



Bee Network Committee

Date: Thursday 26th September 2024

Subject: Rail Integration and Reform Programme: Emerging Rail Reform Policy
Position & Next Steps

Report of: Simon Elliot, Head of Rail, TfGM

Purpose of Report

To advise the Committee on the progress of the emerging Rail Integration And Reform proposition ahead of consideration by the GMCA.

Recommendations

The Committee is requested to:

1. Note the importance of the rail network for Greater Manchester and unlocking future economic growth;
2. Note and comment on the Government's plans for rail reform and ongoing GM engagement with Shadow Great British Railways ; and
3. Note and comment on the proposal for further engagement with HMG, rail partners and others to explore and influence legislative and structural options that would achieve GM ambitions.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

Not applicable at this stage.

Risk Management

The GMCA is not being asked to commit to accepting further rail devolution powers at this stage, so both financial and reputational risks are currently low, however, both risks will be considered as detailed proposals and plans are further developed and considered. The main current risk is missing the opportunity to make provision for greater devolution with the new Government looking to swiftly progress rail legislation and reform.

Legal Considerations

Not applicable at this stage but a legal workstream will be set up to support the programme.

Financial Consequences – Revenue

GM's emerging Rail Reform proposition does not, at this stage, ask the GMCA to commit to promoting or accepting devolution powers, including revenue income and expenditure accountabilities. Current year financial consequences are limited to proposal development costs. Revenue considerations will be detailed in future submissions to GMCA.

Resources to support this programme in this financial year are included in 2024/25 budgets. Funding to support the further development and delivery of the work beyond this financial year will be developed as part of the development of the 2025/26 budget and an updated medium Term Financial Plan.

Financial Consequences – Capital

GM's emerging Rail Reform proposition does not, at this stage, ask the GMCA to commit to promoting or accepting rail devolution powers, including any capital expenditure accountabilities. There is no current year reform programme capital requirement. Future year capital considerations will be detailed as proposals and plans are developed.

Number of attachments to the report: N/A

Background Papers

N/A

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

Yes

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

Overview and Scrutiny Committee

25/08/2024 – Any feedback will be shared verbally at the GMCA meeting.

1. Introduction

- 1.1 Greater Manchester is set to play a key role in delivering the UK Government's ambitions for economic growth. In recent years, the city region has had the highest rate of productivity growth of any part of the UK whilst generating an estimated c. £79b GVA per annum for the country. Despite this success, there is potential to deliver more.
- 1.2 The rail network plays a key role in supporting growth, helping people in and around GM to access the economic opportunities of the city region. Rail is the most efficient way of moving large numbers of people to and between the city and regional centres, supporting over 20.8m rail trips to Manchester Central Stations in 2022/23 and facilitating GM's large travel to work area.
- 1.3 Having a modern, fit-for-purpose rail network is crucial to delivering economic growth, prosperity and opportunities. Rail also plays a key part in reducing road congestion and supporting GM's 2038 net zero ambition.
- 1.4 Whilst rail cannot achieve these outcomes alone, it can contribute even more value when integrated with other transport modes. By integrating and embedding rail into the Bee Network, we can make the GM public transport system more than the sum of its parts, delivering a step change in overall urban mobility, helping transform Greater Manchester into a fairer, greener and more prosperous city region.
- 1.5 Over recent years, Transport for Greater Manchester (TfGM) has been developing, and implementing the Bee Network - an integrated public transport system across Greater Manchester – to achieve Greater Manchester's "Right Mix" target of 50% of all trips to be made by active travel or public transport by 2040. Delivering the Right Mix will require the number of trips made by rapid transit (including rail) to more than double by 2040.
- 1.6 Whilst significant progress has been made in integrating bus, tram and active travel into the Bee Network, rail remains to be integrated.

1.7 Integrating rail into the Bee Network, will support the new Government’s mission to “Kickstart regional and national economic growth”¹ and deliver the GMCA’s transport vision of:

- Supporting sustainable economic growth
- Protecting our environment
- Improving the quality of life for all
- Developing an innovative city region.

1.8 With the new Government’s election manifesto proposing both stronger devolution to city regions and rail reform legislation, now is the time to fundamentally re-think how rail serves and integrates with local transport networks. The current legislative and reform agenda is a once-in-a-generation opportunity for GM to establish real local accountability for rail.

1.9 The pace of Government intention to progress with rail reform legislation means that TfGM/GMCA must engage now to ensure that the emerging legislative framework addresses our needs. We must actively and productively influence the scope and intent of new arrangements so that appropriate provision is made for the level of rail devolution (including powers and funding) the GMCA decides to take.

2. Rail Reform Background

2.1 In March 2023, the GMCA agreed a ‘Trailblazer’ deeper devolution deal with central government. This commits the government to support the development of a new partnership between Greater Manchester and Great British Railways, “to support the delivery of the Bee Network by 2030, which will see:

- full multi-modal fares and ticketing integration;
- co-branding and common customer information;
- ‘pay as you go’ ticketing;
- better integration of local stations;
- identification of opportunities for regeneration and development,
- greater access to local rail data; and

¹ Kickstart economic growth to secure the highest sustained growth in the G7 – with good jobs and productivity growth in every part of the country making everyone, not just a few, better off. Source: Change, Labour Party Manifesto 2024.

- giving GMCA the opportunity to sponsor infrastructure and service enhancement schemes.

2.2 Delivery of this commitment will greatly facilitate integration of rail services into the Bee Network and help deliver fully integrated multi-modal transport services for the people, communities and businesses of Greater Manchester.

2.3 In line with the Trailblazer Devolution Deal, TfGM has been working with railway partners to achieve preliminary integration of the '8-priority corridors' into the Bee Network by 2028. This will significantly enhance the current customer rail offering through greater modal integration, accessibility, enhancements in performance, with an ambition to increase annual patronage on eight core Bee Network rail lines by up to 1.2 million journeys within four years, leading to a £2.5 million increase in revenue and overall £1.7 million decrease in subsidy.

2.4 However, longer term plans for full local rail integration (train services, cross-mode integration and accessibility, customer services, fares and ticketing, development and regeneration) require a change in the relationship between the GMCA, government and the rail industry.

2.5 Prior to the 2024 General Election, TfGM worked with the Great British Railways Transition Team (GBRTT), now known as the Shadow Great British Railways (SGBR), to explore how rail partnerships could be progressed. Previous Government policy was broadly to simplify railway interfaces, while maintaining the prevailing contractual arrangements with Train Operators; and not to devolve any form of rail decision-making. Current Government policy is to fully amalgamate specification, infrastructure and train operations into a nationalised Great British Railways (GBR).

3. Current Government plans

3.1 The Government is progressing two key Railway Legislative Bills. The first (the Passenger Railway Services (Public Ownership) Bill) has already received its first reading in parliament and would amend the current legislation where Train Operations are tendered and awarded to private sector companies (Train Operating Companies) to effectively bring them into public ownership. The second piece of legislation (the Railways Bill) creates 'Great British Railways' (GBR) as an integrated transport entity, to comprise:

- existing Network Rail;

- the functional part of the DfT that currently lets and manages train operating contracts; and
- DfT OLR Holdings Limited (DOHL) – the Government owned company that currently ‘owns’ Train Operators not under private company ownership.

3.2 Additional components of other existing railway organisations (Rail Delivery Group, Rail Safety and Standards Board (RSSB), etc.) may also be absorbed by GBR. The functions of the Office of Rail and Road (ORR) are also likely to be revised with the establishment of a nationalised GBR – potentially offering opportunities to simplify an extremely complex regulatory regime.

3.3 The legislative plan provides the opportunity to reposition the railway from a complex and often misaligned combination of internal industry relationships between Government, TOCs, Network Rail, Office for Rail and Road and others, to a unified provider of rail services (both train and infrastructure).

3.4 The Government’s intention to progress at pace with legislation means that it is critical GMCA engages now to ensure that the emerging legislative framework addresses the needs of the people, businesses and communities of Greater Manchester. We must influence the scope and intent of new arrangements and ensure that sufficient provision for rail and transport devolution is made in legislation and associated funding settlements to allow the GMCA to fully deliver for its population.

3.5 The role given to MCAs (as signalled by Government) will be critical in ensuring that the whole industry works in the public interest and that rail decisions are made and resources allocated at a devolved level, so that the rail industry can be fully accountable to elected representatives at a local, as well as national level.

3.6 The framework to initiate this substantial change within the railway will be established not only by the legislation, but also by the instructions that Government gives to a new GBR. In the short and medium term these instructions will be the strongest signal to the industry about the expectation of how it must change to support the Government’s devolution agenda, giving responsibility and power to MCAs to make the right decisions for their communities across as many sectors of the economy as possible, including rail and wider transport. Thus, it is critical the GMCA influences, through the legislative process of the two railway bills and the

English Devolution Bill², the government's direction of travel for GBR and the wider industry.

4. Our Proposal to Government

- 4.1 With the new Government's manifesto proposing both stronger devolution and rail reform legislation, now is the time to fundamentally re-think how rail serves and integrates with local transport networks. The current legislative and reform agenda represents a once-in-a-generation opportunity for GM to build on the Trailblazer Devolution Deal to implement real local accountability for rail.
- 4.2 The new Government's rail reform agenda can provide the GMCA with a statutory role specifying and directing the City Region's rail outcome and outputs. An enhanced role for Greater Manchester and other MCAs will allow the railway to shift its focus from managing internal relationships to becoming a service provider for places and communities. TfGM has been working closely with the SGBR to explore ways in which local and regional rail devolution can work positively within a wider railway environment, so that a better integrated multi-modal network can be delivered.
- 4.3 The precise shape of Greater Manchester's statutory role remains to be defined and different options will bring different levels of control, flexibility and risk. TfGM is currently developing these options with the SGBR on the basis that statutory powers and, importantly, associated funding is required to specify, commission and deliver railway services.
- 4.4 For the GMCA, options could include:
- client or co-client status depending on the geographical alignment of rail services, capacity and infrastructure;
 - input into GBR's long term strategy;
 - responsibility for improvements to stations within GM, supported by devolved funding;
 - joint fare-setting and revenue responsibility;
 - management of customer experience; and

² The English Devolution Bill aims to devolve further powers to combined authorities and metro mayors in England. These powers cover areas such as skills, planning, energy, and transport, with the goal of supporting local growth plans and economic benefit to communities: [The King's Speech 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/speeches/the-king-s-speech-2024)

- opportunities for regeneration of railway land, in partnership with GBR.

4.5 This work is ongoing and options for GM's long term statutory role will be brought to a future meeting of the GMCA for endorsement.

4.6 We recommend that engagement with SGBR is stepped up as the agenda develops over the coming months, and that the Government makes provision for, and strongly signals to the industry now, that MCAs become statutory clients of railway outcomes and outputs.

5. Next Steps

5.1 The outcomes of rail reform, devolution legislation and rail delivery are dependent on government policy and decision making, and outside of Greater Manchester's control. However, to maximise GM's influence on direction and progress of the reform agenda, we propose the following actions:

- During the next quarter of 2024, TfGM will build on the Trailblazer Deal in conjunction with GMCA colleagues and develop the emerging proposition to clearly articulate the 'ask' we have of Government to support its growth agenda. This will involve detailed work to understand the benefits, risk and what needs to be true to enable the outcomes to be achieved.
- TfGM will work closely with GM partners, government (Department for Transport and Ministry of Housing, Communities and Local Government) and rail industry bodies (SGBR) as legislative programmes develop to ensure we are aligned, or where that is not possible, any risks to delivering GMCA aspirations are identified and mitigated.
- TfGM will liaise and work with the Urban Transport Group, and our regional and local neighbours to present a strong, consistent, credible case for change – that has the support of our city region and local authority partners and stakeholders, and as much as possible meets their needs.

5.2 TfGM will continue to work with railway partners to deliver our Bee Network Rail Integration plans via the eight priority corridors.