



WMCA Investment Board Meeting

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| Date | 29 th January, 2018 |
| Report title | Coventry Station Masterplan |
| Portfolio Lead | Councillor Roger Lawrence - Transport |
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| Report to be/has been considered by | Report has been considered by WMCA Technical Approval Panel and WMCA Investment Advisory Group |

Recommendation(s) for action or decision:

The Combined Authority Board is recommended to:

1. Approve the award of £39.4m Devolution Deal funding to Coventry Rail Station Masterplan project, which is promoted by Coventry City Council. The allocation falls within Coventry's UK Central Plus (UKC+) Programme.

1.0 Purpose

- 1.1 This report seeks the approval of £39.4m for Coventry Rail Station Masterplan (CSMP), requested via a full business case.
- 1.2 Approval was granted in summer 2017 of the strategic outline business case for 'Coventry City Centre First', which is a package of transport interventions aimed at improving connectivity to UK Central and HS2 and boosting jobs and growth in the city centre, of which Coventry Station Masterplan is the largest component. WMCA approved the Coventry Station Masterplan project could proceed directly to full business case, recognising the advanced stage of the project.

- 1.3 The Coventry Station Masterplan is an £82m programme of works to increase capacity at Coventry Rail Station. £42.6m is already secure, funding has been awarded from a number of sources including Coventry and Warwickshire Local Enterprise Partnership (CWLEP), Department for Transport (DfT) and prudential borrowing via Coventry City Council. The WMCA funding is therefore the remaining element to be secured to enable a fully funded programme.

2.0 Background

- 2.1 Coventry is a dynamic and fast growing city where transport investment is needed to keep pace with rapid change. Coventry's Strategic Transport Investment Programme 'UK Central Plus' (UKC+) sets out the city's ambitious transport strategy for the next decade, which seeks to support economic growth by transforming the quality of transport infrastructure and services. The £620m programme is made up of a cocktail of funding sources, using WMCA Devolution Deal to provide match funding to enable Coventry to develop and deliver a strategic transport programme on an unprecedented scale and go further and faster in enabling economic growth, which is what the WMCA Strategic Economic Plan sets out to deliver.
- 2.2 A key component of this strategy is Coventry Station Masterplan which aims to improve connectivity to UKC and HS2, boosting jobs and growth in the city centre. The current Grade-II listed railway station which has seen little change since it opened in 1962 is now a barrier to achieving this. The station has experienced unprecedented passenger growth over the last 10 years and is now beyond its design capacity, which is suppressing demand for travel and choking off current and future economic and jobs growth in the city.
- 2.3 An economic led study was commissioned in 2013 'The Coventry Rail Story' which identified how rail can deliver growth in the city. The study identified interventions required to increase station capacity to handle the additional patronage and will not only support connectivity with HS2 but will also help enable reconnecting the city by rail to other cities in the East Midlands and beyond. Without intervention the limited capacity at the station will act as a barrier to growth and will not enable Coventry to fully capitalise from the benefits of HS2 and the UK Central Growth Hub.
- 2.4 The Station Masterplan was born as a result of the Coventry Rail Story and will involve a comprehensive redevelopment of the station, delivering new infrastructure including a second station building, 644 space multi-storey car park with an uplift of 350 car park spaces from the current provision, a new footbridge connecting all platforms, a new bay platform to enable more frequent services between Coventry and Nuneaton, a 6 bay bus interchange with provision for rail replacement services and significant highway improvements to deal with traffic operation around the station and bus interchange. A pedestrian underpass has already been completed which will provide traffic free access for pedestrians between the bus interchange and station building. See Appendix 1 for visualisations.
- 2.5 The programme has been phased to minimise disruption to the railway station, which will remain in operation throughout programme delivery. The phasing of the programme is as follows:

| CSMP Key Milestone | Target |
|---|--|
| Planning Applications | December 2017 |
| Finalise Land Acquisition (CPO process) | Spring 2019 |
| Footbridge and Canopies/Substation | May 2018 - Summer 2019 |
| NUCKLE Phase 1.2 | Oct 2018 - May 2019 |
| Highways | Phased delivery Spring 2019 – End 2020 |
| New Station Building | End 2020 |
| Multi-storey Car Park | End 2020 |
| Bus Interchange | Summer 2021 |

Note that a programme review is being undertaken to explore whether the programme can be accelerated in order to complete works by the end of 2020, following Coventry being announced as the City of Culture 2021.

- 2.6 The Coventry Station Masterplan will deliver a multi-modal transport hub in the heart of Coventry city centre. The scheme will also make provision for Very Light Rail, which will serve the station in the future. The project is also very important in realising the wider economic benefits by supporting other developments in Coventry, including the Friargate development which is adjacent to the railway station, City Centre South which is in close proximity, as well as continued expansion of the city's two universities.
- 2.7 The project generates a DfT WebTAG BCR of 2.74:1. This assumes growth to continue as forecast rates and the scheme is delivered as per the current phasing and cost assumptions. This also captures wider economic benefits, which includes unlocking the western extent of the Friargate development through the creation of new roads. As part of the economic appraisal, a case for capped London services was also considered, to illustrate that even if there was a significant diversion of trips to use the HS2 station at Birmingham Interchange rather than using Coventry Station the benefits still demonstrate a positive BCR of 1.29:1. The unconstrained does assume some transfer to HS2 post 2026/27 arising from the fact that the 3 current fast London services per hour reduce to two per hour and the third slot is taken by a slower semi-fast service.

3.0 Impact on the Delivery of the Strategic Transport Plan

- 3.1 The West Midlands Transport Strategy *Movement for Growth* states that strong growth is continuing in the regional and inter-city markets, with the need for investment in more / longer trains and additional infrastructure capacity. HS2 will provide a massive opportunity to re-configure the existing West Coast Main Line to provide a wider range of more local and regional services. This was explored in detail in the 'Coventry Rail Story' report in late 2013 which identified the following potential enhancements:
- Greater frequencies for Canley and Tile Hill stations as part of increasing the number of services between Coventry and Birmingham from 7 to 9 trains per hour.
 - An additional Cross Country service each hour providing increased frequency between Coventry and Leamington Spa, Oxford, Reading and the south coast and new direct journey opportunities to Derby Sheffield and the north-east;
 - Potential for connections from Coventry to Heathrow Airport via the new Heathrow Western Access;
 - More frequent regional services south towards Rugby, Northampton and Milton Keynes;

- Through services on the NUCKLE line from Leamington Spa to Nuneaton via Coventry – including a new station in the south of the city as part of the Coventry South package;
- Extension of NUCKLE services from Nuneaton to Leicester and potentially other East Midlands destinations including Nottingham and cities in the North East (via a new connection from the West Coast Mainline); and
- Direct service from Leamington Spa / Kenilworth to Birmingham International / UK Central via Coventry.

These services will connect people with jobs, and also enable greater levels of business travel to be undertaken by rail. This is particularly the case at Friargate where up to 15,000 jobs will be created – therefore providing further local commuting demand to the railway station.

4.0 Wider WMCA Implications

4.1 The Coventry Station Masterplan will provide additional capacity to the rail network and enable additional services to be introduced between Coventry and Nuneaton in the short term, with the potential to introduce more direct cross city services to the north east including Leicester and Nottingham in the longer term. The scheme is an important gateway from Coventry to HS2. The current station facility is not fit for purpose and it's vital that the capacity is increased in order to capitalise fully on the opportunities HS2 will bring not only to Coventry but also the wider sub-region.

5.0 Progress, options, discussion, etc.

5.1 Out of the current anticipated final cost of the scheme of £82m a total of £42.6m has already been secured (including £10.9m prudential borrowing), leaving £39.4m being sought from WMCA through this FBC.

5.2 All elements of the project are now at single option development stage (Network Rail GRIP 4) with the exception of the Warwick Road underpass for which the first phase has been delivered. The procurement strategy has been agreed for GRIP 5-8, and procurement will commence in November upon completion of GRIP 4 design.

5.3 Planning applications will be submitted in early 2018. Pre-planning public engagement has been undertaken, which included an exhibition, drop in sessions and targeted stakeholder group meetings.

5.4 The project also requires acquisition of third party land to deliver the western highways infrastructure (referred to in the SOBC as Friargate West), bus interchange and part of the access infrastructure required to complete the NUCKLE bay platform. Negotiations with the land owners are progressing and in parallel a Compulsory Purchase Order (CPO) is being prepared, which will be made subject to approval of the remaining project funding via this FBC. A CPO will only be required if negotiations are not successful.

5.5 Coventry City Council granted Cabinet Approval for the scheme to proceed in January 2017. Cabinet granted further approval in November 2017 for the proposed procurement strategy.

A further Cabinet Report will be tabled in February 2018 seeking approval to utilise the authority's CPO powers if needed.

- 5.6 Following the fantastic award of City of Culture 2021, the City Council are reviewing the delivery programme. Originally a phased delivery was planned, with works commencing on site in 2018, to be completed in 2021. The aspiration is to accelerate this to complete all works by the end of 2020. This may require some changes to procurement strategy in order to package works more efficiently to enable this milestone to be achieved.

6.0 Financial implications

- 6.1 A total of £39.4m is sought from WMCA which will make up the remaining funding to be secured to deliver the £82m programme (see Table 1 for detail on how the programme is funded in more detail). Coventry City Council will be the accountable body for the funding, under its UKC+ and HS2 programme allocations.

Table 1 – Summary of Programme Costs and Funding Sought

| Funding Source | (£m) | Status |
|---|-------|-------------|
| CWLEP Local Growth Deal | 25.1 | Secured |
| Integrated Transport Block (incl LA cont.) | 1.6 | Secured |
| DfT/Network Rail | 5.0 | Secured |
| Prudential Borrowing | 10.9 | Secured |
| WMCA Devolution Deal | 39.4* | Not secured |
| Total | 82.0 | |

*Note that £15m of the total Devolution Deal sum for Coventry Station Masterplan is allocated to the HS2 connectivity package, with the remaining £24.4m from Coventry's UKC+ allocation.

- 6.2 Coventry City Council are prudentially borrowing £10.9m to fund the multi-storey car park. Coventry City Council will be operating the car park and obtaining the revenue to pay back these costs. The commercial model is supported by DfT and has been shared with WMCA finance officers. The car park will be transferred to Network Rail at the end of the agreed lease period. The commercial model has been agreed on the basis that the rail industry will receive the income from the station facilities and retail as compensation for a loss of car parking revenue from existing people in future using the multi-storey car park.
- 6.3 Current cost estimates have been provided by cost consultants based on the latest design and market rates. These costs form the basis of the BCR. The procurement strategy for the project will involve commissioning works in packages for the various elements, with some flexibility to enable multiple elements to be packaged together for efficiencies if required. The first element to be commissioned will be the footbridge and canopies, followed by the substation, NUCKLE bay platform, station building and car park, highways and bus interchange. Following each procurement exercise the detailed financial cashflow for the programme will be updated with actual costs. There is £12.2m contingency in the overarching programme budget to allow for cost increases, however this will be subject to approval within

the robust programme governance and any variance over £1m will require CCC Cabinet approval. Until the procurement is undertaken, cost certainty remains a risk.

7.0 Legal implications

- 7.1 In the railway sector the responsibility to operate and manage the main national railway network is typically the responsibility of the State, either through an administrative body or by a public undertaking, in most cases under a legal monopoly, which within the UK is Network Rail. As the management and operation of the main rail infrastructure networks within the EU are generally carried out in national, geographically closed and separated markets that are not subject to competition, public financial support made available to infrastructure managers is generally not liable to affect trade between Member States. Therefore the Council considers that state aid is not applicable to Coventry Station Masterplan as is of the view it does not affect competition and trade between Member States in relation to the investment into the construction, maintenance and management of general railway infrastructure.
- 7.2 To further mitigate any state aid challenge, Coventry City Council could argue that they are underpinning the investment into the Coventry Station Masterplan, by utilising the Market Economy Investor Principle, so that the investment is on normal commercial arm's length terms, which it considers would provide an appropriate mechanism to justify any aid to Network Rail following the Council's investment. As part of the proposed structure the Coventry City Council will be taking a long lease of the Multi Story Car Park which is estimated to provide a significant return to the Council. Therefore in the event any element of the investment into Coventry Station Masterplan is challenged the Council will make the case that there is no "aid" as the terms would be acceptable for a private operator under the normal conditions of a market economy.
- 7.3 A Memorandum of Understanding is in the process of being agreed between Coventry City Council and the Department for Transport, regarding the terms of the commercial model in place to enable CCC to prudentially borrow funds for the multi-storey car park. This is due to be completed early 2018.
- 7.4 The City Council will need to obtain formal approval for Station Change for each element of the project. This is the basis of obtaining a legal agreement between Coventry City Council and the rail industry regarding the works, including how it will be delivered and any indemnities that are payable as a result of any activity that deviates from the terms set out in the current station franchise. Station Change has already been agreed for the footbridge, and the remaining elements are to be agreed in Q4 2018.
- 7.5 A commercial agreement will also need to be in place between CCC and TfWM for the operation of the bus interchange. Discussions regarding this are ongoing on the basis the facility will be cost neutral to TfWM following a strategic review of citywide bus services and facilities. This will need to be agreed prior to the tender for the bus interchange to be issued, which will be mid-2018.
- 7.6 Several legal agreements will also need to be in place between CCC and Network Rail for the delivery and transfer of station assets. These are standards rail industry agreements, discussions are ongoing and they will be in place prior to moving to the next design stage early 2018.

7.7 Finally, in order to deliver the new western link road third party land must be acquired. Negotiations are ongoing with landowners accordingly. In parallel, a compulsory purchase order is being prepared, with a view to obtaining Council approval in February 2018 in order to make the order in spring 2018 if an agreement cannot be reached by negotiation.

8.0 Equalities implications

8.1 All components of the Station Masterplan have been developed in line with the Equality Act 2010. An Equality Impact Assessment has been developed accordingly and extensive stakeholder engagement has been undertaken with accessibility and disability groups. Engagement will continue during delivery to ensure that temporary arrangements during construction are accessible for all.

9.0 Schedule of background papers

Cabinet 3rd March, 2015: Coventry Station Regeneration and associated rail improvements

Cabinet 24th January 2017: Coventry Station Masterplan Update

Cabinet 24th January 2017: Connecting Coventry – Strategic Transport Investment Programme

Cabinet 28th November 2017: Coventry Station Masterplan Procurement Strategy Update

10.0 PMO Assurance

Assurance activities completed

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| Technical Panel | Appraisal | 01/11/17 - TAP endorsed the Full Business Case to progress to IAG |
| Investment Group | Advisory | 04/12/17 - The investment case was approved to progress to WMCA Leadership Team. |
| WMCA Team | Leadership | 09/01/18 – The WMCA Leadership Team approved to progress to Investment Board |
| Investment Board | | |

10.0 Appendices

Appendix 1: Coventry Station Masterplan Visualisations

[PUBLIC]