

HAMPSHIRE COUNTY COUNCIL

Decision Report

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| Decision Maker: | Executive Member for Economy, Transport and Environment |
| Date: | 5 November 2013 |
| Title: | Waterside Rail |
| Reference: | 5291 |
| Report From: | Director of Economy, Transport and Environment |

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1. Executive Summary

- 1.1. The purpose of this paper is to inform the Executive Member of the outcome of the studies carried out on the potential re-introduction of passenger rail services to the Fawley branch line.
- 1.2. This paper seeks to evaluate the outcome of those studies and to recommend the County Council's next steps in this project.

2. Contextual information

- 2.1. The Fawley branch line leaves the main London Waterloo to Weymouth rail line at a junction west of Totton and heads south as far as Fawley oil refinery. The line closed to passenger services in 1966 but remains open to freight trains which serve the oil refinery and Marchwood military port. In 2009 the Association of Train Operating Companies (ATOC) published a report entitled "Connecting Communities", which suggested that the business case for re-introducing passenger services to the line was potentially very strong. The report considered the case for re-opening a number of disused rail lines and the Fawley line was considered to represent the highest value for money of all the lines examined in the report.
- 2.2. A new rail service would have benefits in terms of reducing congestion on the busy commuter routes along the A326 through Totton and into Southampton and provide improved access to the New Forest National Park by a sustainable mode of travel. Therefore, the County Council worked with Network Rail, South West Trains, New Forest District Council and the Parish Councils of Marchwood, Hythe & Dibden to examine the business case.
- 2.3. Specialist consultants were appointed to carry out the studies, following the standard Network Rail GRIP (Governance for Railway Investment Projects)

procedure. The studies were at GRIP levels 2 (Feasibility) and 3 (Option Selection).

3. Finance

3.1. There are no financial implications associated with the recommended outcome of this report. However, should the project proceed at a future date, the County Council would potentially be expected to fund further study work and contribute to capital construction costs.

4. The Study Process

4.1. The studies covered four main areas:

- Operations - examination of whether there was sufficient capacity on the rail network to accommodate a new service, where the service would operate from and to, and what timetable would be possible to operate. This strand also looked at the ongoing cost of running a service, e.g. staff, rolling stock leasing costs, fuel, and station maintenance.
- Infrastructure – examination of the cost of bringing the line up to modern passenger service specification and included signalling, new stations, track upgrades and level crossings.
- Demand and Revenue Forecasting - use of established techniques to predict the level of patronage that a new service would generate and the income that would be generated by ticket sales.
- Economic Appraisal and Business Case - bringing together the costs and economic benefits of the scheme to produce a Benefit:Cost ratio. This provided a measure of the value of the scheme to the economy, to inform decisions on whether the scheme would represent a worthy investment compared to other transport schemes.

4.2. The base case scheme that was examined was a shuttle service operating from Hythe to Southampton stopping at Marchwood, Hounslow, Totton, Redbridge and Millbrook. The case for extending the service to Fawley was discounted early on in the process, due to security issues of running passenger trains into an oil refinery, and the fact that due to the distances involved, two trains (and the associated costs) would be required to operate an hourly service, as opposed to a requirement of just one train to operate an hourly service between Hythe and Southampton.

4.3. The studies also considered other service configurations e.g. Hythe to Romsey via Southampton Airport Parkway and Eastleigh, Hythe to Salisbury and Hythe to Fareham. The studies concluded that those options were either operationally undeliverable or produced a business case weaker than the base case option.

5. Costs

- 5.1. The main capital infrastructure costs comprise upgrading the track to passenger service specification, raising the line speed limit from 30mph to 45mph, upgrading signal controls, upgrading level crossings and barrier controls and the provision of new stations at Hythe and Hounslow. The total capital cost including risk, contingency and optimism bias would be approximately £13 million to provide an hourly service and £17 million to provide a 30 minute frequency as additional infrastructure is required to accommodate a 30 minute frequency service.
- 5.2. Operating costs for an hourly service would be approximately £1.2 million, and £1.9 million for a 30 minute service. These costs include train leasing, staff, fuel and track access charges.

6. Passenger Demand

- 6.1. Demand forecasting indicates that an hourly service would result in approximately 193,000 passenger journeys per year along the corridor. A 30 minute service would result in around 340,000.
- 6.2. The sources of demand would be from existing transport modes (car, bus, Hythe ferry, existing rail passengers using existing stations), and approximately 8% new travel would be generated.

7. Operations

- 7.1. The studies have shown that with some amendments to existing services, there is sufficient capacity on the rail network to accommodate a 30 minute frequency of service between Hythe and Southampton Central. The options to Fareham and towards Romsey would present significant challenges due to the capacity constraints of passing through Southampton Central station and Southampton rail tunnel.

8. Economic Appraisal and Business Case

- 8.1. The studies show that the current economic case for a Waterside Rail service is weak, predominantly due to the relatively low level of demand in the area.
- 8.2. The Benefit:Cost ratio (BCR) generated for the 30 minute frequency service stands at 0.66:1 at GRIP 3 level of accuracy. For the hourly service, the BCR is 0.42:1. That means that the scheme would cost more to construct and operate than it would provide in benefits. The Department for Transport and the rail industry would expect a scheme to demonstrate a BCR of at least 1.5:1, with 2:1 being the benchmark for most major schemes. The scheme is therefore highly unlikely to be successful in securing funding for either capital construction costs or ongoing subsidy costs.

- 8.3. It is important to note that a new rail service would also result in a negative financial impact on existing bus and ferry services. Any loss of revenue to bus and ferry operators along the corridor is likely to result in those services becoming financially unviable, with the consequential withdrawal or requirement for a public funded subsidy.

9. Conclusions

- 9.1. The studies show that for a relatively low capital investment in railway terms, this service could be deliverable. A new service is operationally viable and a service would help to alleviate traffic congestion on the corridor from Waterside through Totton to Southampton.
- 9.2. However, the basic issue is that there is insufficient demand in the corridor to justify another public transport option. Most of the demand for rail would come from existing bus and ferry users, and this would result in negative impacts on those services. It would appear that the addition of a rail service would result in over-provision of transport options for the size of the market.
- 9.3. Network Rail and South West Trains were on the Steering Group for these studies and both endorse the outcomes and recommendations of the report.
- 9.4. Should the size of the market change appreciably in the future, for example due to an increase in the local population or increased local economic activity, the business case would change and need to be reviewed to assess whether further studies could be justified. However, at this stage there is not a sufficiently strong business case to justify the studies being pursued.

10. Recommendation

That, in view of the outcome of the business case and the current financial climate, the County Council will not at the present time commit further funding or other resources to this project but will review this position if there are significant changes in either future funding arrangements for rail projects or local circumstances.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

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| Hampshire safer and more secure for all: | N/A |
| Corporate Improvement plan link number (if appropriate): | |
| Maximising well-being: | N/A |
| Corporate Improvement plan link number (if appropriate): | |
| Enhancing our quality of place: | N/A |
| Corporate Improvement plan link number (if appropriate): | |
| OR | |
| This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because: | |
| Whilst this report recommends that no further action be taken at the present time on this project, the outcomes of the studies need to be brought to the Executive Member's attention. | |

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

| <u>Document</u> | <u>Location</u> |
|--|--|
| Waterside Rail Study GRIP 3 Draft Report | Passenger Transport Group, Capital House, Winchester |
| Waterside Rail Study GRIP 2 Draft Report | Passenger Transport Group, Capital House, Winchester |

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1 The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the Council's equality objectives. The website contains a summary [assessment of the impacts](#) on Safe and Efficient Transport Systems in Hampshire.
- 1.2 It is considered that the issues covered by this report will not have impacts requiring further specific actions by the Council above those already established in its existing policies and working procedures.

2. Impact on Crime and Disorder:

- 2.1. It is considered that this decision will have no impact on crime and disorder.

3. Climate Change:

- 3.1. How does what is being proposed impact on our carbon footprint / energy consumption?
- 3.2. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not Applicable.