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South Cambridgeshire East Local Representatives Group

Meeting 3

1 November 2022

01. Today's agenda

Today's agenda

01.

Welcome and today's agenda

02.

Housekeeping

03.

Topic – Business Case Process

04.

Topic – Compensation
for Compulsory Purchase

05.

Review of actions from previous meetings

06.

Closing remarks and future topics

02. Housekeeping

Housekeeping

Thank you for joining

This is a virtual meeting.

Please display your full name as when you registered to attend – this can be done through the 'Participants' section.

To help everyone feel part of the discussion, please feel free to turn your camera on during the meeting if you can.

Please use the 'Raise Hand' function to raise a question during the meeting, found in the bottom ribbon (under the 'Reactions' option).



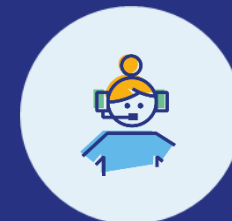
Display your full name in username



Please use the mute function



Use the 'Raise Hand' function if you want to raise a point during the meeting



Please do put your camera on if possible

03. Topic – Business Case Process

Amelia Boddington, Business Case Executive

What is a Business Case?

A Business Case is the process in which a full assessment is carried out of the costs and benefits associated with undertaking a project, programme or portfolio. It evaluates a range of options and provides a recommendation for a preferred solution. This is a government process which takes into account a wider range of factors than would necessarily be the case with a private sector investment, which by nature is more focused upon return on investment (ROI).

A well prepared Business Case:

- Enables the organisation and its key stakeholders to **understand, influence and shape the project's scope** and direction early on in the planning process.
- Assists decision makers to **understand the key issues**, the available evidence base and **avoid committing resources to schemes that should not proceed**.
- Demonstrates to senior management, stakeholders, customers and decision makers the continuing **viability of the project** and allows improvements to be made that **maximise value for money for the taxpayer**.
- Provides the basis for **management, monitoring and evaluation** during and after implementation.

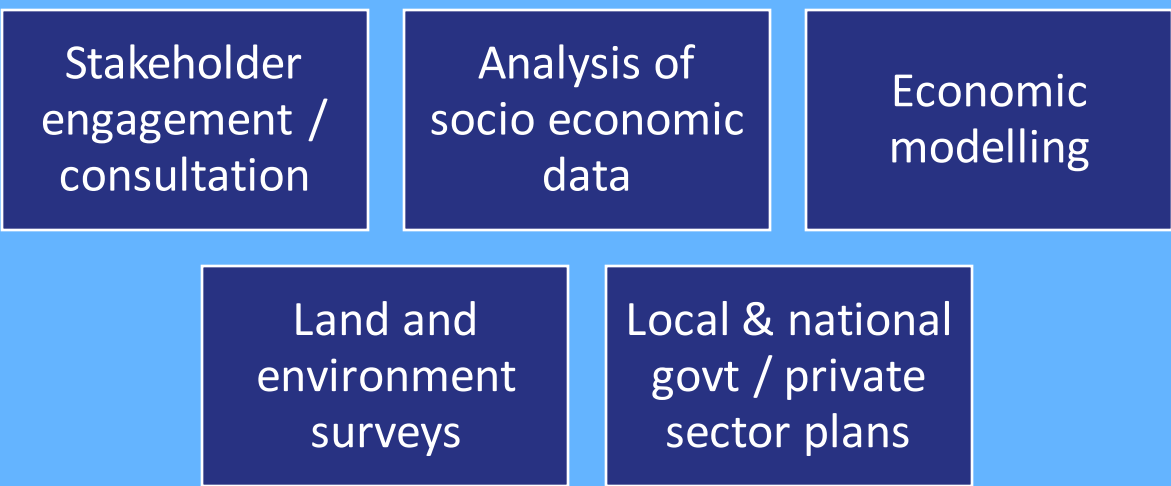
How we develop the Business Case

An iterative process





As is typical for large scale infrastructure projects, the development of the Business Case is an iterative process encompassing a number of stages. This is due to:

- The complexity
- The time taken to develop
- Spanning multiple spending periods
- Accounting for emerging evidence
- Societal, economic and technological trends

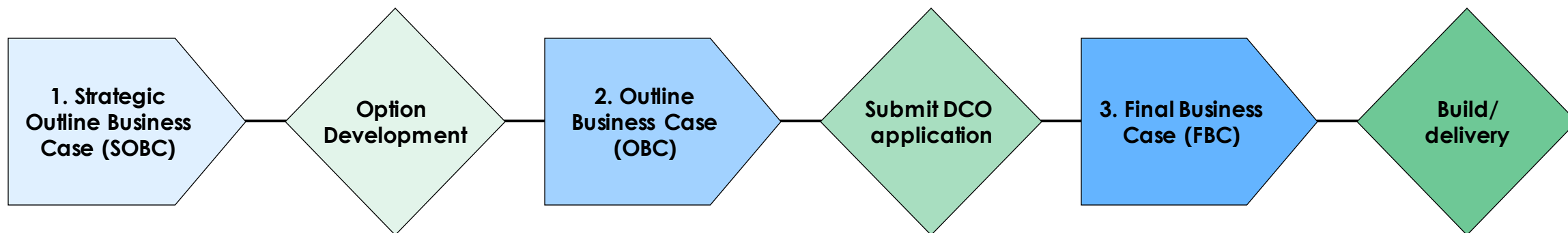
We gather the evidence required through:



We have to adhere to a range of guidance

Guidance document	What the guidance covers
 <p>HMT Green Book</p>	The Green Book provides overarching guidance for all government economic appraisal and evaluation of government policies and investments.
 <p>Transport Analysis Guidance</p>	TAG is DfT's own suite of guidance specifically covering issues related to transport appraisal.
 <p>HMT Guide to Developing the Project Business Case</p>	To supplement the Green Book and provide more specific general guidance on Business Cases.
 <p>Magenta Book</p>	The Magenta Book provides guidance on evaluation of government projects, programmes and policies.

What are the 3 stages of a Business Case?



HM Treasury Five Case Model – different level of detail expected for each case at different stages:

- **SOBC** - is it a good strategic fit?
- **OBC** - how well does it meet objectives?
- **FBC** - can we deliver it?

The Business Case evolves over time to consider a broader range of factors.



Strategic Case

What is the case for change?

What is the strategic fit with organisational and governmental objectives?

- **Makes the case for change** and demonstrates how it provides **strategic fit**.
- Demonstrates that the scheme provides **synergy and holistic fit** with other projects and programmes within the strategic portfolio.
- Provides evidence of an up-to-date organisational business strategy that references all relevant **local, regional and national policies** and **targets**.
- Demonstrates a clear understanding of the **rationale, drivers** and **objectives** for the spending proposal, which must be made SMART
 - Specific, Measurable, Achievable, Relevant and Time constrained – for the purposes of post-evaluation.
- Outlines potential **benefits, risks, constraints** and **dependencies** associated with the proposal.



Economic Case

The economic case presents the economic assessment/cost-benefit analysis of the scheme in line with government guidance.

- It assesses options and, where possible and proportionate, it monetises costs and benefits.
- It demonstrates that a wide range of realistic options have been appraised, in terms of how well they meet the spending objectives and critical success factors for the scheme.
- It identifies the proposal that delivers best public value to society, including wider social and environmental effects.
- This informs decision making and is considered alongside other non-monetised and strategic factors.
- The economic case is where we present our economic and transport modelling and other analysis. It brings together the evidence we have, which underpins any assumptions.
- It concludes with a Benefit Cost Ratio (BCR), which provides a single quantitative summary of the economic assessment.



Examples of direct benefits considered in an economic case (Level 1 Benefits)

Level 1 Benefits are captured by the BCR.

Journey Time Benefits	These are the journey time savings generated for new and existing users of a rail network.
User Charge Benefits	These are the benefits users would derive from lower train fares, relative to existing rail travel options.
Carbon Cost	These are the disbenefits associated with carbon production.
Congestion Indirect taxation Accidents Local Air Quality Noise Greenhouse Gases	These are the benefits of a rail scheme, to non-users of the railway, via a reduction in car travel for example.

Examples of indirect benefits considered in an economic case

Benefits derived from there being no change in land use as a result of a transport scheme (Level 2 Benefits – Captured by the BCR)

- **Agglomeration** – close proximity of businesses can lead to benefits such as collaboration, innovation and supply chain improvements.
- **Output change** – The journey time reduction has the potential to reduce input costs for organisations through:
 1. Reducing the amount of time spent on business travel.
 2. Alleviating cost push pressures on wage inflation.
- **Labour supply** – reduced commute times can widen the catchment area for labour

Benefits derived from there being a change in land use as a result of a transport scheme (Level 3 Benefits – Not captured by the BCR)

- **Wider rail network impacts** – A transport scheme may impact other rail lines across the network.
- **Productivity impacts** – The knock-on impacts from a new transport intervention AND a change in land use, on the productivity of workers and organisations.
- **Housing impacts** – There are two classifications:
 1. Dependency – What proportion of a development is considered dependent on the scheme.
 2. Additionality – what would not have occurred in the absence of the intervention.
- **Non-monetised impacts** – Impacts that are hard to monetise, this typically includes things like landscape and biodiversity impacts.
- **Other transport network impacts** – this would typically consider reduction in heavy goods vehicles on roads and the costs associated with maintaining the railway if proposals such as freight are included.

Costs

Capital expenditure

The costs of building the whole scheme.

Operational expenditure

The cost associated with operating services (inc. rolling stock lease costs, fuel costs, station costs, staff costs etc.).

Whole Life Costs

The costs of maintaining and renewing the infrastructure over the life of the asset.

Road Infrastructure

Small reduction in the cost of maintaining and renewing roads due to the modal shift from car use.

Revenue

Additional revenue the scheme is expected to generate for scheme operators (assumed to flow back to DfT through the franchise system).

Commercial Case

Is there a robust strategy for procuring and delivering the scheme?

The purpose of the **commercial** dimension of the Business Case is to demonstrate:

- The preferred option will result in a **viable procurement** and a **well-structured deal** between the public sector and its service providers.
- Understanding of the **market** place, **knowledge of what is realistically achievable by the supply side** and research into the **procurement routes that will deliver best value** to both parties.
- A clear understanding of the **services, outputs** and **milestones** required to be achieved.
- How the potential **risks** in the **Design, Build, Funding and Operational** phases of the scheme can best be allocated between the public and private sectors and reflected in the charging mechanism and contractual arrangements.
- The challenge for the public sector is to **be an 'intelligent customer'** and to anticipate from the outset how best public value can continue to be secured in during the contract phase in the face of inevitable changes to business, organisational and operational requirements.



Financial Case

Is the scheme affordable?

Is there a feasible path to securing funding for the scheme?

The purpose of the financial dimension of the Business Case is to demonstrate:

- The **affordability and funding** of the preferred option, including the support of stakeholders and customers, as required.
- A complete understanding of the **capital, revenue and whole life costs** of the scheme.
- How the deal will impact upon the **balance sheet, income and expenditure** and **pricing arrangements** (if any) of the organisation.
- The challenge is to identify and resolve any **potential funding gaps** during the lifespan of the scheme.



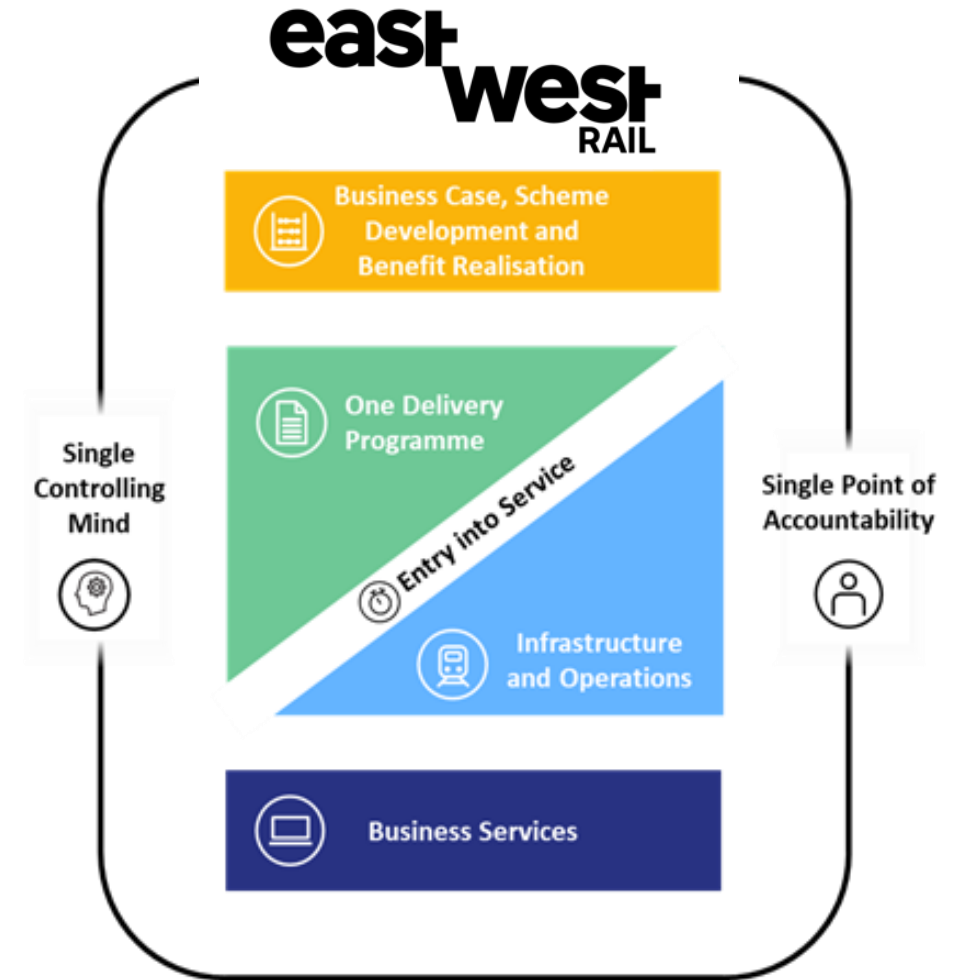
Management Case

Is the scheme deliverable?

How do we intend to monitor and evaluate the scheme after delivery?

The purpose of the **management** dimension of the Business Case is to demonstrate that:

- Robust arrangements are in place for the **delivery, monitoring and evaluation** of the scheme, including feedback into the organisation's strategic planning cycle.
- The preferred option can be **successfully delivered**.
- The scheme is being managed in accordance with **best practice** and subjected to **independent assurance**.
- The necessary arrangements are in place for **change and contract management, benefits realisation and risk management**.



How to influence the Business Case

The Business Case is an evidence-based process.

The information that will support the Business Case is subject to a process of continuous evolution.

We are constantly gathering evidence to improve the quality of the Business Case.

Much of the activity we undertake is used to improve our evidence base, whether it be public consultation, economic modelling, engineering surveys, etc.

We are interested in both qualitative and quantitative evidence. If you wish to contribute to the business case, you can provide evidence by emailing us at: contact@eastwestrail.co.uk



Questions or comments



04. Compulsory Purchase

Martin Wheeler, Surveyor, EWR Land and Property Team

Colin Cottage, Surveyor, EWR Land and Property Team

Engagement with homeowners and landowners

Martin Wheeler

Surveyor, EWR Land and Property Team

Pre-Statutory Consultation

- Relevant homeowners, occupiers and landowners have been contacted individually and offered the opportunity to meet with members of our team to discuss how the project might affect them and to listen to their concerns.
- These comments are being fed back to the project team for consideration.
- Consulted on proposed Need to Sell Scheme.
- Ongoing engagement with landowners for survey access.



Listen to concerns



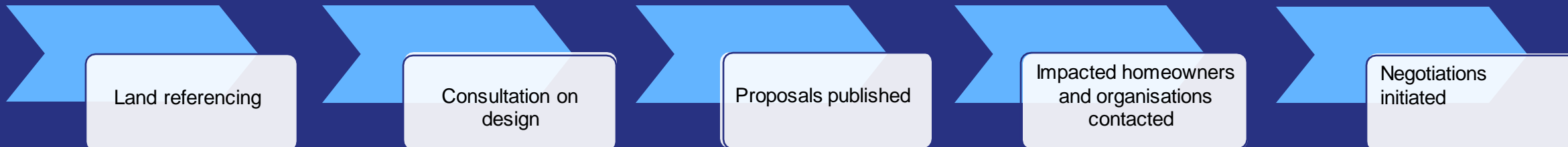
Communicated to relevant team



Engagement and feedback included within project development

Statutory Consultation

- Undertake a land referencing exercise.
- Consult on the designs we plan to submit in the Development Consent Order (DCO), providing all stakeholders with the opportunity to comment.
- Publish proposals on how we will acquire the property / land rights required to deliver the project.
- Homeowners and landowners whose property / land is likely to be required for the project would be offered the opportunity to discuss the project and the proposals for property / land rights acquisitions.
- With the commencement of Statutory Consultation, we will initiate negotiations with the aim of reaching agreements with homeowners and landowners whose property / land will be required for the project.



DCO submission and examination

Before the DCO application submission, we'll reconfirm records to ensure all homeowners and landowners whose land is likely to be required for the project are recorded accurately.

All those directly impacted will receive a statutory notice that the DCO application has been submitted.

They would be invited to submit Relevant Representations.

Prior to submission, we'll strive to reach voluntary agreements with landowners to acquire the necessary land / land rights.

During examination, we'll continue to engage with homeowners and landowners to reach agreements and aim to address concerns raised in any Relevant Representations.





DCO decision

Ongoing engagement.

After the DCO is granted, we'll then determine the programme for when we need the land for the project. This will inform which land / land rights are required, and when.

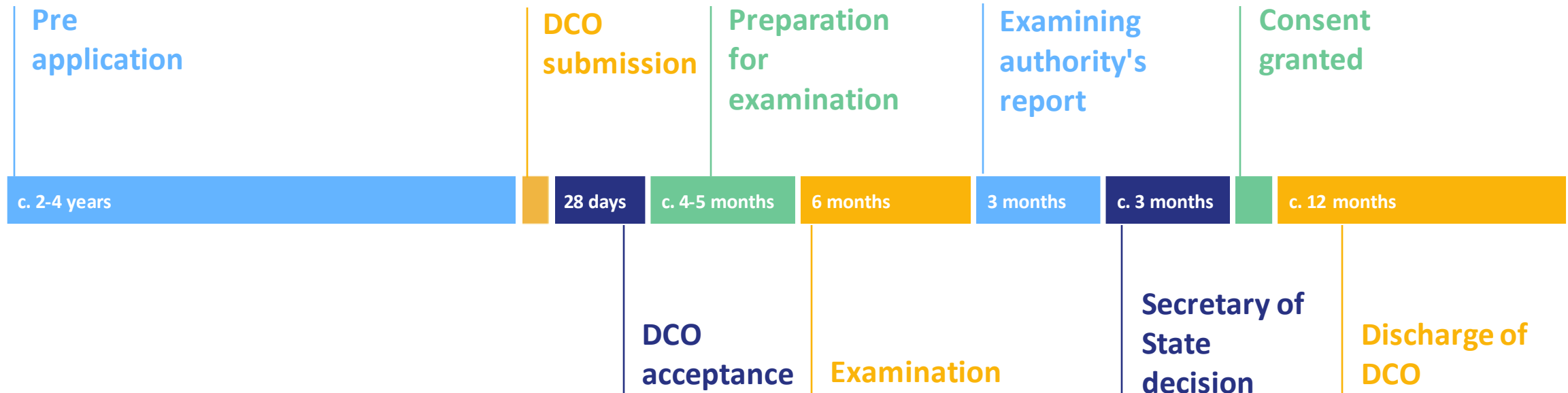
In the event we are not able to acquire ownership of the land (shown on the DCO plans) which we require for the project by agreement with landowners, EWR Co would have the ability to exercise the powers conferred by the made DCO to acquire that land through a compulsory acquisition process

Compulsory acquisition

Martin Wheeler and Nick Rushton

Surveyors, EWR Land and Property Team

Outline of the DCO process



What is the process for acquiring land by compulsory acquisition?

- Identify landowners, other occupiers and those with rights in land, and record in a Book of Reference (BoR).
- After the DCO comes into force there will be a period (usually 5 years) in which the powers of compulsory acquisition can be exercised.
- Acquiring land or rights in land is achieved by the use of a General Vesting Declaration (GVD) or Notice to Treat/Notice of Entry (NTT/NOE). The land ownership is checked and formal notices are served on all affected parties that the land is required and when entry onto it will be taken.
- GVD would give EWR the ownership of the land immediately when the notice takes effect.
- NTT/NOE are two separate notices, the first advises the owner that EWR wishes to acquire the land and the latter informs the date that entry will be taken. EWR will own the land when the compensation for the land has been agreed but will be able to take possession before that.

What is temporarily acquiring land and what is the process?

- Some land may also be required temporarily by the project, eg for site compounds and for utility diversions.
- After the DCO comes into force then temporary possession notices can be served for the required land (as identified in the DCO application).
- The usual position is that, upon completion of the work, the land will be returned to its original condition to the reasonable satisfaction of the landowner.

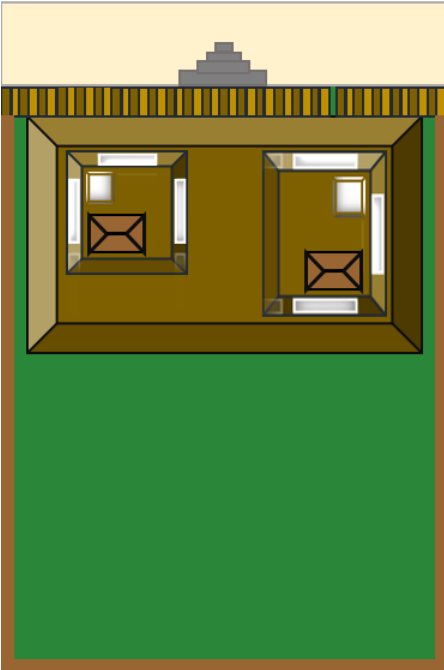
How will people know if they are entitled to make a claim for compensation arising from compulsory acquisition of their land?

- After the DCO is granted, EWR Co will make a decision about when the land in the DCO is needed and, where we've not been able to acquire by agreement, this will need to be acquired by compulsory acquisition and formal notices will be served on the owners and relevant occupiers of that land.
- Anyone receiving a formal notice advising them of the land/rights to be acquired will be entitled to make a claim if they meet the criteria. This will also include a claim form to complete.
- We'd recommend that parties instruct a suitably qualified and experienced surveyor to act for them and they will guide the claimant through the claim process and submit the claim on their behalf.

What is compulsory purchase compensation?

- The right to compensation for those who have had their land acquired compulsorily by EWR Co is governed by something called the 'Compensation Code' - a collection of statutes and case law related to the assessment of compensation for compulsory acquisition.
- A general principle that underlies the compensation code is that of equivalence, so that a claimant should not be in a worse, or better, position financially as a result of their land being acquired compulsorily.

Compensation for the acquisition of a dwelling



- The market value of the property in the 'no-scheme' world.
- Home loss payment of 10% of value.
- Cost of moving (known as disturbance) including legal fees.
- Reimbursement of surveyor's fees for the preparation and agreement of the compensation claim.
- Statutory interest.
- An advance payment of compensation (90%) can be requested.

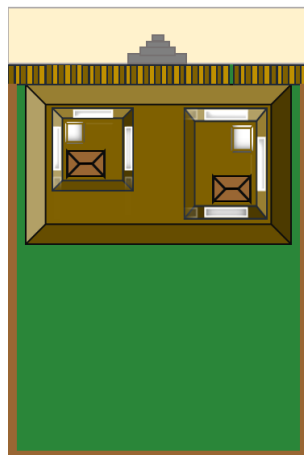
Compensation for acquisition where only part of a residential property is acquired (e.g. part of a garden)

X – Original property value

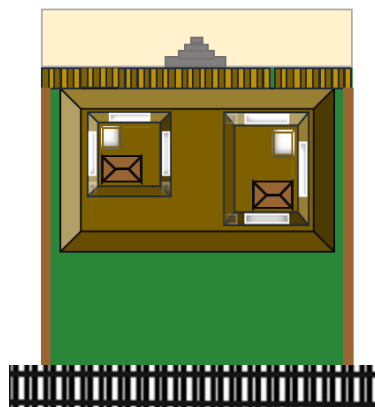
Z = Value of the retained property

Y = Value of garden taken

BEFORE

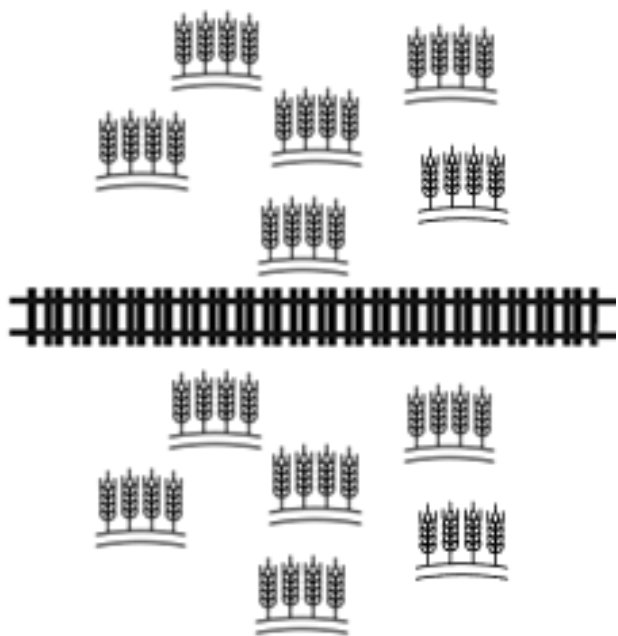


AFTER



- Market value for the land (garden) acquired = Y.
- Basic and occupiers' loss of 10% of the value of the land acquired.
- Compensation for any reduction in value of the remaining land (known as 'injurious affection' and 'severance'). This is calculated as the difference between original value of the property that will be retained (Z) compared to its value taking into account the acquisition of (Y) and the presence of the new railway.
- Disturbance.
- Reimbursement of surveyor's fees for the preparation and agreement of the compensation claim.
- Statutory interest.
- An advance payment of compensation can be requested.

Compensation for acquisition where part only of a farm is acquired



- Market value for the land acquired.
- Basic and occupiers' loss of 10% of the value of the land acquired.
- Injurious affection and severance. This is calculated in the same way as the previous example being the difference between original value of the retained farmland compared its value after the acquisition – also taking into account the presence of the new railway).
- Disturbance.
- Reimbursement of Surveyor's fees for the preparation and agreement of the compensation claim.
- Statutory interest.
- An advance payment of compensation can be requested.

For permanent rights in the land (e.g. for diverted utility services)

- Will normally reflect any reduction in the value of the landowners' property interest resulting from the acquisition and use of the rights, as well as any disturbance compensation that might be applicable.
- Reasonably incurred fees will also be reimbursed, as with permanent acquisition.



For temporary possession (e.g. construction compounds, construction access routes)

- This will depend on the specific provisions of the DCO, but it is usual for a claimant to receive their reasonably incurred costs and losses relating the temporary loss of their use of the land.



Where no land is acquired

- Compensation might potentially be claimed under Part 1 (of the Land Compensation Act 1973) or Section 10 (of the Compulsory Purchase Act 1965).
- Part 1 claims are for any reduction in value of a landowners' property due to physical factors of the use of the railway (noise, vibration, smell, fumes, smoke, artificial lighting and the discharge onto the property of any solid or liquid substance)
- Section 10 claims are for any reduction in value of the property where a right in land is affected and, but for the fact that the acquisition is compulsory, would otherwise be actionable in law. For example, a property has a right of access across a neighbouring property and the access over the neighbouring property is blocked.

Permanent acquisition heads of claim continued: Fees

- This is primarily the reimbursement of reasonable surveyor's and/or solicitors fees for the preparation and agreement of a compensation claim.
- The RICS has produced a mandatory guide which must be followed by surveyors acting for both acquiring authorities and claimants.



What happens if compensation cannot be agreed?

- The claim is submitted by a claimant and will be assessed by EWR Co. However, in the event that compensation cannot be agreed, any party can refer the matter to the Upper Tribunal (Lands Chamber). Other forms of alternative dispute resolution (ADR) may also be considered.
- A payment of advance compensation (90%) can be requested by a claimant after EWR Co has taken possession of their land, so would only leave disputed amounts to be paid once the tribunal has ruled on the total amount to be paid.

Summary and key points to note

- We'll be engaging and consulting with landowners through the various stages of the process as our proposals are published.
- We'll be seeking compulsory acquisition powers for use where we are not able to reach an agreement with the landowner to purchase the land.

Questions or comments



Get in touch

If you'd like to talk to a member of our specialist land team, we'd be very happy to talk with you:

- Email us at: land@eastwestrail.co.uk
- Call us on: **03308387583**
- Write to us at: **Freepost EAST WEST RAIL LAND**

For more information about the Need to Sell Scheme, visit the Land and Property section of our website: eastwestrail.co.uk/the-project/land-and-property

03. Review of actions from previous meetings

Completed actions

Meeting	No.	Action	Owner	Status
#2	1	To walk the Group through the development of the project's business case in future meetings.	EWR Co	Complete - To be discussed in Meeting #3
#2	2	To confirm whether the Mayor for Cambridge, the Cambridgeshire & Peterborough Combined Authority, and the Greater Cambridge Partnership would be formal statutory consultees on the SoCC	EWR Co	Complete - To be discussed in Meeting #3
#2	3	To include a selection of start times in the meeting poll options	EWR Co	Ongoing

06. Future topics and closing remarks

Topics for future discussion

Meeting #4 – a) Environment: Environmental Impact (and surveys), (b) PROW: Closures, Routes: Horizontal and vertical alignment

Meeting #5 –

Discussion: Other topics for future meetings

Agreed frequency: Quarterly meeting

Outcomes:

Actions:

We're always here

All the Group's relevant documents will be available on its **Community Hub** site.

We will notify you when available.



Got a question?

If you have any questions about the Group, please email:

localrepresentativesgroups@eastwestrail.co.uk

If you have any questions about the project, please email:

contact@eastwestrail.co.uk

Or you can also call us on **0330 134 0067**

Creating meeting notes

