

GREATER MANCHESTER INTEGRATED TRANSPORT AUTHORITY**REPORT FOR RESOLUTION/INFORMATION**

COMMITTEE: Policy and Resources
DATE: 11th September 2009
SUBJECT: Rail Service Enhancements – Financial Implications
REPORT OF: Interim Bus and Rail Director, GMPTE

PURPOSE OF REPORT

To inform Members of the recommendation agreed at the Rail and Metrolink Networks Committee meeting on 17th July 2009 and propose further action.

RECOMMENDATIONS

1. That Members note the cost implications of the recommendations from Rail and Metrolink Networks Committee meeting of 17th July 2009.
2. That Members agree that officers carry out further work to confirm the costs and financial implications of the proposals made.
3. That Members receive a further update report at Policy and Resources Committee in due course.

BACKGROUND DOCUMENTS

- 1) Report to Policy Committee on December 2009 Rail Timetable - 23rd January 2009
- 2) Report to Rail and Metrolink Networks Committee on Local Rail Service Development – 17th July 2009.

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RAIL SERVICE ENHANCEMENTS – FINANCIAL IMPLICATIONS

- 1.1 At the Rail and Metrolink Networks Committee meeting held on 17th July 2009, Members agreed the following recommendations :
- (i) Approve funding of the enhanced Manchester Piccadilly – Romiley – Marple – New Mills – Sheffield line rail service on the basis set out in this report; and
 - (ii) Consider the issues regarding funding a Sunday service on the Atherton (Manchester – Wigan) Line;
- 1.2 Both of these enhancements to service involve budgetary provision in the next financial year, 2010-2011, although the costs would subsequently be absorbed into the new Northern Rail equivalent franchise to be let after 2012.
- 1.3 Historically, GMPTA has not provided funding to subsidise rail services. Changes and enhancements are normally the subject of discussion with the local rail operators but generally do not result in a requirement for additional funding from the PTE. There are two recent exceptions to this, which are:-
- a) From December 2005 (GMPTA report of 7th October 2005 refers) funding of an additional service from Manchester Victoria to Stalybridge at 1618 at a cost of £3,450 in year 1 (2006/07) with 5% incremental increases until March 2014.
 - b) Funding a Sunday service on the Huddersfield to Manchester line from December 2006 (GMPTA report of 23rd June 2006 refers) at a cost of £20,300 in year 1 rising to £25,300 in year 7 (2013/14).
- Both the above are subject to ongoing reviews of patronage and revenue.
- 1.4 Provision of £300,000 was included in the 2008/09 revenue budget in anticipation of a requirement to subsidise further rail services. However, 2008/09 spend was limited to the two services referred to above and, as a result, the 2009/10 budget was reduced to £50,000 (plus £12,000 for publicity). This included known commitments of £36,100 and a small contingency.
- 1.5 Discussions have been ongoing with Northern Rail over a number of possible enhancements to the rail network, and the two dealt with in the report on Local Rail Service Developments to the Rail and Metrolink Networks Committee on July 17th 2009 are the potential enhancements that are most advanced.

- 1.6 Specifically, the two developments referred to in the 17th July 2009 report to Rail and Metrolink Networks Committee were a Sunday service on the Atherton Line and an improvement to the Sunday service on the Marple Line.
- 1.7 The Atherton Line is the only heavy rail line in Greater Manchester without a Sunday service and there has been pressure for some time to change this position. The proposed Sheffield-Marple Sunday enhancement, matching for all year the level of services during the summer, has the support of all the Authorities in whose area it operates.
- 1.8 The costs included in the 17th July 2009 report to Rail and Metrolink Networks Committee, the associated budget implications for the enhancements and for the existing levels of support are summarised in the table below.

	2009/10	2010/2011	2011/2012	2012/2013	2013/2014
	£	£	£	£	£
Specific Budget	62,000	63,240	64,505	65,795	67,111
Already committed:					
Manchester - Huddersfield	(21,900)	(22,800)	(23,600)	(24,600)	(25,300)
Manchester - Stalybridge	(4,000)	(4,200)	(4,410)	(4,631)	(4,862)
Available Budget	36,100	36,240	36,495	36,564	36,949
Marple Sunday service improvement		(21,600)	(22,080)	(20,400)	(8,880)
Atherton Sunday service		(90,100)	(99,300)	(96,500)	(43,200)
Budget shortfall	36,100	(75,460)	(84,885)	(80,336)	(15,131)

The figures included in the report and replicated in the table above are based on 'worst case' costs provided by Northern Rail. The train operator has been asked for further details to support their quoted costs and these will be subject to a detailed review, as well as an undertaking to amend the level of support as circumstances change.

- 1.9 Notably, there are some other beneficial considerations which could affect the final outcome of these costs in the future. These are :
- a) Northern Rail's estimates of patronage and revenue do not take account of zonal and certain other types of tickets (e.g. Wayfarer and County cards). The review referred to above will assess these revenues and their impact on funding requirements;
 - b) The figures also assume that 40% of all revenues go to DfT as this is what is required under the Northern Rail Franchise Agreement where there is incremental passenger growth. It has been suggested to DfT (and it seems they are sympathetic) that this 40% should be retained by Northern Rail, thereby significantly reducing the level of PTE subsidy required; and
 - c) It is thought that the Marple-Sheffield service could potentially operate commercially. This is currently being reviewed by rail partners.

1.10 The Rail and Metrolink Networks and the Bus Network and PTE Services Committees have the authority to approve expenditure in the following circumstances :

- a) where that expenditure is delivering against ITA Policies; and
- b) where the amounts are in budget; and
- c) where the financial implications beyond the current year's budget are included within the medium term financial strategy of the ITA / PTE.

1.12 Taking into account the issues described in paragraph 1.9 above, further work clearly needs to be done to confirm the costs and financial implications of the proposals made, and therefore a further report will be brought to Policy and Resources Committee once this work has been completed. Following this, a further report will be presented to update Rail and Metrolink Networks Committee.

1.13 In addition, a detailed review of existing and potential future rail enhancement / support costs will be undertaken as part of the 2010/11 budget setting process.

2. RECOMMENDATIONS

2.1 Recommendations are presented at the front of this report.

Michael Renshaw
Interim Bus and Rail Director