

Leadership Board (Extraordinary Meeting)

Tuesday 17th May 2016 at 2.00 pm

Meeting to be held at County Hall, Durham, DH1 5UQ

www.northeastca.gov.uk

AGENDA

Page No

1. **Apologies for Absence**

2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

3. **Development of the Metro and Local Rail Strategy**

1 - 6

4. **North East Combined Authority - The Devolution Agreement**

Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985

5. **Date and Time of Next Meeting**

Tuesday, 21 June 2016 at 2pm (Annual Meeting). Venue to be confirmed.

6. **Exclusion of Press and Public**

Under section 100A and Schedule 12A Local Government Act 1972 because exempt information is likely to be disclosed and the public interest test against disclosure is satisfied.

7. **New Tyne Crossing - Update Report**

7 - 14

Contact Officer: Victoria Miller Tel: 0191 211 5118 E-mail: victoria.miller@northeastca.gov.uk

To All Members

North East Combined Authority

Leadership Board

Date: 17 May 2016

Subject: Development of the Metro and Local Rail Strategy

Report Of: Thematic Lead for Transport

Executive Summary

A new Metro and Local Rail Strategy is under development and will be presented to the Leadership Board in July 2016.

A brochure summarising the aims and objectives of the Metro and Local Rail Strategy, as well as exploring how expansion could be achieved, will be published shortly to provide a policy context for the outline business cases for a new Metro fleet and the next phase of essential network renewals.

Recommendations

The Leadership Board is recommended to:

- (a) Note the contents of this report; and
- (b) Endorse the objectives proposed for the Metro and Local Rail Strategy described in section at 2.1 below

North East Combined Authority

Leadership Board

1 Background

1.1 The expansion, improvement and integration of local rail and Metro services is fundamentally important to the economic growth plans of the North East, and is reflected in the Transport Manifesto's ambitions for rail services.

1.2 The proposed North East Devolution Agreement commits to:

"The Combined Authority producing a business case, for consideration by Government, for investment in the Metro network to 2030, including the upgrade of the Metro fleet, potential expansion, and future integration of the Metro with the rail network".

1.3 A new Metro and Local Rail Strategy is needed to cover the geography of the Combined Authority, the integration of local rail and Metro services, and the potential to exploit under-used and disused railway assets and alignments across the area. This will build on earlier work that looked at the Metro network in isolation.

2 Objectives and key activities

2.1 The objectives of the Metro and Local Rail Strategy are proposed to be:

- (a) To provide Metro and Local Rail services that are affordable for passengers, reliable, accessible and comfortable with high levels of customer satisfaction, within available resources;
- (b) To grow the Metro and Local Rail network and their modal share as part of an integrated public transport network; and
- (c) To achieve value for money.

2.2 The Metro and Local Rail Strategy will consider the future expansion of rail services in the North East by combining the Metro system with Local Rail services, and operation over a more extensive network of local railway lines. It will also set the context for the current investment need in the Metro system, including a new fleet of trains and arrangements for operating them, and continuation of the programme of essential asset renewals.

North East Combined Authority

Leadership Board

2.3 To help achieve the objectives, the following areas are being developed:

- Specify, procure and introduce a new Metro fleet;
- Design new operating models and procure suppliers;
- Continue essential renewals works for the period 2020-2030;
- Expand the Metro and Local Rail network;
- Secure short and long-term financial arrangements, and
- Improve integration.

2.4 The new Metro fleet is a key enabler of longer-term ambitions for expansion. This is because the current fleet can only operate where lines are electrified to 1500v DC (i.e. the current Metro network), and requires a method of signalling protection between Sunderland and Pelaw that constrains Network Rail's line speeds and capacity. Nexus plans to specify a more versatile fleet for the future to overcome these limitations.

3 Next steps

3.1 A brochure summarising the aims and objectives of the Metro and Local Rail Strategy, as well as exploring how expansion could be achieved, will be published shortly to provide a policy context for the outline business cases for a new Metro fleet and the next phase of essential network renewals. The brochure has been developed in consultation with Heads of Transport from all seven constituent councils. It will act as a precursor to the full Metro and Local Rail Strategy which will also be developed in liaison with constituent councils, and will be presented to the Leadership Board for its consideration and approval in July 2016.

3.2 Nexus has developed a draft outline business case for a new Metro fleet and the continuation of essential renewal works on the Metro system. The outline business case will be refined over the coming months through discussion with government officials, and a final draft will be presented to the Leadership Board for its consideration and approval in July 2016. The draft specification for the new Metro fleet will be provided alongside this.

3.3 The full business case for a new Metro fleet and the continuation of essential renewal works is currently expected to be complete towards the end of the calendar year. Discussions are being held with the government regarding the timing of its confirmation of any grant funding that it may provide.

North East Combined Authority

Leadership Board

- 3.4 Nexus intends to issue a Prior Information Notice (PIN) in June 2016 for a contract for the future delivery of Metro fleet and operations. This will allow for engagement with potential suppliers and operators of the Metro fleet.

4 Potential Impact on Objectives

- 4.1 The report sets out issues that will support the Combined Authority in meeting its objectives for economic growth, and explores the ambitions for rail set out in the Manifesto.

5 Finance and Other Resources

- 5.1 The current revenue grant funding arrangement for Metro expires in March 2019. The procurement of a new Metro fleet and delivery of essential renewals on the Metro system are wholly dependent on a new long-term funding package being agreed with the government. Once an understanding has been reached with government over the quantum, form and timing of the grant funding that it is prepared to provide, a funding strategy can be developed. This may involve exploring additional sources of funding.
- 5.2 Funding for future expansion of the Metro and Local Rail network is likely to come from a wide range of sources. Each expansion will need its own funding strategy which will take account of:
- Economic and social benefits achieved by the route;
 - Growth in development and employment opportunities, and the impact on land and property prices resulting from the development of the route;
 - The current owners of the assets involved in developing the route, and the condition of those assets;
 - Options for local and national passenger and freight services to use the route, and its impact on the wider rail network; and
 - Revenue costs associated with operating and maintaining the asset.
- 5.3 At this stage it is proposed to develop a single over-arching business case to consider the social and economic benefits of extending the Metro and Local Rail network as a whole. This will be kept under review as the work progresses.

6 Legal

- 6.1 The publication of the Prior Information Notice (PIN) is to comply with European Union tendering regulations and allows engagement to take place with potential suppliers. It does not however commit Nexus or the Combined

North East Combined Authority

Leadership Board

Authority to any particular course of action as regards defining future operating arrangements.

7 Other Considerations

7.1 Consultation/Community Engagement

Work carried out in 2014 into expansion of the Metro system involved extensive public consultation. Feedback from this will be incorporated into the forthcoming Metro and Local Rail strategy.

Public consultation will be carried out over the draft fleet specification, after Leadership Board approval of the draft.

7.2 Human Rights

There are no specific human rights implications arising from this report.

7.3 Equalities and Diversity

There are no specific equalities and diversity implications arising from this report.

7.4 Risk Management

Each business case will have its own Quantified Risk Assessment as part of its structure; these will be developed and reported to the Combined Authority as work progresses.

7.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

7.6 Environment and Sustainability

Although there are no specific environment and sustainability implications arising from this report, benefits to the environment are likely to be an important factor in the business cases for future investment in Metro and local rail services.

8 Background Documents

8.1 None.

9 Links to the Local Transport Plans

North East Combined Authority

Leadership Board

9.1 This report links to the Strategic Economic Plan, the draft Transport Manifesto and other plans in the Policy Framework.

10 Appendices

10.1 None.

11 Contact Officers

11.1 Tobyn Hughes
Managing Director (Transport Operations))

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12 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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