

Investment Board

Date	20 th March, 2023
Report title	Change request for Coventry Station Masterplan Phase 3
Portfolio Lead	Cllr Jim O'Boyle, Cabinet Member for Jobs, Regeneration and Climate Change
Accountable Chief Executive	Barry Hastie & Kirston Nelson (Interim Joint Chief Executives, Coventry City Council)
Accountable Employee	Colin Knight, Director of Transportation & Highways, Coventry City Council
Report has been considered by	Investment Panel

Recommendation(s) for action or decision:

Following *Investment Panel*, the **Investment Board** is recommended to:

- (1) Approve the replacement of the long stop date of March 2023 for delivery of the NUCKLE 1.2 bay platform element from the Coventry Station Masterplan funding agreement and agree to a revised long stop date of December 2031
- (2) Note that the provision of the bay platform remains a committed output of the Coventry Station Masterplan which Coventry City Council are accountable for delivering and will ensure that £10m allocated for that element of the project is available if required or will recredit the Investment programme by that amount.

Coventry City Council request that recommendation 2 is replaced with:

- (3) Note that the provision of the bay platform remains a committed output of the Coventry Station Masterplan which Coventry City Council are accountable for delivering and will recredit the Investment programme by £10 million if the bay platform, or an equivalent piece of infrastructure delivering the same benefit to the Coventry-Nuneaton line, is not completed by the revised delivery date.

1. Purpose

The change request is seeking removal of the long stop date of March 2023 for delivery of the NUCKLE 1.2 bay platform element from the Coventry Station Masterplan funding agreement. While the City Council and partners are still very much committed to increasing rail services between Coventry and Nuneaton, it is proposed that an alternative strategy will achieve this through timetable changes, removing the immediate need for the bay platform infrastructure at Coventry Station. It's recommended that a revised target delivery date of December 2031 is agreed, noting that Coventry City Council and Warwickshire County Council will continue to work with the rail industry and lobby for an interim solution to increase service capacity through timetable changes. The infrastructure that will be in place by December 2031 will be the bay platform or an alternative piece of infrastructure that delivers the same outputs in terms of creating capacity to support increased rail service provision between Coventry and Nuneaton.

2. Background

The original approved Coventry Station Masterplan Full Business Case set out to deliver an ambitious package of improvements at Coventry Railway Station as part of the Coventry Station Masterplan project. Phases 1 and 2 are now complete, and the new infrastructure became operational in March 2022. This provides a much-enhanced station facility with sufficient capacity to handle projected increases in patronage in future years as the rail industry recovers from the impacts of the pandemic and the adjacent Friargate business quarter takes shape (with the planned opening of Friargate Two and a new hotel both programmed during 2023).

A project change was approved by the WMCA in December 2020, which set out an alternative delivery model for the programme in order to mitigate against significant budget challenges. The approved change reallocated £10m funding originally allocated for Phase 3 (the bay platform scheme) to Phases 1 and 2 of the programme. The rationale for the change was that the tender returns for the bay platform saw it almost doubling in cost against the original construction budget, unfortunately making the scheme unviable. The Council committed to working with the rail industry to develop an alternative viable scheme for the bay platform, with the objective of aiming for delivery by the end of March 2023 if the revised scheme could generate a positive business case against which funding could be sought from the Department for Transport (DfT).

The bay platform project is also known as NUCKLE 1.2 (Nuneaton-Coventry-Kenilworth-Leamington phase 1 part 2). Currently there is only one hourly rail service between Coventry and Nuneaton due to the limitations of the existing rail infrastructure restricting line capacity resulting in timetabling constraints. The project's aim was to deliver an additional platform at Coventry Station alongside new track and signalling infrastructure to remove these limitations and enable additional rail services between Coventry and Nuneaton to be timetabled, including additional shuttles for major events at the CBS Arena. The bay platform was also required to support a wider Midlands Connect-led project to provide direct rail connectivity from Coventry to the East Midlands.

Following the approval of the last change request, Network Rail were appointed to undertake a further GRIP 3 options selection stage study, funded by Coventry City

Council and Warwickshire County Council. The main objective of the GRIP 3 study was to develop alternative lower cost options for the bay platform, with a target budget envelope of £10-£15m. At the time of the project change in December 2020, Network Rail had already presented some conceptual options which appeared to fit the budget requirements and DfT had added the project to their Integrated Project Pipeline, which meant it would be fully funded, subject to business case. The Council commissioned a business case based on the GRIP 3 report, which has been completed by professional services consultancy, Systra.

Disappointingly, the GRIP 3 study outputs identify scheme options which remain well outside the budget envelope, with cost estimates from Network Rail coming in at £20-£25m. The business case appraisal shows that the scheme is predicted to generate a BCR of between 1.09 and 1.12, representing low value for money. This scenario also performs poorly in both the demand and revenue sensitivity tests, including tests reflecting lower passenger numbers resulting from changing travel and work patterns following the pandemic. Consequently, the scheme is not economically viable in its current form, which will prevent it being taken forward to the DfT to bid for funding, and therefore the bay platform cannot be delivered by the longstop date of March 2023 as per the funding agreement.

In parallel to the GRIP 3 study, Network Rail have been developing a strategic service review, looking at timetabling and new station options in Coventry and across the West Midlands. Network Rail's initial conclusions identify a package of measures needed to remove capacity constraints focussed on Coventry Station including re-modelling track layouts on either side of the station and constructing a new station at Coventry East in the Binley area of the city. Network Rail have also advised that delivering the bay platform in advance of these works would result in abortive works, and spend, being incurred. Their advice is that the Coventry East station would serve additional services between Coventry and Nuneaton and facilitate direct trains to the East Midlands in the future by providing a turnback facility. While the strategy is welcome, it does remove the short-term requirement for the bay platform at Coventry Station. It should be noted that a Council motion was approved in 2020 that supported, in principle, the development of new station proposals for Coventry East, alongside other locations within the city.

As a result of this advice, it seems clear that the bay platform requirement needs to be considered in the context of the wider package of rail infrastructure improvements focussed on Coventry Station, and the reduction of passenger demand for rail travel that has resulted from the pandemic and subsequent changes in travel patterns. An increase in rail services between Coventry and Nuneaton is not something that is being promoted by rail companies in the current round of planned timetable changes, and certainly not prior to March 2023. Therefore, whilst the City Council still supports the aim of increasing rail services and feels that the bay platform still has a role to play in this, it accepts the reasoning that early delivery of the bay platform is not feasible by March 2023.

The impact of this change request not being approved is potential clawback of grant from WMCA. However, the Council believes that the December 2020 change request was very clear that the project could only be taken forward if the revised scheme generated a compelling business case in order to obtain funding from the DfT, or alternative sources.

The reallocated £10m for Phases 1 and 2 has been spent and currently the last grant claim will be submitted to WMCA at the end of this financial year (23/24). The Council

has used its own resource and best endeavours, working alongside the rail industry to try and reach a solution for the scheme in order to take it forward to delivery, but unfortunately this could not be achieved in the timescales.

The previous approved project change stated that 'in the event that funding cannot be secured, the project would still need to be delivered to provide the infrastructure needed to support the Midlands Connect-led work to directly connect Coventry and Leicester, therefore it's expected funding would be sought through this route and the project delivered as part of the wider scheme'.

The previous project change stated that this scenario would result in significant delays to delivery which are likely to be 5 years+. This remains the case however the options for achieving the output have widened and could now also include the new station proposals for Coventry East which would have wider benefits than the original scheme.

The positive impact of this change is that, given Network Rail's plans, the bay platform could have been at worst abortive, and at best would have provided additional capacity but would have not addressed the other physical constraints to create the capacity at Coventry Station that Network Rail have identified is needed on the network to facilitate increased services.

The negative impact of this change is while Network Rail are proceeding with developing Coventry East, the timescale for implementation is likely to be post-HS2. In the interim this will not address the infrastructure necessary to increase the frequency of services between Coventry and Nuneaton. This isn't currently an issue as rail patronage continues to slowly recover from the pandemic, with demand currently running at around 70% of the pre-pandemic level, but demand is expected to continue to rise which may create capacity issues in the future.

In terms of next steps, the Council has commissioned Midlands Connect as part of their Business Plan to undertake a study to review opportunities for an interim solution using timetable changes to increase the frequency of services on the line between Coventry and Nuneaton with the aim of implementation as soon as feasibly (likely 2025 onwards). Doubling the frequency of services between Coventry and Nuneaton would significantly improve connectivity of services to Leicester. Post HS2 this option could provide further opportunities with a reduction in services on the West Coast Main Line creating more capacity which could enable the direct service between Coventry to Leicester to be delivered without any additional infrastructure being required.

The Council will continue to work with partners and lobby the rail industry for the interim solution to be delivered via timetable changes, and support delivery of the infrastructure to provide a more permanent and flexible solution which could also cater for events at Coventry Arena, from 2031.

3. Strategic Aims and Objectives

Phases 1 and 2 of the Coventry Station Masterplan is now complete. This includes an improved station facility with greater capacity to handle projected increases in rail patronage. Phase 3 of the Masterplan included proposals to construct a new platform, new track and signalling infrastructure. This would allow additional rail services between Leamington Spa and Nuneaton and support plans to provide direct rail connectivity between Coventry and the East Midlands.

As a result of research carried out by Network Rail as part of the strategic service review, it was identified that a station at Coventry East could be constructed and changes to the track layout at Coventry Station are required to increase more platform capacity the station. It has been advised that these should come forward prior to the bay platform in order to avoid abortive works and costs. This is reinforced by the GRIP 3 study that identified that the bay platform was cost prohibitive in its current form and the business case produced a low benefit cost ratio. Therefore, it will not be delivered by March 2023.

Coventry City Council and Warwickshire County Council still very much support the aim of increasing rail services and improving rail connectivity. This aspiration is supported by national, regional, and local policy, as detailed in this section.

National Policy

The **Decarbonising Transport Plan** details the Government aspirations for decarbonising all forms of transport, including cars, buses, and railways. There is an ambition for the rail network to be net zero by 2050, with all diesel-only trains removed from the network by 2040. This would improve air quality and increase growth and jobs. There is also an aspiration for a greater number of journeys to be made by rail instead of car, which would reduce congestion.

The **Levelling Up White Paper** aspires to end geographically inequality and drive growth across the whole country. It states that good transport can boost productivity, connect people to jobs, supports wider quality of life and can help to regenerate local centres. Increasing the number of rail services and destinations will contribute to meeting these goals.

Regional Policy

The **West Midlands Plan for Growth** identifies industry clusters that have high potential for economic growth. Several of these clusters are located in Coventry, including the manufacturing of electrical light vehicles and associated battery storage devices, professional and financial services and supply chains, manufacturing of future housing and modern and low carbon utilities.

To enable the high growth potential in these industry clusters to come forward, it is crucial that local transport works well, including non-car transport such as rail. This will allow customers, workers, and goods to move more efficiently around the region. Rail service improvements will subsequently assist to achieve the economic growth detailed within the Plan for Growth.

The emerging **WMCA Local Transport Plan** identifies five 'motives for change' for the West Midlands. These are: tackling the climate emergency, reducing transport inequality, reducing physical inactivity, enhancing local communities and places, and building a strong inclusive economy. Improving rail services and connectivity from Coventry in the long-term will contribute to these objectives by allowing a greater number of people to access transport services. It is likely that once improved rail services are in place, a portion of car journeys will be replaced by rail journeys.

Local Policy

The Coventry City Council Transport Strategy was adopted in December 2022. The objectives of this strategy were:

1. Supporting the city's economic recovery and enabling long-term growth
2. Delivering a sustainable, low carbon transport system
3. Ensuring equality of opportunity
4. Maximising health and wellbeing and reducing health inequalities

Improving rail services and connections from Coventry Station, and other local stations, will contribute towards meeting these objectives. This is because improved rail connectivity allows access to a greater number of employment opportunities, greater footfall in local areas and improvements to the local economy.

4. Financial Implications

Coventry City Council notes: The cost assumption relative to the change was to identify an alternative solution for the bay platform which was in the £10-£15m envelope to generate a compelling business case to obtain funding. This was not achieved, with Network Rail's revised scheme estimated to be £20-£25m generating a BCR of between 1.09 and 1.12, representing low value for money as set out in the full business case in Appendix D. This scenario also performs poorly in both the demand and revenue sensitivity tests. Consequently, the scheme is not economically viable in its current form which will prevent it being taken forward to the DfT to bid for funding.

Whilst it is disappointing that the strategy for the DfT to fund an alternative bay platform scheme has not come to fruition, the Council are not seeking any further funding from WMCA, therefore there is no financial impact on the organisation. The financial profile of the scheme remains as per the last approved change request. All works are completed, and the final grant claim application is due to be submitted to WMCA for Quarter 4 23/24. It should be noted that WMCA are withholding the Council's most recent application for grant funding payment subject to the approval of this change request, which equates to £2,577,136.36

WMCA notes: £10m funding was provided to Coventry City Council to deliver the bay platform. This funding was subsequently used for other elements of the Masterplan on the understanding that Coventry City Council would obtain funding from DfT, but the requirement to provide the bay platform was retained. It is considered that the delivery of a bay platform is a firm commitment against the £10m funding provision.

Following approval of this Change Request, the funding agreement can be finalised and agreed with Coventry City Council, which will allow the remaining grant funding to be released.

5. Legal Implications

Coventry City Council notes: The Council have undertaken the Works in accordance with the Grant Agreement and approved Project Change request [dated 3rd December, 2020] having completed all Outputs as set out and agreed, with the exception of the Bay Platform. The Council complied with the terms and conditions including following all regulations including but not limited to Procurement Regulations and Subsidy Control Act (formerly known as State Aid).

As set out in this report the Bay Platform Output has not been achieved due to its viability, but the Council remain committed to achieve the recommendations which capture the medium-long term strategy to achieve the outputs.

WMCA notes:

WMCA Legal does not comment on the Coventry Legal Implications above

WMCA Legal confirms it would appear as if a further agreement is required setting out: (a) how the project will be managed until 2032, (b) how utilised grant monies either repaid or accounted for and (c) how some allocated funds may now be retained by WMCA.

WMCA Legal will need to receive formal instructions on the above required agreement

6. Single Assurance Framework Implications

Coventry City Council notes: The funding source that this request relates to is Devolution Deal funding, part of Coventry's City Centre First Package, for which £39.4m was awarded in total for the Coventry Station Masterplan programme. The funding was subject to a grant funding agreement between the City Council and WMCA, which was varied at the time of the last change request on the basis of the change of how the bay platform was proposed to be delivered and had an end date of March 2023. The reallocated WMCA funding agreed at the time of the last project change request and as per the funding agreement is all spent on committed on Phases 1 and 2 of the Station Masterplan programme, which has been completed.

WMCA notes: WMCA provided £10m funding towards the provision of a bay platform. Although this funding was reallocated to other elements of the project, this was on the understanding that Coventry City Council would obtain funding from elsewhere to complete the bay platform.

It is noted that Coventry City Council have used their best endeavours to progress this, and delivery is currently dependent on rail industry processes and funding. Regardless, WMCA's position remains that the bay platform is a required output and Coventry have received funding to provide this.

It is recommended that the change is approved, and that Coventry City Council are asked to regularly update WMCA regarding progress.

7. Equalities Implications

The project change does not have any impact on equalities considerations.

8. Inclusive Growth Implications

Coventry City Council's aspirations to improve rail services in the city aligns with the WMCA Inclusive Growth Framework. This framework focuses on ensuring that growth is

created and shared across the whole population and place and measured by the social and environmental outcomes it realises for everyone.

The framework contains eight missions which will help to achieve economic strength. These are:

- Climate resilience – Reducing CO₂
- Affordable and safe places – designing out homelessness
- Connected communities – improving accessibility of resources and opportunities
- Education and learning – increasing skills levels
- Health and wellbeing – reducing health inequalities
- Equality – reducing employment inequalities
- Inclusive economy – increasing household income
- Power, influence, and participation – citizens feeling that they have influence and agency

The framework states that if these eight missions are achieved, then economic strength can also be achieved. This project contributes to several of these missions.

The Decarbonising Transport Plan details how diesel-only trains will be removed by the network by 2040 and the entire rail network will be net zero by 2050. This means that pollutant emissions from rail will decrease, contributing to climate resilience and improving health and wellbeing. This will make the rail network greener and healthier.

Improved rail connectivity will improve the accessibility of resources and opportunities for everyone, reduce employment inequalities and potentially increase household income as a result of improved access to employment. This contributes to the connected communities, equality and inclusive economy missions and will result in a fairer rail network.

9. Geographical Area of Report's Implications

This report relates to Coventry and Nuneaton, Warwickshire.

10. Other Implications

There are no further implications in addition to those covered above.

11. Schedule of Background Papers

WMCA Coventry Station Masterplan Full Business Case (2017)
WMCA Investment Board Project Change Request CSMP Phase 3 (2020)
Network Rail Option Selection Report Coventry Bay Platform (GRIP 3) (2022)
Coventry Bay Platform Full Business Case (Draft) (2022)
Network Rail West Midlands Strategic Advice (2022)
Network Rail Coventry Strategic Advice (2022)