

Stockport Mixed Use Major Scheme Outline Business Case – Executive Summary



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1.1 Introduction & Scheme Proposals

The Stockport Interchange Mixed Use scheme will see the redevelopment of the existing Interchange site located on the western side of the town centre, bounded by Wellington Road (A6) to the east, Daw Bank to the south, Swaine Street to the west and the River Mersey to the north. A new Interchange will be built which will be complemented by a series of highway and other accommodation works including a private rented sector (PRS) residential block, a green space park, and a bridge for pedestrians and cyclists linking the rail station and bus interchange.

Drivers for Change

Opened in 1981, the existing bus station, nearly 40 years old, will be replaced with a new facility that enhances the quality of passenger facilities and the overall user experience; facilitates existing and future bus operation and encourages interchange between public transport modes (including coaches and taxis) and safeguards for any future incorporation of Metrolink/Tram-Train extensions to Stockport town centre.

The site is pivotal to the perception of Stockport and the new construction should provide a catalyst for the town's future. As such an exemplar design was sought which would maximise the development volume and create a multimodal gateway for Stockport, maximising a prime town centre site.

The residential development is included within the enhanced mixed use scheme proposal to enhance town centre residential offer to help meet GM housing targets and to offset the decline in the retail offer.

Scope

In summary the enhancements are:

- A new Interchange;
- A new highway bridge over the River Mersey to facilitate access and egress to the site;
- Provision of up to 200 residential apartments, adopting a Private Rental Sector model (PRS);
- Commercial space to the ground floor of the residential apartments;

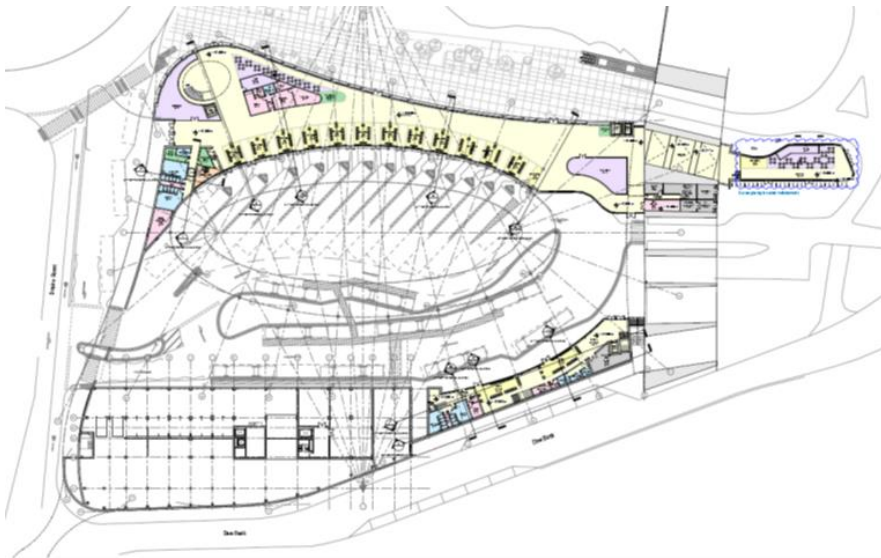
- Limited car parking provision aligned to the residential offering;
- A structural podium atop the interchange with greenspace park above incorporating cycling and walking routes linking the town centre and the rail station;
- A combined pedestrian and cycling bridge linking the park at podium level and Exchange Street/Station Road to provide improved connectivity between the Interchange, town centre and the rail station;
- Stair and cycle lift access between the park, the Interchange and River Mersey frontage; and
- Pedestrianisation of Mersey Square together with other on highway cycling and walking enhancements.

Further details are provided below:

Interchange

The bus station's existing multiple island linear stand saw-tooth arrangement will be replaced by a new facility, at the same location, that complies with the current TfGM Design Guide. The new Interchange comprises accommodation and area requirements to accommodate up to 194 bus departures per hour at peak time. The site layout has been developed in such a way that there is by default a corridor to the west of the site of sufficient width to accommodate a potential future North South Metrolink/tram-train alignment, whilst also not precluding an alternative alignment along Daw Bank.

Figure 1 – Proposed Layout



Bridge over the River Mersey and highways works

Access and egress arrangements will change, with service routing predominantly to/from the north employing the new Astley Street bridge via an improved A6 Heaton Lane route instead of Mersey Square, which is to be pedestrianised. Chestergate (east and west) along with Exchange Street will continue to serve as access routes for buses.

The new Astley Street bridge, and associated highway modifications will accommodate buses, taxis, cyclists, pedestrians and local access traffic only. This was completed as an advanced works project and became operational in July 2019.

Residential PRS Development

Provision of up to 200 residential apartments, adopting a Private Rental Sector model. The development will include commercial space to the ground floor along with appropriate car parking provision.

Green Space Park

A structural podium will be built atop the interchange with 'greenspace'/park above, incorporating cycling and walking routes linking the town centre and the rail station to make best use of the vertical and horizontal space, whilst also becoming an attractive destination.

Cycling and Walking bridge linking the site to the rail station

The new link which will take advantage of the opening up of the river planned as part of the scheme with a new pedestrian and cycling bridge from Station Road to the new public park above the Interchange. This will deliver on the proposed Bee Network Route from the railway station to the Interchange, promote movements between, and onwards from, the Interchange and rail station, and support lower carbon travel and improve wellbeing by providing improved facilities for pedestrians, cyclists and public transport, and an improved linkage between the rail station and town centre.

Temporary Bus Station and Facilities

To facilitate the ongoing operation of bus services to the town centre following the closure of the existing bus station during construction of the works, the scheme also includes the provision of a temporary bus station on the site of the existing Heaton Lane car park in the vicinity of the works and a temporary travel shop within an existing unit in Mersey Square shopping precinct.

Figure 2 – View looking West of proposed interchange mixed use development



The scale of the project ensures there is a wide collection of stakeholders who have an interest in the scheme and as such, there has been extensive engagement with key local and infrastructure stakeholders to assist development option consideration in the proposed scheme.

Figure 3 – Aerial concept view looking North of proposed link bridge to rail station



1.2 Strategic Case

Objectives

The scheme specific objectives which indicate desired outcomes from the investment are as follows:

- Improve transport integration and accessibility by providing better links between the Interchange and the surrounding amenities;
- Provide a step change in the quality of bus provision within Stockport;
- Promote economic and community regeneration within Stockport;
- Enhance pedestrian safety within the Interchange and reduce risk by improving linkages to and within the town centre;
- Support lower carbon travel modes by making the alternatives to the private car more attractive;
- Optimise the site to maximise commercial opportunities;
- Support wider regeneration of Stockport Town Centre creating a scheme which will raise the bar both in quality and amenity and provide a product not yet seen in Stockport Town Centre; and
- Support GMCA wide housing targets within town centres.

The Greater Manchester Strategy seeks to address many of the town centre challenges, and states:

8.6 - We will look to increase the density of our housing supply around public transport hubs. As part of a broader approach to repurposing and reinvigorating our town centres we will develop Greater Manchester's town centre offer for housing for a broader range of households, to make town centres residential locations of choice.

At a national policy level, the scheme supports 8 of 12 key principles of the National Planning Policy Framework (NPPF) including promoting mixed use developments and making the fullest use of public transport, walking and cycling. The NPPF advocates that Local Authorities should set out a strategy for ensuring the vitality of town centres by taking “a positive approach to their growth, management and adaptation”. The NPPF also recognises that transport has a role in the promotion of healthy communities through the provision of safe and accessible developments containing clear access routes and high quality

public transport. Policies should therefore protect and enhance access and should seek opportunities to provide better facilities for users.

The Greater Manchester Transport Strategy 2040, draft delivery plan (2020-2025), sets out the ambition of world class connections that support long-term, sustainable economic growth and access to opportunity for all. The plans for Stockport Interchange Mixed Use are directly referenced: “Interchange improvements are already... in development for Stockport, and further interventions to support the Mayor’s Town Centre Challenge towns will be developed alongside regeneration proposals (including... Stockport). “

The Mayor’s Town Centre challenge, launched in November 2017, aims to regenerate town centres across Greater Manchester, and will be supported by Mayoral Development Corporations. The challenge recognises the complimentary effects of a reduction in demand for retail units in town centres with an increased demand for residential requirements. Town centres are typically underserved residentially due to previously prohibitive costs, yet also have some of the best transport connectivity.

Town Centres are historically major economic hubs for the areas that they serve and are a key asset for Greater Manchester. They project an image for the communities that they serve and support a significant number of jobs and contribute to low carbon objectives by providing opportunities for linked trips with good access to public transport. Stockport Town Centre exhibits all these characteristics and is recognised as one of the eight principal town centres that orbit Greater Manchester’s Regional Centre. However, a study carried out on behalf of Greater Manchester’s Commission for the New Economy highlighted the challenges that these town centres face including net job decline and adjustments in the retail sector.

Enhancing the quality of the Interchange and improving its integration with the rest of the town centre has been a longstanding aspiration for Stockport Council. Despite being a central hub within the town’s transport networks the current bus station is unattractive in terms of its physical appearance and a lack of facilities do not effectively encourage travel by bus. The current interchange between bus and rail is also unattractive as a result of deficiencies in the physical infrastructure and the separation of the bus and rail by 350 metres distance and 35 metres elevation. Major transport corridors, including the A6 and West Coast

Mainline, create barriers, both for access to and movement within and across the town.

Improving connections between the bus station and the rest of the town centre and between the bus station and the rail station would significantly enhance the public transport asset, improve connections between Stockport and the wider city-region and would further compliment the improvements being made as part of the Stockport Clean Air Plan and wider local and regional strategies.

1.3 Value for Money Case

1.3.1 Modelling of Scheme

The Value for Money (VfM) case and associated socio-economic appraisal focuses initially on the transport benefits associated with the new Interchange and associated highways works.

The recommended legal structure and delivery strategy for the scheme proposes TfGM delivering all elements of the scheme, including the PRS element. Interest in the PRS will remain with a Special Purpose Vehicle (SPV) comprising Stockport MBC (SMBC), Greater Manchester Combined Authority (GMCA) and its appointed Development Partner, who together will be responsible for funding and subsequently operating the facility. Given this legal and funding arrangement, all risks and benefits of the PRS element remain with the SPV. As such this business case does not appraise the cost of the PRS element, but does include the wider benefits that accrue as a result of its presence and inclusion within the scheme.

Consequently, the approach to modelling and appraisal is split by transport impacts, distributional impacts, direct economy impacts and wider impacts. Further details are provided in the following sections.

1.3.2 Appraisal Results

The VfM case has been prepared in line with best practice applied to determine the scheme benefits of other interchanges/bus stations, including Bolton, Altrincham, Wythenshawe and Rochdale, for example. The majority of scheme impacts accrue to bus interchange passengers in the form of amenity benefits. The scheme also delivers amenity benefits to pedestrian and cyclists travelling between Stockport rail station and both the Interchange and Stockport Town Centre destinations. Suitable methods of quantifying and monetising scheme impacts specified by TfGM's Investment Appraisal Guidance (IAG) have been implemented in this appraisal.

Transport Benefits

The transport benefits for the scheme are forecast to be approximately £75 million (2010 prices and values). This results in a Benefit to Cost Ratio (BCR) for the scheme of 1.2, indicating a low value for money forecast.

This part of the appraisal is largely based on the number of Interchange users. A recent one-day count of the bus users has been used to calculate the results presented here. Given the sensitivity of the appraisal result to the number of bus interchange users, further surveys will be undertaken to inform the Full Business Case.

It should also be noted that the above value for money assessment is based purely on a transport led appraisal which does not fully consider the monetisation of the wider regenerative and economic benefits that are expected to accrue as a result of the overall scheme. Regeneration has been identified as a key objective of this scheme.

An assessment of these wider benefits has been undertaken. The result of which are presented below.

Distributional Impacts

The distribution of income groups across the scheme impact area indicates that 43% of the population in the scheme area fall within the lowest two quintiles based on the national income deprivation indicator. In addition, the proportion of households without a car (27.5%) is higher than the national average but lower than the average across Greater Manchester as a whole. Such groups often rely on public transport for access to essential services such as health care, education, employment and shopping.

Direct Economy Impacts

The new Interchange will be the key gateway for visitors to Stockport Town Centre arriving by public transport. Developing a modern, attractive 'gateway' environment that represents the town's identity is seen as crucial especially given its strategic location. A positive experience will improve the town's attractiveness as a place to invest, visit, work and shop. A number of new Interchanges have recently been delivered across Greater Manchester, including Altrincham, Rochdale, Wythenshawe and Bolton, and anecdotal evidence has indicated that they have had a positive impact upon the general perception of the areas they serve.

Improving the quality of the Interchange, the waiting environment and interchanging facilities will complement the existing and planned package of regeneration proposals for the town, whilst the greenspace park will provide a further amenity and trip attractor. The improvements will also increase perceptions of public transport through improved public transport amenities and will make public transport a more attractive and viable alternative to the private car thereby encouraging people to visit the town centre.

Wider Impacts

The scheme will deliver a new Interchange, a large urban greenspace park, and a raised pedestrian and cycling bridge link between the rail station and key town centre destinations. Along with the residential development, these elements will deliver an iconic programme of infrastructure. The programme will likely have significant regenerative effects on Stockport Town Centre.

The appraisal approach, described above, is focussed on transport user benefits which under imperfect market conditions are unable to fully quantify and monetise these wider impacts.

Independent consultants Ekosgen were therefore appointed to undertake an assessment of wider impacts in relation to the Stockport Mixed Use scheme. Their assessment showed that the scheme delivers increased land value by £20.6 million along with additional amenity and environmental benefits of £1.5 million.

Measuring and monetising these impacts is difficult and there is a risk of double counting when combining wider impacts with transport user benefits. Accordingly, DfT guidance allows these impacts to be presented as an 'adjusted BCR' only.

Accordingly, when combined with the transport user benefits, outlined above, the scheme has an 'adjusted BCR' of 1.56, indicating that the scheme is forecast to represent medium value for money.

In addition, the Ekosgen assessment shows that the scheme delivers a net increase of £211.5 million GVA to the economy. Whilst there is no guidance as to how to combine this with transport user benefits, it serves to provide an indication of the further benefits that could likely be accrued to the scheme, and to the extent that they were included, this would increase the BCR to a value greater than 5 indicating the scheme to represent very high value for money.

1.3.3 Value for Money Statement

The value for money statement is summarised within Table 1 below:

Table 1 Value for Money Statement:

Monetised Benefits	Main transport benefits accrue to bus passengers in the form of amenity benefits. Approximately 5.1 million bus passengers per annum.
	PVB = £75 million (2010 prices and values)
Costs	PVC = £62.54 million (2010 prices and values)
Initial BCR	NPV = £12.4 million (2010 prices and values)
	BCR = 1.2 – Transport Benefits only
	Adjusted BCR = 1.56 including wider benefits.
Non-monetised benefits / disbenefits	The direct financial and economic impacts of the residential development have not been quantified and monetised as part of this appraisal.
	This appraisal has not monetised the impacts from the pedestrianisation of Mersey Square. This will be added to the economic case as part of the update for the Full Business Case.
Distributional Impacts	The distribution of income groups across the scheme impact indicates that 43% of the population in the scheme area fall within the lowest two quintiles based on national income deprivation indicator. In addition, the proportion of households without a car (27.5%) is higher than the national average. Such groups often rely on public transport for access to essential services such as health care, education, employment and shopping.

Direct Economy Impacts	<p>As well as addressing the design and operational constraints associated with the existing interchange the new facility provides the opportunity to provide a step change in the quality of the facilities and improve connectivity between bus and rail. The new Interchange will be the key gateway entrance for visitors to Stockport arriving by public transport. Developing a modern, attractive 'gateway' environment, combined with attractive green space and class leading pedestrian/cycle connectivity, that represents the town's identity is seen as crucial especially given its strategic location. A positive experience will improve the town's attractiveness as a place to invest, visit, work and shop.</p>
Robustness of the Appraisal	<p>A number of sensitivity tests have been undertaken to determine the sensitivity of the appraisal with regard to assumed passenger demand, amenity benefits values and scheme costs.</p> <p>TAG and the Green Book offer limited guidance on how to value urban parks. The method used in this appraisal is based on monetising the average journey time to the park within a reasonable buffer. Professional judgement has been used in determining the frequency of visits by residents and workers.</p> <p>The core appraisal excludes the first two years of benefits. This is a proxy for any disbenefits during construction.</p>
Value for Money Category	<p>Based on the BCR, non-monetised, DI and DEI benefits, plus robustness of appraisal, what is the overall VfM band for the scheme?</p> <p><i>Core Transport BCR = Low</i></p> <p><i>Adjusted BCR = Medium</i></p>

1.4 Financial Case

The estimated costs of the whole scheme (including Interchange, Residential, pedestrian/cycle link bridge, green space park, temporary facilities, Mersey Square pedestrianisation and associated cycling/walking enhancements include an appropriate layer of risk and contingency, and an additional layer of Optimism Bias to represent the stage at which the scheme has been developed to.

Funding for the overall scheme is being sought from multiple sources including Growth Deal 2, HIF funding, the Mayor's Cycling and Walking Challenge Fund and Developer funding for the residential element. TfGM will work with the Main Contractor and Development Partner upon their respective appointments during the initial pre-construction stage to ensure best value including value engineering/buildability interventions, coupled with risk/contingency and inflation mitigation measures, particularly through competitive tension during the sub-contract procurement process to underpin the agreement of the Contract Price. The full extent of actual funding requirement will only be established at the point that the Contract Price has been finalised.

The top scheme risks include pre-tender estimate uncertainty, the proximity of underground structures, and the potential for competing priorities in the design of the mixed-use development. A quantified cost risk assessment (QRA) utilising a 'Monte Carlo' type analysis has been undertaken based on the percentage impacts converted to actual cost predictions. This analysis identified the P80 risk exposure based on the post mitigated quantitative data and is included within the forecast estimated costs above.

1.5 Commercial Case

The procurement strategy for subsequent delivery beyond the RIBA Stage 3 commitments has been developed to best respond to the project objectives and challenges which comprises:

- Single Contractor appointment for all elements given the integrated nature and interface between the respective elements;
- 'Two Stage' Design & Build approach;
- Earliest Contractor involvement, ideally and preferably consistent with the commencement of RIBA Stage 3 design;

- Facilitated via mini competition between PAGABO framework Suppliers;
- Mini competition evaluated on 70:30 Qualitative : Quantitative ratio;
- Contracting option to be NEC3 Option A – ‘Fixed Price with Activity Schedule’ as provides all funding partners with cost certainty; and
- TfGM retaining the current design team as Technical Advisor to support in preparation of Employers Requirements and design checking and verification at the end of Stage 3.

Following the further development of the Legal Structure for the scheme to reflect the various interested parties from a funding and asset ownership perspective, the contracting arrangements have evolved to require individual underlying contracts for the Interchange and PRS elements (for which TfGM will be the contracting entity for both), whilst still maintaining the single delivery principles via the adoption of an overlying ‘umbrella agreement’.

TfGM will be reimbursed the costs that it incurs in delivering the PRS contract through a Collaboration/Funding Agreement that will be entered into with the SPV (the entity responsible for funding and subsequently operating the Residential element). As well as documenting the funding arrangements, this agreement will also set out the commercial principles to be applied to the management and liability for any subsequent change to the initial contract prices.

TfGM will procure the appointment of an independent NEC3 Project Manager and Supervisor to administer the underlying contracts and the ‘umbrella agreement’.

The latest version of the risk register has been quantified and includes all elements and phases of the scheme. The register will be reviewed regularly and workshops with key stakeholders and suppliers will take place throughout the project lifecycle to consider any mitigated/transferred risks and emerging risks.

The temporary bus station and travel shop facilities will be delivered as advance enabling work packages separate from the main scheme, adopting a ‘traditional’ contracting approach given the relative simplicity of the works, procured via a mini competition under TfGM’s Renewals Framework.

The main site is owned, and will continue to be owned, by SMBC and draft lease agreements have been developed to facilitate access for construction of the works and subsequent operation of the various elements.

TfGM will own and operate the Interchange element of the scheme under the terms of the main lease, and will grant SMBC a sub-lease to operate and maintain the public green space park above. A separate lease will be granted by SMBC to the SPV to own and operate the Residential element. The land upon which the proposed link to the rail station sits is currently in third party ownership and discussions are advanced for this to be procured by SMBC; asset ownership and maintenance liability as an adopted structure/route will pass to SMBC upon completion of construction.

1.6 Management Case

A Project Steering Group has been established to monitor and oversee the delivery of the overall scheme and provide an effective decision-making process, whilst also ensuring compliance with project governance and assurance processes. The Group meets monthly and comprises key representatives from the Project, TfGM, SMBC and GMCA. It is anticipated that the Group will be joined by similar representative from the Development Partner upon their identification and appointment.

An overall Programme has been developed for the scheme, which sets out the key stages of the project. The key scheme milestone dates are detailed in Table 3 below:

Table 3 – Key Milestones

Key Milestones	Planned
OBC/Conditional Approval Submission	March 2020
FBC/Full Approval & Funding Agreement Confirmation	February 2021
Main Works Commencement on Site	April 2021
Planned Completion (Interchange)	March 2023
Planned Completion (Residential)	November 2023

Performance against programme will be monitored by the Project Manager and will be reported to both the Steering Group and Growth Deal Reporting Review at regular intervals.

The Communication Strategy prepared for the scheme picks up the detail around how the project team intend to engage with key stakeholders. These include local members, bus operators, members of the public and businesses affected by the project. The briefing schedule will be updated on a regular basis which sets out the time line/key dates when such consultation and briefings will occur.

The scheme's stakeholder Communications Strategy will broadly follow the timetable of the delivery of the scheme, specific action plans developed at each stage, enabling key audiences to be engaged with in a timely and efficient manner.

TfGM has been identified as the body best placed to manage the risks and deliver the project. Where risk cannot be transferred to an appointed contractor, TfGM will carry most of the risk relative to the Interchange, green space and link to rail station elements; the SPV including the Development Partner, and ultimately GMCA will carry the risk relative to the Residential element.

Change Management for the scheme will follow TfGM's formal Change Management process following approval of the Steering Group. Administration of change under the works contract will follow the compensation event process under the NEC3 form of contract.

The success of the scheme in the context of Growth Deal expenditure will be evaluated and monitored in full and monitoring techniques are in the process of being established to baseline the current service provision and measure the impact of developing and delivering an improved Interchange within Stockport Town Centre. The evaluation of these measurements will provide a quantitative and qualitative assessment of the scheme. The results of this exercise will also be used to help future interchange developments within Greater Manchester.

The monitoring and evaluation will be linked to the overall objectives for the scheme and three main areas of monitoring are proposed as follows:

- Passenger attitudinal and satisfaction surveys at the new Interchange;
- Passenger boarding and alighting surveys; and

- Business Interviews to determine reasons for locating in Stockport Town Centre and surveys of the mode choice for travel to and from Stockport Exchange.

The number of passengers using the Interchange, and in particular those passengers interchanging between modes, will be surveyed before and after scheme opening in order to assess usage of the facility with the aim of ensuring a minimum of 85% customer satisfaction is achieved.

A follow up survey will be conducted 9 to 12 months following completion of works. This will enable new and existing public transport users to have the opportunity to adapt to the new services and facilities as well as giving time to overcome any initial operational ‘teething problems’.

To assess satisfaction levels, administered questionnaire surveys will be undertaken. These surveys will record perceived levels of satisfaction for five attributes including:

- Facilities;
- Waiting Environment;
- Quality of interchange provisions;
- Security;
- Access to town centres and between the bus station and rail station; and
- The park on the deck above.

The results of the attitudinal surveys will be used to establish to what extent the scheme has met the objective of delivering a new multimodal Gateway to Stockport Town Centre.

Conditional Approval Interim Assurance Review

An initial Conditional Approval review of the Mixed Use scheme was undertaken in Summer 2019, resulting in an overall GRP Panel recommendation that the scheme progresses through the Conditional Approval gateway, subject to the project team continuing to focus on closing the actions in a timely manner and that an intermediate assurance intervention takes place within a 6 month period.

This intermediate assurance review/health check was undertaken on 8 January 2020.

The Health Check focused on scheme progress (particularly on the cycling and walking bridge) and in closing out actions raised during the previous review.

The GRP Panel recognised the good progress which has been made in developing the scheme and closing out these actions.

The Panel highlighted a number of actions to be addressed prior to the submission of the Full Approval Business Case, which the Project Team are focussing on.

END

If you wish to discuss the proposed project, then please contact the Senior Project Manager for the scheme using the details below:

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