

**CABINET MEETING – 5 September 2012**  
**EXECUTIVE SUMMARY SHEET – PART I**

**Title of Report:**

Proposed Redevelopment, Sunderland Railway Station

**Author(s):**

Deputy Chief Executive

**Purpose of Report:**

This report appraises Members of progress which has been made to date with regard to a proposed project to redevelop the above ground element of Sunderland Railway Station. It seeks approval to the Council's participation in the project with Nexus and Network Rail, and to enter into an agreement with Network Rail as the owners of the Station for the delivery of the project.

**Description of Decision:**

Cabinet is recommended to;

- i) Agree in principle to the Council's participation in the re-development of the above ground element of Sunderland Railway Station on the basis that the Council is an equal funding partner with Nexus and Network Rail.
- ii) Agree that the Council contributes a one third share, £200,000 towards the next stage of the project, the remaining cost of £400,000, to be shared equally by Nexus and Network Rail.
- iii) Authorise the Executive Director of Commercial and Corporate Services to enter into a Development Services Agreement with Network Rail to enable the project to progress to the next stage on the terms detailed in this report and otherwise on terms to be agreed by the Executive Director of Commercial and Corporate Services.
- iv) Authorise the Deputy Chief Executive to be the lead officer for the project and to report back to Cabinet on future stages for the implementation of the project.

**Is the decision consistent with the Budget/Policy Framework?      \*Yes**

**If not, Council approval is required to change the Budget/Policy Framework**

**Suggested reason(s) for Decision:**

The redevelopment of the Station was not previously included by Network Rail in its major infrastructure work programme. The participation in the project by the Council and Nexus as an equal share partners will result in the early redevelopment of the Station and will add further momentum to the regeneration of the City Centre in line with the Council's Economic Masterplan.

**Alternative options to be considered and recommended to be rejected:**

The alternative option is for the Council to not participate in the development and delivery of the project. This will result in a shortfall in funding for the scheme the consequences of which will be either the long term delay or abandonment of the project. This option has been considered but is not recommended.

**Impacts analysed:**

Equality  Privacy  Sustainability  Crime and Disorder

Is this a "Key Decision" as defined in the Constitution? Yes

Scrutiny Committee

Is it included in the Forward Plan? No

**Report of the Deputy Chief Executive**

**Proposed Redevelopment, Sunderland Railway Station**

**1.0 Purpose of Report**

1.0 This report appraises Members of progress which has been made to date with regard to a proposed project to redevelop the above ground element of Sunderland Railway Station. It seeks approval to the Council's participation in the project with Nexus and Network Rail, and to enter into an agreement with Network Rail as the owners of the Station for the delivery of the project.

**2.0 Description of Decision**

Cabinet is recommended to;

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- v) Authorise the Executive Director of Commercial and Corporate Services to enter into a Development Services Agreement with Network Rail to enable the project to progress to the next stage on the terms detailed in this report and otherwise on terms to be agreed by the Executive Director of Commercial and Corporate Services.
- vi) Authorise the Deputy Chief Executive to be the lead officer for the project and to report back to Cabinet on future stages for the implementation of the project.

**3.0 Background**

3.1 Sunderland Station is major gateway to the City and is served by Metro, Northern Rail, and Grand Central services who provide four services a day to London. Over two million passengers pass through the station each year.

3.2 Members will be aware that substantial investment has been made by Nexus to the below ground platform areas of the Station.

This work was completed in 2010 and has significantly improved the environment and passenger experience at platform level. However,

the above ground buildings and concourse, which were constructed in 1966, are of a poor appearance and do not present themselves as an attractive gateway to the City. The station does not compare favourably with those in other cities of a similar size, and has lacked investment for many years. There is a strong case for the Council to actively progress the redevelopment of the Station as part of a comprehensive approach to the ongoing regeneration of the City Centre.

- 3.3 The Station is owned by Network Rail although Northern Rail is the Station Franchise Operator (SFO). Northern Rail is also the landlord for the commercial tenants who run businesses from the Station concourse.

In response to the poor overall appearance and condition of the Station, Council officers and representatives from Nexus and Network Rail formed a tripartite Project Steering Group with a view to considering options for the total rebuild of the above ground element of the Station. This would complement the work already carried out below ground. The Project Steering Group also embraces other key stakeholders i.e. Northern Rail and Grand Central. It was clear at the initial meetings of the Group that there was a strong desire on the part of all partners to see the Station improved and redeveloped to modern day standards.

- 3.4 As owners of the Station Network Rail is a key point of contact for any proposed investment. Their investment process has a number of possible stages depending on the type of project, the level of Network Rail's involvement and the promoter who approaches them. In the case of this project Network Rail will follow the Guide to Railway Investment Projects (GRIP). GRIP is a staged approach to managing investment schemes to minimise and mitigate the risks associated with delivering projects on an operational railway. GRIP consists of eight stages:-

1. Output definition
2. Pre-feasibility
3. Option selection
4. Single option selection
5. Detailed design
6. Construction test and commission
7. Scheme handback
8. Project close out

## **4.0 Current Position**

- 4.1 The three project partners have funded a feasibility exercise to bring the project up to GRIP Stage 3 (Option Selection) which has resulted in a preferred option for the Station redevelopment. The preferred option consists of the demolition of the above ground structure, the construction of a new lightweight roof across the space, beneath which would be provided a new concourse and public realm area together with accommodation for either the existing or new retail businesses. The option is not a detailed proposal at this stage, but does point towards a capital cost in the region of £10m to be shared equally by all three partners. The current intention would be to commence works on site during the first quarter of 2014.
- 4.2 The next stage of the process, GRIP Stage 4, will involve more detailed technical assessments and design work in order to develop the preferred option into a deliverable project. The total estimated cost of this stage is £600,000 of which the Council's share would be £200,000. Network Rail have a set of template agreements with model terms and conditions and proceeding to GRIP Stage 4 requires the Council to enter into Network Rail's Development Services Agreement which will formalise the Council's contribution.

The Development Services Agreement covers activities or services that Network Rail provides during the development stage of the project. The design and development activities may be carried out by Network Rail directly or by consultants or contractors employed by them. The Agreement provides for reasonable and proper costs to be passed through to the customer on an emerging cost basis. In the present scenario because of funding constraints and the requirement for greater certainty over costs, Network Rail have offered a cap on the cost of the services and the Council's contribution will not therefore exceed £200,000. The Development Services Agreement is not intended to cover implementation.

A report will be brought back to Cabinet on completion of GRIP Stage 4 prior to a commitment to proceed with an Implementation Agreement covering GRIP Stages 5 to 8.

## **5.0 Reason for Decision**

- 5.1 The redevelopment of the Station was not previously included by Network Rail in its major infrastructure work programme. The participation in the project by the Council and Nexus as an equal share partners will result in the early redevelopment of the Station and will add further momentum to the regeneration of the City Centre in line with the Council's Economic Masterplan.

## **6.0 Alternative Options**

- 6.1 The alternative option is for the Council to not participate in the development and delivery of the project. This will result in a shortfall in funding for the scheme the consequences of which will be either the long term delay or abandonment of the project. This option has been considered but is not recommended.

## **7.0 Impact Analysis**

## **8.0 Other Relevant Considerations/Consultations**

**a) Financial Implications** - The capital programme includes provision for a contribution towards the redevelopment of Sunderland Railway Station. The costs of the Council's share of the cost of the next stage of the project are set out in paragraph 4.2 and will be met from this allocation. As set out in paragraph 4.4 a further report will be presented to Cabinet on the detailed proposals including the required estimated funding contribution for the project from the Council.

**b) Legal Implications** - The Head of Law and Governance has been consulted and her comments are contained within the body of the report.

- 9.0 Background Papers:** Sunderland Station Redevelopment: Constructability Assessment, held by Head of Planning and Property.