

Agenda Item No. 4(a)

DERBYSHIRE COUNTY COUNCIL

**MEETING OF THE CABINET MEMBER – HIGHWAYS, TRANSPORT AND
INFRASTRUCTURE**

18 December 2015

Report of the Strategic Director – Economy, Transport and Environment

RAIL NORTH LTD

(1) **Purpose of Report** To provide an update on Rail North activities and seek approval to sign the Rail North Ltd Members Agreement.

(2) **Information and Analysis** At the Cabinet meeting on 20 January 2015, it was approved that Derbyshire County Council joined Rail North Ltd with payment of the annual subscription of £504 in 2015-16 (Minute No.15/15 refers).

Rail North Ltd is a consortium of 29 northern Local Transport Authorities and Combined Authorities set up from April 2016 to jointly manage, with the Department for Transport (DfT), rail franchises in the north of England, as part of the Government's devolution programme.

DfT has traditionally let rail franchises nationally and the plan is for Rail North Ltd to take sole responsibility for letting its local rail franchises from April 2024 onwards. The lack of investment in the North's rail network, and its perceived effects on economic activity, has been widely acknowledged. There is growing concern that sustainable economic growth needs to be supported by improving connectivity within the North and with other parts of the country. A transformational approach to train service provision is seen as crucial to provide new and refurbished trains and effective rail services.

Local and inter-urban rail services in the north of England are currently provided by two franchises: Northern Rail and Trans Pennine Express. Within Derbyshire, Northern Rail operates all services on the Buxton – Manchester and Glossop – Manchester routes and all local trains between Manchester and Sheffield, along the Hope Valley route and the Nottingham - Chesterfield - Sheffield – Leeds service via the Erewash Valley. Trans Pennine Express operates fast trains between Manchester and Sheffield along the Hope Valley route, with stops at Chinley during peak times.

During the past year, the specifications for the new Northern Rail and Trans Pennine Express franchises have been approved following development of a Long Term Rail Strategy. The results of the bidding process are expected before the end of 2015, and the new franchises will begin operation on 1 April 2016.

The East Midlands regional representation on Rail North Ltd is 9% of the total voting rights, with Derbyshire County Council's share at 1.4% of the total. While the medium to long term cost of administering Rail North Ltd remains a concern, the initial administrative costs were agreed to be capped at £36,000 per year for 2015-16, and this figure has been agreed for the 2016-17 financial year too. At the 1.4% level, the County Council's cost of the administration is £504 for each year. Those Rail North Ltd members in receipt of Rail Administration Grant (total £500,000) will contribute their share and DfT will contribute £226,000.

In terms of governance, each Authority eligible to join Rail North Ltd becomes a member of the Association of Rail North Partner Authorities. Councillor Dean Collins is the County Council's representative and he has been elected as the Regional Director representing Derbyshire, Lincolnshire Nottinghamshire and Nottingham City Council areas.

The financial risk of franchise failure remains with DfT as part of a Rail North/DfT Partnership Agreement. Any Local Authority can withdraw from Rail North Ltd with 18 months' notice and it is recommended that the County Council's membership is kept under review.

The Rail North Members Agreement covers the roles and responsibilities of the organisation in relation to the Association of Rail North Partner Authorities, Rail North Ltd, and the DfT/Rail North Strategic Partnership Board. It allows the Rail North Lead Officer (Director) to be responsible for ensuring delivery of governance, management of processes and engagements with member authorities, coupled with obligations to consult them. The Agreement also covers business planning processes and hosting arrangements, which are with the West Yorkshire Combined Authority, at an office in Leeds.

(3) Financial Considerations The DfT will bear any franchise risks to the end of the new franchises in 2024. In terms of the cost of administering Rail North Ltd, the constituent members have agreed to cap this cost to a share of £36,000 per annum until March 2017. Each Local Transport Authority share is divided in proportion to the rail passenger mileage in that area. For Derbyshire, this is 1.4% which equates to £504 per annum. A significant concern is not knowing the full cost of administering Rail North Ltd after March 2017. Even at the 1.4% level, this is likely to be considerably more than £504 per annum, but the figure will not be known until the new franchises are in operation.

(4) **Legal Considerations** The Director of Legal Services has been involved in the review of the Members Agreement which relate to the proposal for the Council to become a member of Rail North Ltd. Legal Services will continue to support and advise the Strategic Director – Economy, Transport and Environment, as required.

Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

(5) **Key Decision** No.

(6) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(7) **Background Papers** Held on file within the Economy, Transport and Environment Department. Officer contact details – Kevin Williams, extension 36747.

(8) **OFFICER'S RECOMMENDATIONS** That the Cabinet Member:

- 8.1 Notes the progress in establishing Rail North Ltd to manage rail franchises in the north of England in partnership with the Department for Transport.
- 8.2 Approves the County Council's continuing membership of Rail North Ltd, at a cost of £504 per annum until March 2017 and agrees that its membership should be kept under review.
- 8.3 Notes the appointment of the Cabinet Member for Highways, Transport and Infrastructure, as the County Council's representative to the Association of Rail North Partner Authorities and as the East Midlands Regional Director to the Board of Rail North Ltd.
- 8.4 Authorises the Director of Legal Services to sign the Rail North Members Agreement on behalf of the County Council.

Mike Ashworth
Strategic Director – Economy, Transport and Environment