



CABINET – 8TH SEPTEMBER 2009

LEICESTER TO BURTON RAILWAY LINE

**REPORT OF THE DIRECTOR OF HIGHWAYS, TRANSPORTATION
AND WASTE MANAGEMENT**

PART A

Purpose of Report

1. To advise the Cabinet on the publication of a study commissioned by the County Council into the possible reintroduction of passenger services to the Leicester to Burton Railway Line and to agree the County Council's position on this idea in the light of the findings of the study.

Recommendation

2. It is recommended that, whilst it is accepted that the reintroduction of passenger railway services on the Leicester to Burton railway line is a valid long-term aspiration, no further action be taken by the County Council for the time being, in view of the likely financial impact on the Council.

Reason for Recommendation

3. There is ongoing interest in this proposal from many stakeholders and the County Council needs to make its position clear. The studies suggest that the capital costs needed to reintroduce passenger services to the line will be in the order of £55M and there will be a revenue subsidy of £4M per year, which would have to be met locally.

Timetable for Decisions (including Scrutiny)

4. Following the recent publication of studies, it is appropriate for a clear statement to be made of the County Council's position.

Policy Framework and Previous Decisions

5. The Local Transport Plan approved by the County Council on 22nd March 2006 refers to the Leicester to Burton line as being worthy of study. Following a petition to the Environment Overview and Scrutiny Committee on 1st November 2007, the County Council commissioned a study to reconsider the potential for re-opening this line in the light of planned growth along the corridor. Reports were taken to Environment Overview and Scrutiny Committee on 9th December 2008 and 5th March 2009. This report concludes that study.

PART B

Background

9. The National Forest Line, otherwise known as the Ivanhoe Line, follows a freight line from the Midland Main Line, south of Leicester station, via Desford, Coalville and Ashby to the Derby-Birmingham line at Burton-on-Trent. This line has not carried passenger traffic since the 1950s, although a return to passenger services has been suggested for the past 20 years or so. The Leicestershire Local Transport Plan 2006-2011, identifies the need to keep this possibility under review.
10. Studies in the 1990s showed that reopening the line to passenger traffic would require a high level of operating subsidy that the County Council could not afford, in addition to the substantial capital investment required in track, signalling and stations.
11. Since the time of the last study, the Growth agenda through the Regional Spatial Strategy has identified Coalville and west of Leicester in Blaby district as potential locations for Sustainable Urban Extensions and it is possible that 10,000 houses or more could be built in the catchment area of the line. This has the potential to increase projected levels of passenger traffic on the line, which would impact on the levels of subsidy required. The County Council commissioned a study to give an indication of the impact of Growth on the viability of a reopened National Forest Line. The study was undertaken by Scott Wilson.

The study

12. The study was required to identify costs and potential revenues for reopening the line to passenger traffic. Costs include capital costs for bringing the line up to passenger standard and ongoing operating costs. Revenue would be income arising from passenger fares.
13. The study identified seven stations, with an hourly service in each direction connecting Leicester and Burton-on-Trent. The proposed stations were Bede Island in Leicester, Leicester Forest East, Kirby Muxloe, Coalville, Ashby-de-la-Zouch, Moira and Castle Gresley. Account was taken of planned growth in both North West Leicestershire and Blaby Districts. Consideration has also been given to the likely patronage from tourism in the National Forest, but this is not expected to be of a significant level and has not been included in the revenue analysis.

Capital costs

14. The Leicester to Burton line is a freight line, single track for much of its length and has no passenger stations. The connection to the Midland Main Line at Knighton junction is south facing only. The signalling system is designed for slow-moving and infrequent freight trains.

15. In order to bring the line back into passenger use, new stations would be required at the places listed in paragraph 13. Although there are historic stations in some of these places, there have been no passenger facilities, car parks etc., for many years. The estimated cost for providing seven single platform stations, which require no footbridges or underpasses, is £3.6M, excluding any optimism bias¹.
16. Network Rail has a significant programme of resignalling in the East Midlands planned for the coming eight to ten years. Leicester recontrol and resignalling, which includes Leicester to Burton, is scheduled for 2013, which means that Network Rail will be designing and consulting during 2010-11. Network Rail would not expect to pay for signalling to a higher standard than is necessary for the present use of the line. The additional marginal cost of bringing the signalling up to passenger standard would have to be met by the reopening project and is estimated at £5.1m excluding optimism bias.
17. The junction with the Midland Main Line is critical. The Midland Mainline joins the National Forest Line at Knighton Junction. The northern chord at Knighton junction was removed many years ago and is now built over. This is now a missing link south of Leicester station to enable trains on the National Forest Line to access the Midland Mainline without needing to reverse onto the Midland Mainline. At this point, the Midland Main Line is only two track and Network Rail is working on a programme of line speed enhancements for the route, mostly through upgrading signalling and improving junctions. Network Rail is also consulting on the possibility of electrification of the Midland Main Line and the County Council has expressed its support for this proposal. Nonetheless, there is limited capacity for additional services on the route.
18. Without the northern chord, Leicester-bound services would have to enter the Midland Main Line on the northbound line and then reverse towards Leicester. Burton-bound services would have to travel south of Knighton junction on the London-bound line and then reverse across to the Burton-bound junction. Both of these manoeuvres would have a significant impact on Midland Main Line capacity and are unlikely to be acceptable.
19. The alternative is the provision of a northern chord at Knighton junction and the introduction of a junction to allow Burton-bound services to access the Leicester-Burton line. Although the signalling component could be accommodated in the Leicester recontrol and resignalling project, the building of the necessary junction would not. It is estimated that the demolition and relocating of the businesses along the line of the Knighton Chord would be £2.75M (excluding optimism bias) – it is not possible to identify how much the actual rail works would cost.

¹ The costs of public sector schemes have historically been under-estimated. To balance this, HM Treasury requires 'optimism bias' to be added to the estimated costs of major infrastructure projects. The figures in this report include an optimism bias of 66% for capital expenditure and 41% for operational expenditure.

20. The overall capital cost of the project is estimated to amount to £55M including optimism bias (and with some very conservative estimates for elements of the work, such as the stations). The costs breakdown is set out below:-

<u>Expenditure Item</u>	<u>Capital costs (including 66% optimism bias)</u>
Preliminary Works	£9,130,000
Land	£1,660,000
Permanent Way (new)	£11,104,000
Permanent Way (improvements)	£2,055,000
Stations	£6,006,000
Signalling	£8,536,000
Telecommunications	£1,245,000
Bridges and Structure	£1,660,000
Contractor Costs	£1,992,000
Construction Services	£3,735,000
Miscellaneous Costs	£498,000
Contingency	£3,320,000
Maintenance Work Forward	£3,320,000
Third Party Representative	£623,000
TOTAL	£54,884,000

Operating costs

21. Operating costs of train services include the cost of leasing the trains, track access charges, the staff to operate them and general operating costs, such as fuel, ticketing, maintenance, station security etc. The study assumed one train per hour in each direction, which requires 2 train sets. The operating costs are estimated at £4.9M per year when optimism bias of 41% for operating costs are included.
22. Although operating a more frequent service might appear more attractive, one train per hour in each direction is the most that could reliably be operated given the length of single track. Doubling-tracking is included in the study between Knighton Chord and Bede Island and between Coalville and Lounge Junction. Double tracking all through was not considered on the grounds of cost.

Revenue

23. Revenue arising from fares is dependent on how many people fall within a reasonable catchment area to consider a new rail service as an attractive choice. Given the proposed provision of bus corridor enhancements and a potential park and ride site on the A50 corridor into Leicester, drivers will only travel a certain distance by car to a rail station. The study identified how many passenger trips could reasonably be assumed to arise, given the growth agenda outlined in paragraph 11.
24. Fare levels were set based on existing services in the area. The fare was set at £3.65 for a single trip.
25. The analysis showed that the likely level of passenger trips per year would generate £895,000 (when optimism bias is included) revenue per year.
26. The analysis was also required to identify how many additional houses would be required in the catchment area to generate sufficient patronage to cover operating costs. The report concludes that 232,000 additional homes to those built or planned would be needed before the line covered its costs.

Overall financial implications

27. Operating costs are estimated at £4.9M (when optimism bias is included) per year, with revenues of £895,000, per year, thereby requiring an operating subsidy of £4M per year. Overall capital costs are £54.8M and generate a benefit-cost ratio of 0.4.

ATOC study

28. ATOC, the Association of Train Operating Companies, carried out its own study into the possibility of reconnecting towns in England with a population of more than 15,000 to the rail network. The study reached similar conclusions to the Scott Wilson study over the costs of reintroducing passenger services to this line and, whilst the ATOC study gave a mildly better benefit-cost ratio, it was still not high and the study did not identify potential sources of funding.
29. Discussion with Government officials underlined the Government's stance that it is not interested in funding such proposals through the development and early operating stages and that these burdens must fall on local scheme promoters.

Conclusion

30. A Leicester to Burton rail passenger service is only an attractive proposition if it can access Leicester station. The obstacles to achieving this are set out in paragraphs 12 to 15. The overall capital cost would principally be met through the Regional Funding Allocation (RFA), which is already heavily oversubscribed with proposals throughout the Region, which can demonstrate good value for money, with potential other sources including Community Infrastructure Funding, New Growth Point and developer contributions. However, any investment would need to demonstrate good value for money and a benefit-cost ratio in excess of 1.0.
31. A service in operation would require a major ongoing subsidy, unless an unacceptably high number of new houses were built around the proposed new stations.
32. It is suggested that the County Council carries out no further work on the potential reopening of the Leicester to Burton line to passenger traffic.

Equal Opportunities Implications

33. There are no discernible equal opportunity implications

Environmental Implications

34. There are no environmental issues arising from this report. If work was to progress towards reopening this line to passenger traffic the overall environmental impact would be considered.

Background Papers

Reports to the former Environment Overview and Scrutiny Committee – 1st November 2007, 15th April 2008 and 9th December 2008

Scott Wilson study at www.leics.gov.uk/ivanhoe