

**LOCAL CONTRIBUTION TO EAST - WEST RAIL**

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**Executive Summary:**

The East - West Rail project seeks to reintroduce passenger rail services between Bedford and Oxford utilising the current rail alignment. Presently services operate between Bedford and Bletchley. The project will allow services to continue to Oxford and beyond and will include a link to Aylesbury and London via the Marylebone line.

The project has been promoted by a consortium made up of authorities along the route. This consortium has developed a preferred scheme which demonstrates a high return on investment.

In securing Government backing for the scheme the consortium members agreed to contribute £50m with the share between Authorities agreed locally. For Milton Keynes the share has been calculated at £7.65m to be paid within 15 years (from June 2014).

This report seeks authority to commit to the payment of Milton Keynes' share and enter into an appropriate legal agreement with the Department for Transport via Buckinghamshire County Council.

Funding for the contribution will be made through appropriate borrowing and paid up front. This offers better value as otherwise the council would be liable for indexation costs which are currently higher than the borrowing costs.

Repayments of the borrowing will be taken from the Council's capital allocation and possible grants made to the council.

As a regional scheme prioritised by the Local Enterprise Partnership the council will also explore further contributions from SEMLEP,

**1. Recommendation**

- 1.1 That the local contribution of £7.65m over the period 2014 to 2028 towards the delivery of East West rail be approved
- 1.2 That authority be delegated to the Interim Head of Legal Services or Assistant Director, to enter into a legal agreement confirming this.

**2. Issues**

- 2.1 East West Rail (EWR) is a major project to promote economic growth by establishing a strategic railway that will ultimately connect East Anglia with Central, Southern and Western England. It will be England's first major

railway re-opening with much of the route existing as freight network or disused lines. The Western Section will link Aylesbury, Oxford and Reading with Bedford and Milton Keynes. The route is planned to be open by 2017 and will:

- Provide a strategic East - West route linking key centres of economic activity;
- Support local authorities' ambition for substantial economic growth based on the creation of new private sector jobs and the development of major areas of new housing;
- Provide a connection between existing radial routes out of London facilitating journeys without the need to interchange through London.

2.2 Much of the route already exists, some has been recently upgraded and a substantial element of the route between Oxford and Bicester is included in Chiltern Railways' Evergreen 3 project which is expected to be under construction during 2012/13. Platform 2A at Milton Keynes Station is a dedicated platform for EWR trains and was completed in 2008 as part of the West Coast Mainline improvements; thus much of the infrastructure required to operate EWR trains is already in place.

2.3 As a consequence of the project, Bletchley will be placed at the intersection of strategic east-west and north-south rail routes linking key centres of economic activity. Part of the East-West Rail proposal includes new platforms at high level with an inter-connecting footbridge and lift to the existing platforms 1 – 6. This might provide the catalyst for improvements to the existing Bletchley Railway Station including delivery of a long wished for eastern entrance to the railway station. The opportunities which East-West Rail could present for the delivery of improvements to Bletchley Town Centre should be fully explored and assessed with a view to realising regeneration benefits.

2.4 The project has been driven forward by the East West Rail Consortium: a partnership of local authorities, rail operators and Network Rail. The officer board, with officer representatives from all authorities along the route has managed the development of the scheme, and through a working group overseen by the member Joint Delivery Board has established a mechanism based on population to determine the local share of the required £50m total contribution.

2.5 The Milton Keynes contribution is fixed at the amount of £7.65m and will not rise if other consortium members withdraw their contribution.

2.6 The schedule of payment over the 15 year period (2014 to 2028) is for local determination, but Department of Transport (DfT) require this to be confirmed via a legal agreement between DfT and the 'accountable' body (Buckinghamshire CC). MKC along with each other local authorities making a contribution will need to enter into a sub legal agreement with Buckinghamshire CC. The detailed terms of this agreement are currently being finalised. MKC prior to signing will seek assurance that the authority can pay the contribution as a one off up front payment which avoids indexation and that should the project be cancelled or not proceed as currently planned

then a refund will be payable. Similarly, if any future works in kind are identified then this will generate a refund of an appropriate value.

### 3. Implications

#### 3.1 Policy

The Local Transport Plan (3) and the Core Strategy support the delivery of East West rail identifying it as contributing to the growth and development of Milton Keynes.

The Milton Keynes Local Investment Plan (LIP) is the document which sets out future investment priorities for the authority, the EAST - WEST rail project features within the emerging LIP. Previous versions of the LIP have consistently included East - West Rail as a priority. East West rail is also a priority for SEMLEP.

#### 3.2 Resources and Risk

The project will naturally raise issues from the local community and therefore the council have to be mindful and receptive to any concerns raised. The project delivery team are aware of this and are developing strong communication plans with a commitment to provide information tailored to each authority area. This will ensure the forthcoming consultation can respond to the views of the local community on key issues.

The project will require suitable permissions and the project team are assessing the appropriate planning processes that will be followed. This will involve local consultations with the probability of future planning inquiries.

MKC will make a one off payment to the full value of the agreed contribution. This up front payment will be made from prudential borrowing. The repayment of the loan will be paid over a 15 year period. This mechanism reduces overall costs to the council. This financial strategy offers a saving as indexation cost linked to the Consumer Price index (CPI) is higher than the borrowing costs. The estimated savings in this approach is £700k over the 15 year period.

Repayment of the borrowing will be made from the council's capital programme) and this amounts to £510,000 per annum. There is an expectation that the local contribution could be met from SEMLEP through the prioritisation of East - West rail within their Strategic Economic Plan. This will be raised with SEMLEP board.

Y	Capital	Y	Revenue		Accommodation
	IT		Medium Term Plan		Asset Management

#### 3.3 Carbon and Energy Management

The use of rail is seen as a more sustainable alternative than car journeys and therefore has a positive impact on carbon reduction.

### 3.4 Legal

The Council's participation in this project is within the General Power of Competence (General Power) under the Localism Act 2011. The council is specifically empowered to do any act not specifically prohibited by legislation but being subject to public law constraints.

The legal agreements between the parties are currently being drawn up by the consortium. Discussion with the consortium legal team have highlighted Milton Keynes Council's requirements which include the ability to pay up front to avoid indexation costs and to ensure any works in kind costs which may arise can be refunded from the contribution made. It is noted that any works in kind are not expected to be of significant value.

The authority to enter into the legal agreement referred to in the report is to be delegated to the Interim Head of Legal Services or Assistant Director.

### 3.5 Other Implications

	Equalities/Diversity		Sustainability		Human Rights
	E-Government		Stakeholders		Crime and Disorder

Background Papers:            Joint Delivery Board – Draft TOR  
   East - West rail prospectus  
   Local Transport Plan (3) MK Transport Strategy & Vision  
   MK Core Strategy