



**CABINET – 17<sup>TH</sup> JUNE 2016**

**REPORT OF THE CHIEF EXECUTIVE**

**GREAT CENTRAL RAILWAY**

**PART A**

**Purpose of the Report**

1. The purpose of this report is to provide an update on Great Central Railway (GCR) developments including the reunification of the GCR line and the establishment of the Heritage Railway Museum at Leicester North Station. The report also reviews the potential economic benefits of the GCR expansion and how this might be supported.

**Recommendations**

2. The Cabinet is recommended to agree -
  - a) That the County Council remains committed to collaborative working with the Great Central Railway and other partners in order to enable the expansion of the GCR and the resultant benefits for the local economy;
  - b) That £250,000 is allocated from the Council's Economic Development earmarked funds to purchase one million shares in the Great Central Railway Plc.;
  - c) Surplus track and lineside infrastructure from site of the the former Snibston Discovery Museum is donated to GCR for use in the Heritage Railway Museum.

**Reasons for Recommendations**

3. Loughborough is identified as a priority Growth Area within Leicester and Leicestershire's Strategic Economic Plan, and supporting its wider growth is therefore a priority for the Council.
4. The County Council is working in partnership with GCR, Charnwood Borough Council and Leicester City Council to overcome associated structural, land and highway issues which will ultimately unlock the expansion of the site. When delivered, this major infrastructure development could double the

annual visitor numbers to the surrounding area, provide increased employment opportunities (direct and indirect) and help to initiate the wider regeneration of East Loughborough Industrial Heritage Quarter.

5. The purchase of shares in Great Central Railway would help secure the successful implementation of the GCR expansion, in particular the 'Bridging the Gap' project reaffirming the site as one of Leicestershire's unique and leading tourism attractions. It would also position all three local authorities (the County, City and Borough Councils) as comparable shareholders in the site.

### **Timetable for Decisions (including Scrutiny)**

6. Following Cabinet approval an agreement will be drawn up between GCR and the County Council to ensure that funding from the shares directly supports economic growth for the County.

### **Policy Framework and Previous Decisions**

7. The County Council's Strategic Plan 2014-2018 clearly recognises the importance of tourism in enabling economic growth through the provision of employment, increased visitor spend and promoting Leicestershire as a place to live, work and do business. It also acknowledges the importance tourism plays in enhancing and protecting its natural, historic and cultural offer.
8. The County Council's Enabling Growth Plan 2015-2018 outlines how the economic priorities in the Strategic Plan will be implemented, and includes targeted support for the growth and expansion of the visitor economy.
9. The Leicestershire Rural Framework 2014-2020 identifies tourism as a key priority for the rural sector, as do the two LEADER Local Development Strategies in the County (East Leicestershire and Hinckley and Bosworth).
10. In 2012, the County Council allocated £3.2m of its reserves to support economic growth and delivery of Leicestershire's economic priorities.

### **Resource Implications**

11. The £250,000 required to purchase GCR shares will come from the Economic Development earmarked funds, which was approved in February 2016 as part of the Council's Medium Term Financial Strategy 2016/17-2019/20 (MTFS).
12. In collaborating with GCR and other partners on highways issues and supporting infrastructure to facilitate GCR expansion and maximise the beneficial impact of the surrounding economy it may be necessary for the County Council to provide professional services on a pro bono basis which would result in a reduction in fee income for its professional services.

13. The Director of Corporate Resources has been consulted on the content of this report.

**Circulation under the Local Issues Alert Procedure**

14. Mr. Jewel Miah CC, Loughborough East

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**PART B****Background****Strategic Economic Plan**

15. The Leicester and Leicestershire Strategic Economic Plan (SEP) is an overarching strategy for delivering economic growth across the sub-region. This SEP provides the framework for achieving a vision by investing in Place, Businesses and People.
- i. Investing in Place to unlock key development sites and improve public realm and connectivity to enable the efficient transport of people and goods
  - ii. Investing in Businesses by providing a comprehensive business support service for SMEs to accelerate growth of priority sectors
  - iii. Investing in People to equip local people with the relevant skills that businesses need.
16. Within the SEP four priority Growth Areas are identified that are critical to unlocking the counties economic growth potential. One such area, the Loughborough Growth Area, draws together key economic priorities including the knowledge-based employment opportunities at Loughborough University Science and Enterprise Park and the Charnwood Campus. The Growth Area will also facilitate the development of housing growth at Loughborough and Shepshed which will require supporting infrastructure, business and job growth to help support this.

**LLEP Tourism Sector Plan**

17. The Leicester and Leicestershire Enterprise Partnership (LLEP) is a strategic body led by a Board made up of local government and business leaders as well as senior education and third sector representatives. It has identified Tourism as one of its eight priority sectors, and commissioned a Tourism Sector Growth Plan in 2015. The Plan proposed a number of key actions that have been further explored through this review, including better coordination of major capital investment to the sector.
18. The Plan also sets ambitious growth targets for the sector including 10,000 new jobs to be created, 35 million visitors attracted, and a sector value of £2.2 billion achieved by 2020.

**The Great Central Railway**

19. The Great Central Railway plc is a not-for-profit company which operates an 8 mile heritage railway from Loughborough to Leicester. It is one of the leading tourist attractions in Leicestershire attracting over 130,000 visitors a year with a turnover of over £3m.

20. Largely run by volunteers and approximately 60 full-time paid employees, the railway operates every weekend of the year with additional mid-week operation on school holiday periods. A programme of special events is delivered throughout the year attracting families and rail enthusiasts from all over the UK and overseas.
21. The current line comprises of four stations: Loughborough, Quorn and Woodhouse, Rothley, and Leicester North. The stations all have cafes, restored period buildings and other attractions to maximise the experience for visitors. In addition the railway raises income from rail testing, filming, and contract engineering.

### GCR Major Developments

22. In the past three years the GCR has embarked on a programme of expansion with two major infrastructure projects. It is estimated that when these are completed the visitor numbers will double and revenue will therefore be significantly increased.
23. **Bridging the Gap** – is an £8m project to reunite two sections of the Great Central Railway which are currently separated by a 500 metre ‘gap’ consisting of the embankment, track and bridges which were removed following the closure of the GCR in the 1960s. When completed it is claimed that the Railway will be the only main-line heritage railway in England.
24. Once reinstated, an 18 mile heritage line will operate from Leicester to the outskirts of Nottingham and will see the GCR PLC enter into a joint venture with GCR (Nottingham) the company which currently operates a separate heritage railway from Ruddington to the outskirts of Loughborough.
25. The project has received funding from GCR supporters of £1.1m and £1m from the LLEP through Local Growth Fund 1. Fundraising for this project is ongoing through the Shares Appeal, external funding applications, and seeking other donations.
26. Preliminary work on the site was completed in February 2016 and the main contractor to undertake the bridge installation is currently being selected. It is expected that the new line will open in 2019.
27. **Heritage Railway Museum** – is an £18m project to establish a Heritage Railway Museum at GCR’s south terminus, Leicester North station. The museum will house locomotives, rolling stock and artefacts from the National Collection. The project is a partnership between GCR, National Railway Museum, and Leicester City Council and is being funded partly by Heritage Lottery Fund.
28. The museum project will require additional track, points etc to connect it to the existing mainline together with track needed for the exhibits to be displayed and moved within the new museum building itself. Great Central Railway approached the County Council about whether surplus track and

lineside infrastructure could be made available from the site of the former Snibston Discovery Museum and earmarked for this project. It is proposed to donate the track and infrastructure with the costs of removal and transportation of the track being met by Great Central Railway.

29. A Project Manager and a team of specialist have been appointed to develop the project. It is expected that the museum will open in 2020.

### Governance and Capacity Review

30. In recognition of the scale of ongoing development being undertaken by GCR and the requirement to manage large sums of public funding, the Heritage Lottery Fund has requested that the internal capacity and future leadership of GCR is reviewed. As a result a new Chief Executive Officer is currently being recruited along with non-executive Directors to provide the required business skills, knowledge and experience to support the growth of GCR.

### Economic Impact of GCR

31. An Economic Assessment commissioned by Charnwood Borough Council and undertaken by Focus Consultants, reported on the economic impact of GCR in November 2014.
32. The report concluded that GCR delivers over £6m of economic benefits to Charnwood Borough a year and sustains a minimum of 78 local jobs. It predicts that the ambitious development plans of GCR will only add to this, potentially increasing this figure to between £30 million and £65 million over the first five years following completion, depending on timescales, for Bridging the Gap and Heritage Railway Museum. In addition, the report estimates that this level of investment could create between 486 and 966 indirect jobs created through additional spend in the local economy and provide opportunities to initiate the wider regeneration of East Loughborough as a heritage quarter.
33. There are challenges to overcome which will help unlock the full potential of planned developments including creating fit-for-purpose visitor parking for the Loughborough site.

### Proposals

#### Strengthened partnership working

34. There are a number of areas where the County Council may be able to offer support to the GCR to help it maximise its economic potential. For example, the provision of an appropriate surface for a car park adjacent to the Loughborough station site is being discussed with Charnwood Borough Council and a local developer.
35. It is recommended that the County Council commits to collaborating with GCR and other partners on highways issues and supporting infrastructure to

facilitate GCR expansion and maximise the beneficial impact of the surrounding economy.

### Financial support through the purchase of shares

36. In October 2012, the GCR issued an appeal to members of its Friends organisation and existing shareholders to purchase shares in GCR plc in order to help ensure a sound capital basis for the future, and to enable GCR to proceed with planned developments.
37. As reported in GCR Financial Statements as of 1 February 2015, 15,697,524 shares of 25p were in issue. The organisations below currently have interests exceeding 5% of the issued share capital of the Company.

	Holding	Shares
The David Clarke Railway Trust	34.9%	5,480,520
Charnwood Borough Council	6.6%	1,043,192
Leicester City Council	6.4%	1,000,000

(The shares have no monetary value and do not pay dividend).

38. The purchase of shares in Great Central railway would help secure the successful implementation of the GCR expansion, in particular the 'Bridging the Gap' project reaffirming the site as one of Leicestershire's unique and leading tourism attractions. The proposed investment of £250,000 by the County Council would give it a holding of 1,000,000 shares, and would position all three local authorities (the County Council, City Council and Charnwood Borough Council) as comparable shareholders in GCR plc.

### **Background Papers**

LLEP Tourism and Hospitality Sector Growth Plan  
<http://ow.ly/YkCPo>

Leicestershire and Leicestershire Strategic Economic Plan  
<http://ow.ly/YkCVd>

Leicestershire Rural Framework -  
<http://www.oakleaves.org.uk/uploads/rural-framework-2014-2020-final-draft.pdf>

East Loughborough Heritage Quarter: Economic Assessment (Part 1 and Part 2),  
 November 2014  
<http://ow.ly/MbU13010jBr>

### **Equality and Human Rights Implications**

39. There are no equality or human rights implications arising from the recommendations in this report.

**Partnership Working and Associated Issues**

40. The approach outlined in this report demonstrates good partnership working between Leicestershire County Council and GCR supporting them to achieve their growth ambitions. The opportunity to purchase shares will strengthen this collaboration and provide tangible support and benefits for the growth of Leicestershire's visitor and wider economy.

**Risk Assessment**

41. There are no direct risks to the County Council of this investment.

42. A full risk assessment has been undertaken for the Heritage Museum and action is being undertaken to implement robust governance and management structures able to effectively progress and implement the current expansion plans.

43. The County Council and Charnwood Borough Council are working closely with GCR to mitigate any risks associated with the 'Bridging the Gap' project.