
Meeting:	TfN Scrutiny Committee
Subject:	Rail Reform Matters: Responding to the White Paper
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Sponsor:	David Hoggarth, Strategic Rail Director
Meeting Date:	Thursday 9 September 2021

1. Purpose of the Report:

- 1.1 This report provides an overview of how Transport for the North is responding to the Williams-Shapps White Paper, and how we are seeking to work collaboratively with the industry and transition team. This approach will form the basis of a report to the September 2021 Board meeting.
- 1.2 Committee Members are asked to note the proposed approach of emphasising four key pillars for the future role of Transport for the North and are invited to comment upon these and the more specific aspects of our proposed response (as detailed in the report below).

2. Recommendations:

- 2.1 That the Committee notes that Transport for the North's proposed response is based around the four pillars set out in the report.
- 2.2 That the Committee provides any further comment needed to strengthen the narrative for Transport for the North's vision of the future and the case for change.

3. Main Issues:

- 3.1 Transport for the North is working with advisors to draft a document which will provide a formal response to the Government's White Paper, *Great British Railways: The Williams-Shapps Plan for Rail*. A number of inputs were provided which were reflected in this document, including:
 - Transport for the North's Members' stated priorities for future governance of the railway industry (accountability, decentralisation, transparency and integration);
 - Transport for the North's assessments of strengths it can offer to partner with the railway industry (e.g. as the sole body concerned with long-term pan-regional intermodal planning, focus on east-west connectivity, Transport for the North's Analytical Framework, the existing governance of the Rail North Partnership); and

The results of a previous consultation exercise with officers from our partner authorities, at which they outlined a “central scenario” for how it could reasonably be expected rail devolution and the delivery of major investment programmes would proceed over the next few decades.

- 3.2 A draft response document was produced in which it was suggested that Transport for the North propose that four key elements (or pillars) should constitute its future relationship with Great British Railways (GBR).
- 3.3 The four pillars suggested are:
- 1) Transport for the North as a strategic partner for Great British Railways;
 - 2) Transport for the North as the lead on multi-modal strategy and investment priorities for the North;
 - 3) Transport for the North as the provider of evidence and analysis; and
 - 4) Transport for the North as the single voice for northern authorities acting as the link between local devolution, integration and GBR’s regions.

It should be noted that key aspects of this proposition include:

- The parts of Transport for the North’s revised *Strategic Transport Plan* which deal with rail and the elements of GBR’s future Whole Industry Strategic Plan which concern the North should be substantially the same; and
- The decarbonisation plans of Transport for the North and GBR should be closely aligned.

Background

- 3.4 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.
- 3.5 The White Paper proposed the creation of a new body, Great British Railways, which will combine all of the functions of Network Rail with some powers transferred from the Department for Transport and the Rail Delivery Group. The key purpose of GBR is to provide a single focus of accountability in the railway industry. Train services will be provided by private operators under the terms of Passenger Service Contracts (PSCs). Although GBR will have significant control over

timetabling and fares policy, the White Paper leaves open the possibility that local and regional authorities will have some power in the new structure. (More information about the contents of the White Paper can be found in Appendix 1.)

3.6 Prior to the publication of the White Paper, Transport for the North's Members had set out their own priorities for Transport for the North's future role in the railway industry drawing on the Blake Jones Review produced in the aftermath of the May 2018 problems. These are:

- **Accountability to the public:** A structure ensuring the industry acts for Northern communities;
- **Decentralisation:** Decision-making made locally to ensure better-informed decisions;
- **Transparency:** Better sharing of information and joint working; and
- **Integration:** Working as one intermodal system (e.g. joined-up ticketing and information).

3.7 In the months leading up to the publication of the White Paper, Transport for the North also undertook a consultation exercise with officers from our partner authorities. This led to the development of a "central scenario" which is a reasonable expectation of how rail devolution and the major investment programmes will proceed. A consensus was reached that rail devolution in the North is expected to be a progressive process in which powers are gradually decentralised. It was recognised that in order for this scenario to be realised, other reforms would need to take place (such as the establishment of multi-year funding agreements between Treasury and Transport for the North in order to allow long-term planning).

3.8 Two weeks after publication of the White Paper, Transport for the North responded to the Secretary of State with our 'offer' in order to illustrate what Transport for the North can bring to the future of the railway industry. Our key strengths were listed as:

- 1) **Strategic planning at a pan-Northern level:** This is supported by our ability to give statutory advice, our democratic governance arrangements, the analytical depth underpinning our *Strategic Transport Plan* of February 2019, the STP's basis in the earlier *Northern Powerhouse Independent Economic Review*, and our relationships with local authority partners and the Northern business community (via Local Enterprise Partnerships);
- 2) **Ability to focus on East-West connectivity:** The White Paper suggests that Network Rail's current structure of radial routes meeting in London could be retained in GBR's internal structure, although it does concede that "a new regional railway across

northern England may be beneficial once Northern Powerhouse Rail transforms travel between major towns and cities across the Pennines. Transport for the North's experience in working on Trans-Pennine Route Upgrade and Northern Powerhouse Rail, along with the importance of cross-Pennine labour market agglomeration and business-to-business contact to economic vision, will ensure that we can maintain the focus on East-West connectivity;

- 3) **Transport for the North's evidence and analysis capability:** Transport for the North's Technical Assurance, Modelling & Economics (TAME) team has developed a suite of cutting edge modelling tools, including the Northern Rail Modelling System (NoRMS), the Northern Economy & Land Use Model (NELUM), and the Northern Highway Assignment Model (NoHAM). This is supplemented by a variety of well-developed visions of possible social conditions which transport will have to serve in the award-winning *Future Travel Scenarios* (published December 2020). Together these provide cutting-edge tools to enable strategic prioritisation and support business cases, and are increasingly being used by our local partners and accepted by DfT. However, the knowledge that we can bring to the industry extends beyond this Analytical Framework to include local surveys and *ad hoc* studies for specific projects;
- 4) **Experience in reducing costs and scheme development:** Transport for the North has a track record in providing constructive advice on project development to other parties, and robustly challenging costs. Examples of this include strengthening the business case for the Northumberland Line by arguing that a slight increase in capital expenditure could significantly reduce operating costs, whilst the linespeed improvement workstream has led to Network Rail investigating methods by which journey times could be reduced at a relatively low cost;
- 5) **Local integration and collaboration:** Transport for the North has already developed close relationships with its local authority partners and the business community (via Local Enterprise Partnerships). Just as Local Transport Authorities examine multimodal integration at their level, Transport for the North has the ability to consider the trade-offs between different modes at a regional scale. Transport for the North is also developing a closer working relationship with Network Rail through a Memorandum of Understanding and liaison meetings, and TfN has shown leadership during the crises following the May 2018 timetable difficulties and the start of the coronavirus pandemic; and
- 6) **The existing Rail North Partnership arrangements:** These have provided a template for how a statutory Sub-National

Transport Body can provide leadership at a local level and bring more democratic accountability and integration to the railway. It is envisaged that the great majority of its functions will still be highly relevant in the new system of Passenger Service Contracts and can easily evolve to meet the needs of the new structure.

The Four Pillars

- 3.9 Transport for the North's has developed a vision for a strong future role in the railway industry based around four pillars that build on the existing strengths described above, meet our Members' aspirations, and fulfil the expectations of our local partners. The full response to the White Paper will take the capabilities that form these pillars and develop them into a compelling narrative for the future, which will build a case for change in the governance of the railway to drive improved benefits for the North. The four pillars are described below.
- 3.10 **1st Pillar – Transport for the North as a strategic partner for Great British Railways:** Given its existing capabilities, pre-existing relationships and the level of cohesion and trust that Transport for the North has built with Northern stakeholders, Transport for the North is well-placed to assist GBR in understanding the diverse requirements of the North, both from an operational and strategic perspective. GBR will also have specific powers and skills that can complement those of Transport for the North. There is therefore a strong case that Transport for the North can collaborate together with GBR on strategic issues through a formal relationship, and that GBR can deliver the rail element of Transport for the North's *Strategic Transport Plan*. It should be noted that Transport for the North's ability to be a strategic partner is not based purely on our capabilities in investment prioritisation, but also can be or has been demonstrated in crisis management (e.g post May 2018), timetable planning and spatial planning.
- 3.11 **2nd Pillar – Transport for the North as the lead on the multi-modal strategy and investment priorities for the North:** Transport for the North can assess both preliminary funding requests and potential new projects to ensure that they adequately and appropriately fulfil the needs of Northern communities as a whole. Transport for the North can examine projects and proposals to avoid duplication and assess the role of different modes in meeting the overall transport task. In order to ensure effective prioritisation, Transport for the North will need greater budgetary oversight, in order to ensure that annual priorities are in line with available allocations at a given point in time.
- 3.12 **3rd Pillar - Transport for the North as a body as provider of evidence, data and strategic insights:** This will in turn inform evidence-based policy, enable information sharing (both between local authorities and with GBR) and break down silos between

organisations. It will help avoid fragmentation particularly where bodies have overlapping boundaries and remits. Transport for the North's ability to provide technical support to local projects will shorten the timescales for project development, thereby reducing costs and realising benefits sooner. Crucially, Transport for the North can provide continuity in the evidence and knowledge base for the industry, mitigating the problem of lost wisdom when other organisations dissolve or restructure.

- 3.13 **4th Pillar – Transport for the North's role as a single voice for Northern authorities**, working with both small and larger devolved authorities and stakeholders to clarify, prioritise and bring to the fore the collective needs of various communities in the North. Transport for the North can act as the link between GBR and authorities at different stages of devolution particularly during the transition period. This will include providing a voice for communities and authorities who do not traditionally have strong buy-in from or interaction with central government. By using its convening power, Transport for the North can also bring stakeholders together to push against inertia in the system and move initiatives forward.

Supporting Narrative

- 3.14 In order to build on the four pillars, strengthen the case for change, and develop the narrative for the vision of the future, some additional points will be made in the full response document. The key elements that will be emphasised are:
- As GBR will be concerned with rail across the whole of Great Britain, and Transport for the North is concerned with all surface modes in the North of England, the area of overlapping concern should be aligned through ensuring that the Northern element of GBR's Whole Industry Strategic Plan and the rail element of Transport for the North's *Strategic Transport Plan* are substantially the same document;
 - Transport for the North and GBR will thus be able to build a strong mutually interdependent relationship, in which Transport for the North can help GBR develop the Whole Industry Strategic Plan, whilst GBR can deliver the rail element of Transport for the North's Strategic Transport Plan;
 - The oversight Transport for the North bring to operations through the Rail North Partnership can be built-upon for the new system of Passenger Service Contracts;
 - In some fields, it would be possible to devolve powers to local bodies more rapidly than the general reorganisation of the rail industry would imply. Local management of stations and their environs is one such area;
 - GBR and Transport for the North will not only collaborate on transport planning in the 30-year timescale (through the WISP and

the STP), but will also co-ordinate their contributions to the decarbonisation agenda over the same time period;

- Smart ticketing remains a priority for the North. Transport for the North can draw on knowledge and experience from the previous Integrated and Smart Travel Programme and work with operators and local authorities to identify pilot projects and opportunities to integrate rail products with other modes including buses.
- Transport for the North can act as the holder of the regional evidence base, allowing our Analytical Framework and Appraisal Framework to act as the uniform standard for developing proposals; and
- Transport for the North will be able to reduce the cost of infrastructure not only by providing a robust cost challenge and sharing its insights, but by helping to co-ordinate enhancements with renewals workbanks and saving duplication of access and preparatory work (as demonstrated by the linespeed improvement programme).

3.15 Transport for the North's core strengths which can form the foundation of our future role include:

- Our Analytical Framework will underpin an Appraisal Framework, which will standardise and thus speed up decision-making and project development across the North, enabling quicker realisation of benefits;
- Ultimately the success of levelling up and transformational growth will be measured in terms of land use change, and Transport for the North are in an ideal position with NELUM to forecast and monitor that; and
- Our convening and collaborating roles include work with Local Enterprise Partnerships and thus the business community and also building relationships with adjacent areas including Transport Scotland, Transport for Wales and Midlands Connect.

3.16 A dedicated Northern Region in GBR would ensure maximum alignment. In 2016, the Government-sponsored Shaw Report: The future shape and financing of Network Rail recommended the creation of a Network Rail route for the North on the basis that it would bring a greater focus on improving the connectivity and performance of the rail network in the region. The White Paper suggests that "For example, a new regional railway across northern England may be beneficial once Northern Powerhouse Rail transforms travel between major towns and cities across the Pennines." Transport for the North will continue to make the case for a dedicated Northern Region to be implemented as quickly as possible. The industry structural change that will flow from the White Paper is likely to be the least disruptive way of implementing this.

- 3.17 Any additional funding required to implement the proposals set out in this report would need to be provided by government/GBR as part of the creation of the new industry structure and this would need to be considered as part of the next steps.

Next Steps

- 3.18 Papers are being presented to both Scrutiny and Rail North Committees for comment.
- 3.19 It is Intended that a final version of Transport for the North's response to the White Paper will be available for approval at Transport for the North Board on 29th September 2021.

4. Corporate Considerations:

Financial and Resource Implications

- 4.1 There are no immediate financial implications for TfN. Future financial implications are referenced in the report
- 4.2 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 these matters evolve.

Legal Implications

- 4.3 Transport for the North Legal Team has confirmed there are no apparent legal implications.

Risk Management and Key Issues

- 4.4 There are no risk implications arising from this report and thus a risk assessment is not required.

Environmental Implications

- 4.5 A full impact assessment has not been carried out because it is not required for this report.

Equality and Diversity

- 4.6 A full Impact assessment has not been carried out because it is not required for this report.

Consultations

- 4.7 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.

5. Background Papers

5.1 There are no background papers to this report.

6. Appendices

6.1 Appendix 1: Summary of White Paper

Glossary of terms, abbreviations and acronyms used (*if applicable*)

Please include any technical abbreviations and acronyms used in the report in this section. (Please see examples below.) This will provide an easy reference point for the reader for any abbreviations and acronyms that are used in the report.

GBR – Great British Railways
PSC – Passenger Service Contracts
STP – Strategic Transport Plan
TAME - Technical Assurance, Modelling & Economics
NELUM - Northern Economy & Land Use Model
NoRMS - Northern Rail Modelling System
NoHAM - Northern Highway Assignment Model