

CABINET
16 JUNE 2016**WORCESTERSHIRE PARKWAY REGIONAL INTERCHANGE**

Relevant Cabinet Member

Dr K A Pollock

Relevant Officer

Director of Economy and Infrastructure

Local Member

Mr R C Adams

Recommendation

1. **The Cabinet Member with Responsibility for Economy, Skills and Infrastructure recommends that Cabinet:**
 - (a) **approves the delivery of the Worcestershire Parkway Regional Interchange Railway Station as shown on the attached plan (Appendix 1) at an anticipated final cost not exceeding that set out in the attached Finance Report (Appendix 2);**
 - (b) **approves funding the scheme through funds allocated by Worcestershire Local Transport Board, borrowing and existing resources as set out in the attached Finance Report (Appendix 2);**
 - (c) **notes the exempt Finance Report (Appendix 2) and agrees the virement proposed therein (and authorises the Director of Economy and Infrastructure in consultation with the Leader to finalise the source of the virement from within existing resources) and recommends Council to approve the addition to the Capital Programme set out in that Finance Report and that the capital cash limits are updated accordingly;**
 - (d) **endorses the Finance Report (Appendix 2) and notes that the scheme can be funded from a combination of external grant funding, capital funding and from the income received through fares and car park charges;**
 - (e) **delegates the decision on the award of a Design and Build contract and any enabling work contracts that are necessary for the delivery of the scheme to the Director of Economy and Infrastructure in consultation with the Cabinet Member with Responsibility for Economy, Skills and Infrastructure; and**
 - (f) **notes the proposed commercial agreements with the rail industry set out in Appendices 2 and 3, and delegates the negotiation of all final**

terms and conditions necessary to complete the scheme to the Director of Economy and Infrastructure in consultation with the Director of Commercial and Change where appropriate, and authorisation to the Director of Commercial and Change to dispose of land including assets at an undervalue where considered appropriate to do so and in accordance with s.123 Local Government Act 1972.

Background

2. The Council is committed to the delivery of a Parkway Railway Station in the triangle of land formed by the intersection of the Worcester-Paddington (Cotswolds) and Birmingham-Bristol railway lines and the B4084 near Norton.
3. The location of the station is strategically important as it will address Worcestershire's poor accessibility to and from London arising from the limited frequency and length of journey times of train services and inadequate parking capacity at existing stations on the Cotswolds Line and the poor access to the Cross Country network.
4. Poor accessibility to the rail network reduces the ability for Worcestershire to achieve economic growth due to poor access to key markets and opportunities. It also leads to increased car use for journeys which could otherwise be made by rail, with Worcestershire residents resorting to use alternative services from Birmingham International, Cheltenham and Warwick Parkway resulting in avoidable use of congested sections of the local and strategic road network.
5. The delivery of the scheme which will make a major contribution towards the Council's objective of Worcestershire being Open for Business is a priority for the Council, the Worcestershire Local Enterprise Partnership, the Chamber of Commerce, Members of Parliament and the Worcestershire District Councils. The scheme is aligned with key priorities, in particular in terms of economic growth, and is included in the Strategic Economic Plan which is endorsed by all the local authorities in Worcestershire, local Members of Parliament and other partners, the adopted Local Transport Plan and the Worcester Transport Strategy.
6. Although the scheme will ultimately be largely financed through the rail industry, without Worcestershire County Council's leadership, neither Network Rail nor the Train Operating Companies would be sufficiently incentivised to proactively bring the scheme forward.

Scheme Outline

7. Worcestershire Parkway will comprise a single platform on the Cotswold Line and two platforms on the Birmingham to Bristol Line that will be served by a station building which will include toilets, a booking-office and provision for journey-related retail use. Pedestrian access through the station will be via lifts and stairs.
8. Vehicular access to the station will be via a new roundabout on the B4084. The access road will lead to a 500 space car park which will include 25 spaces for visitors with disabilities (and the option to increase capacity through "decking" in the future), bus stops, a taxi rank and a drop-off area with facilities for cycle parking. The

scheme has been designed to be compatible with Sustainable Transport journey options such as walking, cycling and public transport.

9. An area of land within the development site has been allocated for flood attenuation and environmental mitigation eg creation of suitable habitat for amphibians, snakes and aquatic invertebrates.

10. Once delivered the scheme will:

- (a) Increase accessibility to markets and employment, encouraging inward investment and economic growth in Worcestershire enabling the county to achieve its target of 25,000 new jobs by 2025;
- (b) Improve access to the Cotswold Line and Cross Country rail services, meeting the suppressed demand for rail travel to support the growth of Worcestershire's economy;
- (c) Support the major growth in rail patronage that will result from Government investment in new rolling stock and improved levels of service on the Cotswold Line by 2018;
- (d) Further the Council's aim of Worcestershire being Open for Business.

Progress Report

11. Since the scheme was approved in principle by Cabinet on 18 December 2014, it has been progressing through Network Rail's Governance for Railways Investment Process (GRIP). There are 8 stages to the GRIP process, all of which must be completed. So far the scheme has reached and received approval for GRIP stage 4 (Single Option Development), other than final sign-off for signalling design. Work will commence on GRIP stage 5 (Detailed Design) once a Principal Contractor has been appointed.

12. A full detailed Planning Application was submitted to the Council's Planning and Regulatory Committee on 25 August 2015 and was approved subject to the satisfactory completion of relevant Conditions, the majority of which will be met by the Principal Contractor as part of the Detailed Design process.

13. Both Train Operating Companies, Great Western Railway and CrossCountry, have confirmed they will be able to stop their services at the new station and that they are supportive of the proposed operational and commercial arrangements. They will both be providing Letters of Support to the Department for Transport confirming their position.

14. Discussions have been held with relevant parties with a legal interest in the land it is necessary to acquire to deliver the scheme. However, in accordance with the decision made by Cabinet on 18 December 2014, a Compulsory Purchase Order (CPO) was made on 30 October 2015 in the event that negotiated acquisition might not be possible. Five objections to the CPO were received although they have all since been withdrawn. The CPO will be formally determined by the Secretary of State.

Future Land Ownership and Responsibilities

15. In accordance with the standard rail industry operating model, it is proposed that the land on which the station sits will be transferred to Network Rail either under a land transfer agreement or a long lease arrangement. Great Western Railway will operate and manage the station under a lease from Network Rail. These arrangements are an important part of the scheme's funding arrangements. It is proposed that the Council will retain ownership of the access road, car park and flood attenuation area and that the car park area will be leased to Great Western Railway under a commercial agreement that will contribute towards the cost of the Council's proposed borrowing. A suite of draft commercial agreements with Network Rail, Great Western Railway and the Department for Transport have been agreed in principle reflecting these arrangements (Appendix 3). It is recommended that Cabinet notes these proposed land transfer and commercial agreements, delegating final negotiations to the Director of Economy and Infrastructure in consultation with the Director of Commercial and Change. It is further recommended that the Director of Commercial and Change is authorised to dispose of land including assets at an undervalue where considered appropriate to do so and in accordance with s.123 of the Local Government Act 1972.

Finance

16. As set out in the Finance Report (Appendix 2), the anticipated final cost of the scheme is higher than the estimate reported to Cabinet in December 2014 predominantly due to higher land and utility costs and increasing the construction cost estimate to reflect current construction market prices and a proportionately higher contingency sum.

17. As further set out in the Finance Report (Appendix 2), the project is to be financed by funds allocated by the Worcestershire Local Transport Board, borrowing, possibly from the Public Works Loan Board and from capital resources. The cost of repaying the borrowing is financed by the Council taking a share of the Train Operating Companies' fare revenue and car park income generated over the 25 year borrowing repayment period. This is to be recovered as a fixed Finance Charge levied on the Train Operating Companies with the terms enshrined in a Funding Agreement between the Council and the Train Operating Companies. Because of the limited length of Train Operating Company Franchises the Funding Agreement will be the subject of a Direct Agreement between the Council and the Department for Transport which guarantees the Funding Agreement stays in force with successive franchisees for the 25 year borrowing period. The Direct Agreement will also require the Department of Transport to continue to specify the level of train services to the station that generate the increased fare revenue. The Train Operating Companies will carry the fares income and car park revenue risk and will therefore be incentivised to grow patronage at the station. The combination of the Finance Charge and Car Park Service Charge income will be sufficient to repay the borrowing (other than that required for the proposed virement) over a 25 year period and to cover the Council's long-term maintenance and renewal obligations for the parts of the station and related highway infrastructure it retains ownership of. The Finance Charge will be determined at the outset of the Agreement and fixed for the 25 year borrowing repayment period.

18. A key finance principle is therefore that the cost of building and operating Worcestershire Parkway does not require additional revenue funding from the Council during the 25 year borrowing period or beyond.

19. It is recommended that Cabinet approves the spending of the sum necessary to deliver the scheme as set out in the Finance Report (Appendix 2). It is further recommended that the Capital Programme is adjusted accordingly.

Award of Design and Build Contract

20. Following a review of cost and scope risk in August 2015, a decision was reached by the Worcestershire Parkway Project Board to pursue a Design and Build procurement option. A pre-qualification questionnaire was issued under the European Union procurement rules on 2 September 2015 which generated 8 potential tenderers. Evaluation resulted in a shortlist of 4 competent established tenderers, all with considerable experience in rail and highways infrastructure projects.

21. It is recommended that Cabinet delegates the decision on the award of the Design and Build contract following a Negotiation Process to the Director of Economy and Infrastructure in consultation with the Cabinet Member for Economy, Skills and Infrastructure.

22. It is further recommended that Cabinet authorises the Director of Economy and Infrastructure in consultation with the Cabinet Member for Economy, Skills and Infrastructure, to award any enabling works contracts that are necessary to complete the scheme.

Programme

23. Since the last Cabinet report in December 2014, the overall programme has been extended, primarily due to land acquisition and procurement matters and the target date for completion has therefore been moved from May 2017 to March 2018 with work starting on site in early 2017.

Privacy Impact Assessment

24. No impacts on privacy have been identified.

Public Health Impact

25. No negative impacts on Public Health have been identified.

Equality and Diversity Implications

26. An Equality Impact Assessment was completed in June 2015 (see Appendix 4). It was found that the scheme would not result in any negative impact on protected groups provided that proposed mitigation measures eg lifts, parking for less able motorists etc are implemented. The advice of protected user groups and their representatives will be sought during the finalisation of the scheme.

Supporting Information

- Appendix 1 – Scheme Plan
- Appendix 2 – Finance Report (This appendix is to follow) (This appendix is NOT FOR PUBLICATION as supporting information as it discloses information in relation to the financial or business affairs of any particular person (including the local authority holding that information).
- Appendix 3 – Commercial Agreements (This appendix is NOT FOR PUBLICATION as supporting information as it discloses information in relation to the financial or business affairs of any particular person (including the local authority holding that information).
- Appendix 4 – Equality Impact Assessment

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Director of Economy and Infrastructure) the following are the background papers relating to the subject matter of this report:

- Worcestershire Strategic Economic Plan 2014-2025 – March 2014
- Worcester Transport Strategy Phase 1 2011-2016 – 2011
- Worcestershire Local Transport Plan 3 2011-2026 - 2011
- Wychavon Local Plan 2006-2011 - 2006
- South Worcestershire Development Plan 2016-2030 - 2016
- Agenda and background papers for the meeting of the Cabinet held on 18 December 2014
- Agenda papers for the meeting of the Planning and Regulatory Committee held on 25 August 2015