

**STRICTLY EMBARGOED UNTIL
11.30AM 2 JUNE 2015**

**COLERAINE TO LONDONDERRY
TRACK RENEWAL PROJECT – PHASE 2**

Written Statement

By

The Minister for Regional Development

Danny Kennedy MLA

02 JUNE 2015

Members of the Assembly will, I am sure, be aware of the issues surrounding the progress with Phase 2 of the Coleraine to Londonderry Track Relay. The purpose of this statement is to provide an update on the project which is a key Programme for Government commitment and clear evidence of the Executive's commitment to invest in and reinvigorate our rail network. It also signals our commitment to invest in the North West and improve connections between Belfast and Londonderry. I am in a position to announce today that after a number of difficulties the project will go ahead creating an infrastructure which allows for more frequent train services to and from Londonderry.

BACKGROUND

1. The rail track between Londonderry and Coleraine has suffered for years from underinvestment. The original preference was for a complete relay and signalling to be carried out in a single project. However, funding constraints meant that the project could not go ahead at that time. In October 2011 following my intervention we approved carrying out the relay in 3 phases. Phase 1 relayed the worst parts of the track and was completed ahead of schedule in March 2013 and within its budget of £26.7m.
2. Phase 2 involves the full re-signalling of the Coleraine to Londonderry line section and the addition of a passing loop originally to be completed by the end of 2015 and estimated to cost £19.9m based on analysis at that time. It was originally envisaged to be a single Design and Build project. However, the initial tender exercise for this procurement produced only one bidder in 2013. It was judged that this bid did not represent value for money and carried unacceptable risks that costs could be open ended.
3. As a result the procurement strategy for the Phase 2 Signalling and Telecommunications was reviewed. Translink decided to split the project into two distinct packages. Passing loop work was separated from the Signalling and would be tendered separately. This delayed the project completion from late 2015 to late 2016.

4. Following the adoption of this revised procurement strategy a detailed signalling design produced in 2014 suggested that the original cost estimate for the project was seriously underestimated and out of date.
5. I expressed my disappointment at this and informed members at the time. I directed my officials to work closely with Translink to resolve this and commissioned an independent Project Assessment Review (PAR) of the project at that stage.

PROGRESS

6. The review confirmed that the current supplier base in the UK for this type of project is very overstretched and those companies who may have been expected to bid for this project are already heavily committed in Network Rail projects in Britain. This created a clear risk to the procurement process for signalling works in Phase 2.
7. Translink subsequently prepared and approved a fully-detailed pre-tender estimate, independently assured, prior to the formal commencement of the formal procurement process. This identified a cost of £40m. The PAR report had made it clear that due to the scale of the market in Great Britain and the relatively small scale of the Phase 2 project there was a risk that it might not attract sufficient interest from suppliers. There were commercial sensitivities around this and the release of the PAR report which are now resolved.

MARKET RESPONSE

8. Four GB-based firms initially expressed sufficient interest to participate in the Pre-Qualification Questionnaire stage of the process but ultimately only one, Babcock Rail, submitted a tender. Translink held robust negotiations with Babcock which ultimately resulted in a best and final offer for the Signalling and Telecomms part of the project that was reduced by over 10% against the initial price submitted.
9. However, the increased overall project cost of £46.4m creates a difficulty.

Prior to the second tender a revised, independently assured estimate of £40.1m was produced. This covered both the Signalling and Passing Loop elements. Neither the Translink Accounting Officer nor my Accounting Officer could sign off the bid as representing Value-For-Money (VFM) although they both agreed that the proposed project was the best public policy option.

OPTIONS

10. As a result I issued a direction to my Permanent Secretary that Translink should proceed to conclude the contract with Babcock. In line with Managing Public Money (NI) this direction was approved by the Minister for Finance.
11. I am pleased to inform this Assembly that the contract for the signalling element of Phase 2 is now in place between Translink and Babcock – a well recognised and respected supplier nationally and internationally. This will enable Phase 2 to be substantially completed by December 2016.
12. At a time of financial constraint this has not been an easy decision, but I believe it is the right one and demonstrates that this Assembly can deliver on its promises to take decisions which will benefit our citizens. I believe the investment that has taken place in our railways is tangible proof that we can deliver change and deliver on our promises. Rail passenger journeys continue to grow year on year particularly on the Londonderry line. Improvements to our infrastructure create the environment to grow our economy, create tourism opportunities and better connect our two largest cities. I know all members will support me in this.