



RYR 121 – MELTON NOTTINGHAM CONNECTIVITY

Annex E

Cost Report



TECHNICAL NOTE

DATE:	27 May 2021	CONFIDENTIALITY:	Confidential
SUBJECT:	Melton - Nottingham Connectivity Cost Report		
PROJECT:	Melton - Nottingham Restoring Your Railway	AUTHOR:	JC
CHECKED:	MC	APPROVED:	MC

INTRODUCTION

Melton Borough Council and Charnwood Borough Council have commissioned an initial cost report in support of the Strategic Outline Business Case (SOBC) supporting investment in transport improvements between Melton Mowbray, the two boroughs, and Nottingham.

This report considers potential infrastructure interventions which may be required to deliver the indicative train service specification (ITSS) options which have been identified as suitable for further investigation. An assessment is also made of the operating costs for the options under consideration.

It is important to note that while various combinations of the infrastructure interventions may be required, they may solve wider capacity and infrastructure issues which already exist today. How these costs should be attributed fairly will be considered further at the next stage of work.

APPROACH

To aid decision making and to provide context to stakeholders for emerging thinking as the SOBC is developed an initial cost report has been produced.

Where data is already available the estimate has used bottom-up approaches. Where this wasn't possible, other schemes have been used as a benchmark.

Taking into account the early stage of work, a high-level cost range for each intervention has been produced:

Capital Cost Estimate Ranges

	Lower	Upper
Loughborough 4th Platform	£4,200,000.00	£6,300,000.00
New signal at Melton	£700,000.00	£1,000,000.00
New Crossover Melton	£3,500,000.00	£5,300,000.00
New signal Syston to Melton	£1,000,000.00	£1,400,000.00
Nottingham 8th Platform	£4,200,000.00	£6,300,000.00
4th Track Leicester to Syston	£27,900,000.00	£41,900,000.00

- The estimate base date is 2Q2021.
- Costs are based on pounds sterling with rates derived from inhouse data from previous schemes and industry recognised sources.



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- The indirect costs have been assessed on a percentage basis of the direct costs in accordance with the GRIP level of detail.
- Client costs have been assessed on a percentage basis of the direct costs in accordance with the GRIP level of detail.
- Risk is included at 30%
- Optimism Bias at 60%

ASSUMPTIONS

- Assume no over and above allowance for Bank Holiday working
- Assumed at this stage no contribution to Network Rail Fee Fund
- Assumed at this stage no contribution to Industry Risk Fund
- Assume no cost implications for Interface with other projects.
- Assume no costs related to new technology requirements or change in standards
- Assume no contaminated waste removal
- Re-signalling works is an allowance that will be amended once the full scope of requirements is known.
- An allowance has been made for track works, but this allowance figure needs to be assessed as the scheme progresses as it may need to be increased if more work is required

EXCLUSIONS

- Allowance for Escalation
- Allowance for future inflation
- VAT, Stamp Duty etc.
- Cost for works to any existing services as currently unknown, including diversions
- Land purchase costs
- Out of hours working
- Abnormal ground conditions including contamination
- Works relating to asbestos
- Works to existing underground services
- Network Rail approvals and risk fund
- Compensation charges
- Weekend disruptive possession orders

Operating Cost Estimate

Based on professional judgement, a cost of £10 per vehicle mile has been assumed for operating costs. This is a notional figure for a diesel multiple unit, of the type which currently operates in the area. This value covers the approximate cost of leasing, track access, fuel, staff costs and maintenance and is considered a reasonable approximation, considering the early stage of work. For each of the ITSS options therefore the indicative operating costs would be:



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Option	Indicative new mileage/day	Indicative operating cost/day
Option 3 – Extra train per hour between Birmingham, Leicester and Peterborough	624	£6240
Option 4 – Extra train per hour between Nottingham and Melton via Syston curve (all stations)	385	£3850
Option 5 – Extra train per hour between Nottingham and Melton via Syston curve (selected stations)		
Option 9 – option 4 extended to Peterborough	785	£7850
Option 10 – option 5 extended to Peterborough		

In line with the government’s traction decarbonisation strategy, if the costs of electrification are not attributed to the operating cost, and it became possible to operate electric multiple units on the route it is considered that the cost per mile would decrease to approximately £7-£8 per vehicle mile.