

**DEPARTMENT FOR TRANSPORT  
2010**

**Transport and Works Act 1992**

**Transport and Works (Applications and Objections Procedure) (England and  
Wales) Rules 2006**

**THE CHILTERN RAILWAYS (BICESTER TO OXFORD IMPROVEMENTS) ORDER**

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**Proposals for Funding under Rule 10(3)(a)**

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The Chiltern Railway Company Limited ("Chiltern Railways") is a private-sector company, wholly owned by DB Regio UK Ltd., which is in turn a wholly-owned subsidiary of Deutsche Bahn AG.

The costs of implementing the works sought to be authorised by the proposed Order, including the costs of acquiring land and undertaking such mitigation measures as may be necessary, will be met as follows:

1. **Phase 1**
  - (a) This phase consists of the Bicester connecting line; a mostly single-line railway between Bicester and Oxford; station works at Bicester Town, Islip and Oxford; a new station at Water Eaton Parkway; and associated works to replace or close level crossings.
  - (b) The work will be financed as a commercial venture, with capital costs funded out of operating profits.
  - (c) Chiltern Railways is funding the outline design and development work. Chiltern Railways will make payments against defined deliverables to the chosen contractor, and will take the resultant cost and delivery risks. These payments will be funded by Network Rail; the works will be transferred by Chiltern Railways to Network Rail in stages on agreed dates for a pre-agreed sum, and will then form part of Network's Rail's Regulatory Asset Base. Chiltern Railways and its successors will then pay Network Rail higher track access charges over the life of the project, funded by the passenger and other revenues earned. In August 2009 the Department for Transport issued its preliminary confirmation that it is content for Chiltern Railways to proceed in this manner.
  - (d) This method of funding is similar in principle to that adopted for Chiltern Railways' earlier "Evergreen 2" project (capital costs of around £80m), which likewise entailed upgrading and adding to Network Rail assets.
  - (e) Chiltern Railways expects to reach Financial Close with the Department for Transport shortly. The above funding arrangements and associated commitments will then be included in a suite of agreements, subject where appropriate to the outcome of the TWA Order process, with Network Rail, the Department for Transport (via an amendment to the Chiltern Railways Franchise

Agreement) and the chosen construction contractor. A precondition of signing these agreements will be receipt of approval from the Office of Rail Regulation.

## 2. Phase 2

This may consist of two phases of work:

- (a) Phase 2a would consist of track lowering and a second track through the Wolvercot tunnel and approaches to it and the upgrading of certain bridges for W12+ loading gauge. These will proceed as and when required by the Department for Transport. The work, together with any associated mitigation measures, will be funded by the Department for Transport. It is expected that any commitment by the Department to proceed, together with the requisite funding arrangements, will be included in the Evergreen 3 commercial agreements between Chiltern Railways and the Department for Transport.
- (b) Phase 2b would consist of a second track between Langford Park and Islip and a revised connection into the Exchange sidings at Bicester. These will only proceed when the East-West Rail Link ("EWR") project goes ahead. EWR is identified by the South East Regional Transport Board as a regional investment priority, and the East-West Rail Consortium of local authorities, together with the South East England Partnership Board and the Milton Keynes Partnership, are currently undertaking detailed engineering and funding studies.
- (c) The phase 2b works and any associated mitigation measures will be funded as part of the overall EWR project. The South East Regional Transport Board has confirmed that the approach to financing EWR will consist of the following funding streams:
  - From the rail industry and the Department for Transport, National Networks, by means of the Network Rail funding settlement
  - From landowners and developers, captured through the spatial planning system.
  - From the central Government Regional Funding Allocation and the Communities Infrastructure Fund. The identification of EWR as a regional funding priority makes the scheme eligible for such funding.

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