



CABINET

7 SEPTEMBER 2021

The Northumberland Line

Report of: Rick O'Farrell, Interim Executive Director of Local Services and Regeneration

Report of Cabinet Member: Cllr Wojciech Ploszaj, Cabinet Member for Business

Purpose of report

To provide Cabinet with an update on progress on the Northumberland Line project in the last 12 months including the achievement of several significant milestones and an overview of the next stages of the project and their funding implications.

Recommendations

It is recommended that Cabinet:

- Notes progress on the project since February 2020 including the achievement of a number of significant milestones.
- Confirms receipt of £17.1m Rail Network Enhancements Pipeline (RNEP) funding for the next stage of project.
- Approves an allocation of £21.15m from the Medium-Term Financial Plan (MTFP) to support project development, including £4.05m from the Council's contribution.
- Approves the reprofiling to the budget within the Council's MTFP for 2021-22 of £19.0m to 2022-23 to reflect the anticipated expenditure levels of £15.52m in 2021-22.
- Confirms that proposed station car parks will be free of charge subject to a review after two years of operation.
- Delegates approvals to the Head of Paid Service or nominated Executive Director to execute all contracts relating to the Northumberland Line project, through to entry into service, subject to confirmation of associated funding being in place and the appropriate procurement processes being followed.
- Approves, subject to confirmation of funding, the commencement of two procurement activities that exceed £2m - The integrated Programme Management forecast at £6.6m

and the Network Rail Asset Protection Agreement forecast at £3m. Both figures are inclusive of VAT.

Link to Corporate Plan

This report is relevant to the “connecting” and “thriving” priorities included in the NCC Corporate Plan 2018-2021

Key issues

The approvals process for the Northumberland Line project has commenced with the submission of the planning applications for the proposed stations and footbridges and the application to the Secretary of State for an order under the Transport and Works Act 1992.

To date, the Department for Transport (DfT) has provided a total of £40.8m in Rail Networks Enhancement Pipeline (RNEP) match-funding towards the development of the Project.

The total cost of delivering the next stage of the council procured works (Work Package 1) is currently estimated at £21.15m.

The project programme anticipates that trains will Enter into Service on the Northumberland Line in December 2023.

BACKGROUND

1. The project is the reintroduction of passenger rail services between Ashington and Newcastle. The overall purpose is to stimulate economic regeneration in the areas surrounding the Northumberland Line by providing a reliable, rapid public transport connection from the larger towns along the route into Newcastle Central. The working objectives are:
 - Public transport journey times from Ashington to Newcastle of less than, or as close as practicable to, 30 minutes.
 - Existing freight paths to remain unaffected but with improvements in terms of efficiencies and journey time.
 - Six new stations at Ashington, Bedlington Station, Blyth Bebside, Newsham, Seaton Delaval and Northumberland Park.
 - Half hourly passenger service all day.
 - Safeguarding for future expansion of the route and services.

2. In February 2020, Cabinet approved progress of the project to the next stage of development through the Rail Network Enhancements Pipeline (RNEP) Design Stage. Since then, several key milestones have been achieved, including:
 - Virtual hosting of an extensive public consultation exercise in the Autumn of 2020. A total of 1,024 responses were received with 92% of respondents supportive of the project.
 - Submission of an Updated Business Case (UBC) to the Department for Transport (DfT) as part of the Project SPEED process. The scheme continues to demonstrate high value for money.
 - Submission of the final outline design for the six stations to Network Rail for review and acceptance.
 - Submission of the planning applications for the proposed stations.
 - An application to the Secretary of State for an order under the Transport and Works Act 1992. The order (if made) will authorise compulsory acquisition of land and rights, temporary use of land, closure of level and other crossings, and diversion and closure of public rights of way.
 - Receipt of an additional £34.25M of RNEP funding to be split between Northumberland County Council, Network Rail and Northern to fund land acquisition, completion of detailed design, commencement of early works by Network Rail and passenger experience by Northern.
 - Secured several Contribution Agreements (CAs) which will ensure a contribution from the increase in land value, in anticipation of receiving planning permission for the Northumberland Line project, is captured by the council rather than all going to the developer.

Project Scope

Car parking charges

3. A decision on the preferred car park operating model is required to allow the specification of the car park requirements to be finalised. A range of options are being considered between the council and Northern Rail, as the franchise operator, as to which party operates and maintains the car parks. The ultimate operating model may be different for different car parks along the line due to the unique circumstances of each. This work will be finalised in September 2021.
4. The working assumption to date has been that the station car parks will initially be free of charge. This will align with existing policy elsewhere in south east Northumberland and provide the best possible opportunity to maximise the modal shift to rail for longer journeys. However, charging for car parking could offer a valuable revenue stream as well as encourage more sustainable travel to the station. Agreement is therefore sought to implement free parking from the outset of the service but to conduct a review of this policy after 2 years of service operation. A further paper will be taken to Cabinet or Council (as appropriate) at this time.

Project Finances

5. The total anticipated capital costs of reintroducing passenger services between Ashington and Newcastle are estimated to be £167m in 2019 prices.
6. As part of the Medium-Term Financial Plan (MTFP), the council has committed a total of £27.218m to the project and this was approved by the County Council in February 2021.
7. The total spend on the project to date is £14.13m and this is set out in Table 1 below, broken down by source of funding.

	2015/16 - 2019/20	2020/21	Total
NCC	2.59	5.32	7.91
DfT	1.5	4.72	6.22
Total	4.09	10.04	14.13

8. In November 2020, the project was presented to the Rail Investment Board (RIB) where approval in principle was agreed for the reinstatement of passenger services on the Northumberland Line. RIB authorised the release of a further £34.25m of Rail Network Enhancements Pipeline (RNEP) funding, split between Northumberland County Council (£17.1m), Network Rail (£16.85m) and Northern (£300k) to fund Work Package 1 which consists of land acquisition, completion of

detailed design and early purchase of long lead time signalling equipment. This funding was announced by the Secretary of State in January 2021.

9. The current assumed spend profile going forward is set out in Table 2 below and includes the confirmed and anticipated contribution from the DfT through the Rail Network Enhancements Pipeline.

	2021/22	2022/23 - 2023/24	Total
NCC	4.05	15.26	19.31
DfT ¹	34.58 ²	-	34.58
DfT ³	-	98.89	98.89
Total	38.63	114.15	152.78

10. In terms of spend profile, as shown in Table 3 below, it is anticipated that £9.1m will be spent once the Full Business Case is submitted and a further £6.4m by the end of 2021/22 financial year. To complete NCC's Work Package 1 a further £5.6m will be spent in financial year of 2022/23 with an anticipated completion date of Sep 2022. Therefore, the total cost of delivering NCC's Work Package 1 is currently estimated at £21.15m. Cabinet is therefore requested to approve an allocation of £21.15m from the Medium-Term Financial Plan (MTFP) to support project development, including £4.05m from the Council's contribution.

Work Package 1 (NCC)	Anticipated Date	Estimated Expenditure
Spend to FBC Completion	October 2021	£9.1m
Spend on Work Package 1 to 31 st March	March 2022	£6.42m
2021/22 Total		£15.52m
Spend from 1 st April to Work Package 1 Completion	September 2022	£5.63m
Total		£21.15m

Project Programme

¹ RNEP Funding (Confirmed)

² This figure includes £0.28m of the current AiP stage (£5m RNEP) which is due to be completed by Jul 2021.

³ RNEP Funding (Awaited)

11. The project programme anticipates that trains will Enter into Service on the Northumberland Line in December 2023. There are several other key milestones along the way, and these are set out below.

Milestone Date	Date
Stations' Contract Award	August 2021
Full Business Case Submission	October 2021
Transport and Works Act Order Inquiry	November 2021
Final Planning Approvals	February 2022
Completion of Detailed Designs	February 2022
Construction Commences	May 2022
Service Commences	December 2023

Project Procurement

12. The procurement of the stations' construction contractor is being finalised in accordance with Council Finance & Contract Procedure Rules. The contract award process for a framework to deliver the 6 stations, car parks & bridges/structures concluded at the end of July 2021 with Morgan Sindall identified as the preferred contractor. Bam Nuttall have been selected as the reserve contractor.
13. Reflecting the phased delivery of the project and emergent nature of funding, the framework agreement will have call-offs awarded for specific work streams aligned to the project programme and awarded as funding is confirmed, thereby protecting the Council's financial position.
14. Currently the call-offs & timings envisaged are:
- Pricing the construction costs for the DfT's Final Business Case in September 2021.
 - Early Contractor Involvement in the current Detailed Design phase through to January 2022 to ensure buildability and cost efficiency in the designs.
 - Enabling works ahead of construction as and when identified and supported by DfT funding award; and
 - The main construction phase forecast to commence in May 2022 once funding is confirmed.
15. One of the Council's most significant recent schemes, the stations construction phase is estimated at £48m (inclusive of VAT) and Cabinet endorsement is sought to delegate approvals to the Chief Executive or Nominated Executive Director to execute the relevant contracts up to the value of funding approved.
16. Rule 4.9.1(e) of the Council's Finance and Contract Procedure Rules requires Cabinet approval before commencing procurement of goods or services where the

value is over £2m. The current and future phases of the project contain the following procurements requiring Cabinet approval to commence:

- Stations construction (procurement authorised in February 2020) with a forecast value of £48m and due for conclusion 31 July 2021.
- The ongoing services of the Integrated Programme Management Office supporting the project's 'One Team' approach during the delivery phase. In addition to providing the Programme Management, this service incorporates scheme design conclusion & TWAO & land acquisition as well as construction commercial management. Services during current and past phases have been delivered by AECOM and services commencing January 2022 with anticipated value of £6.6m (inclusive of VAT) through to scheme completion in December 2023; and
- The Network Rail (NR) Asset Protection Agreement (APA) covering NCC construction activities during the delivery phase of scheme. The APA is the instrument, mandated by the Office of Rail & Road, to ensure NR has oversight and validates schemes delivered by 3rd parties and which may affect the rail assets in NR ownership. Commencing in January 2022, the value is largely a percentage of the station contract and currently estimated at £3.0m (inclusive of VAT).

17. Subject to confirmation of the related DfT funding, Cabinet approval is sought to commence the procurement of the IPMO services and the Asset Protection Agreement above when the programme dictates.

IMPLICATIONS

Policy	<p>The Corporate Plan 2018-2021 states:</p> <p><i>'.....the existing rail line from Ashington through south east Northumberland to Newcastle Central Station is a dormant asset. We will seize the opportunity to open it up as a new economic corridor by reintroducing passenger services unlocking commercial investment along its length.'</i></p>
Finance and value for money	<p>The current estimate of the cost of completion of the construction of the Project is £167m with a benefit cost ratio of between 2:1 and 4:1 depending on demand scenarios.</p> <p>There is a risk that market uncertainty, post COVID, could lead to price increases as contractors may become quite cautious in pricing. This will become clearer on receipt of the tender returns for the station construction contracts in June 2021.</p> <p>As part of the Medium-Term Financial Plan (MTFP), the council has committed a total of £27.218m to the project and this was approved by the County Council in February 2021. To date, £7.91m of this commitment has been spent.</p>

	<p>To date, the DfT has provided a total of £40.75m in Rail Networks Enhancement Pipeline (RNEP) match-funding towards the development of the Project.</p> <p>The Council is working closely with the DfT on funding for the remaining stages of the Project and it is anticipated that DfT will contribute the remaining funds required following submission of the Full Business Case in Autumn 2021.</p>
Legal	An application to the Secretary of State for an order under the Transport and Works Act 1992. The order (if made) will authorise compulsory acquisition of land and rights, temporary use of land, closure of level and other crossings, and diversion and closure of public rights of way.
Procurement	<p>Rule 4.9.1(e) of the Council's Finance and Contract Procedure Rules requires Cabinet approval before commencing procurement of goods or services where the value is over £2m.</p> <p>Subject to Cabinet decision, approval will be delegated to the Head of Paid Service or nominated Executive Director to execute all contracts relating to the Northumberland Line project, through to entry into service, subject to confirmation of associated funding being in place and the appropriate procurement processes being followed.</p>
Human Resources	N/A
Property	The £34.25m received through RNEP in January 2021 includes an allocation of £6.7m to allow for early acquisition of required land parcels for the main works. This will reduce risk to delay of the construction programme. Negotiations with key landowners are ongoing.
Equalities	<p>(Impact Assessment attached)</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/></p> <p>Critical Fundamental Principles which had a clear influence on the station designs included accessibility from local population centres via anticipated routes (walking/cycling/highway) as well as for Persons of Restricted Mobility (PRMs).</p> <p>Rail facilities at stations have been designed in line with the latest accessibility regulations and guidance.</p> <p>The provisions which authorise the closure of level crossings and their replacement with footbridges have been considered as part of the design work process.</p>
Risk Assessment	The Northumberland Line project has a full governance structure in place which monitors and mitigates any risks to delivery through workstream level risk registers.
Crime & Disorder	Due consideration has been given to designing out opportunities for anti-social behaviour, track intrusion etc. at each proposed station location.
Customer Consideration	The introduction of a fixed link public transport service in the corridor will provide better journey time surety for journeys between the towns served in the corridor and the Regional Centre of Newcastle.

	<p>Currently, all transport options rely on the car or bus in the corridor, and this is becoming increasingly unreliable in terms of journey times, particularly in the peak periods.</p> <p>The introduction of a new rail service in the corridor introduces some new security issues that need to be mitigated, principally focussed on the presence of stations and the operation of rail services in the evening. The core proposition is that the new stations to be introduced along the corridor will be unstaffed. It is therefore anticipated that CCTV and alarm points will be provided at all the new stations as a minimum requirement. It is also envisaged that all rail services will have a conductor on-board the train.</p> <p>The introduction of a new rail service in the study corridor provides a new and alternative transport option for different groups of people to access employment and services, particularly linking areas of South East Northumberland with Tyne & Wear. Rail facilities at stations have been designed in line with the latest accessibility regulations and guidance.</p>
Carbon reduction	The service will commence with class 158 diesel rolling stock. At some point in time, it is likely that the service will move to a BEMU (Battery Electric Multiple Unit). This will be dependent on the wider rolling stock strategy for the North East area services. Current government policy is for there to be no 'diesel-only' rolling stock in operation post 2030.
Health and Wellbeing	The scheme effects modal switch from car and from bus to rail. As a result, some previous car users will now start and end their journey using active modes – i.e.: walk or cycle. Some previous bus users might now have a longer walk to access the nearest rail station. It is recognised that increased physical activity has an important role to play in terms of generating health benefits.
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.

Report sign off.

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

	Full Name of Officer
Monitoring Officer/Legal	Michael Lennox
Executive Director of Finance & S151 Officer	Jan Willis
Relevant Executive Director	Rick O'Farrell
Chief Executive	Daljit Lally
Portfolio Holder(s)	Wojciech Ploszaj

Author and Contact Details

Stuart McNaughton, Strategic Transport Manager
Economy and Regeneration Service
stuart.mcnaughton@northumberland.gov.uk
07827 873139