

13 September 2016		ITEM: 8
Planning, Transport and Regeneration Overview & Scrutiny Committee		
Grays South: Delivering the pedestrian underpass		
Wards and communities affected: Grays Riverside	Key Decision: Key	
Report of: Matthew Essex Head of Regeneration and Assets		
Accountable Head of Service: Matthew Essex Head of Regeneration and Assets		
Accountable Director: Steve Cox Director of Environment and Place		
This report is Public		

Executive Summary

The Grays South Project, seeking to create public squares and an underpass to replace the pedestrian level crossing in Grays High Street, together with the development of modern retail and residential units has been a long standing priority for the Council. The level crossing is a barrier to pedestrian movements between Grays south and the town centre and Network Rail have identified it as one of the most dangerous in its Anglian Region. The frequency and length of gate closures will increase significantly as commercial rail freight from DP World increases. This will increase the barrier effect of the crossing and is likely to increase the incidents of unsafe crossings as people become frustrated with waiting at the closed gates.

The Council has been working with Network Rail to develop the proposals for the underpass over the past four years. To date, the actions required for delivery have been divided between the partners with Network Rail leading design and construction and the Council leading land acquisition, urban design and the ultimate development of plots around the completed underpass.

It was anticipated that Network Rail would provide up to £4million of funding, with circa £3 million from the Department for transport Access for All Fund. However, Network Rail has now changed the status of the project to a 'Third Party scheme' and its funding will be limited to a maximum of £700,000. In order to progress, the Council will have to meet the costs of the project and a funding strategy has been developed drawing upon the existing commitments within the MTFs, available s106

funds and anticipated receipts from future developments matched against an application to the Local Growth Fund through SELEP.

Recognising the change in responsibility for funding the scheme, and the significant delays which have been encountered to date in the work led by Network Rail, this report considers the potential benefits of the Council taking on leadership of the delivery of the scheme.

1. Recommendation(s)

1.1 Planning Transport and Regeneration Overview and Scrutiny Committee are asked to comment on the approach to managing the delivery of the underpass, public squares and development plots described in this report and to provide their view of the best way in which to progress the future management and delivery of the pedestrian underpass.

2. Introduction and Background

2.1 As one of six Growth Hubs in the Borough, Grays has been a focus for investment in recent years as the Council seeks to deliver the vision for the town agreed through a major public consultation exercise in 2013:

“Building on its strengths as a Chartered Market Town, Grays will be an exciting, high quality destination for people to live, work, learn, shop and socialise. Reconnected to the River Thames, Grays will support growing resident, student and business communities throughout the day and entertain a diverse and vibrant population through the evening.

Cafés, bars, restaurants, shops and markets will combine with culture, entertainment and events in unique venues to provide a safe and attractive place for communities to meet and businesses to thrive.”

2.2 Through the Grays Regeneration Programme the Council has, among other things, supported the relocation of South Essex College’s Thurrock Campus onto the High Street, completed the refurbishment of the former Magistrates Court for business use, developed 53 new homes and developed a new purpose built community house on the Seabrooke Rise estate and has commenced work to address the longstanding congestion caused by the existing one way system.

- 2.3 The Grays Town Partnership has been formally re-established and they have formed a number of working groups;
- a) 'Safe and Welcome'
 - b) Community Engagement and Integration
 - c) 18 hour economy
 - d) Improved Street Scene
 - e) Marketing and Communications
- 2.4 The benefits of these schemes are now starting to be seen with activity in the High Street increasing together with a commensurate increase in interest among potential business occupiers and private sector led housing schemes being brought forward. There remains work to be done however to address the longstanding issues of accessibility, image, and north-south connectivity arising from the barrier formed by the level crossing.
- 2.5 The level crossing has been recognised as one of the most dangerous crossings in the Network Rail Anglian Region. Network Rail continues to support the completion of the underpass before closing the crossing. Notwithstanding the risks of closure, the increased commercial rail traffic arising from DP World will cause more frequent and longer gate closures - creating a stronger barrier to movement and increasing the likelihood of accidents as more people are frustrated with waiting. Consequently progress on providing an alternative to the level crossing is critical.
- 2.6 In July 2013 Cabinet agreed an option for an underpass as the preferred approach to providing an alternative to the level crossing. This approach was agreed with Network Rail who funded a further stage of design to develop the approach in more detail. The output of this work is attached in appendix 1. In March 2014 Cabinet agreed further progress on the project including the procurement of a professional team and commencing discussions with land owners about a land acquisition strategy. In December 2014 Cabinet agreed the terms of working with Network Rail and the appointment of consultants to develop the land acquisition strategy.
- 2.7 Since then both parties have worked on their respective elements of the programme. The Council commissioned Montague Evans to develop the land acquisition strategy and approach and in March 2016 Cabinet agreed a development framework for Grays which included the underpass and linked developments, an extract from the framework that illustrates how the underpass could be integrated in to the wider town centre is in appendix 2.

- 2.8 Network Rail appointed a design team to complete the initial design stage of the underpass itself and links from the underpass to the existing public realm. The design team completed their report in June 2015 and since then Network Rail have been 'signing off' the report and developing a Route Requirement Document to set out the requirements for the more detailed design stage. Network Rail has also moved away from the original approach of joint funding and delivery. Their funding contribution has reduced to a maximum of £700,000 and the status of the project within Network Rail has changed to a 'Third Party Project'.
- 2.9 The process has taken much longer than anticipated and, in addition, it has become apparent that the Council will be expected to fund the vast majority of the costs of detailed design and construction. In light of these changed circumstances it is appropriate that the approach to delivery is reviewed and consideration given to the Council taking the lead.
- 2.10 In March 2014 Cabinet agreed that the Council enter in to discussions with land owners to develop the approach to land acquisition and in December 2014 approved the appointment of consultants to produce a land acquisition strategy. Land owners have been contacted and discussions will continue with a view to acquiring land by agreement.

3. Issues, Options and Analysis of Options

- 3.1 There are a number of reasons why the Council would seek to take on leadership of the project. The simplification of governance arrangements and areas of responsibility, the funding sources of the scheme and the ability to reduce some of the bureaucracy and time taken to complete the scheme are all important considerations.
- 3.2 Under the present arrangements for delivering the project Network Rail would lead the technical design and construction of the underpass and the access ramps/steps. The Council would manage land assembly, the design of the finishes for the underpass and the approach to the public squares and the development plots created by the scheme. It is essential to successfully delivering a high quality public realm that these are coordinated and current arrangements clearly make it more difficult to achieve this than if the scheme was managed by one party.
- 3.3 Through the work completed at GRIP2 and associated TC led studies, the total cost of the project is considered to be some £27.5m. This is broken down within the table below.

Underpass and access steps and ramps	£12,295,499
Public Squares	£2,520,745
Relocation of Crown Road	£4,841,000
Lifts from rail station platforms	£2,391,932
Land acquisition (assuming CPO)	£5,387,805
Total	£27,436,981

It is acknowledged that these figures contain contingencies and account for a range of unknowns which may not be required. They are, however, the best guide currently available.

In considering how to meet these costs in the absence of any significant Network Rail funding, the Council has explored the potential to generate revenue by bringing forward developments on land either currently within its ownership or which will need to be acquired to deliver the underpass. Sitting alongside the Council's existing £9m capital commitment (contained within the Council's Medium Term Financial Strategy), this development receipt strategy has formed the basis of the Council's application to the Local Growth Fund through the South East Local Enterprise Partnership (SELEP) as part of a funding package broken down as follows:

Thurrock Borough Council Capital Programme	£9,000,000
S106 funds held by Thurrock Council	£1,000,000
Network Rail ₁	£700,000
Development Receipts (plots within project boundary)	£2,896,707
Development receipts (plots outside of project boundary)	£3,000,000
Local Growth Fund	£10,840,274
Total	£27,436,981

- 3.4 Under the current approach, the Council will therefore provide most of the funding to deliver the underpass and the public squares. Whilst the Council is insulated from any cost increases once the budget is set (these would fall to Network Rail to manage) it is clearly a long way removed from the application of the funds. Assuming that the Local Growth Fund bid is successful, the Council will receive the funding from Government in the form of a grant and will be held responsible for its use and the delivery of the underpass by 2022. Through this strategy the Council will be responsible for providing all bar £700k of the c.£27.5m funding and will be liable for all capital costs and any

censure (including claw back) in the event that the scheme is not delivered or fails to be delivered to programme.

- 3.5 The project is complex and as a consequence requires a lengthy process for design, land acquisition, consents and construction. Experience to date with Network Rail suggests lengthy procurement stages between each design stage. On this basis construction is expected to start in July 2019, be completed in December 2020 with checks and handover in February 2021. The Council could shorten this timeframe through efficient procurement, carrying out the procurement of future stages before earlier ones are completed. It is estimated that this could reduce the programme by at least 12 months. Network rail approvals and support would still be required, but approvals of a third party scheme are less complex than the process required for a scheme designed and delivered directly by Network Rail.
- 3.6 Future management of the project therefore comes down to a choice between two approaches; Network Rail led or Thurrock Council led. Network Rail clearly have a great deal of experience in delivering this type of project and would take on much of the risk in delivery if they continued to lead. But experience to date demonstrates that they have lengthy processes for managing and procuring each stage. The Council would also lose any real control over the significant funding it is providing for the project and cannot be assured that Network Rail would seek to reduce the costs of the scheme in the same manner that the Council would.
- 3.7 It is proposed that, in a change to the anticipated delivery route within the agreements with Network Rail, consideration be given to the Council adding the design and construction of the underpass to its existing responsibilities and leads all elements of the project liaising with Network Rail as required as an outside party through the Asset Protection arrangements.
- 3.8 Under this arrangement, the Council would lead on the procurement, briefing and management of a professional team and the ultimate procurement and management of contractors. This would sit alongside the existing and incoming professional teams which the Council has already enlisted in respect of overall project management (currently out to tender), land and property acquisitions (Montague Evans) and Public Realm (currently out to tender).
- 3.9 Clearly, any professional team (likely to be engineering led) would have to be able to evidence sufficient relevant, contemporary experience in working on rail related projects under an Asset Protection Agreement and would have to be able to guarantee the availability of sufficiently skilled individuals to lead the project on the Council's behalf.

3.10 The underpass works would be managed through the Council's existing project board, reporting into the Grays Programme Board which is chaired by the Council's Executive Director of Environment and Place. The table below summarises the main issues associated with this approach:

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Council has direct control of application of its funding • Council has the ability to consider all opportunities to reduce the cost of the scheme • Council can control all aspects of the programme • Simpler coordination between all project strands • Council can draw upon its experience of managing large scale capital programmes 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Approach still requires Network Rail approvals and support. • As a third party project, there is the potential that the project will be a reduced priority for NR • Whilst the Council has experience of capital projects it has no direct experience of delivering rail projects • The success of the approach will be largely dependent on the Council's ability to secure appropriate professional team
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Council can procure own professional team with experience of delivering this type of project • Council can directly influence design and delivery timescale. • Council can seek to maximise the benefits of the scheme through local employment and labour 	<p>THREATS</p> <ul style="list-style-type: none"> • All project risk falls to the Council • Escalating cost due to unforeseen design constraints or land conditions • Network Rail approvals could still impact delivery

3.11 On balance Thurrock Council leading the project would reduce the complexity of management, coordination and delivery. The Council does have experience of delivering large capital projects. The lack of experience with this type of project can be addressed by procuring an appropriately experienced professional team, much of which would be required anyway. Strong project management would be required to mitigate project risk. Discussions have been held with Network Rail who would support the Council taking over management and delivery of the project. Network Rail would continue to be closely involved in providing support, consents and access necessary for delivery.

3.12 With resolution of the delivery approach the Council would need to start acquiring the land required. Initial contact has been made with all landowners

and occupiers; it is proposed to contact land owners to identify those that might wish to enter in to negotiations.

4. Reasons for Recommendation

- 4.1 The underpass is identified as a priority in the Council's Economic Growth Strategy, the Development Framework for Grays and in the Vision for Grays. It is a key project in support of regeneration of Grays town centre and consultation demonstrates strong stakeholder support.
- 4.2 Management of delivery by a single organisation would improve efficiency and cost effectiveness of delivery and enable better coordination between the many elements of the project (design, delivery, land acquisition, linked highways schemes)

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

- 5.1 The project has been the subject of several approvals from Cabinet in 2013, 2014 and 2015. In March 2016 Cabinet agreed a Development Framework for Grays which includes the underpass and associated plot developments.
- 5.2 The development framework included public consultation; there was strong public support with 72% of respondents either supporting or strongly supporting the underpass and 85% of respondents supporting the overall approach proposed for the town centre and rail station area.
- 5.3 The project has also been the subject of discussions with land owners and occupiers. All owners and occupiers have been provided with details of the project. The Grays Town Management Partnership has also been provided with a series of presentations.

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

- 6.1 The Council's Economic Growth Strategy and LDF Core Strategy identify Grays as one of the Growth Hubs where regeneration activity will be focussed. A vision for the town centre including this project was approved by Cabinet in July 2013 following extensive public consultation. In March 2016 Cabinet agreed a development framework to guide the Council's regeneration activities, the framework includes this project.

7. Implications

7.1 Financial

Implications verified by: **Carl Tomlinson**
Finance Manager

The Council will be the main funder for the project with £9 million provision in the Capital Programme, £1 million of Section 106 funds allocated to the project and funds from development returns to be used to support the scheme. Development appraisals provided by Montagu Evans show that development of Council sites would generate the returns detailed in the report. The Council will also be the accountable body for funding from the Local Growth Fund.

Direct management of the project would result in the council taking on additional financial risk such as escalating costs. It will also enable the Council to closely manage its funding contribution and delivery of the project. The Council would be required by Network Rail to enter in to an Asset Protection Agreement which will include insurances against the works disrupting the operation of the rail line.

7.2 Legal

Implications verified by: **Vivien Williams**
Planning and Regeneration Solicitor

The Council would have to enter in to a joint delivery partnership in some form regardless of which organisation leads the delivery. The approach recommended in this report would provide the Council with stronger control of funds and delivery. Joint working arrangements would still be required with Network Rail to ensure that designs meet their operational requirements and to secure access to Network Rail land for delivery.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
**Communities Development and Equalities
Manager**

By leading design and delivery the Council are in a stronger position to ensure that the equalities expectations of the Council and Thurrock's communities are properly addressed as well as legislative requirements are met.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None.

8. **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

9. **Appendices to the report**

- Plan view of preferred option underpass design
- Extract from Grays development Framework

Report Author:

Brian Priestley

Regeneration Programme Manager

Regeneration and Assets Service