



Iain Stewart MP
Chair Transport Select Committee

By Email

20 December 2022

Nick Donovan
Managing Director
Northern Trains Limited
Northern House
Rougier Street
York
YO1 6HZ

Dear Iain,

nick.donovan@northernrailway.co.uk

Northern Trains

Congratulations on your appointment as Chair of the Transport Select Committee. It was a pleasure to meet you at the session on 14 December. Thank you once again for the opportunity to update the Committee on the progress we're making in delivering a more reliable service for customers in the North and the wider challenges. I hope you and your fellow Committee members found it an informative session.

Following on from the session I thought it would be helpful to provide a bit more background to our operations.

Supporting the economy

We are the largest train operator outside of London and a key driver of economic growth in the north, with every £1 invested generating £2.50 of economic activity. Over a quarter of MP's have a direct interest in our services for their constituents.

We also help customers travel further afield with up to 10 million journeys per year to and from the wider rail network. This means our services are an important driver of revenue across the wider network.

We are a major employer in the region, providing around 7,000 jobs, including one of the UK rail sector's largest engineering teams (c. 1,700 colleagues). We are also developing the current and next generation of workers through 600 apprenticeships - the biggest provider of apprenticeships of any train operating company.

As well as these direct jobs, our supply chains further boost jobs and growth across the UK. We work with over 1,240 different suppliers, supporting 4,300 jobs.

Driving customer demand

We are experiencing strong customer demand despite recent performance challenges associated with the wider industrial relations position. Passenger volumes are at c.85% of pre COVID levels, and we are achieving some of the best days for revenue when not impacted by strike action. The leisure market continues to dominate demand and both journeys and revenue are tracking well above the sector average at +7.4% and +14.4% respectively.

www.northernrailway.co.uk

NORTHERN TRAINS LIMITED

GEORGE STEPHENSON HOUSE, TOFT GREEN, YORK, ENGLAND YO1 6JT

Company No. 03076444

Key to this strong performance are our marketing and revenue protection strategies. Our targeted marketing plans have been developed through increasing customer insight and data, which mean every £1 invested is delivering over £5 in revenue.

Revenue protection is also key, as I mentioned at the Committee we operate across a largely open network where under 7% of the stations we call at have ticket barriers. We have made great progress, halving ticketless travel in three years, to under 5%. More than 60% of all journey sales are now digital and 63% are validated by conductors on-board.

Performance

We delivered our planned service uplift for the December timetable change, ahead of entering a period of strike action, and now action short of a strike.

At the Committee I explained what we are doing to improve performance:

- We have grown our establishment of drivers to 1,972 (from 1,665 in 2019), to support our strategy of delivering resilient timetables and reducing reliance on rest day working.
- We need just under 1,600 drivers to operate the current timetable and have over 1,700 that are productive.
- Of our total driver population 167 individuals are in basic training or building their route and traction knowledge ahead of being fully qualified.

Importantly, we train drivers who subsequently move onto other train operating companies, thereby acting as a feeder into the wider industry. Next year we forecast the recruitment of over 150 drivers to maintain this pipeline.

In common with other operators, we had built up a significantly increased work bank of training days due to the necessitated pause during COVID, however, I am pleased that given considerable focus by the team this is now restored to normal levels.

Recently, our sickness absence levels have been challenging and have affected the reliability of our services – indeed, 70% of service cancellations within our control are for this reason. In some of our 20 train crew depots absence levels are in excess of double their usual levels and I am therefore putting a considerable focus on actions to recover this position.

We also discussed the challenges on routes with multiple operators when long distance services are cancelled resulting in overcrowding for customers on local stopping services.

Our future plans for growth

We want to do more to help the region grow in the coming years to benefit the communities we serve, while of course being acutely aware of the significant impact that inflation and the legacy of the pandemic is having on the industry and wider society. As such, continuing to focus on performance, driving customer demand and growing revenue are critical, alongside the imperative to control costs.

Our business plan, developed following our thorough review of the business in 2020, sets out our vision and strategic ambitions to drive the transformational change needed for our customers and the communities we serve. With changing customer needs, development of

www.northernrailway.co.uk

NORTHERN TRAINS LIMITED

GEORGE STEPHENSON HOUSE, TOFT GREEN, YORK, ENGLAND YO1 6JT

Company No. 03076444

new markets and modernisation are both critical to deliver a sustainable railway that will support longer term economic growth.

We know that change of this scale takes time, but some of the transformational projects we already have underway include major upgrades to our legacy fleet, comprising digital improvements which provide customers with more modern facilities, and which will continue into 2023. We are also working towards a vision for stations that further support local economies and act as a catalyst for thriving communities – ‘Station as a Place’. This means introducing more modern customer services, helping people where and when they need it and ensuring accessibility for all as well as attracting more diverse and vibrant local businesses.

I hope you find this background information useful. I’d welcome the opportunity to continue the discussion we had after the Committee and to host you on a visit to our network so you can meet the wider team and see our plans in action.

Yours sincerely



Nick Donovan
Managing Director
Northern Trains Limited

www.northernrailway.co.uk

NORTHERN TRAINS LIMITED
GEORGE STEPHENSON HOUSE, TOFT GREEN, YORK, ENGLAND YO1 6JT
Company No. 03076444