

**Contact Name:** *Jan Debnam*  
**Tel No:** *023 8028 5588*  
**E-mail:** *jan.debnam@nfdc.gov.uk*  
**Date:** *10 December 2013*

## **NOTIFICATION OF PORTFOLIO HOLDER DECISION**

On 10 December 2013, Cllr Vickers, the Planning and Transportation Portfolio Holder, made the following decision. Any member of the Council, who is not a Portfolio Holder, who considers that this decision should be reviewed should give notice to the Monitoring Officer (Grainne O'Rourke) (in writing or by e-mail) to be received **ON OR BY TUESDAY 17 DECEMBER 2013.**

Details of the documents the Portfolio Holder considered are attached.

### **DECISION:**

To respond to the County Council consultation on their proposal not to invest further in the introduction of a passenger rail service along the waterside in the following terms:

“The Portfolio Holder fully recognises the strong support which exists along the Waterside for this project, however, accepts the conclusions of the current financial assessment and therefore, reluctantly agrees with the recommendation of Hampshire County Council Officers that the scheme be put on hold until circumstances change. The Portfolio Holder also wishes for it to be recorded that the scheme should not be abandoned, as future housing requirements and potential new employment opportunities along the Waterside may alter the situation sooner rather than later.”

### **REASON(S):**

As set out in the report considered by the Portfolio Holder

### **ANY ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:**

As set out in the report considered by the Portfolio Holder

### **CONFLICTS OF INTEREST DECLARED:**

None

### **For Further Information Please Contact:**

Nick Hunt, Principal Engineer  
Tel: 023 8028 5588  
E-mail: [nick.hunt@nfdc.gov.uk](mailto:nick.hunt@nfdc.gov.uk)

David Stannard, Planning Policy Officer  
Tel: 023 8028 5588  
E-mail: [david.stannard@nfdc.gov.uk](mailto:david.stannard@nfdc.gov.uk)

## **WATERSIDE RAIL PASSENGER SERVICE UPDATE**

### **1. INTRODUCTION**

- 1.1 Hampshire County Council (HCC) has consulted New Forest District Council (NFDC) on the outcomes of the cost benefit/technical assessments for the possible reintroduction of a passenger service on the Waterside Rail line. This includes the latest GRIP 3 report prepared by Halcrow and HCC officer's recommendations resulting from the assessment.

### **2. BACKGROUND**

- 2.1 The reintroduction of a passenger service on the Waterside Rail line has been an aspiration for the area for many years. The main benefits of the proposal are seen as reducing congestion experienced on the A326 at peak times and providing better connectivity for residents and businesses in the Waterside area.
- 2.2 The scheme is included in the NFDC Core Strategy (Policy CS23) and also in the more recently adopted New Forest District Transport Statement schemes list.
- 2.3 Hampshire County Council has worked with various stakeholders including Network Rail, South West Trains, New Forest District Council, Marchwood Parish Council and Hythe & Dibden Parish Council to examine the business case. Following on from this, specialist consultants have been appointed to carry out studies to assess the feasibility and viability of providing the passenger service. The studies were in accordance with the standard Network Rail GRIP (Governance for Railway Investment Projects) procedure. Two studies have been carried out to date these were at GRIP levels 2 (Feasibility) and 3 (Option Selection).
- 2.4 The GRIP 2 assessment carried out in 2010/11 examined the outline business case for the reintroduction of the passenger rail service along the line. The study considered timetabling, infrastructure costs and requirements, demand and revenue forecasts and economic appraisal. This assessment concluded that an hourly shuttle service between Hythe and Southampton Central produced the strongest business case, generating an outline Benefit/Cost Ratio (BCR) of around 2.0. BCR values of 2 and above are often the target for a scheme of this kind to be considered for future funding and implementation. The key findings of the earlier GRIP 2 study included:
- Infrastructure costs of approximately £13 million to provide an hourly service
  - Line speed to be increased from 30mph to 45 mph
  - Single journey time of 23 ½ minutes (due to the need to accommodate freight movements and turnaround times a half hourly service would require more trains)
  - Annual operating costs of approximately £600,000
  - Annual passenger demand of approximately 260,000 journeys
- 2.5 It should be noted that Network Rail believed the costs considered/estimated in the GRIP 2 assessment were significantly understated; as such the BCR value could be much lower.

- 2.6 The GRIP 3 Assessment carried out in 2012/13 covered 4 main areas;
- Operations – capacity of the rail line, extent of service and running costs
  - Infrastructure - cost of line improvements, stations, signalling etc.
  - Demand and Revenue Forecasting – predicted patronage and income generation
  - Economic Appraisal and Business Case – Benefit/Cost ratio, value of the scheme to the economy, viability etc.

In summary, the main findings in the report were as follows:

2.7 *Latest Costs:*

- Capital infrastructure costs for an hourly service is £9.4m and £13.4 million to provide a ½ hourly service – both less than GRIP 2 estimates
- Operating costs for an hourly service would be approximately £1.3 million and £2 million for a ½ hourly service - both more than GRIP 2 estimates
- In railway terms this is considered a relatively low capital investment and this service could be deliverable
- A new service is operationally viable and would help to alleviate traffic congestion on the corridor from Waterside through Totton to Southampton

2.8 *Passenger Demand:*

- Hourly service - approximately 193,000 passenger journeys per year
- ½ hourly service - approximately 340,000 passenger journeys per year
- Demand would be from existing transport modes (i.e. car, bus, ferry, existing rail passengers using existing stations) and approximately 8% new travel would be generated
- A new rail service would result in a negative financial impact on existing bus and ferry services

The report comments that 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.

2.9 *Operations:*

- There is sufficient capacity on the rail network to accommodate a 30 minute frequency of service between Hythe and Southampton Central.

2.10 *Economic Appraisal and Business Case:*

- The current economic case for a Waterside Rail service is considered to be weak, predominantly due to the relatively low level of demand in the area.
- The Benefit/Cost ratios (BCR) generated for both the ½ hour frequency and 1 hour frequency services both show the service's costs outweigh the benefits. BCR values are 0.66 for the ½ hourly service and 0.42 for the hourly service.

- The Department for Transport and the rail industry expect a scheme to demonstrate a BCR of at least 1.5 with 2.0 being the benchmark for most major schemes.

The report states that the scheme is highly unlikely to be successful in securing funding for either capital construction costs or on-going subsidy costs.

- 2.11 Given the above, the HCC officer's report considers there is insufficient demand in the corridor to justify another public transport option and that the addition of a rail service would result in over-provision of transport options relative to the size of the market and recommends the following:

*"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."*

### **3. CRIME & DISORDER AND EQUALITY & DIVERSITY IMPLICATIONS**

- 3.1 There are no crime & disorder or equality & diversity implications from the proposals relating to the reinstatement of passenger services on the Waterside Rail line.

### **4. ENVIRONMENTAL IMPLICATIONS**

- 4.1 The provision of the service is likely to have some environmental implications due to increased use of the line. This could impact on properties immediately adjacent to the line, e.g. noise issues. Likewise the earlier GRIP 2 study identified possible issues of the increased service resulting in a longer down time for the level crossings, in particular at Junction Road in Totton.
- 4.2 As the line passes through sections of the New Forest National Park further assessment of environmental impacts is required. It was considered a full Environmental Assessment was not required at this stage of feasibility.

### **5. FINANCIAL IMPLICATIONS**

- 5.1 As stated above the Department for Transport and the rail industry expect a scheme to demonstrate a BCR of at least 1.5, and ideally over 2.0. Therefore the costs are sufficiently high to outweigh the level of benefits calculated and therefore are considered to be too high to progress the scheme at this time.
- 5.2 Provision of this service is currently thought to be at the expense of existing public transport services namely the ferry and bus services. The GRIP 3 report comments that the estimated demand for such a service *"would need to more than double to achieve a BCR of around 2.0 and thus begin to attract investment from DfT and the wider rail industry"*.
- 5.3 There are no direct financial implications resulting from the recommendation of this report. However, should the project be progressed in the future, NFDC may be expected to provide some funding towards further study/implementation works.

## 6. CONSULTATION

6.1 The HCC Officer report was circulated for comment to all the District Councillors representing Wards in Totton and the Waterside. In total 3 responses were received, two in support of the scheme and 1 against.

## 7. RECOMMENDATIONS

7.1 The Portfolio Holder fully recognises the strong support which exists along the Waterside for this project, however, accepts the conclusions of the current financial assessment and therefore, reluctantly agrees with the recommendation of Hampshire County Council Officers that the scheme be put on hold until circumstances change. The Portfolio Holder also wishes for it to be recorded that the scheme should not be abandoned, as future housing requirements and potential new employment opportunities along the Waterside may alter the situation sooner rather than later.

## 8. PORTFOLIO HOLDER ENDORSEMENT

8.1 I have agreed to the recommendations of this report

Signed: CLLR F P VICKERS

Date: 10 December 2013

CLlr Paul Vickers  
Portfolio Holder Planning & Transportation

<b>FURTHER INFORMATION: Please contact</b>  Nick Hunt Principal Engineering (Transportation) Tel: 023 8028 5588 E-mail: <a href="mailto:nick.hunt@nfdc.gov.uk">nick.hunt@nfdc.gov.uk</a>  David Stannard Planning Policy Officer (Transportation) Tel: 023 8028 5588 E-mail: <a href="mailto:david.stannard@nfdc.gov.uk">david.stannard@nfdc.gov.uk</a>	<b>BACKGROUND PAPERS</b> HCC Officers Report – Waterside Rail (November 2013) Halcrow Report – Waterside Rail Study (June 2013) Published papers E-mails in IT Microsoft Office System Files on Transportation Section shared IT Drive
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## **APPENDIX 1: Summary of Responses Received**

### Cllr David Harrison:

*I would strongly urge members & officers to read the full GRIP 3 Study (about 80 pages). It gives a much more upbeat assessment than that provided by HCC officers and DOES NOT recommend shelving the project through lack of demand. It suggests, (for example) looking at subsidy given to the buses and / or ferry and carrying out a review on how this could increase demand for the train service.*

*I think the project is hugely popular, all along the Waterside. The experience with Chandlers Ford (10 years ago), suggests to me that the consultants are underestimating demand, as they did then.*

*Nobody has had a chance yet to scrutinise or challenge the report. As a result of my "plea" there will now be a workshop, to which all stakeholders will be invited, during December. I think it would be better to hold an open mind until this has happened.*

### Cllr Bob Wappet:

*I support your reasons and arguments [Cllr David Harrison's above] for the for the re-establishing of a rail service on the Waterside it is something that I have argued for since becoming a councillor some years ago and suggested that the link should be re instated.*

*I will read the 80 page report;*

*However no matter what its conclusions are they do not represent what the residents want.*

### Cllr Sue Bennison:

*I have received a number of emails from residents who contacted me, after I wrote a piece in the Marchwood Village News regarding the Waterside Rail study process. These were residents that live in Marchwood and some close to the rail line and who understandably were very concerned with the impact that this service could have on their daily lives.*

*When I received the HCC Report dated 5th November basically saying that the project had been shelved, I passed this information on to those residents. I received grateful and much relieved responses that they were glad that "sense had prevailed" and that the huge sums of money needed would not now be spent on this project. They were also concerned that other existing services i.e. buses and ferry would suffer and in the case of the buses for Marchwood would no longer exist if this project were to succeed. We have been fighting to keep the existing bus service and attempting to get an improved service.*

*I then received an email from David Harrison stating that he had "stopped the decision to shelve the project". My residents were outraged when they received this information, and voiced there views on his Facebook page.*