

**SOUTH EAST ENGLAND PARTNERSHIP BOARD
REGIONAL TRANSPORT BOARD**

Date: 12 March 2010

Subject: **East West Rail (Western Section)**

Report of: Regional Planner

Recommendation:

It is recommended that the Regional Transport Board:

- a) Notes the recent progress made on East West Rail (Western Section) and the need to consider how this scheme will be delivered in the future.
- b) Instructs the secretariat to review funding options for this scheme with a view to including East West Rail in the DaSTS Interim Report which will be presented to the Regional Transport Board in June 2010.

Purpose of Report:

The Strategy Board has confirmed the importance of ensuring that the scheme is delivered at the earliest possible opportunity due to its critical role as a piece of enabling infrastructure.

There is now a need to consider how this scheme will be funded and the potential sources of this funding. It is likely that funding would be required after 2014 and will be found from national, regional and local sources. The DaSTS Interim Report gives the opportunity for the region to clearly state its funding intentions with regard to East West Rail and feed into decisions at both a local and national level.

Key Issues:

The East West Rail (Western Section) has now been designed and costed to a high level of detail. The full scheme has been costed at approximately £240m. Preliminary business case analysis shows a benefit:cost ratio of over 2.0 for the preferred option with services linking Oxford, Milton Keynes, Aylesbury and Bedford. Further work on working up the business case to meet DfT requirements is now being undertaken.

The scheme is being developed in collaboration with DfT and the rail industry on the understanding that RFA funds and developer contributions assembled by the local planning authorities will contribute part of the cost of delivering the scheme.

1. Context

- 1.1. The ambition to reinstate the rail route linking Oxford and Cambridge has existed for some time. Local Authorities along the corridor, working with Milton Keynes Partnership as the East West Rail consortium, have played the leading role in advocating the importance of realising this ambition.
- 1.2. The Western Section of the East West Rail (EWR) project links key locations where significant growth is planned as part of the South East Plan and the East of England Plan, including Oxford, Bicester, Aylesbury, Milton Keynes and the Bedford-Marston Vale. In total, close to 100,000 additional homes and 100,000 additional jobs are planned to be delivered along this corridor over the next 20 years; a significant proportion of this region's planned growth.
- 1.3. Providing the supporting infrastructure is critical to enabling this planned growth to be realised. Reinstatement of the rail route will provide a step change in the level of accessibility along the corridor. Indeed the significance of the rail route to delivery of planned growth was explicitly recognised by the independent panel that conducted the Examination in Public of the South East Plan.
- 1.4. Whilst a through route between Oxford and Cambridge remains the long-term ambition, for practical reasons the proposal is divided into stages. This is due in part to the fact that the Western section route can use existing freight and rural lines, and an intact track bed between Claydon Junction and Bletchley. Delivery of the Western Section will see service restored between Oxford, Aylesbury, Bletchley, Milton Keynes and Bedford.
- 1.5. The strategic importance of the Western Scheme is now recognised nationally. In its recently published Strategic Freight Network the Department for Transport identified this corridor as being of national importance forming part of the route for container traffic between the Port of Southampton and the Midlands/North.
- 1.6. At its meeting on 26 November the South East England Strategy Board agreed to:
 - a) Note the Secretary of State for Transport's enthusiasm for the scheme and his commitment to work with the region's interests to help deliver it;
 - b) Express the region's commitment to ensuring that the East-West Rail (Western Section) is delivered at the earliest possible opportunity due to its critical role as a piece of enabling infrastructure;
 - c) Instruct the Partnership Board secretariat to work with Local Planning Authorities to ensure that mechanisms are put in place to enable a contribution towards the cost of the scheme to be secured through the planning system;
 - d) Request the Regional Transport Board consider and advise on the implications for the rest of the regional investment programme as a result of funds being identified to support delivery of East-West Rail (Western Section);
 - e) Request the Regional Transport Board to secure the commitment of partners in the East of England to support delivery of the scheme;

- f) Instruct the Partnership Board secretariat to continue to work with the East-West Rail Consortium in the preparation of the scheme business case and in the development of a funding package to enable its delivery.

- 1.7. It is expected that commitments 'in principle' for local and regional contributions towards the funding package for the scheme will need to be made in 2010.

2. Update on progress with scheme development

- 2.1. A significant proportion of the engineering design work (known as "GRIP 4" stage) was carried out during 2009 on behalf of the EWR Western Section Project Board. This engineering design work, amongst other things, has now established a detailed cost estimate for the scheme, of approximately £240m.
- 2.2. Over the last few months, work has been ongoing on developing a business case for the scheme compliant with DfT and rail industry requirements. A number of service pattern options have been developed and tested. Preliminary results are highly positive, with an overall benefit:cost ratio of over 2.0 being shown in options where Bedford-Oxford and Milton Keynes-Oxford services are extended to Reading, and over 2.5 when Milton Keynes – Aylesbury services are extended to Marylebone.
- 2.3. Because the full scheme meeting the objective to serve each of Oxford, Milton Keynes, Aylesbury and Bedford has performed so well in the initial analysis, this has now been identified as the preferred option for the further work on the business case now being undertaken to meet DfT and Network Rail requirements.

3. Chiltern Evergreen 3 project

- 3.1. In January the DfT announced it had come to a financial deal with Chiltern Railways over the 'Evergreen 3' scheme. Evergreen 3 will deliver speed improvements to Marylebone – Bicester – Birmingham services and also establish a half-hourly service between Oxford and Marylebone, via Bicester and High Wycombe. Transport & Works Act powers are now being sought and a public inquiry will be held this year.
- 3.2. Evergreen 3 will provide much, but not all, of the upgraded infrastructure needed for the Oxford-Bicester section of East West Rail. Work is now ongoing to optimise and cost the incremental infrastructure required by East West Rail.
- 3.3. Significantly, the DfT has decided to fund twin tracking and gauge clearance of the Wolvercote Tunnel north of Oxford for modern 9' 6" "high cube" container freight as part of Evergreen 3. This work is an essential ingredient for use of the route for long distance container freight; its value only realised when the rest of the line to Bletchley and Bedford is restored.

4. Potential funding partners and sources

- 4.1. In September 2009, the East West Rail Consortium had a very positive meeting with the Secretary of State for Transport, at which the Government's serious interest in this scheme was confirmed. The

Government will investigate making implementation of the scheme a requirement on the rail industry in the next Network Rail regulatory control period (2014-19), and funding its appropriate share of the scheme's cost, if:

- it is clear that an appropriate contribution will also be forthcoming from the region and the relevant local authorities; and
- subject to the development of a convincing business case for investment in the scheme for each of the funding partners and funding sources.

4.2 As discussed above, work on the business case for EWR (Western Section) is progressing and is being developed in line with DfT and HM Treasury requirements in order to maximise the likelihood of a 'national networks' contribution to this scheme between 2014-19. The scheme would be competing with all other potential rail enhancement schemes across the country for available funds.

4.3 Given its importance to supporting the delivery of growth, it is appropriate to look towards a proportion of the scheme cost coming from developer contributions. The Partnership Board secretariat is exploring the options to capture some of the land value uplift to growth locations along the route arising from East West Rail. The Partnership Board is also using its role in supporting work on the Local Development Frameworks to put in place mechanisms to collect financial contributions towards the scheme. This will require a strong and shared political commitment by all local authorities on the route of the scheme.

4.4 In addition to national and local contributions, there is a need to accept that, for the scheme to be delivered, a proportion of the funding will need to be secured from the funds included within the Regional Funding Advice. The secretariat is working through the implications of the funding package for the rest of the 2014-19 programme, as requested by the Strategy Board. The outcome of this work will be reported to the next meeting of this Board, alongside the DaSTS Interim Report.

4.5 The DaSTS Interim Report provides the opportunity for the region to set out what it would like to deliver in the future, in the context of the DaSTS goals. Given the regional significance of East West Rail, it is recommended that the region sets out its intention to fund this scheme as part of the Interim Report.

4.6 The Chairman of this Board has written to the East of England seeking assurances that they are committed to making an appropriate contribution towards the overall cost of the scheme, reflecting the cost of bringing East West Rail services to Bedford.

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