

Agenda Item No. 7(g)

DERBYSHIRE COUNTY COUNCIL

CABINET

28 July 2015

**ILKESTON RAIL STATION (HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE)**

(1) **Purpose of Report** To seek Cabinet approval for additional funds towards the funding package for Ilkeston railway station in order to permit the award of a construction contract.

(2) **Information and Analysis**

Background

The County Council has, for some years, taken the lead in developing plans for a new railway station at Ilkeston and has been progressing the station design and approvals, and putting together a funding package.

Contract Management proposals were approved by Cabinet on 1 October 2013 (Minute No. 268/13 refers) and Cabinet most recently received a report on the project at its meeting of 4 March 2014. Among other issues, this report recommended approval of an additional financial contribution of up to £757,000 to meet increased costs (Minute No. 96/14 refers).

It had originally been intended to open the station to passengers in December 2014, but significant delays have occurred, meaning this date was no longer possible. A number of issues have since been overcome and the project is now at a stage where construction can go ahead soon, subject to approval of budgets.

Scheme Development

In March 2014, it was reported to Cabinet that planning approval from Erewash Borough Council was in place and that approval from Broxtowe Borough Council was expected imminently, which was indeed the case. However, substantial design alterations were required to satisfy the Environment Agency that the station and its car park were not adding to the risk of flooding and it became apparent that the construction of flood prevention measures would make the project unaffordable. As a result, a complete design review has been carried out, resulting in new access proposals which keep the main car park out of the area at significant risk of flooding and the development of a new area providing taxi access and parking

for disabled people, cycles and motorcycles. These proposals required new planning applications to be submitted to both Erewash and Broxtowe Borough Councils and all necessary approvals have been in place since June 2015.

The project programme has also been affected by the unexpected presence on site of Great Crested Newts. Specialist advice obtained early in the project indicated that there was a very low risk of migration across the site, as there were no suitable habitats. This turned out to be incorrect and a programme of trapping and relocation has been required, interrupted by the winter hibernation period. The main site has now been confirmed clear of newts, although further monitoring and trapping is required on some of the land covered by the revised planning applications.

Whilst the County Council has taken the lead in preparing the project, its construction has always been planned through Network Rail, which has already dealt with preliminary work including monitoring of Great Crested Newts and site clearance. A preferred contractor for the main construction work has been selected by Network Rail and the contract can now be awarded, subject to confirmation that the project can be delivered within its available budget.

Financial Issues

Confirmed financial contributions to the station project to date are:

Nottingham Housing Market Area £1,000,000

Derbyshire County Council initial approval Local Transport Plan (LTP)
£992,000

Derbyshire County Council additional funding £757,000 (approved 4 March 2014)

New Stations Fund initial award £4,574,000

New Stations Fund additional £1,800,000.

This represents a current confirmed budget of £9,123,000.

An additional contribution of £300,000 from the New Stations Fund is available subject to the County Council providing a further £200,000. If approved, this would provide a total budget of £9,623,000. The conditional offer of £300,000 was made some time ago and required an immediate response from the County Council over match funding, which did not permit time for a report to be considered by Members. The Chief Executive therefore gave approval under his powers to take urgent decisions in accordance with the scheme of delegation contained in the Council's Constitution for the Council to offer the £200,000 of match funding required; the funding was made available through management of LTP Capital projects. The issue has not previously been reported to Cabinet because until total project costs had been updated,

reflecting the design review, it was not clear whether any or all of this additional funding would be required.

Until now, budget predictions have been based on Network Rail estimates and outline designs. However, it is only once an approved detailed design has been priced by a contractor that a more accurate indication of costs can be determined.

Network Rail has reviewed the scheme design and its contractor, selected from Network Rail's framework, has now been able to price up the scheme.

Taking into account the contractor's price, all fees and contingencies, the current Anticipated Final Cost (AFC) for the station is £9,938,000. There are also several ways in which efforts will be made to bring the outturn cost below the AFC:

- The construction contract between Network Rail and the main contractor will include a 'pain-gain' agreement, meaning that the contractor pays directly a share of costs should these exceed the estimate supplied, but keeps a proportion of any savings where out-turn costs fall below the estimate.
- The AFC of £9,938,000 includes allowances of approximately £337,000 for outstanding risks, such as disruption to construction by severe weather, that may not fully materialise.
- The contractor, whilst supplying costs based upon the current design and assumed working methods, has identified some areas where savings could possibly be made through alternative approaches to the work.

A request made to New Stations Fund for further contributions was unsuccessful.

Whilst there are potential areas of work to be carried out to reduce the cost of the station from the current AFC of £9,938,000, those most likely to result in significant savings can only be realised once the project enters its construction phase.

In order to progress the scheme, it will be necessary to confirm to Network Rail that there is an approved budget in place that matches the AFC. While noting the contributions of £7,674,000 from the New Stations Fund, in particular, and the Nottingham Housing Market Area, the County Council's potential contribution could add up to £2,264,000. This includes £1,749,000 that has already been approved.

It is therefore recommended that Cabinet approves an additional £515,000 in order to increase the budget to match the AFC and to allow the award of contracts and a start of works. The construction programme remains under

review and will only be finalised once the contract is awarded. Opening of the station is expected to be early spring 2016.

(3) **Financial Considerations** An allowance for an increased contribution of £200,000 from the County Council has been made through management of LTP capital budgets, which are the source of all existing Council commitments to the project. Additional funding of up to £315,000 would need to be met from the same source, and could reduce the ability of the Council to offer match funding to future Growth Deal projects or other grant funding programmes. The total amount of £515,000 includes the £200,000 which was approved by the Chief Executive under his delegated powers. It will be necessary to manage costs during construction to identify reductions to the final out-turn cost.

(4) **Legal Considerations** The construction of Ilkeston rail station under the New Stations Fund Programme requires an agreement to be put in place between the County Council (as promoter and the holder of funds) and Network Rail (as client for the construction contract). This Implementation Agreement provides both parties with the assurance that the station will be constructed to its specified design and that funding will be supplied. Previous agreements have been made between the same parties to cover preparation stages and it is recommended that the Director of Legal Services be authorised to agree and sign the Implementation Agreement on behalf of the Council.

(5) **Transport Considerations** The original business case for Ilkeston rail station calculates that around 160,000 passenger journeys will be made in the first year of its operation and this will rise rapidly in future years. Improved connectivity to major towns and cities, such as Nottingham, Chesterfield and Sheffield, will increase opportunities for local people to access work, education and training. It will also help boost the local economy by making the town more accessible to visitors and businesses.

Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, human resources, environmental, health and property considerations.

(6) **Key Decision** Yes.

(7) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(8) **Background Papers** Held on file within the Economy, Transport and Environment Department. Officer contact details – Geoff Pickford, extension 38194.

(9) **OFFICER'S RECOMMENDATIONS** That Cabinet:

- 9.1 Approves an additional £515,000 contribution to Ilkeston Station, raising the County Council's maximum funding to £2,264,000 in order to permit the award of a construction contract.
- 9.2 Authorises the Director of Legal Services to agree and sign an Implementation Agreement with Network Rail under which the final stages of the station would be constructed and funded.

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