



<b>TRANSPORT AND INFRASTRUCTURE COMMITTEE</b>	<b>AGENDA ITEM No: 2.7</b>
<b>8 July 2020</b>	<b>PUBLIC REPORT</b>

## **WISBECH RAIL**

### **1.0 PURPOSE**

1.1. To approve the final version of the Full Business Case (FBC) and outline next steps.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>James Palmer, Mayor</b>
<b>Lead Officer:</b>	<b>Paul Raynes, Director of Strategy and Delivery</b>
<b>Forward Plan Ref: N/A</b>	<b>Key Decision: No</b>
The Transport and Infrastructure Committee is recommended to:  (a) Note the key conclusions of the Full Business Case that restoring a heavy rail link between Wisbech and Cambridge would be practicable and provide value for money;  (b) Agree the final version of the Full Business Case.	<b>Voting arrangements</b>  Simple majority of all Members

## **2.0 BACKGROUND**

- 2.1 At its meeting on 28 November 2018 the Combined Authority Board commissioned the Full Business Case (FBC) and Governance for Railway Investment Projects (GRIP) 3b Study for Wisbech to March rail and potential onward connections to Cambridge and Peterborough.
- 2.2 Wisbech is widely recognised as the one of the largest towns within England without a rail link to the main rail network. This negatively impacts the potential economic and housing growth of the town.
- 2.3 In 1968, following the Beeching Report, the railway line closed to passengers. In 2000, freight transport also ceased operating on the line.
- 2.4 Improving connectivity to Cambridge offers the opportunity to transform Wisbech as a place for inward investment and provide much enhanced accessibility to key services and employment opportunities for its residents.
- 2.5 The FBC builds on an Outline Business Case (OBC) completed in 2015 by further developing options and coming to a preferred single option. The FBC reflects the outcomes of the rail scheme feasibility and design which is commensurate with Network Rail's GRIP 3b. Further GRIP stages would need to be undertaken to fully develop elements of the business case.
- 2.6 The key outcomes of the draft FBC were presented to the Combined Authority Board on 3 June 2020. The Board agreed to continued engagement with the Department for Transport, and other central government departments to explore the future funding of this project through the Restoring Railways Fund.
- 2.7 As explained in the 3 June Combined Authority Board paper, amendments to the FBC analysis of costs would be needed due to late received estimates from statutory undertakers (utilities). This has now been undertaken, the changes are reported in paragraph 3.7.
- 2.8 The outcome of the Option Assessment Report (OAR) was presented at the Transport and Infrastructure Committee meeting on 6 March. A copy of the paper is provided in Annex 2.

## **3 OUTCOME OF FULL BUSINESS CASE AND GRIP 3B**

- 3.1 The FBC is a Green Book compliant assessment based on the Treasury's preferred five-case model. It is accompanied by a GRIP3b study that addresses the bespoke business case requirements for rail projects expected by Network Rail.
- 3.2 The FBC concludes that the most commercially viable solution is a heavy rail service serving a station centrally located within Wisbech. A two trains per hour service should run between Wisbech and Cambridge to reach the highest Benefit Cost Ratio (BCR).

- 3.3 In order to run through to Cambridge, train paths through the busy Ely junction need to be available. Capacity for an hourly direct service between Wisbech and Cambridge is we believe available now, prior to the enhancements proposed within the Ely Area Capacity Enhancements project. Securing further capacity increases through that project will form part of our engagement with DfT. The FBC concludes that an interim shuttle scheme between Wisbech and March would in itself be viable for a 10year period on projected passenger numbers pending the additional train paths becoming available, creating a considerably more attractive passenger experience and therefore patronage growth.
- 3.4 The Strategic Case concludes that reopening the rail link would be transformative for the economic potential of Wisbech, in line with the analysis above.
- 3.5 The Economic Case concludes that the core scenario of the heavy rail option, including wider benefits, has a BCR of 2.19 which is classed as high. It compares favourably with rail scheme comparators.
- 3.6 In determining the Financial Case, two scenarios were appraised. This report focuses on the core scenario under which only housing and employment sites included in Fenland District Council's Local Plan were included in the modelling of potential funding options.
- 3.7 The table below provides the capital cost estimates in £ million at 2019 prices. The figures provided at the Combined Authority Board on 3 June were in draft and since that meeting the last utility diversion costs were received and certain elements of the project's risk allowance has increased. An allowance has been made for the potential cost of addressing,
- The track drainage - survey of the track drainage identified greater third-party land water runoff into the track drainage than previously assumed. Later stages of the GRIP process will address this issue.
  - The outcome of the Road Safety Audit for the highway elements of the scheme could not be completed within the GRIP 3 programme, but the more significant points are being addressed in parallel with the remaining items being resolved in the next GRIP stages.
  - The change in capital cost estimates, compared to the 3 June Board paper, as the result of further utility information are £2.7m. The change in the risk allowance is £9.3m.

The percentage-based approach to risk is in line with Network Rail's approach. Because it makes broad risk assumptions based on percentages of cost, this may not necessarily reflect the most effective strategy for addressing the risks and as costings are further developed a more granular and sophisticated risk approach will need to be developed.

- 3.8 The risk amount used is in keeping with Network Rail and DfT guidance. Further risk analysis with a quantified risk assessment are carried out in GRIP 4. The BCR remains high, 2.19, even after the inclusion of the additional risk elements.

Element	Core Scenario
Wisbech station	4.6
Rail line upgrade and extension	71.9
Highways works	75.6
March station	8.1
C3 Utility Costs	18.1
Capex total	178.3
Land acquisition	8.0
Garden Town Access	N/a
Risk	44.2
<b>TOTAL (ex. Optimism Bias)</b>	<b>230.5</b>

- 3.9 Members will note that rail upgrade costs represent less than half the core capital cost: a larger proportion of the cost is driven by the need for highways solutions to bring the 22 level crossings on the historic line up to modern safety standards with closures and road diversions. This is based on a maximalist interpretation of the ORR's approach to level crossings and therefore indicates a cost ceiling. Our understanding, however, is that such an approach is not mandatory national policy and DfT and Network Rail may be more open to considering alternative approaches for managing the level crossings that could address the safety risk whilst reducing costs of the highways works. Officers will continue to engage with central government to review the level crossing strategy.
- 3.10 The Financial Case concludes that, while there may be scope for financing some elements of the scheme locally and through the farebox, significant national grant funding will be required to enable the delivery of this project.
- 3.11 The Commercial and Management Cases conclude that the Combined Authority should take the lead in the sponsorship and delivery of the scheme, working closely with Network Rail. A hybrid approach is recommended within the Commercial Case with the Combined Authority retaining overall management control of delivery, while some of the rail packages should be procured and managed directly by Network Rail.
- 3.12 The benefit of the hybrid approach is that the Combined Authority would retain control over the programme whilst also managing the interface between the project and the wider rail network, and handover of the rail operation to Network Rail post construction. It assumes, however, that the Combined Authority would

have developed in the very near future a greater capacity than at present to devote to the management of major projects of this kind. The delivery approach will evolve as the Combined Authority engages with DfT, Network Rail and the ORR.

#### **4 NEXT STEPS**

- 4.1 The FBC and the GRIP 3b has met the original scope to identify a single option solution, establish a station location and an alternative means of crossing the existing level crossings.
- 4.2 The Restoring Railways Fund (RRF) offers the best opportunity for national grant funding. The RRF is divided into three funding areas, new ideas, accelerating existing proposals and proposals for new or restored stations. The accelerating existing proposals funding focuses on those projects with a business case and officers are engaging with DfT to access this fund.
- 4.3 Officers are meeting officials from DfT, ORR and Network Rail on 1 July to present the findings of the FBC and GRIP 3b.
- 4.4 The Mayor has been in correspondence about the scheme with the Rail Minister, who has invited the Mayor for discussions.

#### **5 FINANCIAL IMPLICATIONS**

- 5.1 There are no additional financial implications at this stage subject to the outcome of discussions with central government.

#### **6 LEGAL IMPLICATIONS**

- 6.1 The recommendations accord with CPCA's powers under Part 3 of the Cambridgeshire and Peterborough Combined Authority Order 2017 (SI 2017/251).
- 6.2 The meeting shall be conducted in accordance with Parts 2 and 3 of the Local Authorities and Police and Crime Panels (Coronavirus)(Flexibility of Local Authority and Police and Crime Panel Meetings)(England and Wales) Regulations 2020.

#### **7 OTHER SIGNIFICANT IMPLICATIONS**

- 7.1 None at this time

## 8 APPENDICES

8.1 Appendix 1 – 3 June Combined Authority Board Paper

8.2 Appendix 2 – 6 March Transport and Infrastructure Committee Paper

8.3 Appendix 3 – Wisbech Rail Full Business Case

8.4 Appendix 4 – Wisbech Rail GRIP 3b

<u>Source Documents</u>	<u>Location</u>
OAR 2020 Wisbech Rail Full Business Case	Appended