

NORTHUMBERLAND

Northumberland County Council

CORPORATE SERVICES AND ECONOMIC GROWTH OVERVIEW & SCRUTINY COMMITTEE

23 NOVEMBER 2017

ASHINGTON, BLYTH AND TYNE RAIL LINE

Report of Geoff Paul, Director of Planning and Economy

Cabinet Member: Councillor Richard Wearmouth, Portfolio Holder for Economic Development

Purpose of report

To provide members with:

- A description of the benefits and strategic economic significance of reintroducing passenger services alongside commercial use of the existing freight lines of the Ashington, Blyth and Tyne rail line; and
- An update on progress of the project to date thereby allowing the next steps required to take the project through Network Rail's GRIP process to be approved.

Recommendations

It is recommended that the Overview and Scrutiny Committee notes the content of the report and acknowledges that further reports will be presented as the next steps, as detailed at paragraph 32, are taken forward.

Key issues

The reintroduction of passenger services on the Ashington, Blyth and Tyne line has been an aspiration of the County Council for many years and accords with key local and regional policy in terms of promoting economic growth across South East Northumberland.

Station stops are proposed at Woodhorn, Ashington, Bedlington, Bebside, South Newsham, Seaton Delaval and Northumberland Park with an estimated journey time of approximately 40 minutes between Woodhorn and Newcastle.

Studies commissioned as part of preparing the business case have predicted in excess of 380,000 annual passenger journeys by 2034 and that delivery of the scheme would lead to an increase in annual incomes and GVA of over £70 million.

The Council has commissioned Network Rail to undertake the GRIP stage 2 study and this has now been completed. This confirms that the scheme is feasible but requires a significant upgrade to existing infrastructure including track, level crossings and signals.

As part of the GRIP 2 study, Network Rail initially estimated a total capital cost for the scheme at approximately £191 million. However these costs included 40% risk and significant items of expenditure which form part of Network Rail's future maintenance and investment programmes irrespective of the ABT scheme progressing or not. A Value Engineering process is ongoing to look at opportunities for cost reductions.

The most recent programme for the GRIP study provided by Network Rail suggested that trains could be running on the line approximately 4 years after the commencement of GRIP 3. However, as the scope of the project is now evolving there is an expectation that the delivery programme is in line with the reduced scope.

Going forward it is proposed that the scheme is re-branded as the Newcastle to Northumberland line.

Background

1. The Council is proactively seeking to improve connectivity and accessibility in the South East Northumberland Corridor. In this part of the county, the effect of the demise of traditional industries has been felt the most, and there continues to be a recognised jobs deficit.
2. Improving the links between towns such as Ashington and Blyth with Newcastle is of key importance to encouraging more sustainable access to the key regional economic centres in Tyne and Wear. This will directly support the economic growth aspirations set out in the Council's Economic Strategy.
3. The scheme is the introduction of passenger services on the fully operational and maintained freight line between Ashington and Newcastle, a 32 km corridor serving a population of approximately 150,000 residents. It will regenerate the region by providing access to employment and training facilities in North Tyneside, Newcastle and beyond. It will also enable movement of people from the urban centre to South East Northumberland.

Policy context

4. The **Northumberland Economic Strategy** recognises the importance of transport to the county with its vision for '*A prosperous Northumberland founded on quality local jobs and connected communities*'. Within this, providing an efficient and sustainable multi-modal transport network is key to supporting the Northumberland Investment Zone set out in the Economic Strategy and the Ashington, Blyth and Tyne Line forms the backbone of the infrastructure improvements in this area.
5. Within Northumberland, Blyth and Ashington have been identified as significant growth locations. This means that, in addition to being key hubs for development generally, additional large-scale development will be focused here, with the

re-opening of the Ashington, Blyth and Tyne Line instrumental in unlocking and supporting that growth.

6. The economic significance of the Ashington, Blyth and Tyne Line is also reflected in the **Strategic Economic Plan (SEP)** for the North East, which governs the work of both the North East Combined Authority (NECA) and the North East Local Enterprise Partnership (NELEP). The SEP acknowledges that *'in order to achieve the vision set out in our strategic economic plan, it will be necessary for people to travel and for goods to be transported within, into and out of the area. Without this, the economy cannot function effectively and commercial competitiveness and social inclusion both suffer'*.
7. By linking into the Tyne & Wear Metro system at Northumberland Park the scheme will also be compatible with the ambitions of Nexus in its **'Metro and Local Rail Strategy'** which articulates a vision of existing and disused local rail corridors combining with the Metro network to create a single Metro and local rail network. A potential metro corridor extension from Northumberland Park to the River Tyne via Cobalt and Silverlink, in conjunction with ABT, would be particularly attractive for wider connectivity to and from South East Northumberland with ABT effectively acting as an extension of the metro network.
8. The proposed scheme also closely accords with the **The Transport Investment Strategy** which sets out Government's priorities and approach for future transport investment decisions and explains how transport investment can deliver a stronger, fairer Britain. Through targeted investment the aim is to:
 - create a more reliable, less congested, and better connected transport network that works for the users who rely on it;
 - build a stronger, more balanced economy by enhancing productivity and responding to local growth priorities;
 - enhance our global competitiveness by making Britain a more attractive place to trade and invest; and
 - support the creation of new housing.
9. **Transport for the North (TfN)** has an aim for economic growth in the North to be at least as high as the rest of the country, to complement and act as a balance to the economic weight of London. Looking forward to the next 20 years and beyond, transport is a fundamental part of achieving these goals. As part of their Northern Independent Economic Review, TfN identified a range of potential interventions which would improve connectivity between key strategic centres and Ashington, Blyth and Tyne has been identified as one of the few 'supported' schemes.
10. In addition, productive discussions have been held with the Department for Transport over support for the scheme as part of the emerging **Devolution Agreement** for the North of Tyne Combined Authority.
11. On this basis, the Ashington, Blyth and Tyne Rail Line scheme has been identified as a regional priority and as such, provided a strong business case is made, it should be eligible for significant funding to be secured from the transport and economic development funding streams.
12. Within this context, the scheme is well placed to be prioritised in future programmes

should it demonstrate deliverability following the outcome of the GRIP 3 process. Obviously there is a clear risk to the authority in terms of abortive revenue should the scheme progress through the GRIP study but fail to achieve investment to meet the capital costs of the scheme. The scheme therefore needs to be further developed over the coming months to provide confidence that it can be delivered.

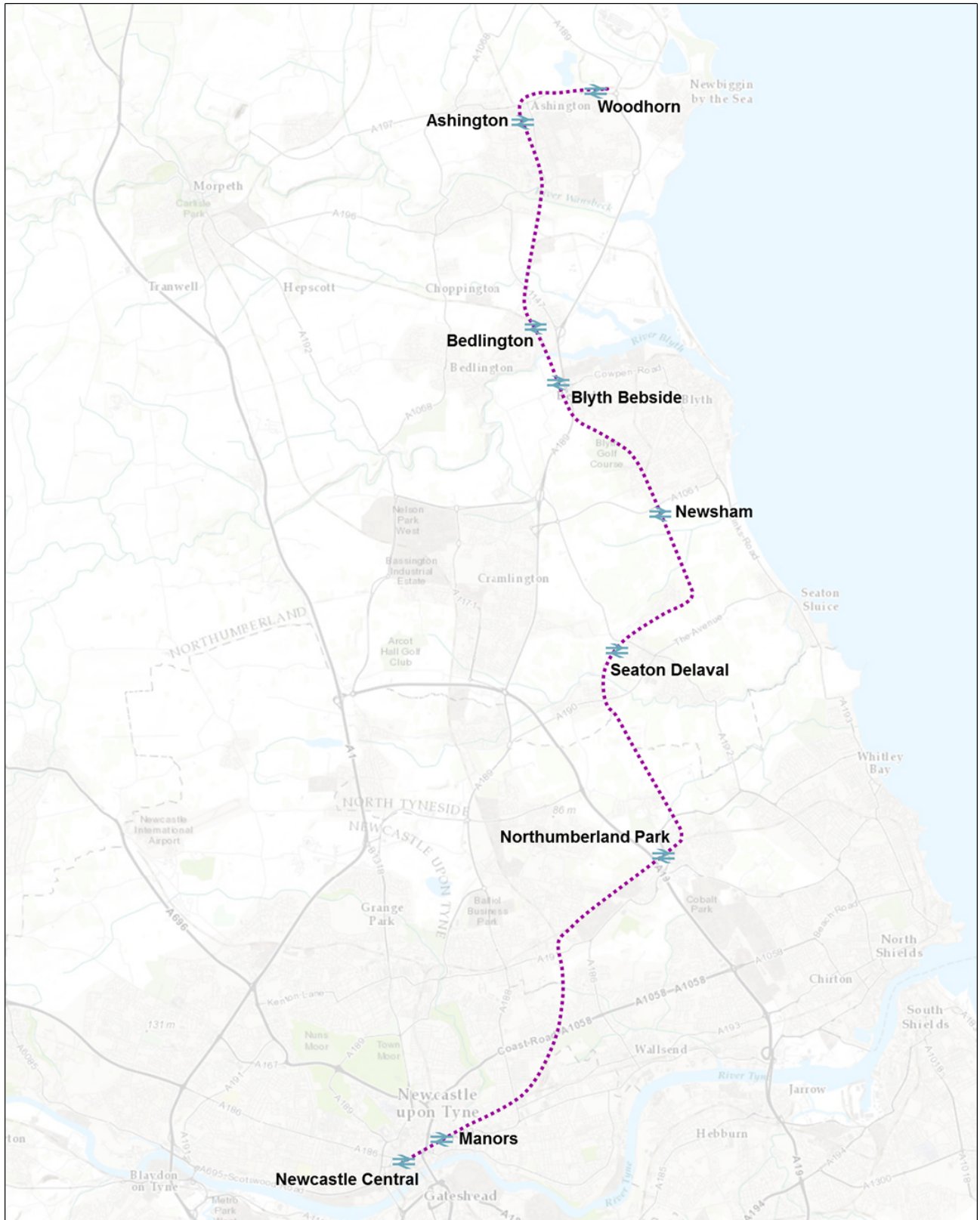
The Proposed Scheme

13. The proposed scheme will continue to evolve as further detail emerges but, as things stand, details of the scheme are set out below.
14. Station Stops are proposed at the following locations (see **Figure 1**):
 - Woodhorn;
 - Ashington;
 - Bedlington;
 - Blyth (Bebside);
 - Blyth (South Newsham);
 - Seaton Delaval;
 - Northumberland Park;
 - Newcastle Central Station.

Through discussion with the incumbent franchise operator, consideration will also be given to a station stop at Manors as well as considering the opportunity to extend the service beyond Newcastle to destinations such as the MetroCentre and Hexham.

15. In terms of service frequency, options in scope include the provision of:
 - a half-hourly service all day;, and
 - a half-hourly 'peak' service and hourly 'off-peak' service.
16. Although the aspiration remains to achieve end to end journey times between Ashington and Newcastle of around 30 minutes, the current infrastructure design suggests journey times of:
 - Woodhorn to Newcastle - 38 minutes;
 - Newcastle to Woodhorn - 42 minutes.

Figure 1 - Proposed Station Locations



The Business Case

17. The business case for the scheme continues to evolve as more detail emerges with a view to supporting the final bid for external funding. The strategic business case focuses on the opportunities to attract inward investment for the area alongside the need for improvements to employment, training and education for residents of South East Northumberland. The proposal will complement measures to overcome problems of unemployment and deprivation in the area alongside tackling some of the growing congestion issues on the region's strategic road network.
18. Studies commissioned as part of preparing the business case have predicted in excess of 380,000 annual passenger journeys by 2034 depending on the option being considered. This is a robust estimate as it considers only background growth in population and not the predicted growth which would be realised with implementation of the Core Strategy. It can therefore be reasonably expected that the actual patronage figures may be higher than those predicted.
19. The overall business case not only draws upon the value for money case for the scheme, but also uses a wide range of resources to ensure that the strongest case possible for reopening Ashington, Blyth and Tyne to passenger services is developed, which fully reflects the current and future needs of the area. The regeneration proposals for South East Northumberland are fundamental to the business case. Additional work has been commissioned to further establish the wider economic impact and benefits of the project and suggests that delivery of the ABT scheme would lead to an increase in annual incomes and GVA of over £70 million.

GRIP Study Process

20. Network Rail's GRIP (Governance for Railway Investment Projects) process is compulsory for all rail projects. Regardless of the organisation undertaking the GRIP study, Network Rail would need to approve each stage. It is designed to manage and control projects that enhance or renew the national rail network.
21. GRIP divides the project into eight distinct stages as outlined below:
 - GRIP 1: Output definition - Completed March 2014
 - GRIP 2: Feasibility - Completed August 2016
 - GRIP 3: Option Selection
 - GRIP 4: Single Option Development
 - GRIP 5: Detailed Design
 - GRIP 6: Construction Test and Commission
 - GRIP 7: Scheme Hand Back
 - GRIP 8: Project Close Out
22. Network Rail has completed GRIP 2 (Feasibility) for the project and concluded that:
 - The introduction of passenger services in line with client requirements is feasible but requires a significant upgrade to existing infrastructure over and above the new infrastructure needed to deliver the new train service;
 - Timetable requirements will demand the provision of a 2.45km passing loop between Holywell and Seghill; a 1 km extension of the two track railway from

Newsham towards Seaton Delaval; and either the complete re-signalling of the route or major modifications to the existing signal arrangements;

- As previously identified the line is currently operational from a freight perspective and Port of Blyth and Lynemouth Power Station have existing and future aspirations for access to the line. It is essential that the additional passenger services on the line do not preclude freight operator requirements.
- A significant number of level crossings are provided along the line of route for both pedestrians and road users. The type of crossing provided varies, however, proposals to increase the speed and frequency of train services may mean that different arrangements will need to be provided going forward including, in some cases, closure of the level crossing. This will be looked at in more detail but will inevitably result, if not mitigated, in increased delay for users (both vehicle and pedestrian) when crossing the line. For example, queues of approximately 130-180m can be anticipated at Newsham level crossing on Laverock Hall Road when the level crossing is in operation;
- There are no planned signalling renewals on the line until the introduction of the European Train Control System in 2029;
- Current utilisation of platforms at Newcastle Central Station suggests that there is available capacity to accommodate the additional train service
- The work to date has failed to identify any obstacle which would definitively rule out the construction of a station at any of the proposed locations;
- Delivering the council's aspirations in terms of train service patterns is achievable, although the aim of delivering a 30 minute journey time between Ashington and Newcastle will require further investment.

23. As part of the GRIP 2 study, Network Rail estimated a total capital cost for the Ashington, Blyth and Tyne scheme at approximately £191 million. It is important to recognise that this is a preliminary estimate based on the level of non-intrusive examination of existing assets to date. Refinement of the estimate will follow should the Council agree to progress to GRIP 3. However, there are 2 significant points of principle to be noted at this stage:

- Costs have been increased by a 40% risk factor to reflect the possibility that refinement will result in additional costs being identified. It is therefore likely to be the worst case scenario;
- The costs include significant items of expenditure, particularly in respect of signalling, permanent way and structures which do, or will, form part of Network Rail's future maintenance and investment programmes irrespective of the ABT scheme progressing or not.

24. In any event, a cost of £191 million is not affordable and is unlikely to support a positive business case to allow the project to proceed. This is accepted by Network Rail who also acknowledge that there are opportunities to amend the scope of the scheme and generate significant cost savings.

25. To that end, a series of value engineering workshops have been hosted by Network Rail with a view to identifying and, where possible, quantifying potential cost savings prior to developing the scheme further in GRIP 3. A series of opportunities have been identified with the most significant of these being set out in the table below.

| Value Engineering Opportunity | Potential Saving |
|---|------------------|
| Level Crossings - Full re-signalling is no longer required, hence the extent of level crossings works is less significant. | £18m - 20m |
| Signalling - The majority of interlocking can be scoped out as re-signalling is no longer required. | £15m - £17.5m |
| Electric Power and Plant - Less electric power and plant required due to re-signalling not progressing. | £3m - £5m |
| Track - Opportunity to keep some pre-1976 rail rather than complete replacement. Precedent does exist. | £7m - £13m |

26. Further work is required to better understand the scale of these opportunities prior to the commencement of GRIP 3. This additional work is due to complete in March 2018.
27. In addition to the potential for cost savings there remain a series of project risks which can impact on overall cost, programme and deliverability. These were also mapped out as part of the value engineering workshop, with the most significant being set out in the table below along with suggested actions to mitigate. These will form part of the project risk register which will remain a live document throughout the lifetime of the project.

| Risk | Action |
|--|---|
| Freight – e.g. Biomass - may increase after the commencement of passenger services beyond current pathing allowances. | Discuss with Network Rail Strategic Freight Manager regarding future freight potential of the line. |
| Ground conditions - may be worse than expected e.g. noted that working in a former mining area. | Early ground investigation to be carried out. |
| Path and platform capacity - GRIP 2 report confirmed capacity but continues to be pressure for increased services elsewhere on network. | Refresh operational model as scheme progresses. |
| Level Crossing - Office of Rail and Road (ORR) Level Crossing team may object to Level Crossing proposals. | Early engagement with ORR Level Crossing experts to demonstrate improvement overall on the route. |

28. The GRIP 3 study will develop options for addressing previously identified constraints. It will assess and select the most appropriate option that delivers the Council's requirements together with confirmation that the outputs can be economically delivered. The exact costs and timescales for the GRIP 3 study will be informed by the outputs from the additional Network Rail tasks identified above with the target being to commence GRIP 3 in Spring 2018.

Northern Rail Franchise

29. The GRIP process will guide the scheme through the process to identify the infrastructure required to enable passenger trains to run on the line. However, it is also important to ensure that there is commitment to run trains on the new infrastructure.
30. A new franchise for the Northern Rail network commenced in April 2016 with Arriva appointed as the franchise operator. The franchise agreement includes an obligation on the franchisee to cooperate with the council in developing and introducing the train service. As part of this commitment it is proposed that a representative from Arriva Rail North joins the Project Board as the scheme moves forward to GRIP 3.
31. Opportunities may exist to integrate the proposed service into existing local train services operated by Northern. This may present efficiency savings in terms of reduced rolling stock and platform access requirements and will be developed further through discussion with the franchise operator.

Way Forward

32. The overall programme for the GRIP study provided by Network Rail suggested that trains could be running on the line approximately four years after the commencement of GRIP 3. On that basis, an indicative programme is set out below. However, this will be refreshed based on the outcome of the ongoing value engineering process and, given the likely reduction in project scope, there is an expectation that timescales can be accelerated:
 - November 2017 to Spring 2018 - Completion of GRIP 2 value engineering work;
 - Spring 2018 - Commencement of GRIP 3 (Option Selection);
 - Summer 2019 - Commencement of GRIP 4 (Single Option Development);
 - Spring 2020 - Commencement of GRIP 5 (Detailed Design);
 - Autumn 2020 to Autumn 2022 - GRIP 6 (Construction, test and commission).
33. An Advisory Board manages the specification and development of the ABT project and will ultimately oversee delivery. The board is accountable for the overall delivery of the Project to the Leader of the Council and the appropriate Portfolio Holder and ultimately to the Council through the Cabinet.
34. On commencement of GRIP 3, the Terms of Reference of the Advisory Board will be reviewed and the membership will be expanded to include the Combined Authority, Network Rail, Arriva as the franchise operator and Nexus. However, it is intended that ultimate oversight of the project will remain with Northumberland County Council. Additional officer resource will also be secured to oversee day to day delivery of the individual project work streams including planning, land assembly, developing the funding strategy and communications.
35. In addition, as part of a process of ensuring the scheme truly reflects the strategic and transformational nature of the project and its impact on both Northumberland and the wider region it is proposed to re-brand the scheme. Further work will be carried out on the communications strategy as the scheme progresses but as things stand it is proposed that the project be referred to as the Newcastle to Northumberland Line.

Implications

| | |
|--|---|
| Policy | None at this stage. |
| Finance and value for money | Substantial financial commitment from Northumberland County Council is required to complete the study to GRIP 3. There is an allocation of £20m in the Council's Capital Programme to support scheme delivery. |
| Legal | The Council's legal team will be consulted on the procurement route which would be necessary to undertake the GRIP 3 study. |
| Procurement | The Council's procurement team will be consulted on the procurement route which would be necessary to undertake the GRIP 3 study. |
| Human Resources | None at this stage. |
| Property | None at this stage. |
| Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> | N/A |
| Risk Assessment | A continual review of emerging risks and opportunities is central to Network Rail's GRIP process. |
| Crime & Disorder | None at this stage. |
| Customer Consideration | None at this stage. |
| Carbon reduction | None at this stage. |
| Wards | The following wards will be directly impacted by the proposed scheme: Bedlington East, Newsham, Hirst, Newbiggin Central and East, Ashington Central, Haydon, Sleekburn, Stakeford, South Blyth, Hartley, Seghill with Seaton Delaval |

Consultation

A detailed Stakeholder Management Plan will be scoped out at the commencement of GRIP 3 to ensure that key stakeholders are fully apprised of the emerging scheme and have the opportunity to contribute to the development of the scheme going forward.

Background papers

Report sign off

Authors must ensure that relevant officers and members have agreed the content of the report:

| | |
|--------------------------------------|-----|
| Finance Officer | AM |
| Monitoring Officer/Legal | LH |
| Human Resources | N/A |
| Procurement | N/A |
| I.T. | N/A |
| Chief Executive / Executive Director | GP |
| Portfolio Holder(s) | RW |

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