

Report to: Transport Committee

Date: 21 September 2018

Subject: **Responses to rail industry consultations: Cross Country franchise and Periodic Review 2018**

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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 inform Transport Committee of the Department for Transport (DfT) public consultation on the design of the next Cross Country rail franchise and the Combined Authority's response to the consultation.
- 1.2 To inform Transport Committee of the Office of Rail Regulation (ORR) public consultation on the regulatory framework for Network Rail in the period 2019 to 2024, and the Combined Authority's response to the consultation.
- 1.3 Transport Committee members have previously commented on these consultations by correspondence in August 2018. This report seeks endorsement of the submitted responses.

2. Information

Cross Country consultation

- 2.1 The current Cross Country rail franchise is due to expire in late 2019. DfT has been consulting on the shape of the next franchise (expected to cover a period of seven to ten years). DfT asked for views on ideas to improve services on the Cross Country network. Responses to this consultation will inform the

content of the Department's Invitation to Tender, expected to be published in January 2019.

- 2.2 The closing date for consultation responses was 30 August 2018. Members were consulted by correspondence on 22 August to give opportunity for comment prior to finalisation.
- 2.3 A final Combined Authority response was submitted to DfT on 30 August 2018. It should be noted that the Combined Authority response focuses on West Yorkshire. A separate response has been submitted by the City of York Council.

Background to the Cross Country franchise

- 2.4 A map of the routes served by the current franchise nationally is provided at Appendix 1. A further map showing the routes in the vicinity of the Leeds City Region is provided at Appendix 2. The basic pattern of Cross Country services that serve the City Region are as follows:
 - One train per hour between Edinburgh and Plymouth serving York, Leeds, Wakefield, and Sheffield.
 - One train per hour between Newcastle and Reading serving York, Doncaster, and Sheffield
- 2.5 Cross Country services are of fundamental importance to rail connectivity in West Yorkshire. It provides the only genuinely fast services (only one per hour) between Leeds and Sheffield, and contributes to the offer between Leeds and York. For Wakefield, Cross Country provides half the direct fast or semi-fast connectivity to Sheffield and the only direct connection to York.
- 2.6 More widely, half the direct connectivity between Leeds and Newcastle is provided by Cross Country, and they are at present the only operator linking West Yorkshire directly to Scotland with a regular service. They also provide strategically critical connectivity to the West Midlands and beyond to the South West. Cross Country services are also of great importance to York.

Combined Authority response to consultation

- 2.7 The public consultation presents a long list of questions based around three key themes: crowding, the shape of the network, and customer experience. DfT has stated that issues surrounding crowding are their priority for the next franchise, and that this needs to be addressed urgently.
- 2.8 Overcrowding on Cross Country services is shown to be severe over long distances throughout the core network, and is no longer confined to peak periods. Crowding is an issue across all times of day and across both weekdays and weekends. Left unchanged, this situation will only worsen during the next franchise as passenger numbers increase as expected.

2.9 The final Combined Authority consultation response is included in full within Appendix 3. The response covers each of the questions posed in detail. A summary of the headline messages is set out below:

- **On train capacity:** The current Voyager train fleet is not suitable for providing the required capacity on services operating on the core Cross Country network. Passenger demand, both now and in the future, justifies substantially longer trains than currently run. A new fleet is likely to be the most appropriate response.

We consider the evidence to show strongly that there is significant demand for Cross Country type services which is suppressed through inadequate capacity and poor quality. The focus for the network should firmly be placed on increasing supply – though this increase in capacity should not necessarily be solely on Cross Country services themselves.

- **Quality of train fleet:** There are long-standing issues relating to the quality of passenger facilities on board the current Cross Country train fleet, especially relating to luggage capacity. The on-train offer needs to meet the needs of long distance inter-city travel, commensurate with other inter-city operations. As with on train capacity, this is likely to imply a different train fleet.

Provision of a new train fleet for long-distance Cross Country services could enable the current fleet to be refurbished and upgraded to be redeployed on regional express services that would complement the intercity services and pick up much of the shorter-distance demand.

- **Leeds – Wakefield – Sheffield:** Cross Country currently provide the only genuinely fast services (only one per hour) between Leeds / Wakefield and Sheffield. While it is to receive an additional hourly Northern Connect train from December 2019, it will still fall well below the required standard. There is a clear case for this to be remedied; this would likely be a Cross Country type service, potentially continuing beyond Sheffield towards the Midlands.

This would also provide much needed additional capacity to address severe overcrowding on the Leeds – Wakefield – Sheffield route. If passengers making shorter distance / commuting trips are provided with genuine alternatives in the form of additional fast services, helping to address the heavy peak commuting flows being handled, this would assist Cross Country services to fulfil their intercity potential.

Drawing on data from the 2011 Census, the following commuting flows (covering all modes of transport) are identified as being in scope:

- 3,600 daily trips between Leeds and Sheffield districts;
- 2,500 daily trips between Wakefield and Sheffield districts; and
- 650 daily trips between Bradford and Sheffield districts.

- **Cross Country routes:** It is essential that Cross Country continues to serve the routes and provide the service levels it does on corridors that serve the Leeds City Region. In addition to enhancements to the Leeds – Sheffield route (outlined above), a range of gaps in longer-distance connectivity that are of relevance to the Cross Country network have been identified for consideration, including: Glasgow via Carlisle; East Midlands; and Wales.

The Combined Authority response stated that proposals from bidders to serve Bradford with potential new routes would be welcomed. Bradford was specifically named within the consultation document in terms of extensions to routes or as potential new routes, and is the only likely prospect for new Cross Country connectivity in West Yorkshire.

The consultation included suggestions to curtail or divert existing Cross Country services to cope with service enhancement aspirations north of Northallerton on the East Coast mainline. It is considered unacceptable to terminate services from the South West rather than continuing them at least as far as Edinburgh. Terminating services in Leeds would be operationally most undesirable as it would increase the congestion caused by trains arriving from the west and terminating at Leeds.

It should be emphasised that the Combined Authority is “operator-neutral” regarding its aspirations for future services. Connectivity could equally be provided by other operators: the key is that services should be attractive and well integrated within the network. In this regard it should be noted that TransPennine Express has committed to run to two trains per hour to Newcastle from West Yorkshire, with one per hour continuing to Edinburgh.

- **Measures to overcome crowding:** DfT has asked for feedback on a number of measures proposed to overcome crowding on the Cross Country network. These include:
 - removing calls from towns closest the conurbation centre
 - restricting them to pick up / set down only; and
 - removing the validity of multi-modal tickets

Considering that the Cross Country franchise is of fundamental importance to the rail connectivity of the Leeds City Region, the firm position adopted is that measures to overcome crowding should focus on increasing supply rather than reducing passenger demand (as is the case with the proposed measures listed above). This includes noting that Wakefield Westgate is an important intercity origin and destination in its own right, and no stops should be removed.

- **Fares and ticketing:** In its current form, the Cross Country ‘Advanced Purchase on the day’ (APOD) system, under which unreserved seats can suddenly become reserved mid-journey, causes confusion,

disruption and ill-feeling amongst passengers. The consultation response recommends that this system should be modified.

There is a real need for Cross Country to reconsider their ticketing offer more widely, in particular to offer genuinely attractively priced tickets for medium-to-long-distance journeys, an area in which Cross Country performs poorly in comparison to other long distance operators.

We expect the future Cross Country franchisee to continue to accept all the Combined Authority's 'Metro' ticketing products, such as MCard, for all services that run within the relevant geography.

- **Early / late / Sunday services:** There is clear room for improvement in the times of first and last Cross Country services to and from West Yorkshire. Services should be scheduled to facilitate good connections to and from other key centres on the Cross Country network to support the range of journeys that passengers want to make.

There is strong demand for travel on Sundays, with the number of trips exceeding those taken in the weekday off-peak. Sunday service provision should therefore be at least equal to that delivered during the weekday inter-peak, including matching times of first and last services.

Timescales for the Cross Country franchise procurement

2.10 For information, the timeline below sets out the expected milestones between now and the start of the new Franchise Agreement:

- July 2018 Expressions of Interest invited by DfT
- September 2018 Bidders shortlisted
- January 2019 Invitation to Tender issued to bidders
- April 2019 Bids received
- October 2019 Contract award (after standstill period)
- Late 2019 Anticipated start of new Franchise Agreement

Periodic Review 2018 consultation

2.11 The Office of Rail and Road (ORR) has published its draft determination on what Network Rail should deliver in respect of its role in operating, maintaining and renewing its network with the £34bn funding available to it, known as Periodic Review 2018. This is based on the Network Rail Strategic Business Plan 2019 – 2024, published in February 2018. A summary of the Strategic Business Plan was presented to Transport Committee on 16 March 2018.

2.12 Periodic Review 2018 also establishes a framework to regulate Network Rail's efficiency and improve performance. It covers the period between 2019 and 2024, known in rail industry terms as control period 6 (CP6). The ORR is consulted on its draft determination over summer, with a closing date of 31st August 2018 for responses.

- 2.13 The Combined Authority response to the Office of Road and Rail consultation on Periodic Review 2018 is included in full within Appendix 4.
- 2.14 The ORR feels that there is greater scope for Network Rail to boost reliability and safety for customers (both passengers and freight) by amending its spending plans.
- 2.15 Network Rail forecasts a deterioration of two percent in the condition of assets (track, structures and earthworks) over CP6 based on the spending plans set out in its Draft Strategic Business Plan. Therefore the ORR has specified that it requires an 11% increase in spending on renewal activities to improve the sustainability of railway assets. This will require spending a further £1bn on renewals in addition to the £17bn already committed in the CP6 program to replace worn out assets. This is described as the 'Sustainability Fund' and is established by re-allocating funding within the overall proposed budget.
- 2.16 ORR believes Network Rail can realise the Sustainability Fund by reallocating monies from a central risk fund, achieving greater efficiency, and reducing spending allocated to research and development, together with realising additional income from land disposals.
- 2.17 The ORR is proposing to require Network Rail to lead the development of a plan that will secure journey time improvements across the network. This includes support for substantial capital investment (£55m) in timetabling systems and strengthening its timetable planning teams. ORR is looking separately at why the system failed to cope with the May 2018 timetable change.
- 2.18 In terms of performance, the ORR will introduce targeted monitoring by utilising greater use of 'scorecards'. These will contain sets of measures against which performance will be judged. This will allow the ORR to judge relative performance between routes (the City Region is part of the London, North East and East Midlands route), ensure that Network Rail addresses any routes that are underperforming and increase transparency for stakeholders as the scorecards will be published quarterly. Performance against the scorecards will heavily influence bonuses allocated to Network Rail's management.
- 2.19 As highlighted at Transport Committee in March 2018, Network Rail set out the need for significant investment in renewal of railway assets on the East Coast Main Line to improve and maintain the reliability of services on this line. The Combined Authority's response therefore focused on the need to ensure a significant proportion of the 'Sustainability Fund' is directed at additional renewals on this strategically important line.

3. Financial Implications

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

4. Legal Implications

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

5. Staffing Implications

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

6. External Consultees

6.1 Combined Authority officers consulted relevant officer contacts in the five West Yorkshire partner councils in June 2018 with initial views on the main issues raised in the Cross Country consultation, to provide an opportunity to shape the final response.

7. Recommendations

7.1 That Transport Committee note and endorse the Combined Authority response to the Cross Country rail franchise public consultation as submitted to DfT.

7.2 That Transport Committee note and endorse the Combined Authority response to Periodic Review 2018 as submitted to the Office of Road and Rail.

8. Background Documents

Link to Cross Country franchise public consultation document:

<https://www.gov.uk/government/consultations/cross-country-rail-franchise>

Link to Cross Country prospectus providing further information for stakeholders:

<https://www.gov.uk/government/publications/cross-country-rail-franchise-2018-prospectus>

Link to Office of Road and Rail consultation on Periodic Review 2018 draft determination:

<http://orr.gov.uk/rail/economic-regulation/regulation-of-network-rail/price-controls/periodic-review-2018>

9. Appendices

Appendix 1 – Map of the existing Cross Country franchise services

Appendix 2 – Map of the existing Cross Country franchise services in the vicinity of the Leeds City Region

Appendix 3 – Combined Authority response to Cross Country rail franchise public consultation

Appendix 4 – Combined Authority response to Office of Road and Rail
consultation on Periodic Review 2018