

Joint Transport Committee Overview and Scrutiny Committee

Thursday, 18th July, 2019 at 2.00 pm

Meeting to be held in the Blaydon Room, Gateshead Civic Centre, Regent Street, Gateshead, NE8 1HH

AGENDA

	Page No
1. Apologies for Absence	
2. Declarations of Interest	
Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.	
3. Minutes of the Previous Meeting held on 14 March 2019	3 - 8
4. Williams Rail Review	9 - 52
5. JTC Overview and Scrutiny Committee Work Programme	
Report to follow	
6. Exclusion of the Press and Public	
The Joint Transport Committee Overview and Scrutiny Committee may wish to exclude the press and public from the meeting during the consideration of the following item indicated:	
7. Tyne Tunnels Update	53 - 74
8. Date and Time of Next Meeting	
Thursday 19 December at 2pm. Venue to be confirmed.	

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NORTH EAST JOINT TRANSPORT COMMITTEE, OVERVIEW AND SCRUTINY COMMITTEE

DRAFT MINUTES FOR APPROVAL

14 March 2019

Meeting held Town Hall and Civic Offices, South Shields, NE33 2RL

Present:

Councillors: J Eagle, I Patterson, G Stone, S Graham, G Sanderson, A Ellison, J McCabe, J Kelly, M Clark and P Stewart

APPOINTMENT OF CHAIR

Pending the recruitment of an Independent Chair and Vice Chair, it was agreed that Councillor G Stone be appointed Chair for the purposes of this meeting.

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors G Castle, R Glindon, C Penny-Evans, A Patterson and R Crute.

2. DECLARATIONS OF INTEREST

None.

3. MINUTES/NOTES OF THE PREVIOUS MEETING HELD ON 20 DECEMBER 2018

RECOMMENDED- That the Minutes of the meeting held on 20 December 2018 be approved as a correct record and be signed by the Chair.

Matters Arising – The Committee referred to the previous concerns raised with regards to the delays to the refurbishment of the Pedestrian Tunnel and requested whether there was any update. Toby Hughes informed the Committee that the final date has yet to be confirmed as there were still outstanding works to be completed.

Agreed:

(a) That a report on the position be provided to the next meeting of the North East Transport Committee Overview and Scrutiny Committee; and

(b) that the Audit Committee be requested to look into this matter.

4. REVIEW OF DECISION-MAKING PROTOCOL FOLLOWING GOVERNANCE CHANGES

Submitted: Report by the Monitoring Officer and Policy and Scrutiny Officer (previously circulated and a copy attached to official minutes)

The Boundaries for NECA were changed in November 2018 by the Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the Second Order) to cover only the Local Authorities of Durham, Gateshead, South Tyneside and Sunderland. These are now the Constituent Councils of NECA.

It was agreed at the inaugural meeting of the NECA Leadership Board to continue with the establishment of the committees of NECA, including their Chairs and Vice-Chairs.

It was also agreed to continue with the below arrangements:

- The agreed process for Call-in of decisions and the Decision Making Protocol;
- An Overview and Scrutiny Committee reflecting the political balance across the NECA area;
- Independent persons to act as the Chair and Vice-Chair of the Overview and Scrutiny Committee and
- Appointment of a Scrutiny Officer for the Combined Authority who is not employed by the constituent authority.

As a result of the changes, the North East Joint Transport Committee (JTC) has been created. The JTC brings together the seven members from each of the Constituent Authorities of the region, four members from the NECA and three from the newly created North of Tyne Combined Authority.

Transport is a strategic importance for the North East and the collaborative working of both Combined Authorities will allow effective decision making across the region to ensure the local needs and priorities are delivered.

Following a request by Members it is proposed to hold a workshop on NECA leadership, governance and transport in May in order to give time for the new statutory officers to be appointed. It was proposed that Members of the NECA Overview and Scrutiny Committee, Joint Transport Committee Overview and Scrutiny Committee and North of Tyne Combined Authority be invited, along with NECA officers.

RECOMMENDED: That the Committee:

- Note the review of the NECA Decision Making Protocol following the changes in governance and the establishment of the Joint Transport Committee;
- Endorse the existing Decision-Making Protocol;
- Note the proposed workshop which is to include a session on collaborative working between the Overview and Scrutiny Committees and the JTC and
- Approval be given to the Overview and Scrutiny Report template.

5. TRANSPORT FOR THE NORTH STRATEGIC TRANSPORT PLAN – OVERVIEW OF THE INTERNAL CONSULTATION PROCESS

Submitted: Report by the Managing Director, Transport North East (previously circulated and a copy attached to official minutes)

The report outlined the process of engagement adopted in the development of Transport for the North's Strategic Transport Plan and its accompanying Investment Programme.

Transport for the North (TfN) was established in 2015 and in 2018 it became the UK's first Sub-National Transport Body (STB). TfN's remit is to make the case for pan-Northern strategic transport improvements, which are needed to support economic growth. TfN comprises 20 Transport Authorities across the North and works in partnership with Local Enterprise Partnerships (LEPs) as well as government and its national transport delivery agencies.

The 2018 Order which established TfN as an STB required it to develop a Strategic Transport Plan (STP) setting out the priorities for investing in the strategic transport network across the North to secure objectives of the Northern Powerhouse Independent Economic review.

The North's strategic transport network is made up of the connections between different economic clusters, ports and airports across the whole of the North which fall beyond the remit of any single Transport Authority, this includes the mainline rail network including the East Coast Mainline, High speed rail and the strategic and major road networks.

The STP is the main plan that provides objectives and a framework for planning however it is supported by a series of programmes:

- Northern Powerhouse Rail;
- Strategic Rail;
- Strategic Development Corridors;
- The Major Roads Network;
- Integrated and Smart Travel;
- Freight and Logistics;
- International Connectivity.

A draft STP was published a year ago and invited feedback. A public consultation ran for three months. Throughout the development of the STP, regular briefings were provided to Members through the Joint Transport

Committee and previous bodies and committees. The North East provided a formal consultation response, a summary of which was provided for the Committee for information together with the outcome from the feedback.

A summary of the key messages of the plan were provided as an Appendix to the report and a link to the STP is as follows:

<https://transportforthenorth.com/onenorth>

In conclusion the STP is considered to be a robust policy that can be used to shape the future transport network across the North, securing investment in new and improved infrastructure both within the North East and on the strategic networks upon which the North East economy relies.

The TfN launched the STP and the Investment Plan on 11 February 2018 following its approval at both the NTCA Cabinet and the NECA Leadership Board.

The report detailed the regional representation together with the lessons learnt as a region in relation to:

- Regional Resources into TfN
- Combined Engagement
- Style, Language and Graphics
- Briefings
- Attendance at meetings and
- The development of the evidence base.

Members made the point that there was a need to expand the Metro particularly toward Sunderland, Washington and IAMP in order to achieve Economic Growth. Officers assured the Committee that evidence to back this up was currently being generated as this would be required when submitting bids for funding. In the meantime, talks continue ensure that the IAMP is properly served by public transport links.

Tobyn Hughes informed the Committee that there was a government consultation being undertaken on light rail generally. The North East has, as part of this highlighted that there is a good light rail system in the area, namely the Metro and it would be good to expand this. He confirmed that the Ashington/Northumberland scheme remained on the radar and that the TfN was active in supporting the improvement of connectivity to the region.

RECOMMENDED – that the update be noted.

6. NORTH EAST JOINT TRANSPORT COMMITTEE FORWARD PLAN AND SCRUTINY WORK PROGRAMME

Submitted: Report of the Monitoring Officer and Policy and Scrutiny Officer (previously circulated and a copy attached to official minutes)

Lizzie Lunn (Policy and Scrutiny Officer) presented the report which provided Members with an opportunity to consider the items on the Forward Plan for the

current 28-day period to discuss items for the Work Programme for the remainder of 2018/19 and into 2020.

RECOMMENDED – That:

- (i) The Forward Plan and Work Programme 2019/2019 be noted.

7. DATE AND TIME OF NEXT MEETING

The future dates will be confirmed by NECA Leadership Board at the Annual General Meeting in June 2019.

RECOMMENDED – That once draft dates become available they be circulated to the current members of the committee.

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North East Joint Transport Committee, Overview and Scrutiny Committee

Date: 18 July 2018

Subject: Williams Rail Review

Report of: Managing Director, Transport North East.

Executive Summary

The purpose of this report is to inform the North East Joint Transport Committee, Overview and Scrutiny Committee of the review of the UK rail industry chaired by Keith Williams of the Williams Rail Review and the North East's responses to it. It also updates the Committee on related work to develop rail devolution options for the North East and within the wider Transport for the North context.

The Williams Review was launched by the Government in September 2018 as a 'root-and-branch' examination of the UK's railway industry. A series of "evidence papers" was published by the Review team together with two calls for evidence. The text of North East's responses to these are shown at Appendices 1 to 4

Recommendations

The North East Joint Transport Committee, Overview and Scrutiny Committee is recommended to note the contents of this report.

1. Background Information

- 1.1 According to the Williams Rail Review website (see 15.1 below), “the government’s vision is for the UK to have a world-class railway, working as part of the wider transport network and delivering new opportunities across the nation. The Rail Review has been established to recommend the most appropriate organisational and commercial frameworks to deliver the government’s vision. It should be comprehensive in its scope and bold in its thinking, challenging received wisdom and looking to innovate.” The review is led by independent chair Keith Williams.

2. Proposals

- 2.1 A series of “evidence papers” was published by the Review team together with two calls for evidence. The text of the North East’s responses to these are shown at Appendices 1 to 4.

3. Reasons for the Proposals

- 3.1 The responses set out in Appendices 1 to 4 were made because they would:

- Deliver better outcomes for existing and future passengers
- Influence local rail towards being better tailored to enable local economic growth
- Deliver a more locally accountable rail network
- Allow a better integrated public transport system, incorporating local rail, Metro and local bus services

In addition, they express the following concerns with the evidence papers published by the Review team and we have used several of these to press our case for greater devolution of rail powers:

- The significant regional variations in terms of passenger numbers, freight volumes, rail investment and satisfaction levels
- The potential for rail to assist with local growth plans and rebalance the economy
- The environmental benefits of rail, especially in congested urban areas.
- The opportunities offered by regional variations in rail provision – for example our ability to take decisions locally about services on the Metro
- The need for management of the railway to be more locally aligned
- The fact that Britain does not feature highly in international rankings of rail investment and performance
- The importance of rail freight – the Review appears skewed toward the needs of passengers who, though important, are not the only users of the railway and therefore not the only potential contributors to economic growth and social and environmental benefits
- Acknowledgement of the need for ongoing financial support from the public purse, particularly for large capital projects and potential for local investment
- The need for clear lines of responsibility that are apparent to passengers.

- The bias in the current method of appraising rail proposals against less well populated areas where the railway provides a greater social need.

3.2 The responses to date on the Williams review, both from the North East and also from Transport for the North and others, all advocate changes to how local and regional services are specified and managed. The North East and Tees Valley have jointly commissioned work to explore high level options for local devolution.

3.3 Within the North East there is a long-standing aspiration to improve the quality of the local rail network to allow it to fulfil its potential to support the economy and communities of the area. However we have been frustrated from fully realising this ambition with only limited investment in and development of the local rail network, even compared to other parts of the North of England. One of the issues identified is that, as a small part of a much larger Northern franchise operation, the services comprising the North East Regional Management Unit (NERMU) struggle to obtain resources or management focus, especially when compared to the larger operations in West & South Yorkshire and Greater Manchester. This is not just a recent issue; the NERMU services have been managed as a sub component of larger operations for over 25 years. The implication of this is that the routes within the NERMU area are potentially suffering from the compound impacts of 25 or more years of underinvestment. The manifestation of this comes in the form of old and poor quality rolling stock and a lack of ambition in service development. Until the delivery of the May 2018 & May 2019 timetable changes, the service structure in the areas had remained static for around 15 years, and whilst the commitment to remove Pacer trains in the North East is welcome, the replacement trains are only refurbished units rather than the new trains that will appear elsewhere across the North. It is a concern that if the North East's local railway remains as part of a larger operation this situation will continue and issues around underinvestment and a lack of management attention will persist.

3.4 The physical size and self-contained nature of the North East local railway presents the opportunity to develop a devolved, locally controlled concession of a size that creates a manageable operation but one which is also of sustainable and viable size. This would allow the network to be developed locally to meet both the current needs of the North East and also our future aspirations to develop the network further to help support the population and economy. With these kinds of reforms, the North East will be able to provide a truly local railway that can add to the region's sense of place and pride in its locality, generating support from its users and local community and engendering a shared sense of ownership of its railway as a regional asset. Regional and long distance rail connections are also of prime importance for the North East. The East Coast Main Line (ECML) does not have the capacity, resilience or line speeds necessary to meet existing never mind future requirements. It therefore needs very significant investment for it to be "HS2 ready". We believe that a model should be developed for long distance services, in which transport authorities

along the line of route can directly influence the specification of the railway in line with their economic growth plans.

3.5 The Road to devolution

In 2014 North East Councils agreed to work collaboratively to seek more control over local train service specification and management, through forming the North East Rail Management Unit (NERMU). Along with other Northern authorities, Rail North Ltd was formed which sought devolution of franchise powers from Department for Transport (DfT). However only partial devolution was secured to the Rail North Partnership (DfT/Rail North)). Thus the North East still only has very limited control, in practice NERMU has not been equipped to provide significant influence over decisions affecting local rail.

3.6 Why seek further rail devolution?

North East services generally perform reasonably well despite years of underinvestment in local rail service frequency, journey time improvements and train quality which have left train travel behind other modes of public transport. Opportunities for improvement and growth struggle to reach top priority within the larger Northern/Transport for the North (TfN) geography. Where significant rail devolution has already occurred, local decision makers use their local knowledge to their advantage to meet challenges and opportunities. The Tyne and Wear Metro is a good example, having been devolved 40 years ago. The service frequency, fares and branding reflect local needs; the development of the system is set by local social and economic objectives; and the management is accountable to local people through elected representatives.

A recent economic study showed that Metro and Local Rail together contribute up to £257m of Gross Value Added (GVA) to the North East economy each year, and that every additional passenger on Metro or local rail in the North East will add an extra £8.50 to the local economy. We want to grow the number of rail passengers in order to facilitate wider economic growth.

3.7 What form could a devolved North Eastern Railways take?

A consultant undertook a high level assessment of management and governance structures to enable a significant uplift in North East local passenger service quality.

Of the options considered the report recommends to initially seek a North Eastern Railways (NER) Concession type arrangement. Under this model, train services are provided on a Concession basis with mechanisms to facilitate change during the concession period, but marketing, fares, stations etc. are locally controlled.

Another option is to have a 'franchise within a franchise' arrangement within a wider TfN 'contract'.

TfN have also undertaken initial feasibility work and have concurred that:

- A golden thread of accountability and alignment with shared objectives. This will come with three clearly defined levels of governance:
- Long distance passenger and freight services nationally coordinated, delivering on national priorities and objectives;
- Sub-national transport bodies delivering on their priorities and being responsible for services within their boundaries by acting as a guiding mind; and
- The provision for sub-regional bodies to have autonomy over devolved spending and decision-making for locally-specified service arrangements.

This fits with the North East Joint Transport Committee's already-expressed view regarding reported options for rail devolution in the North East. The North East may want full local control, or to have a 'micro-franchise' where we have greater control within the North East but within a framework where TfN is the franchising (concession) body. Although we want local control of North East local rail services, we are likely to need TfN to oversee longer distance pan-Northern services.

4. Alternative Options Available

4.1 Not applicable to this report.

5. Next Steps and Timetable for Implementation

5.1 Following a Joint Transport Committee invitation, Roger Marsh, a Williams Review Team member, has agreed to meet members of the Joint Transport Committee and North East Local Enterprise Partnership on 4th July. Mr Marsh is Chair of the Yorkshire and Humber Local Enterprise Partnership and chairs the NP11 Group of Northern Local Enterprise Partnerships.

5.2 Together with TfN the North East proposes to further develop a 'business case' over the summer to be ready for the Williams review outcomes in the Autumn.

6. Potential Impact on Objectives

6.1 Greater influence over local rail services in the region will assist the Joint Transport Committee in delivering its objective to maximise the regions opportunities and potential.

7. Financial and Other Resources Implications

7.1 There are no specific financial implications directly arising from this report. The revenues and risks associated with differing rail devolution options will form part of the business case development over the summer months.

There are no Human Resource or ICT implications.

8. Legal Implications

8.1 There are no specific legal implications directly arising from this report. The legal changes associated with differing rail devolution options will form part of the business case development over the summer months.

9. Key Risks

9.1 There are no key risks directly arising from this report. Risk allocation and responsibility will form part of the business case development over the summer months.

10. Equality and Diversity

10.1 There are no specific equalities and diversity implications arising from this report.

11. Crime and Disorder

11.1 There are no specific crime and disorder implications arising from this report.

12. Consultation/Engagement

12.1 The responses to the Williams Rail Review discussed in this report were subject to consultation with each Council in the Joint Transport Committee area.

13. Other Impact of the Proposals

13.1 No specific impacts

14. Appendices

14.1 Appendix 1: text of North East response to Williams Rail Review, January 2019, covering letter

Appendix 2: text of North East response to Williams Rail Review, January 2019, response

Appendix 3: text of North East response to Williams Rail Review, April 2019, covering letter

Appendix 4: text of North East response to Williams Rail Review, April 2019, response

15. Background Papers

15.1 Williams Review

<https://www.gov.uk/government/groups/rail-review>

and

<https://www.gov.uk/government/consultations/williams-rail-review>

16. Contact Officers

16.1 Tobyn Hughes, Managing Director, Transport North East

tobyn.hughes@nexus.org.uk Tel: 0191 203 3246

17. Sign off

- The Proper Officer for Transport: ✓
- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

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Keith Williams
Chair of the Rail Review
c/o Department for Transport
Great Minster House
33 Horseferry Road
London
SW1P 4DR

18 January 2018

Dear Mr Williams

Rail Review

Thank you for the opportunity to participate in your root and branch review of the rail industry. I am responding on behalf of the seven Local Authorities in the North East: Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.

The railway is of huge importance to the people and businesses of North East England. It provides links to other economic centres in England and Scotland as well as providing local connectivity. Given the degree of physical and economic separation between the North East and other parts of the country, we cannot emphasize enough the need for the railway to contribute towards the achievement of our economic and social objectives, rather than to work against them as often seems to be the case.

Our view, in summary, is that the management of the UK's railways needs to be much more closely aligned to the people who use and rely upon them: passengers, businesses and communities. At present decision-making structures are complex, have conflicting objectives, and are opaque to customers and taxpayers.

A detailed response to your call for evidence is appended to this letter to further illustrate our key points which are set out below.

Tyne and Wear Metro

Our Metro system is the most intensively operated local rail system outside of London. Nexus, the body responsible for the operation of both track and train, is accountable directly to local people through a committee of elected members from local councils.

Metro's status as a locally managed asset has been key to its ability to attract investment. £381m is being spent to improve the reliability of the system's

infrastructure. Over the next five years £362m will be invested in renewing the train fleet.

The management of the Metro system by Nexus, a body which is held locally accountable, enables decisions to be made about the system which are in the unequivocal interests of the region: a structure which allows the system to contribute positively to economy and life in the region.

Our local 'heavy rail' network

Our view is that the North East network plays second fiddle to the wider rail network. Infrequent services, slow journey times and old rolling stock are amongst the factors making it an asset which performs below potential, hindering economic growth.

Regrettably, our aspirations to address these factors are not supported by funded rail industry plans. This is depriving our local economy of the £8.50 of benefits each additional journey would bring.

An approach is required which will give us greater control over the specification of our local train services and which makes the operator of those services and the infrastructure which supports them accountable locally in a model similar to that of our metro system. A fledgling version of this exists through the North East Rail Management Unit, which offers us informal oversight of our geography of the Northern Franchise: we are therefore already positioned and willing to expand this role.

Metro and local rail – benefits to the local economy

An independent report recently commissioned by Nexus outlines the important contribution that both local rail and metro make to the local economy:

- Metro and Local Rail contribute up to £224m of Gross Value Added (GVA) to the North East economy each year;
- In a wider measure of GDP and welfare benefits, the overall contribution increases to up to £437m per annum, and;
- Each new journey generated on the Metro and Local Rail system, will be worth £8.50 to the local economy.

We intend to expand the coverage of the Metro system, working alongside the local rail network, to bring its benefits to more communities in the North East.

The report is available on request from Nexus.

Connectivity with the national network

It is also the case that national rail connectivity to and from our region, which is principally delivered by the East Coast Main Line (ECML) is inadequate:

- The ECML does not have the capacity, resilience or line speeds necessary to meet existing requirements

- It therefore needs very significant investment, including providing additional tracks between Northallerton and Newcastle, for it to be “HS2 ready” so that HS2 services can run along it as reliably and at the same speeds as they will do on the dedicated HS2 network

If this is not tackled head-on, the separation between the North East and the rest of the UK will only be exaggerated, with negative economic consequences as businesses locate away from the North East in favour of places with better connections.

We have recently called upon HS2 Ltd, the UK Government, Network Rail and Transport for the North to all work together to produce credible, timely and properly funded plans to upgrade the ECML so that the North East can fully benefit from the introduction of high-speed rail to the North.

We believe that a model should be developed for long distance services, in which transport authorities along the line of route can directly influence the specification of the railway in line with their economic growth plans. The train and infrastructure operator should be accountable to the local authorities within an appropriate governance framework.

Our view is that these approaches will allow local, regional and inter-city networks to be developed and managed in such a way that the railway puts the needs of communities and their economies at its heart.

Finally, we warmly extend an invitation to you to discuss these matters directly with members of our Joint Transport Committee and the North East Local Enterprise Partnership. We look forward to an opportunity to meet you in person.

Yours sincerely



Cllr Martin Gannon
Chair of the North East Joint Transport Committee
[on behalf of the 7 Local Authorities in the North East]



Andrew Hodgson
Chair of the North East Local Enterprise Partnership



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Williams Rail Review:

Appendix to the North East Joint Transport Committee response January 2018 – Supporting evidence

1) The North East economy

The North East is a fast-growing economy offering a diverse and flexible location for business and an attractive place to live and learn. It is home to almost two million people and our economy generates over £37 billion each year, contributing 2.6% of national output, and jobs for 865,000 people.

The North East Strategic Economic Plan (SEP)¹ shows there has been strong progress since 2014. Through the hard work and commitment of our people, businesses and economic partners, the North East has moved out of recession. Economic growth has returned to trend, delivering an average of 3% growth in Gross Value Added (GVA) per annum.

Key parts of the North East economy have done very well. We have seen business and employment growth in our manufacturing sectors, UK-leading performance in employment in digital and technology businesses, and good performance in business services and education, as well as improvement in other sectors. Internationally, we continue to be a net exporting region, with growing levels of inward investment and strong science and cultural links. However, a particular challenge relates to the delivery of higher regional productivity where there is a widening gap with national performance. Economic exclusion in some parts of the region remains persistent and some of the jobs being generated are low paid and insecure.

Our economy needs to continue to be future focused, agile and open to national and international investment. We need to retain and improve access to key trade and investment markets, to skilled labour and to research networks. There remains a

¹ Available at <https://www.nelep.co.uk/wp-content/uploads/2017/08/north-east-sep-final-march-2017.pdf>

strong commitment amongst our business and policy communities to secure more influence over our future through devolution.

We have one of the fastest growing knowledge economies in the UK, the highest university provision per capita and a visitor economy worth £4bn. All of the above means the North East is therefore worth investing in.

Good transport links at regional, national and international level are crucial to delivering our ambitions for growth and addressing our challenges around exclusion. Those transport links need to be fast, reliable, resilient, accessible and affordable, and to have the capacity we need.

2) An introduction to the North East Metro and Local Rail Network

The North East is in a unique position, the area benefits from a high frequency Metro service (running on predominantly its own infrastructure) covering the urban core, coupled with a self-contained local rail service (shown in blue on the map below) covering the wider North East (including Tees Valley). There are no through 'local' services to other regions covered by the Northern Franchise eg York, Leeds or Manchester meaning that the North East local rail services effectively work in isolation to the rest of the Northern franchised services.

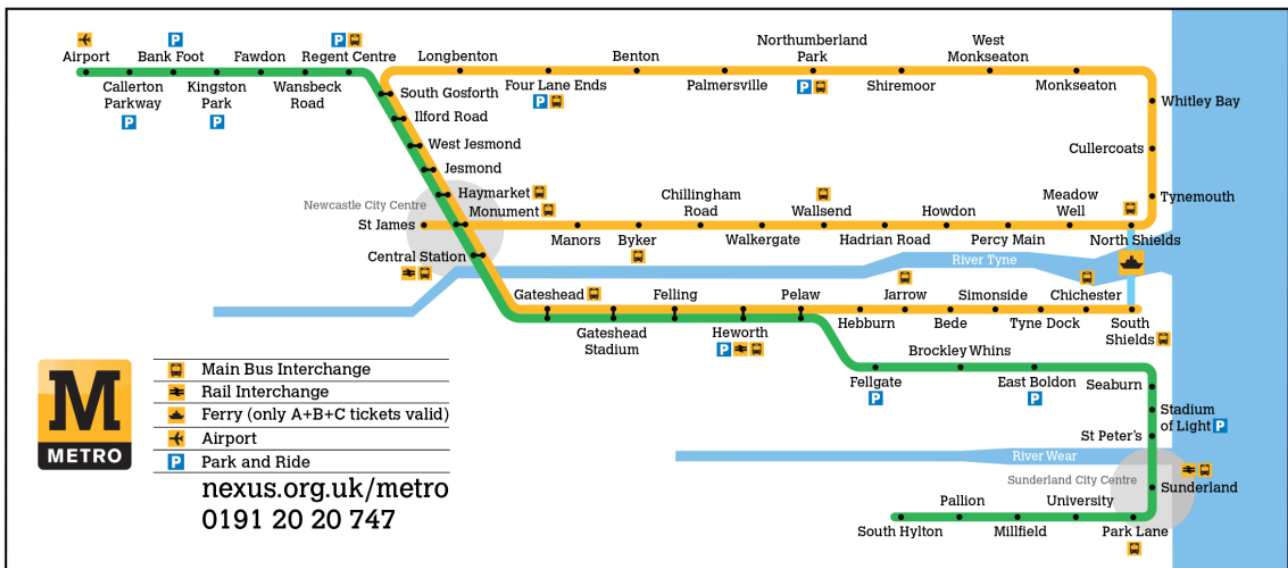


Figure 1 - Schematic map showing the Metro network

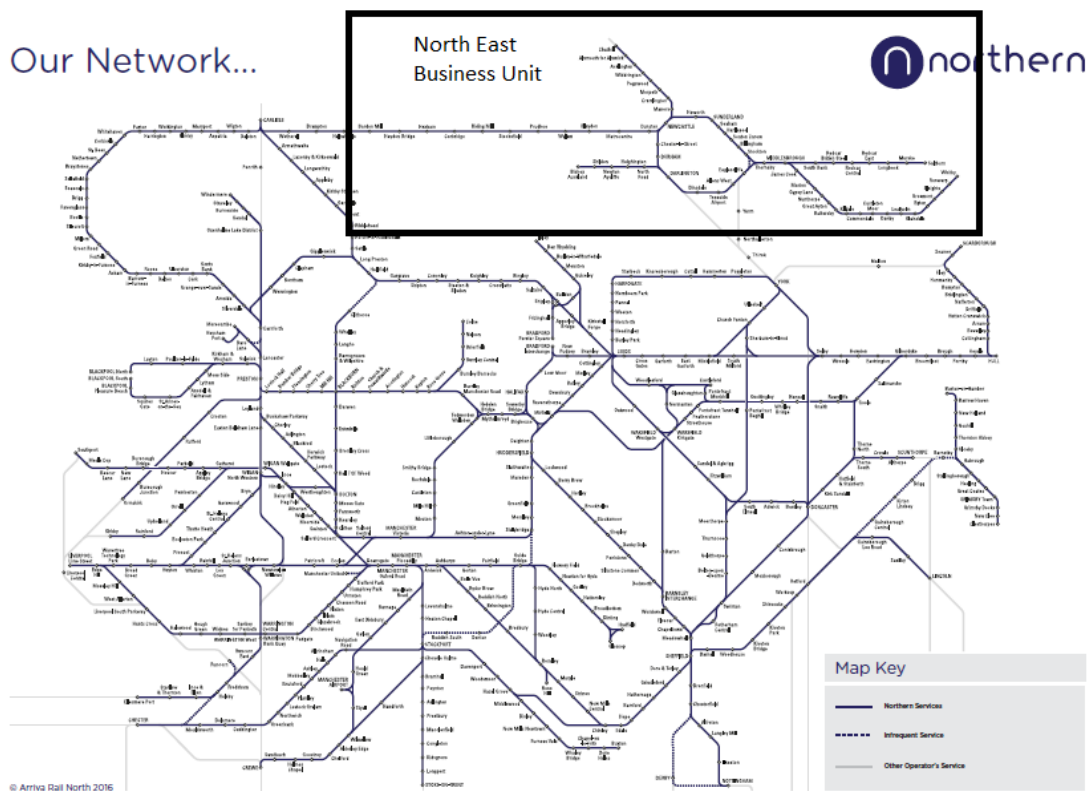


Figure 2 – Schematic Map showing the North East Local Rail Network

The Tyne and Wear Metro carries c.36m passenger trips per annum to and from 60 stations along 77.5km of track. The 90 Metrocars in the fleet allows Metro to run 450 trains each day with a 3 min peak frequency.

The local rail services comprise of:

- 1) Durham Coast - linking Newcastle, Sunderland, Hartlepool and Middlesbrough;
- 2) Tyne Valley – linking Newcastle, Gateshead Metro Centre, west Northumberland and Carlisle;
- 3) Bishop line – linking Bishop Auckland, East Durham and Darlington;
- 4) A local service utilising the ECML – linking Northumberland towns and villages to Newcastle, the main station being at Morpeth.

There are 30 local stations operated by Northern, with three city centre stations affording longer distance connections (Newcastle, Sunderland and Durham). The local stations carry c.5m passenger per annum around the North East.

3) The Metro system

a. Metro operations

The Metro system (both track and train) is managed and operated by Nexus. The operation and maintenance of the trains are managed through an arm's length company, North East Metro Operations Limited (NEMOL). The track and control systems are maintained and enhanced through the Nexus Rail division of Nexus. This enables close coordination across the business for the benefit of the local passengers.

The Urban Transport Group published a document 'Rail Devolution works' in July 2017 which included the following case studies which provide examples of the benefits of the Metro operations.

CASE STUDY ONE: METRO VS NORTHERN – 25 TIMES AS MANY PASSENGERS ON METRO

A comparison between Metro and Northern rail commuter routes in the area illustrates how local control has continually driven improvements in service standards for passengers. The table below shows the difference between the Metro’s Newcastle-South Shields service and Northern Rail’s Newcastle-Prudhoe service. Both routes are a similar length and pass through similar suburban communities. Local investment to ensure the Metro is designed around local travel patterns with superior customer facilities has been rewarded. The Metro route carries 25 times as many passengers per year as the Northern route.

	<u>Metro</u> Newcastle-South Shields	<u>Northern</u> Newcastle-Prudhoe
Route	12 stations in total (five opened since 1984). All principal employment areas, housing areas and town centres are served	Five stations in total (one opened since 1984). Areas such as Gateshead town centre, Team Valley business park and Ryton have no stations
Frequency and hours of operation	4-5 trains per hour serving all stations from 05:42 until 23:56	1-2 trains per hour from 06:30 until 23:40. Some do not call at all stations. Up to 4 trains per hour close to Newcastle. Limited evening service – only four trains after 18:30
Patronage	16.2 million journeys per year (not including Newcastle Central station)	0.65 million journeys per year (not including Newcastle Central station)

Ticketing	Smartcard and paper tickets; multi-modal tickets; PAYG smart tickets with all-day price cap available	Paper and mobile ticketing, through ticketing for Metro and PlusBus
Pricing	Simple zonal fares, below inflation fare rises. Max single fare: £3.30	Inconsistent pricing, fare rises at inflation. Max single fare: £5.30
Station facilities	All stations have consistent facilities including real time information screens, public address systems, Help Points and ticket machines. All stations are fully wheelchair accessible	Variable. Some stations have information screens, public address and ticket machines, others do not. Not all platforms are step free
Compensation for delays	Available if delayed 15 minutes or more	Available if delayed 30 minutes or more

NB: Since this table was produced Northern have now introduced compensation for delays of 15 minutes or more.

CASE STUDY TWO: METRO AT THE HEART OF THE TYNE AND WEAR BUSINESS COMMUNITY

The Tyne and Wear Metro is a longstanding and active member of regional business organisations such as the North East Chamber of Commerce, North East Local Enterprise Partnership, city Business Improvement Districts and town centre retail forums. It means Metro management understands business concerns and acts to address them. Examples of how the Metro has responded directly to the requests and requirements of North East businesses include:

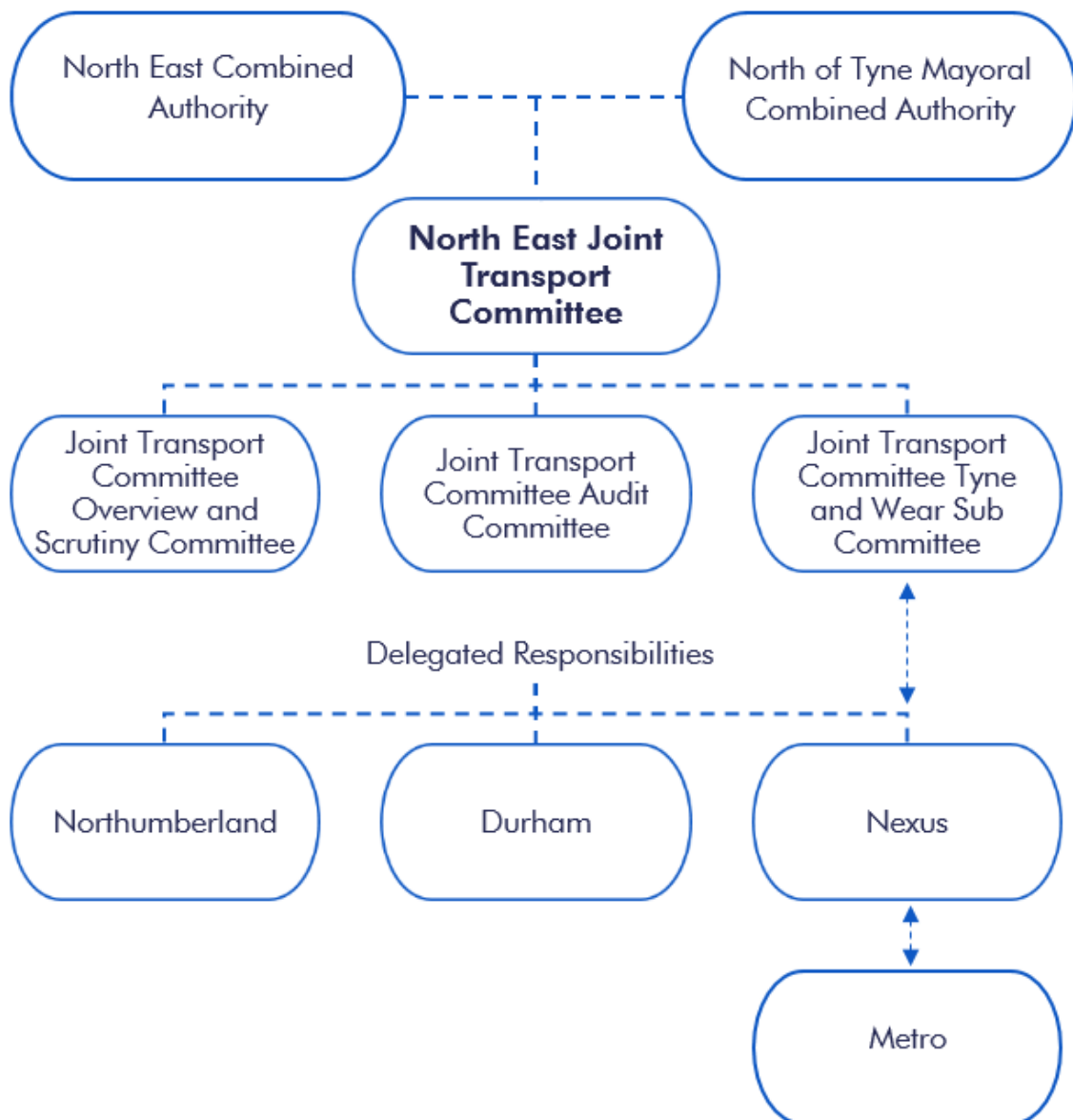
- ❖ Revising timetables to respond to changing shift patterns;
- ❖ Setting fares according to economic conditions;
- ❖ Extending under-19 fares from college students to apprentices to make vocational training more competitive;
- ❖ Partnership with businesses to promote the visitor economy through public art trails;
- ❖ Dozens of extra trains for major regional events like Great North Run – and even running until after 2am for arena rock concerts;
- ❖ Rapid repair of infrastructure damage at the height of Storm Desmond motivated by understanding of the impact service suspension would have on Christmas trade.

It can be seen from the two case studies above that the passengers using the Metro benefit from that fact that it is a locally managed and well supported by business, it has become a part of everyday life. As a strong show of support, the business community worked with Nexus to push for funding for the new Metro fleet and were proactive, through the media, to make the case for the much needed investment.

b. Governance

The organisation chart below shows the political accountability that the Tyne and Wear Metro works within. All aspects of the Metro (track, train, customer services and facilities, future strategy and planning) are managed on behalf of the combined

authorities by Nexus. The budget and corporate plan are agreed annually by the North East Joint Transport Committee and performance is monitored through the Joint Transport Tyne and Wear Sub Committee. The Managing Director of Nexus reports directly to the elected Members, who were elected by the passengers using the services.



c. What are the benefits of the Metro to the local economy?

It is widely recognised that a locally managed and operated Metro is a good thing for the area. Rather than be happy with the status quo, Nexus wish to improve the existing services and spread the benefits over a wider area so more residents and businesses

in the North East can gain from the economic and social benefits of the Metro. This is backed up by economic data. In 2018 Nexus commissioned Mott McDonald to undertake an independent study to quantify the 'Economic Value of Metro and Rail to the NECA Area'. The document produced strong evidence of the benefits of Metro and local rail to the North East economy. An extract summary of the findings is shown below.

"The North East's economy is strong, diverse and it is growing. This, in part, is due to its Metro and Local Rail network.

This report confirms that Metro and local rail plays a critical role as an economic enabler. The headline figures are:

- Metro and Local Rail contribute **up to £257 m of Gross Value Added (GVA)** to the North East economy each year;
- In a wider measure of GDP and welfare benefits, the overall **contribution increases to up to £437m per annum.**

This value captures the benefits accruing to individuals, businesses, and wider society from more efficient travel, greater productivity through better business connectivity, and selected social and environmental impacts, which can also be more readily monetised. It recognises the part Metro and local rail has to play in helping businesses to connect, commuters to travel to and from work, students to learn in schools, colleges and universities, and residents and visitors to access services and explore attractions across the region.

The economy holds the potential to grow further, and even more rapidly than before, over coming years, however, this growth will not happen on its own. It will rely on the better transport connectivity an improved and expanded network will bring to improve access to labour markets and new education and skills access.

Improved connectivity can allow people to access more and better jobs, stimulate increased inward investment, bring businesses closer together, and can help promote social inclusion if targeted in deprived areas.

The current network already delivers an economic value per passenger of £8.50 per passenger; and **an expanded network will deliver at least £8.50 per additional passenger journey**. With geographic expansion of the network, the benefits will be distributed across a wider cross-section of the North East's residential and business populations.”

It is also worth highlighting here that for every new passenger on the existing system the economy would benefit by £8.50 regardless of any future expansions.

d. Why we wish to expand on it in the future?

The economic data above shows that the Metro and local rail services are good enablers for a strong economy and thus by expanding the services to places currently off network the economic benefit will grow. The North East Strategic Economic Plan requires improved connectivity to deliver the growth in more and better jobs for the North East. The independent report states the potential benefits of an expanded local heavy and light rail system as below:

‘The expansion of Metro and Local Rail across the North East, integrated within the conurbation’s spatial strategy and future land-use planning, could:

- Increase inward investment by improving access to labour, suppliers, and consumers;
- Help more people get to work and access services each day;
- Make the key economic centres easier to reach and reduce congestion;
- Bring existing businesses closer together, boosting productivity;
- Support regeneration and redevelopment around stations and in the city centre;
- Encourage more people to live and work in the North East, improving quality of life.”

Thus the region has a clear understanding of the current system and what it means for the area. The region also has ambitious plans to spread the benefits wider, utilising the expansion of light or heavy rail as appropriate, along redundant corridors to support our business and communities to achieve the desired economic growth.

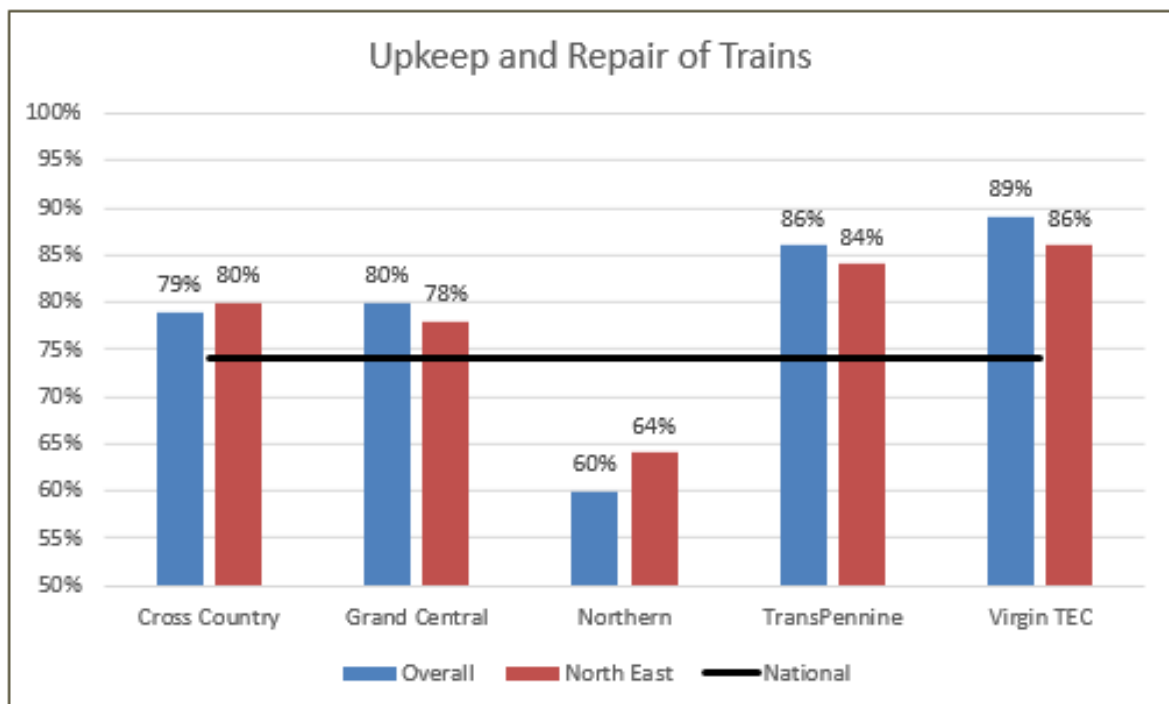
4) Local rail

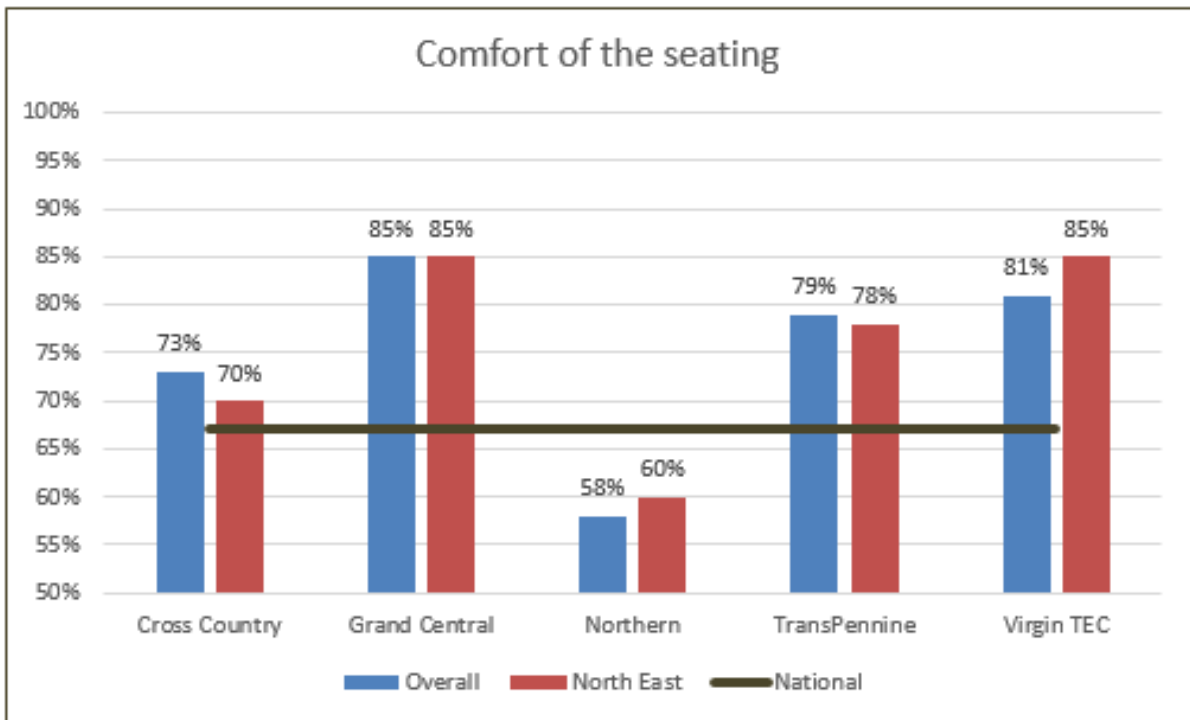
In contrast to the Metro, the local rail network has not had the same focused investment, is not aligned to the local economy and lacks a clear plan for its long term future. The following paragraphs highlight some of the evidence that the local rail services are not meeting the needs of the local communities they serve.

a. Local rail services

Fleet

Northern’s fleet in the North East is predominantly made up of ‘Pacer Trains’ introduced by British Rail in the mid-1980s. When benchmarked against the fleets of other operators which passengers in the North East may use, they perform comparatively poorly in the National Passenger Survey results, a point illustrated in tables below.





These 'Pacer' trains will be phased out over the life of the franchise. In other areas such as Yorkshire and Manchester they will be replaced by brand new trains; however, in our region we understand that they will be replaced by trains of a similar age cascaded from elsewhere. The industry guidance published in the Passenger Demand Forecasting handbook points to the benefits and potential uplift in customer numbers which new rolling stock can bring. We are fearful that the North East region will not experience this growth, especially when customers will see new trains on the Metro system, a contrast which may further diminish the perception of local rail services.

Frequency

The majority of local train services in the North East only offer hourly services at best. This is below the Transport for the North (TfN) Long Term Rail Strategy (LTRS) minimum frequency target of at least two trains per hour between economic centres. An hourly service is not conducive to the requirements of modern day commuters or students with variable start and finish times nor does it offer flexibility when interchanging with other modes to complete door to door journeys.

An hourly service also reduces the convenience of train travel when compared to the private car.

The earliest and latest arrivals and departures are also often outside the minimum standards of the TfN LTRS of reaching key economic centre before 7:00 and leaving them after 23:00. Again this is not conducive with modern day life both for early morning work requirements or late evening social requirements. The night time economy is a key part of the North East economic makeup.

Journey Times

The journey times and average speeds for local rail services in the North East are not comparable with the use of the private car and thus are less competitive than other parts of the country. Typical examples are shown below.

Route	Journey Time by Train	Average speed by train	Journey time by Car	Average speed by Car
Middlesbrough to Newcastle	76 minutes	36.9 mph	50 mins	48.7mph
Newcastle to Carlisle	84 minutes	44.1 mph	77 mins	46.1 mph

The minimum journey speed within the TfN LTRS is 60mph for inter urban services. It can be seen from the table above that this is not met in the North East. For example if the Newcastle to Middlesbrough services were speeded up to the 60mph minimum, the journey time would reduce significantly to 46 mins, comparable with the car.

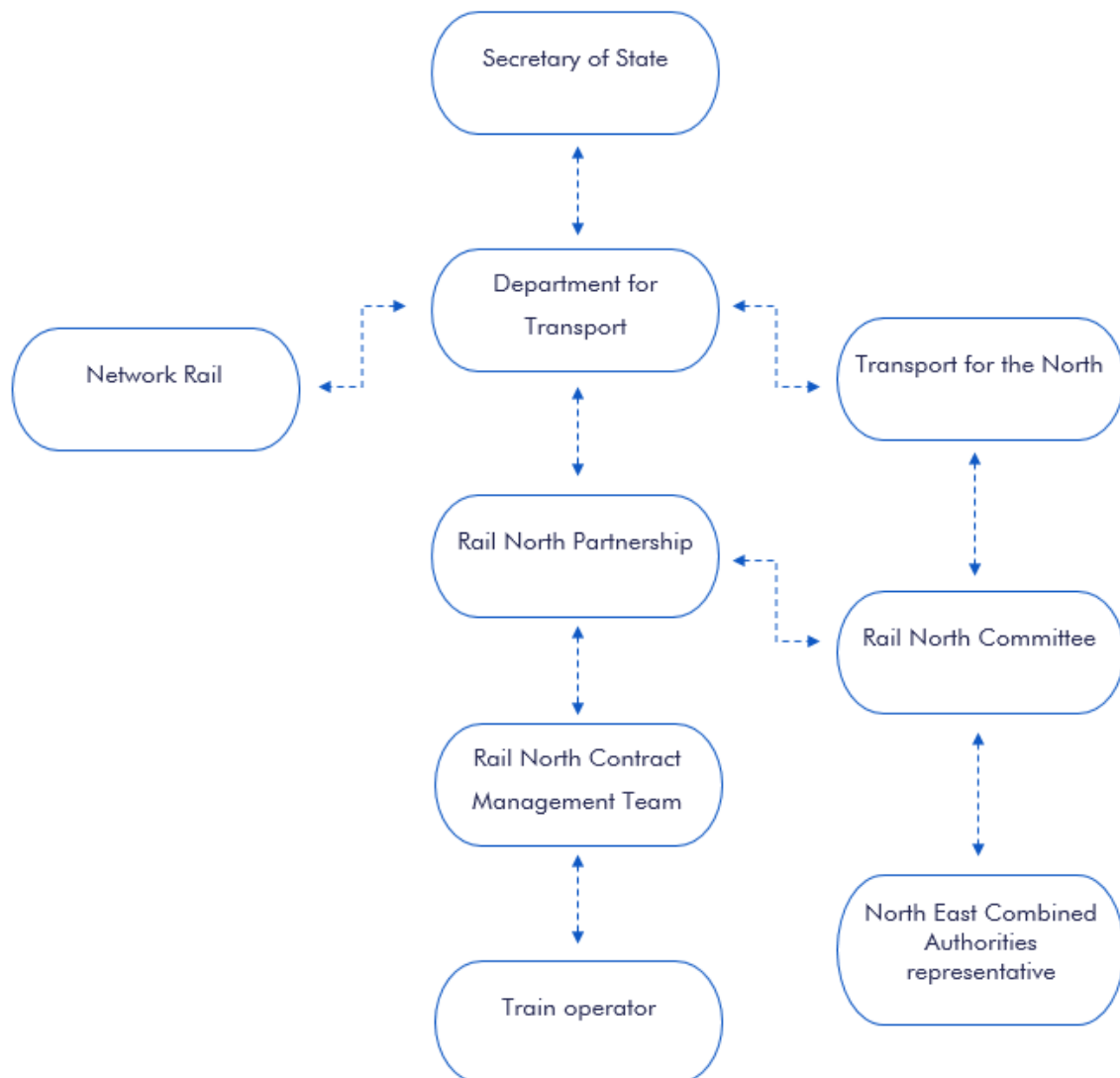
Passenger numbers

The above factors all lead to an underutilisation of the local rail services in the North East. The lack of investment over the years and the lack of strong links to the local economic plans have led to the infrequent, slow and uncomfortable rail journeys passengers endure today. As a result only 15m passengers a year choose to use local rail services; this is only 3.2% of the travel to work catchment for the wider North East, falling to 0.7% in Tyne and Wear (where the Metro picks up the bulk of rail passengers). There is an opportunity to significantly grow rail in the North East given

the right level of investment and the closer strategic and operational linkages with the economic drivers in the region.

b. Governance

The Governance covering local rail services in the North East (unlike the Metro) is much more complex, lacks local accountability and is more of a contractual arrangements between the Secretary of State / Transport for the North and the train operators.



The North East rail services are part of the wider Northern Franchise covering the main economic centres of the North. Although there have been some influence by local leaders in the specification and management of the franchise, the power still firmly sits with the Department for Transport. However with the emergence of Transport for the North, the public is unsure who is accountable. The recent May 18 timetable ‘fallout’ highlighted the lack of overall industry accountability. This contrasts sharply with the structure for the Metro where accountability is clear.

Through the above complex structure it is also difficult to be agile and react positively to planned and unplanned events for example events or local timetable tweaks. Again this contrasts sharply with the Metro case studies highlighted earlier.

c. Metro and Local Rail futures

Nexus has recently produced, or provided input to, a number of documents to support the growth of Metro and local rail services in the North East including:

- The Metro and Local Rail Strategy
- Metro Futures brochure
- Economic Value of Metro and Rail to the NECA Area
- TfN Long Term Rail Strategy

Further work is also underway to develop the following:

- North East Rail Strategy
- North Eastern Railway (exploring options for further devolution)

The expansion, improvement and integration of local rail and Metro services is fundamentally important to the economic growth plans of the North East, and is reflected in Strategic Economic Plan and the Transport Manifesto’s ambitions for rail services.

To deliver the advantages a combined locally managed network could provide, we have commissioned consultants to develop a set of output metrics that will secure improvements to our area. These are likely to include:

- Rail patronage in the NERMU region to rise by a named %;

- Accessibility to the rail network should increase with a metric of interchange to other modes;
- Frequencies increased to match Metro type services;
- Cost per passenger km operated should drop;
- Operating km should rise;
- The measure of rail's contribution of the regional economy should increase;
- Address the imbalance in % of rail users in the region to bring it closer to the south making it a more valued asset.

The **Metro and Local Rail Strategy** looks at the integration of local rail and Metro services and the potential to exploit under-used and disused railway assets and alignments across the region. The potential expanded network is shown in the diagram below.



The Strategy states that:

‘Through closer integration with the regional rail network and empowered by the progressive devolution of authority over local rail services, Metro and local rail will deliver a comprehensive network to improve the local economy, environment and society by making rail the travel mode of choice across a wider area of the conurbation.’

This approach has proven successful on networks such as London Overground where the emergence of a prominent, unified network has increased awareness of travel opportunities and helped to increase passenger numbers.

Part of developing the case for the Strategy is the economic work recently undertaken and referenced elsewhere in this response **‘Economic Value of Metro and Rail to the NECA Area’**. **This shows that for every additional passenger, the economy benefits by £8.50.**

The **Metro Futures** brochure takes a high level look at potential corridors, some of which are being advanced through the engineering feasibility of expanding the current network for passenger use e.g. The Northumberland to Newcastle freight line (Northumberland County Council are leading on an SOBC) and the Leamside Line (TfN are leading on the SOBC for Northern Powerhouse Rail which could also open up this line for local passenger services).

In tandem Nexus are also developing a **North East Rail Strategy**, building on the TfN LTRS, to seek improved frequencies, reduced journey times and improved quality of trains and stations leading to more passenger growth and improved passenger satisfaction.

Furthermore Nexus are also exploring devolution models and opportunities through a **North Eastern Railway** study to see how better integration with local business and communities can bring about more locally tailored and accountable rail services.

d. Local Specification and Accountability

It can be seen from the above that the North East has a strong desire to play its full role in developing the local rail network within our area. We are seeking the power to

specify local rail services linked to the economic and social needs of the area, combined with Metro (and local bus) to form an integrated public transport system for the benefits of our local communities. With this power we accept that local accountability is key. If local decision makers are driving the changes then they must also be accountable for the performance of the services both now and in the future, as indeed they are now for Metro operations.

5) Connectivity with the national network – long distance rail

All the long distance rail services, both passenger and freight that link our region with the rest of Britain use the East Coast Main Line (ECML) at some point. There are two franchised passenger operators, LNER and Cross Country, and one open access passenger operator, Grand Central and a multiplicity of freight operators. The LNER franchise is almost completely synonymous with the ECML, as reflected in the left-hand map below which also shows places off the ECML that are served by LNER, thus emphasising the line's national importance.

As well as being crucial to the national economy, the ECML is our region's premier transport artery, as indicated by the fact that Newcastle, Durham and Sunderland stations together were used by some 12 million passengers in 2017/18, of which a very significant proportion travelled on trains that rely on the ECML somewhere on their journey.

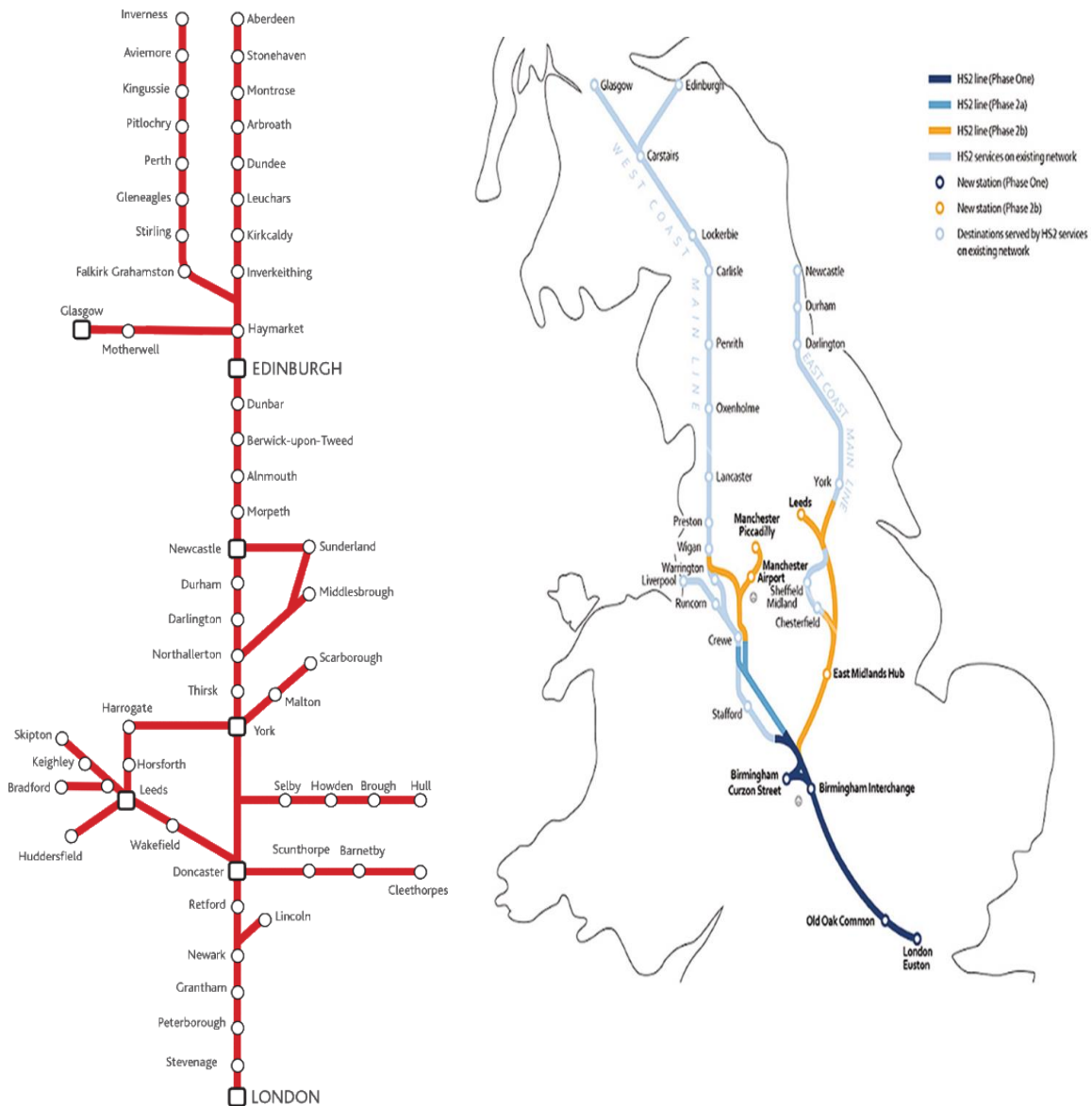


Figure 3 - Diagrammatic maps of the ECML (left) also showing additional places served by LNER and map of HS2 (right) showing planned HS2 services on the existing rail network

Our contention that our rail infrastructure is not fairly funded is nowhere more evident than on the ECML, which cannot cope with existing demand let alone future requirements, particularly being “HS2 ready”. Between Northallerton and Newcastle it already has major capacity constraints, low line speeds, and a lack of resilience. If HS2 Phase 2b is built and Northern Powerhouse Rail improvements are implemented as envisaged, but no further action is taken, those HS2 trains which continue onto the existing ECML north of York (see right hand map below) will simply mean more services needing to access already constrained infrastructure. The result will be a high-quality, fast service on HS2, followed by a very slow, unreliable journey as the

train heads north. Performance on the existing section of route must match the dedicated infrastructure sections so that the overall HS2 high level of performance can be achieved. Any delays or reduced performance in the North East would inevitably have a knock on effect on the rest of the HS2 network.

Unless this is tackled head-on, the negative economic effects are obvious; the degree of physical separation that already exists between the North East and the rest of the UK will be exaggerated, all the more so because of the contrasting huge improvement in ease and speed of travelling between other parts of the North, the Midlands and London by high speed rail. Businesses may locate away from the North East in favour of places with better connections, and our communities will not only be unable to share in the economic benefits that HS2 can bring, but the productivity gulf could widen as the benefits felt elsewhere begin to take effect.

Long distance rail services, both passenger and freight, serving our area are beyond our control yet are crucial to our economy. This prevents us from developing the North East's rail services as part of a wider national transport system, fully integrated to cater effectively for the end-to-end journeys people want and need to make.

At national level, we recognise that people and goods need to travel seamlessly between individual regions (in some cases across several regions) so a need remains for a national rail system operator in some form. However, this national operator will need to work effectively with each region and also oversee a network that properly integrates track and train.

With regard to freight, we acknowledge that the amount of freight carried on the region's rail network is less than in the past. However, current freight flows are vitally important to the local and national economy and there needs to be capacity to allow increased freight volumes both to support economic growth and encourage a move from road transport. Freight has equal network rights with passenger trains; therefore any prospectus for improved rail services must take account of current and potential future flows.

6) Summary and conclusions

Examining each item of your enquiry's Terms of Reference, we draw the following conclusions which also summarise the points we have already made:

Commercial models for the provision of rail services that prioritise the interests of passengers and taxpayers

We have set out above our view that local rail services within each region should be locally-specified and delivered by a locally accountable operator. Super-regional freight and passenger services should be provided in a way that integrates track and train.

Rail industry structures that promote clear accountability and effective joint-working for both passengers and the freight sector

We contend that integration of track and train will remove the current perverse incentives which prevail within the present fragmented industry structure, and also promote unified accountability and simplify the industry for all its customers, whether passenger or freight, particularly when combined with local control or representation. We believe the way the Metro system delivers close coordination for the benefit of local passengers by having both track and train managed and operated by Nexus, is a good example of what can be achieved.

A system that is financially sustainable and able to address long-term cost pressures

Government's current objective is to transfer more of the cost of the railway from the taxpayer to the passenger. Already in the UK, a much higher burden of cost is borne by the passenger than the taxpayer than is the case with many mainland European rail networks. We suggest that continued contributions from the public purse, particularly for large capital projects with a life many times longer than that of any

franchise or concession, will remain necessary if the cost to passengers and freight is not to become prohibitive.

A railway that is able to offer good value fares for passengers, while keeping costs down for taxpayers

Greater local control and accountability of local services will allow fares to be set at a level relevant to the local economy. This means that local decisions can be made to balance how services are funded between subsidy and the fare box, noting that locally controlled services may be positioned to better grow total passenger revenues through an improved local service. Whilst investment will always be required from central government for some schemes, local authorities may have other means at their disposal, especially as benefits may be felt in the local economy.

Improved industrial relations, to reduce disruption and improve reliability for passengers

We have no comment to offer in this regard.

A rail sector with the agility to respond to future challenges and opportunities

For the rail sector to be agile enough to respond well to challenges and opportunities, it needs firstly integration and secondly investment. Integration will mean that the rail industry can speak and act with one mind while an adequate and assured flow of investment will mean there is sufficient money to provide the trains and infrastructure needed to provide modern, reliable services that attract customers and contribute to the economy. Simplified governance will also provide greater ability to react to local circumstances both planned and unplanned.

Increasing integration between track and train

Case studies One and Two set out above show firstly how local control of the Metro has continually driven improvements in service standards for passengers and secondly how Metro management better understands business concerns and acts to address them, including examples of how the Metro has done this.

How to improve transport services across UK regions and devolved nations, including exploring options for devolution of rail powers

Throughout this document we have set out how we believe devolution of rail powers can improve transport services and deliver better outcomes for local communities and business.

Improving value for money for passengers and taxpayers

We have already explained how the study commissioned by Nexus to quantify the 'Economic Value of Metro and Rail to the NECA Area' shows the range of benefits to the North East of Metro and local rail. We contend that much of this benefit has been due to the integrated way Metro is delivered, and further that if this was extended to the local rail network as well, the benefits would be even greater.

Finally, this review is an opportunity to reform the railway and create a fully integrated public transport network within the North East, and indeed the rest of Britain. This opportunity should not be missed. Our railway could be one of our most socially and economically valuable assets with untapped potential to make a larger contribution to people's lives, communities, environment and to our economy.

We look forward to working with you and your team through the review process and welcome future engagement on any emerging policy discussion papers as part of the overall review process.

Please do not hesitate to contact us if you would like to engage further on the points that we make in this response.

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Keith Williams
Chair of the Rail Review
c/o Department for Transport
Great Minster House
33 Horseferry Road
London
SW1P 4DR

30 April 2018

Dear Mr Williams

Rail Review

Thank you for this further opportunity to input into your ongoing root and branch review of the rail industry. The response set out in this letter and at Appendix A follows our initial response dated 18th January 2019. As with that initial response, we are again representing the collective views of the seven Local Authorities in the North East - Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.

Our main point is that we want more say in our railways. We highlighted in our January response how important the railway is to the people and businesses of North East England. It provides links to other economic centres in England and Scotland as well as providing local connectivity. Given the degree of physical and economic separation between the North East and other parts of the country, we cannot emphasise enough the need for the railway to contribute towards the achievement of our economic and social objectives, rather than to work against them as often seems to be the case.

Because of our self-contained local heavy rail network and our long experience of running light rail, in the form of the Tyne and Wear Metro, we are confident of being well placed to better integrate local public transport services through more locally focussed specification and management of local rail services.

Finally, we look forward to hearing from you regarding a date for Roger Marsh's visit to the North East to discuss these matters directly with us, in response to our invitation in our initial response.

Yours sincerely



CLlr Martin Gannon
Chair of the North East Joint Transport Committee
[on behalf of the 7 Local Authorities in the North East]



Andrew Hodgson
Chair of the North East Local Enterprise Partnership



Williams Rail Review: Appendix A to the North East Joint Transport Committee response, April 2019Introduction

We have considered your evidence papers (covering User Experience, Current Rail Models and The Rail Sector In Numbers) as well as your draft objectives and assessment criteria and provide later in this response our reply to the specific questions posed. Several of the points we make echo views expressed by the Urban Transport Group in their latest response to your review.

Our main point is that we want more say in how our railways are run, firstly because of how important they are to our economy and secondly because our long experience of running the Tyne and Wear Metro means we can specify and manage the operation of rail services.

We highlighted in our January response, the importance of the railway to the people and businesses of North East England. It provides links to other economic centres in England and Scotland as well as providing local connectivity. Given the degree of physical and economic separation between the North East and other parts of the country, we cannot emphasise enough the need for the railway to contribute towards the achievement of our economic and social objectives, rather than to work against them as often seems to be the case.

This leads us to our next point, that local passengers across Britain have differing needs and expectations. Evidence in the Transport Focus Passenger Survey results, when disaggregated across the North, show differing priorities for the North East compared to other areas such as the North West. For example:

- Apart from TransPennine, North East rail passengers are fairly satisfied with punctuality and reliability of their rail services.¹
- However, they are less satisfied with value for money. In Spring 2016, only 65% of North East passengers on the Northern Rail franchise were satisfied with value for money compared with 80% in autumn 2011. Value for money is the most influential key driver of satisfaction for North East passengers on the Northern Rail franchise.²
- In addition, overcrowding tends to be a concern in metropolitan areas while value for money is a more important driver of satisfaction elsewhere.

¹ Transport Focus, National Rail Passenger Survey, Spring 2016, p49, <https://www.transportfocus.org.uk/research-publications/publications/national-rail-passenger-survey-nrps-spring-2016-main-report/>

²Transport Focus, National Rail Passenger Survey, Presentation for Northern, p.23, '*Varying from the rest of Northern, value for money is the most influential key driver of customer satisfaction for North East route passengers.*'

We would therefore raise a note of caution at using generalised country-wide passenger responses as a basis for recommendations, since these may well not reflect local passenger needs. Thus, we repeat the call for the management of Britain's railways to be much more closely aligned to the people who use and rely upon them: communities, passengers and businesses.

Our responses to the specific questions raised in the latest call for evidence are detailed below.

Question 1) The evidence papers set out the key themes and broad scope of the evidence on which the Rail Review will draw in the subsequent phases of our work. Are there other themes or areas of evidence that we should consider? If so, what are they and what evidence exists?

Our response:

We are pleased to note that your evidence papers identify the following points:

- The unprecedented growth in passenger numbers and freight volumes on rail
- Recent slowing of this growth
- Significant investment in rail since privatisation
- Poor satisfaction with rail among both passengers and freight operators and their customers

However, we believe that, within these overall points, the evidence papers should have noted the significant regional differences across different parts of Britain in terms of rail passenger numbers, freight volumes, investment and satisfaction levels. For too many regions of Britain, the local railway is seen as consisting of poor-quality infrastructure, infrequent services, slow journey times and old rolling stock. This means it fails to meet its full potential in terms of helping achieve economic growth and social and environmental objectives.

In addition, we believe attention should have been drawn to international comparisons, such as:

- The 2017 European Rail Performance Index³ which placed Great Britain only 8th out of 25 European railways and said that although "Great Britain has an excellent rating for safety its rating for intensity of use is only good, owing to a low level of freight utilization, and its quality of service is poor because of high fares and the *relatively low punctuality of regional trains.*" (our emphasis)
- An indicator of worldwide rail infrastructure quality, based on business leaders' opinions and quoted by TheGlobalEconomy.com⁴, which placed the UK only 18th out of 108 countries

³ <https://www.bcg.com/publications/2017/transportation-travel-tourism-2017-european-railway-performance-index.aspx>

⁴ https://www.theglobaleconomy.com/rankings/railroad_quality/

Finally under this question, themes which we identified in our initial response that we do not believe have been adequately covered in your evidence papers so far are;

- a. The economic value of rail in assisting local growth plans as evidenced in our Metro and Local Rail Economic Report⁵. This identified that Metro and local rail already contributes up to £437m to the regional economy each year and, should it be expanded, every additional passenger journey will add a further £8.50 of economic benefit. As just five of the proposed expansions have the potential to connect to a further 80,000 jobs and nearly 10,000 new homes, this represents a sizeable prize for the area to pursue as part of its ambitious economic aspirations.
- b. The opportunity for rail to help rebalance the economy as evidenced by the Transport for the North (TfN)/Northern Powerhouse economic review⁶.
- c. The environmental benefits of rail, especially in congested urban areas, where provision of an attractive, high-quality service will encourage modal shift away from private cars.
- d. The different opportunities and challenges presented by regional variations in rail provision, use and customer satisfaction, as evidenced by the Transport Focus National Passenger Surveys quoted above, and the fact that we can take local decisions about additional services on the Tyne and Wear Metro for special events (such as the Great North Run) or to provide services on Boxing Day.
- e. The need for management of Britain's railways to be much more closely aligned to the people who use and rely upon them: communities, passengers, freight customers and businesses. As we said in our initial response, current decision-making structures are complex, have conflicting objectives, and are opaque to customers and taxpayers. The current TfN Rail North Partnership achieves partial regional devolution but there is still a need for our region to be have greater influence on the self-contained North East rail network. A fledgling version of local devolution in our region already exists through the North East Rail Management Unit, which offers us informal oversight of our geography of the Northern Franchise: we are therefore already positioned and willing to expand this role. Regarding longer-distance services, we believe that a model should be developed, in which transport authorities along the line of route can directly influence the specification of the railway in line with their economic growth plans. The train and infrastructure operator should be accountable to the local authorities within an appropriate governance framework. Our view is that these approaches will allow local, regional and inter-city networks to be developed and managed in such a way that the railway puts the needs of communities and their economies at its heart. We are disappointed that the devolution dimension gets so little attention in the main written outputs of your Review hitherto. We continue to engage with the process and we are always

⁵ <https://northeastca.gov.uk/wp-content/uploads/2018/10/Transport-North-East-Committee-11-October-2018-Agenda-Pack.pdf> (Agenda item 6)

⁶ <https://www.transportforthenorth.com/wp-content/uploads/Northern-Powerhouse-Independent-Economic-Review-Executive-Summary.pdf>

happy to seek to provide further evidence if there are points on which you would like further information or clarification.

- f. An acknowledgment that, whatever models or structures are chosen for the rail system in future (including the opportunities afforded for local devolution), continued financial contributions will be needed from the public purse, particularly for large capital projects with a life many times longer than that of any franchise or concession, if the cost to passengers and freight is not to become prohibitive.

2) Has the Review identified the right areas in the proposed high-level objectives?

Our response:

We have the following comments on the three high-level objectives (Passengers, Taxpayers and Wider society) identified in the Review

- a. Our first concern is that there is no mention of the railway's freight customers. This is sadly reflected in the "user experience" evidence paper which devotes only three of its 52 pages specifically to freight customer experience. We consider this to be a major shortcoming given that in 2017, as the evidence paper points out, approximately 9% of domestic freight was moved by rail which would otherwise have required 8.22 million HGV journeys, thereby contributing to the wider society in terms of environmental benefits. The fact that promotion of freight traffic is noted under the 'wider society' objective in your evidence paper makes it even more puzzling that there is no separate objective for freight customers. The importance of rail freight to the North East economy cannot be understated given that 5million tons of freight was taken by rail in the North East in 2016. We would therefore strongly recommend that "Freight customers" be added as a fourth high-level objective
- b. Passengers: we agree that passenger satisfaction and greater public confidence is an appropriate, indeed necessary, high-level objective. However, within this overall objective account needs to be taken of passengers' varying priorities in different parts of the country – for example overcrowding or value for money. These differing priorities can, we suggest, only be met by better aligning management of Britain's railways to the people who use and rely upon them: passengers, freight customers, businesses and communities. There appears little recognition in the Williams review written output so far of the fact that one third of trips on the rail network are now made on services which are either wholly or in part overseen by devolved administrations and authorities. The success of fully devolved rail networks is also rarely commented on. Our final concern with this objective is that the current wording relating to satisfaction and confidence appears to see these as an end in themselves, rather than a means to an end which should surely be making rail a more effective instrument of economic growth and personal mobility as well as achieving environmental benefits through modal shift for both passengers and freight.

- c. Taxpayers: we would seek clarification of what is meant by affordability and value for the taxpayer. We would repeat our concern that any rail review must acknowledge that a high-quality rail system that contributes to economic, social and environmental goals needs financial support from the public purse, particularly for large capital projects. In addition, we suggest that the only way of ensuring that taxpayers (including those who do not use the railway) see the rail network as delivering affordability and good value for money is through local devolution and the distribution of public funds coupled with the potential for local taxation and local investment.
- d. Wider Society: at present this objective refers to “social, environmental and economic contributions to the country”, but we strongly suggest this should be amended to say “social, environmental and economic contributions to the regions and the country as a whole”.

3) *Has the Review identified the key issues constraining the success of the railway? What relative priority would you place on each of the issues raised?*

Our response:

We believe the following constraints should be added:

- a. The fact that management of Britain’s railways is insufficiently aligned to the people who use and rely upon them means the network is not responsive to local economic changes or opportunities
- b. Investment is not equitable across the country leading to stark differences in service frequency and quality of travel. Once again, we concur with the Urban Transport Group’s view that poor performance from the industry in delivering schemes on time and to budget hinders wider housing, transport and economic programmes and also deters future investment in the sector by devolved authorities and administrations. This point is partially, but not fully captured, in several of the key issues identified.
- c. The current tendency for the rail industry to be inward looking in serving its own interests rather than being outward looking and seeking to serve local communities.

We would give equal priority to (a) and (b) above

4) *Do the assessment criteria capture the right issues against which the Review should test its proposals? What priority should we attach to each and how should we balance trade-offs? Are there other issues we should consider?*

Our response:

- a. Echoing our response to Question 2 above, our first concern is that there is no mention of the railway’s freight customers in the three headings under which the 11 outcomes are grouped. Instead, freight is relegated to only one objective, the last of the three shown under the heading “The fundamentals”. We consider this to be a major shortcoming which should be rectified firstly by

changing the first heading to “Rail users – passenger and freight” and secondly by rewording the five **Outcomes** listed under this heading and moving the “Rail freight” outcome to this heading.

- b. The **Outcomes** should also cover general economic benefits occurring as a consequence of the railway.
- c. The **Outcomes** should also reflect social and human factors, such as enabling socially excluded people to access opportunities like jobs and education. The railway is a national economic asset which is an integral part of many people’s daily lives. Because of the railway business deals are done, relationships made; jobs offered and educational achievements attained.
- d. The **Outcomes** also need to consider accountabilities in the industry so that clear lines of responsibility to individuals are apparent to passengers.
- e. Under the “Passengers” heading (which as above we suggest should be changed to “Rail users – passengers and freight”) we contend that it is not currently always the railways’ responsibility to lead on journeys across more than one mode in major urban areas. We therefore suggest another **Outcome** should be added of working with other public transport providers and transport authorities to better enable the whole journey including across modes.
- f. Under the “affordability” heading, we suggest another **Outcome** of delivering value for money for sub-national government and reduce the costs and inefficiencies in the way that their schemes are progressed. This is because local authorities and devolved administrations are one of the biggest investors in the rail network but high costs, cost over-runs, scheme slippage and excessive bureaucracy are major concerns. There is a lack of recognition of anything but national considerations despite the reality that one third of all trips are on wholly or partially devolved networks.
- g. It can be argued that a further **Outcome** should be included of continuing to improve the skills and diversity of the workforce, given that the railways do not reflect the diversity of the places they serve, the skills shortages in the sector and the aging profile of key sub-sectors of the workforce
- h. The **Outputs** should also include ‘adapt to local economic and social opportunities’. This should also consider the limitations of current economic appraisals (WEBTAG) of new rail schemes and the bias against less well populated areas where the railway meets a greater social need to more isolated communities

Our view is that these approaches will allow local, regional and inter-city rail networks to be developed and managed in such a way that the railway puts the needs of communities and their economies at its heart.

Please do not hesitate to contact us if you would like to engage further on the points that we make in this response.

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