

**CANNOCK CHASE COUNCIL**

**CABINET**

**23 JUNE 2011**

**REPORT OF CORPORATE DIRECTOR**

**RESPONSIBLE PORTFOLIO LEADER – ENVIRONMENT**

**CHASE LINE RAIL SERVICE – REVENUE SUPPORT**

**KEY DECISION – YES**

**1. Purpose of Report**

- 1.1 To give consideration to a request from Centro for Cannock Chase Council (and Staffordshire County Council) to provide funding to maintain the Chase Line incremented rail services between Birmingham-Walsall-Cannock-Hednesford-Rugeley.

**2. Recommendation(s)**

- 2.1 That the Council's existing Rail Revenue Support Budget together with such external funding as may be considered appropriate including developer contributions received under the terms of planning obligations entered into under Section 106 of the Town and Country Planning Act 1990 (as amended) towards improving or facilitating the operation of transport services, be made available to provide financial support for the incremented rail services.
- 2.2 That, the Corporate Director in consultation with the relevant Portfolio Leader be authorised to negotiate and agree terms with any of the stakeholders in the Chase Line with the aim of securing the retention of as many of the existing incremented rail services as possible, and that agreements for contributions be secured from CENTRO and Staffordshire County Council.
- 2.3 That the Council engage in further discussions with Centro, Staffordshire County Council, the Department for Transport, London Midland, Network Rail, the Office of Rail Regulation and the Greater Birmingham and Solihull Local Enterprise Partnership (LEP), with the aim of achieving the continued operation of existing Chase Line rail services and if possible their expansion, for the remainder of the West Midlands rail franchise until September 2015 and beyond in future franchise, including supporting funding bids to secure the Chase Line linespeed upgrade.
- 2.4 That the co-operation of Centro is welcomed in facilitating agreements with London Midland for the existing and proposed continued operation of the incremental Chase Line services, together with their planned work on preparing a business case for the services continued operation for the next three years, and the proposed bid for Regional Growth Funds for the Chase Line linespeed upgrade.

### 3. **Summary (inc. brief overview of relevant background history)**

- 3.1 Following the withdrawal of Government funding to Centro last year, cuts were made to the Chase Line service from the December 2010 timetable, in which the off-peak weekday service was reduced from half-hourly to hourly and the half-hourly Saturday and hourly evening services from Birmingham to Rugeley after 18.12 were put at risk.
- 3.2 In view of a very tight timescale for the timetable change, Centro members agreed in July 2010, to provide funding for twelve months from December 2010, to retain the evening Birmingham-Hednesford service extensions to Rugeley, together with the half-hourly frequency throughout on Saturdays. As part of this funding package, this Council and Staffordshire County were also requested to provide funding towards the provision of these services.
- 3.3 A report was considered by Cabinet on 2 September 2010, in which support in principle was given to provide funding towards enhanced incremented rail services on the Chase Line, subject to further discussions on the terms of an agreement.
- 3.4 To-date, a number of positive meetings have been held between officers of Centro, the Council and Staffordshire County Council, on both the December 2010/11 and December 2011/12 timetable changes but to date a draft agreement between Centro, this Council and Staffordshire County Council has still to be agreed on funding arrangements.
- 3.5 Centro have now received details from London Midland, of the costs for securing the continued operation of the existing additional incremental services, i.e. weekday evening services north of Hednesford to Rugeley and a half-hourly frequency on Saturdays, to secure their continued operation in the December 2011-December 2012 timetable. It should be made clear that these costs cover all services between Birmingham-Walsall-Rugeley and not just those in Staffordshire. These are as follows:-

	<b>Net Cost of Support (£)</b>	
	<b>2011</b>	<b>2012</b>
Birmingham – Walsall – Rugeley evening service	164,000	156,700
Walsall – Rugeley Saturday service	47,833	40,276
<b>TOTAL</b>	<b>211,833</b>	<b>196,976</b>

- 3.6 Centro have now written to the Council confirming that in order to fund the retention of the existing incremented services, i.e. the Mon-Sat evening extensions north of Hednesford to Rugeley and the half-hourly Saturday frequency throughout, they would need Cannock Chase District Council and Staffordshire County Council to share the costs, based on an ongoing contribution of £53,000 per annum, i.e. 25% of the total cost. On this basis Centro Officers consider that, subject to confirmation of funding from the District and County

Councils, they could recommend support for a strategy in which they would agree to pick up the rest of the cost, as this offered benefits to the wider West Midlands region. The funding for these services is likely to be 3 years only and then hopefully absorbed by the DfT in a future franchise after September 2015. Any such decision by Centro would need to be made by their Members at their annual general meeting on 27 June 2011. Centro will also need to present evidence to the DfT at the end of the three year period, demonstrating that these incremented services offer value for money.

- 3.7 In the event that Centro decide not to provide any funding for services within Staffordshire, the Council will need to act to secure that there are decent rail services between the District and the conurbation. For example, to ensure that there would be a service from Birmingham to Rugeley after the 18.12 service. The new Local Enterprise partnership geography in the West Midlands requires good quality rail services between the conurbation and the surrounding shire districts. This relationship ought to be recognised by Centro in their decision making. The need for such action is provided for in the recommendations.

#### **4. Key issues and Implications**

- 4.1 The withdrawal of DfT funding last year resulted in the loss of 50% of the off-peak service in December 2010, involving a reduction in service frequency from half-hourly to hourly and a potential threat to the weekday evening service extension north of Hednesford to Rugeley and the half-hourly Saturday service throughout. Fortunately Centro agreed to fund the retention of these services for a 1 year period to December 2011, in co-operation with this Council and Staffordshire County Council. The reinstatement of the cut off-peak service remains a priority for the District Council and the recommendations provide for negotiations, particularly through the Greater Birmingham and Solihull LEP, to secured improved services.
- 4.2 Improving rail services on the Chase Line is the Council's transport priority and it has already agreed in principle to provide funding under the current franchise to maintain services to Rugeley. The Council's short term priority is therefore to identify a package that would allow retention of existing service levels, preferably for the remainder of the West Midlands franchise to September 2015 and to secure their inclusion in a future franchise funded by the DfT. The application of the Council's Rail Revenue Support budget of approximately £9,500 per annum, to support the Chase Line services is both appropriate and value for money and is recommended.
- 4.3 A number of positive meetings have been held with Centro and Staffordshire County Council and there is a consensus on the need to secure a funding package that would retain the services detailed above, on a long term basis.
- 4.4 In February 2011, the DfT announced it will consider funding new or enhanced rail services from April 2015, subject to local authorities sponsoring these for an initial three year period and establishing a positive business case. If short term funding for three years can be found to reinstate and maintain Chase Line services to pre-December 2010 levels, longer term funding would be picked up by the DfT, in the next franchise after the existing West Midlands franchise, operated by London Midland, expires in September 2015. It is

intended that Centro will lead on this work and develop a business case that hopefully will identify a positive Benefit Cost Ratio (BCR) to satisfy the DfT on their agreement to fund these services on a permanent basis post September 2015.

- 4.5 The financial business case for restoring the withdrawn services, would be enhanced by securing the linespeed upgrade. Increasing the existing linespeed from 45mph to 75 mph, would create sufficient time for the now withdrawn incremental off-peak service to call at intermediate stations between Cannock and Walsall thereby improving its financial performance and reducing the high subsidy that led to its withdrawal in December 2010. To this end, the Council has therefore submitted an Expression of Interest to the Greater Birmingham and Solihull LEP, to support an application under round two of the Regional Growth Fund (RGF), for the linespeed upgrade. It is intended that Centro will submit a formal bid to the Government for RGF for the linespeed upgrade, by the deadline of 1 July 2011.
- 4.6 The Office of Rail Regulation have published the latest figures in February for passenger use of Chase Line stations for 2009/10 compared to the previous year. These still show an upward trend, with Rugeley Trent Valley experiencing a 161% increase. Collectively, these exceed 1/2 millions passenger journeys serving the District's population.

	<u>2009/10</u>	<u>2008/9</u>	<u>Change</u>
Cannock	203,736	182,918	+15%
Hednesford	140,212	138,734	+1.06%
Rugeley Town	106,554	95,060	+12.1%
Rugeley Trent Valley	53,028	20,324	+161%
Total	503,530	437,036	

- 4.7 More recent data based on more accurate headcounts, have shown increases on some Chase Line services of nearly 50% and the route now has the second highest passenger growth in the region, after the Birmingham-Wolverhampton line.

## **5. Conclusions and Reason(s) for the Recommendation(s)**

- 5.1 The Council in partnership with Centro and Staffordshire County Council, are being offered the opportunity to secure the retention of as many of the incremented rail services that they can afford, with particular reference to the weekday evening and the Saturday incremented service between Birmingham and Rugeley. The use of S106 funding may represent the only other opportunity to retain some or all of the incremented Chase Line rail services.
- 5.2 It is also recommended that the Council through its membership of the Greater Birmingham and Solihull LEP, support the submission of a bid by Centro for the 2<sup>nd</sup> round of the Regional Growth Fund for the Chase Line linespeed upgrade, which could potentially reduce the costs of securing the reinstatement of the withdrawn off-peak service and retention of the sponsored evening service extension to Rugeley, in a future franchise,

when the existing one expires in September 2015.

**6. Other Options Considered**

- 6.1 This report deals with retention of existing sponsored services on the Chase Line in response to a shortage of funding. There is an option not to contribute to funding the incremented services but that this would be contrary to the Council's priorities to support expansion of Chase Line services. The funding options are considered in the report.

**7. Report Author Details**

- 7.1 Mr J. Morgan, Principal Planning Officer, Planning Policy, x4308.

**SCHEDULE OF ADDITIONAL INFORMATION**

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**Section 1****Contribution to Council Priorities (i.e. Corporate Plan)**

Securing improvements to the regional and local rail service, will accord with the priority outcomes with respect to promoting People - Active and Healthy Lifestyles; Place – Improved Living Environment through promoting a sustainable form of transport and Prosperity – Economic Resilience.

**Section 2****Contribution to Promoting Community Engagement**

The Council has encouraged wider community involvement in the rail issues affecting the District.

**Section 3****Financial Implications**

As referred to throughout the report, the levels of service and the overall share of the cost to be borne by Cannock Chase Council cannot be quantified at this moment in time and will be the subject of further negotiations with Centro, Staffordshire County Council, the Department for Transport, London Midland, Network Rail and the Office of Rail Regulation.

The existing provision for Rail Revenue Support is as follows:

Rail Revenue Support	2011-12 Approved Budget	2012-13 Standstill Budget	2013-14 Standstill Budget
Budget For Year	9,360	9,460	9,650
<b>Total</b>	<b>9,360</b>	<b>9,460</b>	<b>9,650</b>

There is also a balance of £24,555 in the “Rail Revenue Support Reserve” which can also be used to fund Rail Revenue Support costs; obviously this is a one off item.

Para 5.1 of this report refers to the possibility of using Section 106 funding to supplement the funding detailed above. However, a report to Cabinet on 19<sup>th</sup> June 2008 referred to the potential use of £115,180 of Cannock Town Centre (redevelopment of the former cinema site) Section 106 funds received as part of the Project. At this moment in time this Section 106 remains unsigned as a result of the current economic climate preventing the overall funding of the Scheme from being achieved. It is anticipated that receipt of this Section 106 funding will be significantly delayed, and may not be received at all if the required funding for the overall scheme cannot be finalised.

There may be other Section 106's that may be considered appropriate as a result of developer contributions received in respect of public transport improvement planning obligations, the use of these will require approval as part of the Section 106 Programme.

Further reports will need to be considered by Members once negotiations between all interested parties have progressed further and will include detailed financial implications.

Any request for additional funding in excess of existing provisions will need to be considered as part of the Councils Delivering Change Process. It should be stressed that during negotiations the only financial input the Council can currently make to the Chase Line are as detailed above.

#### **Section 4**

#### **Legal Implications**

The Council has power under Section 106 (2) and (3) of the Transport Act 1985 to contribute towards the cost of facilitating or improving the operation of public passenger transport services in their area. Staffordshire County Council has similar powers. The Council may only use contributions which have been received under planning obligations entered into under Section 106 of the Town and Country Planning Act 1990 (as amended) if the covenants in the planning obligation permit the contribution to be used for this purpose.

If the decision is taken to fund enhancements of the rail service on the Chase Line it will be necessary for the Council to enter into a legal agreement with Centro and/or Staffordshire County Council setting out the terms and conditions upon which the funding is provided by the Council.

#### **Section 5**

#### **Human Resource Implications**

There are no human resource implications in the report.

#### **Section 6**

#### **Section 17 (Crime Prevention)**

The provision of enhanced rail services to and from Rugeley, Hednesford and Cannock would allow the younger population, to access a wider range of evening leisure, recreational and cultural facilities in Cannock, Walsall or Birmingham, as well as connecting into long distance services at Birmingham and Rugeley Trent Valley to London.

#### **Section 7**

#### **Human Rights Act Implications**

There are no identified implications in respect of the Human Rights Act 1998 arising from this report.

**Section 8**

**Data Protection Act Implications**

There are no identified implications in respect of the Data Protection Act arising from this report.

**Section 9**

**Risk Management Implications**

In the event that the Council agreed to fund the rail service enhancement, this would still be subject to Staffordshire County Council and CENTRO also giving their agreement, as well as Network Rail agreeing to give track access rights to the train operator. The Council may not be in a position to identify the full amount of funding required, if the DfT insist on this being provided for the full length of the franchise until September 2015.

**Section 10**

**Equality and Diversity Implications**

There are no implications in the report.

**Section 11**

**List of Background Papers**

Letter from Centro dated 26 May 2011.

**Section 12**

**Report History**

<b>Council Meeting</b>	<b>Date</b>
Cabinet – Chase Line rail service – Proposed Service Reductions	2 September 2010
Cabinet – Chase Line Rail service – Proposed Enhancements	19 June 2008