

# Devolving our railways;

Learning the lessons  
from a summer of  
Northern rail chaos



This paper is produced by the permanent staff team of the Northern Powerhouse Partnership, commissioned and overseen by its Chair George Osborne.

## Section 1

# Introduction

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Over a six-week period in early summer, commuters and families faced misery on the rail network across the North caused by the roll-out of new timetables. Employees were unable to get to work, resulting in many missing out on job opportunities or being unable to get to work for days at a time. Parents, faced with endless delays and services cancelled without warning, missed out on putting their children to bed night after night. And, as our research today reveals, businesses were forced to count the cost of more than one million hours of lost time, affecting the ability of people to do their jobs and to take advantage of leisure activities. The vast majority was commuting and work time here in the Northern Powerhouse – already lagging behind the rest of the UK in terms of productivity – making it particularly damaging.

UK railways are among the most centralised in the world – the Department for Transport controls which train stops at which station and how many carriages it has. They supervised and agreed many projects on the railway in infrastructure as enhancements in last decade which were poorly costed, and too often changed their mind on what they wanted when work had started. In this case, a welcome Treasury commitment to the Northern Powerhouse was mismanaged and poorly held to account. There were chronic delays to Network Rail engineering and electrification works, particularly between Blackpool and Preston and in the Bolton corridor, which meant the train operator Northern Rail was faced with an impossible task. Back in January it became clear a significant number of promised electrified lines would still need diesel trains, trains needed elsewhere in the North, for much longer.

Northern failed to communicate the scale of the looming crisis quickly enough. They did, however, recognise the scale of the situation and after two weeks implemented an emergency timetable – something Trans Pennine Express failed to do despite appalling performance. Up to half of their trains were seriously late

or cancelled on some routes and days, with the worst performance in the country on this measure for the last three months. Trans Pennine have also not co-operated with us on this report; a lack of transparency that is unhelpful.

The current structure for control of our railways is not fit for purpose; Northern leaders were powerless to do anything about the crisis because of the lack of authority government have given to Transport for the North (TfN). TfN was set up by then-Chancellor George Osborne – chair of the Northern Powerhouse Partnership – in 2014 and are now officially established as the UK's first statutory sub-national transport body. However, their level of influence over Northern transport is far too constrained and government needs to give them full franchise control through Rail North with oversight of infrastructure enhancements. This will bring together the economic ambition of the Northern Powerhouse with the levers to improve the connectivity needed east and west.

Our main recommendation is simple: government must devolve powers as was called for consistently prior to the summer chaos for TfN to have full powers of accountability over the operation of North's rail network. This will better protect the independence of those who deliver the railway while at the same time holding them to account for their day to day delivery to underpin what is needed to grow our economy. Only this commitment would stop the appalling scenes of the early summer from being repeated.

Parts of this report will make up our evidence to the Blake Review, set up in the wake of this crisis and jointly led by Leeds City Council Leader Judith Blake and the Rail Minister Jo Johnson. Its recommendations must be bold, decisive and easy to implement, and we have the utmost confidence they will be. This piece of work also addresses a number of broader questions which do go beyond the terms of reference of the Blake Review, but which still at this time need to be raised and debated.

In this paper we set out proposals to avoid the chaos of delays and cancellations from happening again. It is clear, however, that returning our railways to the status quo is not sufficient. In order to increase productivity, the central principle of the Northern Powerhouse, and stimulate economic growth across the North, we need transformational investment to deliver greater capacity, enhanced frequency and shorter journey times. Northern Powerhouse Rail will revolutionise train travel across the North; creating jobs, attracting investment and linking up the great cities of the Northern Powerhouse. Working with Northern leaders and businesses, TfN are leading the way on this and we will be supporting them at every step of the way. Devolving powers to them from central government to make significant improvements to the network now as well as in the future must be an immediate priority.

## Section 2

# Rail usage in the Northern Powerhouse

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According to statistics from the Office of Rail and Road<sup>1</sup>, more than 200 million passenger journeys were made by rail in the Northern Powerhouse annually. Focusing on just the major cities in the North of Leeds, Liverpool, Manchester, Newcastle and Sheffield serve 574,000 passengers per day<sup>2</sup>. So, despite the fact that people in the North travel less regularly by train than in London<sup>3</sup> for example, a considerable number of people still rely on the rail network in the North each day. Yet this apparent lower usage of rail is perhaps not surprising when 15% of commuters into Manchester in the morning peak find themselves standing, as do 12% in Leeds.<sup>4</sup>

It should be noted that the data that follows below refers to services provided by Northern and Trans Pennine Express only. It does not, for example, include any journeys within the North made on Cross Country, LNER or Virgin Trains West Coast as we do not have access to data about entry and exit stations for passengers using these services.

### *Performance following timetable changes in May 2018*

Data on train service performance has improved as a number of passenger-focused websites and apps have launched to provide better information for planning rail journeys. As a result, we have been able to obtain a substantial amount of data on the period following the timetable changes in May.

1. Office of Rail and Road (2018) *Regional Rail Usage (Passenger Journeys) 2016-17 Annual Statistical Release* available at: [http://rr.gov.uk/\\_data/assets/pdf\\_file/0003/26598/Regional-Rail-Usage-2016-17.pdf](http://rr.gov.uk/_data/assets/pdf_file/0003/26598/Regional-Rail-Usage-2016-17.pdf)

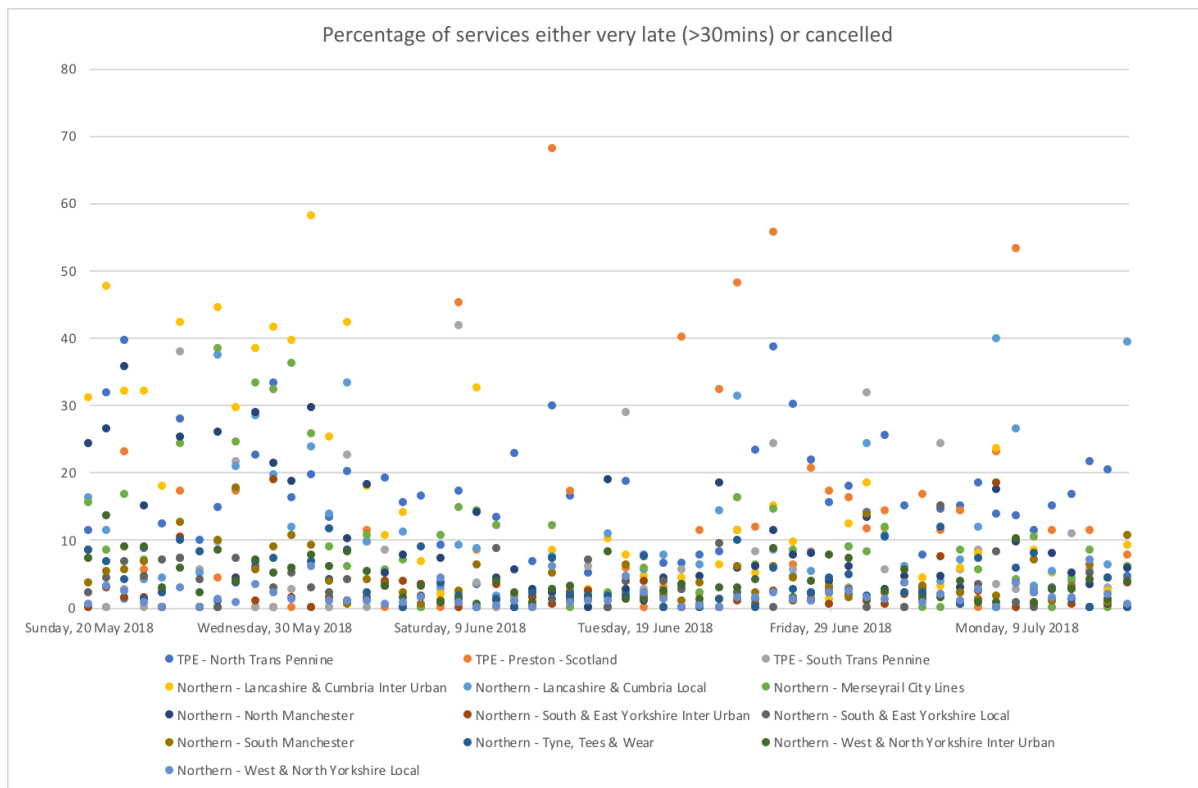
2. Department for Transport (2018) *Rail passenger numbers and crowding on weekdays in major cities in England and Wales: 2017* available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/728526/rail-passengers-crowding-2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728526/rail-passengers-crowding-2017.pdf)

3. Department for Transport (2018) *National Travel Survey: 2017 Table NTS9903* available at: <https://www.gov.uk/government/statistical-data-sets/nts03-modal-comparisons>

4. Department for Transport (2018) *Rail passenger numbers and crowding on weekdays in major cities in England and Wales: 2017* available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/728526/rail-passengers-crowding-2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728526/rail-passengers-crowding-2017.pdf)

Using publicly-available data, the graph below shows the proportion of services that were either more than 30 minutes late or cancelled broken down by route.

*Graph 1: Percentage of services either very late (>30 mins) or cancelled by route*



Source: trains.im

Due to the number of data points it is hard to display the full time series for each route on one chart. What is clear however is that even up to the end of the period presented here (Sunday 15<sup>th</sup> July) there are still days and routes where a significant percentage of trains are either very late or cancelled.

On the measure presented above the route suffering the worst performance was the North Trans Pennine route operated by Trans Pennine Express with the average (median) percentage of very late or cancelled trains at just over 15%. The worst day for performance occurred on Tuesday 22<sup>nd</sup> May when just under 40% of services fell into this performance category. Despite the changes made with emergency timetables there are still clearly problems affecting this route. On both Friday 13<sup>th</sup> and Saturday 14<sup>th</sup> July, more than 20% of services on the North Trans Pennine route were again more than 30 minutes late or cancelled.

Two routes (Trans Pennine Express's Preston to Scotland and Northern's Lancashire and Cumbria Inter Urban) experienced days where more than 50% of services were very late or cancelled. Conversely, all routes except three (Trans Pennine Express's North Trans Pennine, Northern's Lancashire and Cumbria Inter Urban and Northern's West and North Yorkshire Inter Urban) have experienced days where no services have fallen into this worst performance category.

The best performing route over the period (based on the measure used in the graph above) was Northern’s South and East Yorkshire Inter Urban where the average (median) proportion of services falling into the worst performance category was less than 1% and on 15 days experienced no cancellations at all.

### Impact

Not only is it frustrating for passengers to be delayed, there are a number of impacts beyond these which have a negative effect on the economy. The calculation discussed below is an attempt to capture both these economic and welfare impacts. We have not included here the number of shorter than planned services, which led to severe over-crowding on some routes, though this will have prevented some customers from travelling.

To perform this calculation, we first needed to obtain data on the total delay experienced by passengers in the North. Unfortunately, we were unable to find this level of detail available through public information sources. We would therefore like to thank Northern Rail for cooperating with us in putting together this paper by providing their own data down to individual service level. This has allowed us to at least perform this calculation against Northern Rail’s network, although our recommendations and policy positions later in this paper are ours as Northern Powerhouse Partnership alone.

The data period covered for this section is slightly shorter than the one used for the graph above and covers 20<sup>th</sup> May to 30<sup>th</sup> June. Over the entire period 945,180 hours were lost to delays, an average of 22,504 per day.

We do not have actual data on the purpose of each journey so have used the Department for Transport’s own rail factsheet.<sup>5</sup> This states that 55% of rail journeys are made for commuting, 10% for business with the remainder for a variety of other purposes. Applying these proportions to the delay data we have results in the split presented in Table 1 below.

*Table 1: Hours of delay by trip purpose*

Journey Purpose	Percentage of all trips	Total hours of delay
Commuting	56%	529,301
Business	10%	94,518
Other	34%	321,361
<b>Total</b>	<b>100%</b>	<b>945,180</b>

The next part of the calculation requires us to use a relevant value of time to multiply the total delay by. The Department for Transport provides such data and values an hour of time at £12.49 for commuting, £36.63 for business and £5.70 for other

5. Department for Transport (November 2017) *Rail Factsheet* available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/663116/rail-factsheet-2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/663116/rail-factsheet-2017.pdf)

purposes.<sup>6</sup> However, separate guidance<sup>7</sup> from DfT suggests that lateness multipliers should be applied to these values in recognition that a service running one minute later than the timetable suggests is worse than the scheduled length of the journey being one minute longer. Table 2 below presents the result of applying these multipliers.

*Table 2: Value of lateness*

Purpose of journey	Standard value of time (£)	Lateness multiplier	Final value of lateness (£)
Commuting	12.49	3.45	43.09
Business	36.63	2.85	104.40
Other	5.70	2.85	16.25

Table 3 below places a monetary value on the negative economic and welfare benefits. Our analysis of Northern Rail's data only suggests a final value of just under £38m due to the chaos that resulted from the May timetable change. If we were able to obtain equivalent data from Trans Pennine Express routes, then we could put together a more complete estimate of the impact. At present we believe that the data we have covers around 80% of passenger journeys in the North and closer to 60% of passenger kilometres made across the Northern and Trans Pennine routes.

*Table 3: Estimates of the economic and welfare costs of the timetable change*

Purpose of Journey	Hours lost	Value of lateness (£)	Total value (£)
Commuting	529,301	43.09	22,807,842
Business	94,518	104.40	9,867,256
Other	321,361	16.25	5,220,514
<b>Total</b>	<b>945,180</b>		<b>37,895,612</b>

If we choose to focus on the first two weeks following the introduction of the new timetable (and before the introduction of the emergency timetable) the delays were noticeably worse on Northern's Network. Over this shorter time period 504,127 hours were lost at a total cost of just over £20m using the same methodology as above, equating to a daily impact of around £1.4m.

6. This data is taken from the Department for Transport's WebTag databook Table A 1.3.1. All figures have been updated to 2018 prices and values.

7. Department for Transport (2015) *Understanding and Valuing Impacts of Transport Investment, Values of travel time savings* available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/470998/Understanding\\_and\\_Valuing\\_Impacts\\_of\\_Transport\\_Investment.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/470998/Understanding_and_Valuing_Impacts_of_Transport_Investment.pdf)

## Section 3

# The current transport policy framework

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The split between the role of Network Rail, who own the track, signalling and other infrastructure on the network, and the rail operators, is relatively well understood, although from different political perspectives both major parties see benefits from further integration of these functions operationally. There are two businesses responsible for services focused predominantly within the North of England and surrounding regions. The intercity or east to west services which connect cities and the towns in between them, Trans Pennine Express (the successful bidder being First Group), and all other local and regional services, Northern Rail (awarded to Arriva, a subsidiary of DB).

The last franchise awarding process was different to elsewhere in England, as a partnership of local authorities, now fully established and referred to as Rail North, was given the opportunity to help award the franchises and specify the outcomes. This body has now become part of Transport for the North, though as the Department for Transport is still ultimately in a significant position of influence, this partnership does have some limitations in terms of its freedom to use devolved powers effectively.

The Secretary of State for Transport and his department, through both its control over Network Rail and its investment strategy and franchise agreements often sets each respectively competing objectives. There is a strong case for closer alignment of the accountability for franchising and infrastructure, which would mean consistent priorities could be set by TFN.



## Section 4

# Considerations for the Blake Review

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Following the recent rail chaos, Cllr Judith Blake CBE, the leader of Leeds City Council and TFN Board Member, was asked to undertake a review of Rail North and its future role, and is supported in this by the Rail Minister Jo Johnson. The need for this, and the independent review, points to an overly complex system where it is too difficult to currently find who is accountable.

Both before and after this crisis, it is vital to point out that the current Rail North model has led to improvements in the levels of service promised to the travelling public and businesses of the North. This has included some refurbished rolling stock already having come into service. The previous Northern Rail franchise was based on no growth in numbers of those making journeys nor significant investment. This was not the case through the most recent franchise bidding process, where both franchises were based on significant growth in journeys, fuelling greater investment to underpin that same increase in patronage. The Network Rail improvement package, negotiated at a similar time period and focused around Northern Hub, including the Ordsall Chord and Deansgate corridors, sat alongside a much wider infrastructure improvement package now known as the Great North Rail Project. Without these infrastructure improvements, the service improvements outlined in the franchises becomes undeliverable.

The evidence given in particular by David Brown<sup>8</sup> Managing Director of Northern, to the Transport Select Committee earlier in the summer was very informative. The decisions made within the industry to stick to the timetable changes were made at the start of the year and included a Department of Transport official, despite the request made by Northern for a delay. After this point, there were preparations made in a short timescale to adopt to the fact that much of the electrification focused around Bolton for instance and the wider work, such as around Deansgate to complete the Ordsall Chord, had not been delivered by Network Rail. The reality is that delays happen, and in designing a system of governance and oversight which is fit for purpose

8. Evidence by David Brown to Transport Select Committee, 18<sup>th</sup> June 2018

for our railways there needs to be an understanding of this. However, the test of the system is how these are responded to and how knock on effects and contingencies are managed. In this case the level of resources and mandate of Rail North, by not integrating any supervision of infrastructure improvements by TFN, was found to be lacking.

In fact, it was only the Department for Transport who had at their disposal the overarching responsibilities to act to avoid what happened when new timetables were delivered without the drivers trained for the job. The Secretary of State has claimed he had no direct responsibility for the summer of the chaos, but officials during his tenure and previously did. A devolved approach which linked together oversight of infrastructure projects and performance of train operators against their franchise agreements would have been able to avoid the over runs in the first place, or make adaptations to franchise expectations to accommodate the reality of what could be delivered.

The critique of both franchise operators, but in particular Northern, was that they hadn't further escalated the scale of the potential challenges. The lack of Rail North having a broad enough view of rail industry performance, including Network Rail, to be able to report to civic leaders, means that the scope of the remit arrangements needs to be reviewed and expanded. The Secretary of State and Rail Minister will need to agree moving from Rail North to full franchise devolution, including full retention of revenues, placing responsibility for sharper commissioning responsibilities being discharged, holding directly to account the system operators Network Rail and Train Operating Companies for their day to day operations all in a strengthened and accountable system

In the aftermath of the timetable change, Northern accepted quickly the need to adopt an emergency timetable. However, Trans Pennine Express did not take the opportunity to adopt an emergency timetable, despite the fact as referenced in the data section that they have been cancelling 15% of their trains, or seeing them arrive more than thirty minutes late.

## Impact on Manchester Airport

International visitors, and those departing Manchester Airport for business and leisure, were some of the worst affected during the initial period of the new timetable being introduced. Over three months earlier this year, more than half a million passengers travelled to the airport by train. The numbers of them missing flights will have generated a significant cost to the insurance industry, as well as directly to those affected.

It is particularly disappointing that the UK rail industry chose to switch over timetables during a leisure/business travel peak, which due to Manchester Airport's growing importance for long-haul connectivity was particularly unhelpful. It is particularly concerning that as punctuality is crucial to international air travel, that due to the extensive publicity passengers from across the Northern Powerhouse may be deterred for the foreseeable future on relying on rail services to reach the airport.

To compound matters, Trans Pennine Express have dealt with their lack of resilience getting trains around Manchester (through the Oxford Road to Deansgate corridor) towards the North East and Yorkshire by regularly cancelling trains at either end of routes early, such as before their arrival in Scarborough or in Manchester itself – and therefore not continuing to Manchester Airport. This is coupled with the fact that the new timetables have actually lengthened scheduled journey times from Manchester Airport to Leeds and on to places like York and Darlington by between 12 to 15 minutes, acting in the opposite direction to the long-term strategy for Northern Powerhouse Rail.

It is an unintended consequence of the franchise agreements being more technical than outcome-focused that a train operator is running services on a route that is not in the interests of its own passengers. The Department for Transport and TFN in the future will respectively need to award franchises with a different mindset and understanding of how to drive quality and reliability – rather than overly-bureaucratic constraints on the operator which serve to negatively impact on the aim to better serve passengers.

This lack of responsiveness by First Group in the case study above makes this franchise in need of greater ongoing scrutiny by Rail North, with commuter towns to Leeds such as Dewsbury and Batley, alongside Stalybridge and the communities between there and Huddersfield, seeing sustained problems which have yet to be substantively improved. This is in contrast to Northern who had a short-lived period of huge cancellations, now been largely brought under control; the only sustained problems being the lower number of timetabled trains on specific routes where infrastructure improvements were delayed.

## Section 5

# Pathway to devolution

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The missed opportunity was that when Rail North was established thought was not given to the dynamic of the infrastructure improvements on which franchise growth was based being entirely outside the mandate or influence of Transport for the North and its board. The pathway set out below is for incremental reform, based on building up the capability and capacity of Transport for the North not as a direct delivery body, but as the critical challenge and supporter to Network Rail, Highways England and any entity set up to build Northern Powerhouse Rail:

*New super client role for Transport for the North; formally responsible for oversight of Network Rail improvements*

As the Transport Secretary and TFN currently consider the Trans Pennine Route Upgrade (TRU) programme, at a cost of at least £3 billion, this is the time to make delivery of this scheme the responsibility of TFN once the government and Northern leaders reach a consensus about the most effective way to prioritise the resources available to achieve maximum economic and social benefit.

Under this proposed model, it would be for TFN to answer to the department for the expenditure, and the progress made to deliver and cost, which would see a number of civil servants currently based in Whitehall given the opportunity to be transferred to Transport for the North and Rail North's offices in the North of England. A formal model of partnership, with more colleagues working for city regions seconded to TFN at all levels, would replicate the strong links which have been built between TFN and DfT as co-client on Northern Powerhouse Rail.

The case for this change is that at every stage Network Rail can then benefit from scrutiny, whilst being independent of government by not having civil servants directly questioning their operational decision-making day to day, risking confusing accountability and scrutiny with ad hoc-interventions that do not have the support nor effective accountability to the Secretary of State, who has states others outside do and should run the railway in the North, not him nor his officials, and if that is his policy intent we propose this approach to implement that in full going forward.

In the case of the recent upgrades in the North West, there was not enough understanding in Whitehall of the impact of infrastructure delays would have on the Train Operating Companies (TOCs). With Balfour Beatty terminating their work, and the collapse of Carillion, these caused significant over runs in electrification in and around Bolton, with the Preston to Blackpool line also delayed. If there had been more scrutiny from those with knowledge and understanding of what was required for the newly-signed franchise agreements to be deliverable, it may have been possible to constructively challenge all those involved earlier and avoid the delays which directly contributed to the lines to the North of Manchester being so badly affected by the recent timetable change.

#### *Longer term re-allocation of strategic transport funding*

Up until the end of 2050, the Northern Powerhouse will need current planned and increased investment up to a total of £100 billion.

From the end of the current Road Investment Strategy (RIS) and Control Period's for Highways England and Network Rail for enhancements respectively, with retention of all franchise surpluses. All Northern transport spending would be managed through Transport for the North (rather than directly given to the delivery agencies). This will allow flexibility between projects, regardless of transport modes, ensuring that schemes which may over run or be difficult to deliver can be planned across five-year periods. Current road budgets could also be used to unlock new rail freight routes such as between Colne and Skipton or from West Cumbria to Carlisle, if this is a more effective way to reduce congestion and improve guaranteed just in time delivery routes, securing more progress on the economic corridors identified in the Transport for the North strategic plan.

#### *Robust delivery partnership for Northern Powerhouse Rail*

The effective way that TFL and DFT have worked together on Crossrail, holding to account the delivery of that scheme, as well as the way HS2 is managed, provides a template. Fundamentally, from the start of 2019 when funding is unlocked for the next phase, the governance and delivery arrangements need to be finalised in lockstep with Crossrail 2 in London.

## **Section 6**

# **Conclusion**

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The Northern Powerhouse Partnership is convinced of the case for rail devolution.

We believe the evidence demonstrates that it is time for the civic leaders of the North, supported by Local Enterprise Partnerships and wider businesses, to take on greater responsibility. Fundamentally, the Department for Transport still manages much of the North's fragmented railway. Within the context of a national network, managed and led day to day by Network Rail, it is possible for us to do much better.

The North must be run by the North, for the North; a genuine Northern Powerhouse is there for the making. It is time to drive the North's economic ambitions by road, rail and digital connectivity, to wherever the people of the North want to go. Only then will we truly see a true Northern Powerhouse being delivered, driving economic growth across our great towns, cities and communities.