

Report to: Transport Committee

Date: 15 May 2020

Subject: **Northern Trains: Priorities for Leeds City Region**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	

1. Purpose of this report

1.1. The purpose of this report is to:

- Update Transport Committee on the transition of the Northern operation from the Arriva Trains North franchise to the Operator of Last Resort.
- Highlight for the Committee the opportunity this presents to establish a new working relationship with Northern, and to seek endorsement for this approach.
- Set out a summary of the issues and challenges for the Northern operation and to seek endorsement for the Combined Authority's proposed priorities for engagement with Northern.

1.2. Consideration of these issues commenced before the COVID 19 "lockdown" was imposed in March 2020, with its far-reaching impacts on the railway. However, the issues discussed in this report are expected not only to remain after this period passes, but the experience gained during this time may well also help guide future decisions. The principles set out should also guide how

the Combined Authority influences Northern's post-COVID 19 recovery planning. This is discussed in more detail from paragraph 2.33 below.

2. Information

Background

- 2.1. The Arriva Rail North (Arriva) franchise was terminated on 1 March 2020, with responsibility for the Northern network transferred to the publicly-owned "Operator of Last Resort" (OLR), as Northern Trains Limited (Northern). Whilst Northern is ultimately owned by central Government it is managed, as was the Arriva franchise, by the Rail North Partnership, a partnership of DfT and Transport for the North.
- 2.2. The relationship is governed by a Services Agreement. This is based on the former Franchise Agreement but modified to reflect the new financial and operating requirements. The Services Agreement is expected to be published shortly by DfT.
- 2.3. Under these arrangements the Rail North Committee retains a role in influencing the operation and holding the operator to account on behalf of passengers, in parallel with the ongoing arrangement for the TransPennine Express franchise. West Yorkshire and York is represented on the Rail North Committee by Councillor Judith Blake.
- 2.4. The Arriva franchise failed, ultimately, because revenue failed to meet expectations in line with the franchise bid. The Northern operation was therefore under tremendous financial strain as it sustained heavy losses, with the funding gap being filled by Arriva. Under OLR this burden is lifted, and the absence of a commercial franchise agreement presents the opportunity for a different type of relationship with Northern.
- 2.5. Nick Donovan has taken over as the Managing Director of Northern, and Richard George continues to be involved as Chair of OLR. Nick and Richard addressed the 12 March 2020 meeting of the Rail North Committee. At this meeting they set out the opportunity under the new arrangements to 'reset' the relationship between Northern and its partners across the North. Richard George has indicated that he wishes to establish closer relationships with political leaders in the major metropolitan areas, and an initial discussion has taken place between Councillor Blake, Richard George and Nick Donovan.
- 2.6. This paper seeks endorsement to the principle of establishing a closer working relationship with Northern based on previously agreed objectives. These principles are underpinned by our devolution and Williams Review position, namely:
 - A closer partnership where we work openly and honestly as partners, recognising our respective roles, including the role of elected members as passenger champion and holding the operator to account when things go wrong.

- A relationship that addresses the important role that the rail network performs in West Yorkshire in delivery of our policy objectives for clean and inclusive growth. In particular, the rail network is fundamental in achieving sustainable access to our main employment centres.
 - The importance we attach to ensuring enough capacity is available to achieving these ambitions, alongside getting the day-to-day operational basics right.
- 2.7. It is anticipated that the OLR arrangements for Northern will apply until a new structure is put in place in response to the long-awaited Williams Review. Although not yet published, this is widely expected to be based on an operating concession model.

Issues and challenges for the Northern operation

- 2.8. As previously reported to Committee, passenger satisfaction and operating performance remained low on the Northern network under the previous franchise, in comparison both with historic levels and with other operators nationally. Crowding has remained chronic on most corridors at peak times, and the operator has been negatively perceived¹.
- 2.9. The factors behind this are multifaceted and complex, but include a long-term lack of investment in both infrastructure and trains, plus under-resourcing of trains and staff. Whilst a lot of blame has been apportioned to the failure of government and/or Network Rail to deliver committed / expected infrastructure upgrades, this is only part of the picture, and our analysis suggests that the franchise would have struggled to deliver (reliably or at all) its committed December 2019 services with sufficient capacity even if the upgrades had been completed.
- 2.10. The transition to OLR presents an opportunity to take steps to address some of the most pressing problems on the Northern network, as well as other interventions that might be considered in the shorter term to improve the passenger experience, including low-cost interventions and “soft factors” which relate to the operator’s image.
- 2.11. The messages coming from the top level in Northern imply an openness to considering such inputs: they have already come up with some clear “quick-wins” which were to be implemented in the early stages, before COVID 19 intervened, and the points in this paper are intended to align with the emerging ethos and look “beyond 100 days”. They are not intended to be longer-term interventions or to have regard to any industry reforms that might emerge from the Williams Review and inform what follows after the OLR Northern period of operation.
- 2.12. A recurring theme will be the insufficient size of the Northern train fleet, especially diesel units, to meet present-day demand levels, let alone forecast

¹ See, for example: <https://www.theguardian.com/business/2020/jan/28/northern-rail-passengers-uk-franchise>

growth. This needs to be seen in the context of a severe national shortage of such trains, linked to the ageing existing fleet, the drive to withdraw Pacers, and the lack of an electrification programme. As a consequence, while some diesel trains are available and could be brought into the Northern fleet (either directly or via “cascading”), it is difficult to see a quick answer that would eliminate the shortfall entirely – and even doing this is likely to require some quick decisions once the COVID 19 crisis passes.

2.13. Potential shorter-term interventions come into a number of categories:

- Short-term low-cost “quick wins” targeting performance, the passenger experience, and the image of the operator
- Short-term interventions with some, but arguably modest, cost, such as minor improvements to the ambience of carriages, and improvements to passenger information and facilities on stations
- Timetable choices: what is the right balance between the provision of sufficient capacity and improved punctuality / reliability? Do we still wish to pursue all the additional services that Arriva were committed to delivering but were not in fact running yet? Are there services that are currently operating (or soon to start) but that may no longer be a priority? Will there need to be service changes to improve operating performance and appropriate train capacity, in advance of additional rolling stock becoming available, in order to allow more and/or more robust service delivery?
- In the medium term (but commencing as soon as practicable), the injection of additional rolling stock.

2.14. In the longer term, the Combined Authority will be seeking to influence whatever model of train service specification comes after the current OLR period. What form this will take will depend on how Government chooses to implement the recommendations of the Williams Review of the industry, and it is not yet clear over what timescale this will happen. Equally, in the medium term, it is acknowledged that the devolution deal will alter how the Combined Authority engages with the industry – hopefully enhancing our voice. Dealing with the most pressing problems cannot be delayed.

2.15. Finally, it must again be emphasised that these shorter-term measures, targeting the most pressing problems of reliability and crowding over a timescale within which it would not be practicable to deliver infrastructure upgrades, must not be viewed as an alternative to providing such upgrades. Network enhancements (including capacity schemes and electrification), backed up by a sufficient fleet of attractive and reliable trains, must follow, and the Combined Authority will continue to press for these at every opportunity.

Short-term, low-cost interventions - within a year

2.16. Measures that come under this category, themes with which we believe Northern management to be already engaging, could include:

- Additional training for drivers and guards to achieve improved operating discipline, aimed at reducing small delays², and for guards on passenger care and information – but also potentially improved engagement with front-line staff, helping to increase motivation and pride
- Refreshing Northern’s approach to communication with its passengers, focusing on honesty and empathy in light of past failings: what has gone wrong previously and why, as well as what can and cannot be achieved in the short, medium and longer terms – the aim being to help rebuild trust between the operator and its passengers

Short-term interventions at relatively modest cost - within a year

- 2.17. Northern has already committed itself to a “deep clean” of the fleet inherited from Arriva. This is clearly welcome, though its impact will be primarily be felt on a minority of the fleet, namely the older and unrefurbished trains. However, additional measures could target shortcomings with the refurbished fleet and new fleets, such as seat coverings.
- 2.18. Upgrading the information provided at main hubs such as Leeds and Manchester Victoria, such as by providing full public address systems to advise on disruptions and assist passengers.
- 2.19. Incremental improvements to station facilities, such as ensuring that stations that are only staffed for a part of the day have adequate alternative shelter for times when waiting rooms cannot be kept open.

Short-to-medium term interventions: timetable choices - one to two years

- 2.20. It is assumed that the scope to introduce significant numbers of additional trains into the Northern fleet within the short term is limited – though it is not zero, and some time could be “bought” if a speedy decision were made to delay further the withdrawal of the Pacer trains. Therefore within this category fall timetable choices – discussed above: essentially, the scope to focus resources on consistently delivering reliability and punctuality alongside adequate capacity. This could include longer but less frequent trains.
- 2.21. Such steps could free up units to add capacity, where currently they struggle to meet normal demand, and/or Northern could increase fleet reserves to the levels needed to reduce the frequency of trains being “short-formed” on the day due to units not being available. Re-focusing services could, by simplifying service patterns and reducing conflicts with other trains, improve the punctuality and reliability of services.
- 2.22. Similar questions apply to services which were in the former Arriva franchise Train Service Requirement specification, but which it was not possible to deliver.

² This was a recommendation of Richard George’s 2019 enquiry into rail in the North.

- 2.23. In considering any service changes, it should be emphasised that these would be temporary measures which do not remove the urgent need for Government to address the root causes of the shortages and poor performance, by the provision of additional rolling-stock (see below) and progressing overdue infrastructure interventions.

Short-to-medium term interventions: other interventions - one to two years

- 2.24. Within a similar timescale, other interventions that might be considered could include:
- Completing the refurbishment programme to all of the inherited Arriva train fleet, including³
 - (as a top priority) accessibility modifications and the removal of track-discharge toilets;
 - interior refits not yet carried out;
 - installation of wi-fi and charging points
 - Remedial work (potentially carried out in whole or part under warranty by the manufacturer) to certain new units to address faults⁴
 - Station shelters: some stations which are staffed during certain hours but not all day have no, or minimal, passenger shelter available during the hours when the station is not staffed – perversely, many are relatively busy stations such as Halifax; solutions could be either capital (provide improved shelters) or revenue (extend station staffing hours).

Medium-term interventions: the “missing fleet” – one to three years

- 2.25. As noted above, the evidence is that the fleet, particularly that of diesel trains, is simply too small to enable all of the services currently in the timetable to be operated with trains long enough to meet normal demand, and to do so reliably (i.e. without frequent on-the-day short-forming). It is clear that the long-term solution is electrification (not least given the large number of good-quality electric trains currently not in use elsewhere) – but providing additional carriages in our region cannot wait for this to happen. While not all of the new Northern trains have been put into service yet, it appears that these will not be sufficient. It is not clear that, even if all Network Rail interventions needed such as longer platforms at Leeds had been provided, Arriva would have been able to provide the train lengths that were expected and needed.
- 2.26. Fleet planning is a highly complex and technical matter, but we have attempted to calculate the order of magnitude of “the missing fleet”. This has been done by comparing the numbers of carriages which are currently (March 2020) timetabled to be provided in the AM and PM peaks on all Northern lines regularly serving West Yorkshire, against the numbers that would have been provided if Arriva’s originally proposed December 2019 train-plan had been delivered. It has also been compared against the numbers that our own

³ It is not clear whether a commitment to do these things has been carried from Arriva into Northern.

⁴ This would increase pressure on the train fleet. Again, consideration should be given to extending the reprieve of the Pacer units until this has been completed and potentially other additional rolling-stock sourced.

knowledge of regular demand levels⁵ has indicated are actually needed if existing trains were to operate with acceptable levels of peak crowding.

- 2.27. After adding allowances for maintenance spares and a small uplift to increase the reliability of the intended train formation actually being provided “on the day”, the calculations suggest that of the order of 38 to 43 extra carriages would be likely to be needed to provide the train lengths that Arriva had originally proposed for December 2019 – or about 50 to 56 vehicles to bring crowding down to acceptable levels. It is however important again to emphasise that this is not a precise exercise and is intended merely to give a sense of the scale of the issue.
- 2.28. There is therefore a strong case for the Combined Authority to argue that Government should prioritise the provision of significant numbers of additional trains, as these are urgently needed to bring services in our area to acceptable levels consistent with the promises made in 2016 when the Arriva franchise began, and with actual normal levels of passenger demand.
- 2.29. While platform lengths would at present in some places constrain the ability to provide the longer trains needed, and much of the lengthening work required in this area is still not committed, the point is that even when this is done, the trains cannot be lengthened without this additional rolling-stock.
- 2.30. It is worth adding that colleagues in combined authorities in Greater Manchester, South Yorkshire and Merseyside are also carrying out similar exercises, as is TfN. Once this has been done and the results reconciled (including to address overlaps where services cross boundaries), it is hoped that a fuller picture will emerge of “The North’s Missing Fleet”, and so frame a clear “ask” to Government and to the industry, backed up by consistent data.
- 2.31. It is understood from informal conversations that Northern management would agree that an injection of additional rolling stock into their operation is needed. There may well be scope for cooperative working with the train operator.

Longer-term interventions

- 2.32. Longer-term strategic interventions in rail in our region, in particular those currently assumed to relate to a timescale beyond that currently envisaged for Northern under the present arrangements, are outside the scope of this paper, but are forming the focus of ongoing work by the Combined Authority, both in its own right and within Transport for the North.

Impact of the COVID 19 crisis

- 2.33. As noted above, the COVID 19 situation has had profound implications on the operation of the railway in this region, as elsewhere – and will continue to do so for a long time. It is impossible sensibly to estimate the timescale or magnitude of the impacts, but the following are likely to be relevant:

⁵ Based on formal counts, consultants’ market assessments, and regular observations.

- As the railway has focused on the function of conveying key workers to essential jobs (alongside maintaining vital freight flows), both demand and the volume of trains running have dropped sharply, as expected.
- While it is impossible to be certain, it is likely that when restrictions do come to be lifted, both demand and supply will increase in a gradual way – though not necessarily in step with one another, which may well give rise to challenges.
- It is legitimate to ask both:
 - (a) Will demand return, in the long run, to previous levels, and growth resume?
 - (b) Should we be seeking to return to the same service levels and patterns as previously?

2.34. On the demand side, it seems likely that a significant number of workers, especially in the types of white-collar city-centre office employment that makes up much current rail commuting demand, may feel more disposed to work from home more frequently, even if only for one or two days a week. On the face of it, this could reduce demand and crowding pressure on the busiest rail services, but could further damage their revenues. However, it is entirely possible that this easing will not last: previous experience of adding capacity to our commuter network has shown that this unlocks demand that is currently suppressed from travelling by rail at all. Therefore in our region, where rail's modal share is generally lower than in London and the South-East and car use remains significant, we may well not see the long-term demand drops that have been suggested around London: rather, the change will just “buy us time” to address the chronic crowding issues.

2.35. In the short term, it seems likely that when travel restrictions are lifted, there will be a sharp uplift in leisure travel by all modes, as journeys to family, friends and countryside/recreational facilities resume. In the longer term, there seems little reason to suppose that leisure travel will not resume its historic growth trends on rail, particularly as attention re-focuses on the climate emergency – subject, it must be borne in mind, to the state of the wider economy. Business travel is difficult to predict, but in this case an initial “uptick” could be followed by a slight drop, as a result of increased awareness of the possibilities of remote meeting technology.

2.36. A significant caveat will be the need for the public to regain confidence in public transport in general, and rail in particular. This relates not only to the perceived personal safety of travelling by train after COVID 19, but also to the longer-term issues set out above in relation to the Northern rail operation.

2.37. As reported elsewhere to this Committee, the greatly reduced train timetables operating, and numbers travelling, during the COVID 19 “lockdown” have resulted in train services that have, overwhelmingly, been reliable and punctual. While this would be expected, it does underline a point that has been made since at least the May 2018 timetable collapse and has become more voluble: that the railway is, under “business as usual”, running with more trains than its current infrastructure can reliably cope with – and that there is a

case for the “fewer but longer” principle on some lines. While this will not be relevant everywhere (the Combined Authority would not wish to see services below 2 trains per hour at any West Yorkshire station), and it cannot be a substitute for urgently needed investment in trains and infrastructure, there may well be cases where this principle could be applied effectively in our region, as services gradually are rebuilt after the lockdowns.

- 2.38. In addition, it seems clear that the COVID 19 crisis has placed a massive burden on public finances and the wider economy. While Government may consider it wise to respond to the seemingly inevitable recession by increasing spending to restart economy activity, and infrastructure projects such as rail could play a role in that, there must equally be a risk that Government’s response could be to cut back on spending and investment – at worst, a return to “austerity”. This latter tactic could pose a significant threat not only to future investment, but even to the maintenance of historic service levels where, as on Northern, these are reliant on subsidy.
- 2.39. In light of the economic shock to which COVID 19 has subjected the remaining commercial franchised operators (such as Trans-Pennine and Cross-Country) and Government’s emergency measures to support them, it remains to be seen how the future for these other rail operators will look. It seems possible that comparable decisions may need to be made to those made in respect of Northern.
- 2.40. It also follows from the above that the case for major, longer-term investments in the North’s rail transport infrastructure, such as Northern Powerhouse Rail and High Speed 2 integrated into regional connectivity, will be at least as strong in a post-COVID 19 world: restarting the economy with such an infrastructure investment boost will help many sectors of the economy to recover, and the need for the British economy to be rebalanced will be at least as great as previously. In addition, the recent unintended reductions in air pollution and greenhouse-gas emissions have underlined the need to drive forward a cleaner form of economic growth towards a post-carbon future, supported by sustainable non-carbon transport.
- 2.41. The work by the National Infrastructure Commission and Government to develop an Integrated Rail Plan, and the Combined Authority’s input to that, will therefore be an important vehicle to re-set and properly integrate rail investment, in the context of a post Covid 19 world.

3. Clean Growth implications

- 3.1. The ability of rail to contribute to modal shift from car use towards public transport, and so reduce the harmful consequences of car use, has been compromised by the poor performance of rail under the Arriva franchise. Any steps that address these shortcomings, in particular by increasing the capacity of trains and improving their reliability, is therefore directly relevant to achieving the goals of clean growth. Electrification of the rail network is also a vital input to achieving a zero-carbon economy. The imperative of recovering

and enhancing the attractiveness of public transport is arguably even greater in framing the recovery from the COVID 19 pandemic.

4. Inclusive Growth implications

- 4.1. Rail plays an essential role in social inclusion by enabling access to opportunity and amenity. Any interventions which unlock constraints to rail use (including its ability to convey the numbers of passengers seeking to travel) are therefore wholly consistent with inclusive growth.

5. Financial Implications

- 5.1. There are no financial implications directly arising from this report.

6. Legal Implications

- 6.1. There are no legal implications directly arising from this report.

7. Staffing Implications

- 7.1. There are no staffing implications directly arising from this report.

8. External Consultees

- 8.1. While this paper is based on existing Combined Authority rail policy, consultation on its specific contents has not been carried out and will be required should certain specific measures be subsequently identified for possible implementation.

9. Recommendations

- 9.1. That the Committee endorse the principle of a new relationship with Northern based on openness, honesty and working in partnership, which recognises elected members' role as passenger champion, and which secures delivery of strategic objectives for clean and inclusive growth, recognising the important role for rail in West Yorkshire in achieving these.
- 9.2. That the Committee note the issues facing Northern as OLR takes over the operation from Arriva.
- 9.3. That the Committee approve the principle that Combined Authority officers should work with Northern, TfN and others to identify potential interventions for the short-to-medium term period after the industry emerges from COVID 19 restrictions but while OLR continues. These interventions should be directed towards the key principles of:
 - Improving reliability and punctuality
 - Providing train capacity where it is most needed
 - Improving staff morale and the image of the rail operator

- Making small-scale but noticeable improvements to the passenger experience at trains and on stations, including better information
- Setting the agenda for the longer-term investment that rail in our region requires

The broad types of intervention, to address the issues identified above and summarised below and form the basis of further discussion for Combined Authority officers with Northern and TfN, include:

Short-term, low-cost	<ul style="list-style-type: none"> • Staff training and engagement • “Soft factors” – communications and image
Short-term, modest-cost	<ul style="list-style-type: none"> • Minor improvements to train interiors • Improved passenger information at hub stations • Station service access
Short-to-medium term	<ul style="list-style-type: none"> • Temporary timetable interventions to drive performance • Complete fleet refurbishment programme • Remedial work to class 195 fleet • Station facilities “quick wins”
Medium-term	<ul style="list-style-type: none"> • “The missing fleet”: • Complete assessment of scale of requirements • Put forward request and evidence to Government

10. Background Documents

10.1. None

11. Appendices

11.1. None