

# Transport for the North Chief Executive Consultation Call

**Subject:** Government White Paper – Great British Railways: The Williams-Shapps Plan for Rail

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**Sponsor:** David Hoggarth

**Meeting Date:** Wednesday 9 June 2021

## 1. Purpose of the Report:

- 1.1 This report provides an overview of the Williams-Shapps White Paper, highlights the value that Transport for the North brings to the rail sector and sets out the next steps to establish a strong role for Transport for the North that delivers for the North's passengers and freight customers.
- 1.2 Sir Peter Hendy has been invited to the meeting to speak to the Board on this issue and answer initial questions.
- 1.3 The Board is recommended to consider and agree next steps and seek clarity on Transport for the North's role in the emerging industry structures and agree for updates to be provided by Sir Peter at each future Transport for the North Board meeting.

## 2. Background:

- 2.1 The Department for Transport's White Paper entitled *Great British Railways: The Williams-Shapps Plan for Rail* was published on Thursday 20<sup>th</sup> May 2021. It is the culmination of Keith Williams' review of the industry, initiated following the May 2018 timetable problems and the reversion of the East Coast franchise to directly operated status. There are many principles in the White Paper that reflect changes Transport for the North has been calling for including the joining up of track and train and the creation of a single guiding mind.
- 2.2 A summary of the White Paper recommendations can be found in Appendix 1. The principal recommendations include the creation of a new public body, Great British Railways (GBR), intended to provide readily identifiable and accountable leadership for the railway industry, bringing together track and train. GBR will operate the railway network and undertake long-term planning. It will collect revenue from fares (including bearing the revenue risk), set most

fares and timetables, and manage a website which will sell tickets and provide a single point of contact for information. GBR will incorporate the functions of Network Rail (i.e. to own, maintain, renew and enhance the infrastructure), and receive some functions from the Department for Transport (DfT) and the Rail Delivery Group. There will be measures to increase workforce diversity in GBR and the wider industry, including stretch targets in contracts and collaboration with further education institutions.

- 2.3 It is intended that the fares system will be simplified, with new flexible season tickets (for use 2 to 3 days per week) on sale from 21<sup>st</sup> June 2021 and valid for use from 28<sup>th</sup> June 2021. There will be a clearer system for claiming passenger compensation (via the GBR website), with more rapid moves towards pay-as-you-go contactless ticketing (e.g. digital tickets for smartphones). Walk-on off-peak and season ticket prices will be protected as at present.
- 2.4 The franchise system will be replaced by Passenger Service Contracts (PSCs), focussing on punctuality and improved efficiency. The PSCs will be based on Transport for London's contracts for Overground and Docklands Light Railway services. Arrangements for track access (between GBR and the train operating companies) will replace the current compensation system, making it easier and cheaper for GBR to plan maintenance, renewals and enhancements. New opportunities for open access operators will be explored, whilst other operators will be given commercial freedom (e.g. to introduce new fares and share revenue with GBR) as rail demand recovers.

### **3. The White Paper and Devolution Opportunities:**

- 3.1 The White Paper states that "Existing devolved administrations and authorities across Great Britain will continue to exercise their current powers and to be democratically accountable for them" (p. 30).
- 3.2 There is no indication that the current partnership arrangement with Transport for the North will not continue in some form. However, Transport for the North's role in the future industry structure is not clearly defined, due to the following features of the White Paper:
- Transport for the North's role as the only Sub-National Transport Body to have statutory status is not mentioned;
  - Subsequent discussion at the Transport Select Committee has seen DfT talk about local authorities being "informed clients" and stakeholders, but this could be a step back from the statutory role enjoyed by Transport for the North and its partners;
  - All accountability will rest with GBR, who are in turn accountable to Ministers;
  - Network Rail's current regional structure (with separate regions covering the East and West of Northern England) will be retained in

- GBR, which could make delivery of east-west connectivity benefits across the North less easy; and
  - Reorganisation could impact the delivery models of the major programmes covered by the forthcoming Integrated Rail Plan (including Northern Powerhouse Rail).
- 3.3 The Executive has already engaged with the DfT and review team on the next steps and indicated that we stand ready to contribute to the establishment of the new model in the North. Although it will take several years to fully establish the new organisation through legislation, the review team has indicated the desire to get on and deliver on the principles whilst working through the considerable detail still required. This provides opportunities for Transport for the North to shape the final outcome and to put forward short-term initiatives that demonstrate the North is ready to deliver. It should be noted that as Transport for the North is already fully representative of its elected members, it is prepared for devolution of powers.

#### **4. Establishing Transport for the North's Future Role:**

- 4.1 As the structure and context of the railway industry changed during the pandemic, Transport for the North set out four key priorities for the Northern rail network's future. Members reiterated that they wish to see local **accountability** to the communities served by rail, with decision-making **decentralised** as far as possible. Members also wish to see a rail industry which is **transparent** and collaborative, and better **integrated** with other modes of transport.
- 4.2 Transport for the North is in a unique position to realise these goals, as it is an established organisation with statutory powers, and has a track record of achievements in rail. For example, in the wake of the May 2018 timetable problems (which hit services in the North severely), Transport for the North was able to take the lead in securing emergency timetables, deploying an independent expert to oversee the recovery, and implementing passenger compensation. However, the White Paper indicates that the system of control within GBR will be based on existing Network Rail regions, which means that the North would be split between two business units which will reflect (and likely prioritise) north-south connections rather than the east-west links which Transport for the North recognises as economically vital. Transport for the North's ability to influence the response to future similar performance problems thus needs to be clarified.
- 4.3 A core feature of the White Paper is the joining together of track and train by incorporating Network Rail into GBR. Transport for the North is already working closely with Network Rail in the North. We have developed a Memorandum of Understanding to help govern our relationship with Network Rail; this covers issues such as our legal duties, common objectives, areas in which we can collaborate, and potential future projects. Transport for the North be able to enter into

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more productive liaison with Network Rail as a result of this and we therefore should seek to maintain and deepen our relationship with Network Rail during the transition to GBR.

- 4.4 A specific issue referenced in the White Paper (p. 14) is the estimated capital costs that Network Rail are quoting for proposed infrastructure investments. This is a topic which has caused great concern to Transport for the North, as our own rail professionals have collected evidence which illustrates that several proposed enhancements have been estimated to cost three times or more than comparable infrastructure has cost to build, even in recent years. We are also concerned that train performance for operators in the North is almost uniformly poorer than elsewhere in Britain, and that the knock-on effect of rail congestion at performance hotspots (such as Manchester and Leeds) has not been taken into account fully when assessing the business case for ameliorating measures.
- 4.5 There is a clear opportunity to use Transport for the North's expertise to influence long-term strategy and promote the transformational pan-Northern growth to which we aspire. We have already influenced policy in this area by making the case for the rolling stock investment which has improved rail journeys across the North, whilst the incorporation of our *Long Term Rail Strategy* (Jan. 2018) into the *Strategic Transport Plan* (Feb. 2019) has ensured that rail schemes are prominent in the case which is being built for a Northern transport programme and budget. The White Paper states that GBR will be required to develop a 30-year strategy in addition to the current Network Rail 5-year plans; this presents an opening for Transport for the North to align GBR's plans with our *Strategic Transport Plan*, whilst deploying our cutting-edge appraisal tools (Northern Rail Modelling System & Northern Economy and Land Use Model) to strengthen the case for investment in our region's network.
- 4.6 The White Paper also emphasises ongoing decarbonisation as part of DfT's priorities for the industry, with further details to emerge in a future *Transport Decarbonisation Plan*. This provides a further opportunity to advance Transport for the North's agenda and influence national policy, as our analytical toolkit includes detailed consideration of how carbon emissions will be impacted by potential trends in future transport and urban geography. The work done already for our *Future Travel Scenarios* report (Dec. 2020) can inform strategic choices that will be made by GBR and other government agencies over the coming decades.

## **5. Next Steps:**

- 5.1 It is proposed that the following steps are taken to develop Transport for the North's role:

1. Emphasise the importance of a pan-Northern role for Transport for the North under the new rail structures, using the available evidence for our ongoing impact, and stressing integration with local systems and other modes. This could include challenging the decision to retain the existing Network Rail structure, which splits the North across two routes;
2. Strongly engage with the development and implementation of the White Paper by DfT, in order to shape the future structure of the rail industry in the North. Transport for the North should request a seat on the Advisory Board which will set up the shadow form of GBR;
3. Work with Local Transport Authority partners on how to maximise local delivery and integration (for example with fares and trams/buses) within the new framework;
4. Develop a detailed 'case for change' to define a leading role for Transport for the North, supported by appropriate evidence, and based on the principle that Transport for the North is an existing and effective statutory organisation (made up by elected leaders) that is devolution-ready; and
5. For each Transport for the North Board during 2021/2 to feature an update (as a standing agenda item) on progress with establishing GBR, with Sir Peter invited.

## **6. Recommendations:**

### **6.1 It is recommended:**

1. That the Board notes the White Paper, and its focus on addressing the problems caused by the past fragmentation of the railway industry;
2. That the Board seeks clarity from Government that the existing arrangements and statutory powers of Transport for the North are not proposed to be changed, and can therefore provide a strong building block for Transport for the North's future role;
3. That the Board discusses what Transport for the North can bring to the new structure and approves the next steps set out in Section 5 above; and
4. That the Board agree that the executive team develop a more detailed Transport for the North response to the Williams-Shapps Plan over the next 3 months, taking the form of a case for change towards a more fully-devolved pan-Northern network. This would build on the recommendations in the White Paper and the commitment to local control cited therein and incorporate feedback already obtained from Transport for the North's partners regarding their ideal scenario for how the railway will evolve in the North over the next 30 years.

## Appendices:

Appendix 1: Summary of White Paper

## List of Background Documents:

There are no background documents.

## 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 it is not required for this report.	David Worsley	David Hoggarth

### Environment and Sustainability

	No
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Consideration	Comment	Responsible Officer	Director
Sustainability / Environment	A full impact assessment has not been carried out because it is not required for this report.	David Worsley	David Hoggarth

### Legal

Yes	
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Consideration	Comment	Responsible Officer	Director
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Legal	The legal implications have been considered and are included in the report.	Deborah Dimock	Julie Openshaw
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### Finance

	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Finance	There are no direct financial implications. Funding has already been allocated for a consultancy commission to help with the full Transport for the North response to the White Paper.	Paul Kelly	Iain Craven

### Resource

Yes	
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Resource	Funding has already been allocated for a consultancy commission to help with the full Transport for the North response to the White Paper. Dependant on the implementation of the GBR Target Operating model there may be structural, resource and skills implications for TfN – this will be kept under review and the Board appraised as this matter evolves.	Stephen Hipwell	Dawn Madin

### Risk

	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Risk	Risk assessment continue to take place and they can be found in the risk register. For the purpose of this paper, the principal risk to Transport for the North is anticipated to be a failure to engage proactively during the development of the White Paper could lead to a diminution in our role.	Haddy Njie	Iain Craven

### Consultation

	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Consultation	A consultation has not been carried out because it is not necessary for this report.	David Worsley	David Hoggarth