

Rail North Committee Meeting –

Subject: Update on matters reserved for the Secretary of State

Author: Adam Timewell, Head of Rail Service Outputs

Sponsor: David Hoggarth, Strategic Rail Director

Meeting Date: Wednesday 21 October 2020

1. Purpose of the Report:

- 1.1 This report provides an update on matters reserved for the Secretary of State (Department for Transport) and provides an opportunity for members to consider any further actions required. It covers the new Emergency Recovery Measures Agreements and the Liverpool to Norwich service.

2. Executive Summary:

- 2.1 This report provides an update on new Emergency Recovery Measures Agreements (ERMA) announced by the Secretary of State on the 21st September 2020. The new 'recovery' contracts are proposed to deliver government's commitment to end the complicated franchising model and deliver a simpler, effective model to reform Britain's railways.
- 2.2 This report provides an update on the delay to the proposed amendments to the Liverpool – Norwich via Nottingham service which is currently operated by East Midlands Railway (EMR). The previously agreed plan was to split this into two separate services at Nottingham and transfer the Liverpool - Nottingham section from December 2021. This report recommends continuing our approach to press for implementing the plans for splitting the Liverpool – Norwich service and improve the type of train operating on the service at the earliest possible opportunity, followed by a transfer of service.

3. Emergency Recovery Measures Agreements (ERMA)

- 3.1 The ERMAs announced by the Secretary of State are a transitional stage to a new system. The new system aims to create a simpler, more effective structure and will take shape over the coming months and are designed as the first steps to a network that puts passengers back in control.

-
- 3.2 These management agreements have tougher performance targets and lower management fees. The new contracts allow the Department for Transport (DfT) to make an early start on key reforms, including requiring operators to co-ordinate better with each other and driving down the railways' excessive capital costs.
- 3.3 The ERMA also promotes greater collaborative behaviour, particularly in co-ordinating and co-operating with Network Rail and other operators for the planning, development and implementation of proposals to support the continuous improvement of train timetabling and train planning functions.
- 3.4 It should be noted that the MerseyRail operation is administered by Liverpool City Region and is therefore not a party to the ERMA arrangements.

Impact on Northern Trains Limited (NTL) and TransPennine Express (TPE)

- 3.5 The immediate impact is on TPE. Under these arrangements, cost and revenue risk will remain with the Department for Transport and remuneration to TPE will be in the form of a Management Fee.
- 3.6 Performance will be measured through a qualitative scorecard assessment, which will be based on operational performance, customer experience, financial and collaborative behaviours.
- 3.7 However, as a transitional contract, the ERMA will help prepare TPE for any new contract arrangements which follow, and will provide a platform from which we may develop, design and implement future initiatives such as new models for assessing customer satisfaction, operational performance, service quality standards and for introducing ticketing, decarbonisation and other environmental improvements.
- 3.8 As NTL are operated by the Operator of Last Resort (DOHL), they have not been required to transition to an ERMA. Therefore, the Services Agreement remains in place.
- 3.9 Both Operators will still be managed by the Rail North Partnership on behalf of Transport for the North and the Department for Transport.
- 3.10 In order to secure the best outcomes for passengers in the North, it is important that Transport for the North is engaged with what comes next for TPE (in the short term) and Northern (in the longer-term given they are operated under Operator of Last Resort). In line with the ways of working established following the Blake Jones review, it is therefore proposed to establish an appropriate member-led working group to oversee the North's input to the process and dialogue with the Department for Transport on the next steps.

4. Liverpool – Norwich Service

- 4.1 The East Midlands re-franchising competition was seen as an opportunity to split the Liverpool – Norwich services at Nottingham and transfer the north-western section to another operator. The case for this was broadly threefold as set out below:
- 4.2 Firstly, while some existing through journeys would be inconvenienced, splitting the service would recognise the extremely different passenger volumes and markets served either side of Nottingham. This would allow the train service to develop to better fit each market, including opportunities for adding badly needed capacity on the north-western section serving commuters into, and between, Liverpool, Manchester, Sheffield and Nottingham.
- 4.3 Secondly, splitting the service should improve its poor performance. Pre-Covid, long-term performance had declined to 71% PPM (Public Performance Measure) as the service crossed a number of congested routes and stations. The service also uses rolling stock with narrow doors that lead to long dwell times at stations and splitting the service would make it easier to use more appropriate trains.
- 4.4 Thirdly, the case for also transferring the service to another operator was that because the north-western section covers four major northern cities, it would benefit from being part of one of the North of England franchises managed by Rail North Partnership. Transport for the North (TfN) were consulted and supported the transfer. The transfer date was agreed as December 2021 to align with other changes in EMR and thereby helping with workforce planning.
- 4.5 However, as a result of the pandemic and the deliverability challenges associated with a transfer of operator, the approach will now be to secure the benefits from splitting the service, by asking EMR to do this, while re-examining the case for transferring the service to a North of England operator at a later date which would be more easily accomplished after the split.

5. Recommendations:

- 5.1 It is recommended that the report is noted and that an appropriate member-led working group is established to guide the North's input into the future service contracts.
- 5.2 It is recommended that TfN continue to press for implementing the plans for splitting the Liverpool – Norwich service and improve the type of train operating on the service at the earliest possible opportunity, followed by a transfer of service.

List of Background Documents:

None

Required Considerations
Equalities:

Age		No
Disability		No
Gender Reassignment		No
Pregnancy and Maternity		No
Race		No
Religion or Belief		No
Sex		No
Sexual Orientation		No

Consideration	Comment	Responsible Officer	Director
Equalities	A full Impact assessment has not been carried out because this does not deal with specific proposals.	Adam Timewell	David Hoggarth

Environment and Sustainability

	No
--	----

Consideration	Comment	Responsible Officer	Director
Sustainability / Environment – including considerations regarding Active Travel and Wellbeing	A full Impact assessment has not been carried out because this does not deal with specific proposals.	Adam Timewell	David Hoggarth

Legal

	No
--	----

Consideration	Comment	Responsible Officer	Director
----------------------	----------------	----------------------------	-----------------

Legal	Items in this report are reserved matters for the Secretary of State for Transport. There are no new legal implications for TfN as a result of this report	Deborah Dimock	Dawn Madin
-------	--	----------------	------------

Finance

	No
--	----

Consideration	Comment	Responsible Officer	Director
Finance	There are no direct financial implications to TFN as a consequence of this report. Items in this report are reserved matters for the Secretary of State for Transport.	Paul Kelly	Iain Craven

Resource

	No
--	----

Consideration	Comment	Responsible Officer	Director
Resources	There are no direct resourcing implications as a result of this report.	Stephen Hipwell	Dawn Madin

Risk

	No
--	----

Consideration	Comment	Responsible Officer	Director
Risk	A full risk assessment has not been carried out as it is not required for	Haddy Njie	Iain Craven

	the purpose of this report.		
--	-----------------------------	--	--

Consultation

	No
--	----

Consideration	Comment	Responsible Officer	Director
Consultation	Items in this report are reserved matters for the Secretary of State for Transport.	Adam Timewell	David Hoggarth