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**Executive****22 April 2021**

Report of the Director of Corporate Director of Place  
Portfolio of the Executive Leader

**York Central and York Station Gateway Update****Summary**

1. The delivery of York Central has been a City of York Council (CYC) priority for well over 2 decades. Regeneration of this brownfield site will bring significant new housing and economic growth space to facilitate the future development of new sustainable business sectors to augment the existing economy, 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. In 2016, the council committed a £10m budget to kick start the York Central Partnership project that has now finally started on site. This “at risk” up front financial commitment to the scheme has enabled CYC and its partners Homes England, Network Rail and the National Railway Museum to :-
  - i. secure grant funding of £112.226m
  - ii. Establish an Enterprise Zone which will fund £35m CYC contribution to the scheme
  - iii. Acquire all third party land to deliver the site,
  - iv. Create and consult on a site wide masterplan and secure planning permissions
  - v. Procure a construction partner for the delivery of the infrastructure and commence preparatory works for the infrastructure.

- vi. Use the remaining £5,278k from our original £10m budget to continue work on York Central
3. York Central has moved from being a long held ambition to a current reality.
4. In March 2020, as the major landowner of the site, central government announced the award of £77.1m to Homes England and Network Rail to fund the enabling infrastructure for the site. This final piece of funding allows the partners to determine the most effective delivery arrangements and is a green light for the scheme to commence. The major landowners are now indicating that they propose to deliver the site infrastructure directly and will recompense CYC for £3.836m of up front spending on the infrastructure design and preparation.
5. CYC have played a pivotal leadership role in establishing the Partnership, securing funding, designing and achieving planning for a deliverable, viable scheme all whilst owning a very small part of the site. This report sets out:-
  - i. Proposed infrastructure delivery arrangements
  - ii. Changes to the financial profile of the project
  - iii. Revisions to the governance arrangements for the project to reflect changing roles amongst the YCP partners
  - iv. Outlines a timeline for the delivery of the enabling infrastructure and the build out of the first phases of the scheme
  - v. Agree the resources needed to ensure future CYC involvement in the delivery of York Central and the associated Station Gateway project
6. 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. The re-modelled railway station will be delivered through the York Station Gateway scheme which comprises a coordinated, multi-modal package of interventions in and around the station. The scheme complements and connects the proposals being progressed to the west and east of the station and will transform the station gateway into York; significantly improving access, addressing air quality issues, and directly supporting delivery of housing and commercial uses on the

York Central development site. CYC, in collaboration with Network Rail (NR) and London North East Railway (LNER), have developed a masterplan that proposes to reorganise highway and public realm areas to the front of York Station. In November 2020 Executive approved the project scope, budget, grant funding, delivery and procurement strategy.

### **Recommendations**

7. Executive is asked :-

- i. To note the revised infrastructure delivery arrangements and the subsequent reduction of the capital allocation for York Central from to £41.7m to reflect the direct award of £77.1m MHCLG funding and £23.5m WYTF funding direct to Homes England.
- ii. To note the agreement by Homes England to reimburse CYC £3.836m of the costs incurred in preparing the site access proposals, Master Plan and initial design work, planning applications and the completion of site preparation works from the capital grant awarded to Homes England by MHCLG and for this money to be retained to support York Central going forward.
- iii. To agree to procure Consultancy Design Services, Cost Consultancy and Project Assurance for the York Station Gateway scheme and to delegate to the Corporate Director of Place (in consultation with the Director of Governance or her delegated officers) the authority to take such steps as are necessary to procure, award and enter into the resulting contracts.
- iv. To agree the proposed Governance arrangements for the York Central Partnership.
- v. To agree to procure technical services to support the process of adoption of the York Central highways infrastructure and to delegate to the Corporate Director of Place (in consultation with the Director of Governance or her delegated officers) the authority to take such steps as are necessary to procure, award and enter into the resulting contracts
- vi. To agree the acquisition of land adjoining Scarborough Bridge to ensure the future availability and improvement of the riverside path at a cost of £150k from the York Central enabling budget.
- vii. To commit further funding of £900k from the York Central enabling budget to continue to support the delivery of the project. This will fund the CYC project team and legal, consultancy support costs to

ensure CYC has the capacity to fulfil our Enterprise Zone obligations, prepare the EZ investment business case, seek further external funding for project enhancements and provide input to the York Central Design panel, support the Leader's strategic role on the project and continue to support the partnerships community engagement consultation and communications work

- viii. To bring forward a future report on the delivery of remaining infrastructure packages, the future use of Enterprise Zone funding and the use of future S106 moneys.

**Reason:** To enable the successful delivery of the York Central and the York station Gateway schemes

### **Background**

8. 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.
9. The enabling works to prepare the site have now commenced. IP1 works are underway to demolish the former Unipart, Freightliner and Concrete Works buildings, site clearance and track lifting ahead of IP2 works to construct the access spine road and Boulevard, add the pedestrian deck to the Severus Bridges, build the access bridge over the East Coast Main Line( ECML) reroute utilities and undertake works to Millennium Green. Despite the challenges we still face with the ongoing Covid 19 pandemic, we are poised to finally deliver on the city's long held ambition to develop York Central.
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 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. The significant progress made to date is demonstrated by the key project milestones set out below :

Dec 2016	Council agrees £10 enabling budget to develop York Central
April 2016	Enterprise Zone agreed
Dec 2018	Full Council create £155m capital budget to fund the delivery of the enabling infrastructure.
Jan 2019	Executive agreed the YCP Partnering Agreement
Feb 2019	West Yorkshire Combined Authority (WYCA) approved the business case for West Yorkshire Transport Fund (WYTF+) funding £23.4m
March 2019	Planning Committee agree the Outline Planning Application for the site
Sept 2019	John Sisk Ltd appointed as construction partner
Oct 2019	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.
Dec 2019.	S106 planning agreement signed
Oct 2019	YNYER LEP agreed £1.58m LGF grant to support further design work on the first phase of infrastructure
March 2020	Chancellor of the Exchequer announced the award of £77.1m grant to fund the York Central enabling infrastructure
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
June 2020	YNYER funding to deliver IP1 confirmed
Aug 2020	MHCLG funding of £77.1m awarded direct to Homes England
Nov 2020	RMA for the first phase of infrastructure approved
Feb 2021	detail design of the enabling works package completed and priced by John SISK Ltd
Feb 2021	construction works on IP1 commenced
March 2021	Statement from Alex Chisholm, Civil Service Chief Operating Officer that the Cabinet Office would in future be operating out of York
March 2021	CYC issue notice 1 under the conditional contract with the Leeman Road Millennium Green Trust to confirm the provisions to proceed.
April 2021	public enquiry is to take place on the Stopping up of the part of Leeman Road
April 2021	Landowning partners due to commence procurement of commercial partner to develop out the scheme
June 2021	WYCA to confirm agreement to the Full Business Case + for the York central access and Station Gateway schemes to enable draw down of funding

Summer 2021	IP1 works to conclude and IP2 contract award to be agreed by Homes England and Network Rail
Autumn 2021	IP2 works to commence

### York Central Infrastructure Delivery

13. 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 March 2021 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
<b>Total Infrastructure</b>	<b>154,790</b>

14. Full Council established the budget to fund this key site enabling infrastructure in Dec 2018 to allow viable development to proceed. The funding comprised a combination of external grants, previously agreed approvals, developer contributions and significant new Enterprise Zone backed borrowing of £35m.

Table 2 York Central Budget

Funding Source	Budget	Executive Approvals	Budget Remaining
	£'000	£'000	£'000
CYC	4,662	(3,070)	1,592
CYC Borrowing – Enterprise Zone	35,000		35,000
MHCLG funding	77,100		77,100

YNYER LEP	3,110	(3,110)	0
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>(6,180)</b>	<b>148,820</b>

15. In October 2019 and in July 2020 Executive made commitments 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.
16. The budgets agreed to date by Executive, including YNYER grant, has funded significant activity to finalise and secure the Reserved Matters planning permission for the first phase infrastructure and procure a construction partner, undertake detailed (RIBA stage 4) design which is now complete and costed by John Sisk.

### **Enabling works – IP0 / IP1**

17. Network Rail have undertaken some specific rail related works on the operational railway and fenced off the land now declared surplus to operational need (IP0).
18. As set out in the Executive report of July 2020 in order to maintain programme whilst funding agreements were finalised, CYC committed to the necessary package of enabling works ahead of the main contract. IP1 included sensible preparations for the main works - site clearance / demolitions and further specific ground investigations to inform the final detail design ahead of the main contract. CYC awarded this contract to John Sisk last November and the works are now in progress on site with completion due in the summer of 2021.
19. Following the award of the MHCLG grant to Homes England, CYC have negotiated a reimbursement agreement with Homes England that will reimburse CYC for its defrayed costs on the Reserved Matters Application and the delivery of enabling works on IP1. MHCLG have authorised Homes England to repay £1.876m to CYC for the costs of the RMA against the overall £77.1m grant, with a further repayment of the £1.96m IP1 costs when they are concluded. It is proposed that the £3.836m reimbursed funding is allocated back

to the York Central enabling budget to continue to resource the council's work on the project.

### **Revised Delivery Arrangements**

20. When Executive approved the creation of the £155m budget for the delivery of the York Central Access Infrastructure it was proposed that CYC would take the lead infrastructure delivery role on behalf of the partnership for the first phase of infrastructure (IP1 and 2 to build the access bridge and main spine road) on the expectation that CYC would be in receipt of all the associated grant funding. CYC commissioned the necessary design work on behalf of the partnership and progressed the preparation of the necessary funding bids for both Housing Infrastructure Funding (HIF) and West Yorkshire Transport Funding (WYTF).
21. However, the MHCLG funding announcement in August 2020 allocated the enabling infrastructure grant funding (instead of HIF funding) direct to the landowners, specifically to Homes England. This has given rise to a review of the infrastructure delivery arrangements.
22. There is now no inherent logic in the previous proposal for CYC to deliver the infrastructure as CYC are not now the recipient of the grant moneys. If CYC were to continue to deliver the infrastructure whilst not in receipt of the funding, the contractual arrangements between CYC and landowners would be extremely complex and would incur significant construction liability and exposure to cost over-run risk for CYC.
23. The landowning partners are also of the view that the simplest delivery route would deliver greatest certainty of keeping to budget and time. They have undertaken due diligence on the procurement of John Sisk Ltd and have indicated their intention to directly commission IP2 works subject to their due diligence assessment. The Homes England Investment Committee will consider this in June with a view to taking on the main infrastructure contract for the IP2 works. Their approach is informed by all the work undertaken to date and CYC is facilitating the transition process.
24. CYC will not therefore be entering into the further IP2 contract with John Sisk Ltd and has concluded the existing contracts for advisers, cost consultants and designers.

### **Key progress on York Station Gateway (YSG)**

25. Full Planning and Listed Building Consent was granted in February 2021. Alongside the endorsement by Executive, the scheme is funded through a combination of the West Yorkshire-Plus Transport Fund (WY+TF) and The Transforming Cities Fund (TCF). Both funds are administered by the West Yorkshire Combined Authority (WYCA) and are governed through a programme management process. The Investment Committee approved the drawdown of development funding in March 2021 which is directly awarded to CYC.
26. The YSG project team has agreement in principle from project partners at Network Rail and LNER for the Delivery Strategy agreed by Executive in November 2020. A detailed scheme of ground and archaeological investigation has already taken place and indications show that ground conditions are favourable to the construction of the proposed scheme and there have been no significant archaeological finds.
27. In March 2021 the project team placed orders with statutory utility providers and has developed a detailed scheme of diversionary works with costings.

#### **York Station Gateway Procurement**

28. The consultancy services for the Station Gateway project were initially commissioned as part of the York Central works. That contract has now exceeded its original maximum value and we need to re-procure technical support services contracts for York Station Gateway to ensure compliance with procurement regulations.
29. Therefore as consultancy services for infrastructure to the rear of the station are taken forward by Homes England and Network Rail Executive are asked to agree to the procurement of Consultancy Design Services, Cost Consultancy, and Project Assurance for the York Station Gateway Project.

#### **Governance**

30. The landowner decision to deliver the infrastructure directly is a move to simplify delivery arrangements for the York Central Partnership and the award of the grant funding is conditional upon the delivery of the scheme benefits outlined in CYC's HIF application and the delivery of the agreed Outline Planning Application.

31. CYC will retain influence upon the future delivery of the scheme through
  - i. Statutory role as Planning Authority
  - ii. Statutory role as Highways Authority
  - iii. Future CYC and LEP decisions to provide £35m of Enterprise Zone funding.
  - iv. The commitments made by all partners in the York Central Partnering Agreement and the governance structures set out therein
  - v. Through the development of its own land
  - vi. Membership of the York Central Design Panel
  
32. The Governance arrangements set out in the York Central Partnering Agreement made provision for the Governance arrangements to evolve to reflect changes in approach and different stages of the project. The revised delivery arrangements represent a significant shift and the Partners have reviewed the governance arrangements to ensure they remain fit for purpose.
  
33. In January 2021 York Central governance was reviewed at Customer and Corporate Services Scrutiny Management Committee. The Interim Director and partnership representatives responded to a range of questions from Members, covering the Government's award of funding to Homes England and not directly the Council, the Council's role as project facilitators and not land owners and the potential for local influence on the Landowners Board, the commitment to mixed use on the development, and the next key steps, as well as a continuing commitment to community involvement on developing the site and attracting high quality jobs with appropriate skills training. The committee resolved that the report and presentation outlining the current and potential governance arrangement for York Central Partnership be noted and Stephen Hind and Catherine Clayton be thanked for attending and contributing.
  
34. The following diagrams were considered at that meeting. Diagram 1 sets out the complex contractual relationships which exist between the partners and the Diagram 2 sets out the proposed governance arrangements that will oversee these contracts and relationships.

Contractual Arrangements - Homes England Deliver Core Infrastructure

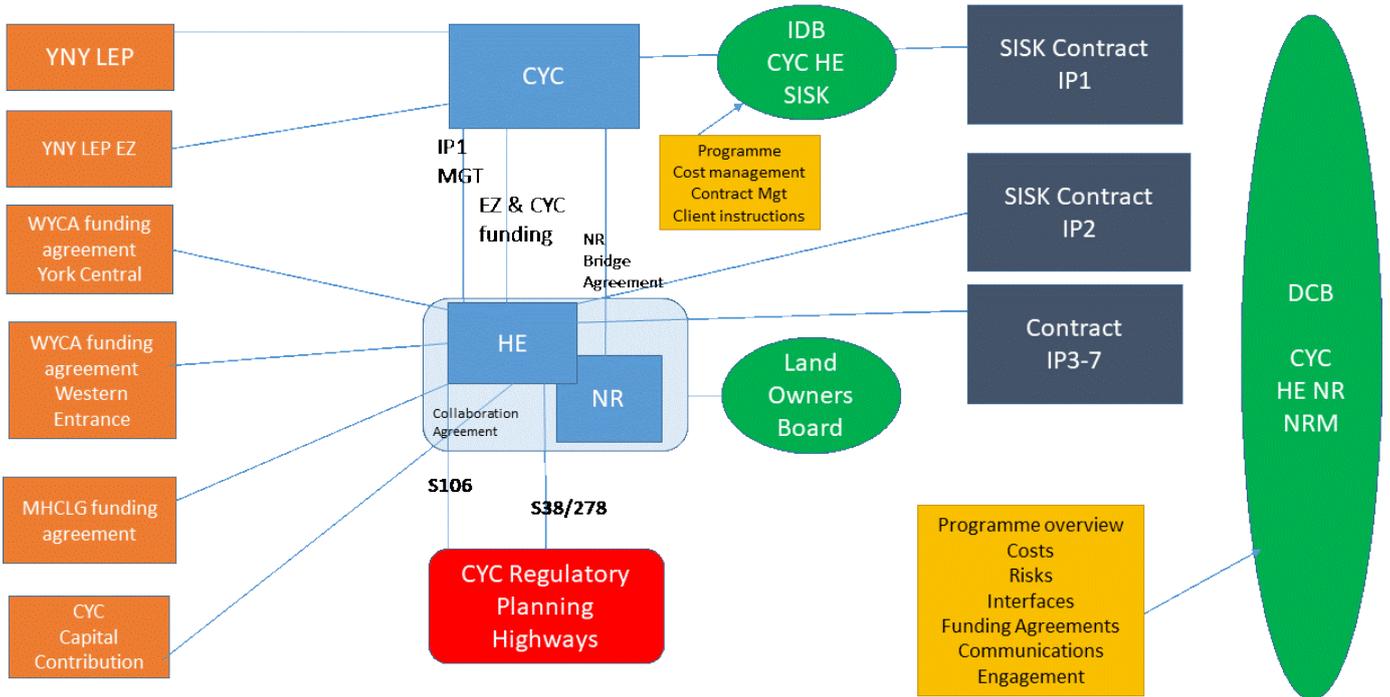


Diagram 1- contractual relationships within YCP

York Central Partnership – Potential future Governance Arrangements

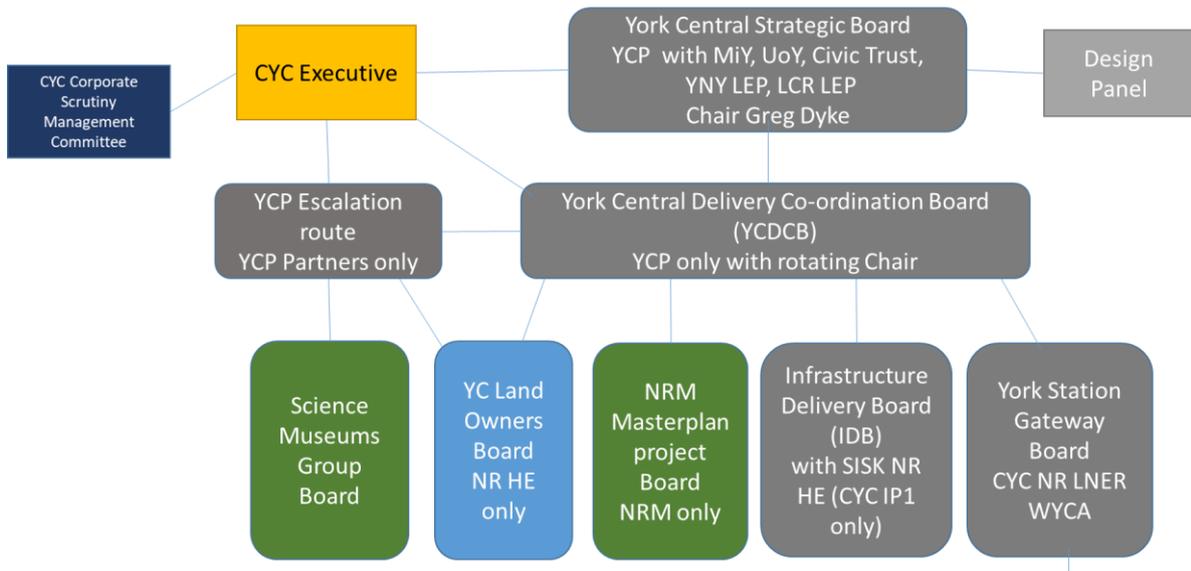


Diagram 2 – proposed revised governance arrangements

35. This is an amendment to the existing arrangement rather than a new structure but reflects the change in delivery partner and clarifies

the roles of each board. The Terms of Reference for each board are attached at Annex 2.

### **Strategic Board**

- Senior representation from all partners
  - Cllr Keith Aspden Leader and Ian Floyd Chief Operating Officer– CYC
  - Peter Freeman Chair of Homes England and Stephen Kinsella
  - Sir Peter Hendy Chair of Network Rail and Rob Macintyre
  - Dame Mary Archer Chair of Science Museum and Judith McNicoll
- Strategic City Partners
  - Chairperson - Greg Dyke - Chair of Make it York,
  - Charlie Jeffrey - Vice Chancellor University of York,
  - Stephen Lusty – Chair of York Civic Trust
  - York North Yorkshire LEP Chair
  - Leeds City Region LEP Chair
- Frequency of meeting – Quarterly with additional meetings as required
- Function – Influence and Advocacy. Promote the scheme at the highest levels, act as ambassadors for the scheme and provide oversight to provide assurance that the scheme is delivering the ambition and quality for the city
- Commission Design Panel to provide independent review of future design issues and reserved matters applications

### **CYC Executive**

- Make decisions regarding CYC funding going into the scheme
- Decide with YNYLEP on allocation of EZ funding
- Oversee CYC risk
- Oversee delivery against programme where that impacts upon risk and cost
- Consider future support for workstreams/projects for CYC housing, community schemes etc.
- Work with landowners to achieve outcomes for the city
- Ensure community engagement

### **Customer and Corporate Scrutiny Committee**

- Scrutinise Executive decision making
- Scrutinise project progress
- Invite YCP representatives to talk to the committee about the delivery of the scheme as a whole

### **York Central Delivery Co-ordination Board – monthly meetings**

- Oversee the delivery of scheme benefits
- Oversee Programme timetable
- Manage dependencies
- Prepare decisions for each partner body
- Oversee risk at programme level
- Manage funding agreements
- Develop future strategies for delivery
- Escalate to Senior officers if agreement cannot be reached
- CYC representative Director of Housing Economy and Regeneration

### **York Central Landowners Board**

- Homes England and Network Rail oversee their Collaboration Agreement and act as Master Developers
- Delivery of IP2
- Design, Planning and Delivery of IP3-7
- Procurement of residential and commercial partners to invest in and develop out different phases of the scheme
- Commercial decision making

### **York Central Infrastructure Delivery Board**

- Oversee contract for delivery of IP1
- Manage timetable for IP1
- Manage risk for IP1
- Manage budget of IP1
- Will fall away on completion of IP1.

### **Station Gateway Board**

- Oversee the design planning and delivery of the Station Gateway scheme
- Oversee the delivery of scheme benefits
- Oversee project timetable
- Manage dependencies
- Prepare decisions for each partner body
- Oversee risk
- Manage funding agreements

### **CYC's continuing role in York Central**

36. CYC has worked positively over the last 6 years with partners to ensure that the development will deliver benefits to the people of York. As the initial funder and the conduit for grant funding and through its statutory roles as Local Planning Authority (LPA) and

Highways Authority (HA) CYC has had significant influence over key decisions.

37. CYC is a minority land owner on the site with just 5% of the developable space. To support our aspiration for delivering high quality affordable homes on York Central, positive discussions have taken place between CYC 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 later this year.
38. CYC secured funding from the YNYER LEP to undertake a detailed feasibility study to assess the potential for improving the environmental performance of the commercial buildings on York Central beyond the standards mandated by the Outline Planning permission and set out in the Design Guide. The study considered the measures that would be necessary to secure BREAM Outstanding office buildings on York Central and the feasibility of achieving net zero carbon development including a financial impact analysis. This study is now being discussed with landowning partners.
39. Though CYC will not be delivering the enabling infrastructure and have never owned the site and therefore would not have developed out the site, CYC still have an important and influential role to play within the York Central Partnership as well as through the roles of Statutory Planning and Highways Authorities.
40. In order to secure this influence CYC will need to :-
  - i. Continue to support and hold to account our York Central partners to deliver the scheme for the benefit of the city
  - ii. Input to the Design Panel for future phases
  - iii. Monitor the Enterprise Zone contract, prepare the business case for investment and oversee the incoming EZ business rates income.
  - iv. Coordinate S106 expenditure and ensuring that planning gain funding contributes to the delivery of council strategies
  - v. Developing proposals for CYC housing delivery on CYC and potentially partner land

- vi. Ensure that the progress of the scheme continues to be effectively communicated and promoted to residents and businesses to ensure a smooth delivery.
  - vii. Support the community engagement activity of the partnership to ensure that the residents of York continue to have a voice and can positively contribute to the development of York Central as it is delivered.
  - viii. Promote the benefits of zero carbon development to contribute to the city's zero carbon target.
  - ix. Promote the scheme to businesses and investors to ensure we maximise the economic benefits of the commercial elements of the scheme to increase economic growth and create inclusive growth and create good jobs.
41. Executive are asked to commit £900k of the remaining capital funding to ensure CYC has the resources and retains the existing staff expertise to continue with its input to the development of York Central.

### **Highways Adoption**

42. As the land owners are now delivering the infrastructure including the road and bridge rather than CYC, this introduces a new legal process of Highway Adoption which would not have applied if CYC had built the infrastructure. Under normal circumstances a scheme of this nature would result in an adoption fee based on scheme cost percentages. However, as is usual with major projects a significant discount allowance is currently proposed with the fee being based on a cost recovery basis and recognising the status of the existing design that CYC has been involved in. There may also be a bond required for the works. However, officers are also mindful that the transfer of the construction to the land owners significantly reduces the financial risk to CYC of any cost over-run.
43. Authority is sought to resource, procure and contract for the necessary technical consultancy support and undertake other actions as necessary to execute the Highway adoption process from the negotiated adoption fee.

### **Acquisition of land for the riverside path**

44. The cycle and pedestrian path that runs along the riverside, from Salisbury Terrace to Scarborough Bridge (identified in Annex 4) lies

outside the red line boundary of the York Central OPA but still constitutes an important part of the active travel network for the broader area. The land lined in red on the plan is not in CYC ownership but was leased to CYC in 1924 from the London and North Eastern Railway Company. This land has since been sold into private ownership and the lease to CYC ends in 2023.

45. CYC has the option to
  - i. Exit the lease upon its expiry which would include the need to undertake significant costly repairs to the riverbank as part of CYC's lease dilapidation liabilities. This would remove the cycle and pedestrian access and is hence not desirable
  - ii. Seek to extend the lease – The landowners are not supportive of this option and it would trigger the dilapidations liabilities.
  - iii. Purchase the freehold of the land and continue to provide pedestrian and cycle access and full control of the asset.
  
46. The shared path is narrow; floods at low points and there is a local call for improvements; raising the height slightly to reduce the flooding incidence and to improve safety with improved lighting, fencing and installation of CCTV. The York Central OPA includes a S106 off site payment provision to improve off site walking and cycling facilities. However, before a potential improvement scheme can be developed CYC need to secure the land for the long term.
  
47. Negotiations have been undertaken with the land owner and the business case is attached at Confidential Annex 4. The purchase of the freehold for £150k would secure the public right of way in perpetuity, provide full control of the asset and enable CYC to undertake remedial works to the river walkway to its own timescale and fully benefit from those works, instead of handing the asset back to the private owner.
  
48. Executive are asked to agree the acquisition of the riverside path land and to develop proposals for an improved cycle and pedestrian scheme, delegating to the Director of Place (in consultation with the Director of Governance or her delegated officers) the authority to take such steps as are necessary to enter into the resulting agreement(s). The acquisition will be funded from the remaining York Central capital budget.

## Council Plan

49. The recommendations in this report will contribute to the delivery of the following objectives in the Council Plan :

**Well-paid jobs and an inclusive economy** – York Central will create economic growth space which will attract new businesses and support the growth of local businesses and the creation of c6500 new jobs for the city.

**A greener and cleaner city** – The design guide for York Central establishes high standards of sustainable construction with a fabric first approach to meeting low carbon targets. The scheme prioritises pedestrian and cycle travel, public transport, car clubs and Electric Vehicle charging. The infrastructure mitigates flood risk using Sustainable Urban drainage and the construction traffic will be mitigated by the construction of a railhead.

**Getting around sustainably** – Creation of cycle and pedestrian routes into and through the site with public transport links across the city to enable residents and businesses to use active, low carbon forms of transport

**Good health and wellbeing** – Creation of new open spaces and quality public realm to support healthy lifestyles for residents businesses and visitors.

**Safe communities and culture for all** – York Central will create safe and sustainable residential and business communities and improve the cultural offer of the NRM

**Creating homes and world-class infrastructure** – York Central will create up to 2500 homes, 500 of which will be affordable while the greenbelt and unique character of the city is protected.

## Implications

### Financial –

50. In December 2013 Members agreed to earmark £10m towards the delivery of York Central. Currently £8,558k 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.

51. In November 2018 Full Council agreed a delivery budget of £155m to be managed by CYC for the infrastructure of York Central. This budget reflected the £77.1m potential HIF funding, £23.5m WYTF funding and the £11.6m of external contributions. The CYC contribution was £4.662m as being the balance of the £10m not committed at November 2018.
52. It has been agreed with WYCA that the £23.5m WYTF grant will now be made directly to Homes England to avoid CYC being caught up in contractual liabilities and obligations to both parties and to ensure the simplest and neatest route to delivery and to satisfy the needs of the funder. Homes England will therefore proceed to FBC+ with WYCA for the £23.5m York Central scheme and CYC will proceed to FBC+ for the Station Gateway element of the WYTF (£12.873m).
53. These funding amounts set out in para 51 will now be managed by Homes England. The £35m of future proposed Enterprise Zone funded prudential borrowing will remain in the budget along with the remainder of the original council enabling budget of £10m. The table below shows the adjustments that will be made to the capital programme.

Funding Source	Current Total Capital Budget £'000	Previous Years Expend £'000	Adjustments £'000	Revised Total Capital Budget £'000
HIF	77,100		-77,100	0
WYCA	23,500		-23,500	0
YNYER	3,110	-1,042	0	2,068
EZ borrowing	35,000			35,000
Other contributions*	11,628		-11,628	0
CYC	4,662			4,662
Total	155,000	-1,042	-112,228	41,730

\*All partners have committed to fund the overall budget gap and will work together to ensure the full infrastructure is delivered. As the council is no longer the lead authority the budget is to be proposed to be reduced accordingly

Table 3 Impact on CYC York Central Budget of change in delivery framework

54. There are other proposals within the report that impact the funding of the project.
55. Homes England have agreed to pay for the costs incurred and funded by the council in relation to delivering the outline planning application (£1.876m) and the CYC costs incurred funding Infrastructure Package 1 (£1.96m).
56. This reimbursement provides additional funding to the council that can be reinvested into the York Central project. This is shown in the table below

	Date	£'000	£'000
CYC Original Budget	Dec 13		10,000
Executive Approvals Dec 2013-Mar 2018			(5,338)
CYC – Infrastructure Budget	Nov 18		<b>4,662</b>
Executive Budget Approvals			
Early Contractor Involvement	July 19	(415)	
Reserved Matters Design	Oct 19	(695)	
Infrastructure Programme 1	July 20	(1,960)	
York Central Housing	Nov 20	(150)	(3,220)
Total CYC Unallocated			<b>1,442</b>
Homes England Reimbursement - OPA			1,876
Homes England Reimbursement – IP1			1,960
<b>CYC Budget Available</b>			<b>5,278</b>

Table 4 Breakdown of York Central Delivery Budget

57. It is proposed that the reimbursements from Homes England are added as external funding towards the project. Should Homes England agree to further reimbursements these will be incorporated into the capital programme at future monitoring reports.
58. There are a number of proposals in this report including £900k funding for council resources over the next 3 years and £150k for the purchase of land adjacent to Scarborough Bridge.
59. Table 4 shows that there remains £5,278k available to reinvest in the York Central Project although the majority is committed towards

the council's obligation to fund the infrastructure. There is a residual budget of £676k available

	Date	£'000	£'000
CYC – Budget Available	Nov 18		<b>5,278</b>
Balance Required to Fund Infrastructure		4,662	
CYC Funded Approvals			
Early Contractor Involvement	July 19	(415)	
Reserved Matters Design	Oct 19	(695)	
Total Approved		(1,110)	
Balance Committed to fund Infrastructure			<b>3,552</b>
Balance Available for Other York Central Project Expenses			1,726
Proposals in Report			(1,050)
<b>Unallocated and Uncommitted Budget</b>			<b>676</b>

Table 5 Breakdown of York Central Delivery Budget

60. The Enterprise Zone funding (£35m) will also require approval which will fund later stages of the infrastructure delivery.
61. The report also identifies the additional resource required to support the Highway Adoption process. The resource will be funded from the additional adoption fee that will be attributable to YC partners as they are proposing to deliver the Highway infrastructure as part of IP2.

**Human Resources (HR)** – The allocation of £900k for CYC resources will allow the officer expertise within technical and legal teams to continue to be deployed on the next phases of the York Central project.

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

**Legal** –

**Revised Delivery Arrangements - Infrastructure Contracts**

62. 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 ensured the resulting contractual arrangements would not expose CYC to further risk should there be a change to the delivery arrangements. CYC 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, should there be a change to the delivery arrangements.

63. Similarly CYC entered into the enabling works contract (IP1) with John Sisk without an obligation to enter into the further main construction contract (IP2). Homes England and Network Rail were named in the original procurement for phase 1 infrastructure and so it is possible for the IP2 contract to be entered into with John Sisk by either or both of those parties. CYC will enter into an agreement with HE and NR to ensure there are no outstanding risks and liabilities for CYC in respect of the IP2 contract.

#### **Highways Adoption**

64. Should Executive be minded to agree to the procurement of additional technical resources required to support the adoption officer (subject to the outcome of the highway adoption process) the procurement process will be undertaken in accordance with Council's Contract Procedure Rules and the Public Contracts Regulations 2015.

#### **Acquisition of land for the riverside path**

65. The purchase of the land will be subject to a Demarcation agreement dated 1995 between British Railways Board and Railtrack PLC which deals with various rights reservations and easements between the two companies as well as restrictions as to development. The existing lease from the railway board to the Council will be surrendered when the Council acquires the freehold to the land.

#### **York Station Gateway**

66. The procurement of the Consultancy Design Services, Cost Consultancy, and Project Assurance for the York Station Gateway Project will be undertaken in accordance with Council's Contract Procedure Rules and the Public Contracts Regulations 2015 to

ensure compliant procurement processes are undertaken for each service.

### **Stopping up of part of Leeman Road**

67. As authority to stop up a highway is not conferred through the approval of a planning application, approval to stop up is only given once the Stopping up or order has been confirmed by the Secretary of State for Transport through a separate process and notice of its confirmation has been published. An Order authorising the stopping up can be made, if the Secretary of State is satisfied to do so, to allow development to be carried out in accordance with a valid and relevant planning permission. The Order may be approved with modification. Once the Order is published, it is subject to a six week period within which challenges to the validity of that Order can be made in the High Court.

**Information Technology (IT)** - none

**Crime and Disorder** - none

**Property** – included in the report

### **Risk Management**

68. The provisions in this report significantly change the CYC risk profile. If CYC were to deliver the infrastructure then this would have created the risk of cost over run, the need for licences to occupy the land the need to secure back to back agreements with funders and landowners. The decision for the landowners to deliver the infrastructure removes this risk. There is a risk that the road is not built to adoptable standards but this is mitigated through the allocation of significant dedicated resource to input into the delivery phase.

69. The risk that the construction procurement exceeds budget has been mitigated by the delivery of a fully costed proposal from SISK and any future increase will be at risk to the landowners.

70. CYC still have a risk that commercial phase of the project doesn't deliver sufficient retained business rates to repay the £35m proposed borrowing. This will be mitigated by revised modelling when a commercial partner is procured by the landowners and a clear development timetable is agreed prior to any CYC/LEP decision to commit this funding.

71. The risk of abortive costs is also removed by the repayment of funds outlined in this report.
72. The risk of failing to spend grant funding within the spending window transfers to the land owners.
73. There is a risk to the delivery timetable and therefore the funding if the landowners decide not to proceed to contract with the infrastructure contractor procured by CYC. This is mitigated by the preparation of a costed proposal as part of the pre contract works followed by detailed due diligence by the landowners and support for the transition of the contract by CYC.
74. There is a risk that the Leeman Rd Stopping Up Order is not agreed by the Secretary of State following the Stopping Up Inquiry. Though this may not prevent the majority of the scheme from being delivered it would require a revisions to the OPA highways scheme and the areas around the NRM including the Museum Square. It could potentially prevent the delivery of the NRM masterplan. This in turn could reduce the extent of land available for housing, reduce economic impact of the scheme as a whole. A new OPA would most likely be required with associated impact on both overall scheme costs, timescale, scheme benefits and availability of funding and ability to spend within grant timescales. All the grant funding is dependent upon the delivery of the outputs of the scheme as set out in the OPA and there is therefore a risk to the overall deliverability of the scheme. Both WYCA MHCLG and CYC/LEP would need to be consulted about the impact of this eventuality before alternatives could be developed if this risk were to materialise.
75. The risk of failing to deliver the ambitions of the scheme is mitigated by the governance structure and the landowner's commitment to deliver the OPA in line with the Design Guide and work with communities during development.
76. There is a risk that CYC cannot secure the long term access to the riverside footpath that supports the pedestrian and cycle infrastructure on the site. This is mitigated by the proposal to secure freehold ownership of the route as proposed in this report.
77. Not re-procuring the Design Services for York Station Gateway at this time could put the funding from WYCA at risk due

to time limits on grant funding. This will be mitigated by continuing the contract with the current provider whilst the procurement process is undertaken so that the timetable is affected as little as possible.

78. Any risk associated with the Station Change Process will be mitigated by early engagement with station operators and Network Rail.

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**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 2018 - York Central Enterprise Zone Investment Case

29 November 2018	York Station Front Proposed Improvements – Report on Public Engagements
17th January 2019 -	York Central Partnership Legal Agreement
18 <sup>th</sup> July 2019 -	York Central Partnership Update
24 <sup>th</sup> October 2019 -	York Central Partnership Update
23 <sup>rd</sup> July 2020 -	York Central Update
26 <sup>th</sup> November 2020	York Railway Station Gateway – Funding and Delivery

## **Annexes**

Annex 1 – Site Plan

Annex 2 - York Central Governance Board Terms of Reference

Annex 3- Site plan for riverside path

Confidential Annex 4 – Business case for riverside path freehold acquisition

## **List of Abbreviations**

CYC - City of York Council

DfT – Department for Transport

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

TCF – Transforming Cities Fund

WYCA – West Yorkshire Combined Authority

WYTF – West Yorkshire Transport Fund

YC - York Central

YCP - York Central Partnership

YNYER – York, North Yorkshire & East Riding

YSG - York Station Gateway