
Report to: West Yorkshire Combined Authority

Date: 28 June 2018

Subject: **Rail Legacy Projects – Final Accounts**

Director: Melanie Corcoran, Director of Delivery

Author(s): Kate Thompson

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	3

1. Purpose of this report

- 1.1 To update Members on the outcome of discussions with Network Rail on final accounts for the Kirkstall Forge, Apperley Bridge, Leeds Station Southern Entrance (LSSE) and Low Moor projects.
- 1.2 To seek approval of relevant budget allocations and virements in relation to the proposed final accounts and payment(s) to Network Rail for Kirkstall Forge, Apperley Bridge, and LSSE, and to delegate authority to the Managing Director, in conjunction with the Chair of the Combined Authority, to conclude final account discussions and payments on Low Moor.

2. Information

- 2.1 The Combined Authority has completed the delivery of three new rail stations within the last three years which were delivered on our behalf by Network Rail. These stations were opened as follows: Apperley Bridge, December 2015; Kirkstall Forge, June 2016; and Low Moor, April 2017. In addition the Southern Entrance to Leeds Station opened in January 2016.
- 2.2 In March 2018 the Investment Committee and Transport Committee received high level information on these schemes which noted delays to the closure of accounts on all four projects, and delays in completing the Lessons Learnt

(Network Rail GRIP8) sessions for all four projects, which have still to be progressed. This report provides further details on the final account discussions.

- 2.3 In summary, cost overruns on all four projects were experienced and the quantum of costs payable by the Combined Authority have now been established and agreed in principle with Network Rail for three projects, subject to the necessary respective approvals being in place. The primary causes of the cost overruns can be summarised as follows:
- Kirkstall Forge and Apperley Bridge – additional works undertaken to Overhead Line and Track, glazing on footbridge, and unforeseen ground conditions.
 - Low Moor – historic mine shafts discovered late in the construction process and repair works to historic gas main.
 - LSSE – unforeseen ground conditions, strengthening of the viaduct, changes in design as required for the safe and practical operation of the entrance.
- 2.4 At the outset of discussions with Network Rail the cost liability to the Combined Authority was estimated at an 11% overrun on budget across the 4 projects. Through the process of robust contract management and commercial negotiation this will be reduced to a maximum of 3%.

Kirkstall Forge and Apperley Bridge

- 2.5 Following discussions with Network Rail, the parties propose a share of cost liabilities as indicated in Appendix 2 and 3, subject to securing the necessary respective approvals.

LSSE

- 2.6 Following discussions with Network Rail, the parties propose a share of cost liabilities as indicated in Appendix 4, subject to securing the necessary respective approvals.

Low Moor

- 2.7 The discussions between the parties are on-going, but the maximum financial impact to the Combined Authority is illustrated in Appendix 5.
- 2.8 This report seeks a recommendation to be made to the Combined Authority to delegate to the Managing Director, in conjunction with the Chair of the Combined Authority, the finalisation of the Low Moor account and payment to Network Rail within the maximum funding envelope outlined in Appendix 1.
- 2.9 The West Yorkshire and York Investment Committee considered this report at the meeting on 2 June 2018 and recommended the course of action highlighted in paras 2.5 – 2.8 above.

3. Inclusive growth implications

- 3.1 There are no inclusive growth implications directly arising from this report.

4. Financial implications

- 4.1 The total Committee-approved budgets, the spend-to-date, outstanding commitments, and residual balances for each project are shown in Appendices 2-5.
- 4.2 In order to finalise the rail legacy project accounts all budget allocations will be required and the proposed call on existing budgets is illustrated in Appendix 1

5. Legal implications

- 5.1 The information contained in Appendices 1, 2, 3, 4 and 5 is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendices as exempt outweighs the public interest in disclosing the information as publication could prejudice current and future decision making.
- 5.2 Whilst all efforts are being undertaken to finalise the accounts in partnership with Network Rail, it is prudent for the Combined Authority to reserve its position in respect of any necessary legal proceedings which may arise in the future as a result of the negotiations or a formal dispute arising. Internal legal support is being provided and external specialist legal advice has been sought on an ad hoc basis to inform the discussions to date.

6. Staffing implications

- 6.1 The final account discussions are being led by the Combined Authority's Head of Implementation with support from an interim Commercial Manager whose contract will shortly come to an end.

7. External consultees

- 7.1 No external consultations have been undertaken.

8. Recommendations

- 8.1 That the Combined Authority approves the proposed final account and payment(s) with Network Rail for Kirkstall Forge and Apperley Bridge outlined in Appendix 2 and 3, subject to receipt in writing of Network Rail's acceptance of the terms.
- 8.2 That the Combined Authority approves the final account and payment(s) with Network Rail for LSSE outlined in Appendix 4, subject to receipt in writing of Network Rail's acceptance of the terms.

- 8.3 That the Combined Authority notes the current status of discussions with Network Rail on Low Moor and the potential budget implications and delegates authority to the Managing Director, in conjunction with the Chair of the Combined Authority, to conclude final account discussions and make the relevant payment(s) within the funding approval detailed in Appendix 1, subject to receipt in writing of Network Rail's acceptance of the terms.
- 8.4 That the Combined Authority approves the budget allocations and virements detailed in Appendix 1.

9. Background documents

- 9.1 There are no background documents referenced in this report.

10. Appendices

Appendix 1 - Overall Rail Legacy Project Budget requirement / virement (CONFIDENTIAL)

Appendix 2 - Current financial position on Kirkstall Forge and Apperley Bridge May 2018 (CONFIDENTIAL)

Appendix 3 - Proposed split of costs between Network Rail and Combined Authority (CONFIDENTIAL)

Appendix 4 - LSSE (CONFIDENTIAL)

Appendix 5 - Low Moor (CONFIDENTIAL)