

## Waterbeach Train Station Relocation – Funding Agreement

To: Strategy, Resources and Performance Committee

Meeting Date: 31 October 2024

From: Executive Director of Finance and Resources

Electoral division(s): Waterbeach

Key decision: Yes

Forward Plan ref: 2024/089

**Executive Summary:** In 2022 the Greater Cambridge Partnership (a joint committee for which Cambridgeshire County Council is the accountable body) agreed to take on the delivery of the new railway station intended to service the Waterbeach New Town. Under planning conditions, none of the 4,500 homes on the western section of the Waterbeach New Town shall be occupied until the relocated railway station is complete and open for use. Homes England have agreed to provide a grant of up to £23.35m to forward fund the delivery of the station and associated construction haul road, to be repaid by the developers of the Waterbeach New Town. The committee is being asked to agree the funding proposal on behalf of the County Council, enabling the new station project to move ahead.

**Recommendation:** Strategy, Resources and Performance Committee is asked to:

- (a) Approve, for the County Council's part, to receive funding from Homes England by way of repayable grant of up to £23.35m to forward fund the delivery of the station and haul road, with repayment by the developers of the Waterbeach New Town;
- (b) Delegate authority to the Executive Director of Finance and Resources, in consultation with the Chair and Vice Chair of the Committee, to agree the final terms and execute documents to enable this funding approach; and
- (c) Note that the total budget, which will be agreed formally by the Greater Cambridge Partnership Executive Board, will now total £43.35m, with £20m from the Greater Cambridge City Deal.

Officer contacts:

Name: Tom Kelly  
Post: Service Director: Finance and Procurement  
Email: [tom.kelly@cambridgeshire.gov.uk](mailto:tom.kelly@cambridgeshire.gov.uk)

Name: Niamh Matthews  
Post: Assistant Director, Strategy and Programme  
(Greater Cambridge Partnership)  
Email: [niamh.matthews@cambridgeshire.gov.uk](mailto:niamh.matthews@cambridgeshire.gov.uk)

# 1. Creating a greener, fairer and more caring Cambridgeshire

- 1.1 The station relocation primarily supports Ambition 1 and Ambition 2 of the Cambridgeshire County Council Strategic Framework 2023-2028.
- 1.2 The proposals strongly support *Ambition 1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes*. Specifically, the proposal will allow for the relocation of Waterbeach Railway Station to go ahead. As the Fen Line from Cambridge to King's Lynn is fully electrified, passenger rail travel along the line will be zero emission. The relocation of the station will directly unlock 4,500 modern, low carbon homes. In addition, the station relocation project will be included in Greater Cambridge Partnership (GCP) programme wide target for 20 percent Biodiversity Net Gain (BNG).
- 1.3 The proposals strongly support *Ambition 2 Travel across the county is safer and more environmentally sustainable*. The relocated station will have a higher capacity, with potential for future expansion. Upon the completion of the Waterbeach New Town. The new station will be located closer to a significantly greater number of homes and businesses than the existing station. The station will also be integrated with other GCP delivered projects, notably the Waterbeach to Cambridge Busway, and the Waterbeach Greenway, as well as infrastructure delivered as part of the New Town itself. This in turn will provide enhanced opportunities for utilising active travel to and from the station. Rail travel is extremely safe.
- 1.4 While primarily supporting Ambition 1 and 2, the proposals will further complement Ambitions 3-7 through better connectivity, access to economic opportunities, improved accessibility over the existing station, and through unlocking vital homes at the Waterbeach New Town development. No negative effects on any of the Ambitions are anticipated.

## 2. Background

- 2.1 The Waterbeach New Town will provide 11,000 homes in two phases, making it an integral part of the Greater Cambridge Local Plan. The first phase, comprising 6,500 dwellings on the former Waterbeach Barracks (S/0559/17/OL), received outline planning approval in September 2019. This site will comprise the western portion of the Waterbeach New Town is now under development by Urban and Civic.
- 2.2 An Outline Planning Application for the second phase of up to 4,500 dwellings was approved by South Cambridgeshire District Council's Planning Committee on 29 January 2021 (Planning Ref. S/2075/18/OL). This application covers land to the east of the former Waterbeach Barracks site, and will comprise the eastern portion of the Waterbeach New Town when complete. The developer for this section of the Waterbeach New Town is Waterbeach Development Company.
- 2.3 The approval of the second phase was granted subject to a range of planning conditions, including that no dwellings shall be occupied until the new approved railway station (Planning Ref. S/0791/18/FL) intended to service the New Town is complete and open for use.

- 2.4 In June 2022 the GCP Executive Board agreed that the GCP would take over the delivery of the station and confirmed that the scheme fitted within the GCP's Integrated Transport Programme. Accordingly, GCP took over the development of the design for the new station.
- 2.5 The total cost of the station relocation works is £37m. In addition a haul road, to the railway station site, is required at an approximate cost of £6.35m.
- 2.6 To ensure the viability of the Waterbeach New Town development, and address an affordability gap determined by Local Planning Authority's assessment, the GCP Executive Board approved an allocation of £20m to fund the relocation of the station. It also agreed to forward fund the remainder of the cost, £17m, to be repaid to the public sector in line with the S106 agreement. This contribution will be index linked.

### 3. Main Issues

- 3.1 Officers were tasked with mobilising a project team. The team has completed the Outline Business Case and preliminary design and is in a position to publish an above threshold procurement in line with the Public Contract Regulations 2015 for a Design and Build Contract to complete the station project.
- 3.2 The project team have also worked with the developers to determine the specifications for a construction haul road required to deliver both the station and the eastern portion of the New Town.

#### **Funding**

- 3.3 As reported to the GCP Executive Board in July 2021, whilst there is a clear policy requirement to deliver the station relocation, the affordability gap, as determined by Local Planning Authority's assessment, on the viability of the site precluded its delivery under a traditional planning gain (developer contribution) arrangement. The cost of the station relocation was estimated at £37m, with an agreed £17m available from the developer to spend on transport as part of the planning decision. This left a funding gap of approximately £20m for the relocation.
- 3.4 In June 2022 the GCP Executive Board approved the allocation of £20m to fund the relocation of the station and agreed to forward fund the remainder of the cost, £17m, which will be repaid to the public sector in line with the S106 agreement. The Board also endorsed GCP's role in ensuring the delivery of the station relocation and confirmed that the scheme fits within the GCP's Integrated Transport Programme.
- 3.5 Subsequent discussions with the developer identified the need for additional resources to forward fund the £17m developer contribution as the developer was unable to commit to repaying this sum before the end of the GCP Programme in 2030/31. These negotiations were prolonged and have led to a delay in the original programme, as set out further below.
- 3.6 Recognising the strategic importance of Waterbeach New Town, Homes England began negotiations with the County Council and Waterbeach Development Company to provide funding in advance. Homes England have agreed to provide a repayable grant of up to £23.35m. This funding is intended to deliver the station as well as construction of a haul road to the station at a cost of up to £6.35 million.

- 3.7 Subject to agreement, the funding will be provided to the County Council as the GCP's Accountable Body.
- 3.8 An appropriate level of contingency has been included in both the budget for the station and the haul road. However, it should be noted, that should costs be provided to the GCP, via the tendering process, that are over budget, the project would no longer be affordable and could not proceed on the terms set out in this report. This would mean that funds would not be drawn down under the proposed funding agreement.

### **Outline Business Case**

- 3.9 The Outline Business Case (OBC) outlines and confirms the key benefits of moving forward with the scheme, including the following:
- The economic case for relocating the Waterbeach station is projected to deliver high value for money, with the core scenario yielding a Benefit-Cost Ratio (BCR) of 3.28.
  - The strategic case for relocating the station is a strategic response to the significant population shift expected once the housing development is completed.
  - Relocating the station will enhance the likelihood of residents using rail services from the new development and the surrounding areas. The new station is also expected to promote much higher use of active travel modes, which will significantly reduce car traffic on the congested A10.
  - Financially, the relocation of Waterbeach station is demonstrated to be within budget and a commercially viable project that can be effectively and efficiently procured through existing suppliers, and
  - The management case includes a baselined delivery programme, risk register, and details of the project organisation that will govern, assure, and manage the project in the next project stage.

### **Delivery Programme**

- 3.10 The timescale for delivery of the new station and haul road is subject to the appointment of a contractor, it should be noted that delays have occurred due to the elongated discussions with the developer, and the processes required by Network Rail to sign off the initial design. Therefore, the latest indicative programme is:
- Detail Design and Delivery Contract Start – Mid 2025
  - Detail Design End – Winter 2026
  - Haul Road Construction – Summer 2025-Winter 2026
  - Station Construction Start – 2026
  - Station Construction End – 2027
- 3.11 This will be followed by appropriate Network Rail processes to bring the station into service, including ensuring that it aligns with an appropriate timetable change.

### **Consultation**

- 3.12 Statutory public consultation took place as part of the planning application for the eastern portion of the Waterbeach New Town by the developer. Approval was granted, with

conditions, by the South Cambridgeshire District Council Planning Authority in January 2021.

- 3.13 As part of the closure process for the existing station, a 12-week statutory consultation period is required. Network Rail, as Sponsor and relevant National Authority, will lead the consultation, while GCP will manage any additional feedback from the local community that emerges during this process.
- 3.14 The project team has attended the Waterbeach Community Forum and will continue to do so as the scheme hits appropriate milestones. Local members will be briefed on a regular basis on the scheme's development.
- 3.15 Subject to final approval, once contractors are appointed and a clear construction plan is drafted, this will be discussed with the local community.

### **Procurement**

- 3.16 Through procurement workshops, officers have developed a clear strategy to procure these works. Professional support for the process is being provided by the County Council's procurement and commercial team.
- 3.17 The procurement of the station is through a restricted (two stage) process. The first stage involves capability questions leading to a short list of contractors to go through the second stage of full Invitation to Tender (ITT). Criteria, such as being a Network Rail approved contractor will ensure that any non-compliant contractors are unable to move forward to the ITT stage. ITT will only begin once approval has been secured from the GCP's Executive Board.
- 3.18 The short-listed contractors will be a maximum of 5, who will be evaluated on quality and cost. The ITT process is expected to commence in November 2024 and end with appointment in June 2025.
- 3.19 The form of contract will be an Option A, NEC4 contract, in line with the guidance received from both the GCP's legal team, and appointed rail consultants.

## **4. Alternative Options Considered**

- 4.1 No alternative funding sources for the relocation of the station have been identified, leaving a 'do nothing' scenario as the only alternative option. Under this scenario GCP takes no further role in the delivery of Waterbeach station relocation project. As the opening of the new station is a planning condition which must be met prior to first occupancy the western portion of the Waterbeach New Town, this would leave 4,500 homes with no clear pathway towards delivery.

## **5. Conclusion and reasons for recommendations**

- 5.1 This project forms part of the Greater Cambridge Partnership programme, and the primary decisions around proceeding with the project are decided by the GCP Executive Board (a joint committee in which the County Council is a voting member). The project is managed

by officers within the GCP team. However, as this funding package and repayment terms extend beyond the current lifetime of the GCP programme, and requires the County Council to enter into binding funding documents with Homes England, the support of this Committee is requested through this report.

- 5.2 The recommendation is to agree the funding proposals offered by Homes England as the proposals are the only funded pathway towards reallocating the station, and in turn the delivery of 4,500 homes in the western portion of the Waterbeach New Town. It is considered that the funding proposals are beneficial to local council taxpayers in that they reduce the prudential borrowing the County Council will otherwise incur and locate the timing risk around developer repayment with a national government body.

## 6. Significant Implications

### 6.1 Finance Implications

As set out above, following discussions with Homes England, they have agreed to fund a repayable grant of up to £23.35m towards the construction of the Station and the construction haul road. All funding will be repaid to Homes England by the developer, via the S106 agreement. This transfers risk around developer repayment from local bodies to Homes England.

At this stage, no further direct funding is being requested with a £20million direct investment from the GCP programme budget having already been allocated.

### 6.2 Legal Implications

Subject to agreement, the County Council will need to agree to a Grant Funding Agreement with Homes England. This agreement will continue to be drafted if this Committee agrees the above recommendations. External solicitors have been appointed to advise the County Council.

### 6.3 Risk Implications

The budget for the station build and haul road contain an appropriate level of contingency to manage the identified risks. The budget setting process has included following Government guidance on appropriate risk allocations for the stage of the project, and at this time, the budget for the Station includes over £7million of risk, and £2million of inflation allowance. This will be assessed on a continuous basis, through regular reporting. The full Invitation to Tender will also provide costs under an Option A (lump sum) where the majority of risk is owned by the contractor. This will reduce the risk to the client. If the costs received through the ITT are not within the budget, a decision would be required as to whether the project could proceed.

### 6.4 Equality and Diversity Implications

The station will comply with the Equality Act 2010, the full Equality and Diversity Implications are set in the Equality, Impact Assessment (EqIA) form attached at Appendix A.

## 6.5 Climate Change and Environment Implications (Key decisions only)

As noted above the station relocation project supports *Ambition 1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes, and Ambition 2 Travel across the county is safer and more environmentally sustainable*, of the of the Cambridgeshire County Council Strategic Framework 2023-2028.

As with any major construction, there are significant carbon emissions associated with delivery of the project, that will fall within the Council's Scope 3 (supply chain emissions). In order to help mitigate this, the Climate Team has been involved with the procurement process, with Stage 1 specifically including questions related to the management of carbon emissions and contractor approach to wider environmental considerations.

As part of the current outline (ES4) design stage, the designer, WSP, has held sustainability workshops to identify areas for reducing carbon emissions. A carbon assessment has been developed and will be further developed during the subsequent stages.

The station designs will incorporate Sustainable Drainage Systems where appropriate.

The Fen Line is fully electrified, providing zero direct emission passaging rail services, offering a corresponding improvement in air quality when compared with mode utilising internal combustion engines.

A materials management strategy will be developed as part of the Detailed Design.

## 7. Source Documents

GCP Executive Board paper on Waterbeach Station (June 2022)	<a href="#">Document.ashx (cmis.uk.com)</a>
GCP Joint Assembly paper on Waterbeach Station (October 2024)	<a href="#">Agenda Item No (cmis.uk.com)</a>