

Executive

18 November 2021

Report of the Corporate Director of Place
Portfolio of the Executive Member for Transport

York Railway Station Gateway – Project Update and LNER Funding & Development Agreement

Summary

1. The purpose of this report is to update the Executive on progress on the design and delivery of the York Railway Station Gateway Scheme. The report will provide an update on the current work in progress of the scheme, including funding status, proposed delivery of the Enabling Works, Highway Works and Station Works Packages, land acquisition negotiations, detailed design, and legal agreements with strategic project partner, LNER.

Recommendations

2. The Executive is asked to:
 - i) Note the progress made to date with the regard to the design and delivery of the York Station Gateway scheme in particular with respect to procurement of a new professional services contract, delivery of the Package 1: Enabling Works, Package 2: Highway Works, land acquisition, design, Contractor procurement, and current funding status.

Reason: To provide the Executive with an update of project progress as a basis for future decisions.

- ii) Approve the updated budget and Delivery and Procurement Strategy of the scheme and to delegate to the Director of Place (in consultation with the s151 Officer and Director of Governance or their delegated officers) the authority to take such steps as are necessary to procure, award and enter into the resulting contracts for [Package 2: Highway Works and Packages 4: Loop Road Works (and Package 3: Station Works if agreement on the Funding and Development Agreement with LNER cannot be reached)].

Reason: To enable arrangements to be put in place to proceed to procurement of a delivery contractor.

- iii) Approve entering into a Funding and Development Agreement between the CYC and LNER for the delivery of the Package 3: Station Works and delegate to the Director of Place (in consultation with the s151 Officer and Director of Governance or their delegated officers) the authority to take such steps as are necessary to negotiate and enter into the final agreement.

Reason: To progress the delivery of the station works elements of the scheme which will create space for revised taxi provision at the station and an increase in space for the public realm.

- iv) Approve entering into a Funding Agreement with WYCA to formalise the merging of the West Yorkshire-Plus Transport Fund and the Transforming Cities Fund and delegate to the Director of Place (in consultation with the s151 Officer and Director of Governance or their delegated officers) the authority to take such steps as are necessary to negotiate and enter into the final agreement.

Reason: To progress the delivery of the scheme.

- v) Approve the drawdown of further funds from West Yorkshire-Plus Transport Fund and/or Transforming Cities Fund to provide funds for LNER to progress the detailed design of the Package 3: Station Works element of the scheme (and the procurement of a delivery Contractor if agreement on the Funding and Development Agreement with LNER cannot be reached) and delegate authority to the Director of Place (in consultation with the s151 Officer and the Director of Governance or their delegated officers) to draw the funds down.

Reason: To enable the production of detailed cost plans and to progress the station works to procurement.

Future Reports

- 3. Future reports will be brought to Executive to seek approval for delivery of further works packages with procured prices, detailed scheme design and confirmation of appropriate mitigation of delivery risk of subsequent packages.

Background

4. The York Railway Station Gateway scheme comprises a coordinated, multi-modal package of interventions in and around York Railway Station. The scheme complements and connects the proposals being progressed to the west and east of the station and will transform the Station as a gateway to York; significantly improving access, addressing carbon and air quality issues, and directly supporting delivery of housing and commercial uses on the York Central development site. Therefore, City of York Council (CYC), in collaboration with Network Rail (NR) and London North East Railway (LNER), has developed a masterplan that proposes to reorganise highway and public realm areas to the front of York Station through:
 - the removal of the Queen Street Road Bridge and rebuilding the Inner Ring Road at grade;
 - the removal of the Parcel Square buildings to create space to relocate the proposed taxi rank, passenger drop-off and short stay car park. The buildings currently accommodate Cycle Heaven and train operating company accommodation;
 - provision of new permanent accommodation for the train operating crews in the station's South Train Shed;
 - provision of new temporary pod accommodation for Cycle Heaven bike shop and retail storage in the station's North Train Shed;
 - the removal and relocation of the RI band room to provide space for a loop road around the RI gymnasium;
 - the separation of pedestrian, bicycles and motorised transport to provide a safer and more efficient station transport interchange;
 - the removal of taxis and passenger pick-up and drop-off from the station porte-cochere to a dedicated area in order to take most traffic out of Tea Room Square and improve an air quality in the station;
 - the redevelopment of the areas to the front of the station to diffuse the current congestion by creating a more efficient bus interchange, relocated vehicle parking, drop-off and taxi rank and a more attractive public realm arrival experience;
 - the redevelopment of Tea Room Square to create a safer and more attractive shared space; and
 - the provision of a new multi-storey car park to rationalise all long stay parking to the east of the station to match current (636 spaces) parking levels. This will be funded and delivered by Network Rail.

5. On 26th November 2020, Executive approved the project Delivery and Procurement Strategy and enabled arrangements to be put in place to purchase land, place orders with utility companies and to proceed with the detailed design and procurement of Packages 1, 2 and 4 of the scheme.
6. The Delivery and Procurement Strategy also set out that Package 3 (the station works) would be delivered by LNER, whom as the current franchise holder at York Station had been considered the organisation best situated to deliver works of this nature. Subsequently, LNER has formerly accepted this role and work on a Funding and Development Agreement between CYC and LNER is currently in progress.
7. On 26th November 2020, the Executive also approved a revised budget of £25,723k which was funded from West Yorkshire Transport Fund to a value of £12,873k, West Yorkshire Transforming Cities to a value of £12,250k and LNER contribution of £600k. The council has been granted £5,005k development funding to pursue land purchase negotiations, place orders with statutory utility providers and proceed with the scheme detailed design of Packages 1, 2 and 4. Following this approval, the drawing down of funds was agreed with West Yorkshire Combined Authority (WYCA) and the project team enacted the Executive approval accordingly.
8. The project team has endorsement from project partners at Network Rail and LNER for the Delivery Strategy (Annex 1). This strategy outlines a delivery approach to align with the current funding WY+TF and TCF funding profiles by proposing five Packages of work as indicated in Table 1 in paragraph 12 below.

Consultation

9. Since the publication of the November 2020 Executive report, no further consultation has been carried out. Stakeholders and the public have received project updates on events such as the granting of planning approval in press releases.

Key Milestones and Current Activity

10. Owing to the increased scope and limitations on the value of the original professional services commission this element of work has been re-

procured to enable the completion of the scheme design. The contract for the professional services will be awarded in October 2021

11. In February 2021, full planning permission and listed building consent was achieved. The project team together with the appointed Consultant is currently working to discharge planning conditions.
12. The project team, together with the appointed project development consultant, Arup, have worked with project partners to agree a preferred delivery strategy for the scheme. The preferred strategy identifies works packages, programme and which party (for example, CYC, Network Rail or LNER) is best placed to deliver the individual packages that constitute the scheme (see table 1 below for preferred delivery approach). As the Highway Authority, the CYC has been identified as the most suitable partner for delivery of highway works. LNER has been identified as the most suitable partner to deliver works to railway assets and the fabric of the station. The preferred strategy informs procurement routes to delivery of the identified packages (see table 2 below for recommended procurement routes). CYC Executive and York Station Board endorsement to the principles of the York Railway Station Gateway Delivery Strategy was received in November 2020.

Package	Construction Contract	Scope of Works	Estimated Cost (incl. risk and contingency)	Indicative Delivery Organisation
1	Enabling Works	BT diversion, YW diversions, northern power grid (incl. allowance for Canada Life land)	£3.876m	CYC
2	Highway Works	Removal of Queen Street Bridge Reorganisation of Highway and Public Realm	£6.109m	CYC

3	Station Works	New buildings within station Demolition of Parcel Square & new façade Taxi/Rank & drop off Tea Room Square Portico	£7.319m	LNER (under Funding and Development Agreement with CYC)
4	Loop Road and Short Stay	Loop road around RI Gym Short Stay Car Park	£9.186m	CYC
5	Multi-Storey Car Park	636 space MSCP	Not Included	Network Rail
Total (including risk and contingency)			£26.490m	

Table 1: Preferred Delivery Approach (Source T&T Cost Plan 20/10/2021)

Package	Estimated value	Recommended procurement route	Reason
Package 1: Enabling Works (Utility Diversion)	£3.876m	Direct Awards to utility companies with management and support provided by CYC.	It is the role of utility companies to carry out diversionary works. Orders have already been placed with BT, NGN, NPG and YW and works are programmed to commence from December 2021.
Package 2: Highway Works (Removal of Queen St Bridge)	£6.109m	Framework (call off)	Still enables competition to obtain best value but is quicker than open and restricted processes
Package 3: Station Works (Removal of Parcel Square)	£7.319m	Rail Industry Framework (call off)	As the current station franchise holder, LNER has been identified as the most suitable partner to deliver works to railway assets and the fabric of the station.
Package 4: Loop road and short stay	£9.186m	Framework (call off)	Still enables competition to obtain best value but is quicker than open and restricted processes

Table 2: Recommended Procurement Routes

13. In respect of Package 1: Enabling Works, orders have been placed with four of the affected utility (BT Openreach, NGN, NPG and Yorkshire Water) providers that are affected by the full scheme. Both the CYC and LNER project teams are engaged in ongoing meetings and workshops to programme and manage delivery of the diversionary works. The physical works are expected to commence in November 2021 with the installation of new utility ducts on Queen Street and through the station long stay car park.

14. In respect of Package 3: The Station Works, in March 2021 LNER appointed a project manager to work with CYC in the development of this package of the project.
15. The legal teams of both CYC and LNER are currently working on a Funding and Development Agreement between both parties to allow funding of this element of the scheme. The Package 3 works comprise the provision of new and temporary building in the North and South Train Sheds, demolition of the Parcel Square buildings and construction of a new station façade, together with taxi rank/drop off and enhancements to Tea Room Square and the porte-cochere. The Funding and Development Agreement will be backed by funding agreements to be put in place with WYCA.
16. A detailed scheme of ground and archaeological investigation was carried out in 2018 and indications show that ground conditions are favourable to the construction of the proposed scheme and there have been no significant archaeological finds.
17. Detailed design of all disciplines pertaining to the proposed new highway and City Walls stabilisation is in progress. Both the CYC and LNER project teams continue to liaise with stakeholders to progress design.
18. Detailed design is in progress on the creation of new public realm and redesigned streetscapes. The project team has organised a series of workshops with counter terrorism specialist organisations (including CYC specialists, the Police and British Transport Police) to agree and integrate appropriate measures into the finished design of the public realm.
19. The scheme is partially funded through the West Yorkshire-Plus Transport Fund. As this scheme was directly linked to the York Central Access scheme, a change request is to be submitted to WYCA to separate the two schemes in November 2021. Funding has now been split and allocated to the respective schemes allowing improved management of funding.
20. As the Transforming Cities Fund has a prescribed funding end date, the project team has agreed with WYCA that TCF funding will be spent first. To date, TCF funds have already been allocated to statutory utilities orders and to progress land acquisition negotiations.
21. A detailed cost plan and cash flows have been produced for both TCF and WY+TF funding streams. By agreement with WYCA, the cash

flows currently show that TCF funding will be spent by April 2023 and the WY+TF funding by August 2024.

22. Land acquisition negotiations with Canada Life for land to the front of George Stephenson House are currently in an advanced stage. Heads of Terms have been agreed based against a valuation of approximately £620k (+fees). A small piece of land currently leased to Canada Life by the CYC on Toft Green will be released as part of the acquisition deal.
23. An area of station long stay car park currently owned by Network Rail and leased to LNER is the subject of further land acquisition negotiations. Network Rail have commissioned a valuation of the land and discussions are scheduled to take place.
24. The key next step is to agree and sign a Funding & Development agreement between the CYC and LNER for Package 3: The Station Works. This package is currently valued at £7.319m.
25. The estimated remaining consultancy spend on York Station Gateway to take the project to completion is estimated to be £1.8m. This is potentially higher than the value remaining from the development funding allocation and officers are in discussions with WYCA colleagues around whether additional funds from WYCA can be provided to the project.

Options and Analysis

26. The York Station Gateway scheme is funded through a combination of awards from WY+TF, TCF and LNER.
27. A cost plan exercise (20th October 2021) carried out by Turner and Townsend on CYC's behalf valued the full Station Gateway scheme at approximately £26.490m. This value is all inclusive of delivery costs for all packages, Canada Life land acquisition (including fees), contingency, risk and inflation. When funds already spent on project development and detailed ground and archaeological investigation is accounted for a budget of £23.469m remains. The Project Cost Plan shows that this is sufficient to deliver the complete project.
28. In the Executive Report of 26th November 2020, the TCF budget was stated as £12.250m. The TCF allocation has been agreed with WYCA with £1.43m of £14.55m TCF allocation transferred to the Tadcaster Road scheme for the wider sustainable travel improvements.

Therefore, the funds to deliver the York Station Gateway elements of the TCF award have since been agreed as £13.117m. Together with the WY+TF funds, this provides a total budget for the Station scheme identified in this report of £25.990m. The Executive Member is asked to note and approve this increase in project budget.

29. The delivery of the multi-storey car park that will rationalise the station long stay car parking will be lead, funded and delivered independently by Network Rail and is the subject of Package 5 of the proposed scheme. The project team is currently in the process of agreeing a car parking strategy with Network Rail and LNER that will account for displaced station long stay car parking during the delivery phases of the scheme. Approval for the York Railway Station car parking mitigation strategy will be the subject of a future report.
30. In the proposed Delivery Strategy (Annex 1), an agreement in principle has been reached with LNER to deliver Package 3: The Station Works. As LNER is the current station franchise holder it is considered that they are in the best position to deliver works of this nature that require alterations to the fabric of the station buildings through their knowledge of the rail industry. Currently CYC is seeking a Funding & Development agreement with LNER to provide these works.
31. If a Funding & Development Agreement is agreed, it will be necessary to drawdown funding from WY+TF and/or TCF to provide funds for LNER to progress the detailed design of the Package 3: Station Works element of the scheme.
32. If a formal agreement cannot be reached, the Package 3 works would default to being programmed and delivered by CYC alongside the other packages.
33. As the project is funded in its entirety by grant funding from WYCA, additional approval is sought to merge funding from WY+TF and TCF and delegate authority to the Director of Place (in consultation with the s151 Officer and Director of Governance or their delegated officers) to negotiate and enter into the final agreement with WYCA.

Council Plan

34. The York Station Gateway proposals are well aligned with the aims of the Council's Plan 2019 - 2023. The implementation of York Railway Station Gateway scheme of highway and public realm improvements will answer an integral part of the key to "Making History, Building Communities:"

- Good health and wellbeing;
 - Getting around sustainably;
 - A greener and cleaner city;
 - Creating homes and world-class infrastructure.
35. The improvements to sustainable means of transport and public realm infrastructure provided by the scheme will improve both access to public transport in and around the City as well as improving public transport links to the rest of the country. The proposed sustainable transport measures are key to creating a greener and cleaner city with world class integrated infrastructure. In turn, this will lead to economic growth and wealth and access to homes and opportunities provided by the York Central proposals. Meanwhile, the scheme design presented in the masterplan greatly enhances the heritage and environment of the station front area which reflects the making history aspects of the Council Plan.
36. Through well-planned and meaningful consultation, we have shown that the Council listens to residents to ensure that the delivery of a scheme that is desired and works for local communities. This is achieved through the careful and unprejudiced consideration of all responses to the public and stakeholder engagement and the production of a detailed Statement of Community Involvement. In doing so, the Council has shown that we are transparent and always consider the impact of our decisions in relation to communities and equalities. This is reflected in our analysis of the consultation responses and the reappraising and reintegrating of people's views into the scheme design.

Implications

Financial

37. The funding for the York Station Gateway Scheme identified in this report is being provided entirely from West Yorkshire Combined Authority's Transport Fund and Transforming Cities Fund.
38. In the previous Executive Report, the TCF budget was stated as £12.250m. The TCF allocation has been agreed with WYCA with £1.43m of £14.55m TCF allocation transferred to the Tadcaster Road scheme for the wider sustainable travel improvements. Therefore, the remaining funds to deliver the York Station Gateway elements of the TCF award have been agreed as £13.117m. Together with the WY+TF

funds, this provides an updated total budget for the Station scheme identified in this report of £25.990m.

39. In addition to the WYCA funding, project partner, LNER, have confirmed funding of £0.5m to resurface the station portico (portecochere). This is a reduction of £100k compared to the position in November 2020 but will be linked to the costs of the works at the portico. It is assumed that this element of work will be undertaken by LNER as part of the Package 3: Station Works.
40. The table below shows the revised funding available for the scheme

Funding	Nov 2020 £'000	Nov 2021 £'000	Adj. £'000
WYTF	12.873	12.873	0
WYCA Transforming Cities	12.250	13.117	+0.867
LNER Contribution*	0.600	0.500	-0.100
Total Funding	25.723	26.490	+0.767

41. There is a total of £5,005k has been provided by WYCA towards the development costs of the project and spend to date is £3.021m. There is currently a balance of £1.984m of agreed WY+TF and TCF funding available to the project. This is allocated to delivery of the Package 1: Enabling Works, Canada Life land acquisition and to commission detailed scheme design.
42. The estimated costs of delivering the station gateway scheme going forward is £23.469m including a contingency, risk and inflation allowance of approx. £5.702m.
43. The table below shows project delivery costs (source Turner and Townsend Cost Plan 20th October 2021) against funding.

Costs (excluding MSCP)	£'m
Proposed works (including preliminaries)	17.340
Project Development	2.766
Contingency/Risk/Inflation	5.702
Canada Life land (incl. fees = £0.62 + 10%)	0.682

Total Costs	26.490
Funding	
WY+ Transport Fund	12.873
WYCA Transforming Cities	13.117
LNER Contribution*	0.500
Total Funding	26.490

* the proposed works to reduce by £0.5m should LNER not agree to fund the portico works.

44. Reviews of the cost and funding arrangements are regularly carried out by project cost consultant, Turner and Townsend, and will be reported to the Executive prior to any decision being taken on progressing further phases of the scheme. The following cost/budget reviews will be undertaken to achieve the necessary risk/cost mitigation:

- Managing risk and inflationary allocations;
- Savings through procurement of contracts;
- Seeking additional funding from partners;
- Seeking cost reductions through value engineering / review of project;
- Seeking to reallocate budgets from other related projects.

Human Resources (HR)

45. There are no known HR implications

Equalities

46. The One Planet Council Better Decision Making Tool (Annex 2) has identified the following areas which can be explored further during the design and development of the York Station Gateway Scheme:
- a. Investigate an appropriate scheme of anti-terrorism response to incorporate into the landscape design;
 - b. Research methods to provide sustainable landscape and sustainable drainage options;
 - c. Continue to consult, research and build upon the team's understanding of heritage in and around station;
 - d. Identify a philosophy to provide public art to enhance public engagement and wellbeing in the public realm.

Legal

47. A Funding & Development Agreement between CYC and LNER in regard to funding of the Package 3: Station Works is currently being negotiated by each party's respective legal teams. If agreement cannot be reached over the terms of the Funding & Development Agreement, then Package 3 will default back to the CYC for delivery. The CYC project team has a contingency in place should this be the case.
48. In order to deliver the York Station Gateway scheme, various parcels of land will need to be acquired or have agreements in place. The project team is in active discussion with the Council's legal team in the pursuance of land purchase by private agreement. Legal Services will provide resources to process the conveyance and land transfer agreements.
49. Formal legal agreements will need to be drawn up with our collaborative partners, Network Rail and LNER in order to safeguard each party's interests throughout the course of the project. These will be based on extant railway sector procedures and the need to protect public sector funding to ensure commitments are undertaken by the responsible organisation during the course of the scheme.
50. As part of the scheme it is necessary to remove the current car parking on Queen Street in order to ensure the safety of increased pedestrian footfall and cyclists using the proposed new segregated cycleways. In the detailed design of the scheme, the project team will seek to find the optimum balance of provision for pedestrians, cyclists and Queen Street residents. The need for any legal orders will be addressed in the planning approval and included in a further report to Executive/Executive Member.
51. The procurement of contractors for the packages of works will be carried out in accordance with the council's Contract Procedure Rules and the Public Contracts Regulations 2015 (PCRs).
52. It is noted that funding will be received from WY+TF and TCF (via WYCA). The terms of the WY+TF and TCF Funding Agreement require the council to repay to the funders all, or a proportion of, the funding received from the funders if the council does not comply with its obligations under the grant agreement. The Council is seeking to ensure these obligations are flowed through to LNER in the Funding and Development Agreement currently in negotiation.

53. As part of the review of the Funding Agreement received from WYCA an analysis of the funding in respect of the Subsidy Control Regime (previously State Aid) has been undertaken and it has been concluded the funding does not amount to a subsidy. In respect of the Works Packages which CYC will contract with contractors to deliver the approved delivery and procurement strategy will ensure a compliant procurement route is followed in accordance with the Public Contracts Regulations 2015. In respect of those works packages that are being carried out by partners, they will be required, via a funding agreement, to ensure a compliant procurement route is followed in accordance with the Public Contracts Regulations 2015. This therefore satisfies the requirement that trade between the UK and the EU is not affected.

Crime and Disorder and Anti-Terror Measures

54. Owing to the location of the scheme in proximity to an asset of strategic importance with large congregations of people, the Station Gateway Scheme has been identified as a site at risk for acts of terror. The project team is currently seeking advice from stakeholders and interested parties in order to incorporate appropriate protection measures in the scheme design.

Property

55. Existing pieces of land from project partner, Network Rail, and third party landowners, will be required to deliver the scheme. The land acquisition strategy is currently under review along with decisions over which parties will own land titles in future. Property Services' assistance has been sought to advise and support the project team to achieve this. A land acquisition deal with Canada Life for an area of land at George Stephenson House is drafted and expected to be closed by December 2021.

Risk Management

56. There is a risk that the programme could be prolonged if land acquisition negotiations become protracted. The project team will procure professional services to provide help and advice in procuring or seeking agreements for each parcel of land. The associated professional fees are accounted for in the budget estimates mentioned above.

57. There is a risk of withdrawal of funding by WY+TF in delivery timescales cannot be assured. All projects in the WY+TF Programme are under review by HM Government in order to ensure efficient delivery. Therefore, there is a risk that funding could be withdrawn if targets for delivery are not met by WYCA as a whole.
58. There are programme risks associated with the complex diversionary works required ahead of bridge demolition. Risks are being mitigated by building a close relationship with utility companies and station stakeholders, and the ongoing careful design of a detailed diversionary scheme.
59. Should the project not proceed at this time the diversion of the utilities proposed in this report would have been undertaken which would de-risk future works packages including the demolition of the Queens Street Bridge. However, the non-delivery of the remainder of the scheme may result in the withdrawal of funding by WYCA. This would mean that either alternative funding would need to be sought or that CYC would need to fund the rest of the scheme. Additionally, the ongoing design and procurement expenditure would also need to be carried out at risk.
60. In order to mitigate the above risks, a decision has been taken to take a phased approach to delivery and procurement and further reports will be brought to Executive to demonstrate how risks have been mitigated before proceeding with further phases.
61. In order to provide the space to create the proposed loop road, a suitable rehearsal space needs to be found to replace the current RI band room prior to its demolition. Alternative location has been identified but requires extensive refurbishment. The current budget provides a £150k allowance for the refurbishment. Discussion with the landowner is ongoing.
62. A definitive decision is required on location of temporary parking during the delivery of the scheme. Project partners have now produced a draft parking strategy that is currently being reviewed.
63. Network Rail are currently undertaking a land valuation and may seek reimbursement for land acquired by CYC that is currently on the site of the station long stay car park. Discussions with the landowner are ongoing.

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For further information please contact the author of the report

Background Papers:

York Station Front Proposed Improvements – Report on Public Engagements – Executive Report 29 November 2018
York Station Gateway - Executive Report 26 November 2020
York Central Access – Executive Report 10 August 2018
York Central Access – Executive Report 24 October 2019
York Central Access – Executive Report – 22 April 2021

Annexes

Annex 1 – Delivery and Procurement Strategy
Annex 2 – Better Decision Making Tool