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<b>Meeting:</b>	Scrutiny Committee
<b>Subject:</b>	Rail Update
<b>Author:</b>	David Hoggarth, Strategic Rail Director
<b>Sponsor:</b>	Martin Tugwell, Chief Executive
<b>Meeting Date:</b>	Wednesday 23 November 2022

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**1. Purpose of the Report:**

- 1.1 To provide the Scrutiny Committee with an overview of rail issues in the North which will form part of a report to the Transport for the North Board meeting on 14 December 2022.

**2. Recommendations:**

- 2.1 The Committee is recommended to note the report and discuss the issues highlighted therein.

**3. Main Issues:**

**Background**

- 3.1 This report provides an update on rail issues including the current levels of poor performance across the North. It covers overseen by the Rail North Committee to address performance issues and deliver some early benefits of rail reform.
- 3.2 A reliable and expanding rail network in the North is essential to passengers and businesses. It has also been identified as key to unlocking the North's economic potential in a way that is sustainable for the long term. Transport for the North's evidence base shows how today's network needs to be developed and expanded, building on investment identified in the Government's Integrated Rail Plan and HS2.
- 3.3 Since Covid, the North has been at the forefront of the growth back in passenger numbers – regularly outstripping growth elsewhere on the network (at the time of writing major stations in the North stood at 87% of pre-covid demand compared to London stations at 71%). In October 2022, Northern reported its third highest revenue week ever indicating the strength of the market and the potential for growth in the future.
- 3.4 Fixing the problems and growing the railway will require sufficient funding for both rail services (revenue) and infrastructure (capital). Historic under-investment in infrastructure is part of the cause of long-running performance problems across the North (for example congestion hotspots of Central Manchester, the East Coast Main Line North of York and for services passing through Leeds). At the time of writing the Government's Autumn Statement was awaited and this is expected to influence the funding available for both capital projects and supporting the ongoing cost of services. The Rail North Committee highlighted a strong concern is that insufficient funding could lead to cutbacks in rail services and further impacts on economic and social outcomes.
- 3.5 The impact of poor rail services on the North's economy is substantial. Transport for the North estimates that the impact of recent delays and cancellations on TPE and Northern together could be £8m per week.

- 3.6 There are several reasons for the unreliability and some of these reasons are outside the direct control of the operators, but others are down to them to fix. Rail North Committee has been kept apprised of the issues underpinning the poor performance which include a backlog of driver training following Covid (where training was stopped for a significant period), high levels of sickness which persist in some of the operators, increased numbers of drivers leaving the business and the ongoing and industrial relations issues across the industry including, but not limited to strikes.
- 3.7 Rail North Committee met with representatives from the train operators on 15 November 2022 to hear about their recovery plans and seek assurances on behalf of the travelling public. There are many interwoven and structural issues driving the current unacceptably poor performance in the North that underline the need to reform the industry. The root cause of many of the current problems is a shortfall of fully qualified and trained drivers available following delays to training during Covid. This has been exacerbated by recent high sickness levels and the lack of overtime working agreements that have historically been used to manage shortfalls on a day-to-day basis. Operators have been recruiting drivers (TPE has more drivers than it has ever had working for the company), but training has a long lead time for a driver to become fully qualified and therefore urgent action is needed.
- 3.8 The Committee discussed actions to improve performance including:
- Providing the train operators in the North with the flexibility to put in place short term arrangements that could bring about an immediate improvement – including Rest Day Working Agreements;
  - Seeking commitment to progress a Training Academy for the North which will ensure there is a pipeline of trained drivers to end the reliance on overtime working and also deliver the growth in services needed;
  - Holding operators to account for their improvement plans and commitments using all available contractual levers;
  - Operators providing better information and assistance to passengers where their journeys are disrupted.
- 3.9 The Committee also received updates on the long-planned timetable change in the Manchester area from 11 December 2022. The timetable change is itself a short-term mitigation to improve reliability (at the expense of some connectivity) pending the delivery of long-awaited investment for this key congestion hotspot. Members received assurances from the industry about the preparations and mitigations that have been put in place for a smooth timetable change notwithstanding the general background performance challenges highlighted elsewhere. The work in the Manchester area is being overseen by a Task Force and members requested that they provide an assessment of the impact of the timetable change to assess whether it has delivered the intended benefits. The Committee also requested greater clarity on the programme of infrastructure investment that will allow services to be restored and expanded.
- 3.10 In addition to Manchester, there are several other major congestion hotspots in the North that need addressing. Alongside this major investment, Transport for the North has identified 121 small and medium sized schemes that could be progressed relatively quickly and would make a significant difference to rail reliability in the North. Network Rail has agreed to assist with some of the early development work (initially on 13 priority schemes) and Transport for the North will be seeking a delegated funding pot to implement these.

## **Rail Reform**

- 3.11 Many of the issues encountered in the North stem from the fragmented way the industry is currently managed. The well documented problems in the North in May 2018 led to the Williams-Shapps review and the White Paper published by Government in 2021. This set out ambitious plans, which Transport for the North supported, for the creation of Great British Railways (GBR) to act as the guiding mind for the industry and end the fragmentation.
- 3.12 Transport for the North has engaged proactively with the GBR Transition Team, but it has recently been confirmed that the legislation necessary to establish Great British Railways has been delayed. The original plan to establish Great British Railways by April 2024 is now unlikely to happen. Government is looking at elements of the plan that can be delivered without primary legislation, but there is currently no clarity about what will be implemented and when.
- 3.13 Given the pressing need to address the problems in the North highlighted in this report and that fact that we already have the first stage of devolution in the form of Rail North Partnership, the North is well placed to make progress with rail reform by building on the existing arrangements. The work undertaken to date preparing for GBR enables the North to deliver reforms quickly to the benefit of rail users (both passenger and freight) whilst working within the current financial framework set nationally.
- 3.14 It is therefore proposed that Transport for the North and partners look to build on the Rail North Partnership arrangements as the basis for a new proposition: one that reduces the complexity of the rail system whilst retaining a key role for the private sector in growing the railway.
- 3.15 A paper is being prepared for the Transport for the North Board in December setting out how Rail reform could be delivered in the North. "Quick wins" could include:
- The creation of **Regional Business Units** across the North using the mechanism in the existing Rail North Partnership Agreement to allow local people more say on how the railways run (a form of '**double devolution**'). This would quickly deliver many of the benefits of 'localisation' sought as part of the rail reform whilst maintaining the strategic overview provided by Transport for the North. It would provide the opportunity for the Mayoral Combined Authorities to have a stronger input whilst continuing to work with neighbouring areas to shape the local network and provide stronger local scrutiny of performance and service delivery;
  - The roll out of **Pay as You Go Ticketing** on rail in the North. In publishing the Integrated Rail Plan the Government made a commitment to roll out pay-as-you-go ticketing. Transport for the North and partners could help Government deliver on this commitment with the early integration of bus and tram networks to create a truly multi-modal system. A number of Mayoral Combined Authorities are working to develop detailed local proposals and Transport for the North is providing support to them and other authorities across the North by sharing expertise and technical standards across the North (as an extension of the Connected Mobility Hub work);
  - **Fares reform** to make rail travel more affordable and simpler. This would see the North (through RNP) use the fares setting powers already devolved to Transport for the North, initially in the city regions as part of an integrated ticketing offer;
  - **Transformed stations and ticket retailing**. This would draw on the work undertaken by partners and with Northern, but also incorporate best practice

from initiatives such as the Manchester Stations Alliance and the emerging partnership in West Yorkshire. Work includes harnessing development opportunities around station and integration of land-use planning with station development. The transformation of stations would be delivered in a way that meets the North's needs, rather than following a national approach; and

- A new **growth plan** for the North's Railways based on Transport for the North's revised Strategic Transport Plan underpinned by the updated Northern Powerhouse Independent Economic Review and Decarbonisation Strategy. The revised Strategic Transport Plan will provide an evidence-based strategy for the North's transport system. It will enable the future role of rail as part of that system to be set out. This will simplify the work required to prepare the planned Whole Industry Strategic Plan, as well as ensuring the input into the current rail investment period reflects the North's requirements.

3.16 Using the existing rail devolution arrangements to make progress in the absence of legislation would provide a springboard for further reform and devolution if and when legislation was enacted. The core principles underpinning further reform are suggested to be:

1. **Build on the existing devolved arrangements** through the Rail North Partnership;
2. Include the next stage of '**double devolution**' to provide city regions and other local areas with even greater autonomy to deliver fully integrated public transport networks with common fares and local accountability;
3. The industry structured with a **single region for the North with a single North of England train operator** (to provide economies of scale but internally structured around locally accountable business units);
4. A separately identified **budget for the North** (which the North can prioritise against) with the ability to invest to grow revenue and recycle it in the North;
5. A **statutory role on rail investment**, so that Transport for the North (and partners) are involved at every stage of development and delivery of investment projects; and
6. Transport for the North's statutory **Strategic Transport Plan** to underpin a growth plan for the North which links the role of the railway with wider economic growth, decarbonisation and social exclusion.

### **Next Steps**

3.17 Paragraph 3.8 sets out the immediate steps to improve performance for passengers and businesses in the North. The Rail North Partnership will continue to monitor delivery of improvements plans and the planned timetable change on 11 December 2022.

3.18 A report will be prepared for the Transport for the North Board on 14 December 2022 setting out progress and any further actions. This will also seek the Board's endorsement to the quick wins on rail reform and principles for longer-term change set out in this report.

## **4. Corporate Considerations**

### ***Financial Implications***

4.1 There are no financial implications for Transport for the North as a result of this report. The report highlights the risk that there is insufficient funding for current and future rail services.

#### 4.2 **Resource Implications**

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

#### 4.3 **Legal Implications**

Transport for the North's Constitution will be kept under review in case any amendments are required. Contract management of the train operators is undertaken by the Rail North Partnership in accordance with the DfT's contractual mechanisms.

#### 4.4 **Risk Management and Key Issues**

This paper does not require a risk assessment, however, risks relating to the future of rail services are highlighted. A risk has been included on the Transport for the North Corporate Risk Register in relation to the future viability of rail services and Transport for the North's future role.

#### 4.5 **Environmental Implications**

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. Any infrastructure proposals to improve the capacity and reliability of the system will be subject (where appropriate) to EIA Screening, conducted by Network Rail as part of the consenting process for those projects.

#### 4.6 **Equality and Diversity**

A full impact assessment has not been carried out because it is not relevant to the type of work referenced.

#### 4.7 **Consultations**

A consultation is not required on the issues covered in this paper.

### 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.*

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|--------|--------------------------|
| a) TPE | TransPennine Express     |
| b) NPR | Northern Powerhouse Rail |
| c) RDW | Rest Day Working         |
| d) RNP | Rail North Partnership   |
| e) GBR | Great British Railways.  |