

Item No. 8A

GREATER MANCHESTER LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: TransPennine Electrification & Strategic Rail Issues

DATE: 7 September 2015

FROM: Chief Executive, TfGM

1. INTRODUCTION

- 1.1 TransPennine electrification was identified in the 2012 High Level Output Statement (HLOS) published by DfT as a requirement for completion during Railway Charging Period 5 (CP5) between 2014 and 2019.
- 1.2 The Regulatory Settlement for CP5, announced in October 2013 by the Office of Rail Regulation, provided the required funding to deliver TransPennine Electrification by December 2018.
- 1.3 On 24 June 2015, the Secretary of State for Transport announced that there would be a “pause” in the delivery of the TransPennine Electrification scheme between Stalybridge and York/Selby. The Midland Main Line Electrification between Bedford and Sheffield is also paused.
- 1.4 No “pause” or amendment has been announced for the ongoing Northern Hub and North West Electrification plans which currently remain on schedule to be completed by 2018. These two projects are key to unlocking the capacity constraints of the network in and around Manchester. A number of key milestones have already been delivered, including, the refurbishment of Manchester Victoria, the expansion of Manchester Airport station (with a fourth platform to be opened shortly) and the electrification of the line between Manchester and Liverpool via the Chat Moss. Work also continues in and around Farnworth where the line is being electrified between Manchester and Preston via Bolton.

2. RAIL FRANCHISING: NORTHERN AND TRANSPENNINE

- 2.1 Rail North, which includes the 29 Local Transport Authorities and Combined Authorities served by the Northern and TransPennine franchises, have worked closely with DfT on the franchise specifications and Invitations to Tender. Both franchises are due to start in April 2016.

- 2.2 During preparation of the ITT documentation in late 2014/early 2015, Network Rail was not able to confirm the scope and timescale for completing TransPennine Electrification with sufficiently robust assumptions to enable bidders for the two franchises to provide firm, reliable prices to deliver the necessary electric rolling stock within the franchise procurement timescales. As a result, the ITTs were issued in February 2015 for both franchises with instructions that, for bidding and procurement purposes, bidders should assume that TransPennine Electrification would not be complete before the end of the new franchises (in 2023). Bidders were advised that the required service changes and introduction of electric trains would be negotiated with the preferred bidders once the franchises were let, as an in franchise variation.
- 2.3 As a result, the 24 June announcement does not impact on the procurement process for the two franchises, either in terms of the specification, the programme or franchise costs.

3. LONGER TERM STRATEGIC AND ECONOMIC OBJECTIVES

- 3.1 A delay to implementation of electrification will result in deferral of economic benefits arising from introduction of new, faster, lower emission electric rolling stock. The Rail North Long Term Rail Strategy, published in 2014, identified a range of benefits arising from TransPennine and Midland Main Line Electrification, much of which will now not be delivered in the planned timescales.
- 3.2 The Electrification Task Force report, published in early 2015, identified priorities for future electrification schemes across the North. This work assumed completion of TransPennine and Midland Main Line Electrification in line with HLOS timescales.
- 3.3 The Transport for the North work on a TransNorth network assumed in its baseline that CP5 HLOS commitments would be delivered to the identified scope and timescale.
- 3.4 The Secretary of State announcement identified the need to maintain momentum in delivering the transport requirements of the “Northern Powerhouse” agenda. It is therefore intended that a detailed review of Network Rail’s enhancement programme be completed by Autumn 2015. This will be led by the incoming Chairman of Network Rail, Sir Peter Hendy who joins Network Rail on 16th July 2015.
- 3.5 TfGM, Rail North and Transport for the North will be working closely with the DfT and Network Rail as they develop the future scope, cost and timescale for delivering the electrification programme.
- 3.6 Further reports will be provided once more detailed information becomes available.

- 3.7 Two additional strategic rail issues have recently emerged which are set out below for your attention.
- 3.8 The Chancellor and Secretary of State for Transport have asked Nicola Shaw (Chief Executive, HS1) to undertake a review, and provide advice on the structure of Network Rail. A report will be produced by March 2016 in time for the budget. We have been invited to contribute to the review and will return to the GMCA in September to give an update when we have a clear understanding of the remit and our contribution.
- 3.9 Transport for North (TfN) has also been recognised in the budget with a commitment of £10m in the 2015/16 financial year. £10m per year has also been committed for the two consecutive years. In relation to the governance of the TfN body, there is a requirement to become a statutory body by 2017, with a Chair in place by the end of this year. An interim CEO will also be appointed by September 15 with a permanent year appointment to follow by end 2016.

4. **RECOMMENDATIONS**

- 4.1 Note the contents of the report.
- 4.2 Note the actual and potential impacts on rail travel and economic growth of delays to Rail Electrification programme.

Dr Jon Lamonte
Chief Executive, TfGM