

'First of a kind' ground breaking model helps to fund the reopening of UK rail line

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A new and unique funding model developed by E-Rail Limited could revolutionise future rail and tram investment, following the successful delivery of Land Value Capture contribution agreements for the proposed Northumberland Line re-opening.

The line -which Beeching closed for passengers in the 1960s -was allocated £34m to commence early works by the Department for Transport (DfT) and will see 18 miles of track upgraded and six new stations.

The approval has been helped through E-Rail securing contribution agreements with landowners along the route on behalf of Northumberland County Council (NCC), which are based on the principle that improved connectivity will lead to development and increased land values.

The line is considered essential to help stimulate economic and social improvement across the region. The social and environmental impact on this area will be substantial as currently the road network is congested, and the public transport network is sparse.

Whilst initial funding for the line will come from the public sector, the contribution from landowners - which

will be a share of the uplift in land values along the route created by the new line reopening –will come back to the Council, lowering the long-term burden on the taxpayer.

The approach taken by NCC, if adopted by other local authorities and transport executives, could help to unlock business cases for projects across the country.

George Hazel OBE, Director of E-Rail explains: “This has been an excellent example of what is possible by working together for the benefit of the economic prosperity of the community through enhancing the transport system in the region.

“Our approach is a win-win for everyone and helps to create new sources of investment that could be available for infrastructure in the UK. Through harnessing the power of land value capture contributions, we can, in partnership with the private sector, get these projects funded.”

Councillor Richard Wearmouth, Cabinet member for Economic Development at Northumberland County Council said: “We were keen to explore innovative ways to fund the re-opening of the Northumberland Line to passenger traffic.

“As the method was new to us, every aspect needed to be internally checked and validated in terms of planning, transport, estates, legal, procurement, finance rules and regulations. These detailed discussions satisfied all our requirements and cleared the way to applying this method to capture the land value uplift potential along the line.”

“In our view, this method is a significant new way to raise funds for public transport projects, especially heavy and light rail. The partnership with E-Rail has worked well and their unique expertise has been invaluable.”

In these times of financial restraint this would seem like the ideal tool for Regional and Local Authorities to use to supplement funding for their major transport infrastructure schemes.”

If you would like to find out more about E-Rail, visit erail.co.uk or contact comms@e-rail.co.uk.

Photo credit: E-Rail