

Rail North Members' Agreement

Explanatory Note

Purpose

The key documents in the Rail North governance arrangements are;

- **Rail North Ltd Articles Of Association** – sets out the constitution of Rail North Ltd including voting rights – Rail North Ltd was incorporated on 22 September 2014.
- **Rail North Association Constitution** – sets out the how the operation, purpose, functions and objects of the Association. This was approved by the Rail North Association on 6 October 2015
- **Partnership Agreement** – between the Secretary of State and Rail North Ltd setting out how both parties will collaborate in the management of the franchises. This was signed by Rail North and the Secretary of State on 20 March 2015
- **Members' Agreement** – sets out how Rail North Ltd will operate. This was approved by the Rail North Association on 6 October 2015. This note provides a condensed version of the provisions of the Members' Agreement.

Roles and Responsibilities

The Rail North Association - where each Member Authority is represented by a Councillor. The Association will meet at least twice per year. The Association will make key decisions about the form and structure of Rail North and will approve the annual Rail North Business Plan. The Members' Agreement reserves the following Reserved Matters for approval by the Association

- any change to the Rail North Articles
- change of Rail North's name;
- withdrawal of Rail North from the Partnership Agreement;
- commencing or settling litigation;
- the approval of the Rail North Business Plan, including the Budget;
- borrowing and giving of financial guarantees;
- any material change in scope or nature of Rail North's business;
- the approval of a Further Devolution Proposal,
- any matters requiring the passing of a special resolution by law,

The Rail North Ltd Board – comprising 11 Association members as Directors of the Ltd Company and are nominated by the Association on a regional basis. The Board is responsible for the delivery of the Rail North Business Plan, developing the Long Term Rail Strategy and other Rail North policies and directing the Rail North Strategic Board members. The Board will make recommendations to the Association. The following defines the Board's responsibilities;

- providing direction to the Strategic Board Members in relation to Franchise Agreement Matters and Partnership Matters;
- agreeing recommendations to the Association in relation to Reserved Matters including recommendations relating to the adoption of the Rail North Business Plan and Budget and those relating to Rail North Policies;
- implementing the Rail North Business Plan;
- appointment of employees including the delegation of recruitment and selection to the Officer Steering Group;

- recommendation of the Strategic Board Chair to the Secretary of State
- nominating Rail North Strategic Board Members

The Rail North Officer Steering Group – comprising 11 senior officers nominated on a regional basis. The Group will make recommendations to the Board and will oversee the development and implementation of the Rail North Business Plan and Policies. The Officer Steering Group Member will receive copies of the Board agenda and papers to assist in briefing their respective Director. The following summarises the role of the Group

- reviewing recommendations to the Board;
- providing strategic advice to Rail North Strategic Board Members;
- overseeing the recruitment and selection of Rail North employees;
- overseeing the formulation and presentation of Rail North Policies to the Board including consultation with Members and rail industry bodies and the delegation of tasks to working groups and technical advisors

The DfT/ Rail North Strategic Partnership Board – the Strategic Board is established by the Partnership Agreement to oversee the delivery of the two franchises acting on behalf of the Secretary of State. It comprises three Rail North members and three DfT members and is chaired by an Independent Chair. The Strategic Board will be the point of approval for franchise changes whether promoted by the franchisee, DfT or Rail North. The Partnership Agreement sets out the responsibilities of the Strategic Board as follows;

- deal with franchise management with regard to the Northern and the Transpennine Express Franchise Agreements;
- oversee matters relating to the Partnership Agreement;
- act as the primary interface between the Secretary of State and Rail North in relation to the Purpose;
- oversee co-operation between the Parties with regard to investment planning in respect of rail services in the North of England

The Rail North Strategic Board Members – the Rail North members on the DfT/ Rail North Strategic Partnership Board will represent the interests of Rail North in the management and development of the franchises. The Strategic Board Members will be selected by the Board. Informally it has been agreed by the Rail North Ltd Board that Rail North will be represented on the a senior officer from one of the Combined Authorities/ PTEs and one from one of the Local Transport. The third Strategic Board Member will be the Rail North Lead Officer

Officer roles defined by the Members Agreement

The Rail North Lead Officer – the Rail North Director – in addition to representing Rail North at the DfT/ Rail North Strategic Partnership Board, the Rail North Director shall be responsible for ensuring the delivery of Rail North governance and management processes including engagement with member authorities.

Partnership Lead Officer – Rail Director North Of England – leads the management team who manage the franchises on behalf of Rail North and the DfT. In the Partnership Agreement, this post is referred to as the Managing Director.

Regional Business Units – the Partnership Agreement and Members’ Agreement provide for the allocation of certain franchise management responsibilities to Regional Business Units. The Members’ Agreement sets out the process whereby a region would propose such delegation to the Rail North Ltd Board and the Strategic Partnership Board

Consultation

Obligation to consult – the Strategic Board Members will consult member authorities on a matter which directly affects a member authority and on general matters through the Officer Steering Group. The mechanism for consultation to be set out in a Consultation Protocol.

Franchise Change (including fares)

A member authority, group of authorities or all authorities acting collectively may make a formal request for a franchise change. This will be considered by the Rail North Ltd Board and, if approved, recommended to the Strategic Partnership Board. The process for the consideration and implementation of Rail North promoted franchise changes is included in the Partnership Agreement. The request must provide such information as necessary to enable full consideration (including funding).

Rail North may propose a variation of aggregate fare levels to the Secretary of State (via the Strategic Partnership Board). The Members Agreement enables member authority, group of authorities or all authorities acting collectively to make this proposition which would be considered by the Rail North Ltd Board prior to referral to the Strategic Partnership Board.

In both cases, other member authorities can formally object to a change proposal. Such objections would be notified to the Rail North Ltd Board.

Funding

Each Member shall pay its proportion of £36,000 pa indexed (in proportion with each Member's voting rights) ("Member's Share") to West Yorkshire Combined Authority acting on behalf of Rail North under the Hosting Agreement. In addition those Members (or their passenger transport executive) in receipt of rail administrative grant shall collectively contribute £500,000 pa indexed. The DfT will also pay £226,000 pa indexed to fund the functions prescribed in the Partnership Agreement.

As part of the annual business planning and budget setting process, the Association may decide that member authorities shall pay an additional contribution. This shall not be mandatory on member authorities however those who choose not to pay an additional contribution would not be able to vote on the adoption of the budget and business plan.

Business Planning Process

The Agreement sets out a process for setting an annual business plan and budget. The process is aligned with the local government budget setting process. A draft business plan is circulated of member authorities prior to its recommendation to the Rail North Ltd Board and Association.

Further Devolution

The Rail North Business Plan may include provision for the carrying out of a feasibility study on the further devolution. This study would be circulated to members prior to the Rail North Ltd Board and Association considering a formal proposal for further devolution. If the Association approve a further devolution proposal it will pass to the Secretary of State and the Strategic Partnership Board for consideration.

Termination and Withdrawal

A member authority may give 18 months' notice of voluntary withdrawal of membership at the end of a financial year (12 months before the expiry of the franchise). The withdrawal of 50% or more of the Members (on the basis of the weighted voting system set out in Article 41 of the Rail North Articles) would require amendments to the Articles and Members Agreement.

The Partnership Agreement prescribes a process whereby the Secretary of State can impose a reduction in the output of the franchise. Under these circumstances Rail North can withdraw from the Partnership and the timescales under which authorities may withdraw membership of Rail North are shortened.

Hosting

West Yorkshire Combined Authority will provide hosting services for Rail North in accordance with a formal agreement between Rail North and WYCA. A pro forma agreement is included in the Members' Agreement. Rail North officers will be employees of WYCA.