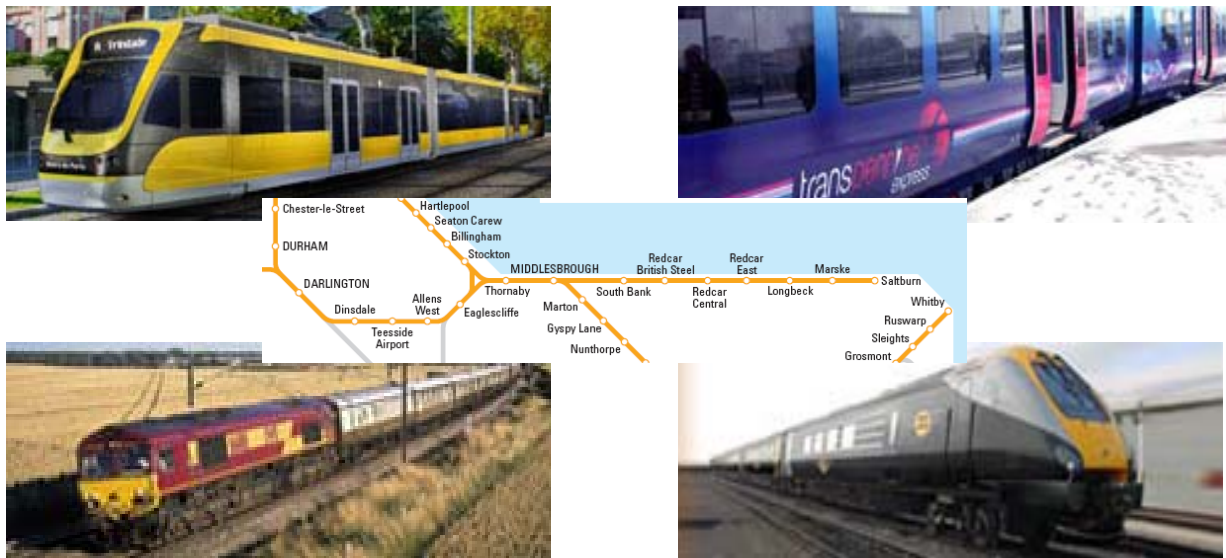


## Connecting the Tees Valley: The Case for Investment in Tees Valley Metro and the Heavy Rail Network



October 2006



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## Summary

The planned economic regeneration of the sub-region means that the Tees Valley in the next 10 years will undergo a period of significant change in transport demand and pattern of movement. To respond to this and take advantage of the opportunities offered by our key economic assets, we have been developing long term proposals for our sub-regional transport network. We also aware that these proposals need to be developed at a time of limited funding availability. Therefore, our analysis of future proposals has taken into account the current and proposed investment across the transport network to see how this can be captured to facilitate improved outputs and how we can make our existing infrastructure work in a more efficient manner to meet our future needs.

Given our sustainable growth aspirations, our sub-regional network must facilitate trips between our local centres and key economic assets, and also trips to and from these locations from outside the sub-region. We cannot have a situation where the capacity and integrity of the transport system hinders the development of the economic performance of the Tees Valley.

Rail is the most appropriate public transport mode to deliver enhanced sub-regional and regional connectivity, and we have a number of key requirements:

- Increased capacity and rail gauge enhancements for Teesport;
- Better connections to Darlington and York for the national rail network;
- Increased frequency of services connecting to Tyne and Wear;
- Enhanced sub-regional local rail network serving proposed regeneration sites;
- Replacement of life-expired infrastructure.

However, we cannot deliver many of these rail improvements due to capacity constraints on the existing network, such as:

- Darlington South junction;
- Eaglescliffe junction;
- Bowesfield and Thornaby East junction;
- Platform capacity at Darlington and Middlesbrough stations.

To address these constraints, Network Rail has significant investment planned on the Tees Valley network over the next 10 years, totalling in excess of £100 million for re-signalling between Bowesfield and Middlesbrough and on the Durham Coast, as well as a signal re-modelling at Darlington South junction, Tees Bridge Renewal and other bridge works at Albert Road, Middlesbrough. This is in addition to other renewals required at major junctions and other works planned at stations.

Our proposal for improving sub-regional connectivity is the **Tees Valley Metro** project. It comprises the following elements:

- Conversion of the existing heavy rail operation between Darlington and Saltburn to tram-train operation;

- New rolling stock with higher levels of passenger quality and comfort;
- Five new stations along the route, serving key employment sites, major regeneration areas, Durham Tees Valley Airport, and possibly James Cook University Hospital, and upgrades to all other stations along the route;
- Supporting heavy rail/metro service enhancements and express bus services to link Hartlepool to the network, providing the same 4 services per hour frequency;
- A possible spur to Nunthorpe, linked to park and ride to serve East Cleveland.

The risk-adjusted capital cost estimate for Tees Valley Metro is £141.9 million (2005 prices), but this includes almost £90 million of renewals works already identified within the Network Rail forward programme that overlap with the proposals. Given that this expenditure is required in any event to keep the network safe and operational, it is considered that, together with other committed funding sources, the current capital cost funding 'gap' is just over **£40 million**. Based on current profiles, almost all of this funding 'gap' would be required after 2010.

The proposals will also provide:

- Enhanced capacity on the East Coast Main Line and Trans Pennine rail routes;
- Opportunities for additional passenger and freight train services, particularly Teesport and the Northern Gateway proposal for a deep sea container terminal;
- Potential to serve new markets along the Durham Coast whilst enhancing connection to Tyne and Wear;
- A 21<sup>st</sup> century metropolitan transit system for the Tees Valley, complementing proposals for improvements to the bus network;
- Better value for money with lower long term subsidy requirement than the substantial operating subsidy required at present;
- Support sustainable development and contribute to reducing CO<sub>2</sub> emissions;
- Support for economic regeneration and delivers significant uplift in GVA;
- Significant accessibility and social inclusion benefits.

The work done to date suggests that the Tees Valley Metro and associated heavy rail improvements provide the opportunity to develop a long term strategy for the Tees Valley passenger and freight rail services to meet the needs of national, regional, sub-regional and local stakeholders, making best use of existing infrastructure, but recognising the funding constraints within the industry. It could provide a precedent for enhancements to the wider rail network and the efficiency gains that this offers.

We firmly believe, therefore, that there is an overwhelming case for support the next stage of the development of the Tees Valley Metro and associated heavy rail improvements up to submission of a Full Business Case in July 2007.

## 1. Background

- 1.1. The polycentric nature of the Tees Valley City Region with locally centred economies, a high level of intra-Borough movements, and a low level of inter-Borough trips, has resulted historically in a strong east – west axis of movement, principally between Stockton, Middlesbrough and Redcar & Cleveland. Darlington and Hartlepool have some links to Stockton, but more pronounced links to the neighbouring authorities of North Yorkshire and County Durham than to other Tees Valley Authorities within the City Region.
- 1.2. The lack of a single dominant commercial centre makes it more difficult in the Tees Valley than it is elsewhere to create and sustain viable public transport networks. In turn this makes it increasingly difficult to meet the Government's twin objectives of increasing public transport patronage and optimising accessibility levels. This has led to an over reliance on the use of the private car for many trips. As a result, congestion on the local and trunk road networks continues to increase and this could ultimately stifle economic growth. The Highways Agency is already issuing Article 14 Directions in the Tees Valley for major regeneration proposals such as Durham Tees Valley Airport and Victoria Harbour.
- 1.3. The Tees Valley City Region Development Programme (CRDP), published in May 2005, was prepared in response to the Northern Way Growth Strategy, which was launched in 2004 with the aim of reducing the £29 billion output gap between the North and the rest of the UK. The strategy sets out the need to accelerate economic growth across the North through working together on 10 investment priorities, and includes the Tees Valley as one of eight City Regions intended to drive the increased rate of economic growth.
- 1.4. The CRDP, updated in September 2006, identifies our key economic assets within the Tees Valley – our chemicals industry, energy, Teesport, Durham Tees Valley Airport and our two universities, and sets out our vision for regeneration in the City Region. It focuses on developing these key economic assets and enhancing our urban competitiveness through investing in our urban centres and their immediate surroundings to improve the quality of place.
- 1.5. The CRDP and the Regional Spatial Strategy (RSS) strongly advocate the provision of new housing and economic development sites in brownfield locations within existing urban areas. This includes a concentration along the River Tees and close to the key east – west A66 corridor and the Darlington to Saltburn rail corridor. Major mixed-use regeneration sites currently under development in the Tees Valley are located in central areas of Darlington, Hartlepool, Middlesbrough and Stockton. This policy will reverse recent trends in the Tees Valley which has seen significant numbers of people moving out from inner urban areas to the fringes of the sub-region.
- 1.6. The planned economic regeneration means that the Tees Valley in the next 10 years will undergo a period of significant change in transport demand and patterns of movement, in part as a result of changes to development and land use reflecting key corridors and areas of economic activity, and also due to a greater focus on key centres.

- 1.7. Given the importance of transport in supporting growth objectives, we cannot have a situation where the capacity and quality of the transport system hinders the development of the economic performance of the Tees Valley. To realise the economic and social regeneration aspirations of the Tees Valley as set out in the CRDP will require a co-ordinated approach to transport infrastructure provision and operation across all modes to ensure that the future movement needs are catered for.
- 1.8. However, we recognise the funding constraints across all Government departments at this time, and accept the requirement to take into account the current and proposed investment across the transport network to see how this can be captured to facilitate improved outputs and how we can make our existing infrastructure work in a more efficient manner to meet our future needs.
- 1.9. Our work to date has led to the emergence of “**Connecting the Tees Valley**”, a sustainable transport strategy for the City Region, the key elements of which are outlined in the CRDP and the complementary Business Case.
- 1.10. The aims of “Connecting the Tees Valley” are to provide a transport network that:
  - Supports, rather than inhibits, economic growth, and delivers agglomeration benefits;
  - Facilitates sustainable development and contributes to reducing CO<sub>2</sub> emissions;
  - Meets the movement needs of our residents, workers and visitors;
  - Operates across all modes and boundaries;
  - Recognises the assets that we have and allows us to use these assets in the most efficient manner possible;
  - Has a clear and accountable structure for the delivery of services.
- 1.11. Of vital importance to delivering the appropriate transport network envisaged within “Connecting the Tees Valley” is the existing rail network, which has suffered from a lack of investment in recent years and tries to fulfil a number of conflicting functions. The work done alongside the CRDP and the Business Case has identified that investment in the Tees Valley rail network will help address some of the barriers to economic growth.
- 1.12. This document presents the case for investing in the rail network within the Tees Valley, and in particular the Tees Valley Metro project. It sets out:
  - A brief description of the rail network in the Tees Valley, and how this relates to our wider transport problems and objectives;
  - A description of our rail proposals, particularly the Tees Valley Metro;
  - A summary of the costs for the improvements and potential funding mechanisms, outlining how we aim to provide better value for money from committed investment;
  - An outline of the associated benefits of the Tees Valley Metro project;

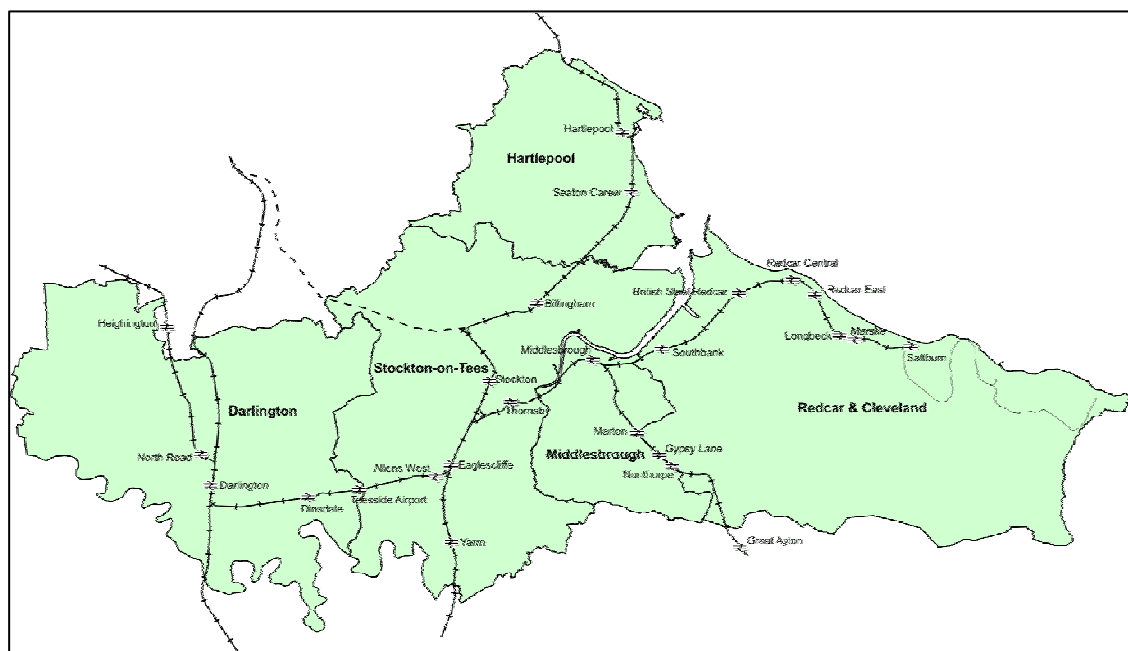
- A brief discussion on delivering the improvements, and its alignment with national, pan-regional, regional and sub-regional policy.

1.13. This document is intended to complement the CRDP, Business Case, Investment Strategy and represents a summary of the wider business case that has been prepared for the Tees Valley Metro project by Tees Valley Regeneration (TVR). It is commended to the Department for Transport (DfT) and Network Rail as a clear coherent strategy for overcoming some of the problems of connectivity within the Tees Valley and a programme for offering long term value for money with regard to ongoing transport investment in the area.

## 2. Tees Valley Rail Network

2.1. The heavy rail network serving the Tees Valley is shown in Figure 1 below.

**Figure 1: Rail Network in the Tees Valley**



2.2. Darlington and Middlesbrough are the main regional stations in the Tees Valley, providing connections from the local rail network to longer distance inter city and regional trains. Darlington is the main interchange hub in the Tees Valley, and there is a great economic advantage in the location of Darlington within 2½ hours' travel time of two national capitals. There are regular trains to London, the Midlands, Scotland, and Manchester/Manchester Airport, with trains operated by GNER, Virgin Cross Country and Trans Pennine Express.

2.3. Local rail services are operated by Northern Rail. There are two services per hour in each direction between Darlington and Saltburn during the daytime on weekdays and Saturdays with an hourly frequency during the evening, and Sundays. Some early morning services are extended to Newcastle from

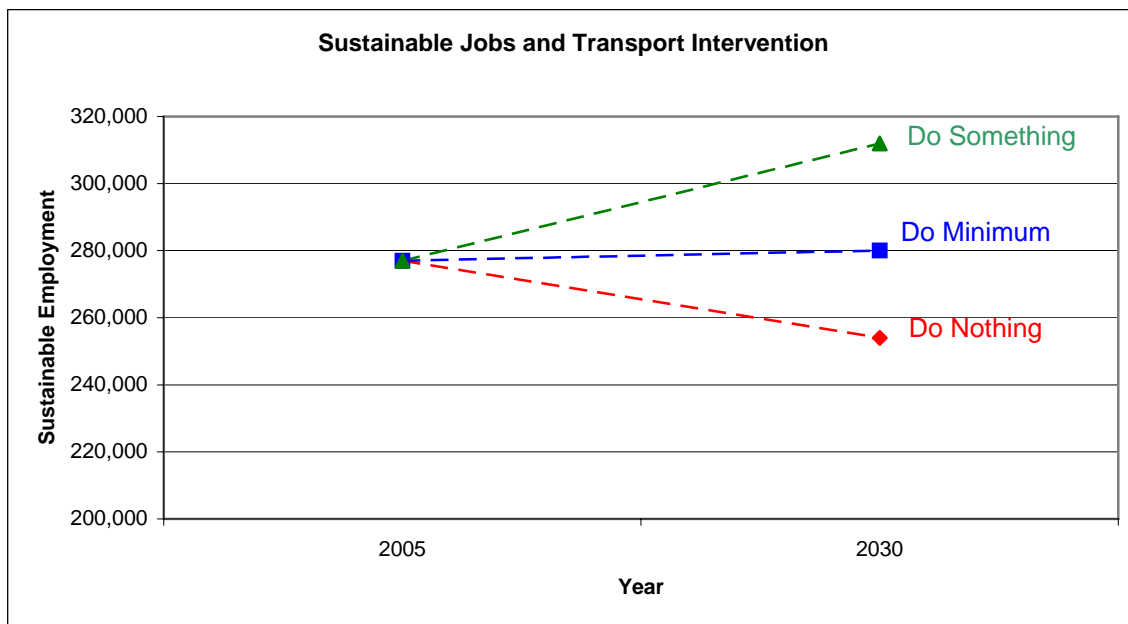
Darlington due to the low number of other northbound services. Trains are also extended from Darlington to Bishop Auckland about every 2 hours throughout the day. The service from Newcastle to Middlesbrough via Hartlepool only operates hourly.

- 2.4. As part of “Connecting the Tees Valley” and following on from work to develop the Second Local Transport Plans (LTPs), a number of rail proposals have been promoted to facilitate our long term development strategy. These include:
- Increased capacity and rail gauge enhancements for Teesport;
  - Better connections to Darlington and York for the national rail network;
  - Increased frequency of services connecting to Tyne and Wear;
  - Enhanced sub-regional local rail network serving our proposed regeneration sites.
- 2.5. There are competing demands for the use of the rail network, however, and a number of infrastructure constraints that restrict the opportunities to increase train frequencies, including the interaction with freight services (with up to 30 trains per day in each direction), signalling headways and platform/junction capacities. The main constraints are:
- Darlington South junction;
  - Eaglescliffe junction;
  - Bowesfield and Thornaby East junction;
  - Platform capacity at Darlington and Middlesbrough stations.
- 2.6. There is also a recognition that a significant proportion of the existing infrastructure is life expired. To address the infrastructure issue, Network Rail has significant investment planned for the Tees Valley network over the next 10 years, totalling in excess of £100 million for planned renewals and improvement schemes such as:
- South Tees Re-signalling;
  - Durham Coast Re-signalling;
  - Darlington South Re-modelling;
  - Tees Bridge Renewal;
  - Bridge works at Albert Road in Middlesbrough,
- in addition to other renewals required at major junctions and other works planned at stations.
- 2.7. Investment in these schemes is essential simply to maintain the current numbers of passenger and freight services, although there may be some limited reliability benefits.

### 3. The Issues Facing the Tees Valley

- 3.1. The existing Tees Valley sub-regional network currently does not deliver a reliable, high quality and cost effective transport system to support planned economic growth in the City Region. The particular problems faced are:
- Worsening highway congestion affecting key junctions (such as the A19(T)/Portrack Lane) and radial corridors, particularly through increasing car ownership levels;
  - Conflicts between strategic and local traffic on the trunk road network;
  - Current sub-regional rail services are not car-competitive, with limited potential to attract new passengers that would increase rail mode share;
  - Likelihood of a continuing reduction in the extent of commercially operated bus network, as recently occurred in Redcar and Cleveland;
  - Several capacity constraints across different modes within the sub-regional network, which prevent the introduction of extra passenger or freight rail services and may impact on the ability to achieve the desired regeneration levels;
  - Changing travel demand patterns resulting from long term sustainable economic regeneration priorities.
- 3.2. A key objective of the CRDP is to deliver regeneration and growth in a way that minimises the increase in private vehicle trips. We do not wish to see economic growth slowed or strangled by congestion. We wish to improve public transport across all modes at the start of the recovery to engender a virtuous cycle in which it is able to accommodate the anticipated increased demand for travel.
- 3.3. In short, we need to improve our sub-regional connectivity to respond to the changing patterns of movement, address existing and future problems and support the economic regeneration of the City Region. Investment in the rail network is crucial as we believe that rail is the most appropriate public transport mode to deliver enhanced sub-regional and regional connectivity.
- 3.4. Figure 2 overleaf shows how transport interventions will influence the sub-regional employment aspirations. The lower line indicates what will happen if things stay as they are, which shows that doing nothing is not an option for the Tees Valley, with employment provision declining if the transport network remained as it is now, and growing congestion preventing development aspirations from being realised. The central line indicates what will happen with the current LTP interventions and committed expenditure by Network Rail and the Highways Agency. They will facilitate a slight increase in the number of jobs, through the provision of sustainable alternatives but not the step change aspired to by the CDRP. The highest line indicates the aspirations of the regeneration agenda, which will not be achieved without significant sub-regional transport interventions, providing future year capacity across all modes that reflect future movement patterns.

**Figure 2: Regeneration Impact of Future Transport Investment**



**4. Tees Valley Metro Proposals**

- 4.1. For a considerable time, there have been proposals to develop a light rapid transit (metro) system within the Tees Valley to improve connectivity and support the future regeneration aspirations. Two previous studies have examined such a system, and have concluded that a new network could not be justified on transport efficiency grounds alone. Since December 2004, TVR and a team of consultants have been reviewing the previous work and, in the light of recent policy changes relating to wider economic benefits and the delivery of rail services, examining whether a more innovative solution may be appropriate.
- 4.2. In July 2005, a Preferred Option report was issued that set out the most appropriate solution for the local rail network within the Tees Valley to support the long term regeneration proposals and be integral to a truly multi-modal transport strategy for the City Region.
- 4.3. Since this time, more work has been undertaken by TVR to develop an outline business case for the Tees Valley Metro proposals, and a summary of the key costs and benefits is included later in this document.
- 4.4. The Tees Valley Metro Preferred Scheme would provide a new sub-regional transit system for the Tees Valley, making more efficient use of the current rail and bus networks to better meet the anticipated travel needs over the next 20 years. It comprises the following elements:
  - Conversion of the existing heavy rail operation between Darlington and Saltburn to tram-train operation, through:

- A section of shared running between Darlington and Eaglescliffe, as this is a diversionary route for passenger and freight traffic;
  - A wholly segregated two track alignment between Eaglescliffe and Redcar Ore Terminal, facilitated through a new grade separated junction at Eaglescliffe and the reinstatement of extant track between Eaglescliffe and Redcar Ore Terminal;
  - A further section of shared running between Redcar Ore Terminal and Saltburn, with the small volume of freight traffic using the route.
- Provision of a minimum of 4 trains per hour service between Darlington and Saltburn throughout the working day;
  - New rolling stock with higher levels of passenger quality and comfort;
  - Five new stations along the route, serving key employment sites, major regeneration areas, Durham Tees Valley Airport, and possibly James Cook University Hospital;
  - Upgrades to all other stations along the route;
  - Supporting heavy rail/metro service enhancements and express bus services to link Hartlepool to Middlesbrough (or a new station at Teesside Park), providing the same 4 services per hour frequency;
  - A possible extension of the service to Nunthorpe, linked to park and ride to serve East Cleveland.

The Preferred Scheme is illustrated in Figure 3 below.

**Figure 3: Tees Valley Metro Preferred Scheme**



## 5. Costs and Funding

- 5.1. During project development, two separate value engineering and risk management exercises have been undertaken in order to provide a robust estimate of the capital costs. The latest capital cost estimate is summarised in the table below.

Item	Cost (£ million)
Stations	27.8
Trackwork	18.5
Civils	18.0
Signalling	24.2
Depot	8.0
<i>Sub Total</i>	<i>96.5</i>
Project management @15%	10.8
Design and general development costs @5%	4.8
Interfacing / commissioning @5%	3.6
Network Rail design and possessions costs @5%	10.8
<b>TOTAL</b>	<b>126.5</b>

- 5.2. In addition to the capital cost estimate, the following also apply:

- A Quantified Risk Assessment (QRA) cost of £15.4 million;
- Optimism Bias of 20%, which equates to £25.3 million.

This gives an overall capital cost estimate of **£141.9 million** (at 2005 prices), without Optimism Bias.

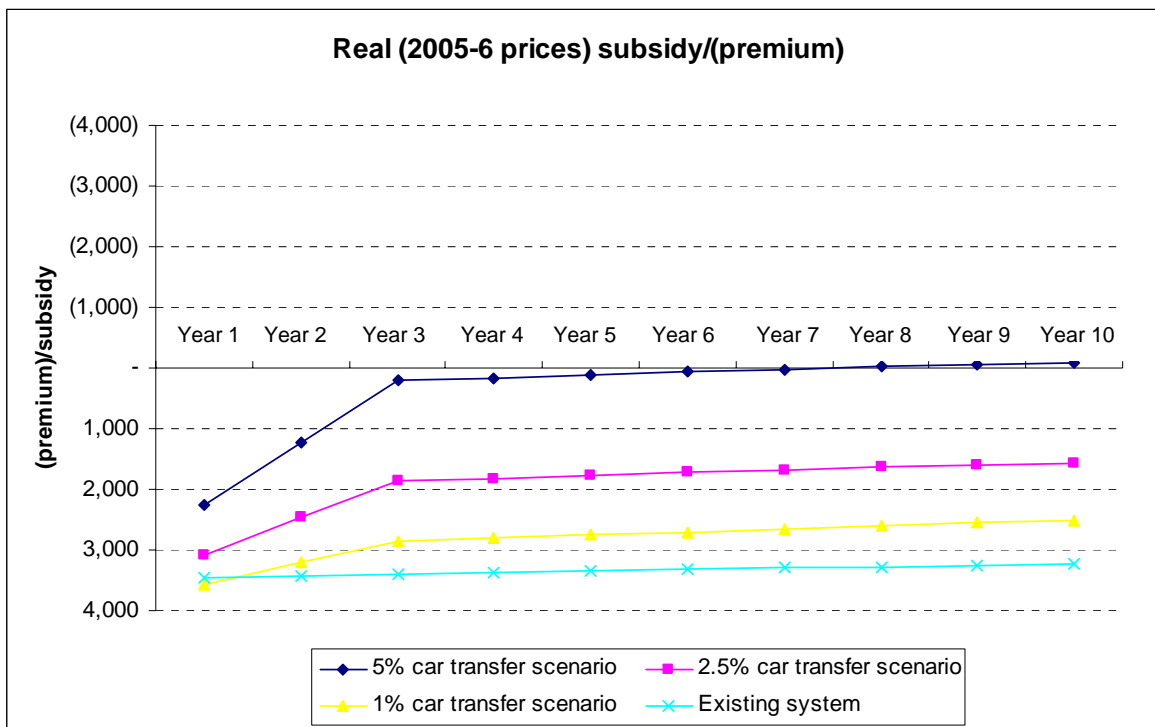
- 5.3. Discussions have been held with DfT, DfT Rail and Network Rail to move the project forward through an innovative funding mechanism that aims to use existing committed funding within the rail network to divert to Tees Valley Metro and allow capital to be raised to fund the infrastructure improvements, using a 'balance sheet' of debits and credits.
- 5.4. The largest element of the committed funding that overlaps with Tees Valley Metro are the Network Rail schemes for South Tees Re-signalling, Tees Bridge Renewal and the various renewals projects proposed. These items are currently costed at £88.8 million in total, with the largest proportion being identified improvement schemes.
- 5.5. This 'balance sheet' has been populated with information available at the present time, and using an estimate of available funding from other sources, mindful of the need to be realistic about expectations. The latest assessment is presented in the table overleaf.
- 5.6. This assessment shows a current funding 'gap' of **£42.8 million** (at 2005 prices). However, this approach needs to be agreed with the DfT and more certainty given to the numbers included from DfT and the funding stakeholders.

'Debits' (£ million)		'Credits' (£ million)	
Base Cost	96.5	Renewals Avoided	30.3
Project Management	10.8	Network Rail Schemes	58.5
Design and Development	4.8	Capacity Uplifts	0.0
Interface and Commissioning	3.6	Schedule 8 Benefits	3.8
QRA Cost	15.4	Access for All Funding	1.0
		Northern Way Transport Fund	0.5
		Land Uplift Capture	0.0
		Local Contribution	5.0
TOTAL	141.9	TOTAL	104.1
<i>Current Capital Cost Funding 'Gap'</i>			<i>42.8</i>

- 5.7. From the funding profile prepared for the new system, it is clear that almost all of this funding 'gap' would be required after the period being examined within the 2007 Comprehensive Spending Review, given the works already within Network Rail's current Control Period expenditure plan.
- 5.8. There is also the potential to examine the process of capitalising the ongoing subsidy for the system under new guidelines for increment/decrement published by the DfT. A precedent for capitalising the subsidy saving from existing rail services was recently set in Sunderland. On this basis, the operating subsidy savings generated by the Tees Valley Metro proposals could justify a grant of £30 million, or a grant of around £47 million, should the whole subsidy be capitalised over two franchise periods.
- 5.9. The total operating annual operating cost for the Preferred Scheme is £6.6 million, compared with the estimated operating costs for the existing service of £5.7 million. This is due to increased frequency of service and higher staff costs, although maintenance and fuel costs are lower and the proportional operating cost increase is less than the frequency increase proposed.
- 5.10. Projected revenues from the new system have so far been developed by assuming:
- All existing rail passengers transfer to the new system;
  - 30% of the in-scope (that is, between local centres) bus trips will switch to use the new system;
  - A varying degree of in-scope car trip transfer (thus far 1%, 2.5% and 5%).
- 5.11. Due to the attractiveness of the system to existing trip and those new trips allied to the regeneration proposals, the new system will require less subsidy than the existing system for all of the scenarios modelled, as shown in Figure 4 overleaf. These forecasts are based on growth over an existing baseline of rail travel demand, rather than a wholly new travel demand market.
- 5.12. Under the central 2.5% car mode transfer scenario, the new system will require around £1.5 million less per year in subsidy payments, and under the 5% car mode transfer scenario, the system is forecast to be in premium within seven years of opening, including an allowance for the build up of demand. This long

term subsidy reduction is delivered even with the increased frequency and quality of service for passengers.

**Figure 4: Forecast Financial Performance of the Tees Valley Metro**



## 6. Benefits

6.1. The preceding analysis set out clearly two benefits of the Tees Valley Metro proposals:

- The delivery of a 21<sup>st</sup> century metropolitan transit system for the Tees Valley;
- The provision of a better value for money network, with lower long term subsidy requirement.

6.2. The development work has also encompassed an examination of the more 'traditional' economic benefits of the proposals, and the wider benefits.

6.3. The economic benefits of the Tees Valley Metro proposals accrue from a number of sources:

- Journey time savings for existing users;
- Journey time savings for new users;
- Highway decongestion benefits for non-users;
- Accident benefits for non-users.

The total economic benefits for the Preferred Scheme are about £166 million (Present Value) over the 60 year appraisal period. Highway decongestion savings account for about two-thirds of the total economic benefits.

- 6.4. The Preferred Scheme (assuming a 2.5% mode transfer) generates a strong financial and economic performance from the transport appraisal. The Present Value of the financial NPV is £45 million, and of the economic NPV is £103 million. The renewals avoided and the subsidy savings both contribute to this result, effectively meaning that the scheme capital costs are significantly less than £126.5 million, whilst the strong financial performance of Tees Valley Metro, coupled with the subsidy savings compared with the existing system strengthen the financial performance of the Preferred Scheme.
- 6.5. The economic benefit: cost ratio (BCR) is **1.82:1**, again assuming a 2.5% mode transfer and taking the robust view of not including the identified Network Rail improvement schemes as a discount on the capital cost (but including the 'Renewals Avoided' estimate). A number of sensitivity tests have also been conducted, depending on the amount of Network Rail works assumed, with a revised BCR range from 1.46 to 3.54.
- 6.6. In addition to this strong economic BCR, there are a number of key strategic benefits, including:
- Enhanced capacity on the East Coast Main Line and Trans Pennine rail routes;
  - Opportunities for additional passenger and freight train services, particularly Teesport and the Northern Gateway proposal for a deep sea container terminal;
  - Alignment with the conclusions of the Northern Franchise Review and the North East Regional Planning Assessment;
  - Supports economic regeneration and delivers significant uplift in GVA;
  - Provides significant accessibility and social inclusion benefits;
  - Complements emerging demand management issues relating to the impact of development proposals on the strategic route network.
- 6.7. Benefits on the rail network can be delivered by the 'unlocking' of capacity at some of the congested junctions as a result of the Metro proposals. The table below shows the predicted capacity utilisation benefits at key junctions.

Location	Existing Capacity Utilisation	New Capacity Utilisation
Darlington South	94%	77%
Bowesfield/Thornaby East	92%	65%
Eaglescliffe	83%	60%
Middlesbrough Station	83%	58%
Whitehouse	94%	57%
South Bank	83%	51%
Saltburn West	78%	50%

- 6.8. The capacity utilisation improvements equate to around 96 additional train paths per day at Darlington South and 48 per day at Eaglescliffe and Bowesfield. These additional train paths could be used for both passenger and freight services across the North, and complement aspirations for additional longer distance services to serve new markets along the Durham Coast and to support the expansion of Teesport, although further rail gauge enhancements will be required to take larger size containers from the port to the relevant markets.
- 6.9. There are also wider GVA benefits and other key benefits for the Tees Valley, including:
- Improved access to labour markets through agglomeration benefits;
  - People choosing to work as a result of commuting time savings, and choosing to work longer hours because less time commuting to work;
  - Supply of goods and international competitiveness through enhancement of access to Teesport and Durham Tees Valley Airport through the relocation of jobs to areas of higher productivity;
  - Connections within, and outside, the Tees Valley to the North East and the UK being improved, and the ability to compete more effectively in a wider market;
  - Business travel time savings (these are currently included within transport appraisals);
  - Reduction in adverse environmental emissions.
- 6.10. Based on the employment forecasts set out within the RSS, the wider economic analysis undertaken suggests that Tees Valley Metro would support between 1,728 and 1,814 jobs due to the increased accessibility it will provide, giving productivity benefits of £2.4m per annum by 2016.
- 6.11. Taking into account the wider benefits of facilitating other rail improvements, such as better connections to Tyne and Wear, additional longer distance services such as Grand Central and enhanced access to Teesport, the GVA benefits over a 10 year period are even larger, as shown in the table below.

Combination of Services	GVA Impact (£m)				Total GVA Impact (£m)
	Tees Valley Metro	Teesport	Grand Central	Tees-Tyne Express	
TVM + T-T Express + GC + Teesport (0.5tph)	71	18	84	231	404
TVM + T-T Express + Teesport (1tph)	71	36	-	231	338
TVM + GC + Teesport (2tph)	71	72	84	-	326
TVM + Teesport (2tph)	71	72	-	-	143

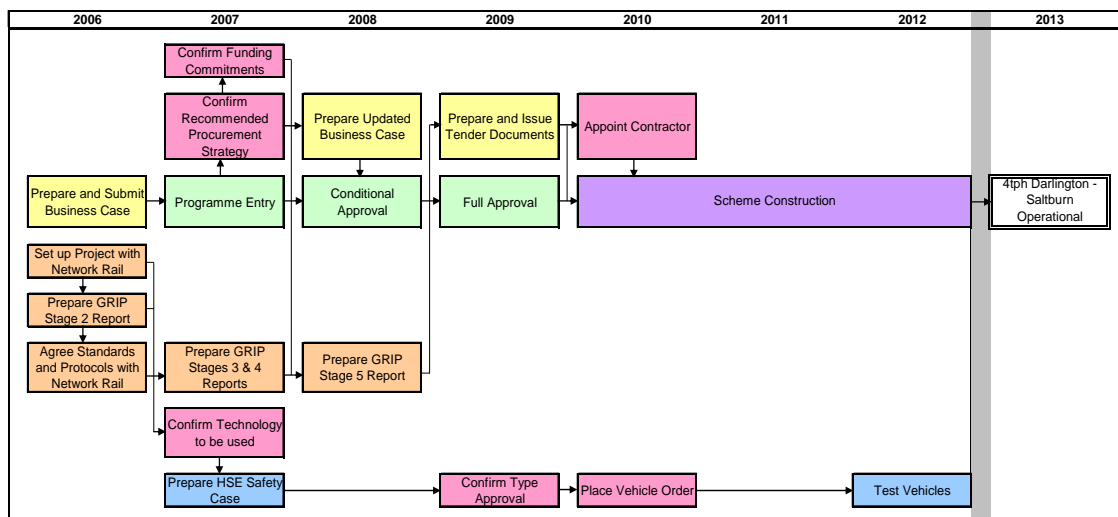
6.12. As part of our proposals for a fully integrated transport network, the Tees Valley Metro will provide significant accessibility and social inclusion benefits, linking to our skills and worklessness proposals allied to the economic regeneration of the Tees Valley. The network will ensure that people from across the Tees Valley in all communities have an efficient transport network to access the new jobs being created.

6.13. Finally, the provision of an effective public transport alternative will allow the Tees Valley to pursue a strategy of selective demand management to maintain the integrity of the trunk road network whilst facilitating regeneration. The delivery of the bus network improvements will also contribute to these objectives.

**7. Delivery of the Proposals and Policy Fit**

7.1. A draft timescale for implementing Tees Valley Metro has been developed as shown in Figure 5 below. This highlights the timing of activities from the submission of the outline business case in 2006 to a scheme opening in 2013. This timescale is linked to the period of the current Northern Rail franchise.

**Figure 5: Outline Tees Valley Metro Delivery Programme**



7.2. This timescale complements the work needed to develop the Teesport gauge enhancements and the various improvement schemes being proposed by Network Rail. However, an accelerated programme has also been considered that aligns with the review of the Northern Rail franchise in 2011.

7.3. Work to date on the possible procurement routes for the Preferred Scheme indicate that a Network Rail-led grant funded model offers value for money when compared with other options, with the enhanced passenger services delivered through a Tees Valley Metro concession or micro-franchise.

7.4. There is limited scope to deliver specific elements of the project in advance. The rail capacity improvements will require careful phasing, to ensure a diversionary route is maintained to serve Teesport.

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- 7.5. The complementary work being undertaken to develop a new sub-regional network of bus services will be implemented in advance of the heavy rail proposals. The branding of “Super Core” and “Core” routes will promote product awareness by encouraging greater public transport use. Improved connectivity to key interchange stations will encourage greater use of buses as the access mode for Tees Valley Metro and other heavy rail services.
- 7.6. In addition to the specific rail proposals, the CRDP examines new governance structures to ensure that a strong sub-regional strategy on transport is developed and implemented. This is particularly important with the need to manage the proposed bus and rail improvements. Unlike metropolitan areas, there is no Passenger Transport Executive in the Tees Valley, which offers the benefit of developing a new governance structure based largely on existing working relationships.
- 7.7. The suggested arrangement is to form a new body – provisionally titled Transport for Tees Valley (TTV). The new body would be directly accountable to the new wider governance arrangements of a Tees Valley Metropolitan Economic Partnership (Tees Valley Unlimited) being examined as part of the Business Case.
- 7.8. The Board of TTV would involve cabinet members from Local Authorities and the private and public sectors where appropriate. This could include the Highways Agency and Network Rail, as key partners in delivering transport improvements across the City Region.
- 7.9. TTV would be responsible for preparing the business case and taking forward the design, finding the funding implementing the Bus Network improvements, the Strategic Quality Partnerships, the letting of contracts for subsidised bus services and developing concessionary fare schemes for young people. It would also be responsible for coordinating the implementation of transport resources delegated through the Transport Innovation Fund and the RFA processes. Once the Tees Valley Metro proposals have been progressed to a suitable degree, TTV would examine options for operating the system and become the contracting authority. Until then, TVR will continue to be the Scheme Promoter.
- 7.10. As much of the work on the sub-regional improvements is leading towards first stage business case submissions in October 2006 and confirmed bids for funding in July 2007, there is a need to establish such governance arrangements at the earliest opportunity. Using an evolutionary approach, based around existing working relationships, it is envisaged that TTV will be operational by April 2007.
- 7.11. As well as the CRDP, the Tees Valley Metro proposals are fully in accord with the objectives and investment programmes identified for transport within The Northern Way and other sub-regional, regional and national policies.
- 7.12. The **Northern Way Business Plan** was published in June 2005, and contained the following core objectives relating to transport and connectivity:

- To achieve at least 17.2 million business and 6.4 million inbound leisure travellers each year through northern airports by 2030;
- To increase ship arrivals and throughput tonnes of northern ports to around, respectively, 25% and 35% of the national total by 2010;
- To reduce congestion on our inter-urban strategic road network to below the national average, where appropriate, by 2010.

7.13. The Business Plan also identified three major transport investment programmes:

- C6 Prepare a Northern Airports Priorities Plan and Improve Surface Access to key northern airports;
- C7 Improve Access to the North's Sea Ports;
- C8 Create Premier Transit Systems in each city region and stronger linkages between city regions.

The Tees Valley Metro proposals, and the heavy rail improvements that they facilitate, contribute significantly to these investment programmes.

7.14. "**View: Shaping the North East**", the Draft of the **Regional Spatial Strategy** (RSS) for the North East, was submitted to the Secretary of State in July 2005, and considered at an Examination in Public (EiP) in Spring 2006. The EiP Panel Report was published in August 2006.

7.15. The **Regional Transport Strategy** (RTS) was contained within the Draft RSS. The EiP Panel Report broadly supported the RTS, and concluded that future reviews of the RTS should:

*"a). be more spatially focused on improvements to corridors of movement, rather than individual schemes, and should identify how improvements will contribute to economic and social objectives;*

*b). give greater emphasis to the contribution that demand management and bus and light rail operations can make to the strategy."*

These recommendations endorse the approach taken towards public transport in the Tees Valley and the Panel Report also notes that the Tees Valley Metro should be given a higher priority within the RTS.

7.16. A revised **Regional Economic Strategy** (RES) was submitted to the Department for Trade and Industry (DTI) in October 2005 by One NorthEast (ONE). The RES states that:

*"Our urban cores must be well connected in order to maximise economic participation levels across the region, in particular enabling access to opportunity for those economically excluded ... The East Coast Mainline (ECML) is a major strength of the region. Connections must be improved between those urban cores within the region not currently covered by ECML (for example, much of Tees Valley and Sunderland), and the existing stations on the mainline.*

7.17. More importantly, the **Rail White Paper**, published in July 2004 states that:

*“The Government wants to give regional and local stakeholders more influence over decisions on transport. This means that rail should be considered alongside other forms of transport, and decisions will also need to be linked with wider considerations, such as housing and regeneration.”*

7.18. It also includes the statement that:

*“The Government is committed to an increased role for the devolved administrations, and for local and regional stakeholders on rail, where there are politically accountable and financially robust institutions, a clear financial responsibility and a distinct geographical pattern of service responsibility.”*

The Tees Valley Metro proposals follow directly the context of the White Paper.

## **8. Conclusions**

- 8.1. The need to invest in the sub-regional transport system of the Tees Valley is clear, even if the City Region is to maintain its current level of economic performance. In order to realise our economic potential, the case for investing in our sub-regional transport system, across all modes, is even stronger. We cannot have a situation where the capacity and quality of the transport system hinders the development of the economic performance of the Tees Valley.
- 8.2. To this end, the City Region sees a vital role for rail within our forward transport strategy, with a need to address existing constraints on the network for both passenger and freight traffic and to provide a better solution in the long term that provide value for money.
- 8.3. The work done to date suggests that the Tees Valley Metro and associated heavy rail improvements as described in this document provide the opportunity to develop a long term strategy for the Tees Valley passenger and freight services to meet the needs of national, pan-regional, regional, sub-regional and local stakeholders making best use of existing infrastructure, but recognising the lack of investment in this part of the national rail network in recent years.
- 8.4. We firmly believe, therefore, that there is an overwhelming case for support the next stage of the development of the Tees Valley Metro and associated heavy rail improvements up to submission of a Full Business Case in July 2007. As well of economies of scale with regard to development and implementation costs, the GVA benefits of a combined scheme for the Tees Valley are significant in their possible contribution to reducing regional disparities.
- 8.5. In recent discussions, the DfT requested that TVR and the Local Authorities work together with Network Rail on the next stage of project development. Network Rail has indicated a willingness to work in partnership to take the re-signalling scheme, the emerging Metro proposals and the Teesport gauge enhancement work to the (Guide to Railway Investment Projects) GRIP3 level by Summer 2007. In view of this, and the significant benefits of the proposals, we ask that the DfT and Network Rail work with the Tees Valley Metro on these innovative proposals to allow the more detailed work to proceed in the necessary timescales.

