

11 October 2023		ITEM: 15 Decision: 110674
Cabinet		
Stanford-le-Hope (SLH) Station/ Interchange Update		
Wards and communities affected: Stanford Le Hope West	Key Decision: Key	
Report of: Councillor B Maney, Cabinet Member for Regeneration and Highways		
Accountable Assistant Director: Kevin Munnely, Assistant Director, Regeneration and Place Delivery		
Accountable Director: Mark Bradbury, Director of Place		
<p>This report is Public with an exempt appendix 2</p> <p>Appendix 2 contains exempt information which falls within schedule 12A of the Local Government Act 1972 - <i>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</i>. In all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>		
Date of notice given of exempt or confidential report: 3 October 2023		

Executive Summary

The delivery of the new Stanford- le-Hope Train station has faced many challenges and expenditure to date on the project has been considerable, whilst progress on delivery had been disappointing. This report provides Cabinet with an update on progress in delivering the Stanford-Le-Hope Train Station and Transport Hub project. The report sets the key issues that have impacted on the delivery of the scheme, provides an update on the current programme, funding and budget situation.

In the light of the financial challenges the Council is facing the Senior Leadership Team have prioritised the completion of the design and obtaining planning permission for Phase 2 – SLH Transport interchange. Work is underway to secure the interchange design and costs which will support the submission of a planning application in October 2023. This work will also inform the production of a Business Case for consideration by the SELEP Accountability Board in February 2024 needed to secure the retention of the SELEP funding.

Recommendation(s)

CABINET

1.1 Note the outcomes of the project review process and funding options set in Paragraph 8.8.

1.2 Approve for Phase 2 SLH Transport Interchange design option and the submission of the planning application.

2. Introduction and Background

2.1 For the Members benefits the main aims of the Project are set out below:

- Develop a Transport interchange that will connect bus, rail, cycle, taxi, and pedestrian modes of transport at Stanford-le-Hope Train station.
- Expand capacity at Stanford-le-Hope Train Station.
- Implement a package of works that meets the requirements of travel plans for London Gateway and unlocks the next phase of development at London Gateway.
- Provide improvements to public transport infrastructure and service reliability to new housing developments and to the major employment growth sites at London Gateway/Coryton.
- Help curb traffic growth and minimise growth in transport emissions in the area through this new transport interchange.

2.2 There are several stakeholders involved in the project including UK Power Networks, SELEP, Train Operating Company - c2c, Network Rail and DP World. The Council has actively promoted the redevelopment of the SLH train station building and was instrumental in the demolition of the old station building on the proviso that a new station building would be procured. This is still the expectation of both Network Rail and train operator c2c. Failure to procure the new station building could result in separate financial claims from both Network Rail and c2c seeking redress. Increasing passenger and intermodal capacity at Stanford-le-Hope station was also seen as key investment unlocking employment growth at the ports.

2.3 The Stanford-le-Hope train station has been subject to significant design changes since it was originally promoted and costed using a design and build contract in 2018. This followed an assessment of the original design which identified significant project complications and financial risks. This was linked initially to a technical design solution that sought to deliver the infrastructure requirements of the scheme on a relatively small land area of land, in order not to build over the adjacent Mucking Creek and keep the station building away from neighbouring residential properties. Costs also increased because of significant changes being made to the design of the station following completion of site investigations (floodplain), consideration of environmental constraints and the practicalities of construction. During this period the original station buildings were demolished and temporary structures for ticketing and staff accommodation were put in place.

- 2.4 Following concerns over the proposed design and the associated costs, a project review terminated the design and build contract and an alternative procurement approach was adopted. The total projects cost incurred up to this change of delivery strategy (31/03/2020) stage were £6,534,411.
- 2.5 The revised delivery strategy involved the Council undertaking the management of the design phase, using a team of external consultants with MACE providing the direct project management of the project. To manage the delivery of this complex scheme, the new delivery strategy proposed to split the project into two stages: Phase 1 the delivery of a replacement train station building and; Phase 2 covering the wider facilities including car and cycle parking, bus interchange on the footprint to the north of London Road.
- Station building - with passenger toilets, widened platforms, level access to building and station platforms, staff welfare facilities, real time customer information systems (Phase 1).
 - Transport Multi-modal interchange – 2 car passengers drop off positions with landing island, 2 taxi rank positions with landing island and shelter, 84 secure cycle parking spaces, 2 drop off positions and 1 pickup position for a bus with waiting facilities, protected pedestrian walking routes and desire lines (Phase 2).
- 2.6 To expedite the delivery of the station, land was acquired to the north of the station site (former Daybreak Windows site). This was intended to assist with the development of a more strategic approach to area-wide regeneration including the opportunity for future improvements to sustainable movement and access. This land would also assist the construction of the new SLH Train station facilities whilst maintaining operability of the station.
- 2.7 Planning approval was granted in July 2021 for the Phase 1 (SLH train station) building revised design, followed by the commencement of a fixed price tender process between September 2021 and March 2022. The costs associated with the scheme have increased as the design process has evolved alongside inflationary pressures. As a result, the provisional assessment of the revised budget increased and additional funding was sought from the Council in July 2021. The 2017 cost estimate of £29.09m is the forecasted budget for both phases of the Project. This budget forecast will be subject to confirmation of future costs through tender processes and final completion audits of both phases of the Project.

3. **Progress to Date**

- 3.1 Work to execute the SLH train station building construction contract was hindered by the issues around soaring inflation, national procurement lead in times, the allocation of liabilities and risks between the parties to satisfy the fixed price contract and rail possession availability.

Phase 1 Station building Upgrade.

- 3.2 Contract award for Phase 1 of the Project (the new station building) to the successful contractor - Volker Fitzpatrick Limited - was made in early March 2022. Whilst this was subject to further clarifications, to ensure mobilisation as quickly as possible a Letter of Intent was issued pending formal contract execution.
- 3.3 The planned Contract with Volker Fitzpatrick Limited was a NEC4 Engineering and Construction Contract June 2017 main Option A. This was a fixed priced contract with an activity schedule where the risk of carrying out the work at the agreed prices is largely borne by the contractor. Execution of the contract was initially delayed due to continued concerns regarding cost inflation, national supply chain for manufactured goods issues, scope change risk with Network Rail and c2c as design approvers and rail possession availability impacting the contractors risk liability.
- 3.4 Volker Fitzpatrick Limited proposed alternative or changed terms and conditions to execute the contract, which Thurrock Council rejected as they are outside the corporate procurement rules. In September 2022, Thurrock Council and Volker Fitzpatrick Limited developed a proposal that could allow the parties to execute the contract and manage the risks step by step and incrementally within the existing contract terms and conditions.
- 3.5 It was planned to execute the contract by 31 October 2022, subject to further clarifications of detail and agreement on matters such as the treatment of inflation, possession availability, prolongation and increased costs. The parties were not able to agree terms and conditions on the detailed elements and Thurrock Council terminated the procurement process as it was clear that both parties could not agree satisfactory terms.

Phase 2 : SLH Transport Interchange

- 3.6 This has led the Council to review the programme in the light of the above financial challenges. In December 2022, SLT prioritised the completion of the design and planning for Phase 2 the interchange element and the provision of a new business case to secure the retention of £7.5m of SELEP LGF Grant.
- 3.7 As work on Phase 2 has progressed some initial work preceding reactivating Phase 1 is now being undertaken.:
- Design review with c2c the train operators taking into consideration changes in travel trends post covid, employee behaviours, increased automation and the government decision to remove ticketing offices.
 - Liaison with Network Rail and c2c on concluding Governance for Railway Investment Projects-Single Option Development (GRIP 4) and progressing to (Governance for Railway Investment Projects-Detailed

Design Stage) (GRIP 5) splitting the entire project into work packages starting with the restoration of the missing gateline.

- Working with the councils legal and procurement teams to identify procurement options for the design and construction of Phase 1.

Phase 2: SLH Transport Interchange:

3.8 AECOM have completed Stage 1 of the design process by submitting 3 design options (attached as Appendix 1) which were reviewed by internal/external stakeholder group and Option 2, was selected as the preferred.

Option 1: A mobility Hub with no onsite bus turnaround facilities which does not meet most of the technical requirements and benefits in the original business case.

Option 2: A multi- modal transport interchange with onsite bus turnaround facilities, car parking, cycle parking, bus shelter etc. Most of the technical requirements and benefits in the original business case are met within the lower flood risk zone area and a more affordable option compared with Option 3.

Option 3: A multi-modal transport interchange with a combined single entrance and onsite bus turnaround facilities. Some of the technical requirements are in the high flood risk areas and intrude into the higher level of land making it undeliverable construction wise due to difference of about one floor height. It also requires land owned by Network Rail (NR) which cannot be transferred as replacement land is not available for statutory operational requirement use.

3.9 AECOM are now progressing the preferred design option for the submission of a planning application in October 2023. The existing stakeholder group, Project Board meet monthly to provide oversight of this design development.

3.10 In parallel to the design development by AECOM, a supplier has been appointed to produce a revised Business Case required for consideration by the SELEP Accountability Board in February 2024. The programme below sets out the timeline for delivering the planning submission for Phase 2 of the Project.

The key milestones and dates are set out in Table 1 below:

Milestone	Timeline	Status
Submission of design Options by AECOM to Thurrock Council	June 2023	Complete
Appointment of consultants for preparation of the revised Business Case	June 2023	Complete

Options selection workshop with Stakeholders	7 June 2023	Complete
Preparation of preferred option for planning	July 2023 - October 2023	Ongoing
Pre-Planning Application Meetings	July 2023/August 2023	Complete
Production of Draft Business Case	August 2023	1 st draft submitted
Early consultation with statutory consultees to de-risk the planning process.	August 2023	Ongoing discussions with Environment Agency.
Scheme sign off by Thurrock Council Cabinet	11 October 2023	
Submission of Full planning application for Phase 2	October 2023	Target date
Submission of Business Case to SELEP for ITE evaluation	29 November 2023	Target date
Business Case considered by Accountability Board	February 2024	Target date

Table 1: Key Milestones

Next Steps

Phase 1: Station Building

- 3.11 Option selection of procurement route to reactivate Phase 1 with the consideration of splitting the work packages into enabling works/construction design and main contract works.

RAG Risk Rating

3.12 The Project Risk log for the pre-design element of the project has been updated below:

Risk	RAG rating (June 2023)	Change since last cabinet meeting	Current RAG rating (October 2023)	Progress & Actions
Delay in deciding the option for Phase 2 will delay the costings required for inclusion in the updated Business Case	Red	→	Green	Option 2 selected at stakeholder meeting in June 2023 and AECOM progress on costings.
Existing funding is insufficient to deliver the design for Phase 2 and construction of Phase 1	Red	→	Red	Preliminary costs estimate for the design for Phase 2 have been received and Phase 1 design is progressing. Identifying gap funding and alternative funding sources are being explored.
Delays from getting sign off for statutory approvals from Network Rail and c2c for proposed works on their land. The knock-on effect would be delays to the delivery programmes of Phases 1 & 2.	Amber	→	Amber	Ongoing early engagement with c2c to ensure timely grant of any approvals.
Increasing costs of project delivery due to further delays and inflationary pressures.	Red	↓	Amber	Completion of the Phase 2 preliminary design and planning will enable the team to understand the impact of cost increases. Phase 1 project delivery/programme of works will be reviewed for cost saving/value engineering opportunities. Additional funding options will be explored.
Some stakeholders object to Phase 2 planning application.	Amber	→	Amber	Early and ongoing stakeholder engagement to address concerns.
Managing the interdependency of the construction phases 1 & 2 due to existing site constraints.	Amber	→	Amber	Construction Planning starting with Phase 2 so Phase 1 can be completed in parallel. Transport Interchange as construction of Phase 1 is completed then Phase 2 can progress to completion.
The risk of not starting construction of Phase 1 before planning permission expires in July 2024 resulting in the need for a	Amber	→	Amber	Work with c2c and Network Rail to ensure planned phased construction starts before July 2024.

new planning application to be prepared.				
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5. Reasons for Recommendation

- 5.1 The Council has actively promoted the redevelopment of the SLH Train station building and was instrumental in the demolition of the old station building on the proviso that a new station building would be procured. This is still the expectation of both Network Rail and train operator c2c. Failure to procure the new station could result in separate financial claims from both NR and c2c seeking redress. Increasing passenger and intermodal transport capacity at Stanford-le -Hope station was also seen as key investment unlocking employment growth at the ports.

6. Consultation (including Overview and Scrutiny, if applicable)

- 6.1 Consultation was undertaken as part of planning process and further stakeholder engagement is continuing. This includes meetings with the residents of Chantry Crescent and local Councillors.

7. Impact on corporate policies, priorities, performance and community impact

- 7.1 The Stanford-le-Hope scheme supports the Place corporate priority, in particular:
- roads, houses, and public spaces that connect people and places.

8. Implications

8.1 Financial

Implications verified by: **Mark Terry**
Finance Team

The SELEP Accountability Board approved an LGF allocation of £7.5m of the estimated £29m project cost. The allocation has been applied to the project and have been used in supporting design development, ground investigation, site de-risking, planning process and demolition works. SELEP have required that an updated Business Case is produced to reflect the revised full design costings and delivery programme. This will need to be done for the SELEP funding to be continued to be allocated to this project. If the project was to be stopped or put on hold, the £7.5m from SELEP is at risk of needing to be repaid. If this was to happen, those costs previously funded from the SELEP grant would need to be converted to Thurrock Council borrowing. This may have an impact on increasing the Council's current capital financing requirement and increase associated costs.

The current budget forecast of £29m is for both phases of the Project. A new budget estimate will be subject to confirmation of future costs emerging from the Interchange design work.

To date approximately £13,460,000 has been spent out of a budget of £29m, with the Council being the largest financial contributor to this project (£17.2m). The expenditure breakdown in Table 2 below sets out project spend to date. Future profiling is currently estimated and will be subject to review in the Business Case to reflect any revised forecasted cost and build programme.

Financial Profile (£m)					
Source of Funding	Actual Spend to end 2022/23	Expected Spend 2023/24	Expected Spend 2024/25	Expected Spend 2025/26	Total
Thurrock Council Capital	3.453	4.007	5.26	3	15.72
LGF	7.5	0	0	0	7.50
C2c/NSIP	0.74	2	1.047	0	3.79
DP World	0	0.55	0	0	0.55
S.106	1.533	0	0	0	1.53
Total	13.226	6.557	6.307	3	29.09

Table 2. Breakdown of expected expenditure by provider

Should the programme not go ahead, the spend to date of £13.5m would be required to be charged to revenue, and there would be clawback of LGF by SELEP of £7.5m. Consent for any proposed funding changes, which have capital borrowing implications will also need to be secured from both DLUHC and the Treasury (HMT).

Revised Costings

The remaining budget to deliver the design costs for Phase 2 and the complete build costs for both Phases is £15.6m. An internal project team review has concluded that the remaining budget allocation will not be sufficient to deliver the whole scheme outputs and additional funding will be required to complete the scheme in its entirety. As part of the Phase 2 design work and the production of the revised business case officers have used an external cost consultant to provide costing for the Phase 2 options. The cost consultant has also reviewed the Phase 1 (Train Station) costings based on the revised tender price received in August 2022 as part of the Phase 1 tender. As these costing related to commercially sensitive tender information the full detail is contained in exempt paper attached as Appendix 2. These revised cost estimates at this stage are high level and are provided for guidance only to illustrate the potential construction costs and the level of additional funding required to deliver the revised scheme.

Based on the selection of Option 2 by the stakeholder group and the uplifted cost estimate for Phase 1, officers estimated that the current budget will need to be increased by a further £5.6m to complete the scheme in its entirety. The forecasted scheme costs are based on design options and contain all

necessary and risk and contingency provisions needed for a scheme interfacing with the railway. Officers are exploring options for meeting the funding gap. These include : the use of unallocated Active Travel funding from Thames Freeport Seed Fund; and the reallocation of SELEP Local Growth Fund monies from Grays Underpass Scheme. An update on funding options will form part of the next update report.

8.2 Legal

Implications verified by: **Kevin Molloy**
Principal Lawyer / Manager- Contracts & Procurement Team

There are no new legal implications arising in this report.

8.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring Officer

There are no direct implications arising specifically from this update report. Station improvements will adhere to any accessibility requirements.

8.4 Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder and Impact on Looked After Children

Not applicable.

9. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

10. Appendices to the report

Appendix 1: Phase 2 Transport Interchange design options
Appendix 2: Exempt (August 2023 Costs for Phases 1 & 2)

Report Author:

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