

AGENDA ITEM 8

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

30 NOVEMBER 2018

**REPORT OF THE
INVESTMENT DIRECTOR**

PORTFOLIO: TRANSPORT

DARLINGTON STATION UPGRADE

SUMMARY

The capacity constraints at Darlington Station are becoming a barrier to improved rail services across Tees Valley and if not resolved will impact on both Local and National connectivity aspirations.

At its meeting in June 2018 Cabinet committed £3 million to the ongoing development of this project.

The purpose of this report is:-

- a. to update Cabinet on the progress to date of the work being carried out by the Combined Authority ("TVCA"), Network Rail ("NR") and Darlington Borough Council ("DBC") to bring forward the Business Case for the rail infrastructure and station fabric elements of the Darlington Station project for submission to Department for Transport's Rail Network Enhancements Pipeline; and
- b. to seek approval for the investment of up to £25m of Combined Authority funding as a contribution towards the total cost of the station elements of the scheme. This contribution is dependent upon the rail infrastructure elements of the scheme (new platforms, track alignment and signalling) being funded by DfT and brought forward in its funding programme.

RECOMMENDATIONS

It is recommended that the Combined Authority Cabinet:-

- i. Notes the progress to date and the work being carried out by TVCA, DBC and NR to bring the Darlington Station project forward;

- ii. Subject to due diligence and on the basis that the project is funded and brought forward by DfT as set out above, approves the investment of up to £25 million of Combined Authority funding into the station elements of the Project; and
- iii. Authorises the Interim Managing Director and the Investment Director to fully develop the project subject to the availability of all of the funding needed to deliver the Project, and to bring forward appropriate contractual proposals for the delivery of the Project and further updates to Cabinet in due course.

DETAIL

Project Description

1. The Darlington Station upgrade encompasses three strands of activity which if delivered together will have a transformational effect on local and national rail services in the Tees Valley, in turn stimulating economic growth and contributing to the area's wider economy. The three component parts of the overall project are:
 - Introduction of new platforms on the eastern side of the station with an improved track layout and improved signalling;
 - Improvements to the fabric of the station including a new bridge, improved western entrance new eastern entrance, improved passenger facilities and improved car parking and public transport interchange - fully integrated in to the surrounding public realm; and
 - The regeneration of the wider area around the station.
2. The funding requested in this report will contribute to the overall cost of the work set out in (a) and (b) above, which will be established at the next stage of the project development process.
3. The risk of not committing the funding requested in this report is that the Project will not come forward by 2025, which means the capacity constraints will remain for both long distance and local services and the delivery of future service enhancements on the ECML, which will improved local connectivity into Darlington from the rest of the Tees Valley will be put at risk. In addition, according to the Network Rail's East Coast Route Study, without intervention it is forecast to become very difficult, if not impossible, for local services to access Darlington Station from the mid-2020s onwards.
4. Darlington station plays a key role in the operation of the whole of the local rail and regional network. The combined total of population in the Tees Valley and its environs is on a par with the Leeds urban area, and is significantly greater than the population of Liverpool. However, both places have extensive local rail networks with frequencies on all local routes of at least 4 trains per hour on all arteries. The only part of the Tees Valley network that has a frequency of 2 trains per hour is between Darlington and Saltburn. This level of train service must inevitably reduce opportunity in the area, as access to jobs and business to business connectivity is impeded. There is no prospect of improving local services without works at Darlington Station to separate these trains from services using the mainline.
5. The rail infrastructure elements of the project will address existing capacity constraints at Darlington Station by creating two new bay platforms on the east side of the Station to accommodate existing and future increases in local services and a new through platform adjacent to the Up Goods Loop. This will enable local services to operate independently from the East Coast Mainline Line ("ECML") and remove other current conflicting

movements with northbound non-stop trains using the Down main line. This will enable more local train services across the Tees Valley and more national services to be considered.

6. The station fabric elements of the Project will build upon the station as a multi-modal hub, providing a passenger infrastructure that will be able to accommodate the improved connectivity that HS2 and Northern Powerhouse Rail will bring to the Tees Valley in the early 2030s.
7. Darlington has been identified as an important calling point for HS2 and will be the Tees Valley's access point to the HS2 network. HS2 provides an opportunity for faster journeys to key locations and for more services. HS2 will better link the advanced manufacturing, bio-pharmaceuticals and energy industries of the Tees Valley with clusters and innovation hubs in the west and West Midlands. The Darlington Station project allows for a new platform to accommodate HS2 services, ensuring the Tees Valley is HS2 ready.
8. Most crucially for the Tees Valley, the scheme will enable improved local rail services throughout the area. Over 30 local rail stations connect to Darlington Station, many of which rely on this connection to access national and mainline services, and in the future HS2. Currently local services from both the west and the east have to cross the East Coast Mainline south of the station to access platforms, and this causes interruption and delays to both local and mainline services.
9. This conflict limits the number of services that can be provided on both the local and national rail network, the and analysis of the impact of not changing this shows that significant numbers of future mainline and local services will not be able to run without this investment. The current situation also makes it impossible to run a 'clockface' timetable (an even-spread of services running at same time every hour) for local services, a key ambition for improvement of the local rail network, and makes it impossible to properly integrate national and local services.
10. The Darlington Station improvement is integral to our emerging Strategic Transport Plan, as it will facilitate improve national connectivity as well as better rail links across Tees Valley and wider Northeast region. Providing an attractive rail system will also allow alternatives to the private car and enable integration with bus and sustainable modes, fundamentally enabling a resident living in one part of Tees Valley to access employment opportunities anywhere else in the region.
11. In 1825 the Tees Valley was where the modern passenger railway was born, and the Darlington Station project will deliver a fit for purpose rail gateway to the Tees Valley in time for the 200th anniversary of this globally significant event.

Project Development Process

12. Rail Network Enhancement Pipeline (RNEP) is the Department for Transport (DfT)'s new mechanism for bringing forward rail enhancement projects and releasing funding and was introduced in March 2018. The process has 5 stages shown below:



13. In Stage 1 of the process, a strategic Outline Business Case ('SOBC') has been produced to enable a "Decision to Develop" the rail infrastructure and station fabric elements of the Darlington 2025 Station Upgrade Project by DfT.
14. The SOBC shows the project demonstrates high value for money with a standard transport (Level 1) Benefit to Cost Ratio (BCR) of 2.77 and an adjusted BCR of 3.55 with the inclusion of wider benefits. The SOBC was presented to the Darlington Station Programme Board on 28th September for approval to submit to DfT, and has now been submitted.

Project Governance

15. Robust project governance arrangements have been agreed by the Programme Board and partners and the Combined Authority have provided the project management capacity to support the delivery of the Project. The Board is chaired by the Tees Valley Mayor and its members are:
 - Leader of Darlington Borough Council
 - TVCA Investment Director
 - DBC Managing Director
 - NR Route Managing Director: London North East and East Midlands
 - NR Investment Director: London North East and East Midlands
 - LNER Major Project Director
 - DfT Head, Northern & TFN Engagement Team: North and Devolution
 - Homes England General Manager: North East, Yorkshire and the Humber.

Strategic Fit, Ambition and Benefits

16. Improving the operation and environment of Darlington Station is a key component of the Tees Valley's draft Strategic Transport Plan. Darlington Station upgrades are identified as a transport priority in the Tees Valley Devolution Deal, Strategic Economic Plan and Investment Plan.
17. Key to the overall masterplan is that this is not just a rail project. It is an integrated development in which investment in the station and its infrastructure also unlocks regeneration and economic growth through new commercial and residential development around the station.
18. Darlington 2025 once complete will:
 - Help unlock capacity on the ECML;
 - Create extra capacity to ensure the area is ready for new train services provided by HS2 and Northern Powerhouse Rail;
 - Improve connectivity into the national rail network – making local and national connections work;
 - Ensure fast and frequent direct trains to London, Edinburgh, the north and the wider Tees Valley – stimulating economic growth;
 - Provide an improved franchise offer for passengers and better connectivity across the Tees Valley and sub-region;
 - Enable the redesign of train services, with potential for new Stations enabling them to be faster, more frequent and tailored to meet the needs of people rather than the constraints on the network;
 - Support and facilitate the ambitious growth targets to be achieved by 2026 in the Strategic Economic Plan;

- Maximise the potential for franchises to be successful and reduce subsidy;
- Maximise the investment in rolling stock (Pacer replacement);
- Provide an attractive regional rail system that will offer alternatives to the private car and enable integration with bus and sustainable modes - railway improvement is integral to the region's strategic transport plan;
- Drive and facilitate wider regeneration and development in the area around the Station;
- Contribute significantly to economic growth in TVCA's regional economy;
- Support Tees Valley's *Visitor Strategy* and the Rail Heritage celebrations planned for 2025; and
- Deliver high value for money including a standard transport benefits BCR of 2.77 and an adjusted BCR of 3.55 with the inclusion of wider benefits.

Funding

19. The indicative costs for the station project are £122.5 million, excluding optimum bias and risk. This work will all be developed in the next phase of the Project.

FINANCIAL IMPLICATIONS

20. TVCA Cabinet has previously endorsed £3m of funding to support the next stage of development and design of the proposal allowing the scheme to progress to outline business case, subject to due diligence.
21. Approval of this proposal will accept the Project into the Investment Plan and commit up to £25m of funding towards the Project. This funding will be subject to appropriate due diligence through the Tees Valley Assurance Framework.

LEGAL IMPLICATIONS

22. 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. All the contractual mechanisms to deliver the project remain to be developed at the next stage.

RISK ASSESSMENT

23. The main risk is DfT failing to commit to delivering the Rail Infrastructure for Darlington 2025.
24. Other key high level Project risks have been identified. A full risk management workshop is scheduled for 31st October 2018, will be conducted with key stakeholders and industry experts to identify risks across a range of categories. These risks will be recorded in a risk matrix and assigned to an owner to manage and mitigate.

CONSULTATION

25. The Darlington 2025 project has been subject to consultation and information dissemination as part of the initial master planning work undertaken by ARUP. The Strategic Outline Business Case (SOBC) prepared to allow the Project to enter DfT's enhancement pipeline was presented to the Programme Board on Thursday 28th September 2018 and approved for submission to DfT. Further consultation will take place as the scheme develops.

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