

MEMORANDUM OF UNDERSTANDING

Between

The Council of the City of Coventry

And

The Secretary of State for Transport

And

Network Rail Infrastructure Limited

Relating to the redevelopment of Coventry Station

This Memorandum of Understanding ("MoU") is made on the 2018.

BETWEEN:

1. **THE COUNCIL OF THE CITY OF COVENTRY** of Council House, Earl Street, Coventry, CV1 5RR (**CCC**)
2. **THE SECRETARY OF STATE FOR TRANSPORT** of Great Minster House, 33 Horseferry Rd, Westminster, London SW1P 4DR (**DfT**)
3. **NETWORK RAIL INFRASTRUCTURE LIMITED** (Company registered number 02904587) whose registered office is situated at 1 Eversholt Street London NW1 2DN (**Network Rail**)

Together (the "**Parties**")

1.0 Context

This Memorandum of Understanding (**MoU**) details the understanding between the Parties to work together to promote, develop and deliver the Coventry Station Master Plan, hereafter called "the Scheme".

The key purposes of this MoU are to:

- Enable the successful redevelopment of Coventry Station in accordance with the approved Scheme;
- State the intention of the Parties in relation to the commercial arrangements relating to the Scheme;
- Provide an outline allocation of risk and responsibilities between the Parties;
- State the proposed changes to existing operating arrangements (leases, maintenance and operation) of Coventry Station which will be necessary to implement the Scheme;
- Facilitate communication; and

- Drive efficient and collaborative working practices.

2.0 Objective

The core objective of the Scheme as proposed by CCC is to match the projected growth in rail use as outlined in the Scheme Business Case with an expanded Coventry Station to provide a fitting gateway to the City of Coventry and underpin the redevelopment at Friargate and wider City regeneration (**'the Objective'**).

The Objective will in turn support and help grow the local economy and the creation of jobs. The Scheme is an integral part of the City Centre Area Action Plan and the Coventry and Warwickshire Local Enterprise Partnership's Strategic Economic Plan, and is central to CCC's economic regeneration plans and improving connectivity to the wider region, including UK Central and HS2. It also supports the delivery of the Midlands Connect Strategy and the West Midlands Combined Authority (**WMCA**) Strategic Transport Plan 'Movement for Growth'.

3.0 Background

Coventry Station is a 1960s Grade II listed building which has experienced a doubling of passenger footfall in the 10 years to 2015/16. It suffers from a tired building fabric, capacity issues, limited passenger facilities, poor integration with other transport networks and does not provide a serviceable gateway to the City of Coventry.

Key elements of the Scheme will be built on Network Rail land both within the operational railway boundary and also within parts of the Station Lease area which is currently let to West Coast Trains (**WCT**), the current franchise holder and Station Facility Owner (**SFO**). It is therefore important that the required restructuring of the property leases and access agreements is undertaken in order to facilitate the delivery of the Scheme.

NUCKLE Phase 1.2

The Scheme works will also be delivered in conjunction with Phase 1.2 of the NUCKLE project (Nuneaton-Coventry-Kenilworth-Leamington Spa) which has been split into two parts. NUCKLE Phase 1.1 was completed in January 2016, with two new local stations between Coventry and Nuneaton at Coventry Arena and Bermuda Park, as well as a platform extension at Bedworth.

NUCKLE Phase 1.2 provides the infrastructure necessary to operate an enhanced frequency of train service (2 trains per hour as opposed to the current 1 train per hour) between Nuneaton and Coventry. This requires a new bay platform at Coventry Station, as well as infrastructure interventions on the route between Coventry and Nuneaton. These interventions will allow for the increase in service frequency as well as providing infrastructure capacity and capability to support future additional services for major events at the Coventry Arena. The diversion of the existing Nuneaton to Coventry service into the new Coventry bay platform will also improve West Coast Main Line performance robustness, providing performance benefits to longer distance services through the main Coventry Station platforms. The delivery of this new bay platform at Coventry Station forms an integral part of the Scheme.

4.0 Delivering the Objective

4.1 Scope

The Scheme will consist of the construction of a number of new elements at the existing Coventry Station site. The following items of scope have been approved up to Option Selection Report stage:

- a) A new passenger footbridge (with lifts) connecting all four platforms and canopy extensions that link to the existing station building;
- b) A second station building, linked to the new footbridge at span level, with its entrance facing outwards onto Warwick Road, providing step free access to platforms inclusive of 5 new retail units totalling circa 1,000m²;
- c) A new 644 space multi-storey car park ("**New MSCP**") which will replace 334 spaces lost at the station to accommodate other scheme elements. The New MSCP will be integrated into the new station building, and provide a net increase of 150 car park spaces for the benefit of rail passengers, with the remaining car parking spaces being reserved for use by the Friargate Development;
- d) A bus interchange, with 6 bus bays and an interchange building that faces outwards onto Warwick Road (opposite the new station building entrance);
- e) A new access tunnel under Warwick Road, connecting the bus interchange building with the new station building;
- f) A new substation to provide the power capacity requirements for the new and existing infrastructure;
- g) A new bay platform to serve the NUCKLE Phase 1.2 project, connected to the new station building via the new access tunnel and linked to the existing Platform 1; and
- h) Associated highway improvements that remodel road access and connections into the various new elements above and around the Friargate development generally.

Network Rail will provide design assurance through appropriate templated asset protection agreements for the rail elements included above in accordance with the GRIP process through the remaining development and delivery stages. All elements have been designed in accordance with the Design Standards for Accessible Railway Stations. British Transport Police ("BTP") has been, and will continue to be, engaged on the scheme as it moves forward. The station facility owner has also been engaged in the development of the proposals with Station Change having been issued for parts a) and f) above. Station Change will be issued for the remaining parts b), c), d), e), g) and h) above in due course.

4.2 Funding

This MoU does not establish any legal obligation or funding commitment. Any funding contributions made by the Parties will be made under separate terms if agreed.

CCC are the promoter of the Scheme and have secured funding from a variety of sources as detailed in the following table.

Scheme Element	GRIP Stage*	Anticipated Cost (incl Contingency)	Funding Source	Funding Value £
Project Management Fees		3,651,115	Integrated Transport Block Grant and LA Contributions and CWLEP – Local Growth Deal	3,651,115
Rocket Pub	6	153,840	Integrated Transport Block Grant and LA Contributions	153,840
Access Tunnel	6	3,129,773	CWLEP - Local Growth Deal	3,129,773
Footbridge and Canopies	4	9,184,598	CWLEP - Local Growth Deal and WMCA Devolution Deal	9,184,598
Second Entrance Station Building	4	10,747,956	WMCA Devolution Deal	10,747,956
New MSCP	4	13,335,866	<i>Prudential Borrowing</i>	<i>10,922,067</i>
			CWLEP – Local Growth Deal	2,269,746
			Integrated Transport Block Grant and LA Contributions	144,053
Bus Interchange	4	4,583,228	WMCA Devolution Deal	4,583,228
Substation	4	1,549,895	CWLEP - Local Growth Deal	581,174
			WMCA Devolution Deal	968,721
NUCKLE 1.2 - Bay Platform 5	3	18,130,178	NR/RAB	5,000,000 ¹
			Integrated Transport Block Grant and LA Contributions	292,146
			WMCA Devolution Deal	4,813,032
			CWLEP - Local Growth Deal	8,025,000
Highways	Outline Design	17,547,553	CWLEP - Local Growth Deal	3,950,000
			WMCA Devolution Deal	13,597,553
			TOTAL	82,014,002

*as at March 2018

Note: Items in *Italics* are currently unsecured funding inclusive of the Prudential Borrowing which will be repaid via the multi-storey car park revenue

CCC has already become a Station Investor,² and is to develop and deliver all elements of the Scheme, (Warwick Road access tunnel, new footbridge and canopies, substation, new station building, New MSCP, bus interchange, highway improvements and NUCKLE Phase 1.2 Bay platform 5), through a third-party investment scheme under the National Station Access Conditions 2013 (England and Wales).

4.3 Commercial Structure

¹ Agreed in principle with DfT to be funded in CP6 subject to written DfT confirmation.

² As defined within the National Station Access Conditions 2013 (England and Wales)

It is proposed that the new station footbridge, canopies, station building and New MSCP will transfer to Network Rail ownership at nil cost on completion. The Bus Interchange and New MSCP are proposed not to be included within the Station Lease, with the New MSCP proposed to be leased to CCC for a period of years that as a minimum will be sufficient for the car park income to repay the Prudential borrowing required for the construction of the New MSCP. The duration of the New MSCP lease is anticipated to be 70 years.

The table below shows the proposed change in car parking spaces available to rail customers before and after the Scheme:

Coventry Car Park spaces for rail customers			
	Present	Proposed	Change
Warwick Rd	370	167	-203
Station Square	131	0	-131
MSCP	358	358	0
New MSCP*	0	484	484
Total	859	1009	150

* excludes 149 spaces to be allocated to Friargate development

The Scheme as a whole is proposed to increase the number of car park spaces available to rail passengers from 859 to 1009, an increase of 150. The New MSCP is proposed to have a total of 633 spaces comprising 484 allocated to rail, (replacing 334 at grade spaces), and 149 to be utilised by the Council.

CCC will retain all New MSCP car parking revenue for the duration of the lease to repay the Prudential Borrowing, cost/construction risk, and on-going running and maintenance costs with the detailed terms of the lease from Network Rail to be agreed between the Parties.

The initial allocation of spaces between rail and non-rail users may be adjusted under the terms of the lease to reflect initial demand. Final car park numbers are subject to minor variation at final design stage but the increase in rail passenger spaces is planned to be not less than 150.

The proposed 633 New MSCP spaces assumes full compliance with the Equality Act 2010 and DfT Design Standards for Accessible Railway Stations 2015.

The net financial impact on the rail industry arising from the increase in station operating costs and the loss of revenue from the 332 car park spaces transferring from the West Coast franchise to CCC will be offset by income from the 5 new retail units in the new station building and the incremental passenger revenue accruing to train operators that is forecast to be generated as a result of providing the additional capacity at the station to meet future forecast demand.

The 'Station Change' process included within the National Station Access Conditions will provide indemnities (in the form of a "Co-operation Agreement") to the Material Change Consultees in accordance with the standard terms. Where the Material

Change Consultee is a franchisee, the parties anticipate that the Co-operation Agreements (and the indemnities contained therein) will be transferred to a successor operator in the event of a franchise expiring or terminating during the Material Change Proposal implementation period.

It is agreed that in respect of the new West Coast Partnership (WCP) Franchise, CCC will provide to DfT, sufficient data to demonstrate the anticipated changes to Coventry Station for the new WCP Franchisee. DfT will provide the information supplied by CCC to WCP bidders to enable the inclusion of the impact of the changes in their bids and request that this be taken into consideration in their bids to DfT for Franchisee award. Given the provision of information to WCP bidders, DfT will consider the anticipated changes to Coventry Station, as detailed by CCC and provided to the bidders, to have been taken into account as part of the WCP Franchise Agreement.

The WCP franchise will be able to claim costs associated with 'Unplanned Interference' in accordance with the terms of the "Co-operation Agreement" from the start of the new franchise until the date of opening of any of the assets being provided by the project.

As a 'Station Investor', CCC will initiate the Station Change process and will, therefore carry the indemnity liability under the terms of the National Station Access Conditions 2013, (updated in 2014 and 2015).

The overall commercial arrangements will be subject to a state aid analysis and will need to address the requirements of Section 123 of the Local Government Act.

4.4 Timescales

As the Scheme comprises of a number of independent elements, delivery of the Coventry Station Scheme has been split into two phases:

- | | |
|---------|---|
| Phase 1 | Warwick Road Access tunnel;
Footbridge and canopy extensions; and
Substation. |
| Phase 2 | Second Entrance Building & Multi-storey car park;
Bus Interchange; and
Highways improvements. |

The new bay platform (to be delivered as part of NUCKLE 1.2) is proposed to be built in to the same timescales as Phase 1 of the Station scheme.

The high level delivery programme for the elements is split into three stages:

- Development Stage – currently in progress;
- Construction Stage – commences on signature of the construction contract; and
- Operational Stage – commences on completion of the entry into service process.

The phasing may be amended in order to achieve efficiency and/or to reduce disruption to highway and railway users.

The current anticipated timescales for each of the above are shown in **Annex 1**.

4.5 Implications for Existing Rail Franchise

The current WCT franchise ends in March 2019. The new WCP Franchise is anticipated to commence in 2019 following the WCT franchise.

The assets being delivered in Phase 1 and Phase 2 will not enter into service until after the commencement of the West Coast Partnership Franchise.

5 Responsibilities of the Parties:

5.1 General Responsibilities

The Parties in this MoU will:

- a) Follow the general principles of partnership working: openness, flexibility, shared decision making and sharing of information, subject to any other necessary legal or regulatory agreements.
- b) Keep information confidential as designated. Where a particular matter or information is shared on a confidential basis the sharing Party will make this clear and other Parties agree to respect the confidentiality.
- c) Work together to support the delivery of the Scheme and seek to identify the best way of achieving the Objectives.
- d) Support the Scheme meeting structure as outlined in Annex 2.
- e) Work together to progress the land agreements for the development including a Compulsory Purchase Order (**CPO**) (if required) to secure the land
- f) Work together to assist in completion of necessary agreements as identified in **Annex 3** in line with the agreed programme, (which is subject to agreement between the parties from time to time).
- g) Commit an appropriate level of resources in terms of staff time, resources and skills to enable the Parties to effectively discuss and achieve the Objective.
- h) Establish efficient working practices to deliver the Scheme as quickly as possible whilst driving down the costs and maximising efficiency savings.

5.2 Development Stage

During the Development Stage, CCC will:

- Continue to fund progression of the Scheme design up to GRIP4 acceptance by Network Rail;
- Lead and finalise the procurement of a construction contractor for delivery of each element of the works (which may or may not be Network Rail and its Framework Contractor);

- Lead engagement with local stakeholders in order to manage expectations of project deliverables, and adopt a collaborative approach to managing external communications and media in relation to the project;
- Negotiate an appropriate agreement (Asset Protection Agreement or Implementation Agreement) with Network Rail for provision of its services during the delivery phase and to enable possession of and access to the railway (in cases where Network Rail is not the delivery body);
- Finalise the scope of the Scheme elements and obtain consent from all parties to Station Change and/or Minor Modification (as required);
- Lead on acquiring the land and rights necessary to enable the Scheme including any CPO or related highways orders, (if required).
- Fund WCT's pre-agreed reasonable costs in delivering its obligations during the Development Stage.
- Provide the Scheme data to DfT sufficient to ensure that future franchisees are able to accommodate the impacts of the Scheme within their bids and financial models.
- Lead on steering the project through the assurance processes of the relevant parties, (DfT, WMCA, Network Rail, CWLEP, TOCs, ORR).
- Enter into Co-Operation Agreements with all Material Change Consultees

During the Development Stage, Network Rail will:

- Assist in obtaining industry approvals for the Scheme, in particular Station Change, Licence Condition 7 and Minor Modifications (each as required);
- Agree with CCC and its agents the relevant GRIP stage deliverables and review and provide timely comments on the Scheme design in order to achieve the relevant GRIP stage gate;
- Work with CCC to develop and complete the various property agreements required to be put in place as part of a commercial structure that enables the Scheme as envisaged herein;
- Once the terms are agreed, enter into any required Asset Protection Agreement or Implementation Agreement;
- Confirm wherever possible the use of its Permitted Development rights to help deliver the Scheme;
- Support and work collaboratively with CCC to secure confirmation of the CPO and highways order, including providing ownership evidence where necessary and a letter of support and non-objection to the CPO; and
- Assist in providing Scheme data to DfT in a timely manner that is sufficient to ensure that future franchisees are able to accommodate the impacts of the Scheme within their bids and financial models.

During the Development Stage, DfT will:

- Ensure Scheme data is included on the data site for the current WCT Franchise and West Coast Partnership Franchise so that bidders are able to contemplate this information and reflect it in their bids.
- Provide guidance and support in conflict resolution with WCT where required, and in particular in relation to any risks or issues that materialise
- Respond on decisions on behalf of the future franchisee, bearing in mind the role of DfT as procurer of the next franchise.

During the Development Stage, all Parties will:

- Meet regularly, at least every two months to discuss the Scheme progress against programme and any key issues arising;
- Work with the Station Facility Owner (currently WCT) to obtain the necessary permissions and access to enable surveys and design works to take place.

5.3 Construction Stage

Entering into the Construction Stage for each scheme element will depend upon the conclusion of various required consents and also the signature of various agreements, including a construction contract with a contractor (or Network Rail) for completing detailed designs and carrying out the works, and an agreement with Network Rail for its supporting services during the delivery phase (if not constructed by Network Rail).

During the Construction Stage CCC will:

- Discharge all obligations under the various delivery agreements, including construction contract, Asset Protection Agreement / Implementation Agreement or any variation thereof;
- Discharge any requirements under consents, including any CPO or highways orders;
- Progress the safety assurance requirements to enable entry into service of each item of new infrastructure;
- Lead engagement with local stakeholders in order to manage expectation of project deliverables, and adopt a collaborative approach to managing external communications and media in relation to the project;
- Fund the Franchisee's reasonable costs in delivering its obligations during the Construction Stage in accordance with the Station Change/Network Change process.

During the Construction Stage Network Rail will:

- Agree with CCC and its agents the relevant GRIP Stage deliverables and review and provide timely comments on the scheme design in order to achieve the relevant GRIP stage gate; and
- Provide other services in accordance with the delivery phase agreement (Asset Protection Agreement or Implementation Agreement etc).
- Contribute the amount of £5 million³ to the Nucleus Phase 1.2 scheme subject to DfT matched funding, payment timescales to be agreed between CCC and NR.

During the Construction Stage, all parties will:

- Meet regularly to discuss Scheme progress against programme and any key issues arising, including any upcoming possessions and their management.;
- Work with the Station Facility Owner (currently WCT) to obtain the necessary permissions and access to enable construction works to take place; and
- Work together in order to minimise the loss of car parking spaces and the resultant impact on the day to day station operation.

³ Agreed in principle with DfT to be funded in CP6 subject to written DfT confirmation.

5.4 Operational Stage

Proposed Operational Model:

- Network Rail – Freehold of entire station site (as at present)
- New Lease for Bus Station from Network Rail to CCC who will then sub-lease to Transport for West Midlands
- New Lease from Network Rail to CCC for new multi-storey car park
- Existing Station-specific Annexes and Station Lease from Network Rail to WCT and future franchisees modified to take account of all changes arising from the Scheme.

These proposals are subject to final agreement between the Parties

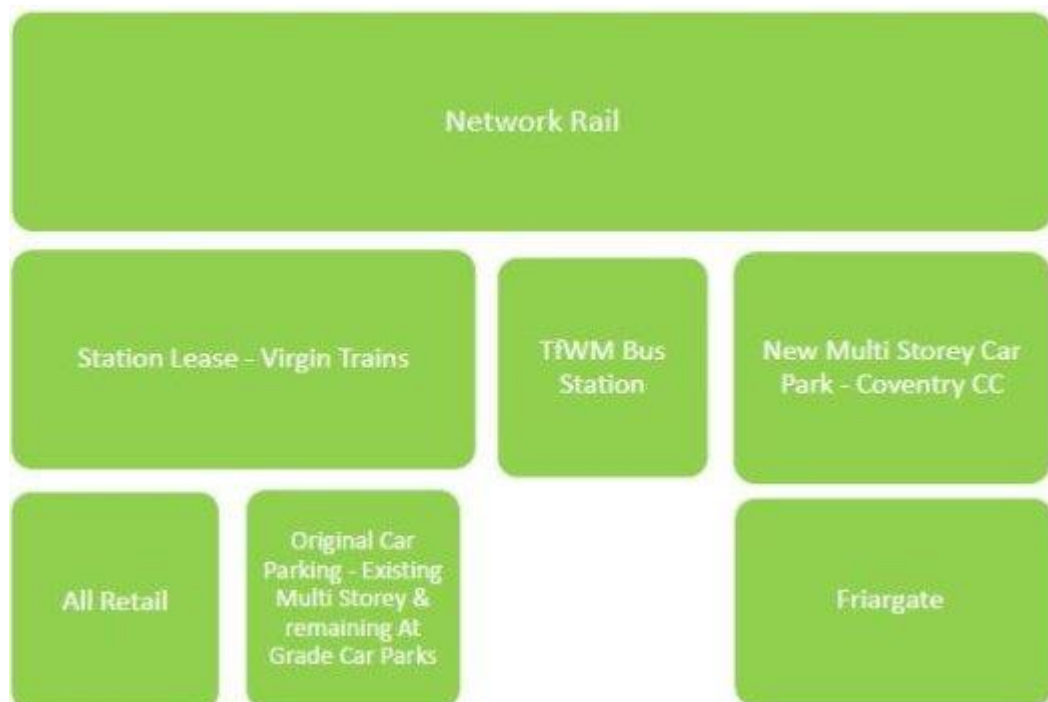


Figure 1: Proposed Operational Model

6 Project Governance

The governance organisation structure will be regularly reviewed and amended as required to reflect changes in the programme and the Parties. The current organisation and governance structure is attached in Annex 2.

CCC will manage the overall programme and delivery of the Scheme.

The representatives of the Parties on the Project Delivery Board will ensure effective liaison between that party and the other parties.

It is acknowledged that each organisations internal governance procedures will also apply as appropriate.

7 Assurance Process

CCC and its agents will be responsible for steering the Scheme through the various levels of assurance required by the funding partners and other bodies.

WMCA – Strategic Outline and Full Business Case acceptance, in line with the WMCA Assurance Framework.

DfT – Review and endorsement of Financial Case with reference to Economic Case and suitable fit with wider Franchising and HLOS strategy.

CCC and Principal Designer/Contractor – Design/Engineering Assurance including compliance with Common Safety Method regulations, Planning regulations and all applicable laws and standards.

Network Rail – Review and approval of financial impact in respect of Long Term Charge and impact on Station Specific Annexes. Review and acceptance of technical designs insofar as they are relevant to Network Rail in Asset Protection mode they progress through the GRIP stages.

Coventry and Warwickshire LEP – Outline BC and Full BC process in respect of Growth Fund drawdown (recently approved at FBC stage).

ORR – Approval in Principle to any revised Station Access Charges, issue of notices and/or directions in respect of station and track access and process for achieving authority to place new infrastructure into service, (APIS).

8 Publicity

All external correspondence and publicity relating to the Scheme should be submitted in draft form to the CCC Project Manager for review and comment.

Each Party shall, in all documents submitted or published, include acknowledgement of the other Parties' involvement in the Scheme as appropriate.

Each party will be consulted in a communications plan to ensure understanding of timing and messaging to be published.

Any external correspondence that includes a reference to the Department for Transport, Secretary of State for Transport or any Train Operating Company, requires written authorisation from the Department for Transport before being issued.

Network Rail will be consulted in respect of any external communications or media in relation to any aspect affecting Network Rail assets.

9 Confidentiality

Any sharing of data, not related to the project administration, between the Parties will be subject to separate legal agreements and data licences as appropriate.

10 Dispute

The Parties agree to expedite the resolution of any differences of opinion, and to do this where possible at a local level.

Where such differences cannot be resolved, the matter will be referred at the earliest opportunity to the Project Delivery Board.

If the matter can still not be resolved at Project Delivery Board the matter will be referred for resolution to the following senior representatives of each of the Parties;

Coventry City Council:	Chief Executive
Department for Transport:	Stations and Accessibility Policy Manager
Network Rail:	Route Managing Director, London North Western

11 Legal effects of the MoU

The Parties acknowledge that this MoU is intended to assist the Parties to work together in a collaborative and mutually efficient manner in order to achieve the Objective.

This MoU is not intended to be legally binding nor does it represent a complete summary of the contractual or commercial aims of the Parties, but expresses their desires and understandings subject to obtaining legal and other professional advice and executive approval.

This MoU will not affect the statutory duties, regulatory responsibilities or the legal rights, responsibilities and obligations of any Party.

12 Term

A member of each organisation named in this MoU will form the Project Group with attendance at Delivery Board and will be responsible for reviewing this MoU not less than quarterly or until the MoU is superseded by other agreements.

Any changes will need to be agreed by all Parties.

This MoU will remain in place whilst the Scheme is in progress.

13 Signatories

This MoU is signed and dated by the Parties.

Authorised Signatory for **The Council of the City of Coventry**

Signed _____

Name _____

Position _____

Date _____

Authorised Signatory for the **Secretary of State for Transport**

Signed _____

Name _____

Position _____

Date _____

Authorised Signatory for **Network Rail Infrastructure Limited**

Signed _____

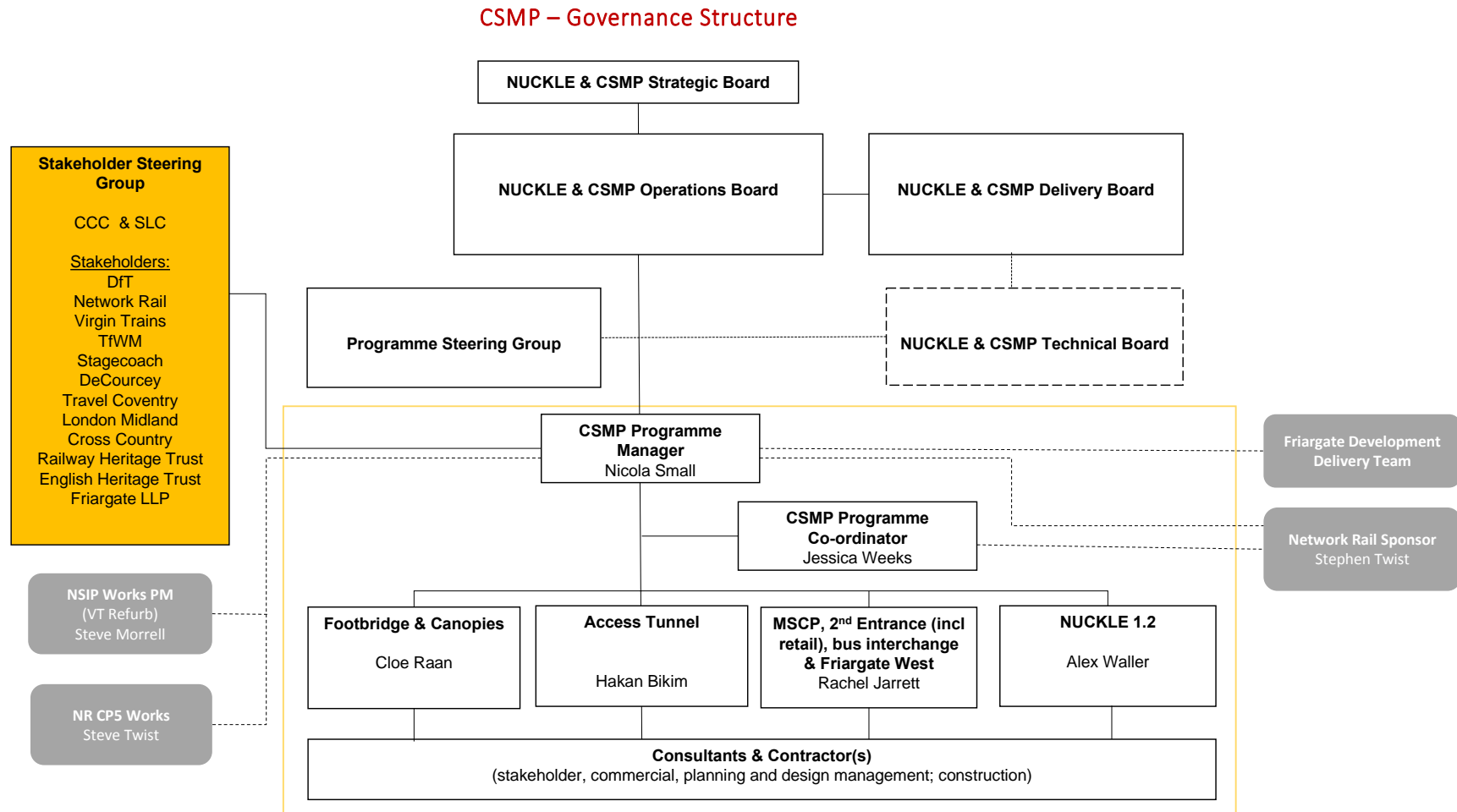
Name _____

Position _____

Date _____

Annexe 2

Details of Governance Arrangements



March 2017

Annexe 3

Schedule of Agreements

	Current Virgin Franchise	New Virgin Franchise	New West Coast Partnership
	Up To March 2018	April 2018 to March 2019	April 2019 Onwards
Access Tunnel			
Completion of Station Change			<input type="checkbox"/>
Indemnity CCC - MCC's			<input type="checkbox"/>
Footbridge & Canopies			
Station Change	<input type="checkbox"/>		
Prior Approval (Planning)	<input type="checkbox"/>		
Listed Building Consent	<input type="checkbox"/>		
Indemnity			<input type="checkbox"/>
Completion of Station Change			<input type="checkbox"/>
Nuckle 1.2			
Minor Modification		<input type="checkbox"/>	
Network Change		<input type="checkbox"/>	
Station Change		<input type="checkbox"/>	
NR Internal Clearance		<input type="checkbox"/>	
NR LC7 Disposal (If Required)		<input type="checkbox"/>	
Prior Approval (Planning)		<input type="checkbox"/>	
Completion of Station Change			<input type="checkbox"/>
Indemnity			<input type="checkbox"/>
Highways (inc Station Egress Road)			
Collaboration Agreement CCC/FG and Plan		<input type="checkbox"/>	
CPO		<input type="checkbox"/>	
Highways Consents & Adoption		<input type="checkbox"/>	
Licence to Undertake Road Works CCC/FG		<input type="checkbox"/>	
Easements & Utilities		<input type="checkbox"/>	
Multi-Storey Car Park/Station Building			
Station Change		<input type="checkbox"/>	
Full Planning Consent		<input type="checkbox"/>	
Listed Building Consent		<input type="checkbox"/>	
NR LC7 Disposal (If Required)		<input type="checkbox"/>	
NR Internal Clearance		<input type="checkbox"/>	
Indemnity			<input type="checkbox"/>
Completion of Station Change			<input type="checkbox"/>
Bus Interchange			
Minor Modification		<input type="checkbox"/>	
Station Change		<input type="checkbox"/>	
CPO		<input type="checkbox"/>	
Planning Consent		<input type="checkbox"/>	
Lease Agreement With BI Operator CCC/TfWM		<input type="checkbox"/>	
Lease BI NR/CCC			<input type="checkbox"/>
NR LC7 Disposal		<input type="checkbox"/>	
NR Internal Clearance		<input type="checkbox"/>	
Indemnity			<input type="checkbox"/>
Completion of Station Change			<input type="checkbox"/>