TRANSPORT FOR THE NORTH

Meeting:	Rail North Committee Meeting
Subject:	Growing the Railway
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Meeting Date:	13 September 2022

1. Purpose of the Report:

1.1 To set out an approach to growing the railway in the North of England which will be used to underpin the development of the Strategic Transport Plan (STP).

1.2 To seek Committee members views on the approach.

2. Recommendations:

2.1 That, subject to comments at the meeting, the Committee endorses the approach set out in the report and this is used to inform the development of the refreshed Strategic Transport Plan.

3. Main Issues:

Background

3.1 Railways in the North of England are fundamental to the social and economic functioning of the economy and the development and enhancement of the network underpins the concept of the Northern Powerhouse and the Government's Levelling Up Agenda. Prior to 2015, Transport for the North members set out a compelling case for transforming the railways in the North through investment in new trains and services complemented by planned infrastructure upgrades including Transpennine Route Upgrade (TRU), Northern Hub and electrification schemes.

3.2 The investment case was partly made on the basis of 'invest to save' such that greater usage would bring down subsidy levels and make the railway more financially sustainable. Whilst progress has been made (not least the transformation of rolling stock and the removal of pacers), the impact of covid and consequential funding squeeze means that it's timely to refresh the vision and set out the role that railways in the North need to play in supporting the wider agenda including Levelling Up and decarbonisation.

Purpose

3.3 The STP sets out Transport for the North's strategic vision for the North for the year 2050 and is about to be refreshed and updated. Over the last 4 years, much has changed in the rail industry including the whole rail reform agenda and most recently the long-lasting impacts of the covid pandemic which has fundamentally changed travel patterns and the financing and management of the industry.

3.4 The purpose of this work is, as a precursor to the STP refresh to re-assert the vision for Rail in the North with a focus on growth, taking advantage of the strong bounce-back from covid and with a focus on the remainder of the decade up until around 2030. Members have re-stated the importance of maintaining a strong and clear ambition for railways in the North – despite short-term resource and funding challenges faced by the industry. In many ways it is more important to re-state the vision as short-term operational decisions need to be seen in the context of the vision.

<u>Where We Are Now</u>

3.5 The transformation of services and rolling stock was to be delivered through the two franchises (let in 2015/16) covering the majority of the North's services; Northern and TransPennine Express (TPE). Transport for the North successfully made the case for growth-led franchises and over £1bn investment in new trains including the removal of the notorious pacer trains.

3.6 Transport for the North also made the case for greater local involvement in the management and development of the franchises which are now overseen by the Rail North Partnership – a joint DfT and Transport for the North team based in the North. Despite the challenges the partnership working is strong with Transport for the North and members able to bring a Northern perspective to priorities and decision-making. Examples include dealing with the aftermath of May 2018 and taking decisions on the prioritisation of service restorations to support tourist destinations but also preserve resilience of the service. During covid, Transport for the North and partners worked collaboratively with all train operators in the North of England to ensure that amended services met the needs of key workers and tied in with local resilience work.

3.7 The transformation of rolling stock was largely delivered as planned; TPE has a fleet of intercity standard trains and Northern removed the pacers and refurbished all its remaining trains including fitting free wifi.

3.8 The railways in the North have, however, been hit by a number of major issues and events, some localised and some national. First there was the May 2018 timetable chaos which was triggered by delays to a critical electrification scheme. There have been other infrastructure issues including failure to resolve the congestion problems in central Manchester, delays to the Transpennine Route Upgrade and Hope Valley schemes. More recently whilst the railway rose to the challenge of moving key workings during the height of the pandemic, covid has had a large impact on passenger demand and the ability to train and deploy staff to operate the planned timetable. In the past few months national Industrial Relations issues have compounded the covid problems and led to reduced services, poor reliability and cancellations.

3.9 Despite the challenges the growth and subsequent bounce back in passenger demand post-covid has been consistently higher than other parts of the country:

- Between 2012/13 and 2019/20 (pre-pandemic), the average growth rate for Northern and TPE was 2.5% p.a (passenger numbers increased from 115 million to 137 million); and
- After the pandemic, growth back has been stronger in the North than most other part of the county. As of August 2022, TPE was 81% of pre-covid demand and Northern just under 90% across the week (the recovery has been leisure-led with some of the busiest periods now at weekends).

3.10 Looking at progress over the last 5 years, positive progress has been made on:

- The quality and capacity of the rolling stock (trains) in the North;
- Demand (strong growth prior to the pandemic and strong bounce-back subsequently); and
- Community Rail - strengthening the role of rail in supporting local communities and social needs.

3.11 The most significant areas where the North still needs to 'catch up' with the rest of the country are:

- Performance and resilience;
- Network Constraints (infrastructure bottlenecks);
- Stations (consistent standards and accessibility);
- Cost effectiveness (both cost effectiveness for government and for the passenger/freight customer); and
- Journey times and connectivity.

Looking to the Future

3.12 Predicting growth for the remainder of the decade is difficult given the fundamental changes that have been driven by covid. The indications are, however, that the strong growth back will continue with a particular focus in growth in leisure travel and at times outside the traditional morning peak period. There is emerging evidence that rail travel is becoming more sensitive to price (where traditionally the commuter market would be relatively captive) and that lower (relative) fares could drive more revenue in certain markets.

3.13 Transport for the North has produced an assessment of growth based on four potential future policy scenarios [Transport for the North Future Travel Scenarios, December 2020]. The most relevant point is that each and every scenario has a substantial increase in rail travel and they range from 78% to 193% (latter under urban zero carbon) growth – up to 2050. Of course these are only scenarios, but they are based on a range of plausible futures, underpinned by expert analysis.

3.14 There are a number of factors which are likely to have a significant impact and/or influence on rail in the North of England over the remainder of the decade as set out below:

- The cost of living, energy costs and broader economic outlook;
- Climate change and decarbonisation;
- A shift to more flexible working and a greater proportion of leisure journeys;
- Substantial planned major infrastructure work in the North including TRU which will have a disruptive impact, but there will be a need to keep people moving and ensure rail remains attractive;
- Changes in habits driven by a ticketing revolution; and
- The planned rail reform agenda (implementation of the Williams-Shapps White Paper).

3.15 The table in Appendix A sets out how each of these issues is likely to impact on rail in the North and the way that rail will need to respond. In summary the main ways the rail network will need to respond are:

- Providing for and encouraging significant mode shift from the car; and
- Providing a more reliable and resilient service such that the shift to rail is sustained.

Ambition for Future growth

3.16 An emerging ambition for rail in the North over the remainder of the decade is:

*Significantly **increase the attractiveness** of rail in the North to encourage **transfer from less sustainable modes** to deliver on the decarbonisation ambition. To achieve this we need a **growing railway** (flexible to new markets) that can provide customers with a dependable offer that is easy to understand, **offers value for money** and is more **integrated** with local travel networks and local social, environmental and economic objectives. This in turn should provide better value for money for government and funders.*

3.17 The vision would drive a number of outputs needed from the industry:

- Plan to accommodate a growth target for rail that supports the decarbonisation target by increasing rail's mode share;
- Increase/ improve performance and resilience so the North leads and not lags behind national operators;
- Manage change and disruption as a result of major infrastructure works to keep the North moving at all times;
- More flexibility in timetables and fares to attract new markets, particularly leisure and family markets;
- Transformation of stations including the retail environment and accessibility so all stations meet a minimum standard;
- Agreed programmes of infrastructure investment to tackle all congestion hotspots that would otherwise prevent the growth (Manchester, Leeds, Sheffield, Stockport, Preston, ECML North of York); and
- More local involvement/decision-making through the 'double devolution' element of the Rail reform proposals.

Next Steps

3.18 Subject to comment from members, this initial analysis and statement of ambition will be used to inform the development of the Strategic Transport Plan refresh and the broader case for investing in rail in the North. Transport for the North will also seek to influence and shape the Whole Industry Strategic Plan (WISP) which is the new 30-year strategy being developed by Great British Railways. Transport for the North has already made a substantial contribution to the evidence base for the WISP drawing on evidence through the Independent Economic Review, Transport for the North's analytical framework and the Future Travel Scenarios.

4. Corporate Considerations

Financial Implications

4.1 There are no direct financial implications for Transport for the North, but delivery of the growth required to support the North's ambitions will require the industry to be funded accordingly.

Resource Implications

4.2 There are no direct resource implications for Transport for the North.

Legal Implications

4.3 There are no apparent direct legal implications as a result of this report.

Risk Management and Key Issues

4.4 There are no new risk implications as a result of this report. The report addresses one of Transport for the North's corporate risks in relation to the funding for rail in the post-covid recovery environment.

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.

4.6 Both passenger rail and rail freight has an essential part to play in achieving our decarbonisation objectives within Transport for the Norths Decarbonisation Strategy, particularly around reducing private car vehicle mileage.

Equality and Diversity

4.7 A full Impact Assessment has not been carried out because it is not required for this report.

Consultations

4.8 This report is part of the consultation process in developing the refreshed Strategic Transport Plan.

5. Background Papers

5.1 None

6. Appendices

6.1 Appendix 1. Issues and Drivers for Rail in the North

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) TPE TransPennine Express* *b) STP Strategic Transport Plan* *c) TRU Transpennine Route Upgrade*

Appendix 1

Issues and Drivers for Rail in the North

Issues/driver	Details	Impact on rail	Response Needed
Climate Change and Decarbonisation	Need to meet decarbonisation targets and adapt to weather events	Resilience due to increased weather impacts Increased attractiveness of EVs	Plan for significant mode shift Greening the railway – electrification and buildings Station car parks EV equipped Integrate with wider journey planning tools
Shift to more flexible working and leisure journeys	Post-covid move away from peak travel	Reduced demand for peak travel. Greater demand for leisure travel	New Fares/ticketing products Review peak/off peak times Agile timetables Group/ family travel initiatives Train designs for leisure markets (cycles and e-scooters etc). Change maintenance works schedules
Cost of living including energy costs and broader economic strategy	Increased costs impacting on budgets Inflationary impacts	Reduced demand particularly for discretionary trips. Pressure on operator budgets	Better value rail fares Better info during current problems Get bigger share of smaller market (attractive fares) Use space at stations better
Major infrastructure works in the North	Delivery of upgrades including TRU, ECML, Leeds Area, Manchester area and West Coast	Disruption/change to timetables. Inflationary impact on infrastructure	Agree clear change points to bring in benefits earlier Clear service/rolling stock plan for uplifts

Issues/driver	Details	Impact on rail	Response Needed
		Opportunities for new/amended services	Budgets for amended services/capacity Focus on meeting timescales or accelerating
Ticketing Revolution	Move to digital and account-based travel	Opportunity to improve passenger experience, efficiency and attract new markets	Maximise integration with other modes and for onward journeys Promote/ champion new initiatives – personalise more Better, simpler info – more relevant to individual
Rail Reform	Fundamental change to the way the industry is structured GBR plans	Changes accountability and priorities.	Develop North specific proposals Northern Region under GBR