
Meeting: Sustainable Communities Overview and Scrutiny Committee
Date: 25 July 2013
Subject: East West Rail (Western Section)
Report of: Cllr Nigel Young, Executive Member for Sustainable Communities
Summary: The report outlines the benefits and implications of a new East West rail route and sets out the contribution required of the Council to support the delivery of the East West Rail (Western Section) Project, following discussions with Network Rail, Department for Transport and the East West Rail consortium.

Advising Officer: Richard Carr, Chief Executive
Contact Officer: James Gleave, Senior Strategic Transport Officer
Public/Exempt: Public
Wards Affected: Aspley and Woburn, Cranfield and Marston Moretaine
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

1. East West Rail is a strategic railway connecting East Anglia with Central, Southern and Western England. The complete East West Rail scheme comprises a strategic rail route that will link the East Anglia ports to Oxford via Cambridge, Bedford, Milton Keynes and stations in Central Bedfordshire. As such, the scheme will greatly improve connectivity by rail in Central Bedfordshire by providing a strategic east-west route to these destinations.
2. The eastern part of the route has already been completed and work is about to start on the western section, which runs from Oxford to Bedford. This section offers a number of benefits in keeping with corporate priorities, including:
 - Creating jobs by helping existing businesses to grow and encouraging new businesses to move into the area.
 - Creating local jobs during its construction phase;
 - Encouraging more people to travel by rail, thus protecting the environment and reducing the impacts of car travel on local communities;
 - Higher quality infrastructure and transport services improving connectivity to places such as Bedford, Milton Keynes, Bicester, and Oxford.

Supporting the Western Section will also show to Government that the Council is willing to collaborate with other local authorities and partners to deliver a significant infrastructure project. This has a broader significance than East-West Rail.

Financial:

3. Government funding for the Western Section of the route, which could be up to £500m, is conditional on a local financial contribution towards the scheme. Local transport authorities situated along the Western Section route (Central Bedfordshire Council, Bedford Borough Council, Milton Keynes Council, Buckinghamshire County Council, and Oxfordshire County Council) plus some districts have committed to provide up to £50m (at 2012 prices) as a local contribution. The £50m contribution from local authorities is index-linked to the Consumer Price Index measure of inflation and comprises a commitment by those local authorities to use 'best endeavours' to provide £30m and 'reasonable efforts' to find a further £20m. The £50m contribution can be provided over 15 years between 2014 and 2029.
4. It is proposed that this Council's share of the £50m contribution would be £4.2m at 2012 prices. Based upon predicted inflation of 2% per annum, it is forecast that the authority's maximum potential contribution to the project will be £5.180m, to be paid as :
 - £2.5 million in 2018, once the Western Section is opened and representing Central Bedfordshire's basic contribution to the scheme.
 - £2.5 million in 2026, when the forecast economic benefits have been evidenced.
 - A further £180k paid as works in kind during the lifetime of the project.
5. The local contribution made will be capital expenditure and can be reduced by any additional contributions to the scheme through works in kind (e.g. officer time dedicated to the project) and by realising alternative sources of funding (e.g. developer contributions). The current estimate for works in kind assumes delivery from within existing resources.

Legal:

6. Two legal agreements are to be completed to secure the local contribution towards the scheme.
 1. Buckinghamshire County Council are the lead authority for the scheme and will be entering into a Funding Agreement directly with the Department for Transport to secure the local contribution. The Department for Transport will be obligated to use the funding for the delivery of the project. A draft Funding Agreement is in circulation but not yet approved.
 2. Each of the local authorities on the Western Section route will subsequently enter into a side agreement with Buckinghamshire County Council agreeing to pay their authority's share of the local contribution. Completion of the side agreements are a prerequisite prior to completion of the Funding Agreement between Buckinghamshire County Council and the Department for Transport. A copy of the draft side agreement will be issued to the Council for consideration in the near future.

Risk Management:

7. The risk for the construction and delivery of the project is being borne by Network Rail. A risk assessment has been carried out and appropriate action will be taken to mitigate the identified risks. For the Council, failure to contribute towards the delivery of the scheme poses the following risks:

- Failure to deliver the Central Section, of which the Western Section forms a critical part of the business case;
- Failure to meet the Council's 'Duty to Cooperate' on strategic planning matters in the Localism Act 2011.

8. Regarding the local contribution, risks identified include:

- Failure of the Council to secure adequate financing for its local contribution, undermining the deliverability of the scheme;
- Failure of other local authorities to secure adequate financing for their local contribution, undermining the deliverability of the scheme.

Staffing (including Trades Unions):

9. Existing staff resources will be used to support the project.

Equalities/Human Rights:

10. Many disadvantaged groups in Central Bedfordshire have reduced access to a car. Improvements to the rail service should help improve access to jobs and services for those groups.
11. In terms of improvements to services and physical infrastructure such as stations and crossings, new services and infrastructure will need to be delivered to the most up-to-date accessibility and equalities standards as required by law. The Council will work with its partners to identify any equality issues associated with new services and infrastructure and ensure that the new facilities and services are accessible by all.
12. To support the delivery of the Western part of the Central Section, the Council may be required to undertake its own works, for example re-routing rights of way. The Council will assess the equalities impacts of its own works and deliver in line with best practice.
13. As part of any planning application submitted for the Western part of the Central Section scheme – likely to be a Transport and Works Act Order – Network Rail will be required to undertake a full Equalities Impact Assessment for the Western Section. The Council will do what it can to advise Network Rail on equalities issues as part of this process.

Public Health

14. Improved public transport services will provide a realistic alternative to the car for many trips, helping to reduce the local impacts of air pollution from vehicles; Improved public transport can help those without access to a car to access everyday activities such as employment and services, leading to a greater sense of personal well-being.

Electrification of the route, and the replacement of current diesel trains with quieter electric trains, could reduce the levels of noise from trains. However, increased use of the Marston Vale Line by passenger and freight services could make noise from trains more frequent.

Community Safety:

15. Section 17 of the Crime and Disorder Act 1998 places a duty on councils to do all they reasonably can to reduce crime and disorder locally and improve people's quality of life as a result. The duty requires the Council to consider and do all that is reasonable to support the reduction of crime in our area.
16. The Western Section can help to positively tackle crime and disorder by improving accessibility to jobs and services in the communities that it will serve. The Council will seek to maximise the opportunities to improve community safety that the Western Section may bring.

Sustainability:

17. The Western Section will provide a high quality public transport service to a variety of destinations. This will promote travel by train as opposed to private car to many destinations, with subsequent benefits for improved air quality and CO2 emissions. The electrification of the track will provide additional benefits in terms of air quality by reducing emissions from current diesel trains.
18. Works to upgrade and electrify the Marston Vale Line are likely to impact upon the local environment and landscape. This will be monitored and assessed as part of the development of the scheme.
19. An Environmental Impact Assessment will be undertaken as part of the Western Section Project. The Council will do what it can to engage with Network Rail and the East West Rail Consortium to advise on environmental issues in the Marston Vale as part of this process.

Procurement:

20. Not applicable.

RECOMMENDATIONS:**The Committee is asked to:-**

1. **Recommend that the Executive express the Council's support for the East-West Rail Western Section;**
2. **Recommend to the Executive that the Council's contribution to the East-West Rail Western Section be included in future updates of the Capital Programme to be recommended to Full Council;**
3. **Recommend to the Executive that officers maximise their works in kind and seek other funding sources for the Council's contribution to the East-West Rail Western Section where possible;**

Background to East-West Rail

21. The East-West Rail Project is a long-standing project to deliver a new strategic East-West Rail Link between Oxford and Cambridge. This will serve Oxford, Bicester, Milton Keynes, Bedford, Cambridge and stations in Central Bedfordshire with direct rail connections for the first time since the 1960s, with the potential for new rail services to run as far as Bristol, Norwich, and Ipswich.

22. In November 2011, the Chancellor of the Exchequer announced that the government is committed to funding the Western Section of the route between Oxford and Bedford, subject to a satisfactory business case, and a commitment from local authorities to contribute towards the project. This support was confirmed by the Department for Transport in July 2012 in its Higher Level Output Statement (HLOS), which commits funding of £550m towards the project between 2014 and 2019.
23. The Government has recognised that partnership working across local authorities along the route has been critical to the development of the Western Section. Central Bedfordshire Council is part of the East West Rail consortium which promotes the scheme. Support for the scheme is reflected in the Council's Local Transport Plan and Draft Development Strategy.

Benefits for of the Western Section for Central Bedfordshire

24. By 2019, the completion of the Western Section will result in a link between Bedford and Oxford being fully re-opened, with new track laid, existing track upgraded, and new services running over a strategic, electrified railway. The main benefits to Central Bedfordshire will accrue from 2017, when new rail services will start operation on the Marston Vale Line.
25. On the Marston Vale Line, much of the infrastructure will be upgraded by 2017, allowing train services to run between Bedford and Oxford. This will then be followed by the electrification of the Marston Vale Line, which is scheduled for completion by 2019 at the latest to coincide with the electrification of the Midland Mainline north of Bedford.
26. Central Bedfordshire will benefit from this scheme, particularly through the provision of an enhanced rail service along the Marston Vale Line. In addition to the current hourly Bedford to Bletchley service calling at all stations along the route, a new hourly service will provide a semi fast service between Bedford and Milton Keynes, calling at one Central Bedfordshire station, probably Lidlington.
27. There may also be the opportunity to enhance the current Bedford to Bletchley service. This could include extending the service to Milton Keynes Central (currently being investigated by the train operating company) and providing a Sunday service on the line (the service currently runs Monday to Saturday only).
28. This project will also see a significant investment in the rail infrastructure along the Marston Vale Line. As well as electrifying the line, opportunities to increase line speeds will be investigated, level crossings reviewed, and improvements to passenger facilities at current stations secured.
29. The net impact of this significant investment in rail services and infrastructure is increased connectivity within Central Bedfordshire. East-West connectivity has been identified as a key transport barrier to economic growth in Central Bedfordshire. This scheme will improve access to markets in places such as Oxford and Milton Keynes will in turn make Central Bedfordshire a more attractive place in which to invest.
30. The enhanced service levels will provide significant benefits to the current communities along the Marston Vale Line. New connections to places like Oxford and Milton Keynes, and reduced journey times on the existing rail service to places like Bedford will make travel by public transport a much more attractive proposition locally.

31. As well as the practical benefits of the scheme itself, supporting the scheme has much wider benefits for the Council. The Government has recognised that collaboration between local authorities along the Western Section route has been key to its development as a scheme to the point where Government is willing to fund it.
32. By showing its support for the Western Section, the Council is showing to Government and its partner authorities and stakeholders (including the South East Midlands Local Enterprise Partnership) that it is a delivery authority that will support projects that meet national and local objectives. Joint working with other local authorities on the Western Section is also an excellent practical example of the Council fulfilling its 'Duty to Cooperate' under the Localism Act 2011.

Work of Central Bedfordshire Council

33. Central Bedfordshire Council will work closely with Network Rail, the East West Rail Consortium, and local communities to maximise the benefits from the scheme, and to best balance the need for a safe and reliable railway, and minimising disruption on local communities. This may include (but may not be limited to):
 - Changes to level crossings and investigating alternative options, such as new structures like bridges, or minimising level crossing 'down time';
 - Changes to footpath and bridleway crossings and investigating alternative options;
 - Minimising the impact of new infrastructure on local communities where feasible;
 - Minimising the impact of construction works on local communities where feasible;
 - Improvements to facilities at existing stations along the line, including any interchange with local transport.
34. A key part of this project is to ensure that local communities along the line are engaged in the project, and are able to access the latest news on it. Detailed plans on engagement with local communities are currently being developed by the East West Rail Consortium and Network Rail, and the Council is part of this process.
35. The Council is committed to engaging with local communities in the Marston Vale as the project develops, and will seek their input and provide feedback as appropriate. It should be noted that local communities will also be given an opportunity to have their say formally as part of any future statutory processes, such as a Transport and Works Act order.

Contribution to the project

36. To secure Government funding for the Western Section, all local authorities along the route (Bedford Borough Council, Buckinghamshire County Council and its constituent districts, Central Bedfordshire Council, Milton Keynes Council, and Oxfordshire County Council and its constituent districts) have agreed in principle to provide a local contribution towards the Western Section. This agreement constitutes a joint commitment to use:
 - Best endeavours to secure a combined £30 million in 2012 prices;

- Reasonable efforts to secure a further £20 million in 2012 prices, giving a total contribution of £50 million.
37. These amounts are index-linked to the Consumer Price Index measure of inflation. They are based upon a combined assessment of funding mechanisms, for example developer contributions, which indicated that these sums would be feasible. This collective support in principle is subject to approval of detailed financial agreements with each authority.
38. The Department for Transport has indicated that it expects a total contribution from the local authorities of £50 million at 2012 prices. This will consist of the £30m to be paid by the councils using their best endeavours, and a further £20m to be paid by the councils using their reasonable efforts. In the latter case, DfT have indicated that this should be forthcoming once the economic benefits of the scheme are realised. All local authorities have been advised to plan as such. In the case of Central Bedfordshire, it may be that the economic benefits of the scheme will best be realised once the next stage of the route between Bedford and Cambridge has been agreed, especially if this route were to include a stop at Sandy.
39. Further work has been undertaken by the Western Section authorities to allocate this contribution between the local authorities. The contribution has been allocated between all the local authorities on a population-basis, with both this Council and Bedford Borough Council securing a further reduction in our contributions owing to the potential future need to contribute towards the Central Section.
40. The outcome of this is Central Bedfordshire Council's expected contribution is £4.2 million at 2012 prices. This is 40% less than a contribution based purely on population and comprises best endeavours to secure £2.5 million and reasonable efforts to secure a further £1.7 million at 2012 prices. Adjusted for forecast inflation, the estimated maximum cost to the Council for this project is £5.180 million, comprising works in kind of £180k and a capital grant of £5 million (as profiled in Table 1). The contributions of all local authorities across the Western Section have been agreed in principle.
41. Contributions towards the project can be made by local authorities in ways that they see fit up until the year 2029. They can consist of:
- In kind contributions – these need to be agreed with the Western Section authorities as being related to the project and can include officer time dedicated to helping deliver the project, and local authority spend on infrastructure works that will benefit the project (for example diverting rights of way crossings over a new bridge);
 - Cash contributions – a cash payment made directly to the project.
42. Buckinghamshire County Council has offered to act as a banker for the local contributions on behalf of all Western Section authorities, and will have a legal agreement with the Department for Transport for the provision of these contributions. As Buckinghamshire does not bear the entire financial risk for the local contributions, agreements between Buckinghamshire and all Western Section authorities (including Central Bedfordshire) are required to assure Buckinghamshire of other authorities contributions.

43. Central Bedfordshire's contribution will consist of a mixture of both in kind contributions and cash contributions. The in kind contributions are likely to consist primarily of officer time dedicated to supporting the delivery of the project, including the works outlined previously in this report, but local infrastructure works, such as footpath diversions etc. may be included.
44. A number of approaches are being considered by the Western Section authorities and will be subject of future reports, whether directly related to East West Rail or more general finance reports. These approaches could include:
- Developer contributions, whether directly as part of Section 106 agreements or indirectly through the Community Infrastructure Levy;
 - Government grants and bids for funding;
 - Deals with Government – such as city deals – whereby the scheme could be funded through additional tax receipts;
45. Based upon current project planning, and a contribution of £4.2 million in 2012 prices (£5.180m adjusted for inflation), it is proposed that the profile of payment for the Council's contribution would be as follows:

Table 1 – Contribution profile for Central Bedfordshire Council

	2013	2014	2015	2016	2017	2018	2026	Total
In kind	£10k	£30k	£40k	£40k	£60k	£40k	£0	£180k
Cash	£0	£0	£0	£0	£0	£2.5m	£2.5m	£5m
Total	£10k	£30k	£40k	£50k	£60k	£2.54m	£2.5m	£5.18m

46. The grant contributions profile has been set to reflect two things:
- £2.5 million to be provided in 2018 following the start of services running on the Western Section, so the Council realises the benefits of the scheme prior to making a cash contribution;
 - £2.5 million being provided in 2026, after it has been demonstrated that the scheme has had significant economic benefits. This potentially includes job creation and the construction of the Central Section to include a stop at Sandy.
47. A legal agreement between Buckinghamshire and the Council is currently being drawn up, setting out the terms under which the Council will make its contribution to the Western Section. This agreement will be signed by October 2013.
48. The Council's Constitution requires all capital requirements to be included in its Capital Programme and it is planned this project will be included in the review of the programme currently underway. A revised Capital Programme will be included for approval at the earliest opportunity which is the Full Council meeting scheduled for 12th September 2013.

Conclusion and Next Steps

49. The East-West Rail Western Section is a key transport infrastructure project that will deliver a number of benefits to residents and businesses in Central Bedfordshire. These include promoting employment, enhancing connectivity to business markets such as Milton Keynes and Oxford, and encouraging more people to travel by public transport. Supporting the scheme will also mean the Council will show to Government that it is an authority willing to support the delivery of significant infrastructure projects.
50. To deliver the project and realise these benefits, both the Council and all the partner authorities need to provide their contributions to the project. The Council also needs to work proactively with the East West Rail Consortium, Network Rail and the Department for Transport to deliver key infrastructure works and finalise train service patterns, as well as provide a financial contribution to the project.

Appendices:

Appendix A – East West Rail Western Section Map and Central Section Options