

## **Appendix 5a: Proposed Rail North governance arrangements**

### THE LEADERS' COMMITTEE ("LC")

#### Establishment

The Local Transport Authorities covered by the Northern and Trans-Pennine Express franchises will establish a local authority association formed under section 143 of the LGA 1972 ("LGA 1972"). It is expected that all relevant Local Transport Authority (currently 30) would be party to these arrangements. The Association (provisionally known as the Association of Rail North Partner Authorities) will be governed by a Leaders' Committee (LC).

Each Local Transport Authority will appoint one elected member to the Leaders' Committee. This member would normally be its Leader / Mayor / Chair or its Lead Member for Transport. There will be provision for Local Transport Authorities also to appoint a substitute member. The Leaders' Committee will elect a Chairman and one or more Vice-Chairmen.

#### Frequency of Meeting and Urgency

The Leaders' Committee will meet twice a year, although there would be provision for additional meetings to be called if demanded by a specified (significant) number of member Local Transport Authorities.

#### Functions

The Association through the Leaders' Committee will have the following functions:

- to promote and improve rail services in the Rail North area
- to campaign for devolution of responsibility for the Northern and Trans-Pennine Express franchises
- to develop and approve, and oversee the implementation of, a long-term Rail Strategy
- to establish geographical sub-groups as proved for below, whose functions would include the appointment of representatives on the Rail North Limited Board
- to provide political leadership and oversight of Rail North Limited

#### Sub Groups

The Leaders' Committee will establish a number of geographical sub-groups of Local Transport Authorities whose composition will be

decided by the Leaders' Committee and whose function would be to appoint a person to serve as a director of the Board of Rail North Limited. In determining the composition of the sub-groups, account will be taken of factors such as:

- local authority, Local Economic Partnership and Local Transport Board linkages;
- the geography of the rail network; and
- the need to ensure inclusivity and representation across the North.

The shadow Leaders' Committee has agreed initially to establish the following eleven sub groups

- Greater Manchester Combined Authority
- West Yorkshire (plus York)
- South Yorkshire
- Merseyside (including Halton)
- North East (Tyne and Wear, Durham and Northumberland)
- Lancashire and Cumbria (including Blackpool and Blackburn and Darwen)
- Tees Valley (Darlington, Hartlepool, Middlesborough, Redcar and Cleveland and Stockton-on-Tees)
- North Yorkshire
- The Humber (East Riding, Hull, North Lincs, North East Lincs)
- Cheshire and the Potteries (Cheshire East, Chester West and Chester, Warrington, Stoke, Staffordshire)
- East Midlands (Derby, Derbyshire, Nottingham, Nottinghamshire, and Lincolnshire)

It is expected that decisions on appointments by geographical sub-groups would be reached by consensus. However where votes are taken the same system of weighted voting would apply as on the Leaders' Committee.

#### Administrative support and Funding

The Leaders' Committee will appoint the Chief Executive of one of the Local Transport Authorities as Secretary to be responsible for providing administrative support.

The minimal costs of the joint body will be apportioned between the partner Local Transport Authorities as agreed by them, probably on the basis of voting rights.

## THE SPECIAL PURPOSE VEHICLE – RAIL NORTH LTD (RNL)

### Establishment

Members of the Association will establish the Special Purpose Vehicle as a company limited by guarantee called Rail North Ltd (RNL). The Special Purpose Vehicle will be established pursuant to the well-being power under sections 99 and 102A of the Local Transport Act 2008 and the functional power of competence under sections 11 and 13 of the Localism Act 2011 in the case of Combined Authorities / ITAs and the general power of the competence under section 1 of the Localism Act in the case of county and unitary councils.

The key decision-making bodies within the Special Purpose Vehicle will be the members of the company and the board of directors.

### Board of Directors

Each of the geographical sub-groups established by the Leaders' Committee will appoint one member to the Board of Rail North Limited. Each sub-group will have the power also to appoint an alternative director. Voting on the board would be on the basis of one director, one vote although it is expected that most decisions would be taken by consensus. However, given the substantial variations in the proportions of rail usage between the various sub-groups approval of certain key matters (mainly relating to finance) would be reserved to the members of the company.

The Board would be supported in managing Rail North Limited by a dedicated Executive Team of officers of the Rail North partner authorities and the Passenger Transport Executives.

### Members of Rail North Limited and Reserved Matters

All the members of the Association are eligible to become members of Rail North Limited. The voting entitlement of each member will be based on the voting power each member based on rail usage as set out below. Decision on the reserved matters will require the approval of members holding collectively at least 75% of the weighted voting entitlement. The reserved matters will include:

- Any change to the articles of the company
- Any partnership / shareholders' agreement between RNL and the Department for Transport and other major commercial agreements
- Approval of Rail North Limited's annual and medium-term

- business plan
- Expenditure above certain limits
- Borrowing and the giving of financial guarantees

## Funding

Members would make an annual payment to cover the running costs of the Company to be apportioned in accordance with voting rights. Prior the commencement of the franchises in February 2016, this is likely to be a relatively nominal amount. Arrangements may need to be reviewed when the level of risk/expenditure to be borne by Rail North Limited under the partnership arrangement with Department for Transport is established. However, in these circumstances, Local Transport Authorities would have the opportunity to withdraw (or alter their status within Rail North Limited) before the franchise agreements are operative, if unwilling to accept risk or make increased payments.

## Functions of Rail North Limited

The principal initial functions of Rail North Limited will include:

To oversee local authority input into the design of the franchises including the specification and commercial arrangements To develop proposals with Department for Transport for a single integrated partnership structure to assume responsibility for managing the franchises

### DFT / RAIL NORTH LIMITED PARTNERSHIP

Rail North officers are engaging with Department for Transport officials in relation to the governance arrangements for the Department for Transport / Rail North Limited partnership. A paper with proposals will be brought forward for consultation in due course.

### Proposed Rail North members' payment percentage

Authority	2014 passenger miles %	2012 passenger revenue %
Blackburn with Darwen	0.6	1.0
Blackpool	1.5	1.7
Cheshire East	2.1	1.6
Cheshire West and Chester	1.1	0.6
Cumbria	4.0	3.5

Darlington	1.5	0.7
City of Derby	1.0	0.1
Derbyshire	1.4	1.4
East Riding of Yorkshire	0.9	1.6
Greater Manchester	22.3	26.5
Hartlepool	0.3	0.3
City of Kingston upon Hull	1.3	1.8
Lancashire	5.5	6.6
Lincolnshire	0.7	0.5
Merseytravel	5.9	6.2
Middlesbrough	0.7	0.7
Tyne and Wear	6.5	3.0
NE Lincolnshire	0.6	0.4
North Lincolnshire	0.4	0.4
North Yorkshire	3.2	4.2
City of Nottingham	1.5	0.6
Nottinghamshire	0.3	0.3
Redcar and Cleveland	0.3	0.4
South Yorkshire	7.8	6.7
Staffordshire	0.1	0.0
Stockton on Tees	0.5	0.5
City of Stoke on Trent	0.8	0.2
Warrington	1.2	1.1
West Yorkshire	20.9	24.2
York	5.4	3.1