

Report to the Cabinet

Meeting to be held on Thursday, 8 September 2022

Report of the Head of Service for Public and Integrated Transport

Part I

Electoral Divisions affected:
Preston West; Preston South
West

Corporate Priorities:
Supporting economic growth;

Cottam Parkway Railway Station Ownership, Operations and Maintenance

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Brief Summary

The Cottam Parkway Railway Station project is being developed as a key component of Lancashire County Council's Transforming Cities Fund programme. The project package comprises the design and construction of a new railway station, platforms and car park with associated infrastructure including a new access road and highway with canal bridge as well as schemes to support enhanced active travel.

A number of options for ownership, operations and maintenance of the new railway station and associated facilities are available to Lancashire County Council. This report considers three options and provides a final recommendation.

Recommendation

Cabinet is asked to:

- (i) Approve the principle of transferring the freehold property at Cottam Parkway to Network Rail including station building, platforms and car park with access road (but excluding the highway) for future ownership, operation and maintenance (Option 1).
- (ii) Authorise the Director of Highways and Transport, in consultation with the Director of Corporate Services and Director of Finance, to agree and finalise the terms of any agreements with the railway industry and Network Rail.



(iii) Note that further reports in relation to the Cottam Parkway Railway Station project will be submitted to Cabinet for consideration at appropriate gateway and decision points.

Detail

The Cottam Parkway Railway Station project is being developed as a key component of Lancashire County Council's Transforming Cities Fund programme. The project package comprises the design and construction of a new railway station, platforms and car park with associated infrastructure including a new access road at the station connected to present highway network by a new vehicular highway with a canal bridge as well as schemes to support enhanced active travel.

Lancashire County Council has consulted on the plans for the station prior to a full planning application being submitted in September 2022. The information portal for the project can be found via:

<https://www.lancashire.gov.uk/council/strategies-policies-plans/roads-parking-and-travel/major-transport-schemes/cottam-railway-station/>

A design for Cottam Parkway station and platforms has been produced by consultants Jacobs to the Option Selection (Network Rail Governance for Railway Investment Projects 3) stage, and to a level to support a full planning application.

The new highway section and bridge will become adopted highway maintainable by Lancashire County Council as the Highways Authority.

Not including the construction of new vehicular highway and bridge Cottam Parkway's deliverables (to be formally included as part of the detailed design process) include the following four elements:

1. A station building with ticket hall, passenger waiting area, WC facilities, staff mess room and plant room.
2. Two single face 210 metre 8-car platforms with passenger waiting shelters, a station footbridge with associated stairs and lifts to enable level platform to platform access, and a secondary means of escape from the platforms.
3. A surface level car park providing 250 spaces with Electric Vehicle charging points for a minimum of 15% of overall spaces, passive provision for possible expansion of car parking in future by 55 spaces (surface parking) and a further 134 spaces (single decked multi storey).
4. access for vehicles, pedestrians and cyclists. Includes bus stop bays within the central forecourt adjacent to the station building for local bus services.

A number of options for ownership, operations and maintenance of the new railway station and associated facilities are available. This report considers three options and provides a final recommendation. Lancashire County Council is limited in its options because of the nature and future uses of the four elements described above.



The core business case for Cottam Parkway estimates circa ½ million passenger on / offs each financial year, with patronage and farebox income generated offsetting any ongoing costs of maintenance by the end of year three of operation.

Option 1: Lancashire County Council transfers the freehold property at Cottam Parkway to the Railway including station building, platforms (including land to be used as the secondary means of escape) and car park, but excluding the vehicular highway section.

This option follows precedents set with Euxton Balshaw Lane (opened 15th December 1997) and Buckshaw Parkway (opened 3rd October 2011) which were the last two "new" railway stations to be built in Lancashire, with both handed back to the railway industry for ongoing maintenance and operation.

Advantages:

- Operating and maintenance costs are covered by the railway industry from the additional farebox revenue generated by the station, including the following: staffing, reactive maintenance, routine maintenance including landscaping, infrastructure renewals, services and car parking.
- Train Operating Company responsibilities are simplified through a direct arrangement between Network Rail and the Operator, which in this case would be Northern Trains Limited.
- Future arrangements between Lancashire County Council, the Train Operating Company and Network Rail are simplified, with Lancashire County Council having no ongoing liability for the infrastructure or assets. The responsibility is effectively passed from one public body to another.
- Restrictions / covenants on future station uses, maintenance and profit making can be added into the transfer whereby any profits are held in a sinking fund for future maintenance.
- Restrictions on price increases and car parking charges can be factored into the transfer deed.

Disadvantages:

- Lancashire County Council gives up ownership of an asset which has been invested in by the public sector with part county council funding.
- Lancashire County Council loses control over the use of that asset (e.g. ticket office opening times, car parking tariffs, possibility of the asset being sold-off, although the latter can be controlled through covenants within any agreement).
- Lancashire County Council Estates Management would need to ensure that any covenants within the transfer deed are being complied with, which may be difficult to enforce if they have been breached.

Option 2: Lancashire County Council retains the freehold of the railway station infrastructure including station, car park access road and the adopted highway section but excluding platforms and footbridge and grants a lease to the Railway to the land excluding the highway section.



Burnley Manchester Road railway station is an example of where Lancashire County Council (as developer and part funder) has retained the freehold of a station building and associated car park facilities, which were completed in November 2014, and a lease granted to Northern Trains Limited.

Advantages:

- Lancashire County Council keeps overall control of the asset as the "landlord" and contracts directly with the Train Operating Company in relation to its ongoing maintenance, including reactive maintenance including landscaping, routine maintenance, small scale renewals and car park operation.
- Lancashire County Council has a greater say in future maintenance of the asset and being responsible for capital renewals and capital maintenance.
- Lancashire County Council has a greater say in the running of the facility, i.e. car park charging, where non-profit arrangements can be written into contracts similar to those agreed at Burnley Manchester Road.

Disadvantages:

- Lancashire County Council takes on responsibility and the costs of future maintenance of the station building and car parking infrastructure: the county council can grant a fully repairing and insuring lease whereby all future maintenance is passed onto the Railway.
- Lancashire County Council becomes responsible for changes in Health and Safety requirements of the station building and any corresponding legislative changes. The requirement to comply with relevant Health and Safety legislation can be passed onto the Railway Company in a lease combined with a full indemnity to protect Lancashire County Council for any breach.
- Lancashire County Council doesn't receive additional farebox revenue to cover landlord's maintenance responsibilities and would have to find monies from internal capital / revenue funds. If a fully repairing lease was granted at a peppercorn rent, the county council would not have any maintenance liabilities.
- Ongoing burden on Lancashire County Council services including public transport, estates for ongoing management of additional infrastructure.

Option 3: Part Option: Lancashire County Council retains ownership of the car park and access road, with platforms and station building transferred to the Railway.

This option sees Lancashire County Council retain ownership of the car parks but hands over the station buildings and platforms to the railway.

Advantages:

- Maintenance and operation of the Cottam Parkway "station" would be handed over to the railway as in option 1.
- Lancashire County Council keeps control over the car parks and potentially any future car parking income.
- Lower liability for the station buildings with this aspect handed over.



Disadvantages:

- Part ownership could be problematic and would be a future maintenance liability that would incur additional costs for which there is no income stream.
- Additional maintenance liabilities for Lancashire County Council could rely on some form of car park charging to be introduced (which may not be the case with options 1 and 2). Car park charging could provide an income stream to offset maintenance liabilities and management of the site but would be unattractive for rail passengers, and would go against the county council's objectives to support and encourage the use of public transport.

It is recommended that Option 1: the transfer of the freehold property at Cottam Parkway to Network Rail including station building, platforms (including land to be used as the secondary means of escape) and car park and access road (but excluding the highway length) be approved in principle. Option 1 will enable the simplification and streamlining of future responsibilities and liabilities, following examples previously set at Euxton Balshaw Lane and Buckshaw Parkway.

Consultations

If the Cottam Parkway project was being funded by the Department for Transport's "New Stations Fund" then the asset would automatically be incorporated within Network Rail's Regulated Asset Base. As Cottam Parkway is being funded by Lancashire County Council as a third party, this requirement does not apply and there is flexibility about how much of the station could be transferred to Network Rail for future ownership and maintenance.

Network Rail has advised that they are amenable to taking the whole station on, as the splitting of responsibilities between a third-party owner, Network Rail and the Train Operating Company has proved problematic on previous projects elsewhere.

Advice has been given about issues relating to the ownership of the platforms, overbridges and structures alongside the operational railway, which require specialist knowledge. A view will be taken on whether a nominal maintenance payment would be payable to Network Rail, depending on whether full market value was paid and taking a view on future maintenance requirements.

Working back from the station opening, Network Rail would want to see an agreement and commuted sum in place for the first three years of opening following the 12 month defects liability period covering infrastructure maintenance, but this is likely to be minimal and limited to visual inspections on minor maintenance on a brand new asset.

The next steps are to formally approach Network Rail and work through the necessary property agreements. This will be undertaken as part of the detailed design stage (Network Rail Governance for Railway Investment Projects 4) and before the "decision to deliver" gateway stage is taken at the end of the Outline Business Case period, with Transforming Cities Fund funding formally confirmed.



Implications:

This item has the following implications, as indicated:

Financial

There are no financial implications arising directly from this report if the recommendation is approved.

Procurement

There are no procurement implications arising directly from this report.

Legal

There are no legal implications arising directly from this report.

Risk management

The preferred option presents the lowest risk to the county council of the three options presented in terms of the future ownership, operation and maintenance of the proposed Cottam Parkway Railway Station.

Any update to financial, procurement and legal aspects of the project will be subject to regular reporting to the Transforming Cities Project Board and quantification within the wider project risk register, which is also regularly reported to the Project Board.

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A

