for the scheme. Draft road layouts for these options are set out in more detail in Annex 2; however these diagrams do not represent a finalised design and are only indicative at this stage.
29. **Option A** - This route would come off Water End and enter the site at the western tip of the teardrop. There are 2 potential alignments for this road :-
30. **A1 - Water End**. In order to build this access on land currently in the ownership and control of YCP this option has to cross the East Coast Mainline twice at a height of 22m. A new slip road requires a second bridge to be constructed adjacent to the existing bridge on Water End and then also requires a second bridge over the ECML to get onto the site.
31. **A2 – Water End**. In order to avoid the engineering complexity of A1 an alternative variant of the option has been modelled to simplify the route onto the site by moving the junction away from the existing Water End Bridge. This takes the route across an area of open space called Millennium Green which is leased to the Millennium Green Trust (MGT) to maintain as an area of open space. With this alignment the road only has to cross the ECML once, at a lower level.
32. **Option E – Chancery Rise** - This route accesses the site from Holgate Rd, adjoining the Holgate Engineering Works near the Fox pub, rising up an embankment to a bridge crossing the FAL which would start on the site of the current Holgate Community Garden and land on York Central at the south end of the site, at height where an embankment would drop the road back down to ground level.
33. In order to assess the deliverable options it is necessary to assess community impact and YCP need to directly seek the views of residents and stakeholders. The proposed consultation will seek detailed views on Options A and E. The YCP are still undertaking viability assessment work which will inform a comprehensive consultation plan to ensure a focussed engagement with a wide range of stakeholders and residents. This consultation will inform the assessment of access options and will enable YCP to come back to Executive with proposals as part of their master plan which will feed into the planning application process.
34. The Community Forum has been meeting since autumn 2016 and has looked at the principles guiding the early stages of master planning. They are now engaged with more detailed sessions on access and the developing master plan.

35. The proposed timetable for consultation is set out below

Access Options Consultation	August/Sept 2017
Decision on preferred access option	October 2017
Master plan Consultation	Nov 2017
Submission of Planning Application	March 2018
Determination of planning application	July 2018

### **Funding the next phase of work**

36. The next stage of work to take the master plan and access options through to planning applications (including consultation and detailed infrastructure design) the YCP will have to commit to significant costs in the region of £2.2m. Part of this work will involve the design of the access bridge and road. Funding for the early design work for a bridge has already been agreed by WYTF and an exception report has been taken to the WYTF to agree the proposed approach to selecting and designing the access road.

37. The original estimated cost for the scheme funded through WYTF is £37.4m. Release of funds from the WY+TF will be processed through satisfying the Activities 5-8 of the Project Assurance process. WYCA have committed to fund £2.1m initial development costs and this is incorporated within a funding agreement between WYCA and CYC. It is proposed that this funding is used as the CYC contribution to the next phase of design and planning costs.

38. It is necessary to gain approval from Full Council for the creation of the WYTF York Central budget within the capital programme. Any changes to the budget as further approvals are taken through WYCA will be reported through the council's regular capital monitoring framework.

39. CYC will claim funds back from WYCA quarterly in arrears. The current profile of expenditure is projected to be as follows

2017/18	2018/19	2019/20	2020/21	2021/22	Total
£1.2m	£11.9m	£10.8m	£7.3m	£6.2m	£37.4m

40. The scheme submission to West Yorkshire Combined Authority includes contributions of c.£12m from other parties to the overall transport works. These are budgeted as part of the CYC York Central budget as well as contributions to the overall scheme from Homes & Communities Agency.



## Council Plan

41.

- i. 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 :
- ii. Everyone who lives in the city can enjoy its unique heritage and range of activities.
- iii. Residents can access affordable homes while the greenbelt and unique character of the city is protected.
- iv. Visitors, businesses and residents are impressed with the quality of our city.
- v. Local businesses can thrive.
- vi. Efficient and affordable transport links enable residents and businesses to access key services and opportunities.
- vii. Environmental Sustainability underpins everything we do.
- viii. We are entrepreneurial, by making the most of commercial activities.
- ix. Engage with our communities, listening to their views and taking them into account.

## Implications

42.

**Financial** – These are covered in paragraphs 37 to 40 of the report

**Human Resources (HR)** – none

**Equalities** – The better Decision Making Tool will be completed as part of the next report to Executive setting out the master plan. Exploration of community impacts will be an integral part of the consultation over the summer.

**Legal** – The Council's powers under the Highways Act 1980 and Localism Act 2011 may be used to undertake the actions proposed in this report. As identified in the related report elsewhere on this agenda legal agreements will be required relating to the terms upon which funding is taken.

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

**Crime and Disorder** - The detail design of any future scheme will require detail consideration of crime and disorder implications and there will be structured input from the Police Architectural Liaison Officer

**Property** – All property implications are covered in the report.

## Risk Management

43. The project is complex and high risk and until the scheme receives planning consent all investment is at risk. The EZ requires up front borrowing which will be repaid by future retained business rates and there is an inherent risk that the income is not generated or is slower to accrue. The partnership agreement therefore needs to identify how partners share this risk and ensure that the development of the scheme continues to focus on the delivery of business space. The project has multiple partners and funders and stakeholder management is essential to continue momentum and gain commitment to the scheme.
44. The primary risk is the potential breakdown of the delivery partnership between the partners with a consequent failure to unlock the site. This has been addressed by the establishment of a working group and escalation procedures thus ensuring senior level collaboration across all the public sectors partners. It is expected that these will be embedded within the terms of a proposed partnership agreement.
45. Failure to obtain the necessary regulatory approvals to dispose of land on the site for development or to clear operational railway uses from the site is another significant risk – this would prevent the development of the site in whole or part. Mitigation plans to date include the acquisition and extinguishment of long-term rail industry leases on the site by Network Rail and development of a strategy that identifies relocation sites for the rail uses. In addition, a rail land use strategy for York is being taken forward and it is believed this meets operator needs and Network Rail's planned capacity improvement schemes. This issue is being mitigated by Network Rail prior to any infrastructure investment with a clear commitment under the proposed partnership agreement to remove rail uses from the site within a phasing plan to enable site development.
46. An obvious risk is of failure to secure planning permission – this is being mitigated by early involvement with CYC as local planning authority in the ongoing development plans and engagement of stakeholders and local communities at both concept stage and as detailed plans emerge.
47. There is a risk that the scheme may not attract development market interest or new occupiers. This risk has been mitigated by the proposed approach to infrastructure delivery, and further evidence gathering from our appointed advisors. In addition, the development of a delivery and marketing strategy and the award of EZ status will incentivise early business occupation.
48. There is a risk that CYC may not secure equity investment towards some of the costs of the enabling infrastructure. However, this will be mitigated by the EZ status and access to borrowing this brings. It will also be mitigated by

early sign off of funding from HCA and a comprehensive gateway process for release of West Yorkshire Transport Funds (WYTF).

49. A full risk register has been developed by the project and will be regularly reviewed by the project board as the project progresses.

## Contact Details

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### Chief Officer Responsible for the report:

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Place



4 July 2017

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

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**Wards Affected:** Holgate, Micklegate

All

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

### Background Papers:

*Seeking Your Views to Guide Development: Consultation Report (Arup June 2016)*

[https://www.york.gov.uk/downloads/file/11126/york\\_central\\_seeking\\_your\\_views\\_to\\_guide\\_new\\_development\\_consultation\\_report](https://www.york.gov.uk/downloads/file/11126/york_central_seeking_your_views_to_guide_new_development_consultation_report)

[Archive of previous study material](#)

### Annexes

Annex 1 – Map of potential access routes

Annex 2 – Details of options A1 A2 and E

## **List of Abbreviations**

CYC - City of York Council  
ECML - East Coast Main Line  
EIA - Environmental Impact Assessment  
EZ – Enterprise Zone  
FAL - Freight Avoiding Lines  
HCA - Homes and Communities Agency  
LCR - Leeds City Region  
LEP - Local Economic Partnership  
MDU - Maintenance Delivery Unit  
MGT - Millennium Green Trust  
NRM - National Railway Museum  
ORR - Office of the Rail Regulator  
WYTF – West Yorkshire Transport Fund  
YC - York Central  
YCP - York Central Partnership