

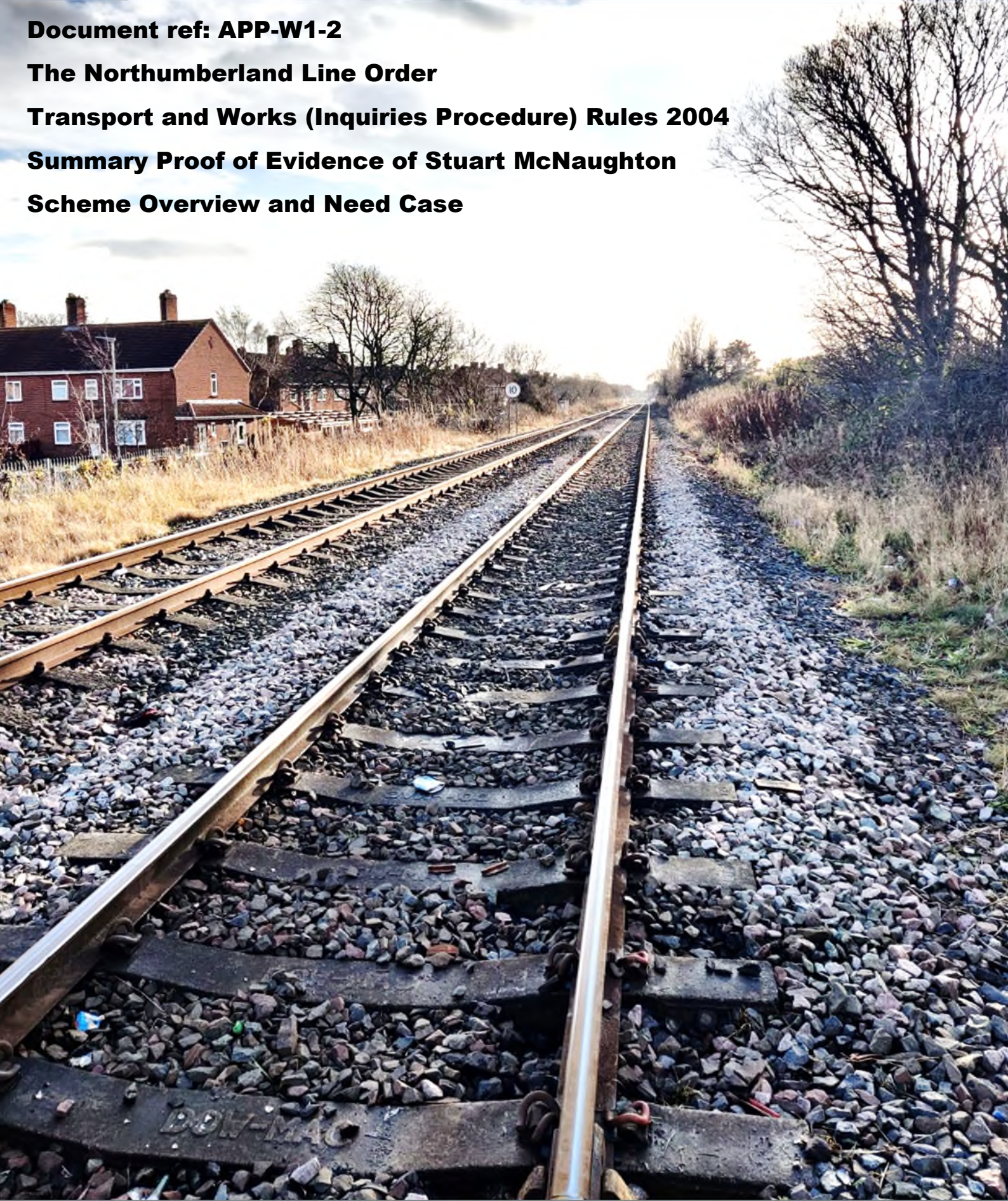
Document ref: APP-W1-2

The Northumberland Line Order

Transport and Works (Inquiries Procedure) Rules 2004

Summary Proof of Evidence of Stuart McNaughton

Scheme Overview and Need Case



Northumberland
County Council

NORTHUMBERLAND COUNTY COUNCIL
NORTHUMBERLAND LINE ORDER
SCHEME OVERVIEW AND NEED CASE
SUMMARY PROOF OF EVIDENCE

CONTENTS

1.	Introduction	2
2.	Scope of evidence	2
3.	Strategic context and need	2
4.	Early scheme development and alternatives considered.....	3
5.	Scheme description	4
6.	Scheme benefits / business case.....	4
7.	Funding	4
8.	Procurement and project delivery.....	5
9.	The Secretary of State’s Statement of Matters	6
10.	Objections.....	6
11.	Conclusion.....	6

1. INTRODUCTION

- 1.1 My name is Stuart McNaughton. I am the Strategic Transport Manager for Northumberland County Council (NCC).
- 1.2 I am a Chartered Member of the Chartered Institute of Logistics and Transport and a Member of The Chartered Institution of Highways & Transportation. I obtained a MSc in Transport Engineering and Operations from Newcastle University in 2000 and have since worked for AECOM and NCC.
- 1.3 I lead the strategic transport team for NCC covering the development of transport policy and oversight of the pipeline of strategic transport priorities for the county. This covers all modes of transport from walking and cycling to public transport and highways. I have managed the development of the Northumberland Line project since joining NCC in 2013.

2. SCOPE OF EVIDENCE

- 2.1 My evidence covers the following:
 - 2.1.1 the strategic context of the Scheme;
 - 2.1.2 the need for intervention and the benefits of the Scheme;
 - 2.1.3 the Scheme's evolution and development;
 - 2.1.4 a description of the proposals;
 - 2.1.5 how the Scheme will be funded and delivered;
 - 2.1.6 the strategic support for the Scheme;
 - 2.1.7 the financial, commercial, strategic and management case elements of the business case; and
 - 2.1.8 it describes NCC's response to objectors to the draft Order [APP-01].
- 2.2 My evidence also addresses a number of matters identified in the Statement of Matters issued by the Secretary of State, particularly matters 1 and 2.

3. STRATEGIC CONTEXT AND NEED

- 3.1 Significant areas of deprivation and long-term unemployment exist along the Northumberland Line corridor. Residents are disconnected from opportunity and have struggled to overcome issues of social deprivation evident in the area since the decline of mining industries. Despite its potential, the local economy is underperforming compared to national averages, which has been further compounded by COVID-19.
- 3.2 A key problem facing the area is the limited availability of alternative modes of transport to the private car, and with car demand forecast to increase in the area, there is a need to improve public transport infrastructure to avoid exacerbating local congestion issues.
- 3.3 The evidence set out in the Outline Business Case (OBC) for the Scheme [APP-40] demonstrates the need for transport investment in South East Northumberland in order to realise national, regional, and local policies and to narrow the productivity gap between the North East and other parts of the country.

- 3.4 There is a real opportunity for economic growth across the region. The North of Tyne is the region that brings together the Borderlands, and the route to building an East Coast economic powerhouse from Edinburgh to Leeds that is built on clean energy, historic cultural assets, and radically better connectivity.
- 3.5 The region has growing sector strengths, major employment sites and high-value assets in low carbon and offshore wind, advanced manufacturing and robotics. There are significant business clusters and economic assets along the line, for example, Northumberland Energy Park in Blyth where there is the potential to create 10,000 new jobs and Cobalt Business Park in North Tyneside.
- 3.6 The improved connectivity that the Scheme will provide will support economic growth in Northumberland and more widely, and will connect people to jobs, businesses and future growth.
- 3.7 A more localised requirement is for people to access further education and employment opportunities in the first place to serve this economic growth. This is the primary purpose of the Scheme.

4. EARLY SCHEME DEVELOPMENT AND ALTERNATIVES CONSIDERED

- 4.1 The evidence set out in the Outline Business Case (OBC) for the Scheme [APP-40], demonstrating the need for transport investment in South East Northumberland, was used to formulate three Scheme objectives:
 - 4.1.1 Objective 1: Facilitate economic activity, employment growth and the delivery of housing sites within South East Northumberland and the wider region.
 - 4.1.2 Objective 2: Create a 4% mode shift from car to public transport within the Northumberland Line corridor area, to improve local air quality and reduce highway congestion at key bottlenecks on the highway network between South East Northumberland, North Tyneside, and Newcastle.
 - 4.1.3 Objective 3: Improve public transport accessibility for commuting, retail and leisure trips between South East Northumberland, North Tyneside, and Newcastle by providing additional public transport options and reducing public transport journey times compared to the existing situation.
- 4.2 The case for intervention has been developed over several years, with many options considered to improve transport connections to and from the South East Northumberland corridor.
- 4.3 The South East Northumberland Public Transport Corridor Study (December 2011) [APP-39] developed an overarching transport evidence base for the area. As part of this a long list of possible interventions were appraised using the Department for Transport's (DfT) Early Assessment Sifting Tool (EAST), from which the preferred solution of a heavy rail intervention emerged.
- 4.4 The local community has been engaged throughout the development of the Scheme. A public consultation on the Scheme proposals took place between 2 September and 18 October 2019 and received 971 responses. 96% of respondents were supportive of the Scheme. A second phase of public consultation took place between 16 November and 16 December 2020 and received 1024 responses.
- 4.5 Consultation with key strategic stakeholders such as Network Rail and the DfT has been ongoing since 2019 and will continue as the Scheme progresses.

5. SCHEME DESCRIPTION

- 5.1 The Northumberland Line Scheme will deliver rail passenger services between Ashington and Newcastle for the first time since 1964, on a line of railway that is currently only used for freight services. The Scheme will deliver two passenger trains per hour in each direction through the day. The service will initially be operated by 2-car Class 158 diesel trains. Battery Electric Units are assumed to be operational from 2026.
- 5.2 The Scheme includes six new stations at Ashington, Bedlington, Bebside, Newsham, Seaton Delaval and Northumberland Park, where the station connects to the Tyne and Wear Metro. My proof of evidence [APP-W1-1], at paragraphs 5.6 to 5.18 describes the methodology used to identify the most appropriate locations for the new stations, and the Stations Assessment Report which provides further detail is appended to my proof of evidence as **Appendix A** [APP-W1-3]. A range of infrastructure and system upgrades will support the introduction of these services, which, along with design and engineering aspects, are described in the Proof of Evidence of Julian Sindall [APP-W2-1].

6. SCHEME BENEFITS / BUSINESS CASE

- 6.1 The Scheme is the first third-party sponsored Rail Network Enhancements Pipeline (RNEP) project to be developed under the Government's Project SPEED banner and as such is a trailblazer for other projects.
- 6.2 The business case for this scheme has been developed in accordance with DfT guidance on Transport Business Cases and is structured around the Five Case model set out in HM Treasury's 'Green Book'.
- 6.3 The business case presents a compelling case for investment in the railway line, which will not only benefit the communities it serves, but the wider North East region.
- 6.4 The economic appraisal in my proof of evidence draws from the OBC [APP-40]. Since the completion of the OBC in January 2020 the project has continued to evolve. This will be reflected in the Full Business Case (FBC) due to be submitted for approval later in 2021. I am confident that the FBC will continue to show the scheme demonstrates very high value for money.
- 6.5 The Strategic Case sets out the case for intervention and how the investment will further the aims and objectives of NCC and other relevant stakeholders, and also highlights the impact of failure to invest in the Scheme.
- 6.6 The Economic Case sets out that the Scheme is predicted to generate 1.45m return journeys by 2039, with annual revenue expected to be just under £13m.
- 6.7 A significant amount of analysis has been undertaken with a view to identifying the preferred engineering solution for the Scheme. The Financial Case sets out the prepared cost estimates at a 'GRIP 3 equivalent' level.
- 6.8 Although the primary focus of the Scheme is improved access to employment opportunities, delivering social value and cultural benefits is fundamental to the success of the Scheme, by providing improved access to further education opportunities and a gateway to the Northumberland coast as a visitor attraction.

7. FUNDING

- 7.1 The Scheme is clearly capable of being funded and resources to implement it are likely to be available. It delivers "very high" value for money and this will be reflected in the FBC which is due for completion later this year.

- 7.2 The objectives and potential of the Scheme make it an excellent candidate for central government funding. The current Anticipated Final Cost (AFC) for the scheme is £161,92 million. This is as set out in the OBC [APP-40]. Since the OBC submission in early 2020, a significant amount of work has been carried out to further develop the scheme in preparation for the final FBC submission.
- 7.3 As part of the Medium-Term Financial Plan (MTFP), NCC has committed a total of £27.218m to the project and this was approved by the County Council in February 2021.
- 7.4 In January 2021 the Secretary of State for Transport announced a further £34.3 million of RNEP funding for the project, which is split between NCC and Network Rail to fund Work Package 1.
- 7.5 NCC has also been working with E-Rail since 2017 to explore opportunities for Land Value Capture (LVC) to secure private sector contributions to the transport infrastructure. The project has now secured Contribution Agreements (CAs) for 16 development sites which have the potential to generate a significant capital return once the development sites have planning approval.
- 7.6 Although ultimate financial responsibility (“revenue risk”) associated with the operation of passenger services would sit with the DfT, some local control of specification and outputs is anticipated to be carried out via a North East based rail body.
- 7.7 The final funding request will be presented to the Rail Investment Board following completion of the FBC and, subject to confirmation, will be made available to be drawn down in accordance with the project controls set out within the management case and Project Board approval or delegated authority.
- 7.8 The Funding Statement [APP-06] submitted with the Application sets out proposals for funding the cost of implementing the Order, in particular for funding the cost of acquiring land. This is in accordance with the DfT’s Guide to TWA Procedures (2006) and MHCLG Guidance on Compulsory purchase process [APP-26].

8. PROCUREMENT AND PROJECT DELIVERY

- 8.1 The Scheme is being delivered as a ‘3rd party investment’ in the national rail network by NCC. In delivery of the Scheme, NCC is working closely with Network Rail and Northern Trains whilst also drawing on the support of several key regional organisations, such as NEXUS and North Tyneside Council.
- 8.2 NCC has led the development of the Scheme from initial concept through to the completion of the Outline Design.
- 8.3 Inclusion of the Scheme within Project SPEED led to the splitting of responsibility for implementation between NCC, Network Rail and Northern Trains based on which organisation was best placed to control delivery risk. The ‘Stations Package’ will be delivered by NCC, the ‘Rail Corridor Package’ will be delivered by Network Rail, and Northern Trains will be responsible for the ‘Timetable and Operations Package’.
- 8.4 Management and co-ordination of delivery and governance of the Scheme is achieved using a model that has been used successfully elsewhere on other DfT funded major infrastructure projects, as detailed in paragraphs 8.6 – 8.10 of my proof of evidence [APP-W1-1].
- 8.5 Procurement of the contractor to deliver the Stations Package was undertaken by NCC in accordance with public sector procurement regulations. The contract includes measures to minimise the impacts of construction on lineside neighbours. Such controls will also be applied to Network Rail’s works, especially those which will need to take

place at night and at weekends to minimise disruption to existing freight traffic on the Northumberland Line.

9. THE SECRETARY OF STATE'S STATEMENT OF MATTERS

- 9.1 The Statement of Matters issued by the Secretary of State for Transport sets out for the purposes the matters about which the Secretary of State for Transport particularly wishes to be informed for the purposes of his consideration of this application.
- 9.2 These have been covered in NCC's evidence and Order application documents, as set out in the table in section 9 of my proof of evidence [APP-W1-1].

10. OBJECTIONS

- 10.1 The position in respect of each of the objectors to the Application is set out in the Applicant's Update to the Inquiry No. 1 [APP-INQ-1]. Further detail on objections relating to land acquisition is set out in the Proof of Evidence of Russell Mills [APP-W3-1].
- 10.2 25 letters of support were received by the Secretary of State [SUPP-01 – 025]. The content of these letters is summarised in section 10 of my proof of evidence [APP-W1-1].

11. CONCLUSION

- 11.1 The need for the Scheme has been fully justified. It has been developed to address a clearly identified need, that being to facilitate economic growth by improving transport connectivity thus reducing traffic congestion and addressing existing issues of social exclusion.
- 11.2 The business case presents a compelling case for investment representing very high value for money. Significant funding commitments have been secured and the Scheme is ready to proceed. I ask the Inspector to recommend the powers applied for.