



LEWES UCKFIELD RAIL REINSTATEMENT

FUNDING OPTIONS

Network Rail is currently reviewing the options and costs for the reinstatement of the rail line between Lewes and Uckfield. Kilbride has been approached by Network Rail to provide suggestions on funding options for the project, taking into account Kilbride Group's recent experience with the Bere Alston to Tavistock rail line.

Kilbride Group's business model for rail reinstatements is based on the principle that infrastructure should be put in place first before development, and in particular residential development

Bere Alston to Tavistock

Kilbride Group are proposing to reinstate a 5.5 mile passenger line from Bere Alston to Tavistock and promoting this through the planning system and rail industry approval process. The project is an example of infrastructure leading development, so that rail infrastructure is planned and developed in advance of the proposed allocation of 750 new houses for Tavistock.

In this instance the rail costs will be funded by Kilbride Group through the development of 50 acres of residential land in Tavistock that Kilbride control directly. The line itself is intended to be owned through a joint venture company in which Kilbride Group and Devon County Council are the shareholders.

This structure is much simpler than that envisaged at Lewes – Uckfield, where no single developer has control of the development opportunities in the area that would benefit from the new rail infrastructure.

The S106 contribution payable by the developer to the rail project will be calculated on the estimated costs of the rail.

Kilbride's role in this project ranges from the Network Rail approval process through to ensuring DfT approval, TWAO submissions, Train operator agreements, franchise implications, land acquisition and LDF planning process.

Roof Tax Structure

The structure adopted in the East West project around Milton Keynes uses an alternative that looks at a situation where there are a number of developers involved in developing several residential developments.

This is more complex and difficult to control, but the principal has been accepted by the developers and the level of funding per house is estimated to be in the region of £15,000 per house.

This structure would seem to be the most appropriate option for Lewes Uckfield.

Mechanisms

The funding of the rail line needs to have certainty and therefore there needs to be a legal mechanism for receiving payments from developers. This has in the past been through S106 agreements, however, a more suitable structure for this project is being developed by the current Planning Bill, which is due to become law in the Summer of 2008.

Under these proposals a Community Infrastructure levy will be introduced to enable local authorities to collect contributions from a range of developments that will fund infrastructure development in a region.

Political process

It will require significant clear political will to put in place the structures and agreements necessary to fund the project, but the opportunity to do this exists today and will be further enhanced with the Planning Bill.

In order to achieve this it will be necessary to co-ordinate the planning process, LDF process and Transportation issues within the Local Authorities involved.

Kilbride Group would be pleased to help this process to add development expertise to the process and draw on the experience at Tavistock in formulating agreements between developers and the Local Authorities involved.

Kilbride Group would even be willing to act as a collecting house to put together the agreements, ensure payments are collected and LDF plans are co-ordinated with the planning bodies and carry out the rail project with Network Rail or other organisations.

Levels of Funding

The new housing allocated to the area now and envisaged in the future LDFs can be readily identified. In order to fund the rail reinstatement project, the potential funding could be raised as follows, using similar rates per house used in other projects:-

4,000 houses x £15,000 per house = £60m

8,000 houses x £15,00 per house = £120m

Next Steps

Kilbride Group would be pleased to assist this process if the political will exists to progress the project, and help develop what will be another significant example of how infrastructure can lead regeneration and development in the UK.

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