

Report to: Transport Committee

Date: 15th January 2021

Subject: Rail Matters

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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 type="checkbox"/> Yes <input checked="" 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 To update the Committee on the next stages in developing the West Yorkshire Rail Strategy, as well as other strategic rail matters.
- 1.2 To seek the Committee's approval to write to Government explaining and expressing opposition to the National Infrastructure Commission's Rail Needs Assessment.
- 1.3 To seek formal endorsement from the Committee to the Combined Authority's input to the Union Connectivity Review call for evidence.

2. Information

Rail Strategy work programme

- 2.1 At its meeting of 20 November 2020, Transport Committee considered and approved the draft Rail Vision document and endorsed the document to be considered by the Combined Authority for public engagement as part of the wider Connectivity Plan suite of documents.

- 2.2 As the first product of our new Rail Strategy, the Rail Vision sets our local ambition for rail in West Yorkshire. Attention now turns to the development of the strategy in full in 2021 – developing the vision into an evidence-based, prioritised strategy for rail investment in our region.
- 2.3 The next stages of strategy development will focus on technical work and further enhancement of the evidence base. In support of this, the Combined Authority have commissioned consultants Steer to act as strategic advisers, as an extension to the Rail team, to provide additional technical capacity and capability, and to bring a degree of independent advice to the process.
- 2.4 As an initial focus, Steer are producing a piece of work to help inform the pipeline of work required for us to develop our new Rail Strategy. This work will focus on identifying specific strategic opportunities for change to allow our work to be targeted. Opportunities for change will include both industry mechanisms (i.e. franchising, HS2 / NPR development, periodic review cycles) and broader regional milestones (i.e. Mayoral election, local funding). The output of this work will enable us to develop a prioritised work programme that is aligned to each priority area set out within the Vision.

Rail Expert Panel Feedback

- 2.5 In early December Councillor Groves chaired the first meeting of the Rail Expert Panel. The meeting was well attended by senior representatives from the rail industry.
- 2.6 The aim of the Panel is to provide a forum for the rail industry to engage with the Combined Authority to discuss strategic plans and influence rail policy development for West Yorkshire. This will ensure that priorities and delivery plans are informed by external and industry expertise.
- 2.7 The Panel focuses on longer-term rail policy and strategic thinking. This is distinct from the Rail Operators Forum which focuses on current operational issues and performance of the rail network. Attendees have been identified based on their strategic and policy-based roles and expertise. Specifically, the panel will:
- assist in identifying opportunities for collaborative working between the rail industry and West Yorkshire partners; and
 - provide a sounding board for the Combined Authority to test out ideas for the development of the rail strategy alongside the industry and recognised experts.
- 2.8 The aims and objectives of the Panel were agreed at the meeting. The work being undertaken to create the next West Yorkshire Rail Strategy was outlined, including the draft Rail Vision. The discussion included constructive challenges alongside helpful offers to support our work and identify areas of common interest and collaboration.
- 2.9 As mentioned above, the Combined Authority has engaged consultants with a strategic rail advisor role. The Panel considered the pipeline of activity

proposed under this commission. There was a specific discussion on an early commission examining access to the rail network, providing valuable feedback.

- 2.10 The Panel meeting was judged by all parties to be a useful first meeting, providing a forum to add value to other parties' activity and avoid duplication or work being carried out in 'silos'. The Panel will continue to meet quarterly and will complement the day-to-day engagement undertaken with the industry.

Rail Needs Assessment and Integrated Rail Plan

- 2.11 Following the Oakervee review of HS2 in February 2020, the Government announced its intention to draw up an Integrated Rail Plan (IRP) for the North and the Midlands which will identify the most effective scoping, phasing and sequencing of relevant investments and how to integrate HS2, Northern Powerhouse Rail, Midlands Rail Hub and other proposed rail investments. This IRP will be informed by the National Infrastructure Commission's (NIC) independent assessment of the rail needs of the Midlands and the North. The Infrastructure and Projects Authority is conducting a review of the lessons learned from HS2 Phases 1 and 2a on the supply chain, costs and delivery which will also feed into the Government's Plan.
- 2.12 The NIC published the Rail Needs Assessment on 15 December 2020. Ultimately, it is for the Government to draw up the IRP and decide on the appropriate level of investment in rail. It is envisaged that the IRP will be published in early 2021, possibly around the same time as the Union Connectivity Review Interim Report.
- 2.13 The NIC has presented 5 packages of rail investment within three illustrative budgets (baseline, 'plus 25 per cent' and 'plus 50 per cent'). The packages of options are summarised below:
- Baseline – completing the western leg of HS2 Phase 2b and upgrading key existing lines including the East Coast Main Line and Midland Main Line.
 - Prioritising regional links – two options are set out:
 - 'Plus 25 per cent' package will deliver major upgrades on the Liverpool, Manchester, Leeds corridor, addressing congestion between Leeds and York and improving links to Bradford, a new high-speed line from Birmingham to the East Midlands providing direct services to Nottingham, upgrades to the Midland Main Line and East Coast Main Line, improving links to Birmingham Airport and enhancements across the Midlands through the Midlands Rail Hub.
 - 'Plus 50 per cent' package includes building new lines across the Liverpool, Manchester, Leeds corridor which also serve Bradford, increasing capacity between Leeds and Newcastle and upgrading the route from Manchester to Sheffield, delivering a new line into Leeds, providing improved journey times to/from Sheffield, and upgrades to the Erewash Valley route, as well as the Midland Main Line, building a new high speed line from Birmingham to the East Midlands, improving links to Birmingham Airport and enhancements across the Midlands through the Midlands Rail Hub.

- Prioritising long distance links – two options are set out:
 - ‘Plus 25 per cent’ package focuses on delivering the full HS2 Phase 2b network to improve long distance connections, completing the Transpennine Route Upgrade between Leeds and Manchester, and Midlands Connect schemes that utilise the eastern leg of HS2.
 - ‘Plus 50 per cent’ package could deliver schemes in the ‘plus 25 per cent’ package, as well as adding additional tracks to the Transpennine Route Upgrade between York and Manchester, upgrading connections and capacity from York to Newcastle, and Manchester to Liverpool, and building the Midlands Rail Hub to improve capacity into and across the Midlands.

2.14 The plans summarising the five package options are included at **Appendix 1**, and a link to the NIC’s full report is included in the **Background Documents** section.

2.15 The report concludes that:

- Focusing on upgrades will not address the issues in the Midlands and the North.
- The report does not rule out the further development of HS2 Phase 2b eastern leg, and the full eastern leg of HS2 Phase 2b from Birmingham to Leeds is included in the packages prioritising long distance links. However, it suggests that prioritising regional links appears to have the highest potential economic benefits overall for cities in the Midlands and the North.
- All packages of options include at least £15 billion funding for decarbonisation, digital signalling and ‘early wins’ and an allowance for optimism bias.

2.16 West Yorkshire Leaders have sent a letter to Ministers to highlight their concerns including:

- The overall funding envelope creating a choice between Northern Powerhouse Rail (NPR) and HS2 East, when both projects are vital for economic growth, recovery, the ‘levelling up’ agenda and development of skills and training.
- The approach and methodology used in the report is inconsistent and fundamentally flawed and completely misrepresents the geography and economy of the Leeds City region.
- None of the scenarios deliver NPR in full, with a new line between Leeds, Bradford and Manchester,
- While Leeds is the main bottleneck of the rail network and suffers from the worst reliability in the North, which constrains growth across the region, investment at Leeds and its approaches are not recognised or prioritised in the report.
- The indecision on HS2 East will significantly undermine business confidence and cause significant development blight around Leeds station for years.

- The report takes no account of the severe capacity constraints that exist on the approaches to Leeds and the very significant land assembly challenges that would be faced once meaningful design work was undertaken.

2.17 The letter calls on Government to:

- Increase the fiscal funding envelope by real investment in rail, skills and training.
- Provide certainty on rail investment in the short, medium and the long terms to restore businesses confidence. These include Leeds capacity improvements (station and track), Transpennine Route Upgrade, electrification, and the full Northern Powerhouse Rail with a new line between Leeds, Bradford city centre and Manchester.
- Provide certainty on the future of HS2 East which is currently paused and honour its commitment to deliver the eastern leg of HS2 in full and do so on the same timescale as the western leg.
- Break the cycle of promises followed by downgrade or cancellation

2.18 A copy of the letter is included at **Appendix 2**.

2.19 It is also recommended that Transport Committee agree to write along similar lines outlined in paragraph 2.17.

Spending Review and impact on rail budget

2.20 The Spending Review confirmed the level of investment available for rail infrastructure, committing over £40bn. This includes £17.5 billion for renewing and upgrading the rail network over the next three years, in addition to £22.6 billion funding for HS2 phase 1. Funding for the delivery of HS2 phase 2b east, however, is still pending until the publication of the Integrated Rail Plan.

2.21 Over £2 billion of funding was confirmed for 2021-22 for rail services, building on the estimated £12.8 billion of support for transport services that the government has already committed to provide in 2020-21. This has supported the ongoing provision of rail services in the context of substantially reduced revenue due to the COVID-19 crisis.

2.22 The rail enhancements budget for the five-year period from 2019-24 has been reduced to £9.4bn from £10.4bn. The adjustment to the budget has been made on the basis that it was *“required to strike the best balance between the interests of taxpayers and passengers and making the best use of public spending in the face of serious economic challenges”*.

2.23 This budget reduction has not cancelled funding of any committed rail enhancement projects. The Department for Transport indicated that it will *“continue to use a portfolio approach and the Rail Network Enhancement Pipeline (RNEP) to manage the progression of schemes and decisions on individual schemes will be considered as they reach appropriate levels of maturity within the context of the new funding envelope”*.

- 2.24 The budget for Network Rail's operations, maintenance and renewals for the 2019-24 period remain unchanged.

Northern Powerhouse Rail Strategic Outline Case

- 2.25 At its meeting on 18 November 2020, the Transport for the North (TfN) Board agreed an initial preferred approach to the Northern Powerhouse Rail (NPR) network and potential construction phasing. The proposed network includes:
- A new line between Manchester and Leeds via central Bradford.
 - Significant upgrades of the East Coast Main Line from Leeds to Newcastle, which includes restoration of the closed Leamside Line.
 - Electrification and line speed improvements between Leeds and Hull.
 - Electrification and upgrades connecting Sheffield to the HS2 network at Clayton, to provide onward connectivity to Leeds (via HS2).
- 2.26 Overall, the proposed network responds to the Combined Authority's agreed ambitions and will significantly improve connectivity across the North and could start to deliver benefits by the middle of this decade. There are still concerns in relation to timetabling assumptions for NPR, which could impact Sheffield services and some local Leeds services, for example. TfN has agreed to work more co-operatively with the Combined Authority on the next phase of work to resolve these issues.
- 2.27 Work is continuing the Strategic Outline Case (SOC) for NPR, refining both costs and benefits with a final decision on the preferred way forward for the NPR network to be considered by the TfN Board in early 2021. TfN then aims to submit the SOC to government in spring, although this may be dependent on the content of the Integrated Rail Plan, due to be published by the government in February.

Union Connectivity Review

- 2.28 Sir Peter Hendy has been tasked with undertaking an independent review into the connectivity of the United Kingdom to ensure that all 4 nations (England, Scotland, Wales and Northern Ireland) are able to maximise the economic, cultural and social benefits of being part of the United Kingdom.
- 2.29 The review is considering the following:
- The quality and reliability of major connections across the United Kingdom;
 - Likely current and future demand for transport links;
 - The environmental impact of policy options (including climate change); and
 - Existing work completed by the Government on cross-United Kingdom connectivity.
- 2.30 It will consider the work across modes to restart and recover from the COVID-19 pandemic.

- 2.31 The review will provide an overview of how connectivity between the nations of the United Kingdom can support economic growth and an improvement in quality of life. It will outline specific recommendations which will individually and collectively contribute to this outcome.
- 2.32 It is envisaged that an interim report will be published in January 2021 with a final report setting out recommendations in Summer 2021. A link to the recent call for evidence and terms of reference of the review are set out in the **Background Documents** section.
- 2.33 The initial call for evidence closed on 30 December 2020, and the Combined Authority's response is included at **Appendix 3**. Due to the timescales of the call for evidence, Transport Committee have already provided input and endorsement by correspondence, in conjunction with endorsement by the Chair.
- 2.34 In summary, the response calls for the development of higher-performing rail links, in order to develop new economic links to the other nations of the UK. Investment in rail should also help achieve modal shift from less sustainable modes of passenger and freight transport such as road and short-haul aviation in the context of the need for sustainable clean growth and the move to a post-carbon economy.

Other rail updates

Rail industry reform

- 2.35 The Williams Rail Review was commissioned by Government following the collapse of rail services in May 2018. It is a root and branch review of the entire rail industry, with its proposals for reform originally due to be published in autumn 2019, alongside a Department for Transport White Paper on implementation.
- 2.36 The Review and associated White Paper are expected to be published early in 2021. This is expected to set out a new framework for the operation of the railway, including a revised approach to devolution for implementation in the coming years. Once the details are known, engagement with Members will take place to establish what roles the Combined Authority and Transport for the North wish to take up in response to this new context.
- 2.37 Pending the implementation of wider reforms, which will take a number of years to implement, DfT will be moving operators on to interim National Rail Contracts via a direct award process. These will replace the Emergency Recovery Measures Agreements as they expire. TransPennine Express is expected to be one of the first operators to move to this new contractual basis from April 2021, and further details will be reported as they become available. Assurances have been provided by DfT that the principles of the TfN co-management arrangements will continue to apply.

Annual rail fares increase

- 2.38 Regulated rail fares across England will rise by 2.6% in March 2021. This is the first increase in rail fares above inflation since 2013. The increase, which usually happens each January, has been delayed until March. DfT has advised this is to provide an opportunity for commuters to buy annual season tickets at current prices.
- 2.39 The rail industry via the Rail Delivery Group, TfN and the Combined Authority all have an established position that there is an urgent need to comprehensively overhaul rail fares to ensure the system is simpler and fairer. This is expected to be an important part of the Williams Review proposals.

Transport Select Committee call for evidence into Major transport infrastructure projects: appraisal and delivery

- 2.40 The Transport Select Committee in parliament announced in December a new inquiry into the appraisal and delivery of UK major transport infrastructure projects to better understand what lessons can be learned and applied¹. Written evidence must be submitted by January 15, 2021.
- 2.41 The inquiry will consider transport infrastructure strategy and priorities; the appraisal and funding of transport infrastructure; oversight, accountability and governance of transport infrastructure projects; factors influencing the cost and capacity and skills required to deliver the infrastructure plans. Along with Crossrail, High Speed Two, the Road Investment Strategy and the third runway at Heathrow Airport, the Department for Transport has a further 24 projects on the Government's Major Projects Portfolio.
- 2.42 In announcing the call for evidence, the Chair of the Transport Committee, Huw Merriman MP, said:
- 2.43 *"A vast amount of spending has been promised by the Government to boost the economy and 'level up' across regions and nations. The 2020 budget promised £640bn of investment for projects across the UK, boosted by a further £5bn to support economic regeneration after the coronavirus pandemic. Most recently, the 2020 Spending Review and the National Infrastructure Strategy committed billions of pounds of investment in transport infrastructure, and particularly, road and rail projects.*
- 2.44 *"The hefty pricetag on these transport infrastructure projects brings an equally hefty responsibility on the Department for Transport to ensure the money is spent fairly and projects are managed and delivered well. This work will be set against a backdrop of the coronavirus pandemic which has raised questions about the continued value of some major transport projects. The Government is also reviewing its guidance on best-practice appraisal, known as the Green Book.*

¹ <https://committees.parliament.uk/committee/153/transport-committee/news/136907/inquiry-launch-major-transport-infrastructure-projects-appraisal-and-delivery/>

2.45 *“Given the scale of the funding and the breadth of the projects, this could be a time of tremendous opportunity for the Department for Transport. The Transport Committee is keen to glean an insight to Government thinking and practice on what could be a new era for transport infrastructure - if delivered well.”*

2.46 A West Yorkshire Combined Authority response is being drafted, and will be shared with Transport Committee members ahead of the submission deadline. The scope of the response will follow the principles applied in other recent consultations and the previously agreed priorities for the region.

3. Clean Growth Implications

3.1 Championing growth and development of the local rail network is an important way in which the Combined Authority can facilitate modal shift to more sustainable modes of transport and support continued economic growth

4. Financial Implications

4.1 There are no financial implications directly arising from this report.

5. Legal Implications

5.1 There are no legal implications directly arising from this report.

6. Staffing Implications

6.1 There are no staffing implications directly arising from this report.

7. External Consultees

7.1 No external consultations have been undertaken.

8. Recommendations

8.1 That the Committee notes the update on the next stages in developing the West Yorkshire Rail Strategy, as well as other strategic rail matters.

8.2 That the Committee writes to Government explaining and expressing opposition to the National Infrastructure Commission’s Rail Needs Assessment, including the concerns outlined in paragraph 2.17.

8.3 That the Committee retrospectively endorse the Combined Authority’s input to the Union Connectivity Review call for evidence

8.4 That the Committee notes that a response to the “Transport Select Committee call for evidence into Major transport infrastructure projects” will be circulated ahead of the 15 January 2021 deadline.

9. Background Documents

- 9.1 “Rail Needs Assessment for the Midlands and the North: Final report” is available via this link: <https://nic.org.uk/studies-reports/rail-needs-assessment-for-the-midlands-and-the-north/rna-final-report/>
- 9.2 “Union connectivity review: call for evidence” and terms of reference are available via this link: <https://www.gov.uk/government/consultations/union-connectivity-review-call-for-evidence>

10. Appendices

- 10.1 Appendix 1 - Plans summarising the NIC’s proposed packages of options
- 10.2 Appendix 2 - Letter to Ministers – Rail Needs Assessment
- 10.3 Appendix 3 - Union Connectivity Review: Combined Authority response to call for evidence