

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

24 APRIL 2014

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Regeneration & Transport - Lead Cabinet Member – Councillor Mike Smith

RAIL DEVOLUTION AND LOCAL RAIL UPDATE

1. Summary

The purpose of this report is to update Members on the current situation regarding Rail Devolution following a report to Cabinet in March 2013 and to inform members of the on-going investment programme at the local level. In March 2012 the Government published a consultation document on potential options for devolving decision-making on passenger rail services in England. In response to the consultation, the concept of devolution was broadly welcomed by the Tees Valley authorities and their partners across the North East, who recognised the potential benefits it could deliver.

The Northern Rail and Transpennine franchises, both of particular interest to the Tees Valley, were identified as two of the franchises that the Government may look to devolve. A consortium of Northern PTEs/ITAs known collectively as Rail North has emerged to develop proposals for greater involvement in the management of these franchises. Rail North submitted a business case to Government in late 2013 outlining these proposals that recognised the formation of a North East Business Unit (NEBU) which authorities in the North East feel would ensure a more focussed provision of rail services and investment for the region.

Since then the Government has formally reiterated support for the principle of devolution; however, there is a clear desire to move towards an arrangement whereby there is a more 'evolutionary' approach to devolution, with DfT taking a significant role within an initial partnership structure. Whilst details on the exact structure and governance are awaited, there is a clear need to ensure that the Tees Valley objectives are reflected in key Rail North workstreams such as their Long Term Rail Strategy and on-going Electrification of the National network. In order to ensure the North East's position is clear, a North East Rail Strategy is being developed and it is hoped that this will help to support some of the Tees Valley's priorities for rail in the on-going higher level discussions.

2. Recommendations

Cabinet are requested to note:

1. The on-going investment programme at the Borough's Rail Stations and the proposed masterplanning at Billingham Station.
2. The current proposal of a partnership approach to Rail Devolution proposed by the Department for Transport and Rail North.

3. The progress of the Long Term Rail Strategy for the North of England.
4. The progress of the North East Rail Strategy and the Tees Valley position on Electrification.
5. The Head of Technical Services, in consultation with the Leader of the Council and the Cabinet Member for Regeneration & Transport, will continue to work with other north east authorities through the LEP and ANEC structures to ensure that the north east interests are adequately considered within any proposed devolution mechanism.

3. Reasons for the Recommendations/Decision(s)

The programme of rail devolution affects all Local Authorities across the north of England and engagement in the North East is under the ANEC architecture. The purpose of the recommendations is to provide awareness to Cabinet of progress made to date the likely decision making process that will be required through the LEP leadership Board.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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RECOMMENDATIONS

Cabinet are requested to note:

1. The on-going investment programme at the Borough's Rail Stations and the proposed masterplanning at Billingham Station.
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3. The progress of the Long Term Rail Strategy for the North of England.
4. The progress of the North East Rail Strategy and the Tees Valley position on Electrification.

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BACKGROUND

1. Northern Rail and Transpennine are two of the key rail franchises that serve the Tees Valley, both of which are due for renewal in the next two years. Northern Rail provides the majority of local services in the Tees Valley operating on the Darlington to Saltburn, Middlesbrough to Newcastle (via Stockton and Hartlepool), Middlesbrough to Whitby and Darlington to Bishop Auckland lines. Transpennine serves a more strategic, long distance market providing hourly services from both Middlesbrough and Darlington to key destinations such as Leeds, Manchester and Manchester Airport.
2. Both franchises are subsidised by the Government meaning that they cost more to operate, than is taken in revenue. According to the latest available DfT figures, in 2010/11 the revenue/subsidy split for Transpennine was 43%/57%, while for Northern Rail the split was even greater at 22%/78%. For the same year, actual subsidy levels were £197million for Transpennine and £429million for Northern.
3. In March 2012 the Government published a consultation document on potential options for devolving decision-making on passenger rail services in England. This followed the review of value for money within the rail industry that had been undertaken by Sir Roy McNulty in 2011 and was in line with the Government's wider localism agenda. In response to the consultation, the concept of devolution was broadly welcomed by the Tees Valley authorities and their partners across the North East, who recognised the potential benefits it could deliver. The Northern Rail and Transpennine franchises, both of particular interest to the Tees Valley, were identified as two of the franchises that the Government may look to devolve.
4. A consortium of Northern PTEs/ITAs, led by Manchester and Leeds and known collectively as the Rail in the North Executive (RiNE) before latterly becoming simply Rail North, soon emerged to develop proposals for greater involvement in the management of these franchises. This culminated in Rail North submitting a business case to Government in late 2013. Initially authorities in the North East were not particularly actively involved in Rail North but over time collectively they became more of an equal (or standing) partner within the Rail North model. As a response to the potential benefits that rail devolution might bring, the authorities in the North East had developed their own early proposals for a North East Business Unit (NEBU) with the aim of ensuring a more focussed provision of rail services and investment for the region, with the Tees Valley rail network at its heart, within any new devolved franchise(s). The NEBU proposal was recognised by Rail North in its business case submission.
5. In December 2013 in a long-awaited announcement, whilst the Government formally reiterated support for the principle of devolution, there was a clearly stated desire to move towards an arrangement whereby there is a more 'evolutionary' approach to devolution, with DfT taking a significant role within an initial partnership structure. The approach to future discussions is to be based on the proposals that have been developed by Rail North, which include a Long Term Rail Strategy for the North of England and business case. Correspondence from the Secretary of State for Transport detailing this latest position confirms that the existing Northern and TransPennine Express franchises should be considered as part of the scope of the DfT/Rail North Partnership discussions.

PARTNERSHIP APPROACH

6. The North East authorities remain keen to influence the future of rail services in the region and wish to continue to be fully represented in the emerging partnership approach with Rail North/DfT. Proposed governance structures for the partnership have now been published and confirm a much more 'hands-on' role for DfT in taking proposals for devolution forward. The creation of a Leaders Group with representation from all of the Tees Valley authorities is welcomed as is the involvement of a political and chief executive lead from the Tees Valley in key decision making groups within the structure. Further detail on representation from the North East on key management, officer and tasks and finish groups within the partnership structure is still to be resolved but it is vital that adequate influence is exerted on key issues such as timetable specification. Precise legal and financial implications for the North East of membership of the partnership are also still to be resolved.

LONG TERM RAIL STRATEGY AND NEXT STEPS

7. Rail North has now prepared a Long Term Rail Strategy (LTRS) in support of its work undertaken on rail devolution to date, notably its business case to Government. North East authorities have had the chance to input to the preparation of the LTRS and as such are broadly supportive of its high level aims and objectives. The strategy is now in its final draft form and it is important for the Tees Valley and the North East region that the North East Rail Strategy (NERS) is fully embedded within it and is then used to establish investment priorities.

NORTH EAST RAIL STRATEGY (NERS) AND NEXT STEPS

8. The NERS is in the final stages of preparation by OVE Arup on behalf of North East partners. It has taken a long list of agreed conditional outputs for rail in the region as one of its main inputs and will look to recommend some key priorities that will best support the region's ambitions for economic growth. It is hoped that the NERS will help to support some of the Tees Valley's priorities for rail such as investment at Darlington Station, electrification of the Transpennine route to Middlesbrough/Teesport, improved rolling stock for local rail services and the provision of capacity to cater for the continued growth in freight traffic. Once complete in April, the NERS will play a key role in influencing Rail North, will feed into the various franchise replacement processes and will be used to input to and hopefully influence Network Rail's future investment programmes.

ELECTRIFICATION

9. As stated, the electrification of the line from Northallerton to Middlesbrough/Teesport is one of the main rail priorities for the Tees Valley and the North East region. It is the critical final link on the Transpennine route to Middlesbrough can deliver significant benefits for freight and should be the start of wider electrification across the rest of the Tees Valley rail network. The announcement in the Autumn Statement on 5th December that a taskforce has been created to assess the next phase of electrification in the North of England, beyond schemes already announced, was therefore welcomed. ECML-Middlesbrough was on this list along with Leeds-Harrogate-York, Selby-Hull, Sheffield-Leeds, Sheffield-Doncaster, Sheffield-Manchester, Warrington-Chester and Crewe-Chester. More detail is still awaited relating to this taskforce but the Tees Valley and North East partners are seeking representation on it.

INNER-CITY EAST COAST FRANCHISE

10. The Inner-City East Coast Franchise tender process has now started. Instructions to tender (ITT) have been issued by the DfT to the 3 franchise bidders (Virgin/Stagecoach, First Group and Keolis/Eurostar). The bids are required to be submitted by 19th June 2014 and the new franchise is due to start on 1st March 2015.

LOCAL RAIL UPDATE

11. As well as strategic work at a National/Regional level, projects at the local level, particularly around infrastructure improvements, continue to progress. There are two key projects at Eaglescliffe and Thornaby Stations being delivered as part of the Tees Valley Rail Improvements project (formerly Tees Valley Metro) which will be progressing on site in 2014. Also, as part of the Tees Valley Local Sustainable Transport Fund (LSTF) project entitled Improving Access to the Tees Valley Rail Network, a series of improvements at Billingham, Allens West and Stockton Stations have been implemented over the past year. There are further plans being developed at present that will investigate further improvements to Billingham Station as well as Yarm Station.

Allens West

12. Improvements at Allens West, as part of the LSTF project, included new passenger waiting Shelters, installation of CCTV, improved station signage and installation of poster cases to provide improved information.

Billingham

13. Billingham Station also received a number of improvements through the LSTF project including new waiting shelters, installation of DDA compliant hand rails and anti-slip treads on the footbridge steps, installation of CCTV, improved station signage and poster cases.
14. Officers have now started to look at developing a masterplan for the Station which will look at further improvements, in particular, options for improving access (towards DDA compliance) as well as increasing awareness and usage of the station. As a starting point a survey was commissioned to determine usage, perceptions, satisfaction and potential improvements to the station. A summary of the findings of this report are shown in **Appendix 1**.
15. The results of this work will be analysed and Officers will work with the Station Operator, Northern Rail, to develop options for the stations development. This will include looking at options for resolving the current access issues posed by the island platform by, for example, providing a ramped access from Marsh House Avenue or perhaps temporarily closing one line and requiring all trains to call on one side of the platform. Officers will update the Cabinet Member and Local Ward Councillors throughout the process.

Eaglescliffe

16. The improvements at Eaglescliffe Station continue to progress following the opening of the Ticket Office in 2012 and installation of new information screens last year. The planned improvements will see the installation of a new waiting room with toilets on the platform, alterations to the footbridge ramps, an extension and upgrade of the car park and CCTV.
17. Unfortunately, the project has faced challenging Network Rail approvals processes along with issues with the Station Operator, Northern Rail who are leading on the delivery of the project, and their chosen contractor. Work is currently on-going to rectify the problems and commence work on site as soon as possible although it is still envisaged that this will be later this year.

Stockton

18. Improvements at Stockton station, as part of the LSTF project, included upgraded passenger waiting Shelters, installation of CCTV, improved station signage and installation of poster cases to provide improved information.

Thornaby

19. Thornaby Station continues to grow with footfall up 165% since 2002/03 with over 570,000 journeys either starting or ending at the station (2012/13). This growth has been recognised by the Station Operator, First Transpennine Express (TPE) who are currently in the process of improving and extending the Ticket Office and Waiting Room. These works are due to complete later this year and will see the footprint of the current building almost double.
20. These works will be followed by works to replacement the life-expired footbridge with a brand new facility. Again, there have been challenging approval processes to go through with Network Rail but it is hoped all approvals are now in place to progress on site.

Yarm

21. Yarm Station is an established and well used station; however, the car park is frequently at capacity. There are plans, as part of the housing development on Green Lane, to extend this car park to the West and South. The layout of the car park will also be reviewed as part of this process to ensure the space is used efficiently. It is envisaged that this work will start in 2014/15.

FINANCIAL IMPLICATIONS

22. The decision to become a “partner” in the Rail North partnership will have legal and financial implications for the North East but these are still to be resolved but due diligence will be put in place prior to any decision making around exposure to financial risk.

LEGAL IMPLICATIONS

23. As previously stated, the decision to become a “partner” in the Rail North partnership will mean the Borough Council certain legal implications that are not yet fully understood.

RISK ASSESSMENT

24. Rail devolution is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

Economic Regeneration and Transport

25. Devolution of rail services may provide the opportunity to influence enhancements to station facilities and services throughout the Borough.

EQUALITIES IMPACT ASSESSMENT

26. This report is not subject to an Equality Impact Assessment because the report considers principles about changes to procurement of franchises only.

CONSULTATION INCLUDING WARD/COUNCILLORS

All Wards are affected as rail passengers from across the community. To date consultation has been restricted to the Leader, Deputy Leader and Cabinet Member.

Name of Contact Officer: Richard McGuckin
Post Title: Head of Technical Services
Telephone No. 01642 527028
Email Address: richard.mcguckin@stockton.gov.uk

Education related?

No.

Background Papers

None.

Ward(s) and Ward Councillors:

All

Property

N/A