

Investment Directorate
Wales & Western Region
Western House
1 Holbrook Way
Swindon
SN1 1BD

██████████
Senior Planning Officer
Economy, Environment and Infrastructure
Shire Hall
Westgate Street
Gloucester
GL1 2TG

27th November 2023

Dear ██████████,

Re: Draft Stroud District Local Plan – Sharpness allocation and rail link

Thank you for your letter of 6th October to myself and ██████████ at GWR. Apologies for the delay in responding but please take this as a joint response from both organisations.

We at Network Rail have had only limited involvement with the proposed Sharpness allocation and rail link. Our colleagues at GWR have had no involvement to date. The response below summarises our view from that engagement.

As you know part of our role involves working with parties who wish to develop the rail network. This includes central and local government, industry bodies, and third parties including property developers.

Engagement on Sharpness Vale

We had a series of meetings with Sharpness Development LLP regarding bringing passenger train services to the Sharpness branch line in 2019 and 2020. We had one further meeting in August 2023. Between June 2020 and August 2023 we had no engagement.

In 2019/20 we supported the promoter in undertaking a capacity assessment to establish in what scenarios trains between Sharpness and Gloucester could ‘fit’ on the railway (i.e. between other services). Alongside this output we highlighted the critical need to establish the strategic case for the scheme, including support from transport planning authorities and potential train operators.

We have not undertaken any work on the requirements for bringing the existing freight branch into passenger use. Nor have we undertaken any formal review of the work provided by the promoter. These activities would require expert resource and funding.

We understand that Sharpness Development LLP has commissioned studies on both infrastructure and operational requirements. We have not assured these and therefore cannot comment on the detail of their conclusions. However, in terms of maturity we would consider them as at the early feasibility stage, or in railway project development terms pre-PACE stage 1.

Similarly, we have only informally reviewed the demand evidence provided by Sharpness Development LLP. We have asked for more information around demand, specific journey flow, and pricing assumptions.

To date this information has not been provided to us. However, we have explained to Sharpness Development LLP our concern that the demand appears unrealistically high given the journey options considered, and the proposed build out of the site. In this respect we agree with the conclusions of the SLC report you commissioned.

Funding and finance

We have concerns, which we have raised with Sharpness Development LLP, around the lack of detail on the proposed funding model. We have explained the need to understand the proposed financial model including use of public funding, financing and return. We think it likely the proposal will require public capital funding and / or operational funding. No potential mechanism for understanding the funding model has been set out to us.

Applying a simple benchmarking approach, the capital cost proposed by Sharpness Development LLP looks very low, and does not appear to include an appropriate risk allowance to reflect the lack of development undertaken to date. Therefore, we would expect the capital cost requirement to be higher than stated.

It appears that the option put forward in the *Sharpness Vale transport response* assumes a Very Light Rail (VLR) operation. We don't believe a VLR style service is viable. Most of the proposed journey between Sharpness and Gloucester would be along on the main line, alongside high-speed passenger and freight traffic. There is no precedent for such trains running on main lines and currently no operator or manufacturer holds a safety case for this kind of operation. Therefore, we consider that a heavy rail service (and the costs associated) should be assumed.

As well as a review of capital costs, an assessment of ongoing funding requirements would be required, which would need to factor train costs (leasing, insurance), ongoing operational costs (maintenance, fuel, staff) as well as the set-up costs needed to establish the operation (recruitment, training) and the support required to run stations.

Alongside questions about demand, the assumptions on pricing are not clear. If revenue does not exceed operational costs in the timeframe predicted subsidy will be required. Again, potential mechanisms need to be set out for this, which will require a funder which can accept ongoing operational cost exposure. If any public funding is required then we would expect to see the scheme progress through the Government's Project Business Case framework following the five case model. The first stage would be the Strategic Outline Business Case (SOBC).

We have recent experience supporting promoters of similar proposals through the national Restoring your Railway programme. The Ideas Fund of that programme saw each promoter produce a SOBC for their scheme, with our guidance. We are aware that an application for development support was submitted to the Ideas Fund. However, the scheme was not selected for funding. Whilst this does not prevent interested parties pursuing a business case, it does mean that development work would need to be initiated and funded by a third party (i.e. non railway or government sources) in order to progress. Whilst Sharpness Development LLP have not set out to produce a business case our feeling is that this work would be needed in order to progress and that the work shared to date is not of sufficient maturity or comprehensiveness for an SOBC.

Strategic fit

In recent years we have published two strategic studies relevant to this line of route – the Bristol to Birmingham Corridor Study (2021) and the Greater Bristol Strategic Study (2022). Both studies were collaboratively undertaken with strategic transport planning authorities including the relevant sub-national transport bodies and county councils. The Sharpness proposal was not raised by any party during either study, neither did it emerge as a recommendation from the evidence established.

Both studies recommend the provision of additional passenger train services on the main line between

Bristol and Gloucester. Whilst these recommendations are unfunded and cannot preclude the development of other improvements, they represent established industry strategy for this part of the railway.

Our view is that the Sharpness proposal is unlikely to be compatible with the recommendations for future service development, specifically additional trains between Bristol and Gloucester. We would expect additional services between Bristol and Gloucester to be more beneficial than services between Sharpness and Gloucester.

Currently the proposal has the status of an unfunded aspiration that does not feature in industry strategic or investment plans. We are very pleased to work with promoters of railway improvements, but this does not confer support for proposals nor confidence that a case can be made.

On the question of the action plan proposed by Stroud District Council we have had no contact on this and therefore can't comment on its inclusions except to note that given the above we are not planning any work in support of the action plan.

Yours sincerely,

[Redacted signature]

[Redacted name]

Industry Programme Director - West of England

Copy to:

[Redacted], Great Western Railway
[Redacted], Network Rail