



GFirst Local Enterprise Partnership

Board Paper – 14th July 2020

Agenda Item 4	Gloucester Railway Station Improvements Investment
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Supporting Papers	Gloucester Railway Station Improvements Due Diligence Report
Confidentiality	Commercially Sensitive Information
Purpose	<ol style="list-style-type: none"> 1) To inform the Board of the details related to the Gloucester Railway Station Improvements Investment proposal 2) To seek LEP Board Approval for the project to proceed to the Funding Agreement Stage
Summary	<p>This paper is written to support a request that the LEP Board approve the offer of a formal funding agreement to the value of £4,300,000, for the improvements to Gloucester Railway Station to improve connectivity to the city and to enhance the appearance of the station building.</p> <p>The original project proposal was for £4,300,000 and at the time there was only £3,750,000 indicative funding available to be allocated to the project within the Growth Deal Portfolio. A decision by the GFirst LEP Board during the 20/02/18 Board Meeting was that an additional £550,000 would be re-allocated to the project should funds become available to fully fund the project. The commitment from the promoter was to spend the allocated funds by March 2021. The additional £550,000 has been re-allocated from the £1m indicative funding for the St Barnabas project, which has now been withdrawn.</p> <p>A due diligence process has been completed as part of an assessment of the Business Case and likely economic benefits of the scheme. The full due diligence report is attached for more detailed reading.</p> <p>Background:</p> <p>The applicant for LGF funding is Gloucester City Council, the Local Authority responsible for certain public services for the city of Gloucester.</p> <p>Gloucester Railway Station is located off Bruton Way through Station Approach. The station is relatively central to the wider Gloucester city. The project concerns improvements to Gloucester Railway Station to improve connectivity to the city</p>

and to enhance the appearance of the station building. The project is intended to emphasise the gateway to the city and to complement the investment made in the new Transport Hub opposite. The project consists of three main components:

- Subway and Forecourt Improvements
- Building Enveloping
- Highway Works

The Financial Case has total costs now estimated at £5.3m. The applicant now proposes to reduce the current budget by £1m through the exclusion of the canopy over the entrance. The canopy design matches and complements that of the adjacent Transport Hub. GWR have indicated a willingness to consider funding the additional cost of the canopy, although this would now feature as a stand-alone project, the funding for which is subject to approval by DfT and the First Group.

Subway Improvements

The subway works include level access and environmental improvements through the underpass linking both sides of the railway, making it accessible for people with restricted mobility as well as new lighting, decoration, improved drainage and full CCTV coverage.

Forecourt Improvements

The forecourt improvements include:

- A new bus layby at the station entrance (and access route for buses through the car park and onto Metz Way)
- Real-time rail and bus information to compliment that provided at the new Transport Hub
- Improved car parking layout at the front of the station including new and passive provision of 6 electric vehicle charging points (with passive provision to extend to 11)
- Additional cycle parking spaces (50 in total) with the potential to support a City-wide cycle hire scheme
- Improved pedestrian routes through the station forecourt, including enhanced wayfinding

Building Envelope

The building works include new cladding enveloping, which has altered from the original concepts.

The latest design proposals include a new canopy cover to shelter bus passengers, consistent and cohesive in look and feel with that of the adjacent Transport Hub, which pending approval of the additional funding for the canopy which would then be commissioned.

Highways Works

The highways works include an improved junction with Bruton Way and a new junction onto Metz Way which will provide a left in and left out access for cars and taxis to and from the parking areas and for buses exiting the station forecourt stops.

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	<p>The aim of the project is to provide an improved railway station and underpass that will act as a catalyst for investment and growth, enabling and connecting new homes and in turn underpinning and creating new jobs through enhancing commercial values and creating a connected city.</p> <p>The Business Case states that the project will improve the connectivity between both sides of the railway linking 9,000 existing jobs in the Great Western Road area (including the Hospital) with the station, transport hub and the vibrant and dynamic city centre beyond.</p> <p>The project will provide a more welcoming "gateway to the City" with the following benefits:</p> <ul style="list-style-type: none"> • Creating a context of “confidence” for private sector investment in the city • Creating a new public space outside of the railway station which will lift property values • The ability to leverage investment from the improved environment and links between the station and the City • Enhanced perceptions of Gloucester as a place to visit • Allowing Gloucester to make a positive impression on people arriving in the City and will provide a further statement to show that Gloucester is changing • The scale of consideration being given by stakeholders to ongoing transformation of Gloucester’s rail connectivity, and the value of a much enhanced Gateway to and from the City to current and future passengers <p>Without the provision of LGF the scheme would not proceed within the planned timescales. No alternative sources of funding exists, currently, within the railway industry at DfT level and neither GWR nor Network Rail possess such a programme. Gloucester City Council would not be in a position to fund the scheme as the commercial return that would be required could not be achieved. LGF funding is sought to complement significant investments in supporting infrastructure which have either been already delivered or are committed.</p> <p>Overall, the project can be said to be extremely worthy and represents good value for money if the benefits shown are realised.</p>
<p>Implications, impacts or risks</p>	<p>The main risk for the LEP is considered to be reputational, were the Board to be led into approving a project that was not fully developed and specified and subsequently ran into difficulties of delivery or compromise in quality. In particular the further addition of the canopy, which adds to the quality of the project through a striking and iconic feature may not be delivered if DfT and/or First Group fail to agree to funding.</p> <p>For the LEP there is no question of State Aid in granting LGF to the City Council as this is considered to be a transfer of public funds. However, State Aid will be a concern for the City Council given the potential benefit to GWR and First Group (a Large enterprise in EU terms). This risk sits with the City Council on which they say they have taken legal advice.</p>

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	<p>Other risks identified are mainly concerned with further delay and the potential for consequential cost increases due to stricter on-site management post COVID-19. The mitigation measures are reasonable.</p> <p>Construction is indicated to be complete in April 2022 which is outside of the LEP funding period and addressed in the project risk register. Government advice currently is that, where possible, all Local Growth Funds should be spent by March 2021. In some instances of underspend BEIS will consider withholding funds. However, in this instance this is considered a low risk, due to the importance of the project and the confidence of delivery in 2021. This is being managed by the Programme Management Group (PMG) in consultation with BEIS.</p>
<p>Decision required</p>	<p>The LEP Board decision is to approve or not approve the funding of £4,300,000 for this project, and, if approved, to authorize GCC as Accountable Body to prepare the formal funding agreement.</p>
<p>Recommendations</p>	<p>Approve the offer of a formal funding award, of £4,300,000, post due diligence and business case assessment, for the improvements to Gloucester Railway Station to improve connectivity to the city and to enhance the appearance of the station building.</p> <p>a) Authorise GCC as the Accountable Body to prepare the Funding Agreement for the release of the funding, noting the pre-conditions to provide:</p> <ul style="list-style-type: none"> - Information on current and expected maintenance costs for the areas being improved along with details of current and forecast car parking income - A copy of the final GRIP1 stage 4 report be made available in order to ensure that the project as envisaged in this report has not significantly changed - Provision of an up to date project cash flow (costs and funding) based on the GRIP stage 4 - Evidence is provided that Network Rail have no objection to the removal of the road access by the subway. [Turner & Townsend report that this has been obtained – to be confirmed] - Confirmation that the City Council understand their State Aid risks, following the necessary legal advice <p>In addition, noting the funding condition to ensure:</p> <ul style="list-style-type: none"> - No funds will be advanced until evidence has been provided that all planning consents that may be required have been obtained. This could include any further consents required from Network Rail <p>Comment for LEP Board</p> <p>The Investment Panel undertook a very thorough review of this proposal and debated and scrutinized the project at length. The Panel were in full agreement to recommend this project for Funding Approval, with the preconditions and conditions as stated above. The Investment Panel also strongly recommended that an additional condition should be incorporated within the Funding Agreement, as follows, in order to ensure that broader commitment for ongoing</p>

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	<p>station enhancements are realised with contributions from the project partners:</p> <p>The City Council use its best endeavours in working with GWR/Network Rail to facilitate delivery of a second phase of improvements to the railway station within the duration of the current franchise and substantially funded by GWR/NR that would encompass:</p> <ul style="list-style-type: none">a. the incorporation of extensive EV passive provision throughout the car park area;b. the provision of a canopy shelter in front of the station for the benefit of passengers alighting to/from buses;c. the incorporation of photovoltaic panels either on a covered parking area, and or the canopy or main building to assist with the sustainable provision of electricity at the station; andd. a further extension of the provision for safe cycle storage (in effect re-instating the 200 cycle storage spaces eliminated from the current project).
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For further information points raised in this Board paper, please contact Barry Bodin-Jones
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