



Transport for the East Midlands

Board Meeting
26th January 2018
1.45pm to 3.15pm
Leicestershire County Council
County Hall. Glenfield

AGENDA

1. Introductions and Apologies
2. Minutes of Board Meeting 1st December 2017*
3. TfEM Priorities
 - Draft Summary Document
4. Major Road Network Consultation
 - Priorities for a TfEM Response
5. RIS2 Consultation
 - Priorities for a TfEM Response
6. East Midlands Rail Franchise
 - Business Case for Limited Management Role
7. Community Rail Consultation
 - Draft TfEM Response
8. Transport Select Committee Inquiry into Rail Infrastructure Investment
 - TfEM Evidence (now published by Select Committee)
9. Verbal Update on Midlands Connect STB Proposition
10. Dates of Future Meetings

7 th March 2018	10.00-12.00 Leicestershire CC
30 th May 2018	10.00-12.00 Leicestershire CC
12 th September 2018	10.00-12.00 Leicestershire CC
21 st November 2018	10.00-12.00 Leicestershire CC

TfEM Terms of Reference

- To provide collective leadership on strategic transport issues for the East Midlands.
- To develop and agree strategic transport investment priorities.
- To provide collective East Midlands input into Midlands Connect (and other relevant sub-national bodies), the Department for Transport and its delivery bodies, and the work of the National Infrastructure Commission.
- To monitor the delivery of strategic transport investment within the East Midlands, and to highlight any concerns to the relevant delivery bodies, the Department for Transport and where necessary the EMC Executive Board.
- To provide regular activity updates to Leaders through the EMC Executive Board.

TfEM Membership

TfEM will comprise elected members nominated by the LTAs - to be determined by each authority but with an expectation it would be the relevant portfolio holder. Senior representatives of the Department for Transport, Highways England and Network Rail will be invited to attend as ex-officio members



Transport for the East Midlands

**BOARD MEETING
1ST DECEMBER 2017
NOTTINGHAM CITY COUNCIL**

MINUTES

Present:

Mayor Sir Peter Soulsby	Leicester City Council
Councillor Richard Davies	Lincolnshire County Council
Councillor Jon Collins	Nottingham City Council
Councillor Kay Cutts MBE	Nottinghamshire County Council
Councillor Tony King	Derbyshire County Council
Councillor Simon Spencer	Derbyshire County Council
Councillor Martin Rawson	Derby City Council
Councillor Blake Pain	Leicestershire County Council
Councillor Roger Blaney	EMC Franchise Lead Member
Anne Carruthers	Leicestershire County Council
Mike Ashworth	Derbyshire County Council
David Bishop	Nottingham City Council
Adrian Smith	Nottinghamshire County Council
Andrew Smith	Leicester City Council
Richard Wills	Lincolnshire County Council
Louise Clare	DfT
Richard Bates	Network Rail
Ken Harrison	HS2 Growth Partnership
Alistair Cox	Atkins Global
Richard Mann	Midlands Connect
Andrew Pritchard	East Midlands Councils

Apologies:

Councillor Tony Mathias	Rutland County Council
Councillor Heather Smith	Northamptonshire County Council
Andrew MacDonald	DfT
Richard Walters	DfT

		ACTION
1.	Apologies and Introductions	
1.1	Apologies noted as above	

		ACTION
2.	Minutes of Meeting held 12th September 2017	
2.1	The minutes were agreed as a true and accurate note of the meeting.	
3.	Feedback from 30th November meeting with Secretary of State on MMLe	
3.1	Mayor Sir Peter Soulsby and Cllr Kay Cutts gave an update from the meeting with the Secretary of State and Sir John Peace	
3.2	Whilst there appeared little scope to progress Midland Main Line electrification in the short term, the Secretary of State was positive about working with the East Midlands to take forward the key priorities of the HS2 Growth Strategy.	
3.3	It was likely that the Rail Minister would visit the East Midlands early in the new year, which would present a further opportunity for dialogue.	
4.	Reflections of 27th November East Midlands Infrastructure Summit	
4.1	Members welcomed the summit and the signing of the 'Declaration' by key participants, including the Chair of TfEM Sir Peter Soulsby and Sir John Peace	
4.2	There was agreement that momentum now needed to be maintained. As a result members asked that a short 'pitch document' be produced, setting out five key strategic transport priorities for the East Midlands, to be considered at an additional TfEM meeting In January 2018	AP
5.	Defining a 'Major Road Network' for the Midlands	
5.1	Members discussed the potential of establishing a Major Road Network (MRN) covering the East Midlands, which would reflect LTA roads of economic importance and have eligibility for additional DfT resources.	
5.2	A Government consultation setting out proposals for establishing an MRN based on the earlier Reece Jeffery's Report is expected shortly.	
5.3	In the meantime, Midlands Connect is co-ordinating proposals from LTAs to establish an initial bottom up MRN which reflects local priorities - to be combined with regional evidence base to establish a credible Midlands proposition.	
5.4	Members supported the general extent of the initial MRN proposed by the LTAs, and highlighted the importance of the MRN reflecting regional/local economic priorities, albeit within a coherent national framework.	
6.	East Midlands Rail Franchise	
6.1	Members discussed emerging proposals for TfEM to have an ongoing role in the management of the EM Rail Franchise and to oversee the performance and investment plans of the Train Operating Company (TOC) alongside the DfT.	

		ACTION
6.2	Whilst there was general support for the proposition, Members wanted to be clear about costs and benefits, and that a further arrangement with DfT would not result in reputational damage to TfEM if the TOC or the franchise process got into trouble.	
6.3	The Chair asked that a full business case for 'Limited Management Role' proposition be prepared for consideration at an additional meeting of TfEM in January 2018.	AP
7.	Midlands Connect Update	
7.1	Members discussed proposals for Midlands Connect to become a statutory sub-national transport body by 2020.	
7.2	The Midlands Connect Strategic Board met on 2nd November 2017 and requested an updated proposal for consideration in February 2018	
7.3	If this is agreed, individual LTAs will be asked to make a positive decision to support by September 2018, to allow a formal submission to be made to DfT in October 2018	
8.	HS2 in the East Midlands	
8.1	The report sets out the Hybrid Bill process, and the priorities for the Phase 2B Hybrid Bill necessary to deliver the East Midlands HS2 Growth Strategy.	
8.2	Members noted the timescales and priorities for the HS2 Phase 2b Hybrid Bill	
9.	Dates of Future Meetings : All meetings taking place at Leicestershire County Council	
	<p>26th January 2018 1.45-3.15</p> <p>7th March 2018 10.00-12.00</p> <p>30th May 2018 10.00-12.00</p> <p>12th September 2018 10.00-12.00</p> <p>21st November 2018 10.00-12.00</p>	



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Item 3: TfEM Priorities

1. Introduction

- 1.1 At the last meeting of TfEM members agreed to pull together a short 'elevator pitch' document summarising the five key East Midlands strategic transport priorities, to provide a focus for engagement with Midlands Connect, Government and other key stakeholders.
- 1.2 The Chair of Midlands Connect, Sir John Peace, is keen that any such document is jointly badged with Midlands Connect to show a common public position between the two organisations to Government and stakeholders.

2. Draft Summary Document

- 2.1 A draft summary document is contained in appendix 1. The five highlighted priorities are based on those reaffirmed at the EMC General Meeting of 15th February 2017, updated to reflect the latest position on delivery.
- 2.2 There is further detailed information supporting each of the five priorities, but the TfEM Board's requested a short succinct document at this stage.

3. Recommendation

- 3.1 The TfEM Board is asked to:
 - Agree the draft summary document in appendix 1 subject to any amendments agreed by Members

Key Contacts:

Andrew Pritchard, Director of Policy & Infrastructure, East Midlands Councils.
andrew.pritchard@emcouncils.gov.uk



Transport for the East Midlands

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26th January 2018**

Item 4: Major Road Network (MRN) Consultation

1. Introduction

- 1.1 The Department for Transport published a consultation document with proposals for a Major Road Network (MRN) on the 23rd December 2017, available at: <https://www.gov.uk/government/consultations/proposals-for-the-creation-of-a-major-road-network>
- 1.2 This report summarises the key elements of the consultation, and the Government's initial MRN proposal as it impacts on the East Midlands. It also updates on the emerging Midlands Connect MRN proposition.

2. DfT Consultation Document

- 2.1 The document sets out proposed criteria for defining the MRN:
 - Current traffic levels (Average Annual Daily Flow) – particularly of HGV/LCVs
 - Roads that were formally Strategic Road Network (SRN) but de-trunked between 2001-2009
 - Ensuring a coherent network - avoiding gaps
 - Linking economic centres - major ports, airports, settlements above 50,000 - or places that contribute substantially to the economy
 - Access to /resilience to the SRN
- 2.2 Whilst Ministers will define the MRN network they will look to emerging Sub National Transport Bodies to provide advice informed by 'regional evidence bases' - which is consistent with the technical work underway from Midlands Connect.
- 2.3 However, the document includes an initial proposed MRN set out below, based on:
 - The Reece Jefferys Report recommendations
 - The addition of former trunk roads

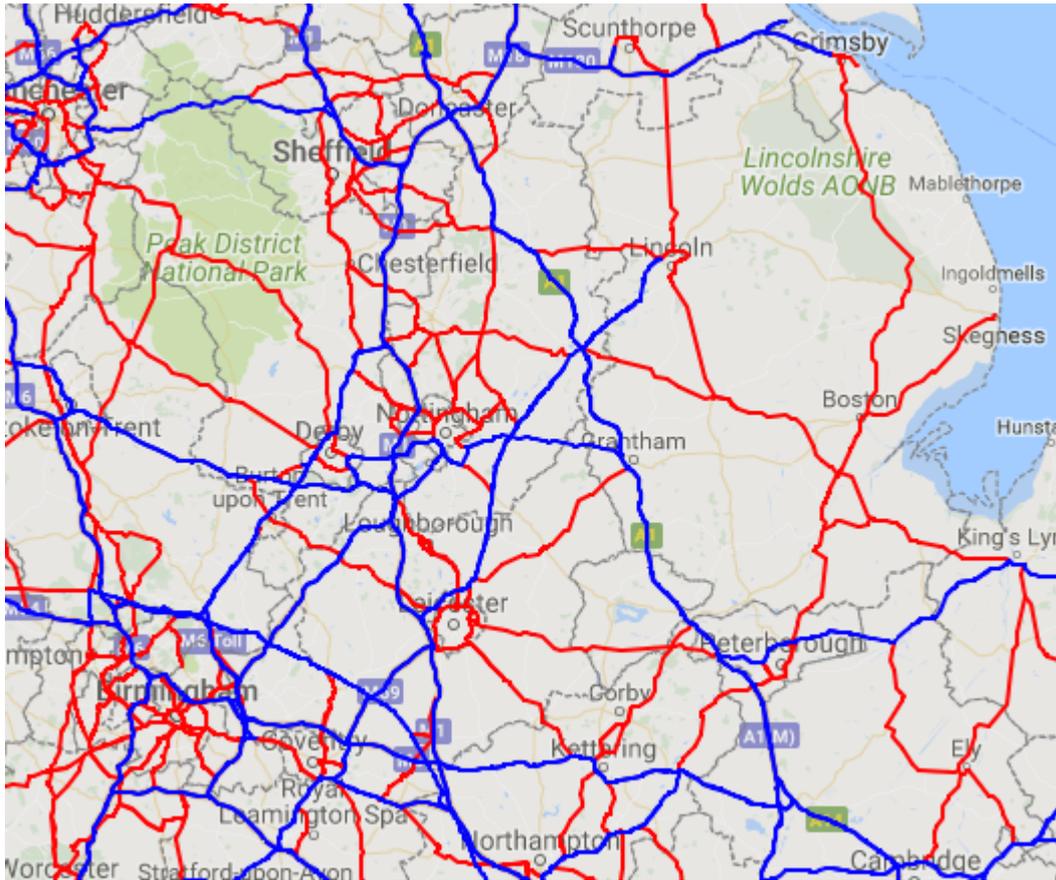


Fig 1: Government's proposed MRN in the East Midlands

- 2.4 This proposal is less extensive than that initially advocated by East Midlands LTAs. It does not include some strategic links (e.g. A158 between Lincoln and Skegness), or the urban roads within the inner ring roads of Derby, Leicester and Nottingham, however and does include some roads not proposed locally (e.g. A6 in Derbyshire).
- 2.3 The MRN network would be eligible for additional dedicated funding from the National Roads Fund. Investment decisions would be based on the extent to which proposals from LTAs would:
- Reduce congestion
 - Support economic growth & rebalancing
 - Support housing delivery
 - Support all road users
 - Support the SRN
- 2.4 The eligible activities on the MRN would include:
- Bypasses
 - Filling 'missing links'
 - Road widening
 - Major structural renewals

- Major junction improvements
- Smart technology
- Coherent packages of smaller improvements along defined stretches

3. Emerging Midlands Connect Response

3.1 Midlands Connect has been working to develop a coherent and credible MRN for the Midlands as a whole, working closely with LTAs, which reflects the economic challenges and opportunities of the region - and which proposes a more extensive network as a result.

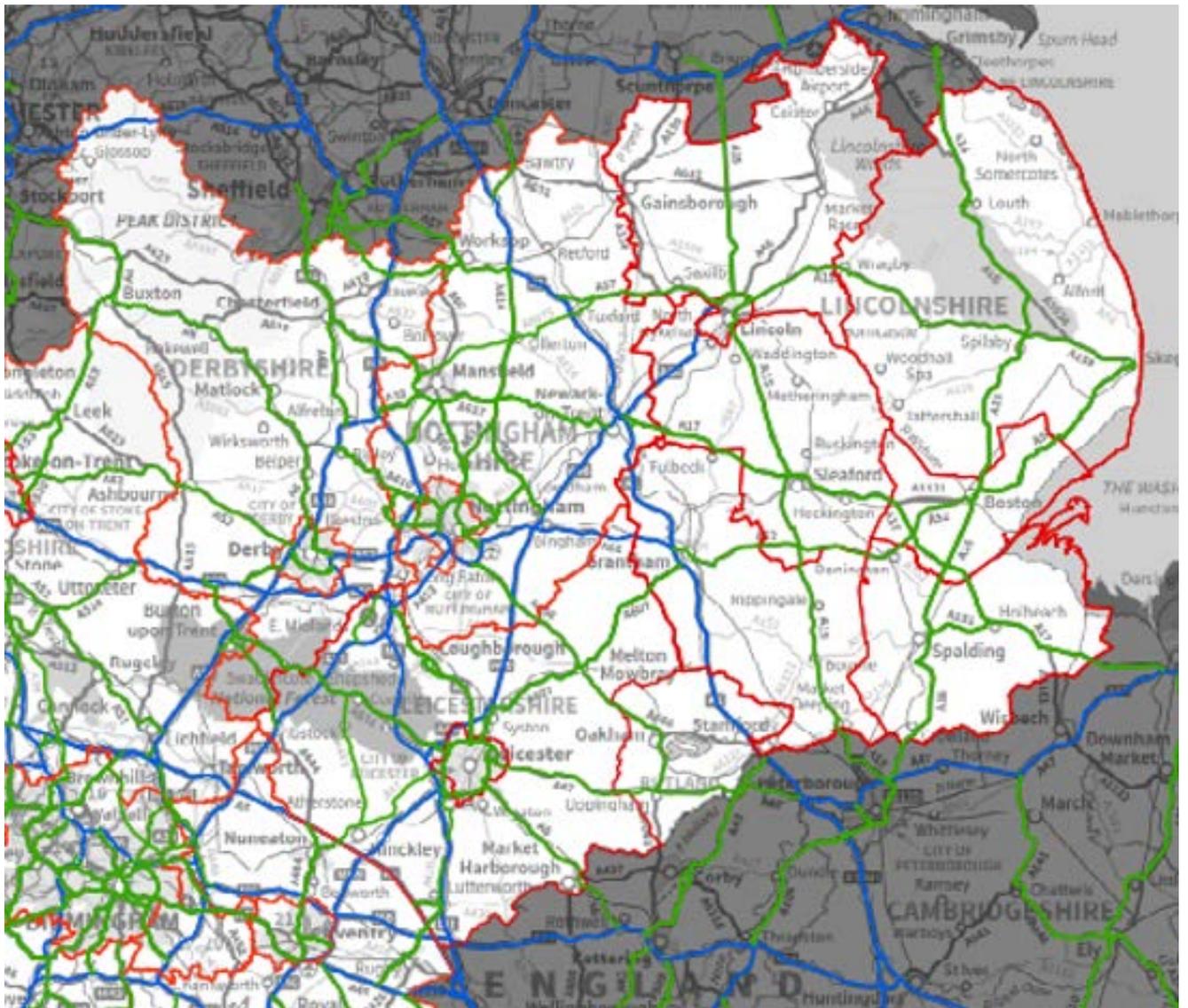


Figure 3: Emerging Midlands Connect MRN Proposition

4. Recommendation

- 4.1 The TfEM Board is asked to give consideration to the proposed criteria for defining an MRN and the appropriate extent of the MRN in the East Midlands – and to direct officers accordingly.

Key Contacts:

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Item 5: RIS2 Consultation

1. Introduction

- 1.1 The Department for Transport published a consultation document on initial proposals for Roads Investment Strategy 2 (RIS2): 2020-25 on the 13th December 2017, available at: <https://www.gov.uk/government/consultations/shaping-the-future-of-englands-strategic-roads-ris2>. The RIS process prioritises investment into the Strategic Road Network (SRN) managed by Highways England.
- 1.2 The consultation documentation focuses on principles and the emerging evidence base for RIS2, but does not include specific schemes or proposals. However, the consultation provides an opportunity for TfEM to highlight key priorities to Ministers ahead of any funding decisions.

2. RIS2 Priorities for the East Midlands

- 2.1 Based on work to date, it is proposed that East Midlands priorities for RIS2 to should be focused around:
 - Completion of A46 Newark bypass by 2025 and development of a strategy for the whole A46 corridor
 - A52 – development of an integrated Highways England/HS2 Ltd solution that will address access to the Hub Station and wider growth pressures on the A52 Corridor
 - A5 - starting with the completion of the delayed Longshoot-Dodwells improvement
 - A14 - starting with the completion of the delayed Kettering bypass
 - Development of a strategic approach addressing long term traffic growth on the M1 corridor

3. Recommendations

- 3.1 The TfEM Board is asked to direct officers to make a response to the RIS2 consultation based on priorities highlighted under 2.1, subject to any amendments agreed by Members.

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Transport for the East Midlands

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Item 6: East Midlands Rail Franchise

1. Introduction

- 1.1 This paper sets out a proposition for TfEM having a longer term role in the management of the East Midlands Franchise from 2019 onwards, compared against a 'do nothing scenario'.

2. Background

- 2.1 TfEM has been working as a partner with the Department for Transport on the East Midlands Rail Franchise Competition for the last 18 months, with the objective of ensuring that future rail services better meet the needs of businesses and communities across the East Midlands and help deliver the Midlands Engine agenda.
- 2.2 With financial contributions from the relevant Local Transport Authorities (LTAs), TfEM has secured additional technical support from consultancy SCP Transport (David Young) who is embedded with the DfT franchise team in London on a part time basis.
- 2.3 To provide a clear mandate for engagement with the Department for Transport and bidders, the EMC Executive previously agreed the following documents, available at: <http://www.emcouncils.gov.uk/East-Midlands-Rail-Franchise>
- **EMC Strategic Statement** which sets out regional objectives for new franchise. It is based on an initial document discussed at stakeholder consultation event in Newark in April 2016, subsequent comments from key stakeholders and further consideration with local transport authority rail officers and transport directors.
 - **EMC Social Value Statement** which sets out social, economic and environmental objectives for the delivery of the franchise under powers contained in the Public Services (Social Value) Act 2012. It has been informed by the existing social value statements of local transport authorities

3. Business Case for 'Limited Management Role' in the East Midlands Franchise

- 3.1 Despite the cancellation of Midland Mainline electrification, the indications are that engagement with the DfT on the franchise process will result in a significant step

change improvement in the quality of rail services in the East Midlands, in particular for regional services linking Derby, Leicester, Lincoln and Nottingham with each-other and surrounding urban areas.

3.2 Following previous discussions through the EMC Executive and the TfEM Board, officers have been exploring with DfT the potential for a longer term role for TfEM in the management of the franchise once it has been let. Such a role would fall well short of the kind of rail devolution arrangements agreed by West Midlands Rail or Rail North, but would provide a clear mechanism for TfEM to articulate the concerns of councils and other key stakeholders to DfT and the Train Operating Company (TOC), and to influence how the franchise operates.

3.3 As a result, a proposition for a bespoke 'Limited Management Role' in the East Midlands franchise has been developed, based around the following functions:

- To oversee the day to day operation of the franchise in line with the Franchise Agreement from a passenger and stakeholder perspective.
- To work with the Train Operating Company to develop proposals for service enhancements that will support economic growth and complement investment in other modes.
- To work with the Train Operating Company to develop branding, marketing and station/train service developments.
- To promote the growth of local community ownership of the rail service and to ensure it delivers for passengers.
- To have a seat at the monthly management meetings between the DfT and the Train Operating Company to review performance and passenger/local stakeholder feedback.
- To have the right to carry out surveys and inspect, to validate passenger and stakeholder feedback against franchise obligations.
- To have a role to agree with the DfT/Train Operating Company material changes to the Train Plan and Working Timetable, taking the position centred on evidenced passenger need.
- To receive performance reports and data and review these against local feedback and franchise commitments.
- To consider/review, consult and jointly approve with DfT any changes to the East Midlands Franchise specification, operational and event planning and delivery.
- To coordinate responses to industry wide consultations affecting the East Midlands Franchise

3.4 The detail of this proposition has been compared against a 'do nothing scenario' in business case document set out in Appendix 1.

4. Key issues for consideration

4.1 In reaching an informed decision, the TfEM Board are recommended to give particular consideration to the following challenges:

- **Resources.** There will be an annual cost for each of the LTAs for undertaking the Limited Management Role, which is estimated to be £20k per year per LTA.
- **Level of perceived accountability.** TfEM would be acting the voice of councils and local stakeholders in the franchise management process and the DfT will retain contract management functions – but it will be important to avoid perceived accountability for any failures by the TOC.
- **Working with stakeholders from outside the TfEM area.** TfEM will need to recognise the concerns of areas served by the East Midlands Franchise but out-with the TfEM area in a proportionate manner. It is proposed to ensure this by including the relevant emerging Sub-National Transport Bodies in the governance arrangements.

4.2 Finally, it is important to note that any arrangement agreed by the TfEM Board will also need to be agreed by the Secretary of State for Transport.

5. Recommendations

5.1 The TfEM Board is asked to endorse one of the following options for the future management of the East Midlands Rail Franchise :

- The 'Limited Management Role' set out in appendix 1, subject to any amendments agreed by members; or
- The 'do nothing scenario' set out appendix 1

Key Contact:

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**A Business Case for a Limited Role for TfEM in the Management of the
East Midlands Rail Franchise**

For consideration by TfEM Board Meeting 26th January 2018

1. Proposition for a 'Limited Management Role' for TfEM

- 1.1 The current partnership arrangement with the Department for Transport on the East Midlands Franchise Competition has enabled consideration of a longer term role for TfEM once the franchise has been awarded. A 'Limited Management Role' would allow local leaders to oversee the performance and investment plans of the Train Operating Company (TOC) alongside the Department for Transport (DfT). It would also allow TfEM to have an influencing role via DfT on other TOCs serving the East Midlands and Network Rail.
- 1.2 Any proposition agreed by TfEM will also need to be agreed with the Department for Transport prior to the publication of the Franchise Invitation to Tender (ITT), which is expected in the spring of 2018. The proposed 'Limited Management Role' summarised below has been the subject of positive discussions with the DfT officials, but the final decision will rest with the Secretary of State.
- 1.3 Whilst the core of the East Midlands Franchise is centred on the TfEM area, it also serves towns and cities elsewhere in England. To ensure the needs of these places are reflected in a proportionate manner, it is proposed to invite the relevant Sub-national Transport Body (STB) partnerships into the governance arrangements for franchise activity. This would result in two part agenda for future TfEM Board meetings, with discussions on franchise matters also including representatives from:
 - Transport for the North/Rail North
 - England's Economic Heartland/East of England
 - West Midlands Rail (tbc)
 - Transport for London
- 1.4 There is also the potential for external partners to contribute to the costs of delivering the Limited Management Role option - in addition to a contribution from the DfT to cover the costs of work that would have otherwise been undertaken by Government.

A Limited Management Role for TfEM in the Management of the East Midlands Rail Franchise

1. To oversee the day to day operation of the franchise in line with the Franchise Agreement from a passenger and stakeholder perspective.
2. To work with the Train Operating Company to develop proposals for service enhancements that will support economic growth and complement investment in other modes.
3. To work with the Train Operating Company to develop branding, marketing and station/train service developments.
4. To promote the growth of local community ownership of the rail service and to ensure it delivers for passengers.
5. To have a seat at the monthly management meetings between the DfT and the Train Operating Company to review performance and passenger/local stakeholder feedback.
6. To have the right to carry out surveys and inspect, to validate passenger and stakeholder feedback against franchise obligations.
7. To have a role to agree with the DfT/Train Operating Company material changes to the Train Plan and Working Timetable, taking the position centred on evidenced passenger need.
8. To receive performance reports and data and review these against local feedback and franchise commitments.
9. To consider/review, consult and jointly approve with DfT any changes to the East Midlands Franchise specification, operational and event planning and delivery.
10. To coordinate responses to industry wide consultations affecting the East Midlands Franchise.

The proposed operational budget for delivering this function is £278,000 pa. This cost to TfEM partners could be offset by an anticipated contribution of between £100k to 150k from the Department for Transport towards elements of the work that DfT would previously have undertaken (figure still subject to negotiation) and any contributions from partners external to TfEM. This would imply a maximum financial contribution of £20k pa for each of the nine LTAs in TfEM for the life of the franchise (8+2 years).

2. Business Case Appraisal

2.1 Initially, three options were considered:

- Do nothing
- Limited Management Role
- 'Devo Max' (based on West Midlands Rail and Rail North arrangements)

2.2 The 'devo max' option has already been rejected by the TfEM Board as it would ultimately lead to full devolution of franchise procurement and management, for which TfEM has neither the resources nor the expertise. This appraisal therefore focuses on appraising the 'Limited Management Role' against the do-nothing approach.

2.3 The business case appraisal follows the '5 cases' model recommended by the Treasury's Green Book, albeit to a level proportionate to the scale of the investment.

Strategic	Economic	Financial	Commercial	Management
The strategic case presents the overarching case for change by exploring the strategic context and drivers.	The economic case aims to test whether the preferred option represents a value for money proposition.	The financial case tests whether the preferred option(s) represent financially viable and sustainable propositions.	The commercial case outlines the procurement and contracting implications of the preferred model	Describes the overall deliverability of the preferred option and considers practical aspects such as implementation timescales and pathways

Strategic	
Option 1: Do Nothing	Option 2: Limited Management Role
<p>The management of the East Midlands Rail Franchise will, in the absence of any alternatives, continue to be managed by DfT from London. A great deal of expertise has been built up within that organisation and it is well placed to continue the role.</p> <p>However there is widespread concern that the DfT is too London centric and their staff do not spend enough time out in the wider franchise area to experience and understand the issues for rail users across the East Midlands, and indeed wider area.</p>	<p>This option aligns to the Government’s devolution agenda by transferring powers and responsibilities to sub-national bodies allowing local representatives to have a greater say on priorities and issues affecting their regions.</p> <p>This option aligns to the devolution agenda and allows TfEM a direct representation into the day to day management of the franchise working as part of the DfT franchise management team. This would comprise the following:</p> <ul style="list-style-type: none"> • Engagement with regional partners, and presenting their feedback to the DfT and in turn the TOC. This option’s strength, above Option 1, is the improvement in stakeholder engagement and influence with the DfT/TOC. • Overseeing and influencing TOC investment commitments to ensure these best align with regional strategy, rather than (say) TOC commercial imperatives. This would include TOC branding, rail station investment, rolling stock upgrades etc. • Setting a regional strategy and framework for Community Rail Partnerships, bringing consistency and leadership. <p>This aligns with EMC/TfEM’s strategic objectives, which in summary seek to:</p> <ul style="list-style-type: none"> • Work collaboratively with Central Government to support the development and delivery of the localism agenda. • Engage partners determining major investment priorities. • Provide a reporting and governance mechanism for local government. • Engage with national institutions to influence policy and practice for the benefit of local authorities within the East Midlands.

Economic	
Option 1: Do Nothing	Option 2 Limited Management Role
<p>With this option there is no direct cost of employing staff to manage the EM Rail Franchise, instead the level of resource would fall to each Local Transport Authority (LTA) to determine and for each to undertake their own lobbying of performance issues and investment requirements. This lobbying would not be coordinated and there would be no regional prioritisation of asks. This is true for both the TOC and DfT engagement. That said it is normal in a rail franchise contract for the TOC to have a duty to collaborate with LTA's on relevant matters.</p> <p>This option would not benefit from access to confidential TOC data available to the franchise management team but not otherwise in the public domain, so it would be for each LTA to determine and gather its own data to support its own case. It is also the case that the weight of decision making given to representations will be left with the TOC.</p>	<p>This option will depend on the employment of two additional staff:</p> <ul style="list-style-type: none"> • A senior level manager leading stakeholder engagement on rail matters and using highly developed influencing skills to effectively engage with the DfT and TOC, so that TfEM secures a better outcome for the region that might otherwise be the case. • A support resource to gather, analyse, interpret and present the data from the TOC and others, to help make the case for improvement and/or investment. This role would also support the senior post in stakeholder engagement. <p>This option would allow the region to have greater influence by holding the TOC accountable for investment and performance decisions. These would be discussed at monthly franchise meetings, at which both DfT and the TfEM based joint franchise management team members were present.</p> <p>An additional benefit would also come through the greater influence (than now or option 1) facilitated by working within DfT. This would come about as a result of being part of the DfT franchise team and allow the TfEM representatives to be engaged with other TOC procurement processes as well as Network Rail Control Period approvals.</p>

Financial	
Option 1: Do Nothing	Option 2 Limited Management Role
<p>There is no direct cost to this option</p> <p>The contract management and financial risk rests with the DfT and Secretary of State in both options.</p>	<p>The cost of the two posts (described above) will include direct salary and employer pension and NI costs, indirect costs of accommodation and IT, as well as travel and disbursements which will be considerable as the post holders will be expected to attend regular meetings in London and meet stakeholders across the region. This has been estimated at £278k pa, excluding recruitment and senior management costs.</p> <p>It is anticipated that DfT will contribute towards these posts, discussion suggests that this could be to the tune of £100-150k pa. This would be put towards the direct staffing costs.</p> <p>It is possible (although not guaranteed) that as part of the TOC management role, the <u>for work purposes</u> travel costs using the EM TOC train services, travel could be funded by a travel pass provided at no cost by the TOC.</p> <p>The funding commitment will need to run through the Franchise mobilisation period from April 2019, to the end of the Franchise – 8 years - or any extension period – up to 2 further years. However it may be possible to agree a 12 month break clause after 5 years and prior to any decision to exercise a franchise extension period (triggered by notice of extension to exercise the franchise extension).</p> <p>The contact management and financial risk rests with the DfT and Secretary of State in both options</p>

Commercial	
Option 1: Do Nothing	Option 2 Limited Management Role
<p>The DfT are leading the procurement process to secure a TOC to operate the franchise, this is the same for both options.</p> <p>The contact management and financial risk rests with the DfT and Secretary of State in both options.</p>	<p>The DfT are leading the procurement process to secure a TOC to operate the franchise, this is the same for both options.</p> <p>The new roles created to jointly manage the franchise alongside DfT staff would be recruited through an open process, advertised externally and within both DfT and EMC member authorities.</p> <p>The contact management and financial risk rests with the DfT and Secretary of State in both options.</p>

Management	
Option 1: Do Nothing	Option 2 Limited Management Role
<p>In the absence of any alternatives this is the solution which will be delivered by DfT. In the absence of a positive decision at today's meeting it is likely that this will be the position adopted by DfT.</p> <p>The risk with this option is that of continued lack of influence or knowledge about what the TOC (or indeed DfT) is planning to do. This means regional partner engagement is likely to be reactive or too late to change the outcome of a committed activity.</p>	<p>To adopt this option will require:</p> <ul style="list-style-type: none"> • Approval by TfEM • Approval by DfT and the Secretary of State. • A back to back funding agreement between EMC/TfEM and DfT. This will commit funding levels, duration and termination agreement, based on the principles outlined above. • Once these are in place and a decision made to award the EM Rail Contract, then recruitment will start. • The DfT Mobilisation dates are April 2019 contract award, August 2019 franchise commencement, franchise duration is expected to be 8 years plus the option of an extension(s) for up to 2 years. <p>The key risk with this option is reputational. Being part of the franchise management process, the blame for poor performance could focus on TfEM/EMC. However, as this option proposes, ultimate procurement and contract management responsibilities will rest with the DfT/Government, this positions TfEM resource as being:</p> <ul style="list-style-type: none"> • Stakeholder engagement. • Considering stakeholder concerns. • Seeking evidence to support or refute stakeholder assertions. • Representing stakeholder concerns directly to the TOC and DfT through the franchise management arrangements. • Reporting back to stakeholders the outcome. <p>As the role is about making sure issues are heard and influencing outcomes rather than being responsible for delivery, the reputational risk for TfEM is considered to be low with an effective communications strategy.</p>



Transport for the East Midlands

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26th January 2018

Item 7: Community Rail Consultation

1. Introduction

- 1.1 The Department for Transport published a consultation on the future of Community Rail on the 6th November 2017, available at: <https://www.gov.uk/government/consultations/future-of-community-rail-strategy>
- 1.2 There are currently four recognised Community Rail Partnerships supported by Local Transport Authorities (LTAs) in the East Midlands:
 - Poacher Line CRP (Lincolnshire)
 - Derwent Valley Line CRP
 - North Staffordshire Line CRP
 - North Nottinghamshire and Lincolnshire CRP

2. Draft TfEM Response

- 2.1 A draft response to the consultation has been developed based on earlier work undertaken for the East Midlands Rail Franchise consultation with input from LTA Rail Officers - set out in Appendix 1

3. Recommendation

- 3.1 The TfEM Board is asked to endorse the consultation response set out in Appendix 1, subject to any amendments agreed by Members.

Key Contact:

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Department for Transport

DEADLINE 11:45pm on 28 January 2018

Email response to:

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**Community Rail Consultation Response Form
Consultation response – Transport for the East
Midlands (TfEM)**



**Transport for the
East Midlands**

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Organisation	Transport for the East Midlands
Date	26 th January 2018

Introduction to Community Rail in the East Midlands region

Community Rail is very important to Transport for the East Midlands (TfEM). Local Transport Authorities have invested money and resource in engaging communities in the railway and supporting the work undertaken by particular groups on local lines. This has led to greater rail awareness in the community and increased rail use.

Before turning to the questions asked, it is worth summarising the prevailing Community Rail position in the East Midlands and TfEM's approach and issues.

TfEM welcome the consultation on how community rail can:

- improve journeys
- improve the accessibility of the rail network
- achieve better integrated communities
- increase employment opportunities
- use local resources most effectively
- improve the way the network is run

Community Rail Partnerships

Currently there are four CRP's in (whole or part) the East Midlands, these are:

- Poacher Line CRP
- Derwent Valley Line CRP
- North Staffordshire Line CRP
- A CRP has recently been formed known as the North Notts and Lincs CRP

Additionally:

- Community Rail Derbyshire – is a partnership covering the Derbyshire area, whilst this area wide partnership is not formally a CRP it should be treated like a CRP.

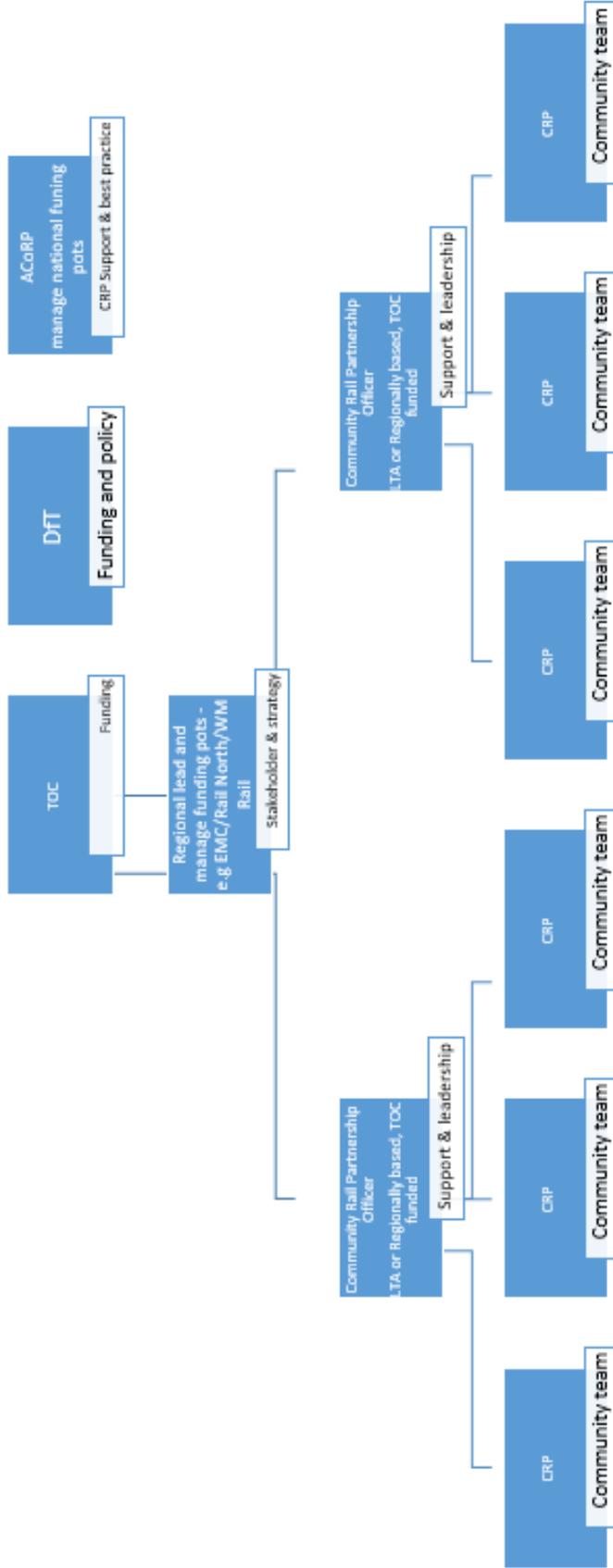
Community definition and funding needs

Engagement between the railways and community should be mutually beneficial to both the rail industry and the community. TfEM believes that this should be rail industry enabled, and community led, rather than rail imposed.

For the railway industry, national ACoRP evidence suggests that community engagement leads to increased patronage and income, reduced costs, and improved safety etc. For the community, involvement can lead to, community pride, reduced anti-social behaviour, the creation of jobs, community cohesion, reduced isolation and improved awareness of and access to adjoining communities for jobs, training and services etc.

Community involvement in the railway needs to consider community in its widest definition, including rail users, future rail users, neighbours, stakeholders as organisations and individuals etc. and reflecting and embracing the diversity of each local community.

Finally, Community engagement needs support, this includes a long term funding resource to support, guide and oversee the work of Community Partnerships. The funding for this resource needs to be provided to local or regional transport authorities, funded directly via the DfT or via TOC's. Local Authorities are no longer able to commit to this funding going forward due to the significant budget cuts imposed. The proposed structure is illustrated below. With the lines representing funding flow and management influence.



Question 1a

What role can community rail play in improving end-to-end journeys?

Community role in rail can have a significant role in helping:

- Increase rail patronage
- Reduce costs to the industry
- Increase income
- Raise community involvement
- Support economic growth

Attached to this consultation is a table providing examples of the work that the CRP's in the TfEM area already deliver for the industry and their communities.

The community resource's role is to both mobilise local business and the wider community in support of both community and rail objectives. DfT's National Community Rail Steering Group research suggests that CRP's can increase rail patronage by 2.8% (above the equivalent background rail growth). Station supporter/friend groups and CRP's can also help make the railways safer and more welcoming, optimise use of rail assets and providing operational feedback.

TfEM see community engagement in the active running of the railway taking a number of forms, the more formal of which include the following:

- **Community Rail Partnerships (CRP)** - are typically a not for profit, community based and organised group promoting a line of route(s),
- **Community Rail Partnership Officers (CRPO)** – These posts are typically based within Local Transport Authorities and help drive forward the work of local CRP's and provide staffing support by managing and coordinating the work of the CRPs and the relationship with the TOC (see the above illustration). These officers have a key role in driving forward the work of CRP's and helping them plan and achieve the maximum benefit for both the community and the railway industry. These posts need a long term funding source, as discussed above.
- **Station supporters (or adopter or “Friends of station”)** - these individuals or groups typically aim is to improve the ambience of their local station(s) and its environs; thereby making it safer, more secure and more attractive and encouraging more people to use. This can be through a range of activities including: planting, landscaping, building restoration and use etc.
- **Community use and redevelopment of disused and dilapidated station buildings and adjoining land.** TfEM believe that there is an important role which CRP's and the community can undertake in bringing station buildings and environs back into life. As well as creating a community asset and life at the station, this increases the welcome at stations and reduces the perception of safety risk. Investment in stations can also attract other uses to the station (rail or commercial) which can bring a new revenue stream to the industry and new community facilities. Ideally the use of station buildings will add value to both the station user and the community (for example: coffee shop, post office or corner shop etc.), alternatively some other community benefit derived (community group meeting place, art or library use, Scouts/Guide etc.). Equally the station may be brought back into use as a work place, office, other shop etc. that creates jobs.

CRP's have been shown to be effective in marketing and promoting their lines, provide volunteer support, raise funds from third parties to invest in rail, drive industry investment

to enhance these lines and stations, build an effective bridge with the wider community, oversee operational performance and provide constructive feedback to the TOC on performance, service offer, maintenance of assets and barriers to travel. They can also be effective in supporting access to/from stations by non-car modes, securing funds to better integrate cycling and bus, as examples.

TfEM wishes to encourage new CRPs and support the expansion of existing CRPs to include further local lines and stations. As grassroots organisations this will require careful handling to ensure long-term independence and sustainability, this means putting in place a longer term funding strategy for existing CRP's and CRPO's, which can only be achieved through the TOC/DfT.

Question 1b

How can community rail help to:

<p>make journeys more sustainable?</p>	<p>Community rail can help make journeys more sustainable by improving access to/from stations (walking, cycles and bus) this includes bringing parties together to coordinate services and make the case for essential infrastructure investment such as direct and lit walk/cycle routes and cycle parking facilities.</p> <p>Onward travel information is needed at each station, posters with maps are needed. These need to include directions to local attractions/facilities and bus stops, taxi/private hire phone numbers etc.</p>
<p>encourage more healthy travel?</p>	<p>Once the above facilities are provided, at or in the vicinity of stations, then the promotion of access by walking or cycling through a full marketing and community publicity campaign. This could extend to teaching schools/community how to access and use the railway.</p> <p>Walking and cycling can also be promoted through "cycle buddy" schemes etc. as well as route signs.</p>
<p>reduce the environmental impact of travel?</p>	<p>Steps to reducing the impact of travel to stations is already covered by the above two answers.</p> <p>Stations also need to be more sustainable as buildings, with recycling and energy reduction measures incorporated into the assets.</p> <p>Likewise the rolling stock and lineside facilities need to be energy efficient and minimise detriment to air quality by replacing diesel units with fully electrified services etc.</p>

Question 2

How can community rail help:

communities have a voice in influencing the provision of rail?

Communities usually do not understand how the railway/industry works, differentiating between what is a valid reason for not doing something and what is an excuse. Communities also do not know how to engage effectively with the railway industry.

This needs to be addressed by providing funding for CRPO's which then provide leadership and support for communities. See the above picture.

Having regional representation actively and formally involved in franchise management is important to enable the TOC and franchise management team (based in DfT) to understand and prioritise community feedback and needs. The primary role of the regional representative is to provide the link between stakeholders and the industry. This role needs to be funded and an integral part of the franchise management team (see above picture), in areas willing to take on the responsibility and in areas seeking a lighter touch devolution, like the East Midlands.

When making requests community groups need to demonstrate they represent the full range of local views and be helped to engage widely, including reflecting the views of existing passengers/rail customers. The need for change also needs to be evidence based. This is an area where CRPO's can help community rail through the process.

complementary transport services and development of the rail network?

Communities need to be able to provide feedback on trip making between communities and the TOC's.

They are likely to suggest:

- Improve timetable coordination (rail/rail; rail/bus; rail/school or work times)
- Funding is needed to run community buses
- Through ticketing and no/marginal extra cost
- Consistency in concessionary travel between bus and train.

Question 3

Where should the government encourage community rail to develop on parts of the network currently without active CRPs or other community participation?

Community rail has been shown to work. It makes a positive difference to users and the taxpayer.

CRP's should be promoted on all parts of the rail network off the mainline routes, this would include potential line extensions as promoted in the Governments national Strategic Vision for Rail (DfT - November 2017). The mainline routes being strategic in nature are also seen as crossing multiple communities and as such it would be unreasonable for any one group to coordinate or represent all communities along the full mainline route. That said mainline stations could benefit from station adoption.

The proposed funding for CRPO's should enable the staff resource to be put in place to work with communities to bring forward improved community engagement, and ideally volunteer work.

In the TfEM area there is scope to expand the number and geography of CRP's to include:

- The Robin Hood Line and Erewash lines. Community Rail Partnership Officer resource would be needed to set and provide assistance with governance and help access to funding.
- Aspirations to extend the Poacher Line CRP to include the Red Wing line between Peterborough and Lincoln via Sleaford (indeed it is already within the current CRP's specification).

Community rail groups should be expected to work with and be affiliated with ACoRP, and should commit to representing the whole community view, not simply the views of active members.

Question 4a

What is the role of community rail in supporting:

<p>community cohesion?</p>	<p>Community involvement in rail needs to support community cohesion. This can be achieved through:</p> <ul style="list-style-type: none"> • Securing business and community involvement in the railway, station and station buildings. • Raising awareness of the safety issues surrounding the railway. • Educating parts of the community how to use the railway. • Making sure the TOC supports local businesses • Community events and activities to integrate community and all sections of communities so that rail supports community cohesion. • Rail assets used to support addressing community needs (support group, rehabilitation, food growth etc.) • Returning buildings into use and creating jobs
<p>promoting diversity?</p>	<p>Community involvement in rail needs to ensure that the network is available to all parts of the community without direct or indirect discrimination.</p> <p>The above activity should help remove barriers, alongside steps taken to reduce safety concerns (real or perceived).</p> <p>Community rail teams need to swiftly report concerns from any sector of community, and in turn need industry support in tackling issues.</p>
<p>enabling social inclusion?</p>	<p>Community rail needs to support social inclusion through the above steps, additionally providing TOCs with a clearer understanding on the barriers rail creates in enabling accessing employment and training. It maybe that discounted tickets for job seekers/attending interviews can be agreed and administered by the community.</p>

Question 4b

How is this best achieved?

This is covered by the above answers, additionally ACoRP needs to help CRP's understand diversity and inclusion issues and help them understand issues for protected groups etc. this training and support in these areas is important to enable groups to represent the wider community.

Question 5

How can community rail help to make sure that the railway is accessible to as many people as possible?

Community rail groups should work with TOC's in understanding barriers to travel and work with them to overcome these. Once understood, community rail should help prioritise proportionate accessibility improvements for the rail industry, based around local community priorities, rather than (simply) national standards.

This should be done through the above initiatives, especially supported by the CRPO role as proposed above.

Question 6

How can community rail support local economies and railways grow through

Increasing employment?	<ul style="list-style-type: none"> • Returning buildings into use and creating jobs, even if at no/low rent, this will require financial support to repair older stations. • Attracting other uses into the buildings. • Persuading developers to build around the railway station. • Lobby TOC to provide more services and time services to meet local needs.
Education and training opportunities?	See above answer
Supporting small businesses?	See above answer
Social enterprise development?	See above answer

Question 7

What role can community rail play in making best use of:

Station buildings?

TfEM believes that there is an important role to which CRP's and the community can undertake in bringing station buildings and environs back into life.

As well as creating a community asset and life at the station, this increases a stations welcome and perception of safety.

Investment in stations can also attract other uses to the station (rail or commercial) which can bring a new revenue stream to the industry and new community facilities. Ideally the use of station buildings will add value to both the station user and the community (for example: coffee shop, post office or corner shop etc.), alternatively some other community benefit derived (community group meeting place, art or library use, Scouts/Guide etc.). Equally the station may be brought back into use as a work place, office, other shop etc. that creates jobs.

ACoRP manages a DfT funding resource targeting community engagement, marketing, education works but could also assist at supporting and advising on the maintenance, restoration and use of station buildings for community and social use.

Railway land?

See above answer – the principles are the same, but uses from landscaping to community farms or vegetable patches are options, as is unlocking the development potential around stations.

Question 8

How can community rail be best supported to act:

Innovatively?

Without prejudicing safety, there should be a presumption in favour of community rail activity, with the consideration and evaluation of risk undertaken by the industry rather than the community. This positions the consideration of risk to where it is best understood and can be managed.

Effectively?

See above answer

Question 9

What opportunities are there to secure a:

Diverse income base for community rail?

This is discussed and illustrated above, but to summarise, CRP's should be supported at the following minimum levels:

- Minimum funding for Community Rail Partnership Officers and a fund pot for additional activity pooled for CRP's to bid into to invest in small station improvements.
- Staff budget annually increased for inflation throughout the franchise and any extensions.
- CRP's to be seen as influential by the TOC but independent. Therefore CRPO's should not be hosted by the TOC. EMC feel the best arrangement is for Community Rail Partnership Officers to be supported financially by the TOC with management and support provided by a host Local Transport Authorities/EMC to maintain independence from the TOC.
- A funding pot created for a range of improvements and marketing activities linked to delivery of the Station Social and Commercial Development Plan for adopters and CRP's to bid into a fund put in place by the TOC/DfT.
- Consideration of the use of CRP's to be funded to support other TOC obligations at lower cost, where appropriate.
- Support for new and expended CRP's, based on the above minimum subject to meeting certain conditions.
- Station Adopters/Friends, continue to be recruited and supported as a voluntary resource, supported by a dedicated management resource and a fund to meet reasonable costs and expenses, costs to be met by TOC's/DfT.
- Community use of disused buildings promoted and supported, including where necessary a small station improvement fund to bring buildings back into use/repair.
- The above be included in all ITT's, with specific elements specified in the ITT, other elements and funding enhancements to those set out above open to bidders to propose and incentivised through tender quality scoring. The offered outputs from the winning TOC then contracted.

Sustainable income base for community rail?

This is covered by the above answer

Question 10

How can community rail designation be developed to more fully realise its potential?

Community Rail Partnership Officers (CRPO) – are seen as the key to unlocking community engagement and value, these posts should typically be funded by the TOC/DfT. They should be based in the regional or local transport body and report to the franchise stakeholder lead (within the regional transport body).

These posts will help drive forward the work of CRP's and provide staffing support by managing and coordinating the work of the CRPs and the relationship with the TOC.

TOCs/DfT will need to agree ring-fenced future funding with the relevant Local Transport Authority/regional transport body, CRP and ACoRP. These officers have a key role in driving forward the work of CRP's and helping them plan and achieve the maximum benefit.

Question 11

How can community rail:

Support the development of rail line and stations improvement?

See above

Contribute to the development of rail line and station improvement?

See above

Make greater use of heritage railways?

See above

Question 12

Do you have any other comments on how Government can best support the future of community rail?

No further comment

ANNEX – CRP’S ADDED VALUE IN THE EMC AREA

The following table summarises what the CRP’s in the EMC region currently deliver:

	Examples	CRP 1 Derwent Valley Line	CRP2 North Staffordshire Line	CRP3 Poacher Line	Community Rail Derbyshire
Raise Patronage	<ul style="list-style-type: none"> Promotion of the railway and attractions on line of route Special events and promotion Marketing and promotion Teaching schools/community how to use the railway Increasing activity at stations to reduce safety fear and isolation Making stations more attractive places to visit (appearance, art, maintenance) and safer Discounted travel events Challenge TOC to address underperformance, quality and operational issues 	<ul style="list-style-type: none"> Derwent Valley Line guide includes timetable, attractions and walks in-information plus discounts for days out. Derwent Valley Line promotional panels at stations on route Established discounts for rail users visiting local attractions and events Encouraging attractions to promote travel by rail to their visitors Partnership promotes travel by train to numerous events. Notably Matlock Christmas market and Matlock Bath Illuminations when extra carriages provided to meet demand. Produce regular press releases to promote improvements, travel to events and discounts. Adopters activities including vegetation management has reduced safety fear and isolation School art at several stations Funding obtained for numerous station enhancements including lighting improvements and CCTV schemes at several local stations. Assisted in growing patronage by 266% from the start of the existing franchise – 270,543 in 2007/8 to 721,059 in 2016/17. 	<ul style="list-style-type: none"> North Staffs Rail Guide – update and republish, including line timetable Encourage ‘tourist attractions’ to continue with special offers in the new NS Line guide Regular update of website Promotion of line in Scenic Rail Britain Work with primary schools to provide rail travel experience / rail safety instruction Promote art and decorative posters at stations 	<ul style="list-style-type: none"> Poacher line web-site, line guide ACoRP Community Rail in the City Platform fun days (Skegness) In schools in partnership with Sustrans, encouraging behaviour change with schools and the wider school community Station improvements/minor works such as new seating improved waiting facilities Supporting station adopters through TOC station adoption scheme School projects, murals provided for Sleaford, Boston & Aslockton Actively participating with partners to enable behaviour change and consider the door to door journey approach eg working with TOCs to produce station travel plans 	<ul style="list-style-type: none"> Promotion of rail services throughout Derbyshire through the production of Derbyshire rail timetables showing all train services irrespective of operator. These timetables are available on the Derbyshire County Council website having previously been published as a printed booklet, until lack of funding prevented this being continued in that format. Worked with CrossCountry Trains to enhance the train service at Willington from 4 to 7 trains a day. Local promotion by Derbyshire County Council has led to an increase in passenger journeys from 10,000 to 30,000 per annum.
Reduce costs	<ul style="list-style-type: none"> Undertaking maintenance Planting and repair works undertaken more cost effectively than the industry Restoring buildings Encourage station supporter activities and actions to enhance stations 	<ul style="list-style-type: none"> All stations have active adoption activities taking place which raises standard of stations Community days at stations Much of the work is organised via the CRP which achieves economy of scale on procurement and external funding from rail and non-rail sources for many improvements. Facilitated station building restoration at several stations 	<ul style="list-style-type: none"> Volunteers maintain station gardens at all unstaffed and part-time staffed stations Arrange community work days at 4 stations along the route Report maintenance issues before they become serious 	<ul style="list-style-type: none"> Station adopters provide care of station planters that otherwise would not be provided at: Skegness, Heckington, Ancaster, Wainfleet & Aslockton. The CRP officer works with TOCs to encourage them to consider the needs of all stations. This has led to a number of improvements that would not have happened without CRPO. 	<ul style="list-style-type: none"> Significant work to improve the entrance areas at Long Eaton Station have been co-ordinated by Derbyshire County Council’s Community Rail Officer working with rail industry and local community including in April 2017, a joint improvement and community planting day with 35 people from rail industry and local community to complete the project.

<p>Increase income</p>	<ul style="list-style-type: none"> • Securing community and business sponsorship • Returning buildings into use • Through increased fare paying patronage 	<ul style="list-style-type: none"> • Promotion of relevant rail tickets at stations and in the community • Developed special fares with TOC including summer evening offer • Ensuring targeted revenue collection for busy events e.g. football matches and Matlock Bath Illuminations 	<ul style="list-style-type: none"> • Explore business sponsorship of local stations in return for station totem advertising • Work with TOC to promote special offer tickets for off-peak travel 	<ul style="list-style-type: none"> • Promotion of Groupsave fares 	<ul style="list-style-type: none"> • Sponsorship of local business organisation of platform planters at Long Eaton. • At Ilkeston, local businesses provided free planters and provided plants for local school who have adopted station. Staff from Tesco also contributing their time at the station.
<p>Raise community involvement</p>	<ul style="list-style-type: none"> • Securing business and community involvement in the railway, station and station buildings • Raising awareness of the safety issues surrounding the railway • Educating people how to use the railway • Making sure the TOC supports local businesses • Encouraging Travel Plans and improving access to/from stations on foot, bike and bus • Reviewing and lobbying for bus/rail timetable coordination • Community events and activities to integrate community, sections of communities so that rail supports community cohesion • Rail assets used to support addressing community needs (support group, rehabilitation, food growth etc.) 	<ul style="list-style-type: none"> • Partnership has wide community representation at meetings from Parish, Borough, County Councils and local businesses • Facilitating better use of station builders with owners/tenants • Promoting station adoption 	<ul style="list-style-type: none"> • Publish posters for Station Adopters recruitment • Encourage existing station volunteers to recruit new members • Twitter account set up 'NorthStaff-sCRP' • Art work projects with local secondary schools • Encourage parish councils to support their local station 	<ul style="list-style-type: none"> • A variety of partners have supported schemes on the Poacher Line-including schools, Local Authorities and business. This is particularly evident around station improvement. • Sessions in schools have focussed on health and safety. • In two schools (more to follow) the whole term's topic has been rail, bringing aspects of railway into every subject. Children and their families' have used the train for the first time. 	<ul style="list-style-type: none"> • Derbyshire County Council has supported local community enhancements by Willington Arts Group who have installed large community murals at the station. More recently Derbyshire County Council has got the station adopted by Willington Women's Institute. Funding obtained for the group by our Community Rail Officer from CrossCountry Trains. In 2016, organised the first station community day involving CrossCountry and East Midlands Trains staff working alongside the ladies from Willington WI.
<p>Support economic growth</p>	<ul style="list-style-type: none"> • Returning buildings into use and creating jobs • Attracting other uses into the buildings • Persuading developers to build around the railway station • Lobby TOC to provide more services and time services to meet local needs 	<ul style="list-style-type: none"> • Establishing information centre at Matlock station with Peak Rail • Working with heritage railways to attract more local investment • Persuading TOC to add extra morning train and early Sunday trains to increase access to employment opportunities • Range of work to promote sustainable tourism with partner organisations 	<ul style="list-style-type: none"> • Arrange for signs to be made up/erected for Middleport Pottery at Longport Station • Pursue use for Longport station building • Improve station approach landscaping and litter control • Publication of line guide promotes tourist attractions accessible from stations 	<ul style="list-style-type: none"> • Skegness interchange Redevelopment & revival ERDF project delivered: removal of buildings of poor structural state situated to the front of the station. A glass wind break was installed along the periphery of the station canopy area. Provision of new plaza improving visibility, functionality and access to the station • Stations are being used for art exhibitions – using spaces that were previously derelict 	<ul style="list-style-type: none"> • Raising awareness of new Ilkeston station and associated community involvement is supporting economic growth of the town and opening up access to new job opportunities.

**House of Commons Transport Select Committee
Inquiry into Rail Infrastructure Investment
Evidence Submitted by East Midlands Councils (EMC)**

Summary

- Despite a strong track record in delivering new jobs and homes, the East Midlands has consistently had the lowest levels of public investment per head in economic affairs, transport and rail.
- This lack of investment is undermining future economic growth and productivity, and contributing to poor social outcomes.
- The cancellation of the electrification of the Midland Main Line between Kettering and Sheffield is a poor business decision that will increase the long term cost of running rail services in the East Midlands and undermine plans to integrate HS2 into the wider rail network.
- There is a need for greater transparency and local involvement in national transport investment decisions that impact on regions outside of London.

1. Background

- 1.1 EMC is a voluntary partnership of the Borough, District, City and County councils from across the county areas of Derbyshire, Leicestershire, Lincolnshire, Nottinghamshire, Northamptonshire and Rutland.
- 1.2 EMC has played an active role in strategic rail matters over recent years, in particular:
- Campaigning for the upgrade and electrification of the Midland Main Line;
 - Working in partnership with the DfT on the East Midlands Franchise competition; and
 - Providing support and leadership for the East Midlands HS2 Strategic Board.
- 1.3 EMC has recently established 'Transport for East Midlands' (TfEM) which brings together the region's 9 Local Transport Authorities in the region, and plays an active role in the Midlands Connect partnership.

2. Growth in Jobs and Homes

- 2.1 The East Midlands has helped to lead the UK out of recession, with strong private sector job growth over the last five years. Looking to the future, the East Midlands has huge potential for further export-led growth (already accounting for 20% of GVA) and is well placed to thrive in a post-Brexit economy.

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- 2.2 The region also has a strong academic network, with a number of high performing universities and colleges that can support the development of a strong knowledge based economy. But this is dependent upon having excellent access to London and to regional business markets elsewhere, and a rail offer that makes it attractive for people to travel by train.
- 2.3 Despite high levels of job growth, the East Midlands has historically suffered from low levels of productivity (GVA per hour worked was 87% of UK average in 2015 – ONS), and many areas are still characterised by a ‘local wage – low skill’ economy. Although low productivity has multiple causes, analysis by Midlands Connect has demonstrated a clear link between productivity and levels of transport connectivity.¹ This analysis is consistent with similar research undertaken for other regions and for the UK as a whole.
- 2.4 Latest projections from the ONS suggest the population of the East Midlands will rise by half a million people to 5.1 million by 2030 – the fastest growth outside London and the wider south east. Key hot spots include Derby, Leicester, Nottingham and Lincoln which all have young, dynamic and well educated populations. Corby has the highest projected population growth outside of London – a 16.7% increase over the next 10 years.
- 2.5 The East Midlands has consistently delivered a higher proportionate share of the nation’s housing supply. Councils remain committed to the delivery of new housing to meet local needs and future economic prospects, with plans to deliver an additional 400,000 new homes over the next 20 years.

3. Social Outcomes

- 3.1 On 28th November 2017, the Social Mobility Commission published its 5th ‘State of the Nation’ report². It confirms a striking geographical divide with London and its surrounding areas pulling away from the rest of the country, while many other parts of the country are being left behind economically and hollowed out socially.
- 3.2 It warns that *“Britain is in the grip of a self-reinforcing spiral of ever-growing division and calls on government to increase its proportion of spending on those parts of the country that most need it.”*
- 3.3 At the heart of the report is the Social Mobility Index, which ranks all 324 local authorities in England in terms of their social mobility prospects for someone from a disadvantaged background. It uses a range of 16 indicators for every major life stage, from early years through to working lives, to map the nation’s social mobility ‘hotspots’ (good opportunities for social progress) and ‘coldspots’ (those that do not).

¹ <https://www.midlandsconnect.uk/media/1100/midlands-connect-strategy-march-2017.pdf>

² <https://www.gov.uk/government/news/social-mobility-in-great-britain-fifth-state-of-the-nation-report>

- 3.4 Based on this analysis the East Midlands is the worst performing region/nation in the UK, with half of the region's local authority areas in social mobility 'coldspots', and 10 within the bottom 20 ranked places.
- 3.5 The report highlights under-investment in infrastructure resulting in poor connectivity and economic productivity as one of the major causes of poor social mobility.

4 Public Expenditure on Transport & Rail

- 4.4 HM Treasury publishes regular data on levels of public expenditure by subject area and by region³.
- 4.5 Table 1 below shows the level of expenditure on economic affairs, 2011-12 to 2015-16. This area of expenditure includes enterprise and economic development, science and technology, employment policies, agriculture, fisheries and forestry, and transport
- 4.6 Transport and rail expenditure is specifically highlighted (further detail in Tables 2 & 3) and confirms that for both economic affairs more widely, and for transport, **the East Midlands is the lowest funded region per head of the population**, with the lowest % increase in funding between 2011-12 and 2015-16

Table 1: Identifiable expenditure on Economic Affairs, and Transport (2011-12 to 2015-16, £ million, in descending order of % increase - excludes inflation)

	Economic Affairs			Of which: Transport		
	2011-12 outturn	2015-16 outturn	% increase	2011-12 outturn	2015-16 outturn	% increase
South East	416	591	42.1	213	365	71.4
West Midlands	430	505	17.4	206	342	66.0
London	869	1,196	37.6	649	973	49.9
England	534	664	24.3	298	444	49.0
South West	443	508	14.7	188	277	47.3
Yorks & Humber	510	615	20.6	259	380	46.7
North West	496	603	21.6	275	401	45.8
UK	596	703	18.0	319	441	38.2
North East	527	558	5.9	223	299	34.1
East	543	610	12.3	286	365	27.6
East Midlands	465	475	2.2	209	260	24.4

³https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/630570/60243_PESA_Accessible.pdf

Table 2: Breakdown of Total Identifiable Expenditure on Transport, 2015-16 (£ million, in descending order for rail spending).

	National Roads	Local Roads	Local Public Transport	Railways ⁴	Other Transport
England	2866	4274	2347	13725	1129
London	24	406	1264	6473	272
South East	709	644	140	1615	159
North West	333	640	299	1453	155
East	302	586	90	1159	83
Yorks & Humber	452	441	112	972	73
West Midlands	374	457	111	823	199
South West	239	531	152	515	81
East Midlands	277	327	113	427	74
North East	155	241	67	288	32

Table 3: Total Identifiable Expenditure on Railways, per head 2015-16

	£ per head
London	746
England	251
North West	203
East	191
South East	180
Yorks & Humber	180
West Midlands	143
North East	110
South West	94
East Midlands	91

- 4.7 The Government (written answers - HL2087) confirmed that the East Midlands has the lowest total expenditure per resident on publicly funded infrastructure projects in 2015-16.

Table 4: Total Expenditure on Publicly Funded Infrastructure Projects, per head 2015-16

	£ per head
London	1,079
North West	702
England	582
Yorks & Humber	489
South East	488
East	468
West Midlands	445
South West	428
North East	418
East Midlands	352

⁴ Following implementation of ESA2010, Network Rail is now classified as Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16.

5 Cancellation of Midland Main Line Electrification (Key Output 2)

- 5.1 In 2012, after a long regional campaign, the Government announced an integrated package of investment to upgrade and electrify the Midland Main Line between Bedford and Sheffield, which would have resulted in the whole route between Sheffield and London operating under electric traction by 2020. Full electrification would also enable HS2 'classic compatible services' to run between Leicester and Leeds from 2033.
- 5.2 However in 2015 the electrification of the line between Kettering and Sheffield (known as Key Output 2) was first paused and delayed to 2023 following the Hendy Review. In July 2017, the Secretary of State announced the cancellation of Key Output 2 in favour of the procurement of a new fleet of bi-mode trains - rolling stock with both electric and diesel traction.
- 5.3 Even taken in isolation from the wider upgrade scheme, the business case for Key Output 2 remains very strong. Although there is a substantial upfront cost, moving to electric traction will significantly reduce operating costs and have major positive economic and environmental benefits that can be monetised using standard DfT appraisal methodology.
- 5.4 Information released by the DfT in response to a Freedom of Information request ("Business Case for Rolling Stock on the East Midlands Franchise - February 2017") suggests that the Benefit to Cost Ratio (BCR) for full electrification would be 3.6 with very high benefits, compared to a BCR of 1.2 for a bi-mode solution requiring an operating subsidy. These conclusions are largely consistent with independent desk-top analysis undertaken by EMC.

6 Conclusions

- 6.1 Evidence from multiple sources suggest that there is a clear relationship between public investment and regional levels of economic productivity and social outcomes.
- 6.2 Government decisions on transport investment have major implications for local communities and businesses in regions like the East Midlands. However the basis upon which such decisions are made is opaque. There is little or no opportunity for involvement by local or regional institutions in the decision making process. Nor is there any 'right of appeal' for key decisions which go against a well evidenced regional consensus.