

<b>Title:</b>	Leamside South SOBC
<b>Portfolio:</b>	Transport
<b>Responsible Director:</b>	Tobyn Hughes, Director of Transport
<b>Report Author:</b>	Dawn Badminton-Capps, Head of Rail Partnerships

## Report Summary

This report recommends that AECOM Ltd are commissioned to provide specialist support to develop a Strategic Outline Business Case (SOBC) for the wider reinstatement of the Leamside Line – Leamside South. The SOBC commission will build on the work AECOM are currently undertaking on behalf of the North East Combined Authority (North East CA) to assess the technical feasibility of reinstating heavy rail service on the Leamside route, ensuring alignment with previous analysis and maximising value from prior investment.

## Recommendations

The Chief Executive is recommended to approve the direct award of a contract to AECOM Ltd to provide specialist support, valued at £125,223, to develop the SOBC for the Leamside South scheme.

### A. Context

#### 1. Outline

The North East CA has identified the reinstatement of the Leamside Line, of which Leamside South is part, as a key strategic priority. Reinstating the line in full will enhance connectivity, economic growth, and sustainability.

The production of the SOBC for the scheme is included as an early priority within the North East Local Transport Plan. The development of the SOBC will establish the costs and benefits for the delivery of the scheme and is central to securing future funding to deliver the programme.

At their meeting on 30 July 2024, Cabinet agreed to allocate £600,000 in funding to the development of a SOBC for the wider reinstatement of the Leamside Line – Leamside South.

Following a full procurement process, the North East CA appointed AECOM Ltd to carry out a technical and operational feasibility study for the southern section of the Leamside Line. This study seeks to evaluate the feasibility and costs associated with reinstating the Leamside route from Penshaw to Tursdale Junction, reconnecting with the East Coast Main Line (ECML). As such, the study will provide the foundational evidence, including cost estimates for the proposed scheme, on which the SOBC will be developed.

The North East CA has since appointed AECOM Ltd to undertake two studies to support the Leamside Investment Corridor concept, as endorsed by the North East CA Cabinet in January 2025. Collectively, these studies seek to build the evidence base for the line's role in driving economic growth and shaping wider spatial development, thereby informing SOBC development.

It is now proposed to directly award a further contract to AECOM to provide specialist support to develop the SOBC. This will ensure the continuity and quality of work, leveraging their understanding and technical insights gained from the recent feasibility study and work on the Leamside Investment Corridor. This approach will also deliver timely and efficient progress by avoiding the delays and potential additional costs associated with running a full procurement exercise and will enable the development of the SOBC to commence without interruption.

### B. Impact on North East Combined Authority Objectives

The proposal will directly support the aims of the Local Transport Plan (LTP) (2025) and the creation of a green, integrated transport network that works for all by developing a key evidence base for the full reopening of the Leamside Line, one of the regional priorities identified in the LTP. This work also aligns with mayoral manifesto commitments to strengthen and expand strategic rail arteries both within the region and connecting to destinations beyond, supporting growth, opportunity and improved integration of public transport for residents and businesses in the North East.

The proposal is evaluated as having a positive effect across all five of the CA Missions:

**The home of real opportunity** – addressing long term poverty and deprivation issues by improving employment and training opportunities in all growth sectors for local residents; delivering specific skills training interventions to maximise uptake in rail construction, delivery, running and maintenance; links housing conurbations to places of employment; brings forward new affordable and accessible housing in sites aligned with the line; and helps tackle deprivation, child poverty and raise the quality of life.

**A North East we are proud to call home** – delivering on pledges around transforming experience and reach of rail services; reduces dependency on the car as a mode of transport, maximises and leverages the impact of infrastructure investment, such as helping bring forth housing sites; enables a dedicated workstream using the line as a new means of access to heritage, cultural, leisure and visitor economy assets.

**Home to a growing and vibrant economy for all** – linking employment sites such as Port of Sunderland and Sunderland Investment Zone, NETPark Investment Zone and Newcastle Airport; providing opportunities for the green economy and other priority sectors.

**Home of the Green Energy Revolution** – delivering on pledges around transforming experience and reach of Metro services; reducing dependency on the car as a mode of transport; linking together sites such as Port of Sunderland and Sunderland Investment Zone; Nissan; IAMP and Durham Investment Zone.

**A welcoming home to global trade** – enhancing the profile and perception of the local area; helping employers access a skilled workforce; employment and growth sites will be linked by the line, better connection between Durham and Newcastle International Airport; improving passenger and freight capacity of the East Coast Main Line – hence providing significant benefit at a national level.

## C. Key risks

Failure to progress the development of the SOBC or delays in commissioning can put at risk any aligned funding or stakeholder commitments, potentially affecting the project's development and therefore viability.

## D. Corporate Implications

### D1. Financial and other resources implications

The North East CA funding allocation for this Programme is shown in the table below. The funding allocation has been set out in the North East CA Investment Fund portfolio and was approved at Cabinet in July 2024.

Funding source	2025/26	Total
Department for Transport contribution	£350,000	£350,000
North East CA Rail Budget	£71,000	£71,000
North East CA pre-allocated reserves	£179,000	£179,000

<b>Total (£)</b>	£600,000	£600,000
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Professional fees for this commission, totalling £125,223 (excl. VAT), are derived directly from AECOM's detailed scoping of the work required to produce a Strategic Outline Business Case compliant with HM Treasury's Five Case Model and DfT Transport Analysis Guidance, with the fee broken down by task across the Strategic, Economic, Financial, Commercial and Management dimensions and project management. This fee is broken down into a number of tasks which are outlined in the table below.

<b>Task</b>	<b>Fee</b>
Project Management (including presentation of results)	£9,336.87
Strategic Dimension	£22,619.89
Economic Dimension	£66,974.70
Financial Dimension	£11,663.34
Commercial Dimension	£5,701.50
Management Dimension	£8,927.10

The proposed direct award to AECOM provides value for money by building on AECOM's ongoing Leamside South engineering feasibility study and related Leamside Investment Corridor work, ensuring continuity of technical approach, retention of specialist expertise and full reuse of existing models, datasets and assumptions. This approach will thereby avoid duplication of effort and additional mobilisation costs that would arise from appointing a new supplier. Benchmarking of AECOM's proposed day rates and overall effort against comparable rail business case commissions indicates that the fee level is consistent with market norms for a commission of this scale and complexity, while the direct award route avoids delay and the transaction costs of a fresh competitive procurement, helping to keep the overall programme within its approved funding envelope.

#### D2. Legal implications

The comments of the Monitoring Officer have been included in this report.

#### D3. Equalities implications

The North East CA complies with the Public Sector Equality duty and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. In June 2024 the North East CA adopted equality objectives to reflect the different roles of the Combined Authority as an employer, a commissioner and deliverer of services, and a civic leader. In relation to this activity, additional social and added value has been secured through the contract including the use of the local supply chain, apprenticeships and volunteer activity.

#### D4. Consultation and engagement

Progressing this scheme is a key priority identified in the North East Local Transport Plan adopted by the North East CA which was subject to a full consultation process prior to adoption. It is also a key priority in the interim North East Local Growth Plan.

The Leamside Line proposal has been developed through the former Joint Transport Committee and has been subject to Cabinet agreement. Cabinet approved funding for the proposal at its July 2024 meeting. Further engagement will take place as part of the SOBC development, including local consultation and technical workshops.

#### E. Appendices

None.

#### **F. Background papers**

North East Combined Authority Agenda pack July 2024 – Leamside South SOBC:  
<https://www.northeast-ca.gov.uk/downloads/2768/public-agenda-pack-north-east-ca-cabinet-30-07-24.pdf>

North East Combined Authority Agenda pack January 2025 – The Leamside Investment Corridor:  
<https://www.northeast-ca.gov.uk/downloads/3372/cabinet-agenda-28-january-2025-public-.pdf>

Delegated Decision Report Leamside Investment Corridor July 2025: <https://www.northeast-ca.gov.uk/downloads/3904/250710-delegated-decision-report-leamside-investment-corridor.pdf>

#### **G. Contact officers**

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#### **H. Glossary**

SOBC	Strategic Outline Business Case
North East CA	North East Combined Authority
DfT	Department for Transport
ECML	East Coast Main Line