

**AGENDA ITEM 8**

**REPORT TO THE TEES VALLEY  
COMBINED AUTHORITY CABINET**

**28 MARCH 2018**

**REPORT OF THE  
HEAD OF TRANSPORT**

**PORTFOLIO: TRANSPORT**

**MIDDLESBROUGH STATION REDEVELOPMENT**

**SUMMARY**

The purpose of this Report is to inform Cabinet of the joint proposal by Middlesbrough Borough Council ("MBC"), Network Rail ("NR") and the Combined Authority to work together to bring forward Phase 1 of the redevelopment of Middlesbrough Station ("the Project"); and to seek approval for £2.5m of Combined Authority investment by way of grant funding into the Project as set out in this report.

**RECOMMENDATIONS**

It is recommended that the Combined Authority Cabinet:-

- i. notes the progress with the delivery of a master plan for the redevelopment of Middlesbrough Station;
- ii. notes the work being carried out in partnership between MBC, NR and the Combined Authority to bring the Project forward;
- iii. subject to due diligence, approves the investment of up to £2.5m of Combined Authority grant funding into the Project, as set out in this report; and
- iv. delegates the finalisation of the funding and associated contractual arrangements to the Managing Director and the Finance Director.

**DETAIL**

Middlesbrough Station – Current Position

1. Middlesbrough's iconic railway station was originally built in 1877. It sits in the town's historic quarter and Enterprise Zone and is a vital link between the town's commercial and retail centre, civic buildings, Teesside University, Middlesbrough College, the Bus Station, Riverside Stadium and the Middlehaven regeneration area. The redevelopment of the station forms part of MBC's 2017 Investment Strategy

Prospectus which seeks to transform the town by 2025. Alongside Darlington, the Station provides interchange options from local services onto regional and long distance services and has a footfall of 1.3m entries and exits annually.

2. Over many years the Station has suffered from:-
  - a series of gradual and incremental changes that have resulted in a layout that does not promote or allow easy access by car, bus or on foot, and that fails to maximise the character of its historic architectural features;
  - lack of investment in track and key infrastructure capacity to address the number of current and planned rail services;
  - lack of investment needed to make it a welcoming and suitable passenger transport hub facility for Middlesbrough and the Tees valley in the 21<sup>st</sup> Century; and
  - increasing transport interchange issues.
3. The recent master plan for the Station illustrates how the Station and the surrounding area can be transformed over the next 5-10 years. The master planning work has focused on:-
  - developing a vision for the Station that reflects the significance of its strategic role and positioning within Middlesbrough town centre, the Tees Valley and the wider sub-region;
  - making provision for the projected capacity growth of the Station, allowing for an increase in rail demand including new direct services to London, new or extended platforms and potential electrification through to Teesport;
  - improving the Station area's car, taxi and bus integration, creating a properly integrated transport hub for the town and wider city region and a high quality customer-oriented interchange experience, recognising the increasingly important role of the site as one of the region's major transport nodes;
  - maximising the opportunities for retail/commercial development within the Station;
  - enhancing important public approaches to and from the Station, improving passenger orientation and wayfinding, and also visitor perceptions on arrival and first impressions of the town;
  - activating and enhancing areas of public realm around the Station, allowing the area to be opened up further; and
  - maximising the benefits from Enterprise Zone status, with the aim of attracting city-scale investment in the area, diversifying the town centre economy and generating business creation and growth in the enterprise zone area.
4. Passenger trains currently run via the Station to a variety of direct destinations, including Darlington, Bishop Auckland, Saltburn, Whitby, Newcastle, Carlisle, Hexham and Manchester Airport. In addition to passenger services, freight trains also pass the Station to the north along 'up' and 'down' goods lines en-route to and from Boulby Mine (Potash), Tees Dock (Containers), Wilton, Lackenby and Redcar (Corus/Steel).
5. Although it would be more convenient for trains terminating at the Station to dwell in platforms until their return journey, there is simply insufficient capacity to allow them to do so, even at current train service levels. A complex set of shunting manoeuvres is required and is dictated by the number of services that need to pass through the station within a standard hour, and is also complicated by the restrictive nature of current signalling around the Station.
6. The planned Virgin Trains East Coast ("VTEC") direct London service is a Combined Authority priority to improve connectivity and will be operating from the Station by 2020.

This will see significant service enhancements to and from the Tees Valley region for passengers for both business and leisure. Over the next 5 years, a significant increase in the number and type of services due to pass through Middlesbrough Station is therefore anticipated. These include:-

- VTEC services both to and from London Kings Cross, likely to require a dedicated platform for alighting and boarding and unable to shunt or stable in sidings due to their assumed length;
  - additional services to and from Whitby (up to 8 trains per day), doubling the number operating today; and
  - additional Northern Connect services to Newcastle and Carlisle.
7. It is understood that the Rail Industry believe there is insufficient capacity at the Station to accommodate all these services in its current layout.

### Project Description

8. The current Project is Phase 1 of the proposed redevelopment of the Station and will comprise of:
- Improvements to the fabric of the station in the short-term to improve the passenger experience. This will consist of an interim measure to re-open the Southern entrance of the station (to be delivered in early 2018/19) and remediation of the undercroft of the station (to be delivered in 2019/20).
  - A review of the capacity needs of the station to ensure accommodation of current and planned rail services.
9. There is a short window of opportunity to work with Network Rail to improve the proposal to remediate the undercroft. Robust project governance arrangements have been agreed between the partners, and the Combined Authority will also provide project management capacity to support the delivery of the Project. Further phases of the project will be developed to deliver the wider aspirations of the station masterplan.

### Ambition and Benefits

10. The Project aims to progress the delivery of the benefits sets out in the Station master plan, as described in paragraph 3 above.
11. This momentum will also provide assurance and further investor confidence for owner/occupiers of buildings in the surrounding area, revitalising the town's historic environment with new uses and amenities. It is well documented that the rateable value of surrounding premises can increase by up to 35% in areas associated with rail station developments, and the Project will adhere to an already approved and implemented Town Centre Design Guide, which will ensure the Project is consistent with all of the current, planned and future developments across the town centre.
12. Once complete, it is anticipated that the redeveloped Station will contribute towards:-
- improved accessibility in and out of Middlesbrough and the Tees Valley;
  - £5.8 million increased GVA generated by 2021;
  - additional business rates of approximately £300,000 per annum generated by 2025;
  - supporting the rebalancing of the Middlesbrough town centre economy;
  - the creation of new workspace to attract inward investment;

- leveraging private sector investment; and
- developing an “all day” economy, making Middlesbrough town centre a more vibrant location for the Tees Valley.

## Funding

13. Funding for the Project covered in this Report will be provided as follows:-

- Customer facing aspects - £4.5 million:-
  - £2 million from NR;
  - £2 million from the Combined Authority; and
  - £0.5 million from MBC.
- Rail related aspects - £450,000:-
  - Capacity study (train services requirements) funding - £50,000 from the Combined Authority;
  - GRIP3 study – £200,000 from the Combined Authority and £200,000 from NR.
- The Combined Authority’s funding for both (a) and (b) above will be sourced from the TVCA’s single capital pot, it is recommended that a contingency sum of £250,000 be agreed as part of the TVCA’s overall contribution of £2.5m

## **FINANCIAL IMPLICATIONS**

14. Approval of this proposal will accept the project into the Investment Plan committing £2.5 million of grant funding sourced from the TVCAs single capital pot.

## **LEGAL IMPLICATIONS**

15. There are no specific legal issues arising from the provision by the Combined Authority of funding for the Project as set out above. The Combined Authority will use its standard funding agreement for capital projects to govern the terms of its funding into the Project. The funding agreement will be tailored so as to minimise the risks identified in the risk section below as far as possible.

## **RISK ASSESSMENT**

16. The main risk is that the funding referred to in section 11 is insufficient to carry out the work planned. The risk of this occurring will be managed through the project governance arrangements and the letting and management of the relevant contracts for works and services. A £250k contingency allocation has been included to further mitigate this risk.

17. Conversely, the risk of not delivering the Project is that one of the region’s key stations is not redeveloped:-

- to address current issues in terms of passenger access and experience;
- to meet the requirements and maximise the benefits of increased rail service volumes, including the new VTEC London service; and
- to support the wider development of Middlesbrough Town Centre as a centre for activity and investment in the region.

## **CONSULTATION**

18. MBC has already consulted widely on the master planning for the Station, and will continue to undertake consultations on the Project as it progresses.

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