

East West Rail Consortium Board 30th January 2020

Agenda Item 5: Eastern Section: Preliminary Strategic Outline Business Case

Recommendation: It is recommended that the meeting:

- a) **Support the direction of work mapped out in support of the Eastern Section**
- b) **Agree the scope of the work to be commissioned to prepare the Preliminary Strategic Outline Business Case (Annex 1)**
- c) **Agree to use Consortium funds to enable the work to be commissioned**

1. Context

- 1.1. In 2016, a decision was taken by the East West Rail Consortium to explore whether providing a direct rail service from Oxford to Ipswich/Norwich would deliver further financial benefits for the East West Rail business case.
- 1.2. **An Eastern Section Conditional Output Statement Study was commissioned in 2016**, which confirmed that there is a strong financial case for providing direct rail connectivity between Oxford and Ipswich/Norwich. The Study made recommendations on the work that needs to be undertaken to develop a compelling business case for seeking investment in the Eastern Section from the Department for Transport.
- 1.3. In summer 2017, the Consortium established an East West Rail Eastern Section Rail Group. The Eastern Section Rail Group is chaired by Deputy Cabinet Member for Transport at Suffolk County Council, Cllr Alexander Nicoll, and has representation from local authority members across Suffolk, Norfolk and Cambridgeshire and from the New Anglia Local Enterprise Partnership.
- 1.4. Since the formation of the group, it has worked to develop an **Eastern Section Rail Prospectus**, which promotes the economic benefits of providing a rail link between Oxford and Ipswich/Norwich.

2. The Preliminary Strategic Outline Business Case

- 2.1. Now that the Eastern Section prospectus has been published, the East West Rail Consortium has tasked the Eastern Section Group with developing a business case for providing rail connectivity from Ipswich/Norwich to Oxford and beyond.
- 2.2. It was agreed that a light-touch business case would be developed, overseen by the Eastern Section, the outcome of which will be presented to the East West Rail Consortium.
- 2.3. It is proposed that work to develop a Preliminary Strategic Outline Business Case is now commissioned – this is a high-level business case

that would be submitted to the Department for Transport to seek funding for a full Strategic Outline Business Case (SOBC) and Outline Business Case (OBC).

- 2.4. The development of a Strategic Outline Business Case and Outline Business Case will be necessary in due course to make the case for funding to deliver any enhancement.
- 2.5. The development of an SOBC is the first stage in the DfT's Rail Network Enhancement Pipeline (RNEP). The SOBC sets out the transport options and how public money will be invested, the return for the investment and how the investment will be managed. It contains five business cases: Strategic Case, Economic Case, Financial Case, Commercial Case and Management Case. The Outline Business Case is the second step in the RNEP process. The OBC presents a preferred transport option and a more detailed set of costs and expected financial returns.
- 2.6. The Preliminary Strategic Outline Business Case will lay the foundations for the SOBC and OBC. It will focus heavily on developing three of the five SOBC cases: Strategic Case, Economic Case and Financial Case. Consultants will also be asked to develop indicative costs of rail infrastructure options. The development of the Preliminary SOBC will be developed in close collaboration with the East West Rail Company, Network Rail, DfT and Greater Anglia Trains Company.
- 2.7. Annex 1 is the draft project brief for consultants to bid against for a commission to produce the Preliminary Strategic Outline Business Case. The brief provides some context on the Eastern Section and the benefits of investment and transport challenges that must be overcome. It sets out the Strategic Aims and Objectives of the Eastern Section Group and sets out two growth scenarios and three different conditions with options.

3. Costs and Timescales

- 3.1. The East West Rail Consortium considered its priorities for 2019/20 at its Annual General Meeting held on 13th March 2019.
- 3.2. That meeting identified the need to support work to develop the case for the Eastern Section as a priority for the Consortium as a whole. The meeting reflected that the Consortium had collectively invested in making the case for both the Western and Central Sections, it is therefore appropriate for the Consortium to invest in support of the Eastern Section.
- 3.3. The meeting identified that in terms of Consortium funds, work linked to the Eastern Section would have priority.
- 3.4. The Eastern Section has indicated that it anticipates the work required will cost approximately £100k and is requesting that Consortium funds are used to fund the work. Any additional costs over and above this estimate will be met by Eastern Section partners.
- 3.5. It is proposed that the work will be overseen by the Eastern Section, with the contract for the work let by the lead Local Authority – Suffolk County Council. The Eastern Section Executive Board will receive regular updates on the work and will be responsible for ensuring that the work is taken forward in accordance with the brief to the required timescales
- 3.6. Officers from the Eastern Section will liaise with the Consortium officers throughout the work.

- 3.7. The East West Rail Consortium Strategic Board will receive regular project updates and will retain responsibility for approving the final Preliminary SOBC.
- 3.8. The indicative timeline for the work will see the commission awarded in March, with work to start in April 2020. Presentations on the economic outputs will be provided in July 2020, with the output from the modelling of scenarios and options presented in July 2020. The draft Preliminary SOBC is proposed to be completed by the autumn 2020.
- 3.9. The draft document will be presented to the Eastern Section Executive Board before it is presented for final consideration and approval by the East West Rail Consortium Strategic Board.

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