
Cabinet

28 November 2017

Name of Cabinet Member:

Cabinet Member for Jobs and Regeneration - Councillor O'Boyle

Director Approving Submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

All

Title:

Coventry Station Masterplan Procurement Strategy Update

Is this a key decision?

Yes as it has the potential to affect all wards within the City and expenditure is in excess of £1m

Executive Summary:

The Coventry Station Masterplan programme is set to deliver transformational improvements to Coventry Railway Station. The £82m Coventry Station Masterplan was developed in response to a 2014 study that looked at the city's future rail needs. The initial masterplan was approved by Cabinet in March 2015 and has subsequently been developed to ensure that it meet the needs of an aspirational and growing city. The revised masterplan was approved by Cabinet on 24th January, 2017.

The Coventry Station Masterplan project will deliver a new footbridge, bay platform, second station building and multi-storey car park, bus interchange and new highway infrastructure.

As the scheme has developed the procurement strategy has been reviewed and refined to ensure best value for money is achieved. Extensive market testing has been undertaken to help shape a revised procurement strategy. This report sets out how the masterplan will be procured, highlighting changes in the procurement strategy since the January 2017 Cabinet Report. It seeks Cabinet's approval to go out to competitive tender in line with the procurement strategy detailed below.

Note a further Cabinet Report will be submitted early 2018 to obtain approval for land acquisition to deliver some elements of the project.

Recommendations:

Cabinet is requested to:-

- (1) Approve to proceed with the procurement for the design and construction of the six packages of the Coventry Station Masterplan Scheme

- (2) Delegate authority to the Deputy Chief Executive (Place) and Cabinet Member for Jobs and Regeneration to authorise award of contracts.
- (3) Note that Cabinet approval will be sought in the event that contract values are over £1m above the approved contingency level for each contract.
- (4) Delegate authority to the Deputy Chief Executive (Place), to enter into the relevant legal agreements and associated documents necessary to contract with the selected suppliers for the delivery of the six packages of the Coventry Station Masterplan Scheme, following the approved procurement activity.

Background papers:

None

Other useful documents:

Cabinet 16th August, 2011: NUCKLE (Phase 1) – Submission of Best and Final Bid to DfT

Cabinet 30th August 2011: NUCKLE (Phase 1) – s151 Officer Declaration for Best and Final Bid to DfT

Cabinet 3rd January 2012: NUCKLE (Phase 1) – Project Cost and Funding Update

Cabinet 4th March 2014: NUCKLE (Phase 1, Package 1)

Cabinet 3rd March, 2015: Coventry Station Regeneration and associated rail improvements

Cabinet 24th January 2017: Connecting Coventry

Cabinet 24th January 2017: Coventry Station Masterplan Update

All of the above are available from the Council's website:

<http://moderngov.coventry.gov.uk/ieListMeetings.aspx?Committeed=124>

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Coventry Station Masterplan Procurement Strategy Update

1. Context (or background)

- 1.1 Coventry Station has experienced very high rail growth, becoming one of the busiest stations on the West Coast Mainline, and passenger demand is forecast to continue to increase significantly, particularly with the Friargate development around the station. Passenger activity at the station is forecast to increase from circa 6.9m trips per annum today to 7.5m pa in 2023 and nearly 11m pa in 2043, contrasting with just 2.25m pa in 2001. The station has suffered from a lack of investment and is experiencing capacity issues that will start to increasingly displace passenger activity to other stations and modes of transport. This will undermine the role of the station in supporting city centre regeneration and its ability to attract and retain inter-city rail services, which significantly benefit the city economy. Consequently, working with the Coventry & Warwickshire LEP, Friargate LLP and rail industry partners, a Station Masterplan has been developed and funding sources identified.
- 1.2 Coventry Station Masterplan will deliver extra capacity, improved accessibility and a better first impression of Coventry, through new infrastructure including footbridge and canopy extension, NUCKLE 1.2 bay platform, track and signal work, a second station building, 633 space multi-storey car park and bus interchange, complemented by new highway infrastructure. The works will start on site next spring and be completed by summer 2021.
- 1.3 A full business case has been developed for the scheme, which identifies that there is already a need for additional capacity to be created at Coventry Railway Station as a result of significant passenger growth. The business case also demonstrates that when HS2 is in operation post 2026 there will still be sufficient growth and demand at Coventry Station which justifies this investment, even if direct London train services are reduced.
- 1.4 Note that while Coventry Very Light Rail (VLR) is a separate project to the Station Masterplan the schemes are linked, as its intended the future VLR service will serve the railway station. The highway and new junction on Warwick Road has therefore been designed to ensure VLR can be accommodated in the future.
- 1.5 £40.6m of funding for the £82m Station Masterplan programme is already secure through sources including CWLEP Local Growth Deal and DfT funding. The remaining £39.4m funding required for the scheme will be from Devolution Deal, subject to approval of a Full Business Case from West Midlands Combined Authority which is anticipated by the end of the year.
- 1.6 The programme is currently at detailed design stage, following approval of the scheme at Cabinet on 24th January 2017.
- 1.7 In order to successfully procure and deliver these improvements, the packages of work for the Station Masterplan have been grouped into six work packages as follows:
 - a) Footbridge and Canopies
 - b) Substation and Services
 - c) NUCKLE 1.2 (Bay Platform)
 - d) 2nd Entrance and multi-storey car park
 - e) Bus Interchange
 - f) Highways

2 Options considered and recommended proposal

Coventry Station Masterplan Procurement Options

- 2.1 There are two options for how to procure the construction for the scheme, either via an open competitive OJEU process led by Coventry City Council, or alternatively a direct agreement with Network Rail.
- 2.2 In the January 2017 report, it was envisaged that the procurement for the construction of the Footbridge and Canopies and the bay platform would be delivered through a direct agreement with Network Rail, who were deemed best placed to manage the risk of working in direct vicinity around a live railway.
- 2.3 The procurement strategy for the construction of the car park and station buildings was still being reviewed, however, it was envisaged and proposed that an Open or Restricted OJEU tender procedure would be undertaken to drive competition and best value.
- 2.4 Since January 2017 the project team have changed the position in relation to appointing Network Rail to deliver the footbridge and canopies and the bay platform. This is because the risk associated with working near a live railway is outweighed by the risk of programme overruns and failing to achieve value for money if Network Rail deliver these packages.
- 2.5 It is now considered necessary to carry out an Open or Restricted OJEU tender procedure to drive competition and best value.
- 2.6 To inform the current approach, Coventry City Council's appointed project managers, SLC Rail, who assisted in re-evaluating the Coventry Station Masterplan (CSMP) and NUCKLE Phase 1.2 procurement strategies to ensure all elements were considered, packaging opportunities identified and to offer recommendations based on the findings. The following activities took place:
- **Market Testing** – A market testing exercise was undertaken with a number of contractors with significant experience of delivering projects of this type and size in a rail environment. The findings were then used to inform and validate the final recommendations.
 - **Delivery Phasing** – The delivery packages were further reviewed from a technical standpoint, with the view of potentially combining or re-packaging works to improve programme, reduce disruption to the highway / railway or to deliver cost efficiencies.
 - **Programme Review** – The impact of any procurement and phasing changes was incorporated into the delivery programme to understand the overall impact on completion dates.
- 2.7 Following the above activities, a report was produced which highlighted that a competitive tender process would add significant value to all elements of the scheme given that;
- previous experience delivering work through Network Rail has resulted in cost overruns and delays;
 - there is an appetite from construction contractors to work with Network Rail to deliver elements of the scheme;
 - contractors are prepared to risk share;
 - a competitive tender exercise would not impact on programme by delaying current delivery dates; and
 - combining or re-packaging works could improve programme, reduce disruption to the highway / railway and produce cost efficiencies.
- It is therefore recommended that CCC move towards a strategy of directly managing the works with the project management support of the authority's Rail Framework consultants, interfacing with Network Rail via an Asset Protection Agreement where appropriate.

2.8 It is proposed that the following procurement routes are used for each package of the scheme:

- a) Footbridge and Canopies – It is recommended an OJEU tender process is followed to secure a contractor to deliver the package on a design and build basis. The OJEU process will open the opportunity to all interested suppliers, therefore maximising competition.
- b) Substation and Services – It is recommended a non OJEU tender process in line with the Council's Rules for Contracts is undertaken. An OJEU tender process is not required due to the value of the package falling below the OJEU competition threshold for works. The tender process will allow all interested suppliers in a relatively limited market to bid and maximise competition.
- c) NUCKLE 1.2 (Bay Platform) – An OJEU tender process will be followed to appoint a single contractor to deliver the package on a design and build basis. The OJEU tender route will ensure competition is maximised and contractors with appropriate rail expertise are given the opportunity to bid which is essential due to the heavily rail based scope of these works.
- d) 2nd Entrance and Multi-storey Car Park – An OJEU tender process will be followed to secure a contractor to deliver the package on a design and build basis. The OJEU process will open the opportunity to all interested suppliers, therefore maximising competition and delivering value.
- e) Bus Interchange - An OJEU tender process will be followed to secure a contractor to deliver the package on a design and build basis. The OJEU process will open the opportunity to all interested suppliers, therefore maximising competition and delivering value.
- f) Highways – An OJEU tender process will be undertaken to secure a contractor to deliver this package on a build only basis, as the design is currently underway with an external design partner. The OJEU process will open the requirement to the whole of the market, therefore maximising the opportunity for competition.

2.9 Due the complex nature of the project, the project team may need to restructure the technical content of the packages as unforeseen technical and programming constraints arise. This flexibility will allow the project team to overcome constraints in a timely and efficient manner, and ensure efficiencies are maximised wherever possible. Additionally flexibility is required for repacking works if opportunities arise that enable the programme to be brought forward, for example if third party land can be acquired to deliver the highways element earlier than scheduled.

2.10 In formulating the procurement strategy for the above packages, existing frameworks and procurement routes were investigated. As the majority of the above packages are specialist in nature, the project team recommend the procurement routes set out above, as there are no pre-existing frameworks that could provide the specific expertise required and drive best value for the Council. Each of the above packages were formulated taking into account programming and technical constraints, while being formulated to achieve best value.

3. Results of consultation undertaken

3.1 The proposals have been clearly set out in public papers, agenda's and reports of both the Coventry & Warwickshire Local Enterprise Partnership and the West Midlands Combined Authority Movement for Growth Strategy, the funding bodies which have allocated funding. Additionally Coventry City Council's Business, Economy and Enterprise Scrutiny Board (3) considered the principles of the proposed scheme during a public meeting in April 2014.

- 3.2 Additionally the NUCKLE scheme is well known and subject to regular press coverage and a number of previous public committee reports.
- 3.3 Pre-planning public engagement is due to take place this autumn ahead of submission of planning applications for the scheme.

4. Timetable for implementing this decision

- 4.1 It is proposed to go out to tender for the footbridge and canopies December 2017, works are due to commence on site spring 2018. The tender for NUCKLE 1.2 will follow early 2018 with works scheduled to commence autumn 2018. The remainder of the scheme packages will be tendered during 2018.

5. Comments from the Director of Finance and Corporate Services

5.1 Financial Implications

The report is seeking approval to proceed on procurement aspects of the project. At this stage therefore, there is an expectation that the existing £82m approved budget is sufficient. The procurement strategy is managed within the project governance and any changes which increase the tender prices above the £82m approved budget would be brought back to Cabinet/Cabinet Member for approval as required by the constitution.

Table 1 below provides a full breakdown of project costs. The costs include for project management, design and construction and includes £12.4m contingency across the programme.

PROGRAMME ITEM	Total (£000)
CCC Internal Costs	1,054
Rocket Pub	154
Access Tunnel	3,047
Footbridge & Canopies	9,447
Multi-Storey Car Park	13,499
Secondary Entrance	10,985
Bus Interchange	4,761
Substation	1,547
Highways	19,389
Nuckle 1.2	18,131
TOTAL PROGRAMME	82,014

Table 1: Breakdown of capital scheme costs

Cabinet approval will be sought in the event that contract values are over £1m above the approved contingency level for each contract. Any cost increases above approved contingency levels would need to be dealt with by using contingency from other scheme elements within the £82m programme, de-scoping or seeking additional funds.

5.2 Legal Implications

The Local Authority has wide powers to enter into arrangements such as those proposed in this report. Under Section 111 of the Local Government Act 1972 a local authority, such as Coventry City Council and its partner, Warwickshire County Council, has powers to do

anything calculated to facilitate, or is conducive or incidental to the discharge of its functions. The Local Government (Contracts) Act 1997 also gives power to Local Authorities to enter into contracts with third parties.

Coventry City Council and Warwickshire County Council can use the general power of competence under the Localism Act 2011 to enable them to go ahead with the proposed scheme. This allows the authority to do anything which an individual may do which is only subject to any specific restrictions set out in any legislation, of which there are none in respect of the proposals set out in this report.

Coventry City Council will be required to submit a planning application in order to seek permission for the delivery of the bus interchange, while Friargate LLP will make a Reserved Matters Application under their 2011 Outline permission for the highway infrastructure changes.

Procurement Implications

The Council will be undertaking all procurements of the works packages proposed above in line with all applicable United Kingdom and European procurement legislation and any implementing measures and any other legislation in connection with the procurement of works, supplies or services including European Union directives.

State Aid Implications

In the railway sector the responsibility to operate and manage the main national railway network is typically the responsibility of the State, either through an administrative body or by a public undertaking, in most cases under a legal monopoly, which within the UK is Network Rail. As the management and operation of the main rail infrastructure networks within the EU are generally carried out in national, geographically closed and separated markets that are not subject to competition, public financial support made available to infrastructure managers is generally not liable to affect trade between Member States. Therefore the Council considers that state aid is not applicable to Coventry Station Masterplan as it is of the view it does not affect competition and trade between Member States in relation to the investment into the construction, maintenance and management of general railway infrastructure.

6. Other implications

The City Council has taken advantage of recent changes in railway regulations to become a 'station investor' at Coventry station. Taking this role means changes to the station layout to implement the various elements of the Masterplan can be proposed; the scope of change can be managed directly with the relevant rail industry stakeholders; any compensation for disruption caused can be negotiated directly with the affected party; and for a five year period it will mean that Coventry City Council becomes a consultee on any other parties change proposals for the station.

6.1 How will this contribute to the Council Plan www.coventry.gov.uk/councilplan/?

A prosperous Coventry with a good choice of jobs and business opportunities for all the city's residents.

This scheme improves the links through the designated regional investment priority zone, bringing people, from the north of the zone, to the city centre and the heart of the Friargate development.

Making places and services easily accessible for Coventry people

The Coventry to Nuneaton corridor suffers from traffic congestion. The population density and level of activity in the corridor is growing and will create increasing demand for

transport. There are large scale redevelopments planned in Coventry city centre and redevelopment around the Ricoh Arena continues. This scheme will provide a credible public transport option, now and in the future, for travel along the corridor and enable robust green travel plans to be implemented.

Improving Coventry's environment and tackling climate change

The scheme would provide a credible public transport service that would make modal shift to rail travel a reality; therefore reducing the number of people using the congested highway, and reducing the CO² emissions; therefore improving the impact on the environment.

6.2 How is risk being managed?

Arrangements are in place within the Place Directorate to deliver the accountable body role ensuring that procedures are in place to manage risk. There is a robust governance structure in place for the programme whereby risks are managed by programme and project team level and reported to board. Regular risk workshops are undertaken on all projects to ensure active monitoring and management. Standard rail industry procedures and appropriate contractors and contracts will be used throughout.

Financial risk to the Council will be managed through the establishment of an appropriate legal commitment between the partners and contractors, specifying both capital and revenue contributions, and the establishment of a risk sharing basis.

6.3 What is the impact on the organisation?

HR Implications

Managing complex rail projects requires a significant level of expertise not normally held within Local Authority. Consequently a specialist client side rail project management company has been commissioned to provide a team of senior Officers from Place and People Directorates with appropriate support. The Officer team comprises representatives from finance, legal and transport and property teams.

6.4 Equalities / EIA

A significant part of the scheme appraisal process used to secure funding assesses the impact of equality. Equality impact assessments are in place and there is a stakeholder management plan in place to ensure mobility groups are consulted throughout the design and construction of the works. All aspects of the scheme will be Equality Act 2010 compliant.

6.5 Implications for (or impact on) the environment

A significant part of the scheme appraisal process used to secure funding assesses the impact of environment. This has been demonstrated through the submission to the funding bodies. The scheme has clear environmental benefits in terms of providing an enhanced public transport interchange to encourage modal shift.

6.6 Implications for partner organisations?

The schemes are jointly promoted by CCC, Warwickshire County Council and the Coventry and Warwickshire Local Enterprise Partnership.

Network Rail and Friargate LLP, as important stakeholders, are involved in the progression of the scheme.

If the scheme is not delivered the CWLEP area will lose one of its priority schemes.

The scheme is also important on a regional level in terms of connectivity to UK Central and HS2. The City Council is working closely with Transport for West Midlands on both of these regionally and nationally important schemes. A full business case has recently been submitted to West Midlands Combined Authority to obtain the remaining funding for the scheme. Finally the station is also an important connection within Midlands Connect which is striving to better connect the East and West Midlands, and opportunities are being explored to improve cross country services at Coventry Station.

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