1. Executive Summary

1.1. A report was taken to the Humber LEP Board meeting on 13 May 2016 outlining issues with the South Humber Rail Gauge Enhancement local growth fund project.
1.2. The project costs for the scheme have increased from £8m to £15.853m as a result of additional survey work undertaken by Network Rail.
1.3. North Lincolnshire Council was asked to provide a report and attend the Investment and Regulation Board on 24 June 2016 to set out a proposed way forward.
1.4. This report outlines a number of options to be considered by the Investment and Regulation Board as a way forward for the South Humber Gauge Enhancement Scheme.

2. Recommendations

2.1. The Investment and Regulation Board considers the options for the South Humber Rail Gauge Enhancement Project as set out in this report.
2.2. The Investment and Regulation Board agree to continuation of the South Humber Rail Gauge Enhancement Project subject to conditions outlined under the options.

3. Main body of the report

3.1. Introduction

The Port of Immingham is the UK’s largest port by tonnage, handling up to 55 million tonnes, including nearly 20 million tonnes of oil and 10 million tonnes of coal.

The Port is identified in the Humber LEP Strategic Economic Plan as a site of strategic importance to the Humber. Doncaster to Immingham line will be the final gauge enhancement scheme to a major port in the country. The provision of Rail Gauge enhancement to W12 standard is essential to support the diversification of cargo’s to the Ports of Immingham and Grimsby and to future proof rail freight connectivity to the ports. The South Humber Rail Gauge Enhancement Scheme meets the key Humber SEP objective to provide critical infrastructure to support the growth of the ports and
significantly supports the growth of the Humber LEP’s major key sectors of Ports and Logistics, Renewables and Chemicals.

The South Humber Gauge Enhancement scheme will support the continued development of the port by enabling larger containers to be transported by rail between Doncaster and Immingham by providing gauge clearance to W12 standard along the route. The project was approved for funding by the Humber LEP in March 2015.

Funding was approved of £7.2m from the Local Growth Fund and £0.8m from North Lincolnshire Council.

As reported to the LEP Board on 13 May, the costs for the project have increased from £8m to £15.853m. These are due to revised costs by Network Rail, who are delivering the works. The reasons for the cost increase as identified by Network Rail were:

- The magnitude and complexities of the utilities within Eastfield Road Bridge that need to be moved as part of the reconstruction.
- There are an additional 32 lower sector fouls that need to be cleared. The project Team arranged for the Gauging Survey Train to survey the route to confirm the foul structures that would need to be cleared to achieve W12, as the previous surveys were carried out in 2010, as part of the previous GRIP 4 Study. This identified an additional 32 lower section fouls, which are lower cost structures such as platforms, trackside signs and signal posts.
- The scale of the works that are required to clear the platforms at Barnetby, due to the potential need to address platform stepping distance and platform crossfall non-compliances.
- The scale of the track-lower works required to clear all 4 lines at Armthorpe Lane Bridge, with drainage issues providing an added complexity.

The new anticipated final costs will be a maximum price for the cost of the project, as it includes a number of worst case assumptions. There will therefore be opportunities to reduce the cost of the project. For example, there is a 60% risk within the cost of the additional 32 lower fouls that need to be cleared. This is because the project is at an early stage of development with regards to their structures. A number of the structures may be shown to be clear to W12 when more detailed site surveys are undertaken.

As a result of the issues identified, North Lincolnshire Council were asked to report back to and attend the Investment and regulation Board meeting on 24 June 2016 to outline a proposal for a way forward. The Investment and Regulation Board would then make a recommendation to the LEP Board meeting on 8 July whether or not the project should remain in the programme.

This report therefore provides an update on actions taken since the LEP Board meeting and makes proposals for the way forward.
3.2 Actions taken and proposed options

Since the last Board meeting, North Lincolnshire Council has met with Network Rail to discuss a solution to enable the South Humber Gauge Enhancement Project to continue.

The original outputs in the offer document letter are set out below.

| Bridge 3: East Halton Bridge – Track lowering/slew and drainage | Hatfield & Stainforth Up Platform – Coper realignment |
| Bridge 5: Eastfield Road Bridge – Full reconstruction | Kirk Sandall Dn Platform – Coper realignment |
| Bartnetby Station Up Platforms 1,2,3 & 4 – Coper realignment | Sign 7 miles 0 chains – sign modification / relocation |
| Crowle Station Up Platform – Track slew | Bridge 13: Armthorpe Lane – Track lower & slew |
| Scunthorpe Station Platform 2 – Track slew | Miniature Speed Board 8m 04ch – Sign relocation |
| Signal Post 26 miles 10 chains – Relocate signal | Miniature Speed Board 8m 05ch – Sign relocation |
| Bridge 33: A18 – Bridge strengthening & track slew | Thorne South Up Platform – Track slew |
| Brocklesby Station Dn Platform – Coper realignment | Thorne South Dn Platform – Track Slew |
| Hatfield & Stainforth Dn Platform – Coper realignment | Ground Signal 23m 62ch – Signal relocation |

Source: Letter from Hull City Council, 13 May 2015, Schedule 3: Output Targets and Delivery Milestones, p10

Option 1 – Revise the timetable for completion of the project to 2020 using additional funds from Network Rail.

Option 1 is for the project to continue as at present and complete the outputs as described above. This will be delivered using the £8m as agreed using local growth fund and North Lincolnshire Council’s contribution. This will result in completion of the project up to full reconstruction of Eastfield Road Bridge in 2016/17. The remainder of the work would be completed in the years up to 2020.

Under this option, Network Rail will seek additional funding via their internal processes. The main opportunity will be as a Control Period 6 (CP6), Strategic Freight Network scheme. CP6 covers the period from April 2019 to March 2024, so the project could be delivered at the beginning of the Control Period, with the majority of works planned for 2019, with some work possibly stretching into 2020.

A further opportunity will exist to use funding from Control Period 5 (the period up until March 2019), if the project were to be added to the CP5 Reserve/Tactical list of projects. This list of projects is for schemes that are at an advanced stage of development, (i.e. GRIP 4), and can be delivered in the Control Period, should
money become available as a result of other schemes delivering efficiencies or through a decision to change scope in a project that produces savings.

This option would result in full rail gauge enhancement between Doncaster and Immingham by 2020/21.

A paper is being tabled by Network Rail on 26th July 2016 to the Strategic Freight Network Steering Group to discuss Network Rail funding the gauge enhancement project using CP5/6.

North Lincolnshire Council therefore seeks a revision to the offer letter of 13 May 2015 to extend the time period for delivery of the full South Humber Rail Enhancement scheme to 2020/21 subject to confirmation by Network Rail that the full additional funding will be committed from their internal funding processes.

**Option 2 – Revise the timetable for completion of the project to 2020 using additional funds from a number of sources.**

Under option 2, due to the increase in costs, the project would be completed up to reconstruction of Eastfield Road Bridge during 2016/17. The project timescales would be extended by an additional 3 years to allow for the completion of the remaining elements of the projects to delivery full rail gauge enhancement for the Doncaster to Immingham line. North Lincolnshire Council and Network Rail would continue to seek additional funding from the various sources as listed below to fund the remainder of the project.

- North Lincolnshire Council’s capital programme
- Network Rail contribution (CP5/CP6 as discussed above)
- The Greater Lincolnshire LEP
- The Greater Lincolnshire Devolution package
- Doncaster Metropolitan Borough Council / Sheffield City Region LEP – Some of the foul structures are in Doncaster rather than North Lincolnshire. Logistics Companies in the Doncaster area may benefit from Doncaster having a W12 rail link to the Port of Immingham.
- Transport for the North – They have aspirations to create a W12 link from the Humber to the Mersey via the Trans-Pennine Corridor.

This will deliver the elements in the project as originally projected and move the project towards completed of the outcome of complete rail gauge enhancement along the Doncaster to Immingham route. North Lincolnshire Council and Network Rail would continue to seek funding for the remaining elements of the project to ensure full completion.

It is also proposed that given the strategic importance of the South Humber Bank Rail Enhancement Scheme and its importance to the delivery of the Humber SEP and growth of the ports that the project be prioritised for future Humber LEP funding initiatives and for the re-profiling of any underspends in current funding projects.

Network Rail confirm that they are planning to deliver the Eastfield Road Bridge at Easter 2017. Carillion, (the principle Contractor who have led the development work on the bridge to date), have confirmed that they will have suitable resources available to deliver the work then.
Network Rail would therefore look to submit an invoice for the Eastfield Road works in March 2017, against the £8m funding that has been identified for 2015/16 & 2016/17.

We currently estimate that this would take total spend to approximately £6.9m and we would look to identify opportunities in the final months of the 2016/17 Financial Year to gauge clear to W12, some of the more minor structures on the route which don’t require major railway possessions, in order to spend the remaining £1.1m.

North Lincolnshire Council and Network Rail will agree an Implementation Agreement between the two organisations as soon as possible.

**Consideration of the options**

The above two options will enable this strategic project to continue with the final outcome still being achieved but over a longer timeframe. Put simply, rail gauge enhancement will enable freight to be transported quicker and faster than via road transportation. It is better for the environment and will enhance the potential and competitive advantage of the businesses at the Port of Immingham. Without Rail Gauge Enhancement it is less likely that the South Humber Bank will realise its full growth potential. It could potentially hinder future investment and deter industry from the port and the South Humber Bank area generally through being a less attractive offer for moving goods by rail. It is therefore important to the development of the Humber ports and the wider area to continue to deliver this project.

4. **Financial and resource implications**

4.1. Under the above two options, the local growth fund will remain the same at £7.2m. Additional funding will be accessed from Network Rail or alternative funding sources.

*Report written / prepared by Marcus Walker*
*Job title: Assistant Director, North Lincolnshire Council*
*Date: 15 June 2016*