

**STOCKTON-ON-TEES BOROUGH COUNCIL**

**CABINET RECOMMENDATIONS**

**PROFORMA**

Cabinet Meeting .....30th August 2007

1. Title of Item/Report

Tees Valley Metro

2. Record of the Decision

Members considered a report relating to the Tees Valley Metro.

It was explained that Tees Valley Regeneration TVR had been developing the Metro proposal since November 2004, and in October 2006 produced an outline business case that set out the preferred option for Metro at that time. This was based on an assumption that the new system would be required to be almost completely segregated from the existing heavy rail network. However, DfT and Network Rail were looking at an arrangement whereby systems could “share” track with existing heavy rail passenger and freight services. This increased the opportunity for a viable Metro system as there were potential savings in adopting a track sharing strategy.

In response to this proposals had been developed by Tees Valley Regeneration (TVR) for a high quality, fast and reliable City Region rail-based solution to assist regeneration and help to avoid the transport problems that would otherwise arise as economic activity gathered pace.

Cabinet noted that the Tees Valley Metro would:-

- deliver a step change in sub-regional public transport across the Tees Valley, providing a high frequency, high quality service, and a 21st Century metropolitan public transport system
- bring strong benefits, including support for economic regeneration that will deliver a significant uplift in GVA of up to £400 million and;
- help the Tees Valley realise its potential as it opens up development potential along the corridor and in particular in proximity to its stations, with the potential for Local Authorities to lever Section 106 contributions from private sector developers.

The preferred option developed and being examined in more detail, was an innovative transit system for the Tees Valley, making more efficient use of the current rail and bus networks to better meet the travel needs

over the next 20 years. It provided:

- A four trains per hour service between Darlington and Saltburn throughout the working day;
- New rolling stock with higher levels of passenger quality and comfort;
- Up to five new stations along the route, serving key employment sites, major regeneration areas and Durham Tees Valley Airport;
- Upgrades to all other stations along the route;
- Supporting heavy rail/metro service enhancements to Hartlepool and Nunthorpe (the latter possibly with park and ride to serve East Cleveland);
- Complementary links to the existing Community Rail Partnerships along the Esk Valley and Bishop Auckland lines; and
- Integrated express bus services where heavy rail/metro services were not economically viable in the short term.

The capital cost estimate for the core section of the route has been estimated at £141.9 million (2005 prices).

In parallel a significant amount of work had been undertaken to develop the Tees Valley Bus Network Improvements scheme (with a capital cost of some £40 million between 2008 and 2011), which aimed to provide a “step change” in the provision of bus services across the Tees Valley. It was important that those proposals and the Metro proposals were complementary to provide a wholly integrated network.

The work done by TVR for the outline business case assessment showed that there was a strong economic benefit : cost ratio, even assuming a relatively modest transfer of ridership from the private car.

Members noted some of the headline benefits of the proposals across the Tees Valley:

- I. Enhanced capacity on the ECML and Trans Pennine rail routes;
  - II. Opportunities for additional passenger and freight train services, particularly Teesport (although additional paths over and above those available at present are not needed as part of the current Northern Gateway proposals);
  - III. Potential to serve new markets along the Durham Coast whilst enhancing connections to Tyne and Wear;
  - IV. Support sustainable development and contribute to reducing CO2 emissions;
  - V. Support for economic regeneration and delivers significant uplift in GVA (currently calculated at some £400 million);
  - VI. Significant accessibility and social inclusion benefits.
- Significant local benefits would accrue to each of the Tees Valley

Authorities, both with the proposals being considered at present, and as part of any future network extensions. Potential benefits were described for each of the Tees Valley authorities, with regard to Stockton these were as follows:-

- Fast and frequent connections to the ECML at Darlington, TransPennine Express at Thornaby, Grand Central at Eaglescliffe and Durham Tees Valley Airport;
- Direct support for the Stockton Middlesbrough Initiative; and,
- Support for development opportunities at Eaglescliffe, Preston Farm, Thornaby and Teesside Retail Park, including possible new stations.
- Looking beyond the core scheme, Metro offers the potential for future street-running extensions to Stockton town centre and Ingleby Barwick.

It was explained that discussions were being held with the Department for Transport (DfT) and Network Rail to explore innovative funding mechanisms. However, the DfT required a “local” contribution to each major local transport scheme of at least 10% of the gross capital cost in order for the project to be considered by the DfT and the Regional Funding Allocation (RFA) process. Therefore, an “in principle” funding commitment from each of the Tees Valley Local Authorities to provide a local contribution covering a collective total 10%, or around £14 million, of the capital cost was required. Without this the Metro scheme could not proceed to the next stage.

The definition of “local” contributions included funding from European sources, the private sector, Local Transport Plan (LTP) funding already secured and other mechanisms outside a central Government grant. TVR and Officers would continue to work to maximise the value of the contribution from sources other than the Local Authorities.

A draft timescale for implementing the improvements had been developed. In order to avoid cost penalties the timetable was linked to the period of the current Northern Rail franchise, which ended in 2013. Therefore, any contributions from the Local Authorities (and other sources) were likely to be required between 2011 and 2013, and a confirmation on the exact contribution from each Authority would not be required until 2009/10.

During the project development to date, two separate value engineering and risk management exercises have been undertaken in order to provide a robust estimate of the capital costs. A Quantified Risk Assessment (QRA) has also been undertaken, following HM Treasury guidelines.

The capital cost estimate for the core section of the route, taken from Darlington to Saltburn, including the QRA cost, was estimated at £141.9 million (2005 prices).

In working with Network Rail, the new option for using shared running along much of the route should further reduce costs. However, it was explained that there may be some additional costs associated with additional elements of the scheme that were being examined in more detail in the next stage of work, that were not included in the £141.9 million scheme. Members were informed that a detailed cost benefit evaluation remained to be undertaken, and that the proposed phasing of the implementation of the improvements would need to be addressed in terms of economic viability. However, the need to provide an integrated network across the whole of the Tees Valley was fundamental to the development of the scheme.

Due to increased frequency of service and higher staff costs the total forecast annual operating cost for the core system was £6.6 million, compared with the current estimate of £5.7 million. However, it was anticipated that trip numbers would increase and the new system would actually require less subsidy than the existing system. It was envisaged that the new system would require around £1.5 million less per year in Government subsidy payments.

The option for increased use of shared running currently being examined also assumed that the system remained part of the national rail network, which would not place additional operating cost risk on the Local Authorities.

It was explained that TVR was working to secure a contribution from the DfT in respect of major transport schemes, and position Metro favourably for the review of the RFA process to be undertaken later in 2007.

RESOLVED that:

1. the Tees Valley Metro proposal be supported.
2. the Corporate Director of Development and Neighbourhood Services be authorised, in consultation with the Cabinet Member for Regeneration and Transport and the Corporate Director of Resources, to enter into negotiations with the other four Tees Valley Boroughs to endeavour to provide a combined local funding contribution of 10% of the capital cost (currently estimated at £14 million) towards the Tees Valley Metro project between 2011 and 2012.

3. Reasons for the Decision

An “in principle” commitment to fund a “local” contribution of 10% of the capital cost of the scheme is a fundamental part of the submission of a revised business case to the Department for Transport (DfT) and Network Rail in early 2008. All the Tees Valley Authorities are considering agreeing to share in that 10% contribution at this time.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

Not Applicable

7. Date and Time by which Call In must be executed

Not later than Midnight on Friday 7th September 2007

Proper Officer  
03 April 2007