

Date: 18 December 2015

Subject: Hendy and Bowe Network Rail Reviews

Report of: Cllr Jim McMahon, Portfolio Lead for Transport and Jon Lamonte,
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PURPOSE OF REPORT

This paper sets out the conclusions of two independent reviews of Network Rail's investment programme for Control Period 5, from 2014 to 2019. The first was undertaken by Sir Peter Hendy, Chairman of Network Rail, the second was undertaken by Dame Colette Bowe. Both reports were published on Thursday 25th November.

RECOMMENDATIONS:

Members are recommended to note the conclusions of the reviews set out in this paper and the implications for Greater Manchester.

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1. INTRODUCTION

- 1.1 This paper sets out the conclusions of two independent reviews of the Network Rail's investment programme for Control Period 5, from 2014 to 2019. The first was undertaken by Sir Peter Hendy, Chairman of Network Rail, the second was undertaken by Dame Colette Bowe. Both reports were published on Thursday 25th November.

2. HENDY REPORT

- 2.1 The headline is that no infrastructure schemes have been cancelled. The majority of schemes planned for CP5 (2014-2019) will be delivered by 2019, albeit a number will be delivered later than planned within that period. Some will however be delivered in CP6 (2019-2024) rather than in CP5. The report confirms the previous announcement that the TransPennine electrification scheme will be delivered across CP5 and CP6, for completion in 2022, and will also include infrastructure measures to deliver faster journeys and more capacity. The TransPennine Route Upgrade programme now has an 'Intermediate Interventions' scheme to deliver some of the benefits ahead of the full electrification scheme. The Midland Mainline electrification scheme will be completed by 2023.
- 2.2 For reference, a summary table of project delays in the North is included in Annex A, with an extract from the report describing projects delayed included in Annex B.
- 2.3 All but two projects required to support the new Northern and Transpennine rail franchises are to be completed as planned during CP5. Bolton to Wigan and Oxenholme to Windermere electrification will however be delayed into CP6 (2019-2024). The retention of diesel trains on these two particular routes will mean a continued crowding problem on services into Greater Manchester due to the lower capacity of the retained trains compared to replacement electric trains. In addition there will be a delay to the release and cascade of approximately ten diesel rolling stock units which will delay the resolution of overcrowding issues on other routes. TfGM will be undertaking work with Network Rail and the incoming Northern Franchisee to understand the route by route implications.
- 2.4 Further details of the revised North of England schemes will be published in updated Enhancement Delivery Plans (expected in early December). These will cover:
- North of England Programmes (electrification and infrastructure in the North West including the Orsdall Chord);
 - TransPennine Route Upgrade (including electrification);

- TransPennine Route Upgrade Intermediate Interventions; and
 - The Tram Train Pilot.
- 2.4.1 The detailed Enhancement Delivery Plans will be scrutinised when they are published to assess the programmes in more detail and understand the impact and potential mitigations for schemes deferred into CP6. This will form part of the GM response to the consultation on Hendy's Report which is expected to commence during December.
- 2.5 Even with the deferrals of some schemes, Network Rail needs an additional £2.5 billion (on top of the base enhancements cost of £11.8 billion) to fund the work. This now also include a contingency of around 20% of the overall programme. Network Rail plan to fund this additional cost through:
- £700 million of additional borrowing through the DfT; and
 - £1.8 billion through the divestment of non-core assets (including retailed units in managed stations and on the commercial estate).
- 2.6 Recognising that some CP6 funding will need to be committed on schemes deferred from CP5 highlights a risk to future funding of rail infrastructure schemes. TfGM will work with industry partners to ensure that the original Network Rail CP5 scope remains the baseline for major rail infrastructure developments being led by Transport for North. We also need to ensure that the work around Piccadilly platforms 15 & 16 are progressed alongside the HS2 and TfN station proposals.
- 2.7 Hendy has also identified 3 key risks and mitigations that need to be taken in order to ensure the delivery keeps on track:
- Planning consents – with a reference to local authorities needing to co-operate to deliver the programme;
 - Access to the railway – with an inference that Network Rail will need greater access to deliver the enhancements; and
 - Attracting the right, experienced staff – with a focus on recruitment and retention.
- 2.8 The divestment of non-core assets could impact on plans for development and devolution. TfGM will be seeking assurances from NR that land and property sold will not impact on our ability to future proof transport expansion or impact on the commercial viability of our devolution aspirations. This is particularly relevant for Rail Stations devolution where future income and development opportunities could be constrained.
- 2.9 To support Network Rail in managing increased access to the railway TfGM will continue to work closely with GM & RN partners to develop integrated communications and transport plans to ensure we are supporting Network Rail in development and delivery of the programme, whilst keeping disruption to passengers to a minimum.

- 2.10 The proposed, revised, approach to programme governance provides an opportunity for Rail North and Transport for the North to play a greater role in scheme and programme definition and delivery which we will be discussing with DfT and Network Rail.

3. BOWE REPORT

- 3.1 The Bowe report details an analysis of the processes and relationships that underpin the planning by Network Rail, ORR and the Department for Transport, with which the Infrastructure Projects included in CP5 were to be undertaken.

- 3.2 It makes recommendations as to how these processes and relationships should work in the future, suggesting that there be an examination as to the role of the Office of Rail and Road (ORR) within the planning and monitoring process and a whole system approach to future planning, involving all relevant parts of the industry and interested parties.

- 3.3 The key messages from Bowe are that there are no overarching root causes for the failure of the CP5 planning and implementation processes, but that a combination of issues came together to result in the shortcoming reported by the Secretary of State earlier this year.

- 3.4 The Bowe report concludes that the key reasons for the cost escalation and delays to projects and programmes were as follows:

- Planning processes which had worked satisfactorily previously were not adequate for the scale and complexity of CP5 programmes, particularly electrification;
- Responsibilities between DfT, Network Rail and ORR were not clear and, in some cases, relied on informal relationships;
- There was ‘scope creep’ leading to cost increases, but that this was compounded by early costing errors;
- A lack of integration between infrastructure, rolling stock and franchised services on some schemes (Crossrail and Thameslink were highlighted as good examples of where this was more integrated);
- Internal programme and portfolio management were not strong enough (reflecting the interdependencies between schemes); and
- The change in accounting classification of Network Rail limiting their ability to manage financial overruns ‘off Balance Sheet’.

- 3.5 The key recommendations of the Bowe report to the Secretary of State for Transport are summarised below.

- Reviewing the role of ORR including its role in providing assurance of deliverability and affordability;

- Following on from the re-classification of Network Rail, reviewing the framework for enhancements with a more proactive role for the DfT; more formal development and investment decision gateways; and a more formal change control process;
- More 'whole system' integrated governance (across infrastructure, rolling stock and services) for large and complex schemes;
- Consideration of whether complex schemes should continue to be tied to the periodic review cycle or be handled under bespoke arrangements so that decisions can be made at the right time for that particular scheme or programme;
- Enhanced programme and portfolio management;
- A longer term approach to resource planning within ORR, NWR and DfT – ensuring the right people with the right skills are available;
- Greater involvement of the 'users' including both train operators and passengers;

3.6 The recommendations stop short of a wholesale change to the Control Period process, but suggest that certain schemes may be governed outside this process. Where a central body governs future programmes, there is an opportunity for TfGM to use existing relationships and our position in Transport for North and Rail North to further influence planning within our region to a much greater extent.

Annex A - TfGM Summary of North West / Greater Manchester projects considered by Hendy review

Number	Scheme	Pre Hendy Date	Post Hendy Completion Date	Driver for Work
1	Bolton-Wigan electrification	Dec-17	CP6 TBC (2019-2024)	Use of EMUs and cascade of DMUs in TPE & Northern Franchise
2	Oxenholme-Windermere electrification	Dec-17	CP6 TBC (2019-2024)	Use of EMUs and cascade of DMUs in TPE & Northern Franchise
3	Hope Valley freight loop	Dec-19	Tied in with MML electrification by 2023	Ability to run extra Manchester-Sheffield trains
4	Dore curve redoubling	Dec-19	Tied in with MML electrification by 2023	Ability to run extra Manchester-Sheffield trains
5	Liverpool Lime Street realignment	Dec-17	Within CP5 (2019)	Longer trains into Liverpool
6	Huyton-Roby full 4 track capacity	Dec-17	2019	More fast trains Manchester-Liverpool
7	Salford Crescent-Preston electrification	Dec-16	Dec 2017	Use of EMUs and cascade of DMUs
8	Bolton extra platform	Dec-17	Dec 2017	Extra trains on Manchester-Bolton corridor
9	Preston-Blackpool electrification	Mar-17	Within CP5 (2019)	Use of EMUs and cascade of DMUs
10	Victoria-Stalybridge electrification	Sep-17	Within CP5 (2019)	Use of EMUs and cascade of DMUs
11	Victoria-Ashburys electrification	Nov-17	CP6 (2019-2024)	Rolling stock released for cascade (only after full Trans-Pennine electrification)
12	CP5 (2019)	CP5 (2019)	CP6 (2019-2024)	Better service pattern on Hadfield/Glossop line
13	Ordsall Chord	Dec-17	Dec 2017	Diversion of TPE to run via Victoria, free up Piccadilly for more services
14	Oxford Road reconfiguration	Dec-19	2019	Longer trains permitted
15	Piccadilly 15 & 16	Dec-19	CP6 (2019-2024)	Increase capacity along Castlefield corridor
16	Stalybridge-Leeds electrification	CP5 (2019)	Dec 2022	Faster trains, DMU cascade, conversion to EMUs
17	Rochdale south bay + Calder Valley line speed improvements	Dec-17	CP5/CP6 TBC	More trains to Rochdale and faster Calder Valley
18	Leeds-York electrification	CP5 (2019)	CP6 (2019-2024)	Faster trains, DMU cascade, conversion to EMUs
19	Leeds-Selby electrification	CP5 (2019)	CP6 (2019-2024)	Faster trains, DMU cascade, conversion to EMUs
20	Bradford Mill Lane Junction capacity improvements	Dec-18	CP5/6 TBC	Greater capacity on Calder Valley

Annex B: Extract of Report – REPLANNING THE INVESTMENT PROGRAMME (NOVEMBER 2015)

The North of England passenger services

This section covers the rail network across the whole of the North of England, from the Scottish border southwards to the Midlands. Network Rail will work with the successful bidders for the Northern and Transpennine franchises and other existing operators in the area, to deliver significant improvement in train services across this region.

These changes will facilitate the growth of the northern economy through:

- Connecting businesses across the North of England
- Getting people to work in the major cities
- Connecting to international markets

Passengers in the North of England will benefit from the following outputs in CP5:

- Electric trains releasing diesel trains to provide additional seating capacity
- Additional seating on trains through the operation of longer trains into Leeds, Liverpool, Manchester and Sheffield
- An increase from five to six trains per hour (tph) between Manchester and Leeds extending an existing service West of Huddersfield and reallocating station stops between services
- A new railway called the Ordsall Chord allowing services to operate between Manchester Victoria and Manchester Piccadilly, with the opportunity for new through services to Manchester Airport
- Increased capacity on routes across the North of England providing the opportunity for additional services in conjunction with the successful franchise bidders
- The opportunity to reinstate the direct connection between Bolton and stations north of Preston to Scotland by direct service
- A significantly improved environment and interchange with Metrolink at Manchester Victoria station
- The opportunity to access Rotherham Parkgate from the Sheffield Supertram network

As announced in September, Network Rail is pushing forward with developing the scheme to upgrade and electrify the Transpennine route.

Passengers are already benefiting from reduced journey times between Liverpool and Manchester. The opportunity for reductions in journey time will be provided in CP5 on

three further routes, with the actual journey time realised subject to rolling stock, the plans of the new passenger franchise holders and detailed timetable planning.

- Manchester - Preston
- Manchester - Bradford Interchange
- Manchester - Stalybridge

Further details of the specific schemes that deliver these improvements will be shown in the updated Enhancement Delivery Plans. The relevant schemes are:

- North of England Programmes (LNW)
- Transpennine Route Upgrade
- Transpennine Route Upgrade Intermediate Interventions
- Tram Train Pilot

The schemes to electrify Oxenholme to Windemere and Bolton (Lostock Jn) to Wigan are currently at an early stage of development. Network Rail will confirm the delivery dates on completion of GRIP 3.

Moving into **Control Period 6 (CP6 – between April 2019 and March 2024)** substantial further passenger benefits will be realised.

By December 2022 passengers will benefit from electric trains between Manchester and Leeds, York and Selby. By this same date, the Manchester to York via Leeds journey time will be improved towards a targeted 15 minutes reduction.

These journey time improvements are intended to be delivered incrementally over this period so that passengers can see the benefits as soon as possible.

The Northern Powerhouse Rail programme will transform the economy of the North of England. As part of the Transport for the North partnership, Network Rail is developing options for significant improvements in service frequencies and journey time reductions across the north. Transport for the North are due to report to Government next year on high level options and priorities for East-West connectivity. This is the first step towards developing these schemes for better connectivity across the Northern Powerhouse.

To deliver these benefits for passengers and businesses, Network Rail plans to undertake a wide range of further works across the North of England including:

- Electrification and works to improve capacity and journey time between Stalybridge and Leeds and Leeds to York and Selby
- Guide Bridge to Stalybridge Electrification
- Remodelling of Manchester Oxford Road Station to improve passenger facilities and increasing the number of trains that can operate.'