



Strategic Transport Forum

16th July 2021

Agenda Item 4: Williams-Shapps Plan for Rail

Recommendation:

It is recommended that the Forum:

- a) Notes the reforms set out in the Williams-Shapps Plan for Rail**
- b) Shares views on the reforms and identifies areas of interest**
- c) Discusses the implications for EEH as the STB for the Heartland**

1. Strategic Context

- 1.1. In 2018 the Williams Rail Review was set up by the Government. The aim of the review was to recommend the most appropriate organisational and commercial frameworks to support the delivery of the Government's vision for the railway. The review was chaired by Keith Williams in the wake of challenges introducing new timetables in the north of England and parts of the South East.
- 1.2. In 2019, EEH met with the DfT William's Review team to provide insight into the key strategic challenges facing the industry. The discussion with officials centred on the need for increased freight awareness in long-term planning, simplified and good value rail fares, and greater recognition of the railway's role in driving economic growth in a way that is consistent with net-zero carbon obligations by 2050.
- 1.3. The review's recommendations were expected in early 2020 but the publication of the report was delayed due to the impact of the COVID-19 pandemic. The pandemic effectively ended rail franchising as a result of the decrease in demand. Consequently, train operator companies (TOCs) were placed on emergency measure agreements (EMAs) from April 2020 to September 2020 (in most cases).
- 1.4. From September 2020 onwards, the EMAs were replaced by emergency recovery measures agreements (ERMAs). The ERMAs are a further temporary amendment to the underlying franchise agreements and are of varying lengths up to a maximum of around 18 months.
- 1.5. The delay in publishing the White Paper has meant the Government has been able to account and plan for the effects of the pandemic on the future of the railway. It rebranded the review, the 'Williams-Shapps Plan for Rail'.

2. White Paper Commitments

- 2.1. **A New Public Body:** A new organisation will run the rail network in the public interest. Network Rail will be absorbed into this new organisation, as will many functions from the Rail Delivery Group and Department for Transport. This organisation will operate as an arms-length public body called Great British Railways (GBR). GBR will maintain and enhance the infrastructure, specify rail services and procure and manage the contracts with TOCs. Work to deliver improvements for passengers and bring in interim

arrangements will start immediately. Alongside this, the Government intends to introduce legislation to formally establish Great British Railways.

- 2.2. **A New Industry Model:** As a consequence of COVID-19, the rail industry faced the almost total collapse of passenger demand. The issuing of EMAs and ERMAs has provided an interim replacement to the historical franchising system. The White Paper proposes a new structure that will see GBR oversee a concessions model to contract with private partners to operate trains. Passenger service contracts will be awarded (in most cases setting the fares and timetables), in which TOCs will be paid to deliver services, including any performance related pay. This new way of working with the private sector will focus on performance, efficiency and passenger satisfaction. The Office of Rail and Road will independently scrutinise GBRs delivery against these objectives.
- 2.3. **Fares and Ticketing:** GBR is seeking to simplify fares and ticketing by ending the current mass of complicated arrangements currently administered by TOCs. New products, such as flexible season tickets aimed at those commuting for two or three days a week will be introduced to reflect new working and travel patterns. There will be more convenient ways to pay using a contactless bank card, mobile or online. The plans propose better integration between buses and bikes and depending on the needs and capacities of different places, partnerships will include the ability for local leaders to integrate ticketing and fares with other local transport services.
- 2.4. **Reducing Industry Cost:** GBR will be mandated to increase efficiency and co-operation. One of the rationale's behind bringing the railways together into a single entity is the value saving that will be realised by providing a clear line of sight over costs, benefits and opportunities for efficiency and growth. Removing duplication, interface costs and complexity will build on Network Rail's existing programme of efficiencies which aims to deliver £3.5bn of savings to 2024. Industry experts suggest that after the initial five-year implementation period, cost savings should deliver additional savings of up to £1.5bn a year after five years.
- 2.5. **Long-term Railway Planning:** GBR will operate within a 30-year strategy which will provide the long-term plans for transforming the railways and ensuring investment in them responds to public priorities such as levelling up. GBR will develop five-year business plans across both services and infrastructure to inform government funding decisions. These business plans will develop 'in-life'- to reflect multi-year operational budgets set through the government's spending reviews, whilst preserving the five-year infrastructure settlement.
- 2.6. **Route and Region Structure:** GBR will consist of regional divisions that are accountable for the rail network in their area, including budgets. Each division will be led by a leadership team, working closely with operators and suppliers. They will decide priorities for investment and collaborate; operating an integrated national network. Within each division integrated local teams will bring decision making closer to the communities that the railways serve. They will be responsible for day-to-day delivery on routes of the network and will be integrated across track and train. These teams will be well placed to improve co-operation with local communities and local leaders.
- 2.7. **Trains:** Trains (rolling stock) will remain in the private sector and GBR will lease trains from rolling stock companies (ROSCOs). Currently, rolling stock is leased by TOCs.

3. Implications for the Strategic Transport Forum

- 3.1. The Forum is expected to welcome the Government's long-term commitment to rail through the creation of an integrated body. The EEH transport strategy is clear that expanding the coverage and quality of our railways must be at the heart of the country's decarbonised transport system. Investment in rail should act as the catalyst for restoring passenger confidence and enabling sustainable economic growth. The Forum will agree that establishing a single, governing body for rail is essential to address the complexity that currently exists in the rail industry.



- 3.2. The reforms set out in the white paper provide a key opportunity for the new organisation to align its activity with the work of EEH. To ensure this happens at pace, EEH, supported by the other STBs, is already engaging with the DfT to influence the forming of the new GBR regional structures. Strengthened by the adoption of the Transport Strategy and its supporting technical work, EEH provides a solid foundation (politically and technically) from which GBR can deliver better regional and local rail services for communities.
- 3.3. Through the work of the Forum, EEH has spent significant time and resources developing and implementing the transport strategy. The importance of regional transport strategies is reflected in the commitment by Government to give them weight in shaping investment decisions at the national level. As such, it is critical the adopted transport strategy and investment plan is afforded equal consideration in decisions that will come to affect rail passengers and services. EEH expect GBR to give due regard to the strategic direction and priorities contained within our strategy and investment pipeline in the development of 5-year Business Plans.
- 3.4. Building on EEH's engagement with the rail industry as part of the Whole Industry Strategic Plan (WISP), it is important that long-term infrastructure planning takes account of new economic geographies and travel patterns that are increasingly more complex and less radially focused on London. Whilst the legacy of Victorian infrastructure might determine the initial development of GBR (and five regional divisions), new movement patterns and demand for east-west connectivity in the north, and south of our region requires much greater consideration.
- 3.5. There is subsequently a role for EEH to work with GBR to develop the specifications for future rail concessions. Through its blend of technical analysis and political constitution, EEH can speak with a single voice on behalf of businesses and local authorities. This is a significant advantage when developing proposals for train services and fares, ensuring decisions have local/regional buy in. This is of greater relevance given the importance placed in national policy on rebalancing investment in transport between modes, in support of achieving net-zero carbon.
- 3.6. Recognising the role of EEH, and the work of the Strategic Transport Forum must be a key principle in delivering detailed industry transformation proposals. In the absence of more detailed plans, EEH expects that at a minimum, it should be invited to make representation in the proposed transition team tasked with implementing the White Paper and a statutory consultee in all major decisions effecting the letting of passenger service contracts and timetable changes. These arrangements should be set out in the form of a bilateral contract with GBR, expressing a convergence of will between the infrastructure owner and the sub-national transport body. EEH Business Unit has approached DfT to discuss these implications of the new body in more detail.

Martin Tugwell
Programme Director

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