

<b>Report of:</b>	<b>Head of Economic Development</b>
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<b>Portfolio Leader:</b>	<b>Economic Development &amp; Planning</b>
<b>Key Decision:</b>	<b>Yes</b>
<b>Report Track:</b>	<b>Cabinet: 21/08/14</b>

**CABINET**  
**THURSDAY 21 AUGUST 2014**  
**CHASE LINE RAIL SERVICE – REVENUE SUPPORT**

**1 Purpose of Report**

- 1.1 To consider a request from Centro for Cannock Chase Council (and Staffordshire County Council) to provide funding to maintain the Chase Line incremental rail services between Birmingham-Walsall-Cannock-Hednesford-Rugeley for Year 5 and part of Year 6, from December 2014 – March 2016.

**2 Recommendations**

- 2.1 That Cabinet agree to a request from Centro, for Cannock Chase Council to provide a funding contribution detailed in 5.4, to maintain the Chase Line incremental rail services between Birmingham-Walsall-Cannock-Hednesford-Rugeley for Year 5 and part of Year 6, from December 2014 – March 2016.
- 2.2 That the Council's existing Rail Revenue Support and Rail Revenue Reserve budgets be used to provide financial support for the incremented rail services.
- 2.3 That, the Head of Economic Development in consultation with the Economic Development and Planning Portfolio Leader be authorised to enter into agreements with Centro and Staffordshire County Council for the continued operation of the existing incremental rail services, subject to agreement for contributions being secured from CENTRO and Staffordshire County Council.
- 2.4 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, the Greater Birmingham and Solihull Local Enterprise Partnership (LEP) and the Stoke on Trent and Staffordshire LEP with the aim of achieving the continued operation of existing Chase Line rail services until March 2016 and if possible their increase, for the remainder of the West Midlands rail franchise until June 2017 and beyond in a future franchise.

**3 Key Issues and Reasons for Recommendation**

- 3.1 Improving Chase Line rail services is a Council transport priority and it has previously agreed to provide funding to maintain services to Rugeley. The Council's short term priority is to identify a package that would allow retention of existing service levels, for the remainder of the West Midlands franchise to March 2016 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 £9,750 per annum, to support the Chase Line services is both appropriate and value for money and recommended.
- 3.2 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 the incremental Chase Line services, longer term funding would be picked up by the DfT, in the next franchise after the existing West Midlands franchise ends, subject to affordability being demonstrated through a Benefit Cost Ratio of 1.5. The DfT have now indicated that the franchise is now likely to run for its full period until March 2016, with a possible extension to June 2017.
- 3.3 Centro were more recently advised by the DfT in May 2014, that there was no prospect of them funding the services before March 2016, hence the need to agree funding for a longer period, than envisaged. Centro submitted their business case work (from 2012-15) to the DfT in March 2014, seeking their agreement to fund these services on a permanent basis in any re-negotiated contract from 2015 or 2016. This analysis shows that the services have an estimated Benefit Cost Analysis(BCR) ratio of 1.63:1 and therefore above the DfT minimum threshold of 1.5:1. Centro believe the BCR will rise to more than 3:1 when the effects of electrification and the planned linespeed upgrade, are factored in. The services have seen growth in passenger revenue of more than 70% since introduced. A final decision from the DfT is still awaited.
- 3.4 The financial business case for restoring the withdrawn services, will be enhanced by the Government announcements of capital investment in the Chase Line. This includes the announcement in July 2012 of the £30m, Walsall-Rugeley electrification by December 2017, currently under construction.
- 3.5 The Office of Rail Regulation figures for 2012/13, show that Cannock, Hednesford and Rugeley Town, now generate nearly 600,000 passenger journeys pa in total and counting Rugeley Trent Valley(Lichfield District), nearly 700,000 passenger journeys pa in total.
- 3.6 The Integrated Transport Authority (ITA) for the Centro metropolitan area, agreed on 25 June, to continue funding the Chase Line service enhancements from 14 December 2014 to 31 March 2016. Staffordshire County Council has given similar support.

#### 4 Relationship to Corporate Priorities

4.1 This report supports the Council's Corporate Priorities as follows:-

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

#### 5 Report Detail

5.1 The incremental Chase Line services, comprise the Monday to Saturday evening extensions north of Hednesford to Rugeley and enhanced Saturday services, which when combined with the DfT funded service provide a half hourly frequency.

5.2 Centro received the revised and final costs from London Midland for continuing the evening and Saturday service enhancements from April 2015-March 2016. These costs were considered by Centro's Shadow ITA Board on 25 June 2014, where it was agreed to provide continued funding of these services from April 2015 to March 2016, subject to similar support from Staffordshire County Council and Cannock Chase Council.

5.3 The total subsidy for April 2015 to March 2016 will be £250,500, of which 75% will be met by Centro. This represents a reduction of approximately £15,000 on the previous year. These costs cover all additional services between Birmingham-Walsall-Rugeley as part of a package and not just those in Staffordshire.

5.4 Centro are therefore looking for Staffordshire County Council and Cannock Chase Council to provide £62,625, which based on last years proportion, would be £50,100 to Staffordshire County Council and £12,525 to Cannock Chase Council, over two financial years.

	14 Dec 2014 to 31 Mar 2015	1 Apr 2015 to 31 Mar 2016
Centro	£41,471.25	£146,403.75
Staffordshire County Council	£11,059	£39,041
Cannock Chase District Council	£2,764.75	£9,760.25
TOTAL	£55,295	£195,205

5.5 As stated in 3.2 the funding for these services was originally planned to be for 3 years and then hopefully absorbed by the DfT in a future franchise, in accordance with the Government funding statement for local and regional rail services, 28 February 2011. However, the DfT have now made it clear to Centro

that it and the Staffordshire Councils will therefore need to fund a fifth and part of a sixth year to coincide with the extension of the existing West Midlands franchise to March 2016.

- 5.6 Centro submitted evidence to the DfT in March 2014, at the end of the three year period, demonstrating that these incremental services offer value for money. They have also done preliminary passenger headcounts on these services.
- 5.7 The removal of the services from the timetable would have the following effects:
- The last train from Birmingham to Rugeley would be at 19:22, with no later evening services.
  - The evening frequency between Birmingham and Walsall would be halved to hourly, giving Walsall the poorest evening service of any town centre station in the Centro area.
  - Journey times would be extended in the evening between Birmingham, Walsall and Cannock and Hednesford and would follow an all stations calling pattern.
  - Stations north of Walsall would have only an hourly Saturday frequency, giving it the lowest Saturday service frequency on any Network West Midlands route from Birmingham.

## **6 Implications**

### **6.1 Financial**

The Standstill budgets for Rail Revenue Support for 2014-15 and 2015-16 are £9,750 and £9,750 respectively. In addition to the aforementioned budgets there is currently a sum of £22,893 in the Rail Revenue Support Reserve which can be used to support any shortfall, should the Councils required contribution exceed its budgetary provision for any given year, up to the level of the Reserve.

It is anticipated that there are sufficient funds within budgets and the Reserve fund to meet the Councils estimated contributions up to the end of the West Midlands Rail Franchise in March 2016.

### **6.2 Legal**

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.

### **6.3 Human Resources**

There are no human resource implications in the report.

**6.4 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 employment, 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.

**6.5 Human Rights Act**

No Human Rights Act implications.

**6.6 Data Protection**

None.

**6.7 Risk Management**

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.

**6.8 Equality & Diversity**

None.

**6.9 Best Value**

None.

<b>7 Appendices to the Report</b>
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<b>Previous Consideration</b>
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Report Title	Decision-making Body	Date
Chase Line Rail Service - Revenue Support	Cabinet	19 September 2013
Chase Line Rail Service – Revenue Support	Cabinet	20 September 2012
Chase Line Rail Service - Revenue Support	Cabinet	23 June 2011
Chase Line rail service – Proposed service Reductions	Cabinet	2 September 2010

Chase Line Rail Service  
– Proposed Enhancements

Cabinet

19 June 2008

**Background Papers**

Email from Centro 26 June 2014, regarding future funding arrangements.

ITA Shadow Board report, 25 June, 2014 on funding Chase line rail service.

Government funding statement for local and regional rail services, 28 February 2011.