

DERBYSHIRE COUNTY COUNCIL

CABINET MEETING

24 April 2012

Report of the Strategic Director – Environmental Services

ILKESTON RAIL STATION (HIGHWAYS AND TRANSPORT)

(1) **Purpose of the Report** To update Cabinet on preparation of a scheme to deliver Ilkeston Rail Station.

(2) **Information and Analysis** At its meeting of 20 September 2011, Cabinet considered a report on progress towards delivery of a rail station for Ilkeston. Cabinet reaffirmed its desire to see the station delivered as soon as possible, agreeing that preparation work should continue and requesting a further report on the assembly of sufficient capital to finance station construction. There are several aspects of the project on which an update to Cabinet may now be helpful and agreement is needed to the process to be followed if the optimum preparation programme is to be maintained. The target for the opening of the station remains December 2013, although it may prove necessary to link this to the new franchise in Spring 2014.

Early in 2012, Jessica Lee, Member of Parliament for Erewash, was able to secure a meeting with Justine Greening, Secretary of State for Transport, at which County Council representatives were also present, to discuss the project. The difficulties of assembling sufficient capital funding were explained, in that even with a contribution of £1 million still available from the Nottingham Housing Market Area, the remaining £4 million required compares with the County Council's Integrated Transport capital allocation of £4.8 million for 2012-13 from which it must cover all of its essential network enhancement and road safety schemes. Work is continuing to determine the level of financial support that the Government may be able to provide.

At the time of the last report to Cabinet, dated 20 September 2011, one difficulty which the project faced was the need to produce updated passenger forecasts, vital for the calculation of station revenues and hence its business case. New guidance for this was released in Autumn 2011 and an updated set of forecasts has been produced which make a strong case for the station. Passenger numbers would be expected to exceed 150,000 in the first full year of operation, producing a revenue stream which would easily cover operating

costs and could potentially be used to underwrite capital funding through a mechanism discussed further below.

Discussions with Network Rail, which maintains the rail network on behalf of Government, have been continuing and have concentrated on two aspects of the project. Network Rail is the approving authority for the Governance for Railway Investment Projects (GRIP) process through which changes to rail infrastructure are agreed. The next stage of this, GRIP4, is important in that it 'fixes' the design so that key elements, such as platform lengths, are set and the costs, therefore, become much less likely to vary. This stage will also involve the submission of a planning application.

The County Council has options for the procurement of the work required for GRIP4. These are:

- Use of existing consultancy arrangements with URS.
- Selection via tender of another consultancy.
- Use of Network Rail's in-house consultancy.

Officers are conducting an assessment and market testing of the options and propose to submit a further report to Cabinet with recommendations on the best option to carry the scheme forward.

Discussions with Network Rail, as well as GRIP4, have covered (without prejudice) the possibility of it using its own borrowing facilities to cover the construction costs of the station. An option to be explored further is whether the GRIP4 preparation costs could also be covered by this. The process would work through a charge being imposed on the use of the station, payable by any train operator stopping services at it. To cover these costs, the Operator would have access to the fares paid by passengers using the station which, according to the updated passenger demand forecasts, would be more than sufficient.

A complication at this stage, though, is that from 2014 the relevant services will fall within a new franchise. Government is currently consulting on arrangements for how franchises might be specified in future and it will be some considerable time before a service pattern is specified and an operator selected. It is clearly essential that there is early confidence that a stopping service at Ilkeston will form part of the new franchise while station development continues to progress. The difficulties presented by any possible delay have been raised with the Secretary of State, as it would be unfortunate if Government procedures frustrated what otherwise appears to be an attractive option to cover capital costs. Consultation over the franchise process closes in late June 2012 and a report to Cabinet on the County Council's response to this, will offer the opportunity for a further update on its implications for Ilkeston Station.

(3) **Financial Considerations** Irrespective of whether the work is undertaken by Network Rail or by another consultant, the costs of the GRIP4 approval process will need to be secured from existing Environmental Services Department revenue budgets or via amendments to approved 2012-13 capital programmes unless it is possible to cover them via the use of Network Rail's borrowing facilities.

The Director of Finance is involved in separate workstreams to secure an appropriate funding package for the construction of the station.

(4) **Property Considerations** There are no property considerations associated with this report.

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health and transport considerations.

(6) **Key Decision** No.

(7) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(8) **Background Papers** Report to Cabinet dated 20 September 2011 (Minute No 262/11 refers). Officer contact details – Jim Seymour, extension 38557.

(9) **OFFICER'S RECOMMENDATIONS** That Cabinet notes the current position with regard to delivery of a new rail station for Ilkeston and agrees to receive a further report with recommendations for the procurement of consultancy services for Governance for Railway Investment Projects Stage 4 (GRIP4).

Ian Stephenson
Strategic Director – Environmental Services