

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

Date: 8 January 2010

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

Report of: Regional Planner

Recommendation:

It is recommended that the Regional Transport Board:

- a) Note the Strategy Board's request for this Board to 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)
- b) Instruct the secretariat to prepare a report on the funding package for consideration at its meeting on 12 March 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.

The Strategy Board has requested that the Regional Transport Board advises on the implications for the rest of the programme as a result of funds being identified to support the delivery of the scheme. This paper provides the context for the work now underway in order to bring a detailed proposition to the next meeting of this Board.

Key Issues:

The East West Rail (Western Section) will have been designed and costed to a high level of detail by the end of January 2010. A business case for the project will be available in the first part of 2010.

This Board will need to consider the implications for the rest of the regional investment programme as a result of funds being identified to support delivery of the scheme. It will need to consider a detailed proposition within the context of the rest of the regional programme at its meeting on 12 March 2010.

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 a number of areas where significant growth is planned as part of the South East Plan and the East of England Plan. Locations of strategic significance include Oxford, Bicester, Aylesbury, Milton Keynes and the Bedford-Marston Vale. In total something in the order of 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 a series of stages. This is due in part to the fact that this section of the route can reuse the original track bed. 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 to/from the Port of Southampton.
- 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.

2. Update on Progress

- 2.1. 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 the first half of 2010. This paper sets the scene in the expectation that a further paper will be brought to the Board at its meeting on 12 March 2010 setting out more detailed proposals for further consideration.
- 2.2. 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, will establish a detailed cost estimate for the scheme and it is expected that this will be completed by the end of January 2010.
- 2.3. Meanwhile, Chiltern Railways has been developing the 'Evergreen 3' scheme. This is expected to provide much, but not all, of the upgraded infrastructure needed for the Oxford-Bicester section of East West Rail. Work is now ongoing to scope and cost the incremental infrastructure required by East West Rail.
- 2.4. The Secretary of State is expected to make an announcement on Chiltern Railways' proposal shortly. If it is approved this would mark another step towards realising the ambition to reinstate rail services on the Western Section. It is estimated that the investment that would be made by Chiltern Railways would equate to something in the order of 25% of the total cost of the Western Section.

3. Potential funding partners and sources

- 3.1. 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.
- 3.2. Work on the business case for EWR (Western Section) is progressing and is being developed in line with DfT and HM Treasury sources in order to maximise the likelihood of a 'national' 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. The business case is expected to be completed in March 2010.

- 3.3 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 value-added arising from growth on this rail route. 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.
- 3.4 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.
- 3.5 The secretariat is working through the implications of the funding package for the rest of the programme (as requested by the Strategy Board). The outcome of this work will be reported to the next meeting of this Board.
- 3.6 In addition the Chairman of this Board will be writing to the East of England seeking assurances that they are committed to making a contribution towards the cost of the scheme, reflecting the fact that part of the Western section lies in their region.

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