

## **Report of the Interim Head of Place**

### **York Central Partnership Governance**

#### **Summary**

1. The Corporate Scrutiny Management Committee have requested an update on the governance arrangements of the York Central Partnership as the scheme moves towards delivery.

#### **Background**

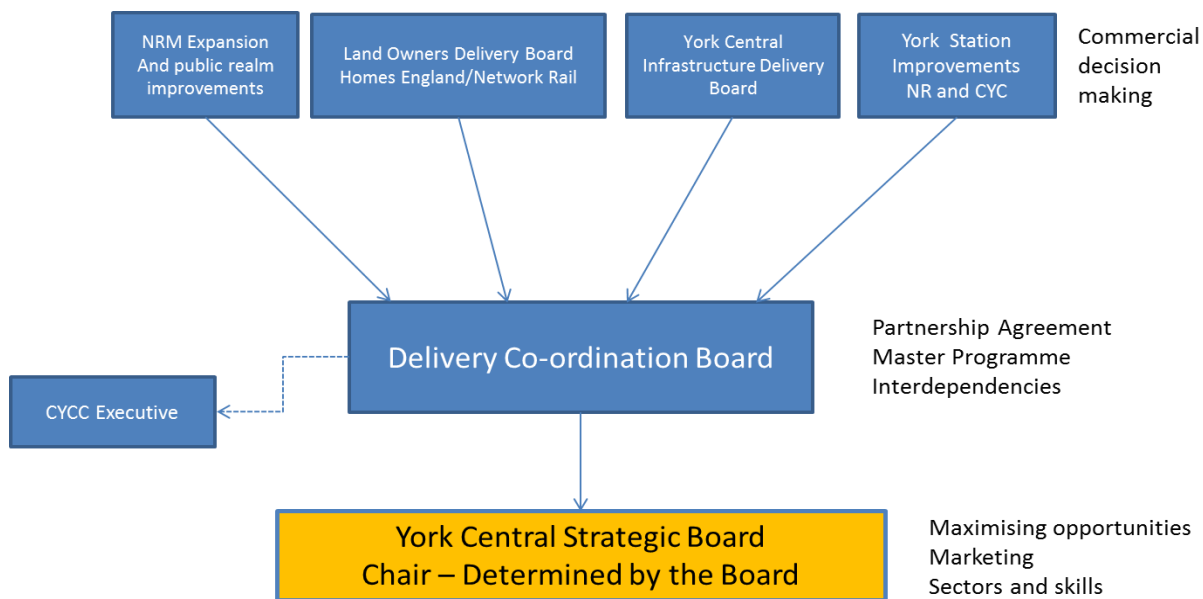
2. The Committee have received a number of reports on the York Central project, most recently :-
  - 13<sup>th</sup> August 2020 – failed call in of July 2020 Executive decision to proceed with early infrastructure works
  - 7<sup>th</sup> September 2020 – Review of the impact of Covid 19
3. In addition the Audit and Governance committee have reviewed the project risk management arrangements twice, most recently on 30<sup>th</sup> November 2020.
4. The project is currently transitioning from the planning stages to the delivery stages following the agreement of the reserved matters planning application for the first phase of infrastructure works in November 2020. This followed the agreement of £77.1m of funding from the Ministry of Housing Communities and Local Government (MHCLG) which was awarded in place of the Housing Infrastructure Funding (HIF) and was awarded directly to Homes England and Network Rail.
5. This is a significant change and is likely to affect the delivery arrangements for the infrastructure which will in turn require amendments of the governance arrangements. The decision as to who will deliver the infrastructure has not been finalised yet, though the landowning partners have indicated their intention for Homes England to lead the delivery and to novate the construction contract with John Sisk Ltd from CYC to Homes England for the delivery of Infrastructure Package IP2. This will only be done when the final RIBA stage 4 design is concluded and costed in Q1 2021. In the meantime

CYC have contracted with John Sisk Ltd to deliver the early enabling works (Infrastructure Package IP1) which will start on site in the new year.

6. The governance arrangements are currently under review and will be brought back to Executive for agreement once finalised. This report therefore sets out the existing arrangements and the current thinking on how the complex contractual and funding agreements between the parties will be managed.

### Existing Governance arrangements

7. These arrangements are set out below in an excerpt from the Executive report of 17th January 2019.
8. The Heads of Terms (of the YCP Partnering Agreement) 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.



9. 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.
10. 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.

11. 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 :-
  - Oversight and promotion of the scheme
  - Maximising opportunities
  - Ensuring Strategic fit
  - Sectors and skills development
  - Advocating for the scheme
  - Oversight of the promotion and marketing
  - Leading effective decision making within their organisation
12. The **Delivery Co-ordination Board** includes senior representatives of all partners and will be responsible for :-
  - Delivering the commitments set out in the York Central Partnership legal agreement
  - Ownership of the Master Programme, cost and quality benchmarks as set out in the York Central Partnership legal agreement
  - Baseline off plot infrastructure cost plan – agreed quality standard and extent
  - Coordinating agreement of the delivery of future infrastructure packages
  - Baseline development appraisal
  - Proactive reporting from each of the “projects” on deviation from all the above, early identification of issues affecting the critical path
  - Manage interdependencies
  - Programme assurance and independent reporting to the Strategic Board
13. 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
14. These governance arrangements have worked well, are still in place and are now under review.

### **Potential contractual arrangements**

15. There are a number of different relationships within the York Central project, between landowners, statutory authorities, funders and contractors. It is expected that each of these relationships will be defined and controlled by a contract or a funding agreement and that the integrity of the whole picture is

maintained through a layered governance structure. Some of these agreements are already in place (WYTF and LEP/EZ funding agreements) others are now being finalised (MHCLG funding agreement and the future funding agreement between HE/NR and CYC for any future CYC/Enterprise Zone moneys to be deployed into the scheme).

- 16. The relationship between partners is set out in the York Central Partnering Agreement which sets out how the partnership works but does not define the financial relationships nor the liabilities of each party.
- 17. These relationships are set out in the two diagrams below. Fig 1 shows the arrangements needed should CYC deliver the infrastructure and Fig 2 shows the arrangements needed should Homes England deliver the infrastructure. The latter is the most likely scenario.
- 18. The orange boxes on the left reflect all the different sources of funding. Each of these will have a funding agreement. The dark grey boxes on the right reflect the various commercial contracts that will exist with contractors. The red boxes reflect the legal agreements between land owners and the planning and highways authority. The blue boxes in the middle set out the need for a contract between the landowners and CYC to establish the funding agreement for IP1, the CYC capital contribution to the project and the EZ funding to contribute to future phases of the infrastructure. The green elipses show the role of the proposed governance boards in managing these contracts.

**Fig 1**  
Contractual Arrangements if CYC Deliver Core Infrastructure

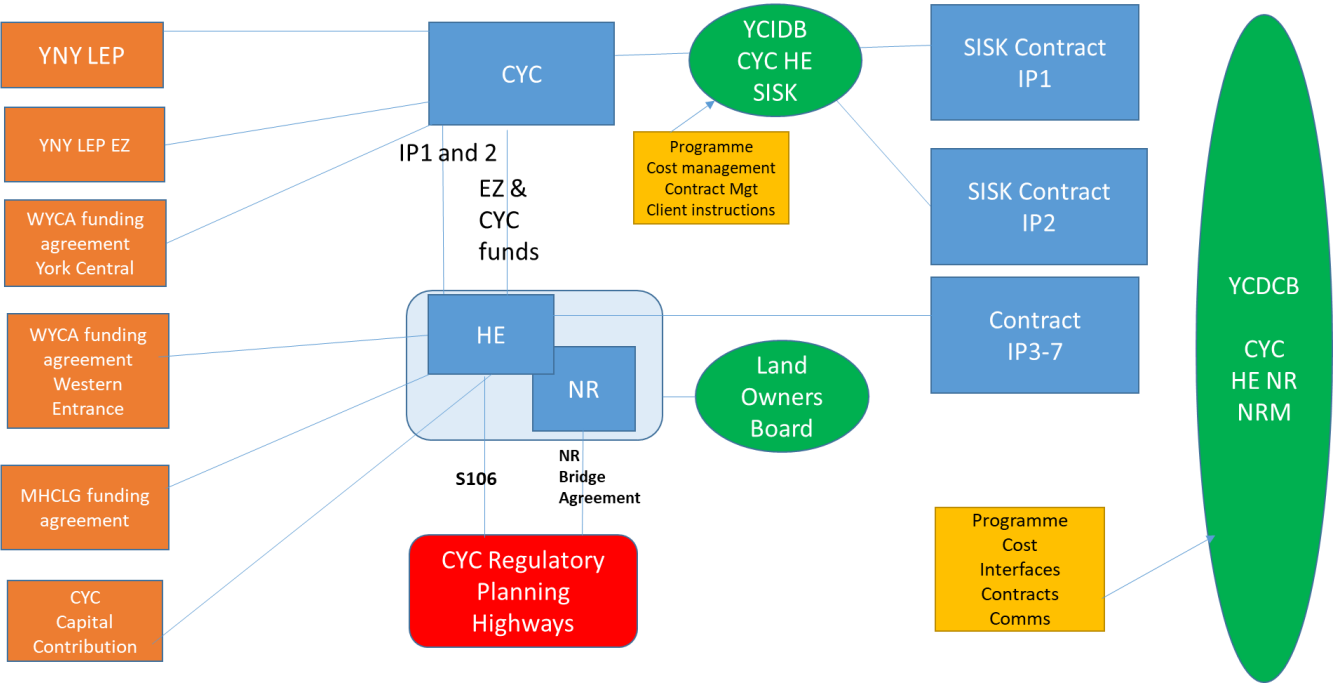
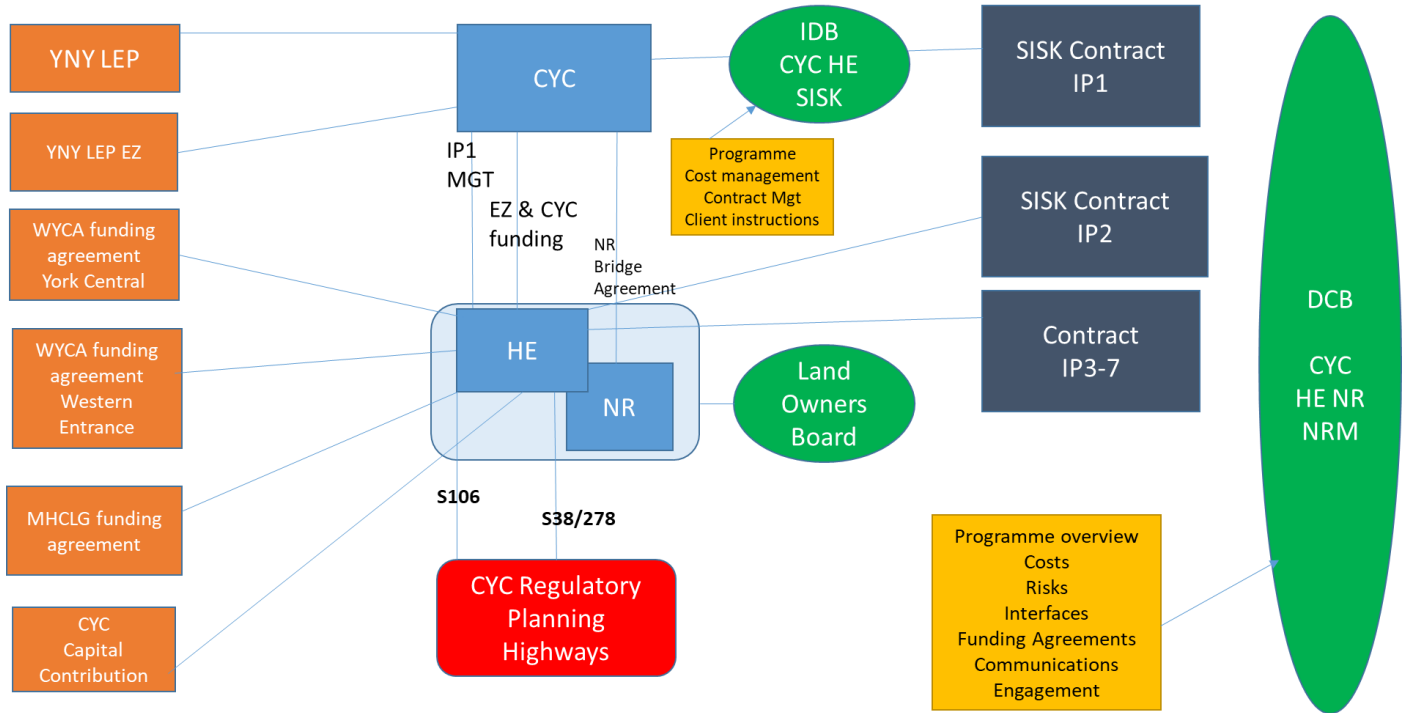


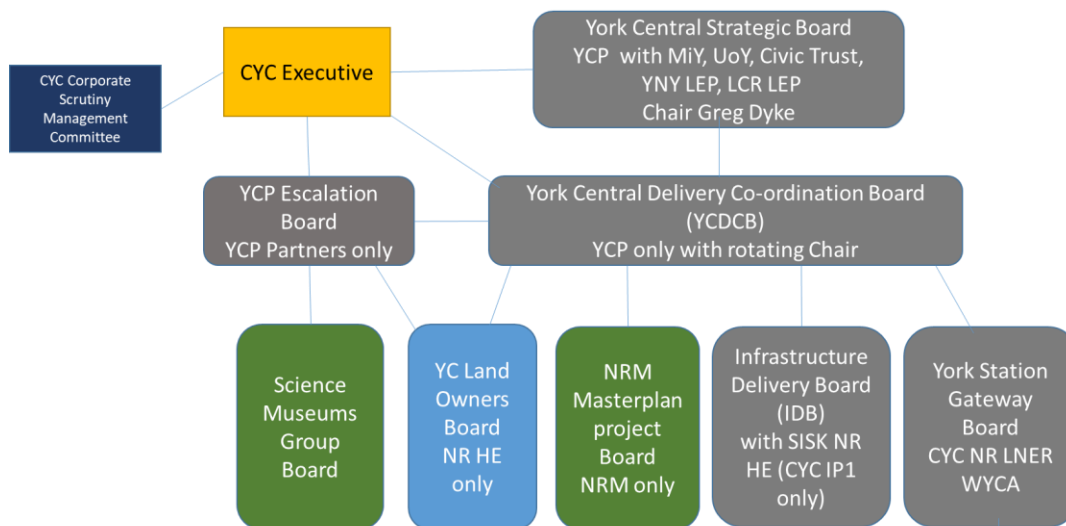
Fig 2

Contractual Arrangements if Homes England Deliver Core Infrastructure



19. The governance arrangements required to manage these contractual relationships have been discussed by the existing board and initial proposals are diagramatised below. They are draft at this stage and the detailed terms of reference will be reviewed. An annual review of governance arrangements will ensure that changes to the functions of boards are reflected in the various Terms of Reference.

York Central Partnership – Potential future Governance Arrangements



20. The proposed board structure is fundamentally similar to the existing arrangement (which is beneficial as it avoids the need for revisions to the Partnering Agreement) but there are two changes of board function.
- The responsibility for oversight of the delivery of infrastructure will transfer from the Infrastructure Delivery Board to the Land Owners board after the delivery of the IP1 enabling works.
  - The role of the Strategic Board as an escalation board will be devolved to a York Central Partner only board to address any issues that cannot be resolved by the YC Delivery Co-ordination Board
21. The January 2019 report also set out how, if HIF funding was agreed, the funding and land receipts would flow between partners. The change in the funding source and recipient has now changed these assumption - as set out in Fig 2. The overall infrastructure package still relies upon the investment of £35m EZ funding from CYC with the agreement of YNYER LEP. This funding has not yet been committed and will be dependent upon sufficient commercial development on the site generating sufficient retained business rates to repay borrowing plus funding costs. This decision will be considered by Executive as plans for future infrastructure phases are developed and as the programme of commercial development is firmed up. The terms and conditions of this funding have not been agreed and will be the subject of a future Executive report.
22. The landowning partners are now able to draw down on the MHCLG funding and have confirmed that they will be able to refund CYC for eligible expenditure under the terms of their funding agreement with MHCLG. This will refund CYC for its upfront contribution to the RMA and the IP1 works. The total is still being finalised but will be reported to Executive as part of a forthcoming report to ratify governance and confirm future delivery arrangements.

### **Contact Details**

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**Report Approved**  **Date** 22/12/2020

**Wards Affected:** Holgate, Micklegate

**All**

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

## **Background Papers:**

Annex A: - Terms of reference for York Central Partnership Boards

## **Glossary**

CYC - City of York Council

DfT – Department for Transport

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