



**CABINET**

**10 JANUARY 2017**

**CORPORATE DIRECTOR FOR PLACE COMMISSIONING: TONY CIABURRO**

**CABINET MEMBER WITH RESPONSIBILITY FOR TRANSPORT, HIGHWAYS AND ENVIRONMENT: COUNCILLOR IAN MORRIS**

<b>Subject:</b>	<b>West Midlands Rail Ltd – Collaboration Agreement</b>
<b>Recommendations:</b>	That Cabinet: <ul style="list-style-type: none"> <li>a) Notes the change of position with regards to rail devolution being adopted by the new Secretary of State for Transport;</li> <li>b) Agree that the Council continues to support the signing of the revised Collaboration Agreement (included with this report as appendix 1).</li> </ul>

**1. Purpose of Report**

1.1 The purpose of this report is to seek authorisation for Northamptonshire County Council to vote in favour of the special resolution that is necessary under Article 8.3 of West Midlands Rail Limited (WMR Ltd) Articles of Association to authorise the signing of a revised Collaboration Agreement setting out the relationship between WMR Ltd and the Department for Transport (DfT) in relation to the management of the forthcoming West Midlands Rail franchise and further rail devolution in West Midlands. The revised agreement is the result of changes requested by the Secretary of State for Transport.

**2. How this decision contributes to the Council Plan**

The Council’s vision is to make Northamptonshire a great place to live and work. This is achieved through increasing the wellbeing of your county’s communities and/or safeguarding the county’s communities.

This initiative specifically delivers increased wellbeing and/or safeguarding by:
<ul style="list-style-type: none"> <li>• Contributing to creating prosperous communities</li> <li>• Creating a Sense of Place</li> <li>• Getting people involved</li> </ul>
And Through:
<ul style="list-style-type: none"> <li>• Intelligence Led Services</li> <li>• Next Generation Working</li> <li>• Ambitious Partnerships</li> <li>• Commissioning and Market Developments</li> </ul>

### **3. Background**

- 3.1 West Midlands Rail partner authorities, including Northamptonshire County Council, have been developing a proposal for increasing local involvement and influence over local rail services for over three years, in line with government policy on devolution and evidenced by the benefits experienced elsewhere from local control of rail services.
- 3.2 Following approval by the partner authorities, including the Northamptonshire County Council Cabinet report in November 2015, West Midlands Rail Limited, owned by Partner Authorities was formally established in December 2015 with the following objectives:
- a) To promote the devolution of responsibility for rail passenger services and (where appropriate) associated facilities in the West Midlands and Northamptonshire to local transport authorities or other appropriate local authorities or other bodies within that area (acting through West Midlands Rail Ltd (the Company));
  - b) To manage or to assist in managing the performance of rail passenger services operating within the West Midlands and Northamptonshire pursuant to rail franchise agreements or other similar agreements;
  - c) To improve rail passenger services and associated facilities within the West Midlands and Northamptonshire; and
  - d) To develop and oversee the implementation of a long-term strategy for rail passenger services in the West Midlands and Northamptonshire as approved by the Members.
- 3.3 The West Midlands franchise competition led by the Department for Transport (DfT) to replace the existing London Midland franchise, which covers all passenger rail services serving Northampton and Long Buckby stations in October 2017, has reached the stage where DfT are assessing the franchise bids. West Midlands Rail is already working in close partnership with the competition team, including the secondment of two employees from the West Midlands Combined Authority to the Department for Transport, and additional direct input to the Joint Project Board for competition.
- 3.4 The franchise will be let by the Department for Transport and as such, financial and contractual risk for the franchise will remain with central government.

### **4. The Collaboration Agreement**

- 4.1 On 12<sup>th</sup> July 2016, Cabinet approved the signing by West Midlands Rail Ltd of the draft Collaboration Agreement with the DfT. Since that time, a new Secretary of State for Transport, Chris Grayling, has indicated a change of policy with regards to future devolution of rail franchising.
- 4.2 The change of thinking from the Transport Secretary reflects his concern about the benefits of full devolution of rail responsibilities across the UK, and has resulted in the Collaboration Agreement draft that has been approved by all WMR Member authorities being amended to remove reference to full devolution.

- 4.3 Positively, the Transport Secretary wholeheartedly supports the collaborative approach that WMR has developed with the DfT, and is keen to highlight this as best practice for other partnerships that the DfT may enter into.
- 4.4 This change of approach raises a number of challenges for WMR, not least that the premise of the current draft Collaboration Agreement was based on WMR being on a journey to full devolution. Following discussion with the Chair and Vice Chair of WMR Ltd, it was concluded that the change of approach is manageable, and in practical and legal terms it changes nothing with regard to WMR's involvement in franchise bid evaluation, the management of the franchise after award and WMR's role in the competitions for other franchises, meaning the level of influence will remain the same. The Collaboration Agreement draft did not commit the Secretary of State or WMR to full devolution, and as that decision is not required until the early 2020s, there is plenty of time to build confidence with the ministerial team now and in the future.
- 4.5 In the meantime, the WMR Ltd priority will be to build a strong relationship with the new Secretary of State, and to that end, the Chair and Vice Chair of WMR Ltd met with him on 14 December. WMR Ltd will also continue to work positively and in close partnership with the DfT at an officer level.
- 4.6 Included with this report at Appendix 1 is the revised drafting of the Collaboration Agreement. This revised draft removes reference to longer term full devolution which in any case were not firm commitments on either party.
- 4.7 In accordance with the WMR Ltd Articles of Association, paragraph 8.3, any change to the WMR Ltd relationship with the DfT or substantial changes to that agreement must gain the approval of WMR 'Member' authorities by special resolution. As such, the change to the Collaboration Agreement drafting must be endorsed by a minimum of 75% of Member authorities. WMR Member authorities are the West Midlands Combined Authority and seven Shire and Unitary Local Transport Authorities, including the County Council.

## **5. Consultation and Scrutiny**

As noted in section 4.1, an extensive stakeholder and public consultation has been carried out jointly by West Midlands Rail and the Department for Transport. This will be used by the Department for Transport to set out the specification for the new franchise in the Invitation for Tender was published in July 2016.

## **6. Equality Screening**

- 6.1 An Equalities Impact Assessment was completed alongside the cabinet report in November 2015, and remains current. The Assessment can be found at <http://www.northamptonshire.gov.uk/en/councilservices/Council/equalities/Pages/eqceia.aspx>

## **7. Alternative Options Considered**

The Collaboration Agreement is a requirement of the Department for Transport to allow devolution to proceed, and therefore no alternatives have been considered.

## 8. Financial Implications

8.1 There are no financial implications arising from this report, and the commitment from DfT to fund WMR Ltd for franchise management costs (up to £500k per year), as detailed in the July 2016 Cabinet Report, remains in force.

## 9. Risk and Business Continuity Management

9.1 There are no changes to the risk implications associated with the Collaboration Agreement.

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
County Council is committed to wider partner aspirations which it does not support	County Council has the right to withdraw from West Midlands Rail Ltd	Green
Ongoing financial impact of the proposal	Proposal includes majority of funding being met by DfT	Green

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
Devolution will not take place, and benefits of local specification will not be realised.	Amber

## 10. List of Appendices

Appendix 1 – Collaboration Agreement

Appendix 2 – Map of West Midlands franchise

Author:	Name: Chris Wragg Team: Northamptonshire Highways
Contact details:	Tel: 01604 364411 Email: cwragg@northamptonshire.gov.uk
Background Papers:	
Does the report propose a key decision is taken?	YES
If yes, is the decision in the Forward Plan?	YES
Will further decisions be required? If so, please outline the timetable here	Not apparent at this time.
Does the report include delegated decisions? If so, please outline the timetable here	NO
Is this report proposing an amendment to the budget and/or policy framework?	NO
Have the financial implications been cleared by the Strategic Finance Manager (SFM)?	YES Name of SFM: Rosemary Pallot

Have any capital spend implications been cleared by the Capital Investment Board (CIB)	N/A
Has the report been cleared by the relevant Director?	YES Name of Director: Tony Ciaburro
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Councillor Ian Morris
Has the relevant scrutiny committee been consulted?	NO Scrutiny Committee: Environment, Development and Transport
Has the report been cleared by Legal Services?	YES Name of solicitor: Virginia Moggridge
	Solicitor's comments:
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: Liam Beasley
Have any property issues been cleared by Property and Asset Management?	N/A Name of officer:
Are there any community safety implications?	NO. None apparent.
Are there any environmental implications:	NO. None apparent.
Are there any Health & Safety Implications:	NO. None apparent.
Are there any Human Resources Implications:	NO. None apparent.
Are there any human rights implications:	NO. None apparent.
Constituency Interest:	Countywide

