

Association of Rail North Partner Authorities

Meeting date: Thursday 22 September 2016

Item: 6

Subject: Rail Franchise Update

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1. Purpose of report

- 1.1. This paper updates the Rail North Association on key franchise issues since the last meeting.

2. Recommendations

- 2.1. The Association is recommended to note the contents of this report.

3. Information

Commercial Management

- 3.1. The RNP team is now well-established in the commercial management of the Northern and TPE franchises. A regular programme of monthly statutory franchise meetings takes place, at which progress is reviewed, forward plans are discussed and risks assessed with senior management of each TOC. This is supplemented with contact on a daily basis, very much supported by the RNP team being based in Leeds.
- 3.2. Reporting into the regular DfT franchise management cycle takes place on a four-weekly period, with the RNP team attending commercial management meetings in London to ensure that they play a full role in rail franchise policy development and management and so that the particular arrangements arising from devolution in the north of England are recognised.

Resources

- 3.3. The Rail North Partnership team is now at full strength, with a Commercial Manager and a Contract Manager for each franchise, a Franchise Change Manager and a Head of Investment Planning. Julie Mills has been appointed as interim Rail North Partnership Director following the departure of Fergus Robertson-Howard and the recruitment process for a permanent replacement is underway.

Interface with Rail North Member Authorities

- 3.4. The provision of data from the two TOCs to Rail North member authorities is being considered by a working group of officers, with technical support from the RNP Northern Commercial Manager. The aim is to reach agreement with the TOCs on what information can be supplied on a regular basis; this may require commercial

negotiations if the information requested exceeds the TOCs contractual reporting requirements.

- 3.5. Further work is underway to develop working arrangements between the RNP team, Rail North and member authorities, to ensure regular communication and effective alignment of work programmes.

Delivery of Committed Obligations

- 3.6. An important element of franchise management is monitoring the delivery of Committed Obligations, which are the key customer- or stakeholder-facing elements of the bids written into the franchise agreements for Northern and TPE. For both franchises, there are a number of obligations for delivery early in the franchise, before the significant timetable changes and delivery of new rolling stock that will start during the next financial year.
- 3.7. To date, Northern have completed 50 committed obligations, with none outstanding. These include:
 - Deep clean of all vehicles including toilet wrapping;
 - The creation of a regional management structure, and the appointment of Regional Revenue Managers;
 - The establishment of the Northern Customer Promise, replacing what was previously the Customer Charter;
 - A new customer mobile app;
 - A new customer call centre based in Sheffield.
- 3.8. Other key obligations due by the end of 2016 include a station improvement fund report and the introduction of new automatic ticket gates at Liverpool Lime Street, Salford Crescent and Wigan Wallgate.
- 3.9. TPE has completed 20 committed obligations, with reviews underway by RNP of another 4. These include:
 - The introduction of a complimentary at-seat catering service to First Class passengers;
 - A “door to door” journey planning function on the website;
 - The employment of a Transport Integration Manager whose responsibilities include working with Rail North and local transport authorities to provide integrated journey information, create station travel plans and produce route maps;
 - The establishment of a Common Sense policy toward revenue protection, to standardise the approach towards passengers who have not deliberately evaded payment.

Community Rail Update

- 3.10. Since the start of the franchise, substantial progress has been made by Northern in improving the support provided to Community Rail Partnerships (CRPs). The Community Rail Executive group (COMREG) has now been established including Northern, ACORP, CRPs, Network Rail and Rail North. For the current financial year, community rail funding of £500,000 has been distributed by Northern to CRPs, and this has been guaranteed for a three-year period. An additional £600,000 has been established by Northern to implement schemes such as the Station Adoption scheme and which stations friends groups will be able to bid into.
- 3.11. For TPE, £50,000 funding is available annually for schemes submitted by CRPs that interface with the TPE network (TPE no longer operates over any community rail routes but it interfaces with several). TPE are currently inviting submissions for funding applications, due by 30 September 2016.

Competition inquiry into Northern franchise

- 3.12. On 9th September the Competition and Markets Authority (CMA) announced its preliminary findings of its Stage 2 investigation into the Arriva acquisition of the Northern franchise. The CMA considers there to be a risk of a “substantial lessening of competition” on nine bus/rail routes (3 in the Redcar area, 2 in the Huddersfield area, 1 in the Darlington area and 3 in Northumberland) and four rail/rail flows (Leeds to Sheffield, Wakefield to Sheffield, Chester to Manchester and Chester to Stockport). The proposed remedies are restrictions on bus fare increases on the bus/rail routes and restrictions on non-regulated fares on the rail/rail flows. The CMA’s final decision will be made by 3 November 2016. Rail North and DfT will continue to monitor closely with Arriva.