

# NORTHUMBERLAND

Northumberland County Council

## CABINET

DATE: JANUARY 9TH 2018

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### GILSLAND STATION

**Report of:** Geoff Paul, Director of Planning & Economy

**Cabinet Member:** Cllr Richard Wearmouth, Portfolio Holder for Economic Development

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#### Purpose of report

The purpose of the report is to provide members with an overview of progress to date in relation to the proposed reopening of Gilsland Station and seek member resolution as to the future support for this project.

#### Recommendations

The Committee is asked to:

- Note the contents of the report.
- Support the inclusion of Gilsland Station within the Borderlands Growth Deal negotiations as an opportunity for securing the necessary funds to proceed with the project.

#### Summary of Key issues

There is strong local stakeholder support for the reopening of a railway station at Gilsland.

The project is in the early stages of development therefore, there is significant uncertainty around the likely capital cost of the scheme.

Network Rail have indicated that to progress the project to GRIP stage 4, the point at which a single preferred option has been selected for detailed design, will cost in the region of £450,000 to £750,000. Unless external funding can be secured, possibly through a Borderlands Growth Deal, it is likely that the responsibility for funding scheme development will fall on Northumberland County Council.

#### Background

The village of Gilsland is situated on the Newcastle to Carlisle Tyne Valley Line just within Northumberland but very close to the border with Cumbria. Gilsland Station was closed in

1967 but the station buildings remain. It is situated between Haltwhistle (Northumberland) and Brampton (Cumbria) stations.

There is strong local stakeholder support, primarily through the Campaign To Open Gilsland Station (COGS) to reintroduce passenger services to the village. The scheme is to reopen a new railway station at Gilsland to boost the local economy both in terms of increasing residents' access to employment, education, services and economic opportunity and by increasing visitor and tourist opportunities, with the station acting as a gateway to Hadrian's Wall, a UNESCO World Heritage Site.

### *Policy Context*

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'.

The strategy proposes significant investment with a focus on a range of priorities including:

- Supporting tourism and culture businesses who are a major part of the Northumberland offer capitalising on our Northumbrian identity;
- Connecting our economy and that of the region through major investment in transport.

The North East Strategic Economic Plan (SEP) recognises that the coast and rural areas of the North East region underpin a strong local tourism offer and that this is a key opportunity for growth. Transport investment is seen as a key priority to improve the area's strategic connectivity as well as facilitating visitors to come to the area. A station at Gilsland would align with this objective.

The Cumbria SEP acknowledges transport, planning and skills as barriers to growth across the region and identifies an opportunity to develop a high value tourism offer. A key priority is identified as addressing the barriers to visitor growth through:

- Investment in destinations and attractions so Cumbria can compete at an international stage, including investment in Hadrian's Wall;
- Delivering sustainable transport infrastructure and interventions, making it easier for visitors to arrive and move between destinations.

A station at Gilsland would lie within a short walk of the border with Cumbria and is in the shadow of Poltross Burn Milecastle on Hadrian's Wall and would therefore align with the objectives of Cumbria's SEP.

### *Progress to Date*

A 2016 Network Rail pre-GRIP Feasibility Study reported that the station reopening was feasible but carried a capital cost estimate of £28.64m. This is now acknowledged by Network Rail as being overly cautious and this can therefore be viewed as very much a worst case scenario.

In response to the Network Rail work, a report was prepared by an independent consultant in January 2017 as a cost challenge to the pre-GRIP feasibility report. The report highlighted a range of costs within the original Network Rail estimate which were

considered unnecessary. In response to this report, Network Rail has agreed that there were a number of areas which may not require substantial risk mitigation measures and would thus result in a reduction of the project's full cost. However, they were also clear that the independent review report makes a number of critical assumptions regarding risk and requirements which Network Rail is unable to commit to until suitable investigations have been undertaken to prove the requirements. This is because both signalling and level crossings, which the analysis highlights as areas of potential savings, are critically important to the continued safety of the public.

Network Rail has carried out further work looking at options for a temporary or permanent solution. A temporary station was identified as an option which could perhaps be delivered at lower cost, be used to test the concept of a station at Gilsland prior to conversion to a permanent solution should actual demand demonstrate that a business case exists. An "optimistic" cost estimate has been prepared and is based upon the premise that all assumptions made in the cost challenge report are valid and that a minimal amount of work will be required on the signalling and level crossing systems.

Using this "optimistic" estimate, the view from Network Rail is that a temporary option would cost in the region of £4.5m, whilst a similarly "optimistic" permanent station would cost around £7m. This is because all of the same risks exist with both concepts and all of the same standards and laws apply to both construction options. Given the optimistic nature of some of the assumptions made, this can be viewed as the best case scenario in terms of likely scheme costs.

Given the significant cost to develop and deliver a temporary station (which if successful would ultimately need to be replaced by a permanent solution), it is suggested that, although viable and cheaper than a permanent station, progressing with a temporary station concept is unlikely to offer value for money.

### *Economic Appraisal*

In March 2017 Steer Davies Gleave was commissioned by the Tyne Valley Community Rail Partnership (TVCRP) to undertake a study assessing the economic case for the reopening of the station. The report predicts 17,000 annual journeys, primarily as a destination station made up of newly generated trips and those extracted from bus and car.

In current prices, including risk and Network Rail delivery fees but excluding optimism bias and VAT, capital costs of less than £5.1m would achieve a 'High' VfM category, and capital costs of less than £5.6m would achieve a 'Medium' VfM category.

Including an outline assessment of Wider Economic Impacts (WEIs), in this case from money spent by new travellers generated by the opening of a station, capital costs of between £7m – £7.8m would return a 'High' VfM category, and between £8.2m – £9.2m would return a 'Medium' VfM category.

### *Way Forward*

For most station investments, Network Rail's Governance for Railway Investment Projects (GRIP) must be followed to monitor and project manage investment in the rail network.

GRIP has been developed to minimise and mitigate the risks associated with delivering enhancement projects on an operational railway and covers the project process from inception to post-implementation realisation of benefits. Network Rail's licence obligations require it to be confident that when schemes are completed, they can be operated and maintained safely, reliably, efficiently and cost effectively. The GRIP process ensures that projects are delivered in such a way as to support these obligations and is used on all enhancements made to the network and to stations, including third-party funded works.

Network Rail have estimated project development costs as follows:

- GRIP 1 - 2 inclusive, at which point project feasibility is confirmed - circa. £250,000.
- GRIP 1 - 4 inclusive, at which point a single preferred option has been selected for detailed design - circa. £450,000 to £750,000.

Unless an eligible external funding source can be found, it is likely that responsibility for funding scheme development will fall on Northumberland County Council. Northern, as the franchise operator, may be able to access innovation funding to support the capital cost of the scheme. However, scheme development, i.e. the initial GRIP stages, would not be eligible for innovation funding.

Even for the permanent solution and based on work done to date, there is clearly significant uncertainty around the likely final cost for the station ranging from £7 million (best case) to £28 million (worst case). In order for a positive business case to be achieved, the final scheme cost would need to be as close to the best case scenario as possible. The project will need to progress to the end of GRIP 2 to confirm if the project is feasible and to the end of GRIP 3 to have any certainty around final scheme costs.

Without securing the funds required to progress with the GRIP process there is minimal opportunity to move the project forward. This means that it will not be possible to better understand project risks or obtain any more certainty around project costs and subsequent strength of the business case.

The emergence of a Borderlands Growth Deal in the Conservative Party Manifesto may present an opportunity to source additional Government funding within the context of maximising the business development and visitor attraction opportunities afforded by the Hadrian's Wall World Heritage Site. Negotiations on the Growth Deal are at a very early stage but the reopening of Gilsland Station has already been highlighted as a potential scheme which both Northumberland County Council and Carlisle City Council strongly support.

Based on the scale of investment required it is recommended that securing inclusion of the Gilsland project in an emerging Borderlands Growth Deal is the most realistic opportunity to progress the project through the GRIP project and set the scheme in the wider regional context.

## **Implications**

Policy	The project accords with a range of local and regional policy.
Finance and value for money	To reach GRIP stage 4 at which point a single preferred option has been selected for detailed design will cost in the region of £450,000 to £750,000. There is currently no budget allocated to commence this process.  Should the Council end up funding the GRIP process and, if having done that, the scheme does not progress to a full scheme then all GRIP2 - GRIP 4 costs would need to be written off to revenue as abortive fees.
Legal	N/A
Procurement	Any external support will be secured in accordance with procurement guidelines.
Human Resources	N/A
Property	N/A
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	
Risk Assessment	N/A
Crime & Disorder	N/A
Customer Consideration	N/A
Carbon reduction	N/A
Wards	Haydon and Hadrian

### **Consultation**

### **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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