

Meeting: Rail North Committee

Subject: Rail Reform Next Steps

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1. Purpose of the Report:

- 1.1 This report summarises recent developments within the rail industry on the implementation of the government's White Paper *Great British Railways: The Williams-Shapps Plan for Rail* from May 2021. It seeks endorsement of the approach (which reflects the benefits of northern partners working together on shared priorities) and sets out planned next steps (including detailed engagement with the Great British Railways Transition Team and Mayoral Combined Authorities).

2. Recommendations:

- 2.1 The Rail North Committee is asked to:
1. Note the progress on working with the industry on implementing the Rail White Paper in the North;
 2. Endorse the approach set out in this paper including the proposal to utilise existing levers within the Rail North Partnership Agreement set out in paragraphs 3.11-3.19; and
 3. Request officers to undertake deeper discussion of the development of the new partnership with Great British Railways, especially in relation to a prioritised pipeline of investment and double devolution. This would take place early in 2022, after Transport for the North has initiated discussions with Great British Railways Transition Team and the Mayoral Combined Authorities and LEPS.

3. Main Issues:

Background

- 3.1 Transport for the North has consistently identified the potential for transformation of the North's transport system to realise economic potential and economic productivity gains and used its analytical tools to demonstrate the value to the national economy. The Rail White Paper signals a radical transformation of the management of the national rail network and positions strong partnerships at regional and local levels to help achieve these goals.
- 3.2 At the September meeting of the Transport for the North Board members endorsed an initial response to the Rail White Paper setting out a strong partnership offer to the new GBR organisation based on four pillars:
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 in collaboration with local authorities;
3. Transport for the North as a provider of evidence, data and strategic insights; and
4. Transport for the North as the unified voice for northern authorities and the business community, acting as the link between local devolution, multi-modal integration, Local Enterprise Partnerships and GBR's regions.

Changes to the wording of the key recommendations were requested (and resolved) in order to reflect that:

- Transport for the North works with local authorities in discharging its function of leading on multi-modal investment priorities; and
- Transport for the North provides close links to the business community through its relationship with Local Enterprise Partnerships, thereby connecting business to devolved authorities.

3.3 The White Paper set out sweeping reforms to the structure of the rail industry to improve customer focus and accountability. The reforms will require legislation and are unlikely to be fully implemented until 2023/24. However, the Government has set up a transition team headed by Andrew Haines (who is also Chief Executive of Network Rail) to oversee the changes and, where possible, deliver some of the desired outcomes ahead of structural change. Transport for the North will seek greater clarity and transparency on how the Great British Railways Transition Team will proceed, and how our local partners will be able to influence the process.

3.4 As reported to the November 2021 meeting of Transport for the North Board, positive discussions have taken place, including a workshop with senior Transport for the North officers and Network Rail staff. This collaborative work has highlighted that there is a real opportunity now for the North to take a pioneering approach by building on existing successes and evidence to harness the clear ambition of the North, together with the expertise of industry.

Overview

3.5 Initial joint work on implementing the White Paper has highlighted that there are already strong building blocks in the North, including Transport for the North's *Strategic Transport Plan*, the Rail North Partnership (which is the first stage of devolution) and city regions that are well-placed to deliver on integrated local public transport. There is increasing evidence of improved joint working taking place across the industry (for example on strategic planning and future scenarios, and more responsive timetables) as well as local initiatives such as new stations and multi-modal ticketing linked to bus strategies. For this reason, there is a huge opportunity to build on this work and implement a step change across the North. The North is therefore able to move more quickly than other parts of the country and can therefore be a pioneer for the reform in a way that starts to deliver tangible passenger and freight benefits sooner.

3.6 The initial discussions with Network Rail focussed on the following five themes that would form the core of the new partnership in the North:

- A. A joint Strategic Transport Plan that establishes the need for transformation of the North's transport system;
- B. Through that joint plan, identification of the role and outcomes required of the rail sector in support of realising the North's economic potential;
- C. A prioritised pipeline of investment, expressed in terms of outcomes and against which detailed interventions are developed;

- D. The principle of 'double devolution', used to empower City Regions (and other areas) to enable integration of services at the local level; and
- E. Decision-making at the regional and local level to be shaped by a 'profit and loss' account for the North that guides strategic choices, investment and service specification.

- 3.7 Transport for the North's existing *Strategic Transport Plan* has benefitted from being based on the Northern Powerhouse Independent Economic Review (NPIER) and encompassing all surface modes of transport. Rail connectivity between major towns and cities is an essential part of any transformative growth scenario, and as such connections are essentially "cross-border", Transport for the North will play a key role working with Mayoral Combined Authorities and Local Transport Authorities on developing future strategy and relations with Great British Railways. Transport for the North's multi-modal role means that it can consider rail in the overall transport mix, ensuring rail solutions are targeted where they are most beneficial. The overall goal with Theme A is envisaged as being to achieve close alignment between the rail element of Transport for the North's refreshed *Strategic Transport Plan* and the northern element of Great British Railways' Whole Industry Strategic Plan.
- 3.8 Theme B focuses on greater collaboration over the White Paper's vision for better integration of track and train. Rail North Partnership has long been involved in service specifications. However, Transport for the North could become more involved in the process of specifying the infrastructure which is necessary to support the aspirations for rail connectivity. The recent Manchester Recovery Task Force is an example of how this can be done, with iterative planning of options for services and infrastructure, and lessons learned here can be taken in to developing a joint pipeline of enhancements, service and rolling stock changes. This would be suitably sequenced according to anticipated funding availability, whilst also taking into account practical delivery issues and passenger disruption. The advantage of a pipeline approach alongside a clear vision for the network is that early development work can be undertaken on projects in the pipeline and schemes can be brought into the programme as and when funding becomes available.
- 3.9 Theme E describes a "profit and loss" account to guide decision-making in the North. This supports the Northern Transport Charter's goal of securing a budget for transport in the North, by enabling a greater level of accountability with respect to how that budget would be spent and what benefits would be generated. It will build on Transport for the North's emerging Appraisal Framework and provide detail about a greater range of impacts than traditional project evaluation, incorporating modelling of (for example) environmental, sustainability, land use and social exclusion issues. This is felt to be aligned with the more flexible business case guidance in the latest Treasury *Green Book*, and can be linked back into Transport for the North's future Monitoring & Evaluation Plan. This in turn may enable more accountable access to local contributions for funding enhancements, as the benefits to specific locations could be identified more easily and subjected to post-project evaluation. Over time, the "profit and loss" account and the lessons learned within it would inform the joint strategic decisions of Transport for the North and GBR.
- 3.10 It is expected that Themes B & D are the main areas where there are opportunities based on the existing devolution through the Rail North Partnership, so these are examined in greater depth below.

Theme B: Setting the Outcomes Required from the Rail Sector

- 3.11 Service specifications are the remit of the Rail North Partnership, which is already a joint entity between Transport for the North and DfT. DfT's role in the Rail North Partnership is expected to transfer to GBR under the White Paper and provides a strong building block for the wider partnership and further devolution in the future (in fact there is a specific provision for this in the Partnership Agreement). RNP will oversee the move to National Rail Contracts so there is an opportunity to collaborate on these to tailor them to meet the needs of the North.
- 3.12 As with investment, understanding the funding envelope and financial performance of services (including required level of subsidy) is key to being able to prioritise services and drive changes to allocate resources to where they can deliver more (either in financial terms or wider policy objectives).
- 3.13 There are several specific elements of the existing Partnership Agreement that could be utilised to provide some progress ahead of wider changes. This includes the provision for devolved fare-setting that already exists for Transport for the North. Members have previously explored proposals to utilise this power to simplify the fares structure in the North of England. At the time this was felt to be something that could be revisited once visible investment had been delivered (such as the new trains delivered through the Northern and TransPennine Express franchises) and in the context of a wider national reform plan to deliver better value for money and smarter fares for customers.
- 3.14 Given that there are now plans for a national roll-out of smart ticketing (including 'pay as you go') on rail, there is an opportunity to work together to create a simplified fares structure in the North which will help maximise the benefits of national investment in smart technologies. Transport for the North can draw on initial work and learning from the former IST Programme in collaboration with train operators. Given the strong progress on smart, multi-modal ticketing in the city regions, there is an opportunity for Transport for the North to work collaboratively with these areas to join up local initiatives across modes and geographies.
- 3.15 Freight is an important element of the *Strategic Transport Plan* in terms of its economic contribution. There is a need to give greater emphasis on planning for rail freight, reflecting the commitment in the Williams-Shapps Plan. The planned partnership between Transport for the North and GBR will enable this, by bringing together the economic and demand analysis for freight contained within the STP with the network planning role of GBR and the passenger contract role of Rail North Partnership. This approach would help to ensure that, for example, the economic benefits of freeports are fully realised.

Theme D: Double Devolution to Empower City Regions

- 3.16 Alongside Transport for the North's role in the Rail North Partnership, the North has the advantage of strong examples of local devolution working in practice. This includes the Tyne & Wear Metro operated by Nexus and the Merseyrail network which is fully devolved to the Liverpool City Region. Through this arrangement the city region has been able to secure significant local investment, for example for the new trains that are currently being rolled out. This local specification has facilitated the first example of truly level boarding, and spearheaded innovation in battery technology to allow the electric trains to operate beyond the electrified network and therefore expand the catchment and demand reach of the network. The network has consistently topped the national league table of performance.
- 3.17 Whilst devolution aspirations differ across the North, Transport for the North will work with local areas and GBR across boundaries to facilitate the right local

arrangements. This approach to double devolution has been welcomed by the rail sector.

3.18 A quick win highlighted is the provision (in the Rail North Partnership Agreement) for devolved Business Units. These are designed to facilitate much greater local involvement in the specification and monitoring of services. The North East authorities have already established a successful business unit (NERMU) working across the North East. The Partnership Agreement would allow this to be developed further and become in effect a form of 'double devolution' within the Rail North framework. This could be rolled out quickly to other areas (e.g. individual city regions or groups of city regions working together) as a first step towards fully devolved responsibilities. In particular it would facilitate a direct dialogue with operators within the local area and local decision-making on timetable changes and priorities for change, fares, etc., whilst helping to realise ambitions for integrated 'London style' transport networks, joining up buses, trams and local rail services.

3.19 It should be noted that there are some risks to Transport for the North arising from these proposed changes to overall governance, namely:

- If the process of "double devolution" is undertaken ineffectively, it could result in confusion for all stakeholders; and
- If TfN does not secure its relationships with DfT, Great British Railways, local authorities and other stakeholders, it could be sidelined within the new governance structure.

3.20 It is proposed to engage with the Mayoral Combined Authorities (in the first instance) to develop appropriate business units that are aligned with local integrated networks and provide a greater level of local oversight and accountability.

4. Corporate Considerations

Financial Implications

4.1 There are no direct finance implications as a result of this report.

Resource Implications

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 Board appraised as this proposal evolves.

The organisation recognises UNISON, should changes to our delivery model subsequently be required, full and proper consultation will be undertaken with UNISON and any employees affected.

Legal Implications

4.3 Legal implications are covered in the report.

Risk Management and Key Issues

4.4 **The risks arising from these activities have been discussed in the report.**

Environmental Implications

4.5 This report does not constitute or influence a plan or programme which sets the framework for future development consents of projects listed in the EIA Directive and therefore does stimulate the need for SEA or EIA.

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 approach and will have the opportunity to provide further input as the proposition evolves. Transport for the North's initial response to the White Paper was considered by Transport for the North's Scrutiny and Rail North Committees.

5. Background Papers

5.1 None.

6. Appendices

6.1 None.

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.

a)	DfT	Department for Transport
b)	EIA	Environmental Impact Assessment
c)	GBR	Great British Railways
d)	IST	Integrated & Smart Travel
e)	LTRS	<i>Long Term Rail Strategy</i> (published in January 2018)
f)	NERMU	North East Rail Management Unit
g)	NPIER	Northern Powerhouse Independent Economic Review
h)	NPR	Northern Powerhouse Rail
i)	NTC	Northern Transport Charter
j)	RNP	Rail North Partnership
k)	SEA	Strategic Environmental Assessment
l)	STP	<i>Strategic Transport Plan</i> (published by Transport for the North in February 2019)
m)	TPE	TransPennine Express