



## Railways: *Channel Tunnel Rail Link Act 1996*

Standard Note: SN/BT/70  
Last updated: 17 March 2010  
Author: Louise Butcher  
Section: Business and Transport

---

The *Channel Tunnel Rail Link Act 1996* provided for the construction of a high speed rail link between London and the Channel Tunnel. The Channel Tunnel Rail Link (CTRL) would provide the capacity needed for the increase in international rail traffic via the Channel Tunnel and reduce international journey times. The Act provided for the rail link to be built, maintained and operated by a private sector promoter but with a public sector contribution.

This Note covers the Bill and its background but not later events. Details on the CTRL after 1996 can be found in HC Library Standard Note [SN/BT/267](#), available on the [Railways topical page](#) of the Parliament website.

### Contents

<b>1</b>	<b>Channel Tunnel Act 1987 and plans for a rail link</b>	<b>2</b>
1.1	Plan 1	3
1.2	Plan 2	4
<b>2</b>	<b>The Bill</b>	<b>5</b>
<b>3</b>	<b>The promoter</b>	<b>7</b>
<b>4</b>	<b>Blight</b>	<b>8</b>

This information is provided to Members of Parliament in support of their parliamentary duties and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as being up to date; the law or policies may have changed since it was last updated; and it should not be relied upon as legal or professional advice or as a substitute for it. A suitably qualified professional should be consulted if specific advice or information is required.

This information is provided subject to [our general terms and conditions](#) which are available online or may be provided on request in hard copy. Authors are available to discuss the content of this briefing with Members and their staff, but not with the general public.

## 1 Channel Tunnel Act 1987 and plans for a rail link

The original Section 42 of the [Channel Tunnel Act 1987](#) stipulated that no Government grant or subsidy could be paid for international rail passenger services:

42.—(1) No obligation with respect to international railway services shall be imposed on the Railways Board under section 3 of the *Railways Act 1974* (imposition of obligations in connection with certain Community regulations giving rise to payments by way of compensation).

(2) In ascertaining any relevant detail of the Railways Board's railway undertaking for the purposes of section 1 of the *Transport (Financial Provisions) Act 1977* (power of secretary of state to make grants in respect of such a deficit) there shall be disregarded so much of the revenue and expenditure properly attributable to revenue account as is referable to the provision of international railway services.

(3) No grants shall be made by the secretary of state under section 56(1) of the *Transport Act 1968* (grants towards capital expenditure on public passenger transport facilities) towards expenditure incurred or to be incurred by the Railways Board for the purpose of the provision, improvement or development of international railway services.

(4) In this section "international railway services" means services for the carriage of passengers or goods by way of the tunnel system.<sup>1</sup>

The Government can, however, support domestic services run on a rail link. Section 31 of the [Channel Tunnel Rail Link Act 1996](#) allows the Secretary of State to give such financial assistance as he thinks fit to the nominated undertaker for construction work authorised by the legislation; and section 32 allows him to make payments to the nominated undertaker in return for the right to use some of the capacity on the CTRL; these are payments for domestic services between Kent and London particularly in the peak periods.

There seems to be some dispute as to when the rail link project was first mooted. In its evidence to the House of Commons Transport Select Committee in December 1995, British Rail (BR) said that a high speed link to the Channel Tunnel "is not envisaged" although provision for the construction of a terminal at Waterloo was contained in the *Channel Tunnel Act 1987*:

For through rail traffic the Board envisage initially an hourly passenger service in each direction between both Paris and Brussels and London and 16 freight trains a day in each direction. All rolling stock and infrastructure required for such a service would be provided by BR, the SNCF and other continental railways and in BR's case be required to meet the normal rates of return expected for railway investment. A high speed link is not envisaged in Britain but discussions are continuing with the SNCF about the possibility of using high speed trains built to British gauge which would run at conventional speeds in Britain and high speed on the continent. With such trains journeys of 3 hours to Brussels and 3 hours and 15 minutes to Paris are possible.<sup>2</sup>

In a speech on 9 May 1988 the Chairman BR, Sir Bob Reid, said that BR would seek to build a high speed link if its study into the longer term demand showed that such a link would bring the right level of profit. He revealed that as soon as Eurotunnel had received the go-ahead

---

<sup>1</sup> this was repealed by the *Transport Act 2000* (Schedule 31), which also included a specific power for the Strategic Rail Authority to provide grants to the railway, not excluding international services (section 211)

<sup>2</sup> Transport Committee, [Channel Link](#) (first report of session 1985-86), HC 50, 2 December 1985, p110

from backers in 1987, BR had set up a study team to look into the long term capacity needed for international services through the tunnel.<sup>3</sup>

## 1.1 Plan 1

On 14 July 1988 BR published a report investigating the long-term capacity needed for international services through the Channel Tunnel. It concluded that there was no real alternative to building additional tracks, either alongside existing routes or on new alignments, because of constraints that would ultimately extend over significant lengths of the existing 'boat train' routes and outlined three routes to be included in future design work. The initial cost estimate varied between £725 million and £1.2 billion at 1988 prices.<sup>4</sup> On 8 March 1989 BR announced its chosen route for the rail link. Of the 68 miles between London and the Channel Tunnel, two thirds would run below ground level, 22 miles in cuttings and 23 miles in tunnels. The estimated cost would be £1.7 billion of which 30 per cent would be for environmental protection. BR also gave details of an improved compensation package in offering to buy immediately any residential property within a 240 metre wide corridor along the proposed route (up to 100 metres on either side of the line) except where the line ran in a tunnel.<sup>5</sup>

On 3 November 1989 the British Railways Board announced its choice of a private sector partner for the rail link. It was a consortium specially formed for the project called Eurorail Ltd and consisting of Trafalgar House and BICC. The CTRL would therefore be developed and operated as a joint venture by BR and Eurorail. The press notice confirmed that BR was planning to put forward a Parliamentary Bill for the scheme in November 1990 and it hoped that the new line could be in operation by 1998.<sup>6</sup>

The then Secretary of State for Transport, Cecil Parkinson, summarised the latest position with regard to the link in a written answer on the same day and confirmed that "it remains the policy of the Government that no subsidy will be given to Channel Tunnel rail services".<sup>7</sup> On 14 June 1990, however, Mr Parkinson announced in the House of Commons that the Government had agreed with BR and Eurorail not to proceed with the joint venture proposals for a high speed rail link to the Channel Tunnel. He said that the joint venture would have required a capital grant of £500m in addition to the investment of £400m by Network South East and a low interest loan of £1 billion. He did not consider that the benefits to commuters were sufficient to justify this sum of public expenditure.<sup>8</sup>

On 19 November 1990 BR announced the formation of European Passenger Services Limited (EPS Ltd), a wholly-owned subsidiary of the British Railways Board, to run its international passenger services when the Channel Tunnel opened. EPS Ltd would run:

- 'capital city services' between London and Paris/Brussels;
- day services linking Edinburgh, Leeds, Birmingham and Manchester with Paris and Brussels; and

---

<sup>3</sup> British Rail press notice 63/88

<sup>4</sup> British Rail press notice 90/88

<sup>5</sup> British Rail press notice, "Channel Tunnel Rail Link: BR announces proposed route", 8 March 1989 [PN 38/89]

<sup>6</sup> British Rail press notice 144/89

<sup>7</sup> [HC Deb 3 November 1989, cc344-345W](#)

<sup>8</sup> [HC Deb 14 June 1990, cc482-484](#); in July 1990 the press published details of the Labour Opposition's proposals for a £5 billion high speed rail link between the Channel Tunnel, the London regions and Scotland, financed through a combination of public and private money and a relaxation of the borrowing rules on BR ("Labour plans £56m rail link from the Channel to the regions", *The Times*, 25 July 1990)

- night services to France, Belgium, the Netherlands and Germany.<sup>9</sup>

## 1.2 Plan 2

BR published a report in 1991 by WS Atkins on route options into central London.<sup>10</sup> This confirmed the southern route as BR's preferred option.

On 9 October 1991 the then Secretary of State for Transport, Malcolm Rifkind, announced at the Conservative Party Conference that the Government had decided on a route for the CTRL which approached central London from the east via Stratford and terminated at King's Cross. He said that on present forecasts existing capacity would not be exhausted until 2005 and that the Government's intention was that the line should be financed by the private sector.<sup>11</sup> At this point, the cost of the scheme was estimated at £4.5 billion. BR subsequently created a wholly-owned subsidiary called Union Railways to take responsibility for building the line.

The then Secretary of State for Transport, John MacGregor, made a statement on 22 March 1993 giving the go-ahead to the construction of an international passenger station at Ashford in Kent. He said that the Government would provide the necessary funding of £30 million for the track, signalling and platform work. He confirmed that the Government had decided that the CTRL should go forward as a joint venture between public and private sectors and that the Government was prepared "in principle to provide substantial public sector support in recognition of the domestic transport benefits from the new line". He also confirmed that Union Railways had refined the route to follow existing transport corridors, reducing the cost substantially. The line was now estimated to cost between £2 and £3 billion but "without any loss in the overall benefits, environmental or otherwise, of the route and with some gain".<sup>12</sup> Commentators suggested that valuations put by Union Railways on the social benefits which would be produced by the line meant that the Government would need to contribute £1.6 billion to the cost of the line. The potential commuter benefits were estimated at £1.1 billion and the regeneration of the Thames corridor at £500 million.<sup>13</sup>

The new £130 million Channel Tunnel terminal at Waterloo opened on 17 May 1993 although it remained empty until the Channel Tunnel opened in May 1994. The Paris-Lille section of the French TGV link to the Channel Tunnel was opened by President Mitterrand on 18 May 1993.

On 24 January 1994 Mr MacGregor confirmed the choice of St. Pancras as the London terminus and said that the powers to be sought in the Hybrid Bill would include advance works for a new [Thameslink Station](#) under St. Pancras at Midland Road. The Government's view was that there should be at least one intermediate station between Ashford and London. The Secretary of State announced that planning directions to safeguard the route would be made in the following few weeks, replacing all existing safeguarding directions. All homes within the safeguarded area as well as those seriously affected by the works or

---

<sup>9</sup> British Rail press notice 141/90

<sup>10</sup> BR, *Rail link project: comparison of routes*, 1991

<sup>11</sup> Conservative Party press notice, "Rifkind announces preferred route for Channel Tunnel Rail Link and measures to end BR's monopoly", 9 October 1991; the Secretary of State gave more details in a subsequent statement to the House: [HC Deb 14 October 1991, cc24-26](#)

<sup>12</sup> [HC Deb 22 March 1993, cc609-611](#)

<sup>13</sup> "Whitehall faces half cost of Channel rail link", *Financial Times*, 23 March 1993

operation of the railway would be offered voluntary purchase. He confirmed that the intention was to have a Hybrid Bill ready by autumn 1994.<sup>14</sup>

On 3 March 1994 Roger Freeman, then Minister for Public Transport, launched the competition for firms to pre-qualify for the tendering process to build the rail link. The competition invited bidders to compete for the design, construction and ownership of the rail link, now estimated to cost £2.7 billion. The chosen consortium would take over Union Railways, the British Rail subsidiary developing the plans for the new line, and EPS Ltd, the company which was to operate the new international rail passenger services both over the upgraded link from Waterloo International to the Channel Tunnel and over the CTRL when completed. Bidders would be asked to tender for the amount of the public sector financial contribution they would require after taking into account the value of EPS and Union Railways. The public sector contribution might include a domestic capacity charge in return for the Government reserving a substantial amount of track capacity for domestic services.<sup>15</sup>

On 14 November 1994 Eurostar services began running through the Channel Tunnel between London, Paris and Brussels.

## 2 The Bill

The Queen's Speech on 16 November 1994 confirmed the Government's intention to introduce legislation "to authorise the construction and operation by the private sector of a high speed rail link between London and the Channel Tunnel".<sup>16</sup> An environmental statement was published on 17 November and the Hybrid Bill on 24 November.<sup>17</sup>

The aim of the CTRL was to double the railway capacity available for international services between Britain and Europe, with up to eight international trains per hour running in each direction between London and either Paris or Brussels. The cost of construction of the CTRL was estimated to be £2.7 billion at 1992 prices.

The Bill was a Hybrid Bill because it affected some individuals in their private capacity in a different way from others in the same class while proposing a project of national importance. Those persons directly affected by the Bill could, by means of petitions against it, present their views to select committees.<sup>18</sup>

The Bill was largely technical with the greater part consisting of detailed schedules itemising the proposed works. It authorised the construction, operation and maintenance of a high speed, 67-mile railway between St Pancras in London and the Channel Tunnel portal at Castle Hill, Folkestone, in Kent and associated works. The associated works included:

- reinstatement of a disused line to provide access from the CTRL to the existing international terminal at Waterloo. International trains for Waterloo would leave the CTRL at a junction near Gravesend;

---

<sup>14</sup> DoT press notice, "MacGregor confirms route of the Channel Tunnel Rail Link", 24 January 1994 [PN 27/94]; and [HC Deb 24 January 1994, cc19-21](#)

<sup>15</sup> DoT press notice, "Freeman launches competition to build new Channel Tunnel Rail Link", 3 March 1994 [PN 73/94]; full details in: DoT, Channel Tunnel Rail link and European Passenger Services: information and prequalification requirements for prospective tenderers", March 1994

<sup>16</sup> [HC Deb 16 November 1994, c6](#)

<sup>17</sup> *Channel Tunnel Rail Link Bill* [Bill No 3 of 1994/95]

<sup>18</sup> information on Hybrid Bills and the relevant Parliamentary procedure can be found in [HC Information Office Factsheet L5](#), available on the parliament website

- connections to other existing lines;
- the outline of an intermediate station at Ebbsfleet in Kent; and
- the alteration and extension of St Pancras, including advance works for a new underground station for Thameslink, the north-south cross-London line. This would leave the way clear for the construction of a new station in the future.

The Bill also authorised the widening of the A2 trunk road at Cobham and the M2 motorway between junctions 1 and 4 on the outskirts of the Medway towns. The powers included compulsory acquisition of land, or of rights of land, required for the above works and for related purposes. It also provided for the payment of compensation in relation to the acquisition of blighted land.

The Bill had its Second Reading on 16 January 1995 and was then referred to the Private Bill Committee.<sup>19</sup> The Committee finished hearing the petitions about the route and announced its decisions and recommendations on 20 July 1995. These comprised 47 decisions and four additional provisions. The permission of the Commons is necessary for the Government, as promoter of the Bill, to bring forward any additional provisions. Additional provisions necessitate new plans, environmental assessment and petitions which the Committee then considers. A formal response was issued by the promoters, accepting the majority of the Committee's decisions in full, on 29 September 1995.<sup>20</sup> The Select Committee resumed hearings on 17 October. On 1 November 1995 the House of Commons resolved to carry over the Bill to the forthcoming session so that consideration of the proposals by Parliament could continue. The Committee announced its final decisions on the route on 31 January 1996.

The Government announced on 14 February 1996 that it had accepted the final decisions and route recommendations of the Select Committee.<sup>21</sup> The Committee published a special report, providing more detail on its decisions, the same day.<sup>22</sup>

The Bill was then referred to Standing Committee. The remaining stages took place on 25 April 1996. The Bill was then sent to the House of Lords. Petitions against the Bill had to be deposited by the end of the three weeks following the final proceedings in the House of Commons. It was expected that the House of Lords Committee would devote most of its time to considering construction and heritage matters which had been deliberately left for it by the Commons Committee.

The Second Reading in the House of Lords was on 21 May 1996.<sup>23</sup> Assent was given to the principles of the Bill but detailed consideration of the 293 petitions deposited in the Lords was left to a Select Committee. The Committee started its proceedings on 3 June and announced their main decisions on 25 July 1996. The Government accepted all the decisions and

---

<sup>19</sup> [HC Deb 16 January 1995, cc459-555](#)

<sup>20</sup> DoT press notice, "Government meets concerns of Channel Tunnel Rail Link select committee", 29 September 1995 [PN 307/95]

<sup>21</sup> DoT press notice, "Government responds to select committee decisions on Channel Tunnel Rail Link", 14 February 1996 [PN 45/96]

<sup>22</sup> [Special Report from the Select Committee on the Channel Tunnel Rail Link Bill](#) (session 1995-96), HC 204, 14 February 1996

<sup>23</sup> [HL Deb 21 May 1996, cc791-840](#)

recommendations.<sup>24</sup> The Select Committee reconvened on 3 October 1996 to hear a report on progress on negotiations between Union Railways and commercial and industrial petitioners. On 15 October 1996 it published its special report.<sup>25</sup>

The Lords amendments were considered by the House of Commons on 10 December<sup>26</sup> and Royal Assent was given on 18 December 1996.

### 3 The promoter

At the same time as the Select Committee was taking evidence, the competition to select a private sector promoter to build the rail link was going on, although the winning consortium was not chosen until after the Committee had finished its proceedings. On 29 February 1996 the then Secretary of State for Transport, Sir George Young, announced that London & Continental Railways (LCR) had been selected as the winning consortium to construct the link. He also announced that an international station would be built at Stratford to be combined with the new domestic station which was being constructed for the Jubilee Line Extension (JLE). He said that LCR would construct a short length of new railway within the Kings Cross railway lands which would provide a direct twin-track connection between the CTRL and the [West Coast Main Line \(WCML\)](#). This was the modified developers' scheme preferred by the CTRL Select Committee and allowed direct and frequent international services to cities such as Birmingham and Manchester which would by-pass St Pancras and call at Stratford. The new line of railway and the international station at Stratford would be promoted under the *Transport and Works Act 1992* (TWA) as the Bill itself provided only for the building of a long box to accommodate a combined international and domestic station.<sup>27</sup>

The following public sector assets were to be transferred to the winning consortium:

- European Passenger Services (EPS), the company providing Eurostar services, free of capital debt;
- Union Railways, the Government-owned company that developed the project to date and jointly promoted the Hybrid Bill; and
- the land and property needed for, in particular the railway lands at Kings Cross and Stratford, and surplus properties acquired in connection with previous rail link schemes.

EPS and Union Railways were valued at £798 million and £42.6 million respectively in the British Rail Annual Report 1994-95. The development value of the railway lands at King's Cross and Stratford was estimated at £10.6 million and £12.5 million respectively.<sup>28</sup> In addition, the Government would provide financial support to the tune of approximately £1.4 billion. The then Opposition Spokesman for Transport, Clare Short, asserted that the

---

<sup>24</sup> DoT press notice, "Government meets concerns of Channel Tunnel Rail Link select committee", 30 September 1996 [PN 308/96]

<sup>25</sup> *Special Report from the Select Committee on the Channel Tunnel Rail Link Bill* (session 1995-96), HL Paper 118, 15 October 1996

<sup>26</sup> [HC Deb 10 December 1996, cc174-187](#)

<sup>27</sup> [HC Deb 29 February 1996, cc999-1001](#); LCR was thought to have bid for nearly £500 million less subsidy from the Government than the rival consortium Eurorail; details of the agreement can be found in: *Channel Tunnel Rail Link and European Passenger Services: explanatory memorandum on contracts with London and Continental Railways*, 8 March 1996

<sup>28</sup> [HC Deb 14 March 1996, cc720-721W](#)

taxpayer was contributing £5.7 billion to the project including £1.3 billion of Eurostar debt and Waterloo International Terminal.<sup>29</sup>

## 4 Blight

A contentious issue dealt with by the Select Committee was the question of compensation for blighted property.

Section 62 of the *Planning and Compensation Act 1991* widened the scope of [section 246 of the Highways Act 1980](#) by adding subsection 2A. This gave discretionary powers to the Department of Transport to purchase property suffering from blight, including the power to buy where an owner's enjoyment of the property is seriously affected by a road scheme. The acquisition must be in hand before the road is opened. The Department had always interpreted this section in terms of noise, dust and so on but a Court of Appeal judgment, in the case of the Secretary of State for Transport and Colonel David Owen, required the Department to take into account the loss in value of property when assessing whether its enjoyment was seriously affected and therefore whether it could be considered for discretionary purchase. Colonel Owen argued that his enjoyment of his property was seriously affected by the knowledge that it had lost 60 per cent of its value.<sup>30</sup>

The Department published new guidelines for the discretionary purchase of property by the Highways Agency in July 1995 followed by new guidelines for the discretionary purchase of property by Union Railways Ltd. It was to operate a discretionary scheme similar to that operated by the Highways Agency under section 246(2A) of the 1980 Act.<sup>31</sup>

In February 1995 the [Parliamentary Ombudsman](#) laid a special report before the House of Commons under section 10(3) of the *Parliamentary Commissioner Act 1967*.<sup>32</sup> This allows the Ombudsman to lay a special report if it appears to him that injustice has been caused to a person in consequence of maladministration and that the injustice has not been remedied. The Department had earlier rejected a report from the Ombudsman which found it guilty of maladministration in refusing to pay compensation to homeowners whose property was blighted from 1990 to 1994 when the question of the route for the CTRL had been reopened.

The Select Committee on the Ombudsman considered the report on the CTRL and reported in July 1995. The Department had argued that the CTRL was not an exceptional project and that the blight was no different from that caused by other major infrastructure projects. The then Permanent Secretary at the Department of Transport, Sir Patrick Brown, in his evidence, acknowledged that successive governments had refused to deal with the question of generalised blight, but that did not put the onus on the Department to introduce a new scheme in the case of the CTRL. The Committee, however, recommended that:

... the Department of Transport reconsider its response to the Ombudsman's findings, accept his conclusion that maladministration has occurred and consider arrangements to determine whether there are householders who merit compensation on the grounds of exceptional hardship.<sup>33</sup>

---

<sup>29</sup> [HC Deb 29 February 1996, c1002](#)

<sup>30</sup> *Secretary of State for Transport v Colonel Owen and Barbara Owen*, Court of Appeal, June 1994

<sup>31</sup> DoT, *Guidelines for discretionary purchase of property by Union Railways Limited*, 18 July 1995

<sup>32</sup> Parliamentary Commissioner for Administration, [The Channel Tunnel Rail Link and Blight: Investigation of complaints against the Department of Transport](#) (fifth report of session 1994-95), HC 193, February 1995

<sup>33</sup> Select Committee on the PCA, [The Channel Tunnel Rail Link and Exceptional Hardship](#) (sixth report of session 1994-95), HC 270, July 1995, para 27



On 1 November 1995 the Committee published the Government's response to its report. The Secretary of State for Transport, Sir George Young, repeated the Department's position that it could not accept the finding of maladministration. He did say, however, that the Government was prepared to reconsider whether a scheme might be formulated to implement the Committee's recommendation that redress should be granted to those affected to an extreme and exceptional degree by generalised blight from CTRL during the period June 1990 and April 1994 and how it might operate. In agreeing to look again at a compensation scheme, the Secretary of State emphasised that he was doing so "out of respect for the PCA select committee and the Office of the Parliamentary Commissioner, and without admission of fault or liability".<sup>34</sup>

The Select Committee on the CTRL Bill had found that there were particular problems for those people on the margins, who did not live close enough to the rail link to suffer the physical effects of the construction but were close enough to experience considerable decline in the value of their property. However, the Committee did not accept the view of many petitioners that compensation should be paid for intensification of use of existing railways lines, such had occurred near the Waterloo spur.<sup>35</sup>

The *Land Compensation Act 1973* provides for compensation to be claimed where there has been a change of use in respect of an existing railway line, but the Act specifies that change of use does not include the intensification of an existing use, and reflects the view of successive governments that those who buy property near existing roads or railways do so in the knowledge that traffic patterns can change.

---

<sup>34</sup> Select Committee on the PCA, *The Channel Tunnel Rail Link and Exceptional Hardship – Government response* (fifth special report of session 1994-95), HC 819, November 1995

<sup>35</sup> op cit., *Special Report from the Select Committee on the Channel Tunnel Rail Link Bill*, paras 66-79