

Proposed Decision to be taken by the Portfolio Holder for Transport and Highways on or after 26th October 2012

Kenilworth Station - 'New Station Fund' Bid

Recommendations

1. That the Portfolio Holder approves the submission of a 'New Stations Fund' Bid to Network Rail for funding towards Kenilworth Station.

1. Introduction

- 1.1 On Monday 16th July the Department for Transport (DfT) published its Higher Level Output Statement (HLOS) which defines the railway outputs that the Government wishes to specify from 2014 to 2019 - Control Period (CP) 5. The HLOS contains proposals for a new 'electric spine' connecting the south coast and the Midlands. This would include double tracking and electrifying the Coventry to Leamington line. This proposed HLOS investment is encouraging and the capacity increase on the Coventry – Leamington line is likely to make the delivery of Kenilworth station more likely.
- 1.2 The Secretary of State for Transport also announced on the 16th July that the DfT would be making a new fund available, £20 million initially, for new railway stations – the New Stations Fund (NSF). The NSF will be administered by Network Rail and a competition inviting bids for new stations will be launched in due course. The deadline for NSF bids to be submitted is not yet known but it is understood that the criteria are likely to be:
 - 'Shovel ready' schemes which can be progressed quickly;
 - Matched funding from external parties;
 - High BCR rate and a solid payback in the medium term; and
 - Accelerated delivery within CP4 (CP4 ends March 2014).

2. A New Stations Fund Bid

- 2.1 The NSF presents an opportunity to secure funding for delivery of Kenilworth station with a NSF bid being submitted on the basis of the previous design work that was completed in 2010. This station would have a single platform which would be constructed so that it is future proofed for HLOS proposals to double track and electrify the line between Coventry and Leamington.
- 2.2 A bid for Kenilworth Station would meet all the NSF criteria. They are:

1. **Criterion 1 - 'Shovel ready' schemes which can be progressed quickly**
 – The scheme is mostly ready to go with several high risk items resolved.

To date:

- An Option Agreement is in place to secure the land;
- Outline planning permission has been obtained;
- Outline (GRIP3) design has been signed-off by Network Rail; and
- The scheme is endorsed in principle within Network Rail's West Midlands and Chilterns Route Utilisation Strategy (RUS).

Arriva Trains Wales (ATW) has confirmed it is interested in providing a train service to Kenilworth station subject to agreeing a satisfactory financial business case. Work is currently being undertaken by the County Council to ensure that ATW is comfortable with the financial business case projections before submission of a bid. As a minimum, an NSF bid will be submitted on the basis that HLOS proposals for electrification and doubling of the Coventry – Leamington line are brought forward to enable Kenilworth station to be served by a new local electric train service between Birmingham New Street and Leamington Spa via Coventry and Birmingham International.

2. **Criterion 2 - Matched funding from external parties** – The cost estimate of the scheme developed in 2010 is £11.30m (outturn 2015 prices). This includes the new rail infrastructure at Leamington (£2.49m) that is essential for Kenilworth station but which could also qualify as advanced works in the DfT's HLOS proposals for the Coventry – Leamington corridor. It is understood from informal discussions with the DfT in respect of other schemes that the DfT may be willing to consider that such works should be funded by Network Rail (NR). Accordingly the funding of these works by NR would count as funding from external parties. It can therefore be proposed that the £11.30m scheme cost is matched funded in the following way:

Total Scheme Cost (2015 Prices)	£11.301m
New Stations Fund Bid (50%)	£ 5.650m
Match Funding (50%)	£ 5.650m
By:	
- WCC (spend to date)	£1.771m
- WCC (already committed)	£0.700m
- WCC (additional funding)	£0.693m
- Network Rail (HLOS advance works)	£2.486m

3. **Criterion 3 - High BCR rate and a solid payback in the medium term** – The business case that was produced in 2010 showed that the scheme has a 'high value for money' Benefit Cost Ratio (BCR) of 2.6:1 and that the revenue generated from ticket sales will generate a financial surplus following deductions for station operating costs and train service costs. It is not expected that the business case will change significantly before the submission of the NSF bid.

4. **Criterion 4 - Accelerated delivery within CP4** – The scheme programme indicates that Kenilworth Station could be open sometime between March 2015 and October 2015 assuming that the NSF bid is successful and that funding is awarded in early 2013. The feasibility of delivering the station by March 2015 is currently being investigated.

3. Financial Implications

- 3.1 The matched funding calculation under Criterion 2 above assumes that Network Rail accepts that its HLOS advance works constitute a part of the total scheme cost. The County Council's contribution to the station would be £3.164m. £1.771m has already been spent on scheme development and a further £0.700m allocated for further scheme development. This would leave the County Council £0.693m short of the funding contribution required. On this basis, a capital bid has been submitted for consideration in the 2013/14 budget process for the balance of £693k, which WCC would need to contribute to ensure a fully funded scheme.
- 3.2 It should be noted that submitting an NSF bid will not fetter Council's decision on the Budget Bid process in February 2013 on the basis that the NSF submission is simply the County Council making a bid only and not making a firm funding commitment.
- 3.3 In the event that Network Rail does not accept that its HLOS advance works form a part of the total scheme cost, the County Council will continue to explore alternative sources of funding to ensure the scheme is able to proceed.

4. Proposed Next Steps

- 4.1 That the Portfolio Holder approves the submission of a New Stations Bid to Network Rail for funding towards Kenilworth Station.

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