REPORT OF THE ASSISTANT DIRECTOR FOR INFRASTRUCTURE AND PROGRAMMES

TO THE CITY MAYOR FOR DECISION ON

4th August 2014

TITLE: Salford Central Station - Project development and funding

RECOMMENDATION:

That the City Mayor:

1. Approve that Salford City Council provide a maximum of £250,000 capital cash flow payment to TfGM to cover the cost of development work for Salford Central Station between now and April 2015; with the full amount provided to be reimbursed in full through the Local Growth Fund.

EXECUTIVE SUMMARY:

In September 2013 the Greater Manchester Combined Authority (GMCA), GM Local Enterprise Partnership (LEP) and GM Local Transport Body (LTB) approved a list of 12 GM priority major transport projects for submission to the Department for Transport (DfT). This list set out GM spending priorities against £110 million of major transport scheme funding that DfT has confirmed will be devolved to GM for the period 2015 – 2021 as part of the Local Growth Fund (LGF).

The Salford Central Station project was included as one of the 12 GM priorities for the period to 2021 and has an estimated value of £20.4 million. This investment will see additional platforms added to the station along with improved facilities that could include improved disabled access, toilets, accessibility, covered platforms, CCTV.

The station project is entirely funded through government funding which will be administered by Transport for Greater Manchester (TfGM) on behalf of GMCA. Network Rail (NR) has now submitted an investment authority paper to TfGM for endorsement based on a development cost of £656,000 and a further management cost of £94,000 (in total £750,000) to undertake GRIP 3 Approval In Principle.

This report seeks approval for Salford City Council to provide £250,000 capital cash flow between now and April 2015, when the full cash flowed sum will be reimbursed to the City Council.
Detail

1. **Background**

1.1 Salford Central Rail Station is recognised as having a key role to play in unlocking economic growth. The station already makes a significant contribution to the regional economy but its prime location for serving the rapidly developing business district to the west of Manchester City Centre is not optimised by the facilities currently available.

1.2 Platforms to the south of the operational station must be reinstated if Salford is to achieve the maximum benefit of Northern Hub investment as otherwise Salford Central Station will not directly benefit from construction of the Ordsall Chord. These platforms will allow services on the Ordsall Chord to serve all five stations in the Regional Centre, so providing a high level of accessibility and new opportunities for rail travel. Improved station facilities such as improved disabled access, toilets, accessibility, covered platforms and CCTV must also be considered as part of the design process.

1.3 In all it is anticipated that the additional platforms at Salford Central Station will generate in excess of £43m per annum across Greater Manchester and generate 729 jobs, of which 675 jobs would be in Salford.

2. **The Local Growth Fund**

2.1 In September 2013, DfT confirmed that GM will receive a baseline major funding allocation of £110m for major transport schemes between 2015/16 and 2020/21, which included a £20.4m allocation to fund the Salford Central Station project.

2.2 At the time of writing this report it is anticipated that LGF drawdown arrangements will be approved and committed from April 2015 following final submission of a full business case to the LTB for scrutiny. The submission will entail detailed design, economic appraisal, public consultation and gaining the required planning consents.

2.3 The GMCA Treasurer and the TfGM Finance and Corporate Services Director have proposed that the promoting authority (i.e. Salford City Council) commission and undertake this development work and cash flow the costs. The costs would be reimbursed once the LGF grant is received from April 2015. GMCA approved this proposal during March 2014.

2.4 An Assurance Framework has been agreed whereby TfGM will undertake a scrutiny role on behalf of the LTB.
3. **Development Work - Securing Approval In Principle**

3.1 The City Council is now working with NR and TfGM to fully develop the station project; identifying the additional platforms that will be required to service the post Northern Hub rail network and how these platforms and improved facilities can best be incorporated into the station. The improvements works will be undertaken by NR as infrastructure manager of the national rail network. This approach will ensure that the project will be compatible and integrated with existing railway operations.

3.2 NR uses the Governance for Railway Investment Projects (GRIP) process to manage and control all projects that enhance or renew the national rail network. The proposed improvements to Salford Central Station will be taken forward using this approach. GRIP divides a project into eight distinct stages. The overall approach is product rather than process driven, and within each stage an agreed set of products are delivered.

- Stage 1 - Output definition
- Stage 2 - Feasibility
- Stage 3 - Option selection
- Stage 4 - Single option development
- Stage 5 - Detailed design
- Stage 6 - Construction test and commission
- Stage 7 - Scheme hand back
- Stage 8 - Project close out

3.3 NR has already completed preliminary GRIP studies for stages 1 and 2 to consider options for reinstatement of platforms. GRIP 3 Approval in Principle (AIP) must now be secured, identifying a preferred platform arrangement. The City Council’s cash flow contribution will achieve this.

3.4 Securing Approval In Principle (AIP) is critical to the project, as AIP represents NR’s formal commitment to delivery. The critical issues to be considered at the GRIP 3 stage will be platform configuration and the additional station facilities to be delivered (e.g. improved disabled access, toilets, accessibility, covered platforms, CCTV).

3.5 A cost report study produced by NR estimates that securement of GRIP 3 AIP will cost £656k (c£750k with Management costs). It is anticipated that the study would take 8 months to complete. This proposal is presented within Appendix A.

3.6 NR and TfGM will enter into a Development Services Agreement (DSA) approved by the Office of Rail Regulation; this will provide a basis for NR’s appointment. NR will also provide an Activity Schedule that will be reported on monthly. The DSA covers activities during the development stage of the project, providing for reasonable and proper costs to be passed through to TfGM on an emerging cost basis.

3.7 Salford City Council, Urban Vision, TfGM and NR must consider how improved access and facilities at Salford Central Station can be integrated with other transport and connectivity initiatives such as the Bus Priority Scheme, cross-city bus services, Route 8 and other bus services passing the station, or terminating at Gore Street.

3.8 In addition Salford City Council will work with English Cities Fund, Urban Vision and other partners to develop proposals for specific gateway environs around the station that will further improve civic realm along with pedestrian and cyclist connectivity to New Bailey, Chapel Street, Middlewood Locks, Spinningfields and the Bruntwood development.
3.9 At the time of writing this report is anticipated that construction of the Chord will commence in February 2015 subject to determination of the Transport Works Act Order by the Secretary of State for Transport. NR is working to ensure that the Ordsall Chord is operational by December 2016. Salford City Council will press NR to have the improvements to the station delivered at the same time as the Ordsall Chord to minimise significant disruption.

4 Drawdown arrangements

4.1 Salford City Council is required to provide a capital cash flow payment of £250,000 to TfGM. This contribution will be equally matched by TfGM and NR in order to meet the £750,000 required. In line with the GMCA report entitled Future Transport Priorities/Major Schemes (28th March 2014) costs in respect of development works will be reimbursed once the LGF monies are received from April 2015.

4.2 Salford City Council’s contribution will not be made as a single upfront payment. At the time of writing this report the DSA between TfGM and NR is yet to be finalised. This will confirm the parameters of the GRIP 3 AIP study in terms of brief, remit, programme and cost along with an associated programme for fee drawdown. Consequently, the table presented in Appendix B presents a probable scenario in terms of spend spread over the next 8 months.

4.3 Salford City Council will provide a letter of commitment to TfGM subject to the terms of the commitment being negotiated to the satisfaction of the City Council. The letter will be signed by the City Council’s Chief Financial Officer on behalf of Salford City Council. This will then allow TfGM to provide a funding letter to NR, enabling NR to proceed with the project development works.

4.4 The letter of commitment provided by Salford City Council will serve as a funding agreement between Salford City Council and TfGM. The letter of commitment will also confirm the arrangements for the full reimbursement of the £250,000 cash flow payment, ensuring that Salford City Council’s contribution will be capped at the level of external funding that will be claimed from GMCA in 2015/16. There will therefore be no permanent call on the City Council’s resources.
KEY COUNCIL POLICIES:

- A Plan for Reform and Growth in Greater Manchester (March 2014)

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

A Community Impact Assessment screening evaluation has been completed in accordance with the City Council’s guidelines. This confirmed that a full Community Impact Assessment is not required at this time.

ASSESSMENT OF RISK:

Low – In line with the Greater Manchester Combined Authority Report entitled Future Transport Priorities/Major Schemes (28th March 2014) costs in respect of development works will be reimbursed once LGF monies are received from April 2015. This project will therefore have no permanent impact upon the City Council’s financial resources.

Salford City Council will provide a letter of commitment to TfGM subject to the terms of the commitment being negotiated to the satisfaction of the City Council. The letter of commitment will also confirm the arrangements for the full reimbursement of the £250,000 cash flow payment.

SOURCE OF FUNDING:

The letter of commitment provided by Salford City Council will serve as a funding agreement between Salford City Council and TfGM. This will ensure that Salford City Council’s £250,000 contribution is capped at the level of external funding that will be received from GMCA in 2015/16. There will therefore be no permanent call on the City Council’s resources.

The £250,000 payment will be recorded as capital expenditure within the City Council capital 2014/15 programme funded from the grant monies to be received from the LGF via GMCA and TfGM.

LEGAL IMPLICATIONS

Supplied by:
Melinda Edwards, Principal Solicitor 0161 219 6286

Comment: As noted in the report, the Greater Manchester Combined Authority (GMCA), GM Local Enterprise Partnership (LEP) and GM Local Transport Body (LTB) approved a list of 12 GM priority major transport projects for submission to the Department for Transport (DfT). This list set out GM spending priorities against £110 million of major transport scheme funding that Department for Transport has confirmed will be devolved to GM for the period 2015 – 2021 as part of the Local Growth Fund.

The Salford Central Station project was included as one of the 12 GM priorities. The station project is entirely funded through government funding which will be administrated by Transport for Greater Manchester of behalf of GMCA.
Network Rail (NR) has now submitted an investment authority paper to TfGM for endorsement based on a cost of £750,000 to undertake GRIP 3 Approval In Principle. This report seeks approval for Salford City Council to provide a capital grant payment of £250,000 to Transport for Greater Manchester to assist with the completion of the necessary GRIP 3 work. This contribution will be equally matched by TfGM and NR in order to meet the £750,000 required. The costs in respect of development works will be reimbursed once the grant is received from the Department for Transport in April 2015. This project will therefore have no permanent impact upon the City Council’s financial resources.

The report notes that the Council will provide a letter of commitment to TfGM subject to the terms of the commitment being negotiated to the satisfaction of the City Council. The letter will be signed by the City Council’s Chief Financial Officer on behalf of Salford City Council. This will then allow TfGM to provide with a funding letter to NR, enabling NR to proceed with the project development works. The report also notes that the letter of commitment provided by Salford City Council will serve as a funding agreement between Salford City Council and TfGM and will confirm the arrangements for the full reimbursement of the £250,000 payment, ensuring that Salford City Council’s contribution will be capped at the level of external funding that will be claimed from GMCA in 2015/16. In that regard, it is essential that Legal Services prepare the proposed letter of commitment to ensure that the Council’s interests are protected accordingly.

FINANCIAL IMPLICATIONS

Supplied by: Neil Thornton, Chief Financial Officer
Date Consulted: 08/07/2014

Comment: Once approved by the City Mayor, the short term cash facility of up to £250k will be provided via routine Treasury Management operations. Reimbursement will be sought from GMCA/TfGM as soon as LGF funds are available in early 2015/16. The commitment from GMCA is for reimbursement of the £250k in full.

PROCUREMENT IMPLICATIONS

There are no procurement implications associated with this approval.

OTHER DIRECTORATES CONSULTED:

Not applicable.

CONTACT OFFICER:

Jim Wensley, Assistant Director Infrastructure and Programmes.
Environment & Community Safety

WARD(S) TO WHICH REPORT RELATE(S):

Ordsall
### Appendix B

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