

White Rose Railway Station

Date: 23 June 2021

Report of: Director of City Development

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- The White Rose railway station is proposed at the White Rose Park in South Leeds (see appendix 1). The station will support the city's response to the climate emergency by helping to take cars off the road to improve air quality and reduce carbon emissions. It will improve accessibility of rail services and better serve the communities of Cottingley, Churwell and Millshaw, whilst also better connecting people to jobs, education and training.
- The station will also act as the catalyst for the regeneration of the White Rose Park as a key economic recovery initiative. The emerging economic masterplan infuses ambitions for inclusive growth, innovation land use targeting key priority sectors, climate change interventions and new developments for new jobs, learning and living (the economic masterplan is included at appendix 2).
- Munroe K, owner of the White Rose Park, will act as the developer of the Station. This is an innovative model whereby the private sector is taking the lead in delivering the infrastructure through collaboration between the West Yorkshire Combined Authority, Network Rail and the Council. There is a window by which could see the construction start in autumn 2021 and complete late 2022. The station is forecast to cost c£22m, and a cocktail of funding is proposed with £5m of Connecting Leeds grant, £5m of New Stations Fund (announced in May 2021), up to £12m of Transforming Cities Fund, and up to £4.5m plus land from Munroe K.
- This paper outlines a proposal and rationale for the Council to provide a loan facility to Munroe K, in compliance with subsidy control, to finance Munroe K's maximum contribution to the scheme. This is to ensure momentum to the station is maintained, whilst helping to accelerate the delivery of economic and environmental benefits.

Recommendations

- a) To approve that the Director of City Development, in consultation with the Chief Officer - Financial Services and the Executive Member for Resources, develop and enter into a Loan facility Agreement of up to £4.5m with Munroe K as per the Heads of Terms and principles detailed in exempt appendix 3.

- b) To inject £4.5m into Capital Scheme Number 32774/WHI/000 in order to finance the loan facility; and that the necessary authority be delegated to the Director of City Development and the Chief Officer -Financial Services to enable the Director and Chief Officer to provide 'authority to spend' up to that amount in order to provide the loan, subject to the completion of legal agreements with Munroe K.
- c) Request a future paper on the delivery of the economic masterplan and emerging spatial masterplan at the White Rose Park.

Why is the proposal being put forward?

- 1 As highlighted in the executive summary, the White Rose Station offers a number of social, economic and environmental strategic benefits to the city to respond to the climate emergency, support post COVID economic recovery and to achieve inclusive growth. The station benefits from approval of its Full Business Case from the WYCA and a detailed planning consent. Design is at a very detailed and evolved stage and represents a shovel ready infrastructure project.
- 2 Of the required funding c£22m, up to £4.5m of funding plus land is proposed from Munroe K. This forms part of match funding from Connecting Leeds, WYCA and a £5m grant from the New Stations Fund. Munroe K's intention was to finance its contribution by disposing of land adjacent to the station for residential development. The site was allocated in the Site Allocation Plan. Further to Executive Board's decision in March 2021, this site was remitted and returned back to the Green Belt. Munroe K has been exploring alternative financing options as detailed in exempt appendix 3.
- 3 If funding is not finalised in the next two months, then the scheme will stall and be in abeyance until such time that funding was made available. Accordingly, in order to ensure momentum is retained and to unlock the benefits to the city, Munroe K has approached the Council regarding the Council providing a loan facility to finance its contribution.

What impact will this proposal have?

Wards affected: Morley North, Beeston and Holbeck

Have ward members been consulted? Yes No

- 4 Ward members have been consulted.
- 5 Should the Council agree to provide the loan facility, subject to the outcome of the grant application to Government, there will be full funding in place for the Station. This will allow a contract to be let in September. This will unlock the delivery of new construction jobs and lead to the station being completed towards the end of 2022 ahead of the station opening for operations thereafter.
- 6 As highlighted, the station will unlock a number of benefits across the city as energy is focussed on economic recovery. Namely:
 - i) A new station serving the local communities of Cottingley, Churwell and Milshaw to better serve local demand.
 - ii) Connecting employees, customers, students and visitors to the Milshaw Industrial Estate including the White Rose Office Park, White Rose Shopping Centre and Elliot Hudson Academy.
 - iii) Connecting people to employment, education and training opportunities at existing and new developments in the area.
 - iv) Providing a fully accessible station.

- v) Supporting local regeneration, housing and economic growth.
 - vi) Significantly improving the walking and cycling routes that will link the station to the local communities and White Rose Shopping Centre and bus interchange.
 - vii) Modal shift from car to train reducing congestion and improving air quality.
- 7 Should Executive Board agree to provide a loan facility, Munroe K will formally commit to collaborate with the Council on the delivery of its economic masterplan (included at appendix 2), which sets out the potential future of the White Rose Park across eight economic key moves:
- i) Kickstarting the economic recovery
 - ii) Supporting inclusive growth
 - iii) Maximising the benefits of the new Railway Station
 - iv) Creating a modern business location alongside a wider mix of uses
 - v) Supporting innovators and entrepreneurs
 - vi) Tackling climate change
 - vii) Developing as a learning campus meeting economic needs
 - viii) Providing quality homes
- 8 Accordingly, it would be the intent to accelerate this work to optimise the benefits associated with the station and to deliver and sustain new jobs, and sustainable inclusive growth. It is envisaged that this will include the development of a new spatial masterplan for the White Rose, alongside specific economic development and inward investment activity.
- 9 An equality screening assessment has been completed, and this demonstrates the potential positive equality and diversity implications arising from the delivery of a new station here. In particular, this is due to the improved physical access, and the socio-economic and environmental benefits associated with the station.

What consultation and engagement has taken place?

- 10 There is no legal requirement for the Council to publicly consult on the proposals contained within this report, although local ward members have been consulted and no objections have been raised on the proposals contained within this paper.
- 11 The proposals for the White Rose Station have been subject to comprehensive public consultation exercises in the development of its business case and securing of Planning consent. This consultation demonstrated that 71% of respondents were happy or very happy with the proposals and 83% important or very important to have a station with improved access. Furthermore, it would be the intent for there to be further consultation and engagement on the spatial masterplan for the White Rose Park as this is developed.

What are the resource implications?

12 Capital Funding and Cashflow

WHITE ROSE RAILWAY STATION - 32774/WHI/000

Injection required for this approval	TOTAL £000's	TO MARCH 2021 £000's	FORECAST		
			2021/22 £000's	2022/23 £000's	2023/24 £000's
			OTHER COSTS (Loan Facility) (7)	4500.0	0.0
TOTALS	4500.0	0.0	4500.0	0.0	0.0
Total overall Funding					
LCC Capital Programme	TOTAL £000's	TO MARCH 2021 £000's	FORECAST		
			2021/22 £000's	2022/23 £000's	2023/24 £000's
			LCC BORROWING (Specific Loan)	4500.0	0.0
Total Confirmed Funding	4500.0	0.0	4500.0	0.0	0.0
Total Funding Balance	0.0	0.0	0.0	0.0	0.0

- 13 The proposals for a Council loan facility would require the Council to undertake borrowing to finance this. The Council's finance costs, and any subsequent interest repayments, would be repaid in full by Munroe K. The facility would be cost neutral to the Council.

What are the legal implications?

- 14 It is proposed that the Council would enter into a loan facility agreement with Munroe K as per the Heads of Terms detailed in exempt appendix 3.
- 15 Section 1 of the Localism Act 2011 empowers the Council to do anything that individuals generally may do, subject to any restrictions as to the use of its powers to which the Council was subject when that Act came into force or which have subsequently been imposed. In the case of the proposals outlined in this report, the Council will have to comply with the provisions of section 3 of the Local Authorities (Land) Act 1963 in so far as they are applicable.
- 16 The information contained in appendix 3 is exempt under Access to Information Rule 10.4 (3) as it contains information relating to the financial or business affairs of a particular person (including the Council). It is considered that the public interest in maintaining the content of appendix 3 as exempt outweighs the public interest in disclosing the information as doing so would prejudice the Council's commercial position and that of third parties should they be disclosed at this stage.
- 17 The Council has a common law duty to the Council Tax and business rates payers of Leeds to conduct its financial affairs in a business-like manner, with reasonable care, skill and caution, and with due regard to their interests. It is considered that, in the case of the proposals outlined in this report, they will, at worst, be cost neutral to the Council. The Council will also obtain adequate security in respect of Munroe K's liability to the Council.
- 18 Where the Council is providing a subsidy, it must comply with all applicable provisions of the various trade agreements to which the United Kingdom is subject. However, as a commercial interest rate will be payable by the Developer, it is considered that the proposals outlined in this report will not constitute a subsidy. . In any event, the loan facility

agreement will provide that if any subsidy control laws are breached then the Developer will have to repay any subsidy arising.

What are the key risks and how are they being managed?

- 19 With New Stations Fund grant secured, there is full funding available should Executive Board agree to these proposals, to allow the scheme to move forward with the current budget forecast. The funding profile, and extent of loan facility that may ultimately be required, is being considered with the Combined Authority. In any instance, the Council's loan will not exceed £4.5m.

Does this proposal support the council's three Key Pillars?

- Inclusive Growth Health and Wellbeing Climate Emergency

- 20 The proposals achieve a wide range of objectives across the three pillars. The station, and the associated regeneration of adjoining sites, is named as a priority project to support the federal economy in the inclusive growth strategy through investing in 21st century infrastructure. The reduced carbon emissions through increased public transport use will also improve health and climate outcomes. The broader spatial masterplan work will seek to maximise the benefits across each of the three pillars.

Options, timescales and measuring success

a) What other options were considered?

- 21 Two other options were considered: 'do nothing' and 'grants',
- 22 **Do Nothing** – for the reasons outlined in exempt appendix 3, should the Council do nothing, it is considered that the whole project would be indefinitely delayed until such time that Munroe K was able to finance its contribution. As such, there would a risk that the project would not be delivered in time to benefit from wider TransPennine Route upgrades, and the costs for the project would likely increase over time through price inflation. This was not considered to be an appropriate strategy given that % of funding already secured and the major social, environmental and economic benefits that could be unlocked.
- 23 **Grants** – a grant from LCC was explored, but the Council does not have capital budget available for this purpose. Furthermore, other grant schemes were explored but none were considered suitable to achieve the timescales of the project. It is considered that a loan, as proposed, is more appropriate and will provide a net zero cost to the Council over the duration of the loan agreement.

b) How will success be measured?

- 24 The Station has been subject to a Full Business Case as per the WYCA Programme Assurance. It is proposed that success will be measured by monitoring the outcomes of the project against the stated benefits within that Business Case. Ultimately, it is considered that success will be the delivery of a station which will commence operations by 2023 and that achieves the social, environmental and economic benefits detailed in this report.

c) What is the timetable for implementation?

- 25 Should Executive Board agree to the proposals, it is proposed that a Funding Agreement is entered into by August 2021, leading to a contract being let in August/ September 2021, with the station completing by the end of 2022, and opening for operation thereafter.

Appendices

- 26 Appendix 1 – Site location
- 27 Appendix 2 - White Rose Park Economic Masterplan
- 28 Exempt (under Access to Information Procedure Rule. 10.4(3)) Appendix 3 – Loan Agreement Heads of Terms and Appraisal
- 29 Appendix 4 – Equality, Diversity, Inclusion and Cohesion screening form.

Background papers

- 30 None

Appendix 1

White Rose Station Location

