

Transport for the North

Rail North Committee Meeting

Item 5.0

Subject: Business Plan Update

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Meeting Date: Tuesday 5th November 2019

1. Purpose of the Report:

- 1.1 This report provides an update on progress against Transport for the North's Strategic Rail Business Plan with a focus on franchise outputs in line with the terms of reference of the Rail North Committee.
- 1.2 Appendix 1 provides a case study of progress in the West region.
- 1.3 The report also sets out (for endorsement) a planned approach to the business plan, budget and member contributions for 2020/21. This is include as Appendix 2.

2. Executive Summary:

- 2.1 Despite some well-documented challenges faced by the rail industry in the North, this report highlights some of the progress made in delivering enhancements secured by Transport for the North and its member authorities.
- 2.2 The approach outlined in the draft business plan and budget is for Transport for the North to use its growing influence to continue to push for better outcomes for passengers and the required investment in the network. The plan also includes specific resources required for the full implementation of the Blake Jones Review and prepare for a potential greater role for North as a result of the Williams Review.
- 2.3 Subject to comments from members the business plan and budget will go forward to Transport for the North's Board for endorsement.

3. Progress Update:

- 3.1 Transport for the North members established the current arrangements (formerly Rail North Ltd) to make the case for transformational investment in the Northern and TransPennine Express franchises at a time when it was unclear whether investment would be made in rail services in the North. Northern Leaders made a clear economic case for investment in both services and infrastructure to support economic growth in the North of England.
- 3.2 Government accepted the case for investment in the Northern and TransPennine Express franchises including the well-documented replacement of Pacer trains in the Northern franchise. Other headline outputs from the procurement process included 500 brand new carriages, a 40 percent uplift in capacity and over 2,000 additional services per week (including a significant uplift in Sunday frequency). All of this was accompanied by a first step towards devolution by moving the oversight of the two franchises to the Rail North Partnership based in Leeds (with oversight from both Department for Transport and Transport for the North).
- 3.3 There have been a number of well-documented failures of the industry that have impacted on delivery – including the late delivery of electrification schemes in the North West and the botched introduction of the May 2018 timetable (with the resulting poor performance having a severe impact on passengers and businesses). Delivery has also been further impacted by delays on aspects of the investment programme (including Central Manchester and Leeds capacity schemes) and, more recently, delays to the introduction of new trains (by both operators) meaning passengers have to wait longer for benefits such as reduced crowding and the elimination of Pacers.
- 3.4 A number of reviews were instigated in light of the problems, most notably the Glaister Review (of the industry failing leading to the May 2018 problems), the Blake Jones Review (of the Rail North Partnership) and the Williams Review (of the whole industry structure and future). A separate report for this meeting sets out the next steps in implementing the action plan from the Blake Jones Review.
- 3.5 In terms of governance, the creation of Transport for the North on a statutory basis in April 2018 was a major step forward for devolution of the North. This allowed the former Rail North organisation to be integrated into Transport for the North such that there is now just one strategic body overseeing transport in the North of England. This has allowed the former Rail North Ltd (a company limited by guarantee) to be dissolved as it is no longer required. Members are asked to note that this process was completed in September 2019. The 'Rail North Partnership' name continues to be used for the joint management team overseeing the franchises from Leeds.

- 3.6 One of the most significant initial tasks of Transport for the North was developing and adopting a Strategic Transport Plan for the North. This incorporates a Long Term Rail Strategy developed to guide the development of rail infrastructure and services (which was key to securing investment in the franchises). This was formally adopted (and submitted to government) by Transport for the North in February 2019.
- 3.7 Despite the challenges highlighted above, progress has been made in a number of areas including:
- Additional services introduced on both franchises including:
 - A new hourly, Leeds to Chester service via Bradford, Manchester and Warrington
 - Regular hourly services between Hull and Scarborough and between Hull and York
 - Hourly services between Blackpool and Liverpool (restoring a previous link)
 - Increase in Leeds-Harrogate services to three trains per hour.
 - Restoration of a regular hourly services to/from Gainsborough Central.
 - More regular and frequent TransPennine Express services on parts of the network.
 - Further new services from December 2019:
 - Hourly TransPennine Express services from Liverpool to Edinburgh via Newcastle and the East Coast Main Line
 - Three new daily services between Liverpool and Glasgow via the West Coast Main Line
 - A new hourly Northern service between Hull and Halifax via Leeds and Bradford restoring cross-Leeds links.
 - Further improvements additional to the service that was contracted, including:
 - Hourly trains from Redcar to/from Manchester Airport
 - Increased station calls at stations between Huddersfield and Stalybridge, restoring 2 trains per hour during peak periods
 - Measures to improve performance such as extending turnround times and adjusting the service pattern.
 - New trains are in the process of being delivered. At the time of writing, TransPennine Express had 22 trains accepted and Northern has 57 trains accepted from the manufacturers at the time of writing.
 - Transport for the North has been able to secure industry compensation for some of the delays and problems.

- The Rail North Partnership has established itself as a partially devolved team that is managing the oversight of the two franchises from within the North of England.
- The involvement of Transport for the North has brought additional scrutiny of the industry (for example through performance reports at public meetings).
- Whilst performance is still below acceptable levels, pressure from Northern leaders led to the appointment of an industry expert to oversee performance recovery – which did stabilise following the introduction of the December 2018 timetable. Funding was also secured for a programme of short-term performance enhancement schemes delivery of which is now being overseen by Network Rail.
- Community Rail initiatives and funding: Funding secured through the franchise operators.
- In our recent submission to the Williams Rail review, which is a national ‘root and branch’ review of the rail network and a once-in-a-generation opportunity to address the fundamental issues that affect our railways, we have outlined the need for Transport for the North to act as a guiding mind for the North in a re-structured de-centralised industry with the scope for further localisation including stronger links to local communities and Community Rail Partnerships.
- Around £60m of station improvements were secured through the franchises and steady progress has been made in rolling out the enhancements.
- SMART Ticketing: In partnership with, Northern, TPE and Merseyrail, Transport for the North has led the rollout of smartcards for season ticket (weekly, monthly and annual) holders across the North’s rail network. The majority of season ticket sales at ticket offices are now sold to smartcard rather than paper, with web and ticket machine retailing also now live and seeing increased passenger uptake.
- By virtue of being a statutory sub-national transport body, Transport for the North is able to make statutory advice on investment schemes to the Secretary of State – the first formal advice was made in September 2018 in relation to the Transpennine Route Upgrade scheme. Network Rail has recently commenced public consultation on the first phase of the scheme.

3.8 At a local level, Northern authorities continue to make progress with the development and delivery of schemes and initiatives. These include local station improvements (e.g Whitehaven) and new stations (such

as Warrington West due to open in December 2019). There are also a number of potential new lines under development. These include the Northumberland line project landing reopening of the line between Newcastle and Ashington to passenger services to improve connectivity and accessibility in the South East Northumberland Corridor to encourage more sustainable access to the key regional economic centres in Tyne and Wear. The project has completed the Rail Network Enhancement Pipeline governance process for Decision to Develop and will seek DfT and Treasury approvals shortly.

- 3.9 Transport for the North has supported the development of a number of innovative projects including the development of battery-electric units for the services in the North West, hydrogen trains for the Tees Valley and battery-electric trains for the Lakes Line.
- 3.10 Working as a sub-contractor to North Yorkshire County Council, Transport for the North has provided project management services in support of increased frequency on the Esk Valley line. This project has been funded by a Section 106 grant from Sirius minerals, with the aim of delivering up to 8 trains per day. From December 2019, 6 trains a day will operate and work is underway to develop infrastructure enhancements to support additional services.
- 3.11 Appendix 1 highlights some of the progress and future plans under development in the West of the region (covering Lancashire, Cumbria and Merseyside). It is planned to bring similar updates covering the three other sub-areas to future meetings of the Committee – such that during the course of a year there is an update from each of the up-areas.

4. Business Plan for 2020/21:

Proposed Priorities

- 4.1 Transport for the North's business planning process for next year has commenced. An initial plan will be presented to the Board in December 2019 with the final agreement planned for February 2020.
- 4.2 As per previous years, this report provides an opportunity for the Rail North Committee to comment on and shape the relevant aspects of draft business plan ahead of Board meeting in December 2019. This report also sets out the proposed approach to members' financial contributions which are specific to the rail franchising aspect of Transport for the North.
- 4.3 Given the progress made, but significant challenges remaining. The overarching aim for 2020/21 is:

To use Transport for the North's growing influence to help secure and accelerate delivery of service and infrastructure commitments to improve outcomes for passengers and businesses.

- 4.4 Within this, the following objectives are proposed for 2020/21:
1. To secure and implement new ways of working to provide the North with greater levels of influence over a more customer-focussed industry.
 2. To drive accountability to deliver better passenger outcomes including better performance.
 3. To secure greater levels of investment and smarter delivery of projects to support Transport for the North's strategy.
 4. To strengthen joint working with Transport for the North member authorities to make better use of local knowledge and help ensure that partners are better informed.
- 4.5 The main component of the Strategic Rail aspects of the business plan for 2020/21 are proposed to be:
1. Implement the Blake Jones Action Plan.
 2. Prepare for the Williams Review and greater devolution.
 3. Shape industry plans and policies including an integrated rail plan for the North with HS2 and NPR
 4. Develop and implement Delivery Plans for the Long Term Rail Strategy including fares reform and planning for growth and greater reliability in the future.
 5. Drive the industry to deliver performance improvements and improved passenger satisfaction.
 6. Help secure completion of the franchise investment programme.
 7. Secure and shape infrastructure development to support the long-term strategy.
 8. Support partners' development and delivery of schemes.

Resources

- 4.6 The assumed baseline resource is a continuation of the current year resource plan reflecting the fact that Transport for the North's core budget is constrained by the central government grant. This also assumes a continuation of the current level of member contributions and specific funding contribution from Department for Transport for the Rail North Partnership Management Team.
- 4.7 The range of activities that can be supported through the core funding and budget include:
- ✓ Current level of influence on franchises and outputs.
 - ✓ Servicing Rail North Committee to current levels

- ✓ Limited input to the TRU scheme around access planning and information about project progress.
- ✓ Communicating information from Rail North Partnership and operators to members.
- ✓ Response to industry consultations and engagement where directly relevant to the North.
- ✓ A basic service to member authorities on their plans and priorities except where there are able to provide additional funding.
- ✓ Establishing programme of delivery plans and development of business cases for 1-2 projects
- ✓ Collation and monitoring of an industry investment programme.

4.8 Transport for the North aspires to play a more comprehensive role in the future (building on the achievements made within the existing resources) so the business plan sets out what can be achieved as and when additional resources are secured.

4.9 The Blake Jones review contains a specific recommendation around resources to provide the capacity for both the Rail North Partnership and Transport for the North's Strategic Rail team to play a stronger role in securing better passenger outcomes. A detailed proposal for the necessary resources to fully implement the actions set out in the review is under development. It is planned to submit this to DfT in the coming weeks and the outcome of these discussions will be reported to a future meeting of the Committee. The options under development for the Northern franchise in the interim present an opportunity to implement some of the new ways of working ahead of the outcome of the Williams Review.

4.10 In addition, two further packages of additional resources are under development to support:

- A greater role in developing and delivering a pipeline of rail investment schemes across the North.
- Implementation of the Williams Review including the necessary resources to prepare for Transport for the North to shape (and play a bigger role in) future service specifications.

4.11 A summary of the draft budget including proposed member contributions for 2020/21 is included as Appendix 2.

5. Recommendations:

5.1 It is recommended that the Committee note progress on delivery of the business plan and improved passenger outcomes despite the challenges faced by the industry.

- 5.2 It is recommended that the Committee notes the formal dissolution of Rail North Ltd as the activities of the former company and now fully incorporated within Transport for the North.
- 5.3 It is recommended that the Committee discusses the approach set out in the report to the 2020/21 business plan and endorses it for inclusion in Transport for the North's draft business plan to be presented to the Board on 5th December 2019.

6. Appendices:

- 6.1 Appendix 1 - Case Study One: Cumbria and the West.
- 6.2 Appendix 2 – Draft Budget and Member Contributions.

Appendix 1 : Case Study 1 - Cumbria and the West

Transport for the North has worked closely with partners on the delivery of a number of initiatives in the West of the Region, including in Cumbria.

Carlisle to Newcastle

We have recently doubled the frequency of the Carlisle to Newcastle train service to 2 trains per hour (previously just 1 train per hour), so that it now has the most frequent train service there has ever been on the line since it opened in the 1850s.

Carlisle to Whitehaven

We have introduced refurbished, better quality rolling stock on the line from Carlisle to Whitehaven and further south along the Cumbrian coast to Barrow.

Barrow to Windermere

We have introduced new 100mph trains on the Barrow/Windermere – Manchester Airport service (8tpd to/from Barrow, and 4tpd to/from Windermere). This is a major improvement to links between the North's premier international airport and its vital tourism economy.

We have introduced brand new trains on the Windermere – Oxenholme branch line service including some services direct from Manchester Airport to Windermere.

Freight Services

Transport for the North is supporting the scheme to increase capacity for freight trains along the Cumbrian Coast, including to and from the proposed new coal mine at Whitehaven to Tees port on the east coast.

Newton-le-Willows

The Liverpool City Region has worked closely with Northern to deliver a major improvement at Newton-le-Willows station at a cost of ca £20m. This includes the station being made fully accessible along with a dedicated bus interchange

and a new 400 space park and ride. This tied in with the improved services provided by TPE which call at the station and the new Northern rolling stock.

Halton Curve

The Halton Curve was reopened for rail services in both directions and a new service operated between Liverpool and Chester providing improved links from North Wales into John Lennon Airport.

Improved Links to Scotland

From December 2019 TPE will be providing 3 trains a day from Liverpool to Glasgow and the Liverpool to Newcastle services will be extended through to Edinburgh providing improved long distance links for the Liverpool City Region.

Skelmersdale Link

The Liverpool City Region (LCR) is working with Lancashire County Council to deliver a new rail link into Skelmersdale. Linked to this the LCR is intending to extend the Merseyrail network through to a new station at Headbolt Lane, Kirkby by 2023.

Improved Access

The LCR is taking forward improved access schemes at Prescot and Broad Green which will provide lift access at both stations.

Southport-Manchester services

As part of the reorganisation of services Southport the LCR worked closely with Transport for the North to re-introduce the direct link to the south of Manchester improving access for Southport into the Manchester area.

Further Enhancements

Within the next 12 months operators will introduce refurbished, better quality rolling stock on the Carlisle to Newcastle line and, as part of our Long-Term rail Strategy setting out our plans for beyond 2020, we are starting to work on:

- Reducing the Carlisle to Newcastle journey time by up to 20 minutes.
- Reducing the Carlisle to Whitehaven journey time by up to 15 minutes.
- Doubling the frequency of the Carlisle to Whitehaven service to 2 trains per hour - the most frequent train service on the line since the 19th century.

- Reducing the Barrow – Lancaster journey time by 10 - 15 minutes and increasing the frequency on the Barrow – Lancaster line to 2 trains every hour (from its current mix of 1 or 2 trains per hour).
- We are working partners in Cumbria to look at the feasibility of 2 trains per hours on the Lakes Line (Oxenholme to Windermere and some direct trains to Manchester Airport) and the investment in infrastructure that would be required to make it happen.
- We are also working with partners on the Carlisle Station Masterplan including the potential for an additional entrance, passenger facilities urban realm works.

Appendix 2 – Draft Budget and Member Contributions

The draft budget is set out below. This is subject to further revision as part of TfN’s business planning process and a further draft will be presented to TfN’s Board in December for discussion.

Draft Budget for 2020/21			
	Revised	Proposed	
Budget (£000s)	2019/20	2020/21	
TfN Strategic Rail	1239.78	1124	
Rail North Partnership	980.204	1037	
Total Base	2219.99	2161	Base
TRU project (RNP)	0	259	
Blake Jones Implementation (TBC)	0	415	
	2219.99	2835	Total
Resourced from (£000s):			
		£000s	
Transport the North Core Grant	996.988	840	Subject to confirmation
Rail Grant (Members)	541.748	558	Indexed as per agreement
RNP Grant (DfT)	582	582	Pending indexation
Partner Contributions	38.835	40	Indexed as per agreement
Additional Partner Contributions	19.4175	20	Net of contributions in kind
NYCC (Esk Valley)	41	70	Cost recovery on project
TRU Funding (Network Rail)	0	260	Cost recovery on project
Additional RNP Grant (DfT)	0	50	Subject to confirmation
Blake Jones Funding	0	415	Subject to confirmation
	2219.99	2835	

Note that the reduction in core grant reflects slippage from 2018/19 in last year’s budget falling way in the forthcoming cycle.

The baseline proposition for Member contributions for the year 2020/21 is essentially no change from the current financial year (save for the application of indexation as set out in the relevant agreements).

The proposed total Members contributions (as specified in Transport for the North's Franchise Management Agreement) are:

- Member Contributions: £36,000 (plus indexation) 'Cash' contribution
- Additional Contributions: £36,000 (plus indexation) 'Cash' or 'in kind' contribution.
- Supplemental Payments: £500,00 (plus indexation) Combined Authorities/PTEs only

Previously 'in kind' contributions have been permitted or the Additional Contributions in the form of staff time (for example Local Transport Authority staff working on specific projects or programmes on behalf of Transport for the North). Specific members' contributions are set out in the Franchise Management Agreement and are based on voting metrics (which are in turn based on passenger mileage in each Local Transport Authority area).

List of Background Documents:

There are no background papers to this report.

Required Considerations
Equalities:

Age	Yes	No
Disability	Yes	No
Gender Reassignment	Yes	No
Pregnancy and Maternity	Yes	No
Race	Yes	No
Religion or Belief	Yes	No
Sex	Yes	No
Sexual Orientation	Yes	No

Consideration	Comment	Responsible Officer	Director
Equalities	A full Impact assessment has not been carried out because this does not deal with specific proposals.	David Hoggarth	David Hoggarth

Environment and Sustainability

Yes	No
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Consideration	Comment	Responsible Officer	Director
Sustainability / Environment – including considerations regarding Active Travel and Wellbeing	A full impact assessment has not been carried out because the report does not contain any specific proposals.	David Hoggarth	David Hoggarth

Legal

Yes	No
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Consideration	Comment	Responsible Officer	Director
Legal	Transport for the North Legal Team has confirmed there are no legal implications.	Deborah Dimock	Julie Openshaw

Finance

Yes	No
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Consideration	Comment	Responsible Officer	Director
Finance	The budgetary expenditure values included in this report (Appendix 2) are largely in draft form at this stage, but have been prepared in line with prudent assumptions.	Gareth Sutton	Iain Craven

Resource

Yes	No
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Consideration	Comment	Responsible Officer	Director
Resource	The resource implications are being developed as part of the 2020/21 Business Plan	Stephen Hipwell	Dawn Madin

Risk

Yes	No
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Consideration	Comment	Responsible Officer	Director
Risk	A risk assessment has not been carried out	David Hoggarth	David Hoggarth

Consultation

Yes	No
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Consideration	Comment	Responsible Officer	Director
Consultation	This report forms part of the consultation with Transport for the North member authorities.	David Hoggarth	David Hoggarth