

**East West Rail Consortium
13th March 2019**

Agenda Item 9: Treasurer's Report and Work Programme

Recommendation: It is recommended that the meeting:

- a) Note the Treasurer's Report as set out in Section 1**
- b) Agree the subscription rates for 2019-20 as being**

District Authorities	£1,500
Unitary and County Authorities	£3,000
- c) Note the update on the 2018/19 work programme priorities set out in Section 3**
- d) Consider and agree the work programme priorities for 2019/2020 based on the information set out in Section 4**
- e) Agree to establish a 'task and finish' member group for the purpose of reviewing how the Consortium works with, and supports the activities of Sub-national Transport Bodies.**

1. Treasurer's Report

1.1. Appendix 1 attached is the estimated financial position as at 31st March 2019, along with the final position 31st March 2018 and projected position 31st March 2020. Particular points to note are as follows:

- Income from 2018-19 subscriptions is expected to be £45,000 (2017-18: £43,500) reflecting steady subscriptions year on year; no prepayments are anticipated in this current financial year.
- Members are not being asked to contribute to development work for 2019-20 as there are sufficient funds within the Consortium to cover affordable needs in the foreseeable future.
- Sundry income of £4,505 comprises mainly from a cost recovery after the transfer of domains (eastwestrail.com and eastwestrail.co.uk) to the East West Rail Company.

2. Proposed Subscriptions 2019-20

2.1. Subscriptions have remained unchanged since 2005-06 and are as follows:

District Authorities	£1,500
Unitary and County Authorities	£3,000

2.2. The above subscriptions are due and payable on 1st April each financial year.

2.3. Being a member of the East West Rail Consortium enables organisations to be involved and have a say in the ongoing development work for the East West Rail project as a whole, including working with the East West Railway Company.

- 2.4. It also enables organisations to be involved in making the case for realising the wider opportunities that arise as a consequence of the East West Rail project.
- 2.5. An organisation's subscription covers the costs of project and communications management for the Consortium's activities. This includes stakeholder engagement, maintenance of the East West Rail website, media relations, production of promotional material, marketing and events, legal and consultancy costs, where applicable.
- 2.6. It also covers All Party Parliamentary Group events which in the past have successfully raised the profile of East West Rail and helped to maintain a high level of political support for the scheme.
- 2.7. It is **proposed** to maintain subscriptions at their current level.
- 2.8. This takes account of the continued financial climate in which most local authorities are operating, and therefore has a reasonable chance of being paid by most members whilst attracting new membership requests.

3. Review of Work Programme for 2018/19

- 3.1. The 2018 Annual General Meeting identified a number of priorities – specifically:

- *Eastern Section Prospectus* – the Consortium agreed that setting out its ambition for enhancements to services east of Cambridge should be a key priority for 2018/19: progress with this is reported elsewhere on the agenda for this meeting
- *Freight* – the Consortium identified the need to commission work that explored the potential for rail freight, recognising the strategic significance of East West Rail as part of the wider national rail network.

The Consortium agreed to contribute £25,000 to the cost of work commissioned by England's Economic Heartland focused on freight and logistics. Part of that work has explored the opportunities for rail freight, including inter-modal movements, as well as considering the movement of construction materials by rail.

The consultants undertaking the work – WSP – have attended meetings of the Consortium and engaged with partners across the EWR project. Their draft report is scheduled for completion by the end of March, with the outcomes presented to the next meeting of the Consortium Strategic Board (11th June).

The outcomes of the work will be considered by England's Economic Heartland Strategic Transport Forum as it shapes the detail of its overarching Transport Strategy. The EEH Business Unit is in discussion with officers from Transport East with a view to identifying opportunities for joint working on strategic freight issues.

- *Wider Linkages* – the Consortium identified as a third work priority the need to develop stronger linkages beyond the core EWR project.

The Consortium agreed to contribute £25,000 towards the cost of the Oxfordshire Rail Connectivity Study, as part of the match funding required to enable this work to be commissioned. The study, which is being jointly commissioned by DfT and local stakeholders, is being taken forward in two-stages. The initial Strategic Study stage is scheduled to be completed by

summer 2019. This will then be followed by an Options Development stage, with final timescale and deadlines to be agreed.

Other activity that is relevant in this context is the collaborative working between England's Economic Heartland and Midlands Connect. In particular the work being taken forward by Midlands Connect that is looking to address constraints on the Leamington Spa – Coventry – Birmingham corridor which has implications for the routing of longer distance services operating through Oxford.

4. Work Programme for 2019/20

- 4.1. Notwithstanding the progress being made by the East West Railway Company in terms of moving the Western Section towards the start of delivery, and the work to identify a preferred route for the Central Section, it is important to bear in mind that the ambitions of the Consortium extend beyond the remit of the Company.
- 4.2. The need to press for and make the case for further investment in infrastructure beyond that already committed, needs to remain a key focus for the Consortium. As should the need to consider the opportunities at a network level to improve connectivity – in the widest possible sense, not just east-west.
- 4.3. The National Infrastructure Commission set out the importance of East West Rail as a transformational project – one that will have implications for the travel patterns at a regional, if not national level. In this context there is need to consider whether the current passenger franchising map is fit for purpose, or whether (as is more likely) needs change.
- 4.4. The Williams Rail Review is important context in this regard, providing as it does the opportunity for a more fundamental review of the way the future of the rail system (both infrastructure and services) are planned and then delivered in support of enabling the economic potential of the region to be realised. Of equal importance is the need to ensure that the region's economic potential is realised in a way that achieves a net environmental benefit.
- 4.5. The financial position of the Consortium remains healthy. As a consequence it is in a position to consider how it might use the funds available to it in support of the overarching strategic objective for East West Rail, including co-commissioning further technical work.
- 4.6. In this context this Strategic Board is asked to consider the following as potential work priorities for the year ahead:

- a) *Eastern Section* – the publication of the Prospectus is a significant milestone for the Consortium. In terms of the use of Consortium funds it is recommended that supporting the Eastern Section should be prioritised.

It is likely that this may take the form of working with both the Network Rail System Operator function and the two Sub-national Transport Bodies to co-commission technical work that will support the initial stages of developing the case for investment to enable the ambitions set out in the Prospectus to be realised at the earliest opportunity.

Given the need to press the case for the Eastern Section (and given the current state of play with both the Western and Central Sections), it is recommended that work to support the Eastern Section should be prioritised over other activity for the year ahead.

- b) *Freight* – as noted above, the Consortium’s Strategic Board will consider the output from the work co-commissioned with England’s Economic Heartland at its June meeting.

It is envisaged that further work will be required – mostly likely with the Network Rail System Operator and Sub-national Transport Bodies – to develop the case for developing the capacity for rail freight. In particular issues that may be of interest to the Consortium include:

- The inter-relationship between East West Rail as a rail freight corridor and other strategic corridors, including (but not limited to) Felixstowe to Nuneaton and use of the North London Line. The London Mayor’s Transport Strategy has identified an aspiration to redirect through freight services (in order to allow for growth in passenger services).
- The extent to which there are opportunities to encourage growth in rail freight in support of planned growth and in order to develop market share
- The opportunities for Strategic Rail Freight Interchanges – which are classified as nationally significant infrastructure.

The Consortium may wish to consider continuing to support work commissioned by the Sub-national Transport Bodies where it is targeted to develop the case in support of rail freight.

- c) *Wider Linkages* – the Consortium has consistently identified the need to ensure that services using East West Rail form part of the wider rail system. In particular the Consortium has highlighted how the opportunities created to provide new travel options through the development of stations along EWR as interchagess, particularly where EWR intersects the historical main line corridors anchored by London termini.

With delivery of EWR moving forward, there is a need to explore how best to realise this potential.

England’s Economic Heartland is taking forward work that will review the current basis for passenger services, in particular whether the current franchising map is fit for purpose if we are to realise the tranformative potential afforded by the delivery of EWR.

The Consortium has previously identified how the combination of opening of EWR and completion of HS2 affords the opportunity to promote the development of a new north-south axis (linking Northampton – Milton Keynes – Aylesbury – High Wycombe – Old Oak Common). Network Rail are taking forward work that is examining the use of released capacity on the West Coast Main Line, working closely with the Sub-national Transport Bodies along that corridor.

Reference has been made earlier to the on-going work of Midlands Connect to explore opportunities to address constraints on the Leamington Spa – Coventry corridor. And it is likely that the future shape of the current Thameslink/Great Northern franchise may be different – an issue that has already been identified as an area of common interest in meetings with the GLA/TfL.

The Consortium may wish to consider supporting the work commissioned by the Sub-national Transport Bodies that is being taken forward to review the current rail franchise map, on the basis that this will provide the opportunity to ensure its objective of strengthening wider linkages is realised.

- d) *London Road (Bicester) Level Crossing* – whilst the progress with delivery of the Western Section is to be welcomed, the level crossing on London Road, Bicester will remain an issue moving forward – both for the constraint that it imposes on realising the full potential of the rail services using EWR as a whole, and the impact it has on movement in/around Bicester town centre.

Resolving the issue at the level crossing has been identified as a strategic priority by England's Economic Heartland as the Sub-national Transport Body. There is currently no funding or programme planned for resolving the issue and a further discussion is required between EWR Company/EWR Alliance/Network Rail and local stakeholders. The proposals for the next stage of work are to be developed by Network Rail in partnership with Oxfordshire County Council and Cherwell District Councils who are contributing dedicated staffing resource to take this forward.

The Consortium may wish to consider supporting any work to be commissioned.

- e) *Oxfordshire Rail Connectivity Study* – the Consortium agreed to provide support for this work: as noted above the output from the first stage of the study – the initial Strategic Study – will be available this summer (alongside a more detailed evaluation of the Cowley branch line).

The Consortium may wish to make allowance for providing additional support for the next stage of the work taken forward as part of the Options Development Stage.

- 4.7. The meeting is invited to consider the priorities for the Consortium for the year ahead and how it wishes to see these reflected in the 2019/20 work programme.

5. Other Considerations

- 5.1. As set out above there are a number of potential areas of work that are of strategic importance for the Consortium that could form the basis for this year's work programme.
- 5.2. The strength of the Consortium's work comes from the fact that its membership and its remit covers the entirety of the East West Rail project – from East Anglia across Southern England and on to the west.
- 5.3. However as noted throughout this paper the Sub-national Transport Bodies provides an overarching strategic framework for the transport system, one that enables the contribution of the rail system to be placed within the wider strategic ambition to realise economic potential and enable the delivery of planned growth.
- 5.4. In that context it is timely for the Consortium members to review how its work relates to that of the Sub-national Transport Bodies and how best to ensure that the Consortium's leadership on East West Rail is reflected in their work.
- 5.5. It is proposed that such a review might best be undertaken by setting up a small member 'task and finish' group that can work with the EWR secretariat and officers from the Sub-national Transport Bodies to consider this question further. It is not anticipated that this work need be lengthy or time consuming.
- 5.6. It is proposed that the 'task and finish' group consist of an elected member from each of the three 'sections' – the Western, Central and Eastern Sections – and that they be asked to report back to the Strategic Board at its September meeting.

Appendix 1: East West Rail Consortium Financials

EAST- WEST RAIL CONSORTIUM		Appendix 1
for Financial Year ending 31st March 2018, Estimated 31st March 2019 and Projected 31st March 2020		
General Consortium balance as at 31st March 2017		<u>(183,310)</u>
General Consortium Expenditure:-		36,945
Archiving	0	To be c/o POS MKC at nil cost
Domain renewal	82	For domain names: eastwestrail.com/co.uk
Marketing & Events	1,033	Marketing, promotion & events
Legal & Consulting	1,246	Agreement costs (Contribution agreement)
AGM	0	Cost incurred in 2018.19
Development Work	34,585	Eastern Section work
Central Section Expenditure :-		9,673
Rail Consultant	9,673	Estimate based on extrapolation to 12 months from actual
Communications Officer	0	No charge expected
Income:-		(43,500)
Subscriptions 2017-18	(43,500)	Actual receipts in year
Development Funding income	0	No call for Development Funding
General Consortium balance as at 31st March 2018		<u>(180,191)</u>
General Consortium Expenditure:-		76,057
Archiving	0	To be c/o POS MKC at nil cost
Domain renewal	720	For domain names: eastwestrail.com/co.uk
Marketing & Events	1,178	Projected marketing, promotion & events
Legal & Consulting	0	Projected legal costs
AGM	375	Expected AGM 2018.19 meeting costs
Professional Subscriptions	284	Subscriptions to passenger transport / transport extra magazines
Development Work	73,500	Funded by Consortium (Eastern Section work £23.5k, EEH Freight work £25k , OCC Oxfordshire Rail Connectivity Study £25k)
Central Section Expenditure :-		13,818
Rail Consultant	13,818	Projection based on actual to Q3 plus Q4 estimate
Communications Officer	0	No charge expected
Income:-		(49,505)
Subscriptions 2018-19	(45,000)	Assume all subs paid in 18.19 (no call on prepayments at year end)
Sundry income	(4,505)	Mainly cost recovery of domain sales & transfer to EWR Company (co.uk and .com)
Development Funding income	0	Assume no call for Development Funding
Estimated General Consortium balance as at 31st March 2019		<u>(139,821)</u>
General Consortium Expenditure:-		148,470
Archiving	0	To be c/o MKC at nil cost
Domain renewal	470	Domain renewal, SSL certificate
Marketing & Events	1,200	Projected marketing, promotion & events
Legal & Consulting	1,000	Projected legal costs
AGM	500	Estimated AGM 2019.20 meeting costs
Professional Subscriptions	300	Estimated subscriptions to passenger transport/ transport extra magazines
Development Work	145,000	To be funded by the Consortium
Central Section Expenditure :-		14,000
Rail Consultancy work	14,000	Projection based on 2019.20 estimate
Communications Officer	0	No charge expected
Income:-		(54,000)
Subscriptions 2019-20	(54,000)	Assume current membership subscription remains level in 2019.20 & all payments made in year
Development Funding income	0	Assume no call for Development Funding
Projected General Consortium balance as at 31st March 2020		<u>(31,351)</u>
<p>Fiorella Mugarì CA MBA Treasurer, East West Rail Consortium Buckinghamshire County Council</p> <p>13th March 2019</p>		