

# Leeds Station Sustainable Travel Gateway – Approval to inject Network Rail Funding for the Mill Goit into the Capital Programme

Date: 10<sup>th</sup> February 2023

Report of: Head of Station Development

Report to: Chief Officer Asset Management and Regeneration

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

The Leeds Station Sustainable Travel Gateway (LSSTG) project represents stage one of the Leeds Integrated Station Masterplan (LISM) which seeks to redevelop Leeds Station and the surrounding area in a coherent way in order to meet the increasing growth in passenger numbers and create a world class gateway into the Leeds City Region. The LSSTG project will specifically address issues of capacity, accessibility, health and safety, security and connectivity from the station's entrance on New Station Street to the City Centre and South Bank.

In October 2021, following a further safety structural assessment Network Rail requested that the project scope be extended to include the replacement of the deck of the former Mill Goit that is located underneath New Station Street and will accommodate the new cycle hub. Whilst the increase in scope would extend the programme, LCC agreed on the basis that the LSSTG project would be unable to progress if there was a risk that deck structure was unsafe. It was agreed to undertake the Mill Goit design works as a variation to the existing Professional Services Contract and deliver it as part of the Engineering and Construction Contract. As per the design Network Rail will fund all costs associated with the Mill Goit construction works including the cost of any programme delays to the LSSTG programme and LCC staff costs. This report is seeking authority to inject and authorise Network Rail funding of £9.252m for the Mill Goit design and construction works into the capital programme.

## Recommendations

The Chief Officer for Asset Management and Regeneration is requested to:

- a) Inject and authorise expenditure of £9.252m which is fully externally funded, to undertake the Mill Goit design and construction works to be delivered as part of the Council's NEC4 Professional Services and Engineering and Construction Contracts for the Leeds Station Sustainable Travel Gateway project.

### What is this report about?

- 1 In June 2022, Executive Board approved the injection of £25.912m into the Capital Programme and gave authority to spend £25.912m to deliver the LSSTG project. This was in addition to previous injections into the capital programme of £5.1m in September 2020 and £4.0m in June 2022 with the balance £0.637m from existing programmes. Executive Board also approved the delivery of the Mill Goit deck replacement works as part of the LSSTG project although at the time of the Executive Board meeting the Mill Goit design was ongoing and the construction costs still to be determined.
- 2 In October 2022, the Director of City Development gave authority to enter into contract with the Principal Contractor to deliver the LSSTG and the Mill Goit deck replacement works. Following the conclusion of the contract negotiations in January 2023 the City Solicitor gave authority to award the contract.
- 3 Due to inflationary pressures the contract target cost increased beyond the figure that was approved by the Executive Board in June 2022 as such in November 2022, the Chief Office of Highways and Transportation approved a further £10.451m into the capital programme.
- 4 The Mill Goit is a former water channel built in the 1800's that runs under New Station Street at Leeds Station that channelled water from the river Aire under the station to mills previously in Sovereign Square. The section under New Station Street is owned by Network Rail.
- 5 As part of the proposals for the Leeds Station Sustainable Travel Gateway (LSSTG) project the Mill Goit will be converted into a circ 500-space cycle hub facility which sits underneath what will be the newly pedestrianised New Station Street.
- 6 There are known structural issues associated with the roof of the Mill Goit including corroded beams that support the road surface of New Station Street, damage to the deck which forms the roof between the beams and water ingress. Following a structural report commissioned by Network Rail and undertaken in 2018, Network Rail imposed a weight restriction over the Mill Goit which has to be actively managed, and which causes operational issues.
- 7 In late summer 2021, further to additional surveys undertaken by Network Rail engineers, Leeds City Council were advised of the Network Rail decision to completely replace the concrete deck that carries New Station Street over the goit as part of the Mill Goit repairs prior to the TCF works commencing on site on safety grounds. Network Rail took the decision in order to both ensure the safety of users of New Station Street and to mitigate the need to undertake future works, minimising disruption to passengers and the cycle hub. It had also become apparent that to complete the proposed works to the existing station which are required to increase station

capacity under the Leeds Existing Station Programme, access would be required on New Station Street and that the construction vehicles would exceed the weight restrictions currently in place.

- 8 On the 6<sup>th</sup> April 2022 the Chief Officer of Highways and Transportation gave approval to vary the Professional Services Contract to undertake the Mill Goit design works. The first part of the detailed design F003 package was submitted to Network Rail on the 16<sup>th</sup> December 2022 with the second submitted on the 23<sup>rd</sup> January 2023. Network Rail will be responsible for all design and technical approvals for the Mill Goit works and have agreed to try and better their approval timescales which should be achievable given that Network Rail resources have been fully involved in the design process to date. Network Rail has now reviewed both F003 design submissions and raised areas to be clarified. There are no issues, however, which would prevent the scheme from progressing. Network Rail has confirmed that the Mill Goit works should be included within the Main Works Contract as a Provisional Sum.
- 9 Network Rail will fund all design and construction works associated with the Mill Goit works. This includes programme delays caused to the main project, material increases as a result of inflation, additional contractor prelims and LCC and consultants costs. All costs associated with the Mill Goit including disturbance claims and communications will be met by Network Rail. The Council has entered into a Funding Agreement with Network Rail which commits Network Rail to fund the costs associated with the Mill Goit works.
- 10 The construction works required to replace the beams and deck structure will be subsumed into the main project. The Mill Goit works are expected to commence in May 2023 and complete August 2024.
- 11 The LSSTG project contributes to key Councils ambitions of:
  - a) Health and Wellbeing - The creation of the cycle hub helps meet forecasted growth in cycle usage which supports and promotes healthy and physically active lifestyles.
  - b) Sustainable Infrastructure - Installation of segregated cycle lanes on Bishopgate, Neville Street and Dark Neville Street as well as within the wider City will help support the modal shift towards sustainable forms of transport. Making New Station Street itself more appealing to cyclists and pedestrians by the removal of buses and taxis. This will improve air quality in these areas by reducing harmful nitrogen dioxide (NO<sub>2</sub>) levels.
  - c) Inclusive Growth - The proposed works for a multi-modal transport hub will facilitate modal shift, circulation and capacity and improve connectivity to key and strategic areas of the city, in particular the South Bank.

### **What impact will this proposal have?**

- 12 Completing the structural works at this point minimises future disruption to station passengers and cyclists and prevents financial investment of the TCF programme becoming an abortive cost if the Mill Goit Works were undertaken after completion of the LSSTG works. Furthermore the project could not progress if there was a health and safety risk to cycle hub users.
- 13 The project is critical in providing the structural support to New Station Street which is required to support construction vehicles needed to redevelop the station to increase capacity for rail passengers over the next 20 years meeting the demand created by the TransPennine Route Upgrade and other rail programmes committed in the Integrated Rail Plan for the North and Midlands.

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 14 Health and Wellbeing - The creation of the largest station cycle hub in the North helps meet forecasted growth in cycle usage which supports and promotes healthy and physically active lifestyles.
- 15 Zero Carbon - Installation of segregated cycle lanes on Bishopgate, Neville Street and Dark Neville Street as well as within the wider City will help support the modal shift towards sustainable forms of transport. Making New Station Street itself more appealing to cyclists and pedestrians by the removal of busses and taxis. This will improve air quality in these areas by reducing harmful nitrogen dioxide (NO<sub>2</sub>) levels. An air quality survey conducted earlier in the year by 'Friends of the Earth' found Neville Street to be the most polluted street outside of London.
- 16 Inclusive Growth - The proposed works for a multi-modal transport hub will facilitate modal shift, circulation and capacity and improve connectivity to key and strategic areas of the city, in particular the South Bank which is Europe's largest regeneration area.

## What consultation and engagement has taken place?

Wards affected: Beeston and Holbeck and Hunslet and Riverside,

Have ward members been consulted?       Yes       No

- 17 Multiple engagement sessions have been held with key stakeholders on the project and the Mill Goit works including, the West Yorkshire Mayor, Member of Parliament for Leeds City Centre; Leader of Leeds City Council; Executive Board Member for Infrastructure and Climate; Ward Members for Beeston and Holbeck; Ward Members for Hunslet and Riverside; Network Rail, Network Rail Built Environment and Access Panel, Connecting Leeds Expert Panel, Access and Use-Ability Group; Bus Operators, Cycle Forum Sub Group; Train Operator Companies, Inclusive Design Group, Hackney Taxi Operators, Leeds Bradford Airport, Leeds Civic Trust and local businesses and residents near the station. The Inclusive Design Team referenced was established following a recommendation from Plans Panel that further consultation with groups that represent all protected characteristics under the Equality Act was required.
- 18 Consultation has been undertaken with WYCA, including the Bus Delivery Team, the TCF programme team, the Estates and Rail teams and Bus Delivery Board.
- 19 Local businesses and particularly those impacted by the Mill Goit works have been and will continue to be consulted and engaged with by Network Rail.
- 20 As a result of the safety critical Mill Goit works the hackney taxis will need to be relocated temporarily prior to moving to their new permanent rank on Bishopgate. Network Rail is in discussion with the hackney taxi operators to agree a temporary solution.

## What are the resource implications?

- 21 The Mill Goit design and construction works will be fully funded by Network Rail and monies have been ringfenced and approved within the organisation to deliver the works. Network Rail have also committed to fund all LCC resources and their consultants required to deliver the Mill Goit along with the cost of any programme delays to the main works as a result of the increase in scope. This will include increases in prelims and materials as a result of inflation. Network Rail will be responsible for managing their own risk for unforeseen costs, disturbance costs and communications.
- 22 A funding agreement has been put in place to facilitate Network Rail's payment of the Mill Goit works. Network Rail will release funding upon the completion of agreed programme milestones.
- 23 The total budget for the design and construction works to the Mill Goit is £9.252m and will be injected into the capital programme as part of this report as set out in the cashflow table below.
- 24 As part of the Basic Asset Protection Agreement, Network Rail will provide all technical support required to support LCC in the delivery of the Mill Goit works and meet Network Rail approvals.

## 25 Capital Funding and cashflow

### Leeds Station Sustainable Travel Gateway – 32774/LRS/TCF & Mill Goit Works

Current Injection and Authority to spend at October 22	TOTAL £000's	TO MARCH 2022 £000's	FORECAST				
			2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026 on £000's
PROJECT DEVELOPMENT & LAND ASSEMBLY	5397.0	4935.0	462.0	0.0	0.0	0.0	0.0
CONSTRUCTION WORKS	37079.9	0.0	7960.3	18075.8	5201.2	5842.6	0.0
OTHER COSTS	3622.7	0.0	334.2	0.0	1441.1	1847.4	0.0
TOTALS	46099.6	4935.0	8756.5	18075.8	6642.3	7690.0	0.0
Injection and Authority to Spend required for this current approval	TOTAL £000's	TO MARCH 2022 £000's	FORECAST				
			2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026 on £000's
MILL GOIT	9252.0	0.0	0.0	4252.0	5000.0	0.0	0.0
TOTALS	9252.0	0.0	0.0	4252.0	5000.0	0.0	0.0
Total Overall Funding	TOTAL £000's	TO MARCH 2022 £000's	FORECAST				
			2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026 on £000's
LCC BORROWING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LPTIP FUNDING 32774/LRS	250.0	250.0	0.0	0.0	0.0	0.0	0.0
TRANSPORT FOR CITIES (TCF)	45313.6	4247.0	8658.5	18075.8	6642.3	7690.0	0.0
MILL GOIT - NETWORK RAIL	9252.0	0.0	0.0	4252.0	5000.0	0.0	0.0
NETWORK RAIL HERITAGE	98.0	0.0	98.0	0.0	0.0	0.0	0.0
PRIVATE SECTOR	438.0	438.0	0.0	0.0	0.0	0.0	0.0
TOTAL CONFIRMED FUNDING	55351.6	4935.0	8756.5	22327.8	11642.3	7690.0	0.0
TOTAL FUNDING BALANCE	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

26 Network Rail staff strike action has the potential to delay the programme should Network Rail project resource be diverted during the strikes. Discussions with Network Rail colleagues indicate that none of the key project personnel are involved in the strikes and the project has not been adversely affected with the strikes undertaken to date. To mitigate the risk the Contractor will ensure that where possible submissions and approvals required from Network Rail will be programmed around strike action once known.

27 The ongoing effects of COVID and Brexit has the potential to increase the costs of the Mill Goit works beyond the target cost. The Target Cost Contract includes an inflation clause to capture price increases from the baseline position to practical completion based on BCIS inflation forecasts (Tender Price Indices). Network Rail have been advised to include an inflation allowance within their funding envelope to cover such eventualities.

28 A joint risk log has been developed with the Contractor and shared with Network Rail to ensure all project risks are allocated to the relevant and appropriate risk owner. The Council's risk register has been developed by Matthews Construction Consultants Ltd and both risk log values are included in the project cost. The project risk log will continue to be maintained and updated throughout the project and escalation of any risks that sit outside the agreed tolerances will be managed via the LSSTG Project Board.

### What are the legal implications?

27 The Council and Network Rail have entered into a Funding Agreement for Network Rail to pay the Council the full cost of the Mill Goit design and construction works, LCC resource costs and

costs of LCC consultants. Network Rail has committed through the Funding Agreement to meet the cost of disturbance, delay to the TCF project and communications all associated with the Mill Goit project. This report is seeking approval to inject this funding into the Council's capital programme and authorise expenditure of £9.252m to deliver the project.

## **Options, timescales and measuring success**

### **What other options were considered?**

- 28 Do Nothing - This option was discounted as Network Rail have identified structural issues to the Mill Goit deck and structure that will only continue to deteriorate as time passes. Not only does it have health and safety implications for future cycle hub users but the weight restrictions imposed by Network Rail as a result of the issues would impact the ability to deliver the Leeds Existing Station Programme. Leeds City Council would not be able to progress the delivery of the LSSTG project unless works were undertaken on the Mill Goit.
- 29 Network Rail deliver the works via their own contractor. – This option was discounted due to potential programme delays caused by Network Rail having to procure their own contractor and the interface issues caused by having two contractors working in the same constrained space as the Mill Goit, and in addition the main programme works are intertwined with the structural Mill Goit works.
- 30 Mill Goit works delivered through the Council Engineering and Construction Contract – This is the preferred option as it minimises programme delays and risk in respect of two projects being on site at the same time in the same space. The Council's position has been protected through the terms of the Funding Agreement with Network Rail and the Basic Asset Protection Agreement with Network Rail and subsequent Variation which will be entered into prior to works commencing for the Mill Goit.

### **How will success be measured?**

- 31 Funding will be injected into the capital programme and the Mill Goit works will be delivered as part of the LSSTG project. All funding payments will be received from Network Rail.

### **What is the timetable and who will be responsible for implementation?**

- 32 It is anticipated that the Mill Goit works will commence in May 2023 and complete in August 2024.

### **Appendices**

- None

### **Background papers**

- None