

To: Cabinet
Date: 5 February 2025
Report of: Deputy Chief Executive Place
Title of Report: Cowley Branch Line delivery stage funding

Summary and recommendations	
Purpose of report:	To seek approval for a City Council contribution towards funding of the delivery stage of the project to reopen the Cowley Branch Line for passenger services.
Key decision:	Yes
Cabinet Member:	Councillor Louise Upton, Cabinet Member for Planning Councillor Ed Turner, Deputy Leader (Statutory), Cabinet Member for Finance and Asset Management
Corporate Priority:	All
Policy Framework:	Council Strategy 2024-28
Recommendation(s): That Cabinet resolves to:	
1.	Subject to Council approval of the Budget, to authorise the City Council to commit up to £2.5m of future Community Infrastructure Levy (CIL) income to support funding the delivery stage of the project to reopen the Cowley Branch Line for passenger services (CBL);
2.	Delegate authority to the Deputy Chief Executive Place, in consultation with the Council's Section 151 Officer, the Director Law and Governance, and the Deputy Leader, Cabinet Member for Finance & Asset Management to agree the terms and enter into all relevant funding agreements and contracts that facilitate the delivery of the CBL project, where powers are not already delegated within the constitution

Appendices	
Confidential Appendix 1	CIL income analysis and densification reference
Appendix 2	Risk Register

Executive summary

1. The Council proposes allocating £2.5m of future CIL funding towards the £20m local contribution for the CBL project. This amount will only be used if at least £17.5m is secured from other local parties and the Government commits to the project's delivery.
2. Relying solely on private sector and County Council contributions for the £20m local funding is not recommended. The private sector has already taken financial risks for the project's Full Business Case (FBC) stage and is unwilling to contribute further without local authority backing. The County Council is exploring ways to contribute to the funding, but without the City Council's commitment, the CBL project risks stalling. Any delay would cause the loss of positive momentum, including stakeholder and government interest, as well as significant developer contributions.
3. The FBC stage of the CBL project total cost was £4.56m, funded through capital contributions and forward-funded CIL. However, the £3.5m forward-funded CIL has not yet been fully collected, with a remaining shortfall of £1.4m to be raised from future developments. The total projected CIL requirement from 2025 onwards is £3.9m, including both the outstanding FBC costs and £2.5m City's share of the £20m local funding. The Council expects to meet this target from developments within 1.5km of the CBL stations, with or without a new CIL charging schedule. Although there are risks, such as potential delays, the CBL is expected to boost development in the area and generate additional CIL revenue compared to a scenario without the CBL, so there is a financial benefit to the City Council in agreeing these recommendations rather than not.

Introduction and background

4. The project proposes the introduction of passenger services onto the existing freight-only Cowley Branch Line by enhancing the main line infrastructure between Oxford and Kennington Junction plus upgrading the Cowley branch Line. There would be a two trains per hour service on the Cowley line achieved by extending the current Chiltern's London Marylebone to Oxford services.
5. The reopening of this line to passengers, along with the construction of two new stations at Littlemore and Cowley in the south-east of Oxford would create a genuinely two-way railway i.e. a route which has peak journeys in both directions. The line would connect all four of Oxford's economic growth areas and onwards to London, with the potential for direct trains to Cambridge as well, via EWR. In summary it will:
 - a. Level up areas of deprivation in the city;
 - b. Unlock significant housing growth potential;
 - c. Produce agglomeration benefits by linking 4 innovation clusters;
 - d. Support local and government carbon net zero targets through transport modal shift from road to rail;
 - e. Deliver journey times as fast as 10-12 minutes into central Oxford from Littlemore and the Leys; and
 - f. Unlock capacity at Oxford station to facilitate 4 trains an hour EWR CS3.
6. At [Cabinet on 14 December 2022, it was agreed](#) to "Approve the funding strategy and recommend Full Council to approve a capital budget of £4.56m to deliver the next phase of the project", namely the production of a Full Business Case. The

funding was split across the City and County Councils, plus a number of local landowners, with a large element of the latter to be repaid from CIL as each landowner brought development forward. The split is set out in the table below.

Organisation	Risk Capital	Contribution capable of reimbursement by CIL	Total contribution to Design Phase
ARC Oxford (ARC)	£250,000	£1,443,943	£1,693,943
The Oxford Science Park (TOSP)	£250,000	£1,443,943	£1,693,943
The Ellison Institute Technology (EIT)	£65,000	£612,114	£677,114
County Council	£206,000		£206,000
City Council	£289,000		£289,000
TOTAL	£1,060,000	£3,500,000	£4,560,000

7. On 29 March 2023, the Council entered into a Collaboration Agreement regarding the Design Phase of the CBL project, a Development Services Agreement (DSA) with Network Rail (NR) and a Memorandum of Understanding with Oxfordshire County Council.
8. The purpose of the DSA was for NR to produce a compliant Full Business Case (FBC) for the CBL in accordance with Department for Transport FBC requirements. Furthermore, the council also commissioned the Infrastructure Place Study to deliver RIBA stage 2 station approach (connectivity) designs for both stations and a pedestrian and cycle bridge near the proposed Cowley station and a wider connectivity study.

Securing a local contribution to reopen the Cowley Branch Line

9. The National Infrastructure Commission (NIC) guidance is that local promoters should bring together 15-25% of the overall expected delivery cost, if they expect the Government to consider investing in a scheme. As such, a £20m local contribution (approx. 15% of CBL anticipated delivery cost of £135m) is the current target for local funding. However, this is only for the rail element of the project and to deliver what is termed a Minimum Viable Product. There are significant additional costs that are still being established for work coming out of the Infrastructure and Place Study, which are likely to run into many millions. Some of these costs are needed for infrastructure that is required on Day 1 of operation.
10. There will be a need to enter Heads of Terms agreement on the local financial contribution between the key partners as part of the submission of the Full Business Case (FBC) to the Department for Transport (DfT). The final document is expected in March 2025.
11. It is highly likely that the value of land in the area will increase if the Cowley Branch Line were to be delivered. As such, it is important that the private sector beneficiaries of the scheme contribute to its delivery. However, the private sector partners are clear that the local authorities should also contribute.
12. To this end, negotiations between the local authorities and landowners within the Cowley Branch Line area established a clear understanding that all parties need to contribute to the delivery phase. It is understood that if the private sector fails to invest, the public sector cannot proceed, and vice versa—both sectors must commit in order for the project to move forward.

The proposal to use some CIL as part of the local funding mix and its rationale

13. To contribute towards the £20m local funding pot for the rail element, the Council will allocate £2.5m of future CIL, which will only be used if at least £17.5m is committed by other local parties for the rail element of the project, and the Government commits to the scheme's delivery. As noted above, there are expected to be significant "non rail" costs that will be to be found on top of the initial pot, which will need to be met from further landowner contributions/developer contributions.
14. Using CIL funding is seen as appropriate as part of the local funding mix:
- It is entirely consistent with the purpose of CIL i.e. to deliver gap funding for infrastructure.
 - The CBL is a major project on the related Infrastructure Delivery Plan (IDP), which serves to demonstrate our infrastructure needs and helps make the case for the CIL levy.
 - The CBL will be a catalyst for additional development in the wider area, both in terms of increasing density on existing sites, and in time, making new sites appropriate for sustainable development. As such, it will bring in additional CIL over the medium to long term.

Why other options have been discounted

15. The Council could insist on private sector (and County Council) meeting the £20m local contribution for the rail element of funding for the delivery stage, with nearly £4m of CIL already committed to the FBC stage of the CBL. However, this is not recommended because:
- The private sector parties have contributed financially to the FBC at their own risk – it has not yet been paid out of CIL;
 - They have also said that they will not commit more funds to the delivery stage without the local authorities doing the same;
 - The County Council are exploring ways in which they can contribute funds as part of the £17.5m. Moreover, the County Council can request the use of CIL to deliver infrastructure needs such as the CBL.
16. Therefore, were the City Council not to commit CIL to the delivery phase, then it would be an acceptance that the CBL project would stall indefinitely. Any significant delay to the present programme would mean the current confluence of positive factors (stakeholder and Government interest, significant pipeline of relevant developer contributions) would be missed.

Financial implications

Reimbursement of FBC Stage CIL Forward Funded Contributions

17. The FBC stage total cost of £4.56m was funded by parties through a mixture of capital contributions (£1.06m) and forward funded CIL (£3.5m). The CIL amount raised from development by TOSP, EIT and ARC Oxford since Apr 2023 to Dec 2024 is summarised in the table below.

Organisation	Development Site Consented (From April 23 to present)	CIL raised from consented development	FBC Stage Forwarded Funded Contribution	Outstanding CIL to be carried forward and raised from other new development to meet FBC contribution
TOSP and EIT	Plot 18 Littlemore House Plot 23-26	£1,947,819	TOSP (£1,443,943) EITM (£612,113) Total £2,056,056	£108,237
ARC Oxford	Plot 4200	£170,556	Total £1,443,943	£1,273,387
		£2,118,375	£3,499,999	£1,381,624

18. The table above shows CIL collected between April 2023 and Dec 2024 has not yet met the FBC forward funded amount of £3.5m. Consequently, the remaining FBC shortfall of £1.4m will be collected from future CIL development on TOSP and ARC sites from 2025 onwards, in conjunction with raising CIL funding of £2.5m for the delivery stage from all sites.

Forecast CIL to meet remaining FBC and future delivery stage contributions

19. The total projected CIL funding requirement to be collected from 2025 onwards is £3.9m, which comprises c. £1.4m of outstanding FBC costs, and £2.5m to meet the City's proportion of the £20m local funding for the project delivery stage.

20. The Council is currently awaiting a date to take a new CIL charging schedule through an Examination in Public. This new charging schedule increases the CIL rates for lab spaces. The forecast development pipeline set out in Confidential Appendix 1 shows that with or without the new CIL charging schedule it is anticipated that more than £3.9m income would be received from sites within 1.5km of the CBL stations before 2028. Clearly, the Council would also secure CIL contributions from across the city over this period as well.

21. It is not expected that there will be a challenge with paying the Council's share upfront before future CIL payments are received. If this does become an issue, then a further decision about financing the contribution would be required.

22. There is an opportunity cost associated with allocating £2.5m from CIL to the delivery of the CBL rather than to other priorities. However, as previously outlined, the delivery of the CBL is expected to increase development in the area, thereby generating a net increase in CIL revenues over the medium to long term. The CBL is also seen as an infrastructure priority for the city, with significant social, economic and environmental benefits.

23. There is still a risk that the CBL does not come forward in the near future. Until the Council enters contractual terms in relation to this contribution, the Council's annual budget setting will give the opportunity to reaffirm or remove its budgetary commitment to this project.

Legal issues

24. Under section 1 of Localism Act 2011 the Council has a general power of competence to do anything that individuals may do.
25. Community Infrastructure Levy (CIL) is a charge payable on development for the purpose of ensuring that the costs of providing infrastructure to support the development of the area are paid by developers (section 205(2) Planning Act 2008). CIL is governed by Planning Act 2008, Community Infrastructure Levy 2010 and the 2020 Amendments.
26. Regulation 59 of Community Infrastructure Regulations 2010 requires that CIL must be used to fund new infrastructure and cannot be used by a charging authority for any other purpose. Infrastructure is defined in section 216(2) Planning Act 2008 as including (a) roads and other transport facilities, (b) flood defences, (c.) schools and educational facilities, (d) medical facilities, (e) sporting and recreational facilities and (f) open spaces.
27. The use of CIL receipts for delivery of the CBL project falls within the definition of infrastructure for the purposes of Community Infrastructure Regulations 2010.
28. The Legal Team will be providing ongoing legal advice on the terms and relevant financial agreements required for delivery of the Project.

Level of risk

29. The Risk Register at **Appendix 2** lists the key risks related to this decision and their mitigation. With this being a funding decision relating to the explicitly conditional use future funds, this is a low-risk decision for the Council, which nevertheless unlocks a significant opportunity for south-east Oxford and the wider area.

Equalities impact

30. The Infrastructure Place Study engagement process has provided valuable insights into how delivering CBL will have a positive development from an equalities perspective. The inclusion of diverse stakeholder views, community engagement event, focus groups sessions, meetings with Cllrs and attendance of the Inclusive Transport and Movement Focus Group, has highlighted the potential of the CBL to improve accessibility and mobility for underserved communities in the area. While the project promises to enhance connectivity and support equitable opportunities for all, it is essential to remain mindful of potential challenges, including ensuring that the benefits can be equitably distributed and that any negative impacts can be effectively mitigated. At the next phase the project will continue to engage with the Inclusive Transport and Movement Focus Group as well as Cllrs and other groups to ensure that equality considerations remain central to the development and implementation of the CBL.
31. This proposed decision to approve a £2.5m contribution towards funding the infrastructure delivery stage, would pave the way for significantly improved public transport accessibility for a significant portion of Oxford's community. In the 2021 census there were an estimated 39,107 usual residents living in postcodes within 1.5km of at least one of the proposed CBL stations. And these are areas which have relatively high levels of transport related social exclusion, i.e. they are not well served by public transport and it is relatively harder to access basic services by sustainable transport modes. An Equalities Impact Assessment would be carried out during the detailed design phase for the CBL infrastructure, once funding is secured.

Next steps

32. Following Cabinet and Full Council decisions, this funding commitment will be included within the strategic and financial cases of FBC for the CBL project, along with the other local funding contributions. The inclusion of a £20m local funding contribution for the rail element of the scheme will be a significant factor in favour of the CBL project, when it comes to Government decision-making about its own funding decisions. CIL funding would only be drawn down when available and only if the CBL delivery phase has been confirmed.

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Background Papers: None	
1	Or - list all background papers
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