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**Report to:** West Yorkshire & York Investment Committee

**Date:** 21 March 2018

**Subject:** **Update on Leeds Station Gateway and projects working with Network Rail**

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**Director(s):** Melanie Corcoran, Director of Delivery

**Author:** Kate Thompson

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## **1 Purpose of this report**

- 1.1 To update Members on the progress made on the Leeds Station Gateway scheme, led by Network Rail, with an approved delivery timeframe in 2018.
- 1.2 To update Members on progress with Network Rail on future rail projects, including proposed new rail stations, as part of the West Yorkshire plus Transport Fund (the Transport Fund) and Leeds Public Transport Investment Programme (LPTIP).
- 1.3 To update Members on progress with the closure of final accounts for rail legacy projects including Apperley Bridge, Kirkstall Forge, Low Moor and Leeds Station Southern Entrance (LSSE).
- 1.4 Paul McKeown, Director of Route Sponsorship is in attendance to answer questions as raised in the report.

## **2 Information**

### New Rail Station Development

- 2.1 The Combined Authority has completed the delivery of three new rail stations within the last two 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 delivering important journey time savings for commuters and visitors to the Leeds South Bank regeneration area.
- 2.2 The Combined Authority has one of the most ambitious programmes for the development of new rail stations in the country comprising proposals at

feasibility stage for Thorpe Park, Millshaw Park (White Rose), Elland and Leeds-Bradford Airport. The Combined Authority's officer teams in both Policy and Delivery directorates are keen to share and learn the lessons from previous new station schemes, which is particularly important as we prepare our new programme of station development.

- 2.3 Officers are also now looking at a range of delivery models for the new stations. Network Rail has its own form of contracts - Implementation Agreements – and in the past a decision was made to deliver these on an emerging cost basis rather than fixed price. Emerging cost contracts clearly state that costs need to be 'reasonably and properly incurred', based upon the original scope of works unless changes have been authorised and approved by both parties and the responsibility for cost agreed at that stage. However on some of our legacy schemes there have been instances where Network Rail have not sought our approval for technical scope changes or cost increases, which has caused delays to the closure of accounts. Network Rail have confirmed that on future schemes we will be able to contract on a fixed cost basis rather than an emerging cost route. An initial officer workshop with partners will be held in the Spring to explore options and take this forward with Network Rail, Leeds and Calderdale councils and the Combined Authority.

#### Leeds Station Gateway- New Station Street

- 2.4 The funding which the Combined Authority receives from central government is often time bound and comes with its own conditions and key performance indicators. For example, through our £1 billion Transport Fund we have an ambitious Station Gateway programme and Rail Station car park expansion programme. Station Gateway improvements are currently being developed at a number of key stations with the aim of increasing rail patronage. Works involve improving the frontage and entrance to the stations and often extend beyond the entrance to include enhanced public realm and connection to the city/town centre. The stations currently included in the programme are Leeds, Huddersfield, Bradford Forster Square, Bradford Interchange, Halifax and Castleford.
- 2.5 Improvements to Leeds Station Gateway, New Station Street, are being developed by Network Rail. The current approved timeframe is for the scheme to be delivered this calendar year. The scheme is also included within the Government's 2019 review of the Combined Authority's Growth Deal performance which, if projects do not deliver on time, could seriously impact on our ability to drawdown future funding from Government. This will be an important consideration when considering delivery options moving forwards.
- 2.6 There have been delays against the original timeframe for the Leeds Station Gateway scheme. Delays are as a result of delays in decision making and in agreeing the most appropriate procurement route for delivery of the scheme, delays in the production and sign off of the outline design, and unrealistic timescales for issuing tenders. The table below sets out the original timescale for the scheme (submitted August 2017) and the revised timescale received from Network Rail February 2018. Once detailed designs are signed off we will firm

up on delivery timescales. The table outlines the latest estimated timescales. We are currently working with Network Rail to understand the implications of the slippage to the timeframes.

<b>Leeds New Station Street Proposed Programme/ key milestones (01.08.18)</b>	<b>Original milestone Date</b>	<b>Actual Date achieved</b>	<b>Revised Programme date</b>	<b>Comments</b>
GRIP 3 (Outline Design) complete	07.11.17	19.01.18	-	Final outline design agreed at the Project Board 19.01.18. The initial design was not fit for purpose. A number of options were therefore produced before deciding upon preferred design causing delay to this element of the programme.
Tender submission	27.11.17			The tender cannot be formally submitted until the Network Rail 10 day standstill period has ended. The contractors will have a 2 week period to submit their tender returns.
Network Rail tender evaluation complete	08.03.18		16.04.18	Tender submission date reconfirmed by Network Rail-cost estimates then available for FBC/ consideration through assurance process.
Full Business Case Approval and Tender submission sign off	06.04.18		28.06.18	Produce FBC + Costs in parallel with the NWR tender returns for the GRIP 4 – 8 works and negotiation of review time with Case Officer to determine when the FBC + costs can be issued to PAT/ Investment Committee/ Combined Authority
Network Rail Authority Process Complete	04.05.18		TBC	
Contract Award	14.05.18		TBC	
Design F002/003 sign off	14.06.18		TBC	Detailed design sign off
Start on site	29.06.18		30.10.18	Earliest revised start date but works on site over the busy Christmas period will be minimised which may affect the completion date.
Project close out	23.01.19		30.04.19	

## Rail Legacy Projects

2.7 The new rail stations (at Apperley Bridge, Kirkstall Forge, Low Moor and LSSE) are performing well and exceeding expectations in terms of their local impact with commuter demand creating a case for increased services at Kirkstall Forge. A number of items remain outstanding to bring the projects to formal closure:

- The final account remains unsettled for the delivery of Kirkstall Forge and Apperley Bridge and, as the Network Rail project team has now been disbanded, achieving a resolution has proved to be time consuming and there have been difficulties in receiving adequate background information. This situation improved significantly just before Christmas 2017 when Network Rail identified a member of their commercial team to work alongside the Combined Authority's Delivery team and a finalisation of the account is expected to form the basis of a further report to members in the first quarter of 2018/19.
- The lessons learned and project close out stage (Network Rail 'GRIP 8') has not yet been completed for Kirkstall Forge and Apperley Bridge as a result of the issues above and this is delaying discussions to consider how to do things differently for ongoing and planned schemes.
- The final accounts for LSSE and Low Moor have also yet to be closed out.

2.8 Cost overruns on all four schemes are anticipated although the quantum of costs payable by the Combined Authority is still being negotiated across the portfolio of projects. This will be the subject of a future report to the Investment Committee once negotiations have been finalised, but it should be noted that the aim will be to pool existing budget approvals for historic rail projects to meet any shortfall. 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 shaft 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.

## Summary

2.9 Given the scale of the Combined Authority's ambition for new railway stations and improved supporting infrastructure and environment around rail stations, the Combined Authority is keen to work with Network Rail to quickly resolve the cost issues highlighted above, and move quickly to achieve GRIP8 project completion and close-out for all four legacy projects. This will help the Combined Authority to put in place an effective way of working for the next round of development work.

### **3 Financial Implications**

- 3.1 The financial position/ final accounts are still being negotiated with Network Rail.
- 3.2 In order to conclude the finalisation of all rail legacy accounts it is possible that all budget allocations will be required and approval may be sought for funding to be vired between current approved budgets. This will be the subject of a further report to the Investment Committee and Combined Authority once all contractual negotiations are nearing completion.

### **4 Legal Implications**

- 4.1 External specialist legal advice has been sought on an ad hoc basis to inform the discussions to date.

### **5 Staffing Implications**

- 5.1 An interim Commercial Manager is currently engaged by the Delivery directorate to provide specialist technical advice and work alongside the Head of Implementation to conclude the negotiations.

### **6 External Consultees**

- 6.1 There are no external consultees as a result of the contents of this report

### **7 Recommendations**

- 7.1 That the Investment Committee notes the contents of the report.

### **8 Background Documents**

- 8.1 None.

### **9 Appendices**

- 9.1 None.