

# Transport for the North Scrutiny Committee

**Subject:** Rail Reform Matters: Responding to the White Paper

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**Sponsor:** David Hoggarth, Strategic Rail Director

**Meeting Date:** Wednesday 7<sup>th</sup> July 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 The Committee is recommended to note the next steps set out in Section 4 and discuss how Transport for the North can build a strong role for the North working with the new body and local authority partners.

## **2. Executive Summary:**

- 2.1 Section 3 includes a summary of the main recommendations of the White Paper. These include:
  - The formation of a new organisation – Great British Railways – bringing together track and train (incorporating all the functions of Network Rail but also have significant powers over timetabling, fares, and long-term planning);
  - The simplification of the fares system and the introduction of new flexible season tickets (for 2 or 3 days per week); and
  - The replacement of the franchise system 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.
- 2.2 Although the White Paper states that existing devolved administrations will retain their current powers and role, the future role for Transport for the North has not been described. This presents an opportunity for Transport for the North to emphasise the value that it has added in the past to the railway industry, and the unique combination of democratic legitimacy and intellectual depth (through the analytical framework)

that will enable it to play a major role in the future. Transport for the North has also played a significant role in supporting its partner authorities and building strong local partnership arrangements, and it is necessary to ensure that this continues into our future relationships with GBR. TfN should play a role in establishing how Subnational Transport Bodies, City Regions, Combined Authorities, County Councils and Unitary Authorities will all contribute to a devolved, transparent and accountable transport system.

- 2.3 The report concludes by recommending that Transport for the North build on its existing powers and relationships (e.g. with Network Rail through our Memorandum of Understanding) in order to secure a clear role for itself in the future railway industry. This will enable it to address regional concerns such as poor train performance and excessive infrastructure costs and align Great British Railway's strategic plans with Transport for the North's decarbonisation programme and Strategic Transport Plan.

### **3. Consideration:**

#### **Background**

- 3.1 The Department for Transport's White Paper entitled *Great British Railways: The Williams-Shapps Plan for Rail* was published on Thursday 20 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.
- 3.2 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 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.
- 3.3 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 June 2021 and valid for use from 28 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.

- 3.4 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.

### **The White Paper and Devolution Opportunities**

- 3.5 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).
- 3.6 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 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 will be retained in GBR, which could make delivery of east-west connectivity benefits across the North less easy to deliver; and
  - Reorganisation could impact the delivery models of the major programmes covered by the forthcoming Integrated Rail Plan (including Northern Powerhouse Rail).

It should however be noted that if GBR retains Network Rail's current routes (radiating from London), this could be an opportunity for Transport for the North to stress its credentials as the only body looking at rail from a pan-Northern perspective.

- 3.7 Appendix 2 sets out an initial approach to our future role that has been submitted to the DfT, intending to pave the way for more detailed dialogue. 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.

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### Establishing Transport for the North's Future Role

- 3.8 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. Transport for the North reiterated that it wishes to see local accountability to the communities served by rail, with decision-making decentralised as far as possible. Transport for the North also wish to see a rail industry which is transparent and collaborative, and better integrated with other modes of transport. Transport for the North's partners have stressed that Transport for the North plays an essential role in the governance of transport across the North, as prior to Transport for the North's existence, policy was set in a centralised and unaccountable manner, without the benefit of local knowledge; we cannot allow any backwards slippage to this situation, nor reduce Transport for the North's ability to support its partners.
- 3.9 Subsequent discussions since the publication of the White Paper have indicated that the Government envisage that City Regions and Combined Authorities will form the basic building blocks for the future governance of devolved transport, so TfN must use this opportunity to shape how Subnational Transport Bodies, County Councils and Unitary Authorities will also contribute to a localised, transparent and accountable system.
- 3.10 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 TransPennine services severely), Transport for the North was able to take the lead in developing 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.
- 3.11 A core feature of the White Paper (reflecting Transport for the North's view) is joining up track and train. The White Paper sets out how Network Rail will be incorporated into GBR.
- 3.12 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 have been able to enter into more productive liaison with Network Rail as a result of this Memorandum, and Transport for the North therefore

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require clarification on how we can maintain and deepen our relationship with Network Rail during their transition to GBR.

- 3.13 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 what 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.
- 3.14 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. Responding to Transport for the North, the Secretary of State for Transport has noted that Transport for the North possess expertise in several relevant areas, and pledged that DfT officials would work with Transport for the North to harness this knowledge during the transition to Great British Railways.
- 3.15 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 Transport for the North's 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.

#### **4. Next Steps:**

It was proposed and agreed at Transport for the North Board on 9<sup>th</sup> June 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 would include challenging the retention of the existing Network Rail structure, which splits the North across two regions;
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 will request a seat on the Advisory Board which will drive the establishment of GBR;
3. Work with Local Transport Authority partners on how to maximise local delivery and integration within the new framework. This will recognise that Transport for the North can play a major role in securing strong local partnerships between GBR and local authorities, in order to facilitate local integrated networks. In particular, this should involve making the case for more rapid devolution of powers in areas where this is possible, such as control of station facilities and environs. Stations could be regarded as community infrastructure rather than rail infrastructure, and devolving their management will allow more rapid progress towards achieving full accessibility. The Government's recognition of an important future role for City Regions will assist in this; and
4. As agreed by Transport for the North's Board on 9 June 2021, 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. This work is currently being commissioned; Transport for the North will work with Lead Officers from member authorities during this period and bring regular reports to Rail North Committee on its progress. The commission and 'case for change' will include consideration of more rapid devolution for management of stations, as requested at Transport for the North Board.

## **5. Recommendations:**

It is recommended:

1. That the Committee notes the White Paper, and its focus on addressing the problems caused by the past fragmentation of the railway industry;
2. That Transport for the North continues to seek clarity from Government that the existing arrangements and statutory powers through 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; and
3. That the Committee discusses what Transport for the North can bring to the new structure and the next steps set out in Section 4 above. As more details of what is planned are confirmed by the Department for Transport, these will be incorporated in to the 'case for change' and our vision of Transport for the North's future role.

## **6. Appendices:**

The following appendices are included separately:

- 6.1 Appendix 1: Summary of White Paper  
Appendix 2: Transport for the North's Initial Response to DfT

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**List of Background Documents:**

There are no background papers to this report.

**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

<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
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

Yes	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Sustainability / Environment – including considerations regarding Active Travel and Wellbeing	A full impact assessment has not been carried out because it is not required for this report.	David Worsley	David Hoggarth

Legal

Yes	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Legal	Any legal implications are included within the report.	Julie Openshaw	Dawn Madin

### Finance

Yes	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Finance	Transport for the North Finance Team has confirmed there are no financial implications.	Paul Kelly	Iain Craven

### Resource

Yes	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Resource	Dependant on the implementation of the GBR Target Operating model there may be structural, resource and skills implications for Transport for the North – this will be kept under review and the Committee appraised as this matter evolves	Stephen Hipwell	Dawn Madin

### Risk

Yes	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Risk	There are no risk implications arising from this report and thus a risk assessment is not required.	Haddy Njie	Iain Craven

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**Consultation**

Yes	No
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<b>Consideration</b>	<b>Comment</b>	<b>Responsible Officer</b>	<b>Director</b>
Consultation	Transport for the North's partners have been informally consulted on our response to the Williams-Shapps Plan, and will have the opportunity to provide further input to the case for change.	David Worsley	David Hoggarth